What You Should Expect From Your Benefits Broker

Presented by:

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Broker Licensing Requirements

- Pass State of Iowa Life and Health Exam
- State of Iowa requires 36 Continuing Education hours every 3 years, including 3 hours of Ethics
- Licenses are State specific

Medical Insurance Basics

- Group under 50 eligible employees
- Groups over 50 eligible employees
- Groups over 100 eligible employees
- Fully Insured vs. Self Insured

Quoting Medical

Groups 2-50 Eligible, Fully Insured

- Subject to Small Group Reform Law, so carriers are required to quote
- Least credible quoting group, so rates more dependent on carrier's block of business, but ideal demographics and health risk make a difference
- In most cases, quoting requires all FT employees to complete the Iowa Uniform Group Health Application
- ALL brokers ultimately should receive the same rates
- Commission cannot be changed due to Small Group Reform Law
- Limited claims information available

Quoting Medical

Groups 50-100 Eligible, Fully Insured

- Not Subject to Small Group Reform Law
- Less credible than larger groups
- In most cases, quoting is possible using claims information and renewal information for the group
- ALL brokers ultimately should receive the same rates
- While carriers have standard commission rates, brokers CAN request a different commission rate
- Broker should be available to receive at least quarterly claims information on a group this size

Quoting Medical

Groups Over 100 Eligible, Fully Insured

- Carriers can deny a quote request
- More credible so rates less dependent on that carrier's block of business
- Quoting possible with claims information from current carrier
- ALL brokers ultimately should receive the same rates, but rates could vary dependent on commission requested
- Brokers must request their commission level
- Broker should be able to receive at least quarterly claims information, and are likely able to get monthly claims information

Medical Renewals

- Renewals are generated between 60 to 90 days before renewal date
- Prior to renewing, the broker should attempt to get the renewal lowered
- Most carriers will review renewal without penalty (an exception: Wellmark and groups under 50)
- Groups under 50 can sometimes get additional claim information if protesting the renewal rate
- Going to market may help get a renewal lowered
- A 0% increase or a decrease could mean you should be getting an even better renewal rate

Overview

- ALL brokers should be able to get the same rates
- Commission CAN often be negotiated and can affect the rates
- Broker should ALWAYS attempt to get a renewal lowered and often succeed if they fight for the client
- Carriers may provide bonuses to agency based upon amount of current and new business placed with the carrier
- Look for extra“Added Value Services” and what sets a broker apart

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Carrier Change

- Broker should outline the process
- Set realistic timeline
- Discuss some of the problems most commonly encountered
  - Is provider network changing?
  - Is PBM (formulary) changing?
  - What (obscure) benefits may be changing (such as infertility/gastric bypass/vision exam/ routine labs/x-ray, etc.)
- Broker should assist in completing paperwork for new carrier

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Carrier Change

- Ideally decisions are made in time to allow for smooth implementation
- However, it is sometimes a mad rush to “make it happen” with some semblance of order
- Start with the end in mind and work backwards
  - The carrier needs everything in by the 20th
  - Everything in to HR by the 15th (allowing for stragglers), into broker/ carrier by 18th-20th.
  - Meetings ideally should be completed by the 7th
  - Employee packets done and approved by the 1st, printed, stuffed and ready for meetings by the 5th
  - Ideally make a decision for a 1/1 effective date by 11/20

Common Problems

- Late decision means short enrollment time frames
  - Broker should provide employer with template or memo to send employees on what information to bring to the employee meetings; allows them to complete forms while there
  - Send advance information home with employees prior to meetings
  - Request carriers pre-fill whatever they can/will

Common Problems

- Short timeframes mean ID cards won't be in hand by effective date
  - Either during meetings or in memo advise employees to refill all prescriptions needed during the first few days of the new plan PRIOR to the change
  - Some drugs may need preauthorization under the new plan
  - Give realistic timeframe for receiving ID cards
  - Ask Broker what assistance they will provide if employees not in system and/or do not have their ID cards
  - Temporary cards usually available

Common Problems

- Make sure employees are aware that surgeries scheduled after the carrier switch may need to be authorized under the new carrier
- Some medications may need new preauthorization
- Make sure deductibles/OPMs are carrier over to the new carrier

TPA Change

- Self-Insured Groups
- Making the decision to change a third party administrator is very time intensive
- Compare the fees of the current and the potential TPA’s with a microscope.
  - Know exactly what is in “administration”
  - Some TPA’s bill extra to review a certificate of creditable coverage or to provide dental premium equivalents
  - Make sure if extra “packages” (read costs) need to be selected to provide continuity of services
  - Different TPA’s/Carriers use different words to describe the same service. Know what you are buying

TPA Change

- If networks are changing, be sure timely written termination notices are sent to each network
- If the old TPA is not handling the run out, the broker should talk with each network regarding their policy on repricing the run out
- Broker should advise the client of potential fees they may incur and the reason for the recommendation

Non-Medical Employee Benefits

- Life/Long Term Disability/Short Term Disability
  - Very competitive market
  - Renewals are often flat if broker actively works with the carrier on your renewal
  - Broker should lock your rates for as long as possible
  - Company may be penalized for remaining with same carrier for the long term if there are an above average amount of claimants

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Non-Medical Employee Benefits

- Dental
  - Fairly competitive market depending on group size; flat renewals are possible
  - Often an easy “first step” to becoming self-funded
- Voluntary Products
  - Dental, Life, Disability, and Vision can all be voluntary products
  - Some brokers are not interested in certain voluntary products, like vision, because they have low commissions

Questions to Ask in Broker Selection

Is the broker's agency considered to be a "platinum" agency?

