

BROKER GUIDE

— The Benefits of Working with Healthcare Brokers —

According to the 2009 Employer Health Benefits survey, produced by the Kaiser Family Foundation, employer premiums have increased 131% during the past decade, growing from \$4,247 per employee to \$9,860 per employee. In addition to rising costs, states David Shadovitz, Editor-in-Chief of Human Resource Executive magazine, “the healthcare landscape has become increasingly complex, with a wider range of options now available compared to just a decade ago.”

The variety of plans and the coverages they represent—HMO, PPO, POS, HDHP/SO, etc.—can make it tough to make the right choice for your organization. You need to balance costs against overall benefit, and researching the market can be an education in itself. Given the expense and complexities involved, one solution might be to work with a benefits broker.

A broker starts by assisting in selecting coverage based on their knowledge of the specifics of a business and the resources available. There are several factors they consider when developing a plan, such as the nature and location of the business, number of employees, employee contribution percentage, deductible preferences for cost sharing, and more.

“Benefits brokers work with insurance carriers to provide clients with the most competitive premium offerings to help control costs,” further explains Evan Banks, a Certified Financial Planner with The Bulfinch Group, in Needham, Massachusetts. “Brokers work with their clients to devise creative, cost-saving opportunities while also increasing employee benefits. They solicit rates from multiple carriers and find the best fit in terms of price, service and benefits for their clients. They also often provide employer solutions to human resource issues, such as benefits information, COBRA, employee retention tools, federal compliance updates, service and ongoing capital controls.”

As discussions around reform take center-stage in the U.S., brokers—and the assistance they can provide—offer an added dimension in terms of the value they can provide. “No one really knows what shape reform will take, but it’s part of the broker’s job to be aware of reforms and the ways they affect the insurance industry, and then advise clients accordingly, helping them understand how it impacts their decisions,” Shadovitz notes. “Having a resource that can effectively help you navigate reform is of tremendous value in light of the increasingly complex market.”



Getting the right support

Reform notwithstanding, the field presents several challenges for which brokers are uniquely prepared from a skillset standpoint; they have the right tools to meet the individual coverage needs of an organization, especially a small business. “Because brokers have extensive industry knowledge from a design, benefit, pricing and care perspective, they are able to fit the needs of the client with the coverage plan that will work best for them,” assets Janet Trautwein, Executive Vice President & CEO at the nonprofit National Association of Health Underwriters in Arlington, Virginia. “Also, many small employers can’t afford to have this level of expertise in-house and simply do not have the time that it requires to administer a comprehensive, compliant benefits package for their employees. In the complex regulation arenas of the Health Insurance Portability and Accountability Act, COBRA, flexible spending accounts (FSAs), health savings accounts (HSAs) and health reimbursement arrangements (HRAs), brokers spend a great deal of time helping clients understand the regulations, complex products and compliance issues.”

QUESTIONS TO ASK BROKER CANDIDATES

IN DETERMINING WHETHER A BROKER IS RIGHT FOR YOU, IT HELPS TO BE ARMED WITH THE RIGHT QUESTIONS. THE EXPERTS WE SPOKE WITH IN PUTTING THIS GUIDE TOGETHER OFFERED THE FOLLOWING KEY QUERIES.

- How long have you been in business?
- What size businesses represent the core of your client base (i.e., 0-10 employees, 10-20, 20-50, 50-100, 100 or more)?
- What other clients do you have in your book of business that are similar to my company, in terms of industry, type and size?
- What types of coverages do you offer (medical, life, dental, vision, disability, retirement, etc.)?
- What insurance carriers do you represent?
- What type of services should I expect from you?
- What distinguishes you from your competitors in terms of the service(s) you offer?
- Can you provide me with some examples of the employee education you provide to your clients?
- What services do you offer for new benefit implementation?
- How do you handle renewals? For example, is there a process in place that gives me advance notice?

Beyond serving in educational roles, “brokers serve several roles in the overall process,” states Dave Evans, CFP, Executive Director, Senior Vice President and Publisher at Alexandria, Virginia-based nonprofit Independent Insurance Agents & Brokers of America. “They can shepherd you through the entire process, from carrier selection, plan design and network evaluation, including matching employee geographic coverage, to assistance with enrollments, advocacy with claims and more.”

