

10

QUESTIONS
to ask your
HEALTH
BENEFITS
BROKER



INTRODUCTION

We get it.

There are so many health benefit brokers out there, and they all seem to be the same. They talk about the same things when you meet with them, their websites all look the same, even the names of their brokerages seem to run together. It feels nearly impossible to measure one broker's performance versus another broker. So you work with the same brokerage you've worked with for a long time. After all, there would switching costs to change, and who is to say that there would be any difference?

Even if you wanted to see what other options were out there, what metrics would you use to choose the right partner?

Who is this guide for?

Business owners, CFOs, and HR personnel who are looking for meaningful metrics to use and questions to ask when evaluating different health benefit brokers.

For more information on Bernard Benefits, or if you have a specific question not answered here, call us at **1-800-505-0750** or visit www.BernardBenefits.com to schedule a consultation online.

TOP 10 QUESTIONS TO ASK YOUR HEALTH BENEFITS BROKER:

- 01 How are you paid?
- 02 What efforts do you take to ensure the quality of your advice is not negatively influenced by commissions?
- 03 What advice and support can you offer related to transitioning away from a group plan entirely?
- 04 What online health benefit administration capabilities do you offer?
- 05 What is your track record related to HSA-based health plans?
- 06 What specialty HSA services do you offer?
- 07 How will you help Medicare-eligible employees analyze their options?
- 08 How will you help me manage risk related to my COBRA-eligibles?
- 09 What is your annual benefits renewal and negotiation process?
- 10 What is your #1 advantage in the marketplace to gain the trust of new employer clients?

1 **How are you paid?**

More employers are asking this perfectly acceptable question. The current benefits commission system often incentivizes brokers to behave in ways that are not necessarily in the client's' best interest.

Unfortunately, in most cases there is little that your broker can do about the commission system put in place by health insurance companies. But getting this issue on the table is a natural effort most employers are now making, and your broker should have a good answer to this and the following question.

2 **What efforts do you take to ensure the quality of your advice is not negatively influenced by commissions?**

Imagine your CPA told you that she makes more money the more you pay in taxes. Hard to imagine not firing the CPA and finding a new one, right? Yet, that is how it often works for brokers. The more you pay in premiums, the more the broker makes. This is starting to change, but often it is still the case.

Many believe this contributed to a slower-than-expected employer acceptance rate for HSAs. Because premiums for HSA plans can be up to 40 percent less than traditional health insurance, it is often financially difficult for the broker to really help their clients make the transition. So, many brokers advised against it. Or they advised to offer the HSA as an option, but did little to help employees understand and embrace it.

This conflict in incentives has caused many employers to miss out on

huge savings that they could have achieved with HSAs. As a result, more and more employers are asking how the broker manages this incentive conflict.

- One approach is for the brokerage to have salaried advisors, rather than having all advisors paid directly based on commission.
- A second approach is to arrange a “per employee per month” flat fee paid to the brokerage, rather than a percentage of premiums.
- A third approach is for the brokerage to specialize in low-premium HSA plans, which are already the lowest premium (and therefore lowest commission) plans.

Bernard Benefits employs all three approaches with its clients.



3 What advice and support can you offer related to transitioning away from a group plan entirely?

Regulations around employer coverage continue to change, but you may be eligible or soon be eligible to transition to a health benefits package involving individual-based insurance.

Many brokers would stop getting paid if their employer client dropped their group health plan, so it is financially difficult for them to provide advice on how to do it. This is in spite of the fact that for many small and medium-sized employers, dropping the group plan can be the best option.

Bernard Benefits has assisted dozens of employers in transitioning to an individual-based health insurance benefits package. If eligible, a Health Reimbursement Account approach can allow you to reimburse your employees for their individual coverage.

4

What online health benefits administration capabilities do you offer?

Administering benefits and HR through an online platform can improve efficiencies, reduce errors and save money. A tremendous amount of time and effort is wasted on paper-based administration, and for this reason, many employers are now going online.

But before you begin evaluating these platforms on your own, you should first talk to your broker or potential broker. Brokers can take an active role in the transition online, but not all do.

Working with a broker who incorporates software into their value proposition is better than seeking out a solution independently, because you get the best of both worlds. You have a personal relationship with a local insurance advisor who can assist you strategically with your benefits needs, as well as access to innovative software to tackle the transactional challenges of HR.

