

Avoid the One-Size-Fits-All Approach to Benefits



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When you purchase a major appliance, do you drive to the closest home store and buy the first one you see?

Would you spend \$600 for a new set of tires without checking to make sure they are the right size and style for your vehicle?

Most Americans invest considerable time in evaluating product options before making a major purchase. They talk with friends or coworkers about brands and features, review consumer feedback, and compare prices at stores or on the Internet. This research helps them find the right products for their families, at the right price.

This same analogy applies to insurance benefits: a little due diligence will help employers meet the high expectations employees have that their insurance benefits will help them take care of their health care needs and those of their family.

ONE SIZE DOESN'T FIT ALL

Frequently employers have a “one-size-fits-all” philosophy about benefits, believing all plans are the same – only the price is different. In reality, every carrier designs benefit plans differently with a broad spectrum of coverage levels, features and services.

Economic conditions are forcing employers to reconsider budget allotments for benefits. Some are selecting basic coverage plans, and voluntary choices have become more popular as employers shift more of the premium cost to employees.

Despite tight financial conditions, employees want the freedom to choose from several plans according to the coverage levels and costs that are best for their specific needs.

Employers can get the most from their benefits plans by following these four guidelines:

Listen to employees' ideas, fears, and benefits needs. Gather feedback from employees. Listen to their suggestions and priorities for benefits options. Ask for evaluations of previous benefits plans and insurance carriers.

Work with your insurance brokers/agents. To help your broker shop for the right mix of benefits, explain your benefits goals, insurance carrier preferences, and plan design requirements.

Find the best insurance carrier and plan options. Insurance carriers have different strengths, areas of expertise, and operational philosophies. Few have the flexibility to design a range of plans, so many offer canned options with just a few set features. Ask carriers for specific details about their experiences with businesses of similar size and scope to yours, and for a history of premium increases. Identify

carriers that will be good partners in providing the best benefits plans.

Communicate benefits to employees. Employees are often overwhelmed by the complexity of health care benefits and the pressure of making the right choices for their families. Invest time explaining benefits to employees. Clearly communicate the reasons for any changes in plan components from the previous year.

With limited financial resources, many employees are nervous about investing money in benefits. They want insurance plans that will provide quality services at predictable costs. Although many employees are comfortable researching their benefits, they rely on employers to provide information and resources to guide them in selecting the best choices.

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