Where brokers make a key difference is in the ongoing support they offer. Finding, securing and implementing the right coverage based a company’s specific requirements is only half the equation. Ongoing, brokers assist their clients in dealing with a variety of day-to-day activities including resolving claims disputes, enrollments, terminations, COBRA administration, changes in family/child status, increases in cost of their current health plan, resolving billing problems and related issues.

Areas of service and expertise may vary, but in working with a broker, you can typically expect support in several areas, including:

- Assisting the employer in selecting the appropriate plan that best meets the employer and employee objectives and goals.
- Provision of educational materials, such as an administrative booklet with necessary forms, new legislation, information about HSAs, premiums, plan designs, etc.
- Assistance with claim issues and when necessary compiling documentation to support claim issues.
- Help with correspondence to providers (doctors and hospitals) to resolve claim issues.
- Help for COBRA-eligible ex-employees with selection of coverage.
- Assisting employee family members with the selection of coverage when employer-based plans are too expensive.
- Meeting with employers/employees to explain benefits, plan designs and optional coverage.
- Assisting employers and employees with billing issues.
- Informing insurance companies when an employee adds, changes and terminations and request employee ID cards.
- Meeting with insurance companies and provide feedback of employer issues which assist carriers in making changes to plan designs, underwriting procedures, etc.
- Helping employers maintain regulatory compliance as it relates to providing coverage.
- Assisting employers by providing a one-stop shop to access information on multiple insurance companies and multiple products (i.e., health, life, dental, vision, retiree benefits, long-term care and disability insurance). Access to multiple carriers allows the employer to select the specific insurance company and plan that meets their needs.
- Providing a website for the employer, employee and others to access to information.
- Researching financial viability of insurance companies and consulting other experts on the credibility/value of plan offerings.
- The negotiation of renewal rates and identification of items that should be considered by carriers when determining renewal premiums (i.e., turnover of personnel, addition of new hires, etc.).

Aside from the types of support described above, brokers have volume power of leverage on their side. “Because brokers can have multiple clients with any given carrier,” Evans says, “this provides them with additional leverage to help assist their clients with service issues that, on an individual basis, they might not have as much success resolving to their satisfaction.”

As for rates, costs will vary. In some cases, brokers work for commission from the insurance companies, charge businesses a flat fee or a combination of both. Your company’s size and needs will dictate the level of service you’ll need, which also affects the price.

At the end of the day, your goal is to find the best available coverage and support at a price that works for you, so it helps to have someone on your side who can work with the intricacies of the health insurance market in meeting your objectives. “As members of a profession that requires a license and has stringent educational guidelines, brokers serve more as advocates for clients than simply salespeople,” Trautwein asserts. “They know the products that are available and work closely with clients to determine their needs, so they’re able to bring the two sides together to provide the best coverage plans and long-term support to the people who need them.”

BROKER RESOURCES

IF YOU’RE NOT ALREADY WORKING WITH A BENEFITS BROKER, THERE ARE A NUMBER OF WAYS TO FIND POTENTIAL CANDIDATES. SPEAK WITH COLLEAGUES, YOUR ACCOUNTANT OR FINANCIAL ADVISOR FOR A REFERRAL, LOOK IN THE YELLOW PAGES OR SEARCH “BENEFITS AND BROKERS” ON THE WEB.

There are also several trade associations and other organizations that offer access to broker information.

A sampling includes:

- Business.com offers a straight listing of “Health Insurance Agents and Brokers” (www.business.com/directory/financial_services/insurance/health_insurance/agents_and_brokers).
- Employee Benefits News—This trade publication features a searchable Marketplace directory (marketplace.benefitnews.com/directory). Select “Comprehensive Benefits Consulting Services,” and you’ll get results based on your city and state input.
- Independent Insurance Agents & Brokers of America (IIABA)—IIABA offers a database its member agents (www.iiaba.net/agentlocator/findagent.aspx), searchable by city, state and zip code.
- National Association of Health Underwriters (NAHU)—NAHU offers its “Find an Agent” database (www.nahu.org/consumer/findagent.cfm), which provides contact information for its member independent agents, brokers and consultants by geographic area.
- Many states offer their own independent broker and agent databases (a “benefits and brokers” web search by state can get you those results).
- For general information on benefits and HR issues, visit the “HR Articles” area at Inc.com (www.inc.com/articles/hr/index.html).