Firms Find New Solutions in Voluntary Options

As rising health care costs take their toll on traditional benefits offerings, voluntary options are emerging as a "win-win" situation for employers and employees alike.

While voluntary benefits, in which employers pay little or nothing toward the cost of coverage, may seem like a downgrade compared with traditional employer-paid benefits, experts say many employees prefer having more choices through voluntary options and appreciate employers' help in securing the best choices.

"Employers and employees agree on the value of voluntary benefits," Bob Patience, a vice president with Prudential, said in a recent press release. "Employers see an increase in employees' satisfaction with their benefits program, while employees appreciate their employers' endorsement of the products offered, and believe they get good value because of their employers' involvement and diligence."

A recent poll by Prudential found that among workers whose employer offered at least one voluntary benefit, 63 percent said the voluntary option increased the value of the overall benefits package. The number of employees who said they would like to see more voluntary choices was 34 percent -- a 10 percent jump from last year.

Of all voluntary benefits, Prudential's research predicts that critical illness has the most growth potential, according to its survey results.
Critical illness coverage is especially attractive for employees in high-deductible health plans because it can ease the massive out-of-pocket costs that can be incurred under such plans if a participant becomes seriously ill, experts say.

"A lot of folks market critical illness as a health care complement -- and it is -- but it also needs to be marketed as a financial protection benefit, as well," said Rob Shestack, senior vice president with AmWINS Group Benefits, told Employee Benefit News.

Voluntary benefits, though, aren't limited to health care-related coverage. The Prudential survey notes that accident, disability, dental and life insurance likely will become more popular in the future, as well.

Legal assistance programs also are seeing a bump in popularity, according to a separate survey by MetLife. Two-thirds of employers without such a benefit said they'd consider adding legal assistance if they knew more about the product.

"The interest in legal plans by both employers and employees has been steadily building," Bill Brooks, CEO of Hyatt Legal Plans, told EBN. "This is a benefit that spans the generations and suits a diverse workforce because there is a broad range of situations where an attorney can help."

Whatever the choices, employers are beginning to view voluntary benefits as a key component to their efforts to build a happier and more loyal workforce. The MetLife survey found that 69 percent of companies that offer voluntary benefits do so to boost employee satisfaction, while 44 percent said they rely on voluntary offerings to boost their retention rates.

Health Costs

Knowledge, Choices Fuel Consumerism Trend

Higher deductibles and increased cost sharing are starting to push more employees to check the price tag before they schedule physician visits or buy medicines. Without help and resources from employers, though, this consumerism movement might end up in the clearance bin of health insurance fads, experts warn.

"We'd like to see a stronger presence from employers on price transparency," Anne Weiss, team director at the Robert Wood Johnson Foundation, told Human Resource Executive Online. "They're spending a lot of money on health care and, frankly, not getting much for it."

The foundation estimates that poor quality care costs an average employer between $1,900 and $2,250 per worker per year. Companies must demand price transparency and more information from insurers and medical providers if they want to see real results from health consumerism, Weiss said.

"Employees need to see the full picture of what they're paying for," Weiss said. "Employees may want to know the total cost, but they especially want to know what it's going to cost them out of pocket, and that takes more intensive interaction between plan and provider."

Some companies are taking an aggressive stand against rising prices and poor care by encouraging employees to get second opinions, according to a MarketWatch report. Employers are turning to "second-opinion companies" that analyze costs and recommend alternative treatments. While the alternatives are not necessarily cheaper, they typically steer patients away from "big-ticket" procedures such as surgery.

More information and choices are only the first step. Employees need to know how to act on what they
learn, and employers have an obligation to step up and deliver that direction, David Marini of ADP told HREO.

"There have to be major communication campaigns -- just putting these tools in place will not get organizations to where they need to be," Marini said. "Someone has to take the responsibility for education, and that responsibility falls on the employer."

Retirement

Workers' Worries May Threaten Benefit's Value

While a company's workers may differ in age, gender and in a range of other categories, new research suggests they share at least one common attribute -- a lack of confidence about retirement savings.

The youngest and oldest employees have the most confidence about retirement, according to a new OneAmerica survey, although those numbers still don't tip to the majority. Out of more than 6,000 respondents, 44 percent of plan participants between ages 20 and 30, and 45 percent of those older than 50, reported being "very confident" or "confident" that they will be able to maintain their current lifestyle in retirement, according to the research reported in Employee Benefit News.

Workers in the middle were even more worried about their retirement prospects, with only 37 percent of 30- to 40-year-olds and 35 percent of 40- to 50-year olds expressing that level of confidence.

An information gap may be partly to blame for the retirement jitters. More than half of Generations X and Y workers say they have little or no knowledge about investments and retirement options, according to a recent LIMRA study.

"There's a lot of attention on the baby boomers (78 million workers), but there are nearly 116 million Americans ages 20 to 47, and as an industry we need to help these Americans plan and save for retirement," Cecilia Shiner, senior analyst with LIMRA Retirement Research, told PLANSPONSOR.

Research also reveals a gender gap when it comes to retirement confidence. A separate PLANSPONSOR report on the OneAmerica survey noted that 44 percent of men said they were "very confident" or "confident" about their retirement status, while only 33 percent of women said the same.