- Why this can be important:
  - Platinum brokerage has access to assigned account reps from the specific carrier that make it easier to get questions answered and claims issues resolved
  - Platinum brokerage generally has a large amount of business with that carrier, making it easier to obtain better quotes and lower renewals

Is your agent able to quote the entire market?

- Items to consider if they cannot:
  - Broker may be beholden to one carrier and is not independent/impartial
  - Broker has lost contract with a carrier for some particular reason
  - Broker less able to be independent because not able to bring full market

What roles does your broker play once you are a client?

- Does your broker remain active with your account after the “sale” or does his/her account manager end up being your “broker”?
- Delegation is good, but broker should remain involved in major decisions involving a client

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What added services does the broker agency provide to make your job easier?

- COBRA Administration
  - Decreases your workload
  - Removes liability
- Provide Guidance on State Continuation, if under 20 employees
- Enrollment Guides for annual meetings and new hires
- Benefits Statements
  - Helps employees better understand the employer costs beyond their salary
- On-Line Services
  - Zywave – provides HR message board and communication pieces

What added services does the broker agency provide to make your job easier? (Continued)

- Compliance
  - Decreases your workload
  - Removes liability
- Current annual notices required
  - HIPAA
  - Medicare Part D
  - Women's Health and Cancer Rights Act
  - COBRA Subsidy
- Educational seminars/special events
- Ask if these services are provided for free or at a cost

Does your broker get involved when employees have claim and service issues with the carrier?

- Not only decreases your workload, but helps to avoid possible HIPAA violations
- A broker shouldn't disclose private conversations with employees to HR, but should inform you if employees are having issues and whether they are resolved

What assistance does your broker provide to ensure your plans are competitive and fairly priced?

- Decision Master Warehouse, Plan Advisor, and similar programs allow broker to “drill down” your claims information to identify possible savings
- Benchmarking both locally and nationally to ensure plans are competitive

How Specialized is your Broker?

- Some brokers specialize in one area (employee benefits), while others may wear multiple hats (401Ks, IRAs, Property Casualty, Bonds)
- Specialized brokers generally will be more knowledgeable on a constantly changing industry

How responsive is your broker to your needs?

- Returns your phone calls/emails in a timely manner
- Informs you of issues pertinent to the specific needs of your company
- When appropriate, attempts to resolve problems before involving you

How does your broker remain current on the changing marketplace and laws?

- Do they utilize the services of a law firm?
- What publications (both print and on-line) do they subscribe to?
- The COBRA subsidy authorized by the American Recovery and Reinvestment Act of 2009

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COBRA Subsidy Provision Overview

(Referenced By: Susan J. Freed of Davis Brown Law)

- "Assistance Eligible Individuals" can receive continuation coverage by paying only 35% of the premium
- Employer/Insurer/Plan pays the remaining 65%
- Employer/Insurer/Plan is reimbursed the 65% premium through payroll tax deductions
- Assistance Eligible Individuals can receive the subsidy for 9 months starting with the first coverage period after enactment (2/17/09)
  - For most plans this is 3/1/09 if you have monthly coverage periods
  - If you have shorter coverage periods, it may be before 3/1/09
- Applies to federal COBRA and state continuation coverage
- Provides a second election opportunity for Assistance Eligible Individuals who previously declined COBRA or allowed it to lapse

Who is Eligible to Receive the Subsidy?

- "Assistance Eligible Individual" or "AEI"
  - Is voluntarily terminated between September 1, 2008 and December 31, 2009
  - Loses health insurance coverage in connection with the involuntary termination and the loss of coverage occurs between September 1, 2008 and December 31, 2009
  - Is not eligible for other group health plan coverage or Medicare
- Includes AEI's spouse/dependents
- Includes individuals who previously declined continuation coverage

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How Long Does the Subsidy Last?

- Up to 9 months
- Terminates before the 9 month period expires if:
  - AEI eligible for coverage under another group health plan or Medicare
    - Includes eligibility under spouse's plan
  - COBRA continuation period ends
    - Either because maximum coverage period expired OR
    - Early termination, such as non-payment of premiums
- The 9 month period runs from the later of March 1, 2009 or the qualifying event/loss in coverage
  - If voluntary termination causes loss of coverage on December 1, 2009, the individual is entitled to the subsidy through August 31, 2010

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