Further, not every HR software system marketed to employers has a benefits administration function. This is a mistake, as health insurance touches every part of the HR ecosystem. If your system doesn't integrate HR and benefits, you risk an even more disjointed process than traditional paper enrollments.

Bernard Benefits has developed its own all-in-one HR and benefits administration platform to improve efficiencies for employers. Bernard Benefits clients have complimentary access to BerniePortal, which is also offered in conjunction with other broker partners.

5 What is your track record related to HSA-based health plans?

More and more employers are migrating to an HSA-based health plan strategy. Your first question here should be what percentage of the broker's clients offer an HSA option to their employees. The second question is what percentage of those employer's employees take the HSA.

! This is important, because if your broker is not good at helping clients achieve a high HSA-adoption rate, then you are likely to miss out on a lot of savings, while working harder than you need to in getting your HSA plan.

In this respect, Bernard Benefits leads the industry. Over 98 percent of our clients offer an HSA-based health plan, and our average employee adoption rate is 81 percent.

6 What specialty Health Savings Account Services do you offer?

Employee support is key to successful adoption of HSA-eligible plans. When you migrate to an HSA-based health plan, you will want to provide employee support for price-shopping prescription drugs. Online pricing tools for services are also important. You will also want to make sure that HSAs get opened easily and on time for your employees.

Bernard Benefits will assign a nurse to your employees to assist with price shopping. Employees also have access to online pricing tool Bernie's Bluebook, offered in alliance with Healthcare Bluebook. BerniePortal also digitally integrates with HSA Bank, automatically.

7

How will you help Medicare-eligible employees analyze their options?

Medicare-eligible employees and spouses have options beyond your group plan. They have so many options, in fact, that it can be intimidating to sort through them all. Often, inertia simply keeps them on your plan, even if they have better options.

These individuals can often do better with the right Medicare strategy. Besides wanting an employee to have the best health plan available, many employers also value that their group plan carries less liability when these members voluntarily drop it.

Bernard Benefits has a team of noncommissioned advisors available to assist these Medicare-eligible members, gratis. The decision to begin Medicare coverage is entirely up to the employee—all Bernard's advisors do is provide information and answer questions. Often, these members do in fact find better options outside of the group plan.

8

How will you help me manage risk related to my COBRA-eligible members?

Similarly, COBRA-enrollees often have better options outside of the group plan. Considering the ongoing, financially devastating impact that a \$1 million COBRA claimant can have on your group plan, more employers are taking a proactive approach to managing this liability.

All terminated employees can utilize Bernard Benefit's noncommissioned advisors to help them look at their options and determine the best strategy.

9

What is your annual renewal and negotiation process?

The annual health insurance renewal is something that employers often complain about. It can be a messy and time-consuming process. Furthermore, it can be difficult to know if another broker would have done a better job for you than your current broker did. Ask to see the steps the broker follows during a renewal. This document should include hundreds of steps. There are so many moving parts and different parties involved in these renewals that trying to just coast through it without a detailed plan is a recipe for disaster.

A strong renewal process will ensure that you have your current health insurance company and all competitive insurance company rates in hand no later than 40 days before your renewal date. Ideally, your broker should also have a recommendation for you with alternatives based on what is available and what they know about your organization and your employees.

Even in a year where you have a high renewal, there is no reason not to have plenty of time to conduct employee meetings, make a decision, and have a smooth renewal. Don't let yourself be put in a position where you only have 10 days to make a big decision because of a sloppy renewal process.

10 What is your #1 advantage in the marketplace when it comes to gaining the trust of new employer clients?

This is a great question to ask when interviewing brokers. Historically, health insurance brokerages were a “relationship” business, as it used to be very difficult to measure performance. When it’s difficult to measure performance, decisions are often made based on relationships.

But with health insurance costs as high as they are, employers are taking a harder look to find metrics they can use to judge their advisors. Relationships aren’t enough in a world where costs are growing faster than revenue and meaningful metrics, like the ones listed here, exist for measuring performance.

For details on the measurable impact Bernard’s brokerage and advisory services would have for your organization, call us at **1-800-505-0750** or visit www.BernardBenefits.com.