PLUS: 9 BENEFIT TRENDS TO WATCH IN 2018

Employee Benefit
Adviser

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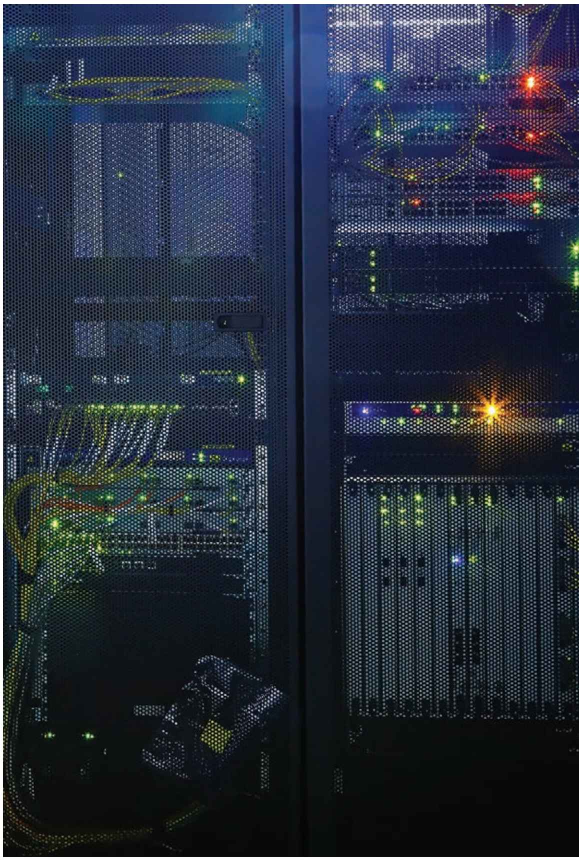
A NEW WAY TO CONTROL HEALTH COST

The Reschini Group's innovative risk pooling and data analysis methods are helping clients drastically cut insurance expenditures

CONTENTS



CONTENTS

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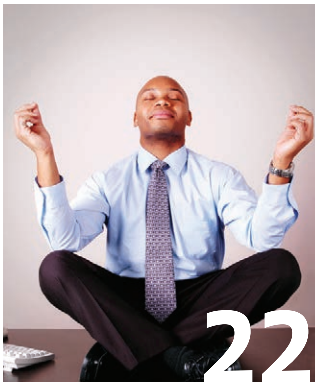

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FROM THE EDITOR

Magical chairs

ELIZABETH GALENTINE
EDITOR-IN-CHIEF

The most career-altering move an adviser can make is a physical one: picking up their chair and moving it to the other side of the table, placing themselves next to their client.

OK, it's really a metaphorical move, but I'm sure the client would be impressed if an adviser actually did do this during a meeting. It would be a powerful statement.

The point, made by industry consultant and *EBA* columnist Nelson Griswold at last month's Agency Growth Mastermind Summit in Denver, is that leading advisers are revolutionizing their own business plans by first ensuring their professional incentives are aligned with those of the employers they serve.

This means, for one, implementing performance-based contracting, where at least a portion of the broker of record's pay is determined by how successfully the plan year plays out.

As part of this process, and the chief definition of that success, Griswold said, advisers must take on the role of "healthcare supply chain manager," spearheading cost-containment strategy first and foremost.

It was energizing to hear Griswold talk about firms that are embracing supply chain management tools such as medical management, specialty drug risk mitigation, bundled surgery services, telemedicine, medical travel, direct primary care and direct contracting, just to name a few mechanisms that tackle the flaws of the healthcare system head-on.

The federal government may be stalled on healthcare reform efforts, but that is not stopping innovative brokerages from taking problems on themselves — and solving them.

One firm that certainly fits that bill is The Reschini Group.

Featured in this month's cover story, "A nimble operation" (p.18), the Pennsylvania brokerage owns client cost management in a variety of ways, but chiefly through self-insurance risk pools and a proprietary data management platform that is capable of providing Reschini advisers with up-to-the minute data so that they can ensure plans are performing optimally year-round.

Brokerages that are not yet on the performance-based payment bandwagon better get on board, because from where I'm sitting, it's clear that advisers who have not made this commitment — or at least taken a step in this direction by transitioning to fee-based compensation — are going to be left in the dust by those who are taking the profession to the next level.

At *EBA*, we want to hear from advisers who aren't satisfied with the status quo. If you have a success story to tell, I want to share it. Reach out to me at elizabeth.galentine@sourcemedia.com or through social media: @EBA_Galentine or facebook.com/EBAgalentine.

Bonus points for anyone who includes a photo of themselves sitting on the same side of the table as an employer client.

ADVISORY BOARD

TINKER KELLY

Identity theft

Brokers must aid 80% of workforce impacted by recent breach

It's important to understand the magnitude of the recent Equifax breach. Unfortunately, cyber criminals now have our data.

If you have a client company with a large number of employees, there were many good and solid reasons to offer ID theft as an employee benefit prior to the Equifax breach on Sept. 7. There are now more than 143 million more reasons to offer ID theft coverage. As I heard a speaker say at a conference recently, "If it's almost 80% of working Americans, then we should assume from a business perspective that its everyone."

Currently, industry experts estimate it takes about 18 hours to recover from identity theft. An impacted employee likely cannot deal with the issue only after work, but will need to address it immediately, which will involve calling places that are only open during working hours. Giving employees access to ID theft coverage at a discounted rate through payroll deduction will save a lot of time, effort and money by resolving (and should help to prevent) a future identity fraud problem for the employees of our clients.

As benefit professionals, we have an obligation and opportunity to make sure employers know the implications of this recent high-stakes breach — before someone else tells them.

BOARD INSIGHTS

How can an advisory firm ensure flexibility with client strategy?

GEORGE LANE

The biggest complaint I hear companies lodge is that their adviser didn't listen to them (which includes "listening" between the lines). If you don't pay attention and assimilate what's going on in your client's head and in their business, you can't be nearly as useful in helping them develop and execute their strategy.

TRISHA ZULIC

Keep abreast of industry trends and communicate the trends via a lunch and learn with your clients. Since client strategy is not always disclosed, create a template for the company to work from and do a lunch and learn on how to use it.

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ON THE WEB

REGULATIONS ON THE RISE

SLIDESHOW

TOP 5 EMPLOYER REGULATIONS ADVANCING IN STATE AND LOCAL GOVERNMENT
Many legislatures are moving ahead with initiatives affecting employee benefits in their communities.

SLIDESHOW

10 QUESTIONS TO PREP FOR LEAVE COMPLIANCE
More states are implementing their own mandated regulations for businesses — employers may want to plan ahead.

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Midsize employers face huge group health plan hurdles https://trib.al/bHhgQFt

ELIZABETH GALENTINE
EDITOR IN CHIEF

@EBA_Galentine
Becky Bailey of @eBay says benefit pros need to push wellness as more intuitive and not "fall into the ROI trap" #WBS17 #BFE17

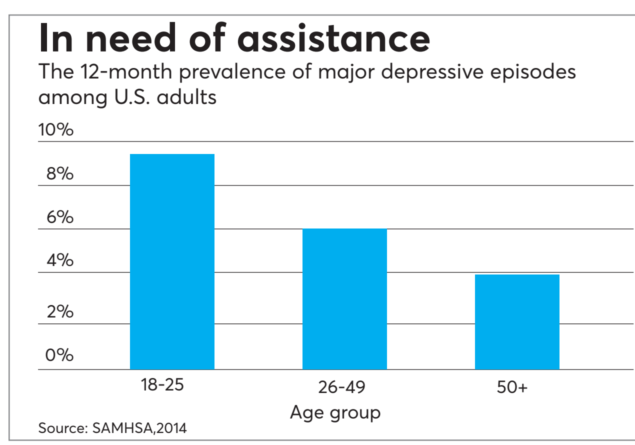
CORT OLSEN
ASSOCIATE EDITOR

@EBA_OLSEN
Who would have thought starting off in sports marketing would land you in benefits: http://bit.ly/2yiysPT

BRIAN KALISH
ONLINE MANAGING EDITOR

@Benefit_Brian
"People are craving something built for them as opposed to generic programs built for none." — Jeff Ruby @newtopia #WBS17

From the article, "Poor mental health is costing employers billions" available in full on **employeebenefitadviser.com.**



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TAKE 5

BENEFITS OF 401(K)S

SMALL BUSINESSES ARE INCREASINGLY RECOGNIZING the importance of 401(k) plans in attracting talent, according to a report from Capital One Advisors Spark 401k. But there are barriers that are keeping them from investing in those retirement vehicles.

The national survey of 500 small business owners found that 94% said a 401(k) offering drove recruitment and retention, while half (52%) of employers said it helped attract better quality employees, according to Spark 401k's Small Business Retirement Planning Index. Similarly, 27% of small business owners with less than 50 employees said employee demand played a role in offering a 401(k) plan, up from 20% in 2013.

While those numbers are encouraging, says Stuart Robertson, president of Capital One Advisors 401k services, which manages Spark 401k's suite of all-ETF 401(k) plans, "it's clear misperceptions and myths are preventing many owners from starting a retirement plan."

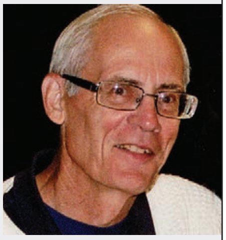
The survey showed that 59% of owners who don't offer 401(k) plans believe their business is too small to set one up, 22% say they can't afford matching contributions, and 16% believe plan costs are too high. Nearly half (47%) of all small business owners are saving less than 10% of their income for retirement, with a quarter saving nothing at all.

"We want every business owner, including the self-employed, to know that no business is too small for a 401(k), contribution matching is not required and low-cost plans are available," Robertson says.

Spark 401k offers 20 index funds and five model portfolios, from stable conservative to aggressive, to help both small business owners and employees pick a low-cost retirement savings vehicle that works best for them, Robertson says.