Employers that offer retirement and financial benefits need to pay close attention to some of these "at-risk" groups within their workforce and provide resources to help them better plan for the future, experts suggest.

"These findings help underscore how important it is for plan sponsors to understand where the gaps are in perception, education and confidence in order to target different groups of employees with important messages that help them prepare for retirement," Marsha Whitehead, vice president of marketing communications for the retirement division of OneAmerica, told PLANSPONSOR.

In Brief
REINSURANCE FEE
The Department of Health and Human Services (HHS) has released final rules on the Transitional Reinsurance Program fee under the Patient Protection and Affordable Care Act. In the final regulations, HHS estimates that a fee of $63 per plan participant will be needed to pay for the first year of the program, which is designed to reimburse insurance carriers for issuing policies for individuals with high health costs, starting in 2014. Employers with fully insured plans likely will see the fee passed down through their health plan carrier, while self-funded employers will be responsible for covering the fee directly.

NEW FMLA FORMS
In February, the Department of Labor (DOL) issued final regulations with amendments to military family leave, flight crew eligibility and other issues under the Family and Medical Leave Act (FMLA). With those changes, the DOL is requiring covered employers to update their FMLA posters and forms by March 8. You can find more information about the changes on the DOL website: http://www.dol.gov/whd/fmla/

WELLNESS SPENDING
Employers look to spend an average of $521 per employee in wellness-based incentives this year, a 13 percent increase from $460 in 2011, according to the National Business Group on Health (NBGH). The organization estimates spending on corporate wellness-based incentives has doubled since 2009. NBGH also reports that 77 percent of polled midmarket employers plan to offer wellness-based incentives in 2013 -- more than double the number in 2010.

HOT HIRING
Four in 10 employers in the manufacturing and service industries expect to add jobs in March, according to the latest LINE survey by the Society of Human Resource Management. Broken down, nearly half (49 percent) of manufacturers and 42 percent of service-sector companies responded that they will make hires.

WHERE’S THE DOC?
Nearly 7 million Americans could be hit by severe physician shortages after the health care reform law takes full effect in 2014, according to a study in Health Affairs. The research projects that the increased access to coverage will spark a bump in the demand for primary care physicians, and that those 7 million live in areas where the demand likely will be 10 percent greater than the current supply of doctors.

ALOHA, AGAIN
For the fourth straight year, Hawaii is the top state for overall well-being, according to the Gallup-Healthways Well-Being Index. Other states that have consistently been ranked near the top since 2008 include Colorado, Utah, Minnesota and Montana. The 2012 index scores are based on physical health, job satisfaction, outlook on life and other factors that contribute to overall well-being.

FEES? WHAT FEES?
The recent rule that mandates a release of retirement plan fee information to participants is doing little to stir interest or concern, according to a LIMRA Retirement Research report. Before receiving the new disclosure notices, 50 percent of respondents said they were unaware of how much they were paying in fees for their retirement plans. That number remained unchanged even after the disclosures were released, LIMRA reported.

STRESS TALK
While 32 percent of Americans agree that discussing stress management with their doctor is important, only 17 percent are actually doing it regularly, according to a study from the American Psychological Association. The group found that 31 percent of respondents who consider their stress level to be high never talk to their provider about it.

BENEFIT SQUEEZE
The number of small companies offering benefits dropped to the lowest level in 20 years in 2012, according to new LIMRA research. Forty percent of small family-owned businesses offered benefits last year, compared with 47 percent in 2005. The survey found male-owned businesses (50 percent) were more likely to offer benefits than female-owned companies (37 percent), partly because female companies tend to be smaller.
Lessons in Cost Management From the Public Sector
2 p.m. ET / 11 a.m. PT
Wednesday, April 3

Controlling costs is the top priority for benefits programs, but how can employers know what works and what doesn't -- and how much money can you really save? This webinar will look at best practices researched by Colonial Life and the Government Finance Officers Association -- an organization of more than 17,000 financial administrators across the country -- to help you understand:

- Which benefits cost-management strategies are most widely used
- Which strategies are the most highly recommended
- Which strategies are being underutilized and why
- The amount of savings possible by implementing some of these strategies
- Case examples

This session will help both public and private employers benchmark the strategies they are currently using to manage employee benefits cost and validate their direction, as well as give new ideas on practices and techniques to help control the ever-increasing costs of employee benefits.

To register or learn more, please contact us.

HIPAA - New Obligations are Coming
2 p.m. ET / 11 a.m. PT
Tuesday, April 9

The federal government handed down final HIPAA Privacy and Security rules in January, and now health plan sponsors and their business associates must ensure they're up to speed and compliant with the new requirements by Sept. 23, 2013. These new rules will, among other things, affect business associate agreements, privacy notices and breach notifications -- and will carry stiff penalties for those who don't follow them.

Join us for this 90-minute, intermediate-level webinar in which attorneys from Jackson Lewis LLP will provide a brief recap on the HIPAA requirements for group health plans and highlight what's new and what employers need to do to make sure they don't run afoul with the law.

To register or learn more, please contact us.

Tools & Services

To view your HR Web tool click on the link www.HRInsider.net. If you do not have one or have forgotten your user name and password please send a request to info@jaxbenefits.com.

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