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Coping With Voluntary Benefits Post Enrollment Depression Syndrome
By Mark Hebert

We have all experienced the post holiday blues. Even WebMD documents that the first few weeks following the holidays feel a lot like a month full of Mondays. As February comes into view, though, most of us can put the blues behind us and move on with a bright new attitude. But if you are an HR benefits manager whose company enrolled voluntary benefits this fall, with your first voluntary bill coming due in the next few weeks, you may still be longing for the simplicity of eggnog, cookies and gift wrap.

This feeling, while all too common, is unfortunate. In an age of increasing deductibles and out of pocket costs, employees need voluntary benefits more than ever before. Two thirds of American households making less than $100,000 annually do not believe they can weather a $10,000 financial shock[i]. With most of middle class America living paycheck to paycheck, protection from the unexpected health expense is critical.

While Voluntary Benefit plans offered at the workplace are not a new concept, they have been generating growing attention over the past few years. Market forces are creating the perfect storm of voluntary demand

- Eroding carrier margins on traditional benefits business
- Pressure on the brokerage community to maintain revenue in a post-PPACA reality
- LIMRA studies showing a lack of market penetration for voluntary benefits
- Growth of health plan consumerism with higher deductibles

This perfect storm is creating a surge of new entrants, both carriers and brokers, into the voluntary benefits space.

Unfortunately many of these new entrants are modeling their service models after those who long ago claimed a stake in this market. *The dirty little secret here is that the "traditional way of doing things" has never really worked that well in voluntary benefits.* Usually the carrier shoulders the brunt of the blame, but the truth is, the age old administration processes are so difficult and so cumbersome that a smooth, effectively managed plan is the exception. Yet nearly every carrier is jumping into the market copying the same methodology with the misguided belief that they will be the ones to avoid the service problems.

Brokers entering the VB space run similar "the way we've always done it" risks, as these products may be foreign to them. The temptation exists to spreadsheet them like any other group benefit and base recommendations on plan provisions like the highest guarantee issue limits, cheapest rates, greatest number of covered diseases, or even the highest commission rate. Carriers respond in turn by pushing GI levels higher, covering more diseases, lowering rates, or paying higher commissions. This pattern seems like the basis of a healthy market, but is really the equivalent of putting race car tires on a station wagon and heading to the track. While the cost/benefit analysis of a voluntary plan is important, the true value of the plan disappears if the employer cannot administer it. Sound advice on voluntary benefits may start with a spreadsheet, but it does not end there.

This takes us back to the benefits manager who is trying to reconcile the discrepancies on the bill they received from their VB carrier with the deductions taken by their payroll system, with an employee camped on their desk demanding a refund of January premium for a policy they cancelled back in December. Are they thinking "At least we selected the plan with the highest GI amount?" Or are they thinking "Who got me into this mess and how do I get out of it?"

Mile 5 Benefits is a new kind of voluntary benefits brokerage firm. We help brokers and employers make better voluntary decisions by focusing on **all** of the things that matter, finding the right carriers and vendors to ensure a good overall fit and avoiding the post enrollment blues. We believe good upfront decisions drive the key element of a voluntary benefit plan: sustainability. If you or your client is living with the post enrollment blues, reach out to us. We can help!

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[i] Michael Kling, "Money Magazine Survey: Americans are Worrried About Their Financial Security," April 4, 2014, http://www.moneynews.com/Personal-Finance/Worry-financial-Money-security/2014/04/02/id/563250/