From a business standpoint, employers who lose employees due to a lack of benefits, particularly a 401(k), pay about a quarter of an employee's salary to replace her, according to the index. Nearly half (48%) of small businesses surveyed said they lost employees due to, in part, a lack of retirement benefits, according to the index.

'FATHER OF THE 401(K)' PUSHING LOW-COST PLANS



Ted Benna, long known as the "father of the 401(k) plan," has reinvented the wheel for small businesses that struggle to afford a retirement benefit offering. Three new low-cost plan models are explained in a do-it-yourself guide featuring both a Schwab and a Vanguard version that sells for just $8.99. He's also offering a hand-holding option for $100 for firms that need technical support.

While acknowledging this approach isn't lucrative enough to pique the interest of retirement plan advisers, he believes it will appeal to brokers who sell voluntary benefits and want to provide added value to their small-businesses clients.

The Bureau of Labor Statistics estimates that barely half of employees who work for firms with fewer than 50 people have access to a 401(k) or pension. That's a huge problem, Benna says, considering the looming threat of state-mandated programs such as in Oregon, which would cost more than 100 basis points.

Benna's guide, "Set Up Your Own 401(k) And Save A Lot of Money," includes information on how to add an employer match to a payroll-deduction IRA and Simplified Employee Pension IRA to make these plans more attractive.

The models

The first of his three plan models uses an IRA as the funding vehicle and is the most basic and flexible. Model 1 duplicates the benefits of a 401(k) without any of the baggage that accompanies traditional plan designs (i.e., avoiding the minimum opening balance requirement). Model 2 has complete flexibility in terms of the amount of the match that's given, but it has to be a uniform percentage of pay for all those who are eligible. While Model 3 requires larger employer contributions, the same is also true for employee contributions, and therefore, it would appeal most to highly compensated individuals.

Gen Z's impact on the workforce

Younger employees will put more weight on workplace flexibility.

AS THEY BEGIN TO ENTER THE WORKFORCE, Gen Z is prime for disrupting. These young workers, who were born 1994 or later, have a completely different approach to diversity, communication, technology and benefits preferences than the previous generations, and will expect their companies to keep up with their needs, said Jim Link, chief human resources officer at Randstad North America, a recruitment and employment agency for temporary and permanent staffing. "They're going to be welcoming us into a whole new world of the workforce," he said at *EBA's* Workplace Benefits Summit in Boca Raton, Florida.

Younger employees, for the first time, care more about workplace flexibility than healthcare benefits, he said, which means the benefit will become all the more important. They also will likely push continuation of student loan repayment benefits; both millennials and Gen Z are concerned by loans, particularly because college tuition has increased by more than 1,000%, Link said.

These young workers, who have just begun entering the workforce, tend to record all their interactions through social media platform. That will mean that companies will need to take on a similar approach through attraction and open enrollment strategies, Link said.

Very few employers leverage platforms like YouTube to produce, record and publish videos that give a prospective employee a look at what it's like to work at that company, although Link said that type of strategy would work well for Gen Z.

Link also noted that Gen Z workers, along with millennials, want real-time feedback. Annual performance reviews, while slowly becoming obsolete, won't cut it for younger employees, Link said.

Similarly, Gen Z will take a different approach toward diversity. Co-workers and managers aren't female or tall, he said; rather, co-workers are ambitious, brainy and motivated — descriptors that disregard gender, age, looks, race and sexuality. Link noted that the next generations entering the workforce will shift the demographics to a majority of Hispanic workers, rather than a majority of Caucasian workers.

FINDING CAREGIVER RESOURCES

As a benefit adviser, Candace Shelton is always on the lookout for opportunities to extend her firm's capabilities and add value without breaking the bank. "Our clients are looking to us to bring them different innovative solutions," she says.

One example is a caregiver support system that is now serving over 900,000 employees. The platform, which helps working families that are struggling with challenging life circumstances, comes courtesy of Torchlight, a pioneer in cloud-based, caregiving benefit solutions since 2014.

"We have been doing a lot more forms of advocacy with our employer clients, and this is a really unique one," says Candace Shelton, director of national clinical practice for Conduent Human Resources Services, which provides employers with consulting, technology and administration solutions. "At some point, we're all going to be caregivers facing unfamiliar situations whether it's a child who needs additional resources or a sick and aging parent."

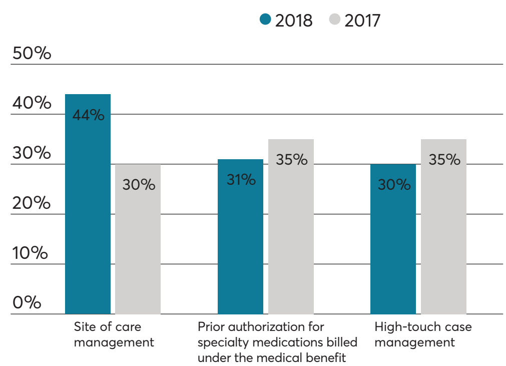
A recent survey by Northeast Business Group on Health and AARP included caregiving on a list of 10 top priorities for employee health and wellness benefits. Most employers predict that it will become an important issue among employees in the next five years, according to the research.

Adam Goldberg, Torchlight's founder and CEO, says his firm delves into specific caregiving challenges with "a technology approach that essentially acts like a digital advocate that can help provide a self-serve model to head off 90% of the issues."

Tackling Rx expenses

Prescribing success

Additional methods employers will take to manage specialty pharmaceutical costs



Source: NBGH

Employers are embracing health cost reduction measures through a variety of platforms. For example, with an anticipated 5% increase in benefits costs, companies are looking to revamp strategies and encourage programs that empower workers to be savvy healthcare consumers by taking a closer look at how they are managing specialty pharmaceutical costs. These costs, if not managed and monitored properly, can skyrocket out of control for even the most health-conscious companies.

WENDY
KENEIPP

Insurance producers today need to be as comfortable talking about strategies to improve operations and profitability for their clients as they are talking about insurance products and scenarios.

Desperately seeking new producers

LOOKING FOR AND FINDING THAT PERFECT new fit for a producer is extremely challenging. While there is no guaranteed answer for success, there are certainly ways you can influence the process.

The first thing to recognize going into a potential hiring situation is that selling has changed significantly for insurance agencies. What was once largely a commoditized product sale that was influenced by personal relationships and producer product knowledge has moved to being a complex, consultative sale where the producer is helping businesses make strategic, longer-term decisions.

Insurance producers today need to be as comfortable talking about strategies to improve operations and profitability for their clients as they are talking about insurance products and scenarios.

Agencies are poor at making good hiring decisions, with a couple of factors influencing the outcomes: Sales people naturally want to sell, and when they are the ones doing the hiring, it's not unusual for them to turn a candidate-evaluation decision into a sales pitch to see if they can "sell" the candidate instead.

Owners tend to want a magic solution when hiring new producers: Simply bring people on who already know what to do and who have a network of people to talk to, and the revenue starts flowing. No further effort required.

These are flawed approaches to take into the hiring process, which then naturally influence the retention of producers. Combat these challenges with some consistent processes to follow with each hiring situation:

First, don't limit recruiting to existing insurance producers. They already have habits established and will bring those with them, good or bad. Look outside the industry for curious people who like a good consultative discussion. And look inside the industry for people who have been in other roles, but may have the interest and aptitude to grow into a consultative role.

Open up the hiring process to a wider review of the candidate from within the organization. And finally, when the producer is selected, have a defined onboarding program to set the producer up for success.

4 keys to creating producer success

After the producer is hired, there are a number of other problems that get in the way of making it a successful transition. Hiring a sales person is not where the owner's/sales manager's role ends in having a thriving sales team. It's actually just the beginning.

1) Processes. Have a defined sales process that all producers are taught and follow and have accountability measures in place to ensure consistency.

2) Technology. Equip your producers with technology that assists in all phases of prospecting, marketing and selling. The tech tools should connect them to their prospects and other resources to help further the relationships, and allow the manager to review and assist as necessary.

3) Coaching. Capturing producer activity information in real-time allows managers to have one-on-one coaching conversations and help the producer move prospects through the pipeline, giving them as much opportunity for success as possible.

4) Marketing. Support producers in their prospecting and selling activities with a comprehensive marketing effort. Marketing should be used educate prospective clients and prepare them for the sales conversation. **EBA**

Keneipp is a partner and coach at Q4intelligence, driving agency transformation. Learn more at q4intel.com. Reach her at wendy@q4intel.com, on LinkedIn, or Twitter @WendyKeneipp.

JACK
KWICIEN

The hard part of the job is prospecting; the easy part is selling. Approaching someone's existing customers makes everything easier. So make your business development activities a systematic, constructive work habit.

How to develop centers of influence

HOW IS YOUR FIRM DEVELOPING NEW client relationships? We know you are thinking that referrals are a major source of your new business. And that's great. And that will serve your organization well, but that's not enough.

There needs to be a proactive, systematic and consistent prospecting plan in place to successfully sustain your business. And let's consider this in the context of the confusion surrounding whatever may develop in the future with healthcare reform legislation.

If you are not proactively pursuing information-hungry prospective clients, you can be quite confident that your more aggressive competition will. So let's review a few effective business development strategies that you may not have considered before.

Making the right connections

Developing centers of influence is essential to the long-term growth of your business. You want to be perceived as a "trusted adviser." So, start acting like one and begin to associate with your prospective clients' other trusted advisers. Who exactly are we talking about? Well, certainly their accountant and attorney are in that category. They are definitely insiders, which is where you want to be. So aligning yourself with these firms is an important activity that needs to be managed on a systematic basis.

Perhaps you can start with a simple survey of your current clients to learn which accounting and law firms represent your current clients. If you knew that you shared five clients in common, wouldn't that be worthwhile and powerful information? It would be very easy to schedule a luncheon meeting to discuss your mutual client interests. Right? But maybe even more important is discussing what your firms might accomplish jointly. Having a conversation about facilitating introductions to your respective client and prospective clients would be extremely valuable to both firms.

