

The Best Defense is a Good Offense

Proactive Strategies and Solutions to Serve Your Employees and Organization

Felipe Barganier

One of the most important things that most employers could do to drive down cost is to have a consultant that takes a proactive approach to their employee benefits plan. Too often, I have met with prospects that have benefits plans that aren't reflective of the demographics or future demographics of their employee base. This could save many companies tens of thousands and in many instances, millions of dollars annually, in not only health insurance costs but also in decreased employee absenteeism, increased employee retention, and in attracting quality employees. The following pages will focus on what I call "future proofing" your employee benefits program.

Every year, there are more and more companies touting the next great thing for employees and employers, and it is my responsibility to my clients and their employees to stay on top of industry trends and the latest products that can benefit my clients. Our firm believes that in order for us to do what is best for our clients, we must always think about what our clients' short term, mid-term, and long-term goals are. In taking this approach, we are able to analyze the various products and services that are available. When a client puts the current and future needs of its employees as a priority, it will always have a workforce with high morale and low turnover.

Let's examine the impact of a company implementing a health wellness program over time. A properly implemented wellness program cannot only help lower catastrophic claims, but it also can help increase the productivity and longevity of its workforce. I have a 14-year client with 12,000 employees. When I first began working with them, the rage was wellness attached to voluntary benefits plans. These products were your cancer, accident, critical illness plans, etc. that had benefits that would pay the employee anywhere from \$25.00 to \$125.00 per year for having various tests done as part of their normal physicals. This program gave the employee a financial incentive to get annual checkups that they may have otherwise skipped. These were great benefits when the employer allowed the employees to receive regular communication regarding them.

When we begin offering these plans to this particular client's employees, we were heavy on educating the employees on the true value of the wellness benefit to employees overall health. Having personally lost a loved one to stage 4-lung cancer, I know how precious and important early detection is, as it relates to cancer survival. We had employees that typically wouldn't buy a cancer plan who were now buying the plan because they saw the immediate value in its annual wellness payments, but had no idea how it would end up helping them years later. One employee, in particular, had begrudgingly purchased a family cancer plan with wellness when we first started offering them, and a few years later her spouse was diagnosed with cancer at stage 1 during his annual wellness checkup. His wife told one of our counselors that had it not been for the \$100.00 he received for the test, he probably would have never gone to get the checkup.

Now, initially, you may realize that this wellness incentive helped save his life, but if you dive deeper, you will realize it did much more. One, it potentially saved the employer tens of thousands, if not hundreds of thousands of dollars in cancer treatment costs, because the cost to treat it early is much less than at stage 4. Numerous studies have been conducted regarding various cancers and the drastic difference in costs from stage 0 to stage 4. The primary driver being the cost of chemotherapy and non-cancer treatments at the various stages.

Secondly, the employee was able to miss less time from work because the cancer was detected early enough that the treatments didn't cost either her or her spouse a significant amount of time from work. Thirdly, the employee now views the benefit as being tied to her employer, which in turn, created a sense of gratitude for her employer allowing her to have access to a benefit that potentially saved her husband's life. As you can see, just offering this one benefit with wellness to their employees allowed our client to save several hundred thousand dollars over the last decade. Additionally, the employee tells the story to everyone; what do you think that does to employee perception about the company's benefits program?! Finally, this program has likely saved the client several million dollars over the last decade in health and various costs. These benefits have now morphed into standalone offerings that go much deeper into the employees' lives and are more impactful to their overall physical, mental, and emotional well-being.