And one effective business development strategy is to conduct information seminars for decision makers. Think about topics that are of concern to CEOs, CFOs, HR VPs and members of the benefits committee. Healthcare reform legislation and its mandates is a logical place to start. As events unfold, there may be changes in the legislation, tax rulings, or court challenges and decisions.

It could be something specific to your geographic market, or information that is relevant to a particular industry group that you serve. Establishing a series of relevant seminars can be a great way to position your firm as an authoritative source of information.

Breakfast meetings could be scheduled at the beginning of the workday, or a meeting and reception could be held early evening. Either way, it's a great way to meet prospects face-to-face. And you are meeting under the most favorable terms since you will be perceived as an authoritative resource, a trusted adviser.

Remember, it takes a minimum of three positive contacts to convert a suspect to a prospect. Information seminars could be the right starting point in establishing relationships for your firm.

The hard part of the job is prospecting; the easy part is selling. Approaching someone's existing customers makes everything easier. So make your business development activities a systematic, constructive work habit, and you will find that attracting and selling new clients will get that much easier.

EBA

Kwicien is managing partner at Baltimore-based consulting and advisory services firm Daymark Advisors. Reach him at jkwicien@daymarkadvisors.com.

NELSON L.
GRISWOLD

Talk to owners and CFOs about the failure of the status quo and how to take control of the benefits spend and reduce healthcare costs.

Disruption through C-suite action

DISRUPT OR BE DISRUPTED. YOU HEAR the word "disruption" a lot. But what does that really mean? Instead of a definition, fellow advisers can show you what disruption in the benefits industry looks like, in their own words.

Derek Rine, partner at David Rine Insurance in Akron, Ohio, took advantage of a prospect's souring relationship with its existing broker.

"The CFO told me he was giving all 11 of the company's benefit plans to our firm. He said he hadn't seen a single one of our strategies or tools — not one — from their incumbent, [a top-10 national agency], or from [a large regional agency] that had been promised the AOR."

After hearing that this company was unhappy with the incumbent, Rine realized he had to meet with the CFO to present his firm's value proposition. He knew that no HR department would ever hire a small local insurance agency to replace a national house or large regional player. But the CFO would — and did. Disruption wins.

Kim Eckelbarger, president of Tropical Risk Management in Tampa, Florida, also took her expertise directly to the C-suite. "I walked out of the meeting — the first meeting! — with the letter of record. I didn't have to write a new plan document or even quote the business."

Eckelbarger had specifically requested a meeting with the CFO of the 58-life company, knowing she had the language and the solutions only a C-level executive would appreciate. Disruption wins.

Both Bob Gearhart, Sr., and Bob Gearhart, Jr., partners at DCW Group in Youngstown, Ohio, put their compensation on the line to emphasize their confidence in their consulting capabilities.

"We met with the president and CFO of a 160-man trucking company and showed them how moving to a transparent PBM would eliminate huge Rx costs. We were so confident in our ability to make an impact that we put part of our compensation at risk to prove it. They gave us the BOR — ending a 15-year relationship with [a large regional broker]," says Gearhart, Jr.

DCW Group brought in another 275-life group using their standard practice of refusing to quote insurance business. This group was DCW Group's 10th BOR in just four months since DCW began refusing to quote under any circumstances. Instead, talk to owners and CFOs about the failure of the status quo and how to take control of the benefits spend and reduce healthcare costs. Disruption wins.

Be nimble and swift

Brian Tolbert, benefits practice leader at Bernard Health in Nashville, Tenn., emphasized his firm's ability his firm's ability to be nimble and shift with the market in a recent prospect meeting.

"Once I presented our solutions, the HR director challenged me, 'So why haven't we seen any of this before?' After I let her question sink in with the CFO, I told her and the CFO, 'Let me suggest why this is all new to you. Innovation doesn't come from [national agency incumbent]. Innovation comes from nimble, independent benefits firms like Bernard Health.' Two days later, we get a call that they are moving the 200-life group to us."

After losing a 50-life client to acquisition by a 150-life company headquartered in another state, Tolbert secured a meeting with their CFO to present Bernard Health's proprietary HR and ben admin solution and two proprietary alternative funding strategies. Disruption wins. **EBA**

Griswold is an agency growth consultant and author of DO or DIE: Reinventing Your Benefits Agency for Post-Reform Success. *His Agency Growth Mastermind Network helps agency leaders reform-proof their firm. Reach him at (615) 656-5974, nelson@InsuranceBottomLine.com, or through 21stCenturyAgency.com.*

A nimble operation

By Randy Barrett

THANKS TO A PROPRIETY DATA PLATFORM AND A KNACK FOR RISK POOLING, THE RESCHINI GROUP IS ABLE TO ACT SWIFTLY TO ADJUST HEALTH PLAN STRATEGY — KEEPING CLIENT COSTS DOWN AND COMPANY REVENUES UP.

BY RANDY BARRETT

In 1938, Rose Reschini spent $1 and received an insurance license. Nearly 80 years later, the Reschini Group is thriving with a decidedly do-it-yourself philosophy.

The Indiana, Penn.-based company now employs 70 and continues to be family run. Along the way, they've become experts at building insurance consortiums among public schools, hospitals and private colleges and advising clients on the advantages of self-insurance pools. The agency excels at presenting analyses to customers that clarify the cost savings over traditional insurance plans and it does so using an in-house data platform built from scratch.

Determination clearly runs in the company's DNA. Young Rose, a 28-year-old mother without a college degree, launched the agency at the height of the Depression after working at an insurance company herself. It was a crazy idea, and, being helmed by a woman, was essentially unheard of at the time. "Her mom convinced her she could do it better on her own," says grandson Joe Reschini, who is now the president of the Reschini Group.

It was a family affair, with Rose's aunt handling administrative duties. Rose's husband, also Joe, joined the team when the first big life insurance policy came in. Their son, Roger, joined the company in 1959 while the business was still operating out of their home. He purchased the company in 1979 and started hiring outside the family – something his parents weren't willing to do. He grew the business, adding new services and locations and expanding its territory.

The Reschini Group currently brings in $19 million in revenues annually and has seen 50% growth over the last decade, says Joe Reschini. About 60% of the business is focused on healthcare with the remainder on property and casualty insurance. The company has currently 600 clients.

A new direction

What had been a traditional insurance agency for decades took a new direction in 1989 when Roger Reschini recognized the opportunity of aggregating clients into consortia. School systems in Pennsylvania had already organized collective purchasing for textbooks and pencils to save money.

"Well, if they can buy those things together, why not health insurance?" says Joe. So the company began combining homogenous clients of 70 to 200 employees and setting up self-insurance risk pools.

"We build it and we manage it," says Executive Vice President Chris Holuta, who joined the company in 1990. That includes administrative tasks, claim volumes, utilization, plan design and also working to educate employee unions. The Reschini Group makes the majority of its healthcare income from consulting contracts.

Early on, the challenge was convincing clients to become self- insured, as most schools and hospitals in Pennsylvania — and everywhere else — were handing all the risk to big carriers and getting charged accordingly.

The other key is working with homogenous groups of individuals that face similar health risk profiles, says Joe. Also crucial to the aggregation process is banding together outfits that are not in direct competition with each other. A local machine shop, for example, often isn't much interested in helping a rival lower its healthcare costs, he adds.

The minimum size for a risk pool to be effective is 1,000 members, says Joe. But bigger is better as it provides more buying leverage and the claims become more predictable.

Once a group of clients is combined, Reschini looks to find the best discounts from third-party administrators and negotiates the lowest possible costs. Next, the company analyzes the risk and builds in a reinsurance component to cap potential payouts — usually between $100,000 and $200,000 per individual claimant.

Ten years ago, we went shopping for a system to help us organize client information. We couldn't find one. So we built one.

Reschini Group doesn't adjudicate claims. That's handled by a third-party administrator. It does keep a very close eye on trends. "Because our clients are self-insured they have access to claims data," says Joe. "They're able to make changes to their plan to keep costs down."

Those options include changing the reinsurance carrier, third-party administrator or pharmacy benefits manager. A collective risk pool can also alter co-pays and drug formularies or narrow healthcare networks. That group can also proactively promote wellness and preventive care to help control costs.

The risk pooling and self-insurance approach creates much greater transparency and it allows the collective to see exactly what factors are driving expenses.

The Reschini group gets claim feeds directly from clients and can audit on the fly. Is a claim legitimate? Does it match against enrollment? Should another carrier have paid? "We can drill down to why claims are high and show here's why," says Linda Stiteler, vice president of employee benefits.

She adds that the company is good at establishing relationships with vendors and carriers. The bigger risk pools allow her to drive better deals. That translates to lower costs for clients.

"We've been able to have low consortium

premiums — a 4% aggregate per year increase," Joe says.

In-house data platform

Central to the company's success is the ability to track and analyze customer data in-house. "Ten years ago, we went shopping for a system to help us organize client information," says Holuta. "We couldn't find one. So we built one ourselves."

That task fell to Systems Engineer Mark Long who admits he really didn't want to create a platform from scratch. But he knew it was essential. "Back then, a large portion [of our system] was people in a room with Excel spreadsheets."

As luck would have it, a college intern arrived with advanced coding skills. "The kid came in programming like he had five years of experience. We knew we had some horsepower," Long recalls. He also knew that if the company just tried to build a platform to solve today's challenges, "tomorrow's problems would hit us over the head."

The Benefits Data Base, as it is called, needed to be expandable. It now handles customer information, rates, billing and can import of tens of millions of claim records and report from that data. It also includes document management, secure messaging, customer service support, and added recently, Affordable Healthcare Act reporting and online enrollment for clients.

"It's very much a competitive advantage for us," says Holuta. "What was available on the market wasn't suiting our needs."

Saving money via self-insurance

Jack Sisk first met Roger Reschini back in 2001 when Punxsutawney Area Hospital and others in the Pennsylvania Mountain Healthcare Alliance were seeing 30% annual increases in their employee health costs. "That was unsustainable," says Sisk, who is chief financial officer. "Roger educated us all."

That's when Sisk learned about the self-insurance option and building a risk pool with other hospitals in the alliance. "We wouldn't have been able to do anything similar alone," as his 50-bed hospital has only 350 full-time employees.

There are now 15 hospitals in the risk pool with 13,000 insured lives. That has translated to average increases of less than 6% over the past 17 years. "We spend about 95 cents on every dollar paying claims," Sisk says. "We have very little overhead."

The group carries stop-loss reinsurance of $200,000 per claimant. Between $200,000 and $550,000 the pool collectively shares the payouts and reinsurance again covers anything above that. "We're been able to save reinsurance cost because we share the risk. We're not paying for some beautiful insurer's headquarters building," Sisk says.

It's busy and challenging. The Reschini Group is a good place to be if you're a problem solver. We have the freedom to create something new.

Self-insurance with stop-loss coverage puts clients inside the black box that is usually controlled by big insurance carriers. "I never thought I'd be running an insurance company, but we are in a small way," says Sisk.

The Chester County Intermediate Unit similarly struggled with healthcare costs. The facility provides common services for public special and vocational education in Downington, Penn. In the early 2000s, the area was dominated by Independence Blue Cross of Philadelphia. But the service was poor and costs way too high, recalls Joe Lubitsky, director of administrative services for the unit.

Lubitsky's facility and four other similar units worked with the Reschini Group to set up a self-funded pool. The company analyzed several years of claims data from the pool and painted a clear picture of why and how they were getting overcharged by an insurance carrier.

"They really demystified the whole renewal process and claims adjudication and how rates are set," Lubitsky says.

Immediate improvement

Once the self-insurance pool was up and running, the collective began seeing an immediate improvement in costs, from annual double-digit increases down to 6%-7% and sometimes half that. Lubitsky also says the Reschini Group is responsive, particularly with data around budgeting time.

The company's property and casualty business follows a more traditional model and doesn't depend on aggregation. Still, the Reschini Group keeps its focus tight, primarily in the energy, mining and oil and gas sectors. "You can't be all things to all people," says Holuta.

Over the years, the company has built in-house expertise on these industries. "We have safety professionals on staff available to clients to do safety training, policy procedures development," Holuta says. That includes an attorney that advocates for clients during the claims process. "It's not the same as placing coverage for a flower shop."

Reschini continues to grow and hire, but it's also been successful retaining employees. "It's busy and challenging," says Stiteler, who's been with the company 11 years.

"It's a good place to be if you're a problem solver. We have the freedom to create something new," Stiteler adds. **EBA**

9 BENEFIT TRENDS TO WATCH IN 2018

Industry experts weigh in on a range of pain points facing employees, such as managing student debt, and the products that are designed to address them.

BY BRUCE SHUTAN

Picture a bevy of meaningful employee benefit offerings that largely fall under the financial well-being umbrella and a sunny forecast may be in store for 2018, predict several industry leaders and practitioners.

The need for a more holistic view of financial security in the workplace is so critical that the industry's premier benefits researcher, which was founded nearly 40 years ago, hopes to finally establish a beachhead for this hot topic. While the chief target appears to be younger employees who are faced with enormous debt from student loans – a related key trend – the benefit is said to have wide appeal. It also dovetails into yet another major development, which is the long-simmering convergence of healthcare and retirement benefits.

Consider how and why the benefits landscape is shaping up this way:

1 FINANCIAL WELLNESS

Evren Esen, research director at the Society for Human Resource Management, notices that more organizations are offering programs that help employees with their finances. Roughly half of the SHRM members polled in the latest annual employee benefits survey she has overseen for the past decade say they offer investment planning, 48% offer individual retirement planning and 44% offer retirement-preparation advice. One noteworthy development is that financial advice of any type increased to 49% from 37% five years ago, Esen says.

The issue resonates so much that the Employee Benefit Research Institute hopes to open a financial well-being research center in response to this trend, with backing from a critical mass of organizations. More rigorous data collection and surveys on financial well-being priorities will not only deepen employer understanding of critical issues in the space, according to Harry Conaway, EBRI's president and CEO, but also help them attract and retain top talent. One challenge is that there's no agreement or consensus about how to even measure this area, he cautions.

"I think financial wellness is huge," says Sylvia V. Francis, total rewards manager for the Denver-based Regional Transportation District who's also a member of SHRM's Special Expertise Panel. To capitalize on that benefit trend, RTD this year began offering money management expert Dave Ramsey's Smart Dollar program, which has helped

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some participants pay off more than $60,000 in debt. It costs RTD about $125 per employee per year, which Francis deems well worth the investment "because financial upset causes a lot of problems in the workplace."

While these programs often appeal to older employees, Francis believes millennials also crave this knowledge because many of them would like to retire in their 60s and may be more financially savvy than their elders think. After the Great Recession of 2008, she says many of them saw their parents struggle and would like to learn how to hold onto their money. There's also a growing sense of pragmatism whereby she believes many of them are electing to attend less expensive community colleges to load up on prerequisites before transferring to a four-year college.

2 STUDENT LOAN ASSISTANCE

"More employers are looking at how they can help employees deal with student loan debt," reports Jim Klein, president and CEO of the American Benefits Council. He believes the issue has crossed into the public policy realm because it's imposing on the ability of younger employees to participate in a 401(k) plan or deepen that commitment.

It shows just how many components to financial security there are beyond having adequate funds in a retirement plan, according to Klein, who also points to the importance of disability insurance and long-term care. Together, he says they're part of a much larger tapestry requiring a more holistic view of benefits from a recruitment and retention standpoint.

One idea Klein says is being considered on Capitol Hill is for employers to contribute into a retirement savings plan an amount that would match what employees pay each month in terms of their student loans. "It's indicative of thinking in creative ways about how to not only help people with their student loan debt, but also see the value of retirement savings," he says.

While Francis sees student loan reimbursement programs gaining traction even among smaller companies, she offers up a caveat. "We're finding that millennials, and to a lesser extent, Generation X, don't stay with jobs as long as boomers do," she says. Therefore, employers will need to assess whether the looming threat of turnover is worth the cost of providing this benefit.

Only 4% of SHRM benefits survey respondents provide student loan repayment programs. "It's not something I would anticipate that organizations across the board would necessarily take on, even over time, just because it is a high-cost benefit and it really has to fit with the organization's strategies," Esen predicts. She says the benefit appears to be confined to the finance and tech sectors, as well as larger employers.

3 Cadillac-style health coverage

By postponing the proposed 40% excise tax on Cadillac-style health plans under the Affordable Care Act, lawmakers preserved a competitive balance in tight labor markets, observes Doug Hessel, a partner with Johnson & Dugan Insurance Services Corp., which is part of the United Benefit Advisors network of companies.

Many of his clients are based in the San Francisco Bay Area where it's difficult to keep up with Google, Apple, Facebook and others. As a result, he says they're more comfortable about moving forward with augmenting their plans, including health reimbursement accounts and medical expense reimbursement accounts. "The gold-plated or platinum-plated types of plans are alive and well in our market," he reports.

4 HEALTHCARE AND RETIREMENT UNIFIED

Another way employers are thinking about employee benefits in a more unifying way is to use health savings accounts to pay for healthcare needs in retirement. Klein says it reflects a need to be "more vigilant about monitoring investments or seeking investment options with lower fees in light of a lot of the increased scrutiny around the fiduciary issue." There also could be more opportunities within a retirement savings plan to provide for healthcare needs, with Klein citing the idea of retiree healthcare accounts within 401(k) plans or more favorable tax treatment for investments made in lifetime-income products.

5 HANDHOLDING GUIDANCE

Conaway is anticipating regulatory or legislative clarification on whether certain pro-retirement plan designs and features are acceptable. Examples include a stretch match, which rises up to 12% the threshold for matching deferred pay, and changes to preretirement distributions aimed at reducing so-called leakage. He believes "handholding guidance" from the IRS, Treasury and Labor Departments or in any tax-reform bill will encourage employers to pursue more aggressive strategies to boost retirement savings. Such action also would enjoy bipartisan support, he notes.

6 WORKPLACE WELLNESS

An emphasis on healthier living dates back about five to seven years in SHRM's annual benefits survey, according to Esen. "There is an increase in wellness-type of benefits," she reports, noting a desire to manage rising healthcare costs as the primary motivator.

Nearly a quarter of participants in SHRM's latest benefits survey plan to increase their wellness benefits, whose percentage Esen said was higher than other categories such as professional and career development, flexible work schedules, retirement and family-friendly policies. One unusual offering, workstations that allow people to stand, soared to 44% from just 13% in 2013 when the data was first tracked. While only 7% of organizations offer meditation and mindfulness programs to help reduce stress, Esen expects the number will grow.

7 FLEXIBLE WORK SCHEDULES

Francis has observed a movement toward more flexibility in the workplace. One key component includes a "9/80" schedule featuring nine hours a day for the first week and then nine hours for four days that amounts to an extra day off every other week. Francis believes these compressed workweeks largely appeal to millennials and startups.

"I think companies that are sort of died in the wool, blue chip or like us, transportation, have to change their mindset" about flexible schedule to compete for talent, she says. The thinking is that employees can work just as hard or harder at home, Starbucks or wherever they might be than those in an office. RTD employs about 3,000 people.

More employees are expecting greater flexibility in their work schedules, Esen says.

Telecommuting on an ad hoc basis increased to 59% in 2017 from 45% in 2013, while flextime benefits have remained stable during that time frame at 57%. The number of companies offering a compressed workweek, however, decreased to 29% this year from 35% in 2013.