The emergence of wellness plans that now reward employees for healthy eating, utilizing health clubs, starting active, etc. has the potential to lower the overall costs of healthcare for many employers. We have a number of clients that have experienced significant savings on their renewals by simply having a robust active wellness program. One of our clients, in particular, was experiencing a surge in employees on maintenance for diabetes, high blood pressure, etc. and was desperate to find a way to reduce the cost of the drugs that the employees were using. We suggested that in addition to carving out the prescription drug program, that they also implement a wellness program centered around reducing obesity and promoting healthy lifestyles. The client implemented Wellness Wednesdays centered around healthy eating, and Fitness Fridays which consisted of employees using the stairs instead of elevators, and weekly weigh ins utilizing a team accountability approach. After 18 months, the employer realized a 10% reduction in its overall health care costs, decreased absenteeism, and a more upbeat office. The company realized that a properly implemented wellness program pays off in more ways than expected.

In addition to wellness, there are a number of other solutions that can create meaningful intangible results. One has been the introduction of prepaid legal services as an employee benefit. This particular product that initially doesn't seem like one that would yield a significant result on the overall mental health of employees. However, once you realize that everything that bothers an employee at home has the ability to impede productivity, it's easy to understand why this solution is in high demand for many employees. From bankruptcies to divorces to traffic citations, these products allow your employees to have legal representation and advice for a fraction of what it would cost to retain an attorney otherwise.

As part of our overall wellness strategy, we look at the socioeconomic backgrounds of the workforce and craft a 3 to 5-year plan that will result in a better, more productive workforce and lower overall health costs.

Another underutilized service that can help decrease employee absenteeism and decrease health plan abuse is telemedicine. In my opinion, every employer should offer telemedicine as an employer paid benefit. When properly communicated to an employee population, this product will produce significant savings to the employee and employer by eliminating unnecessary emergency room visits and the costs incurred. Besides direct costs, telemedicine can save the employee time missed from work and increase productivity due to the employee being able to get prescriptions filled without having to go to their primary care physician. The employers that have experienced the most success seen success have placed dedicated phones in their offices to encourage employee participation.

Last but not least, the most important thing an employer can do to protect their employees' future for their family is to offer life insurance. It is estimated that a whopping 38% of Americans don't have life insurance and that as many as 70% don't have adequate coverage. You may ask how is this a part of a discussion regarding being offensive and not defensive. Well, in many cases, employers are offering plans that are only good while the employee is employed up to a certain age, and then the benefit decreases.

Numerous times employees have told me they would never have purchased life insurance had it not been for their employer offering it via payroll deduction. People hate to think about death, but that is the most certain thing in life. In addition to that, employees typically don't think about the need for life insurance until they are older, which is also when they are at an increased risk of having health issues. Employees should always have access to some sort of permanent insurance solution that has a guaranteed issue provision in it. Without this protection, they often would find themselves having to purchase inferior and expensive solutions on the individual market. The employer is able to help an employee leave a legacy that they probably wouldn't have been able to, and guess what the employee's family remembers: that their loved one's employer offered excellent benefits that allowed them to leave a meaningful legacy.

As you can see from the aforementioned examples, there are a lot of things that typically would not be thought of when considering benefits, unless addressed by your advisor. Our firm works in an advisory capacity with our clients and their employees, to make sure that the benefits that our clients offer their employees are in line with what their competitors are offering. However, we also implement programs that most of their competitors aren't even aware of, for various reasons, often making our clients the "employer of choice" in a certain industry.

Employees entering the marketplace today are driven by technology and apps. Just as important as the plan you offer is how the employee is able to interact with the plan and utilize it. There's a plethora of technology solutions available to allow the employee a better open enrollment and ongoing experience, but only a few are what I would consider game-changing. Just like the internet and other technological advances have changed the way people shop and interact with each other, the same can be said for employee benefits. Your benefits plan and the way it is administered should be reflective of the 21st-century world in which we live.

In today's job market, it is vitally important that you offer a benefits package that is reflective of the talent you have, and effectively attracts the talent you want. Failure to understand the current and future needs of your employees can cause you to lose a valued employee over the lack of something that your competitor down the street offers. You should always view the benefits you offer as a part of the employees' overall compensation package. Thus, it's imperative that the comprehensive benefits program you create not merely be developed defensively, but rather designed and implemented proactively to best serve your employees and your organization.