8 PAID LEAVES OF ABSENCE

Francis predicts more paid leaves of absence related to maternity and paternity benefits as part of a more family friendly approach to recruitment and retention. This can come in handy for employees who haven't been able to accrue six to 12 weeks of paid time off. However, she cautions that the arrangement can cause problems in other areas. For example, what happens to employees who are diagnosed with cancer?

Another challenge for employers is complying with local or state mandates for paid leave, which Francis describes as "a nightmare" scenario for multistate employers. She lauds SHRM for advancing the notion of mandated paid leave at the federal level so that it supersedes the regulatory patchwork that ties the hands of these larger employers.

9 FLAT FEES FOR BROKERS

Hessel believes broker commissions will continue to be squeezed in the small-group health benefits marketplace — and rightfully so. "If the premium is going up, why should brokers get increases for not doing increased work for their clients?" he asks. A fee-based approach that includes a strategic scope of services better defines the deliverables timeline and makes for a more rewarding client relationship, he adds. **EBA**

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WHAT'S FUELING VOLUNTARY BENEFIT PROVIDER GROWTH?

Top carriers' double-digit revenue increases seen coming from CDHPs, broker promotion and streamlined enrollment practices.

BY RICHARD STOLZ

The Affordable Care Act has survived multiple kill attempts and remains a polarizing piece of legislation — except, possibly, among purveyors of voluntary benefits. Nearly eight years after the ACA's enactment, voluntary carriers still attribute their ongoing rapid growth to the continuing impact of that law.

"The ACA put supplemental health benefits in the fast lane," says Gene Lanzoni, an assistant vice president with responsibility for thought leadership in The Guardian's group worksite unit. LIMRA research suggests that 40% of employers say bolstering their current voluntary offerings is a priority, he says.

Guardian itself has been in the fast lane in terms of voluntary product sales growth. It is the largest voluntary player in *EBA's* fastest-growing ancillary carriers ranking.

The ranking, in partnership with business intelligence data analytics firm miEdge, lists the top 13 fastest-growing ancillary benefit carriers in the United States.

It is based year-over-year growth of each company by factoring commissions paid and focuses on companies with at least 10% growth. Plan sponsors include this information in Form 5500 Schedule A data they submit to the Department of Labor. Note: Groups under 100 lives, government entities and church plans are not required to file, and any disclosure on Schedule Cs are not contemplated in these numbers.

According to the ranking (see chart on p. 28), Guardian had $143 million in voluntary revenue growth over a recent 12-month period, representing an 11% gain.

And while any double-digit growth rate is impressive, that pace was actually the lowest of the 13 carriers on the list. However, meteoric growth is harder to achieve for a large player than a relatively small one.

The primary products propelling voluntary growth at Guardian are its critical illness and hospital indemnity plans, with cancer insurance also in the running. CI premiums have grown at a 15% compound average rate over the past four years, Lanzoni says.

Tapped out

Employees expect to be tapped out, thanks to high deductibles in their health plans if they or family members land in the hospital. As a result, they see hospital indemnity plans as a smart way to ensure they will have a cash infusion to keep themselves afloat should a medical disaster strike, experts suggest.

Beyond the intrinsic appeal of the coverage itself, Lanzoni believes part of the rapid growth of such voluntary products can be attributed to the influx of brokers looking to expand their horizons after seeing their small employer health plan busi-

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ness shrinking post-ACA.

Lanzoni emphasizes the importance of thinking though an effective enrollment strategy as the first step in generating employee acceptance. He cautions brokers that enrollment should not be merely an afterthought once employers choose to include Guardian's products in their voluntary benefits menus.

John Stanley, Transamerica Life's managing director for employee benefits, underscores the point. "Having a spot on the shelf is nice," he says, "but we need employer support" in order to connect with employees.

Transamerica experienced a 25% increase in voluntary premiums last year with a full range of products, according to the miEdge tabulation.

Strict attention must be paid to the fundamentals of communication, education, and tools that help employees easily determine "whether this makes sense for me," Stanley says.

"Technology is changing the way employees are engaging with the market," he adds. This, in turn, could account for some of the growth in voluntary sales.

2017 FASTEST GROWING ANCILLARY CARRIERS

	CARRIER	YEAR OVER YEAR GROWTH	PERCENT OF CHANGE
1	DELTA DENTAL OF TENNESSEE	$22,539,729	40.24%
2	DELTA DENTAL OF INDIANA	$17,405,470	36.73%
3	EYEMED	$109,498,080	33.29%
4	TRANSAMERICA LIFE INSURANCE COMPANY	$17,584,842	24.98%
5	NATIONAL GUARDIAN LIFE INSURANCE COMPANY	$23,922,320	24.65%
6	FIDELITY SECURITY LIFE INSURANCE COMPANY	$31,381,814	24.21%
7	LIBERTY MUTUAL	$189,267,188	20.89%
8	DELTA DENTAL OF RHODE ISLAND	$12,246,856	19.19%
9	HM INSURANCE GROUP	$14,948,241	14.74%
10	ALLSTATE BENEFITS	$6,441,721	13.10%
11	AMERICAN UNITED LIFE INSURANCE COMPANY	$5,815,249	12.43%
12	AFLAC	$16,231,829	11.68%
13	GUARDIAN	$142,787,056	10.87%

Streamlining implementation

For its part, Transamerica is trying to streamline the entire implementation process, enabling brokers to be highly responsive. Transamerica's "express plan solution," with fewer bells and whistles in the product offering, "reduces turnaround time significantly," Stanley says.

Although term and permanent life insurance have been a staple of voluntary offerings since the beginning, increasingly flexible insurance policies are contributing to uptake rates. That's particularly true with permanent life policies that give policyholders more choices about how they can access accumulated cash value.

For example, living benefit riders enable insureds with terminal illnesses to tap into some of what otherwise would come in the form of a death benefit in advance to help with medical costs. Such a feature could allow a life policy to serve a similar purpose as a CI policy.

Liberty Mutual, another large carrier that made the top 13 list, only recently (in July 2016) expanded its voluntary menu from life and disability income insurance to include critical illness, hospital indemnity and accident insurance.

The company, whose traditional group product customer base consists of large employers, also decided to reach out to companies with 50-500 employees.

Although Liberty is hardly the first player to "discover" the smaller employer market, "we still see a lot of market growth ahead," says Daniel Lyons, a senior vice president and manager of employer distribution for the company.

Expanding the offering "was a very logical step that complements our focus on enhancing financial well-being and helping employees bridge the gap" between their savings and the funds they would need to cover a major medical event, Lyons adds.

Branding power

Liberty Mutual's rapid sales growth in the voluntary space may have been fueled to some degree by the name recognition the company has through its aggressive consumer advertising for its auto and homeowners insurance — products that are also available on a voluntary platform.

EyeMed Vision Care and three Delta Dental plans were the only benefit providers that were referred to as "ancillary" benefit plans that by tradition are more heavily subsidized than products like CI and accident insurance.

EyeMed's growth rate clocked in at 33%, placing it at the No. 3 spot on the list.

EyeMed President Lukas Ruecker attributes much of the company's growth to a focus on the ease of the customer experience and price transparency.

"We like to challenge the status quo," he says. For example, the company has been deploying an online tool akin to OpenTable that enables users to input parameters for the type of vision service, lens or frame they are looking for, and the system will identify appropriate providers within the closest geographic proximity. It also allows them to book appointments.

EyeMed's transparency tool gives users an estimate of what they should expect to pay based on their parameters, so they can ask informed questions before buying if the provider quotes prices that turn out to be significantly higher.

The company also facilitates direct communication between an employee's eye care provider and other medical providers (within the Anthem network) so that medical professionals can tag team treatment for conditions, such as diabetes, that may be evident and to some extent addressable by all of them.

"Anthem could say to the optometrist, 'Please ask the patient to enroll in a diabetes program,'" Ruecker says. **EBA**

401(k) errors: Who's to blame?

BY RICHARD STOLZ

Providers of retirement plan administrative services have proliferated over the years as the complexity of plan administration has mushroomed. In a litigious environment, plan sponsors need to pay close attention to the role of fiduciaries and the level of responsibility assumed by external administrators. *EBA* spoke to Ken Waineo, senior director of business development and retirement plan operations for The Standard, to explore these topics.

***Employee Benefit Adviser:* Is a plan sponsor by default the plan administrator?**

Ken Waineo: The most common structure is for an employer to be designated plan administrator in the plan document, or employees who are serving on a committee. But there are many external providers stepping up and saying that they can sign on as a TPA to support the plan administrator. Some act in a fiduciary capacity, and others do not.

***EBA:* But even if the employer retained another entity to act as plan administrator, it still couldn't escape its ultimate responsibility for overseeing service providers anyway, right?**

Waineo: Yes, the employer can never completely get away from their fiduciary responsibility. They still have the obligation, at the very least, to oversee the plan administrator, and one of the plan administrator's primary obligations is to overview the service providers and be sure that the services that are being provided are accurate and delivering value for what they're paid.

FINANCIAL WELLNESS

GIG WORK HURTING FINANCIAL FUTURES?
Lack of benefits will affect personal security, research finds.

P. 30

CASE STUDY

APP ADDS BITE TO DELTA DENTAL BENEFITS
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***EBA:* So where does 3(16) fiduciary status fit into the equation?**

Waineo: Section 3(16) of ERISA describes a set of plan administrative services that are carried out by an entity that typically would act in a fiduciary capacity. But we're starting to see more TPAs state that they're doing 3(16) services, but they are not actually acknowledging it in their contracts that they're assuming a fiduciary responsibility. They may be tracking participant eligibility, sending fulfillment notices, approving loans, hardship and other distributions, and compliance corrections at the plan administrator's direction. But the way they operate, if anything goes wrong, the liability is with the plan administrator.

***EBA:* Does not being held accountable as a fiduciary change anything about the quality of service?**

Waineo: If you're a fiduciary, you're required to act in the best interests of the participants. One would hope a TPA would do that even if it didn't explicitly state that it's acting in a fiduciary capacity, but there is still an important distinction there. Fiduciaries [must] correct errors they make.

***EBA:* Can a record-keeper or TPA act in the fiduciary capacity with respect to some services, and not others, or is it an all-or-nothing proposition?**

Waineo: Yes. For example, our work can be structured so that we act in a 3(16) capacity and act as a fiduciary on certain plan administration functions, and not on others.

***EBA:* This sounds complicated. Do you think employers are always clear on what they are buying, whoever the service provider?**

Waineo: This is why it's critical to read the service contracts. You'll see providers saying, "We're taking on responsibility for these things but maybe not these others." Our language says we hold harmless and indemnify the plan sponsor should there be any failure that's caused by us in these particular services. It should be spelled out very clearly. ■

LOOKING FOR HELP FROM EMPLOYERS

More than half of employees say they are stressed about their financial situation, according to the latest Bank of America Merrill Lynch Workplace Benefits Report. With that stress impacting their focus and productivity at work, more workers are looking to their employers to help manage several aspects of their financial lives.

Source: Bank of America Merrill Lynch, 2017

FINANCIAL WELLNESS

Destabilizing gig work?

BY AMANDA EISENBERG

THE GIG ECONOMY, where workers act as independent contractors rather than employees, is expected to have a destabilizing effect on personal financial security, according to a new report from Prudential Financial.

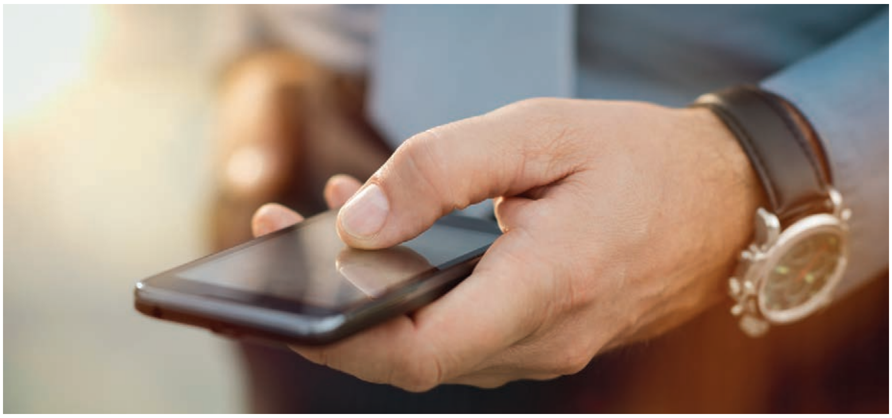
Gig economy workers do not receive employee benefits, leading to a major gap in coverage for short- and long-term disability, life insurance and employer-sponsored retirement plans, according to the research.

For example, only 16% of gig economy-only workers — those without access to employer-sponsored benefits — have access to a retirement savings account, compared to 52% of full-time employees. "The money made by gig work may contribute to reducing the national income gap, but the decline in employer-sponsored savings and insurance plans is doing little to address the wealth gap," says Andy Sullivan, president of group insurance at Prudential.

Seven in 10 millennial gig-only workers have no access to benefits, compared to 44% of gig-only workers over the age of 55, according to Prudential's research.

The implications of an entire generation without retirement savings can be detrimental, says Snezana Zlatar, senior vice president of full service solutions, product and financial wellness, at Prudential Retirement. "The number of Medicare enrollees could skyrocket. That should be one of the main incentives to encourage the public sector and private sector to seek solutions," she says. "It's not just about the wellness effect for individuals. It's about reducing future reliance on government programs." ■

CASE STUDY



Delta Dental employees smile over savings app

BY PAULA AVEN GLADYCH

WHEN HELEN DREXLER took over as CEO of Delta Dental Colorado last December, she was impressed by the robust benefits package offered to employees of the insurance company. But there was one benefit she felt was missing: financial wellness.

"I think financial well-being is something many employers are beginning to see as a foundational part of any benefit strategy," Drexler says.

So Drexler worked with Sunday Sotomayor, Delta Dental's HR director, and the two implemented Best Money Moves, a Chicago-based mobile-first financial wellness program that helps employees make better money decisions based on their biggest financial stressors.

Delta Dental rolled out the program in May, and has already seen a big impact. Since the program was implemented, 65% of employees have engaged with the tool.

Best Money Moves first asks participants to list their main financial stressors. Those could include fear of losing their job, healthcare costs, not saving enough for retirement, paying off credit card or student loan debt. Once a person's top financial worries are listed, the program gives them a list of links to articles that offer suggestions and next steps on how to mitigate their financial stress.

It uses a points-based program, cash prizes and contests to incentivize employees to participate. Most employers see the return on investment very clearly, explains Ilyce Glink, founder and CEO. Best Money Moves uses information algorithms to customize what a user receives based on their responses to the Stressometer.

Delta Dental has made an effort to acquaint new employees with the tool as part of the company's orientation program. "We find a lot of people really appreciate it," Sotomayor says. "They have access to it through their phones, and the program as a whole works well with the company's 401(k) plan and other wellness programs."

Delta Dental also offers a robust 401(k) plan that includes a 4% match on the first 5% contributed plus an additional employer contribution of 4% after a person has worked for the company for a year. Employees are eligible to participate in the program after six months of employment.

"It is not everywhere you go you will find an enhancement like that where the company contributes a certain percentage," Sotomayor says. ■

RETIREMENT EDUCATION

Considering retirement health costs

BY PAULA AVEN GLADYCH

WHEN PEOPLE SIT down to figure out how much they need to save for retirement, many times they don't take healthcare expenses into account. That could be because they believe government programs will step in and cover all of their expenses or just that the idea hasn't crossed their minds, says Adam Stavisky, senior vice president, Fidelity Benefits Consulting.

Fidelity takes a look at retirement healthcare expenses each year to determine how much the average 65-year-old couple will spend on healthcare expenses in retirement. The 2017 estimate of $275,000 is a 6% increase over last year's estimate.

The data means that both employees and employers must work to prepare for healthcare needs during post-work years. "With ongoing uncertainty across the healthcare landscape, it's more important than ever for individuals to educate themselves on steps they can take to prepare for their healthcare needs in retirement," Stavisky says. "These expenses are only expected to increase in the future, so it's critical that people include healthcare as a significant part of their retirement plan."

Stavisky points out that most people probably assume Medicare pays for everything in retirement, but "by design it doesn't cover everything."

Employers can help by taking a more active role in helping employees manage their health and well-being and providing benefits that can contribute to improved health and potentially lower healthcare costs in retirement.

Many companies, too, are encouraging employees to save for retirement medical expenses through a health savings account. ■

Mental health toll

At least 60% of employees suffer from illnesses such as depression, anxiety and stress at work.

BY CORT OLSEN

One in five Americans suffer from mental illness each year, according to the Substance Abuse and Mental Health Services Administration. Of those, 60% diagnosed with stress, anxiety and depression do not seek out treatment, according to the state of mental health in America report by Mental Health America.

Because employees are not seeking treatment for these conditions, employers are losing an estimated $225.8 billion each year due to stress, anxiety, depression and substance abuse contributing to high turnover, burnout, exhaustion and decreased motivation.

Healthcare workers and those in the healthcare delivery profession have seen a lot of mental health claims associated with stress, depression and anxiety, says Dr. Dawn Bazarko, founder and senior vice president of Moment Health, a new UnitedHealth Group business focused on bringing mindfulness programs to workplaces.

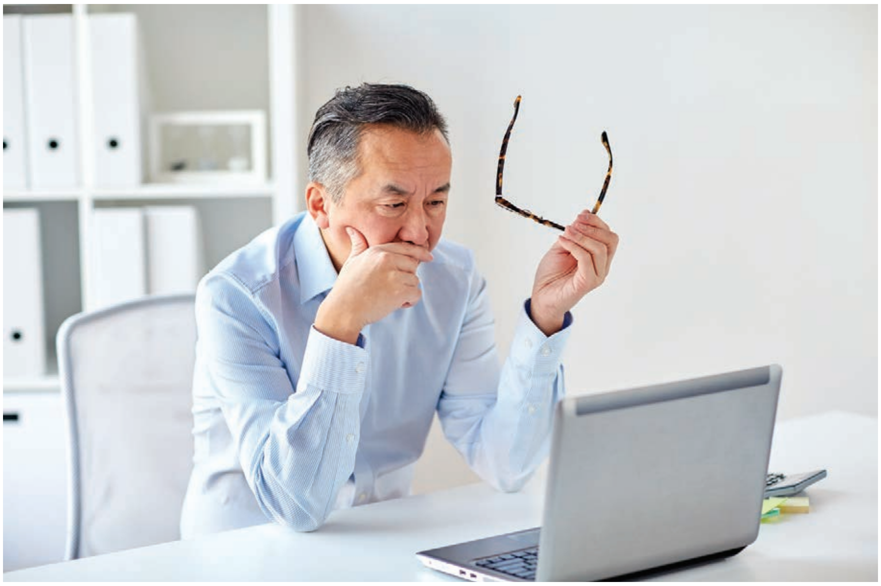
Bazarko became invested in the mental health field 14 years ago while she battled with anxiety and panic attacks while she attempted to finish graduate school and raise two children.

Specialized execution

Dr. Colleen Fairbanks is a psychologist in Lombard, Ill., who echoes Bazarko's concerns regarding anxiety and depression spreading through workplaces.

She says mental wellness within the workplace can be divided up into three categories: enhancing mental wellness programs by what is offered, improving the culture of the workplace, and improving the environment.

"Over the past year or two, there has been an increase in mental wellness offering in the workplace," Fairbanks says.



Fairbanks adds that because wellness advisers are marketing programs to reduce anxiety or depression, employees are not enrolling because they don't think they suffer from those conditions.

"If you provide offerings for the flip side of depression such as, 'how to thrive in your everyday life,' the end result is still getting at the same thing, but people are more likely to attend those programs or be more interested and open to consideration," Fairbanks says.

Rather than encouraging employees to join a program, one service provider is taking the mental health diagnosis straight to the workplace by providing onsite medical services.

To help reduce the large amounts of profit employers are losing each year and improve mental well-being in the workplace, Marathon Health is partnering with benefit brokers and wellness advisers to introduce its behavioral health servicing program to their onsite clinic services.

"We recognize that mental health is a key contributor to overall well-being," says Jerry Ford, CEO of Marathon Health. "Adding behavioral health to our suite of services was a natural progression in our commitment to treating the whole patient.

David Demers, vice president of analytics and business intelligence at Marathon Health, says with the addition of the behavioral health service to Marathon's onsite clinic benefit, employers have the potential for real savings. They could gain a 2:1 ROI for redirected care, coordination with onsite providers and medication management. **EBA**

Little efficiencies

UBA data show small companies exhibit superior cost-containment relative to big counterparts.

BY BRUCE SHUTAN

Small employers are offering competitive health insurance benefits relative to larger employers and, in fact, some are doing a surprisingly better job of containing costs. That's the underlining message of a report based on the most recent national health plan survey from United Benefit Advisors.

When analyzing the average annual cost per employee, UBA found that part of the small-business market is cutting a better deal than comparably sized and even larger firms. That sweet spot appears to be groups with 25 to 49 employees, whose average cost is only $9,165 compared to $9,727 for all employers.

There also was just a 5.3% difference between employees in small groups who paid $3,557 toward annual health insurance benefits relative to $3,378 on average for those across all plan types.

To be fair, UBA President Peter Weber notes that many small groups, unlike their larger counterparts, were able to maintain pre-Affordable Care Act plans at better rates because of various rules designed to level the playing field. They included so-called grandmothering and the Protecting Affordable Coverage for Employees Act.

It's also worth noting, however, that this particular segment is succeeding across all types of health plans and making more generous contributions to health savings accounts. Companies with 25 to 49 employees paid the least amount relative to categories involving one to 24 employees, 50 to 99 employees and 500 to 1,000 employees, regardless of plan type.

PPO coverage was the most costly at $10,134 per employee per year for all employers on average followed by consumer-driven health plans at $9,391 and HMOs at $8,886.

Also, those with 25 to 49 employees also led other small and midsize firms on employer contributions to an HSA. For example, they contributed $543 on average to a single HSA versus $474 for all employers and $908 to a family HSA versus $801 for all employers. Those contributions edged out all other company-sized categories.

The report, "Small Businesses Keeping Pace with Nationwide Health Trends," highlights data from a UBA survey of 19,557 health plans sponsored by 11,524 employers. Together, they employ more than 2.5 million workers and cover more than five million total lives.

Differing factors

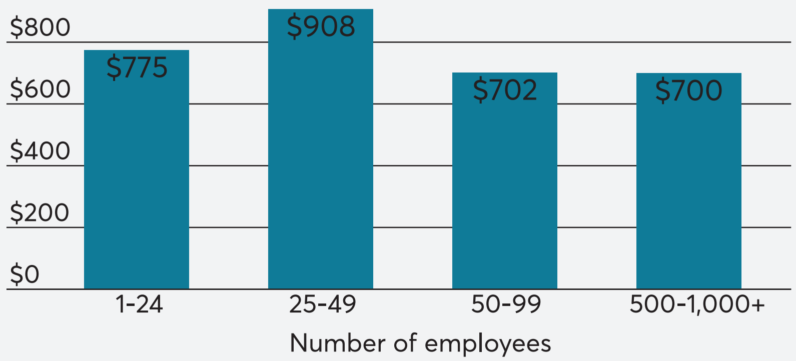
The healthcare benefits of small employers, while highly competitive with average employers nationwide, differ in two important ways, according to the report. The first is cost-sharing. They're passing onto employees nearly 6.6% more of the costs for single coverage and 10% more for family coverage, which increases to 17.8% and more than 50% higher, respectively, for small firms relative to their largest counterparts. Secondly, they have higher out-of-pocket maximums, particularly for families.

"To identify and articulate the specific advantages of a benefits package, smart benchmarking is key," Weber explains.

"You want to get as granular as possible, comparing your plan design and costs against others in your industry, region and size bracket. An added benefit of this kind of detailed benchmarking is that the next time you go to the bargaining table you can drive an even better deal with carriers, too." **EBA**

Small business stays competitive

Employers will fewer than 50 employees beat larger groups in HSA contribution levels



Source: United Benefit Advisors

Carriers bulk up AI plans

New coverages, like follow-up care and gunshot protection, have more clients offering product.

BRIAN M. KALISH

Accident insurance products are expanding with additional coverage and richer benefit levels. In the last year, carriers have started to expand previously limited coverage to include emergency care, hospitalizations, fractures and follow-up care, explains Jim Boyman, president of enterprise voluntary at Cigna in Hartford, Conn. Some are also adding enhanced benefits, such as travel coverage or gunshot protection.

The innovation is coming as a result of increased competition, with only so much carriers can do to make their accident plan stand out, says Doug Kreszl, vice president of business development at National Benefit Partners, a Paoli, Penn.-based independent marketing firm that conducts due diligence on voluntary products and brings them to brokers.

"[Carriers] are trying to say, 'How can we enhance what we deliver and attract more people to buy an accident plan?'" Kreszl explains. "Not everyone is interested in the same benefit because everyone has a different lifestyle. If you throw in a [new coverage], someone who didn't have accident insurance in the past may now buy it. There are extra benefits that can get a potential participant to say, 'This is a good benefit for me.'"

"There continues to be an arms race to get the most stuff covered that you possibly can," adds Elias Vogen, director of group insurance client relationships at Securian in Minneapolis.

With the increased coverage, the product has seen continual growth. In the past three years that Cigna has offered accident, the firm has doubled sales every year and continues to see that trajectory today, Boyman explains. Securian is also seeing its sales of the product double year-over-year.

In addition to the move to high-deductible plans leading to the growth, the other big trend is accident insurance enrollment being integrated with core benefits enrollment, Boyman says.

"It is being viewed more as a traditional product and loaded onto a benefit enrollment platform," he explains. "It is sequenced differently [and] the products are being seen as complementary to medical coverage, which helps provide that additional financial protection."

Employer-paid

The increased demand has led to some downward pressure on the product's pricing and, in some cases, employers paying for the coverage, which was traditionally exclusively employee-paid. A handful of employers are paying for the product as they transition to a high deductible health plan, Boyman explains. Overall, Securian is seeing more employers requesting quotes for the product both as a voluntary and employer-paid offering.

Brokers play an integral part in determining how clients should offer accident coverage. "Every employer has an overall benefit strategy they are trying to achieve," Vogen says. "The broker needs to identify what is available from the healthcare or voluntary side and what is available to help the employer provide" the right amount of coverage.

"The broker plays a really important role. Instead of saying, 'Every employer needs accident insurance,' [rather], 'How does accident fit into the overall benefit strategy?'" he adds. **EBA**

BUSINESS

HELP

63%

OF BROKERS NEED SUPPORT WITH BEN ADMIN PLATFORMS.
— GUARDIAN

Who's the competition?

Most brokers see themselves contending with ben admin platform vendors and outsourcers.

BY BRIAN M. KALISH

There is concern in the broker community that within the next three years they may be competing with an entity that might not call itself a broker on the surface, but acts as one, a panel of experts said recently at *EBA's* Workplace Benefits Summit.

Sixty-percent of brokers think they will be competing with a ben admin platform and 56% an outsourcing platform, Adam Feltes, distribution channel manager, specialty markets at Guardian, said during a workshop, citing his company's data.

Although brokers fear such a reality, they also know they need help with technology. Sixty-four percent said they need support or help with a ben admin platform, 53% said they need help with payroll integration, 53% with enrollment and 51% with Affordable Care Act compliance.

To find that help, 85% of brokers said they would be looking to a third-party provider for that support, with 38% looking to a ben admin provider, 32% an enrollment provider, 21% a general agent and 17% a private benefit exchange.

But what matters most is being able to meet client needs, said Bradley Taylor, executive vice president of business development at HR tech company PlanSource.

Brokers should "really understand what a client is looking for," especially as tech programs move down market, explained Scott Robb, AVP, customer eligibility and payment services at Guardian.

Employers are looking for these offerings. Guardian found that 50% of employers believe expanding benefits web technology is a top strategy this year. Eight-in-10 employers told Guardian that lowering ben admin costs is a top priority, but only half reporting being successful with it.

"These are stats that tell us [there's a] long way to go, we are only at the beginning of the ben tech era," Feltes explained.

Employers are willing to outsource these technologies. In 2014, two-in-three employers used an outsourced solution, rising to three-in-four in 2016. While on the surface those numbers may seem average, "that's a 13% increase, and if that continues for another two-year trend, 95% of employers in 2018," will use outsourced technology, Feltes added.

Who they want to be

Brokers need to figure out who they are and what they want to be, Taylor said. "To dive head-first in to ben admin could be an issue," he said. "Instead of consulting a vendor, it is … a different relationship with a client, where a broker [should be] on the strategic side."

"Find where your passion lies," Taylor added. "Brokers who are savvy in this space remain successful."

Building systems internally can be done, he added, but it is a 10-year learning curve, as clients are looking for complex, detailed systems that are more than plug and pay. "Payroll systems are not specialized to be good at ben admin," he said. "They may be good at time and attendance, but are not good for managing supplemental life plans across different carriers."

He suggested partnering with companies that manage everything and help the client's HR team think like a marketer. "You have a marketing division that sells products, but we have this whole benefit program, do our employees know about it?" he asked. "Technology does a ton of that, customized to the employee level." **EBA**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Assess, pursue, anticipate

To keep the compliance-minded up to speed, follow these three key steps for a tech audit.

BY BRUCE SHUTAN

A technology audit helps promote operational efficiency, but it also ensures that compliance-minded HR and benefit advisers are up to speed in a demanding fiduciary environment.

"It allows you to benchmark where you are today against where you could be," says Sayer Martin, chief operations officer and co-chief technology officer at Orchestrate LLC, an applications, services and support firm serving financial services companies on Salesforce.com.

These efforts can bolster two developments that Martin sees taking shape: the need for employers to collect more timely information, as well as generate appropriate disclosures and prove they've been delivered. "For the most part," he says, "those are the things that are still on the calendar for firms to continue building systems and processes around."

Orchestrate suggests three key steps to lay the groundwork for a tech audit:

1) Assess current systems to ensure they provide an adequate framework to track and disclose information for clients.

2) Pursue more opportunities to automate so more time can be devoted to business development and client-facing tasks.

3) Anticipate future needs to stay ahead of anticipated fiduciary rule changes and handle business growth.

Orchestrate recently debuted Mix, a new Salesforce.com application to facilitate e-signed document merge that integrates directly with process automation software. As a cloud-based platform, Salesforce is scalable and flexible. Martin says it's also superior to more simple desktop-based systems that track only basic customer information across a finite number of fields.

With a customer relationship management software platform like Salesforce, Martin says it is possible to create sophisticated tracking mechanisms in a single system versus entering additional data in spreadsheets.

Where this comes in particularly handy is the platform can be easily expanded to add a field to track additional information or products to sell, as well as accommodate fiduciary rule changes.

Accessible automation

Another point to consider is that since Salesforce is accessible on a web browser, users aren't confined to a desktop computer. All they need is Internet access from whatever device is most convenient, including a laptop, tablet or smartphone.

Mix helps provide seamless and accurate client reporting. Merge fields representing Salesforce information are added inside of template documents, which are then directly populated with Salesforce record data.

"When you're meeting with a client and want to generate a document, there's not the duplicate data entry," Martin explains. "You just enter it where you normally would in Salesforce and generate reports from the stored data rather than manually or from some external system."

Apart from ensuring their clients are in full compliance, a tech audit also can identify opportunities to automate various HR and compensation needs.

Among the areas Martin suggests as ripe for consideration: the recruitment process, onboarding or training new hires, ongoing evaluation of employee performance and bonus reviews. **EBA**


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Aligning incentives

Most brokers do not talk about money because they are not worth what they are paid.

BY DAVID CONTORNO

Brokers must examine the ways we benefit from perverse incentives to determine how we can realign them to completely flip them on their tail and create aligned incentives with our clients.

There are three ways that advisers are compensated:

1) Commission-based revenue. I hope the misalignment is obvious. Rates go up, we make more money. Through this form of compensation, we get a hefty raise when we fail to control costs. The problem with this model is obvious.

2) Fee-based revenue. This is a step in the right direction. It removes the misalignment of incentives, but does nothing to benefit me as I benefit the client.

3) Performance-based compensation. Why is this not the industry norm? Few consultants have confidence in their ability to lower costs. In what other industry can we deliver bad news yearly and get more money the worse news we deliver?

As my firm, Lake Norman Benefits, started to evolve and bring clients very outside-the-box solutions with as much as 40% reduction in total healthcare spend, I no longer felt guilty for establishing a performance-based contracting system that asks for more money if we deliver on a mutually agreeable set of goals.

Time to get comfortable

I decided that instead of charging less, I wanted to deliver more. I asked myself, what is the No. 1 thing my clients want and how can I better deliver it? At first, my mission was just to deliver an amount of "value" that made me comfortable talking about how much I get paid. This fundamentally changed things for me.

When I can say and backup, "We can reduce your healthcare spend by as much as 40%" and luckily have books, write ups and other customers as proof of this, it's a pretty powerful statement.

If an employer is going to judge me based on what I charge, which usually amounts to 1%-3% of their total spend (we do not base it on total spend. I am just using this as a point of reference), instead of my ability to manage the other 97%, then perhaps they are not the right fit as a client. As a side note, this has never happened.

First, "uncontrollable claims" is a false premise. Every claim is controllable. That is why we have insurance carriers, TPAs, plan documents, deductibles, co-pays, networks, etc. Every one of those features is designed to control claims.

Once I started to get comfortable charging a similar amount in a new way, I had a client offer to pay me even more because of the value I was delivering. I did not feel comfortable just taking extra money for delivering what I already committed to delivering, so I suggested we come up with a set of goals tied to additional incentives. We eventually settled on a per member per year claims spend over a 12-month period.

One unanticipated side effect: Employers who have this plan in place give me far more latitude and a much broader permission slip to implement ideas.

We don't discuss this with every client. Employers need to understand that I can't deliver this without changing something, and some are too entrenched in the status quo. But, once my incentives are aligned to benefit the client, I constantly look for ways to deliver on that. **EBA**

Partnering with Zenefits

OneDigital's Mike Sullivan explains drive to bring technology and advisory services together.

BY BRIAN M. KALISH

After Zenefits announced it is transferring its broker of record business to Atlanta-based One-Digital — increasing that firm's overall clients under management to 37,000 from 30,000 — *EBA* spoke with OneDigital's Chief Growth Officer Mike Sullivan to understand more about the deal and what it means for both his company and Zenefits. What follows is an edited version of the conversation.

EBA: How did the deal come about?

Sullivan: This has been an ongoing, yearlong discussion to better understand how our two platforms might align in the marketplace. It took a lot of strategic thinking around where the market is going.

In a very client-centric way, the alignment of these two platforms makes sense for small businesses.

EBA: What is your go-to-market strategy?

Sullivan: The way I would describe it at the highest level is that it is a joint investment in sales assets and marketing and everything to do with building out and reaching as many employers in the small and midsize space as possible.

What I think makes us a little bit different is in our industry, the vast majority of advisers play defense when it comes to technology. This is a commitment and an investment on both firms' parts to shift the investment resources and focus on alignment in a partnership way with clients.

Over time, we will be adding hundreds of people into the mix. We just came to the realization that we needed to get deeper from a technology standpoint. There will be Zenefits teams that come across and join OneDigital. It will allow us to significantly broaden our shoulders in terms of how we go to market with technology assets and how we align market-to-market with Zenefits colleagues to grow. It is really different that anything we ever tried before.

We understand this is not going to be an exclusive OneDigital-Zenefits partnership forever, there will be other brokers involved. But, we have very tightly integrated the solution, and at the end of the day, we are going to be managing 7,000 of their accounts, so we are immersed in the technology, we are building all the integrations between systems.

EBA: Why did you opt to partner with them in this capacity, given everything that's gone on in the company's history?

Sullivan: [The new CEO] Jay [Fulcher] has brought a new view of what their future is going to look like. Right now, when you look in terms of what is going on in the marketplace today, they were looking at this and basically saying, 'We think we have the best technology for small and midsize employers out there and the drag on our business is the brokerage piece.'

Like a lot of firms before them, they've come to the realization that the complexity of the employee benefits business, the local nature of the way in which products and regulation play out, it is really hard for anyone to build a national platform. This is an acknowledgment that their future is, 'Let's get back to being a software company, but let's not lose sight that when thinking about a client-centric solution, the brokerage piece is integral to it.' It's an acknowledgment of what employers want, but also an acknowledgment on a DNA level: They are a software company, and alignment with a broker channel market makes sense. **EBA**

OPEN ENROLLMENT READINESS BENCHMARK

Sponsored by: ADP

Employers better set for enrollment, but key tasks remain

Plan designs are nearly set, however, work is still needed in planning communications and setting goals for the launch of new benefit plan year

Employer readiness for open enrollment season increased in August for the third month in a row among organizations with benefit start dates in the first quarter, according to the most recent *EBA* Open Enrollment Readiness Benchmark. However, despite employers reporting improvement across enrollment activities, there is still much they have to accomplish before sign-up periods begin.

The composite OERB score — an average of progress self-assessments for 26 activities — increased seven points in August, reaching 49. The average score for activities in the plan design phase, one of the four critical stages in open enrollment, increased six points to 73, which roughly equates to a response of "strong progress, almost complete."

There was an eight-point increase in the average for the enrollment preparation phase, but that still only lifted it to a relatively low 46. Most activities in the phase were also in the 40s: reviewing compliance and eligibility issues, setting goals, and documenting processes and procedures. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018

Overall Readiness (as of August 2017): 49

PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 **Benefit Plan Design**	Selecting benefit brokers/advisers	81		73
	Selecting health plans	73		
	Selecting voluntary plans	68		
	Selecting pharmacy plans	70		
	Selecting retirement plans	80		
	Selecting wellness plans	63		
Phase 2 **Open Enrollment Preparation**	Enrollment timing	72		46
	Planning/designing employee communications	29		
	Reviewing compliance/eligibility issues	42		
	Setting goals	46		
	Documenting processes/procedures	41		
Phase 3 **Open Enrollment Management**	Managing meetings with advisers/brokers	58		32
	Enrolling employees	26		
	Answering employee questions	30		
	Documenting worker feedback	26		
	Measuring enrollment engagement metrics	24		
	Boosting enrollment engagements	30		
Phase 4 **Open Enrollment Design Analysis & Follow-up**	Reviewing enrollment engagement metrics	38		43
	Reviewing worker feedback	38		
	Soliciting additional feedback	32		
	Reviewing plan design	56		
	Reviewing communications strategy	52		
	Tracking benefit usage	51		
	Reviewing enrollment engagement analytics	36		
	Reviewing/improving the process	45		
	Planning year-round employee engagement	42		

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, August 2017

ABOUT THE OPEN ENROLLMENT READINESS BENCHMARK

The Open Enrollment Readiness Benchmark is a composite score (out of 100) of employer readiness for open enrollment activities across the four critical stages of the open enrollment process throughout the year: benefit plan design, preparation, process management, and program analysis and updates. The OERB is based on SourceMedia Research's quantitative survey of more than 400 pre-screened HR and benefit executives and decision-makers representing employers with greater than 50 employees from various industry sectors. For more details on the OERB, go to http://www.employeebenefitadviser.com/.

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