

Six Reasons Why Employers Should Consider An Employee Benefits Marketplace

Starbucks announced for 2017 open enrollment U.S. employees will enroll through a private exchange. Other mega employers are taking notice and you should too because private exchanges open the door for small employers to have a benefit package that can compete with any employer around! The days of "old school" benefit programs are numbered. There has been much confusion over what a Private Exchange (PE) is and why employers and employees should want to be part of one. Once you fully understand what a PE is and the issues it can solve, only then can you start to realize why a PE is going to become an expectation, a must have.

Here are a few key takeaways to become acquainted with:

1. A private exchange can cure a headache. An administrative one! Seriously, any benefit program managers out there that conduct the annual enrollment (once you are done chasing down the last 3 employees who didn't bother to complete their elections), most likely on paper forms or some HRIS/benefit administration system that isn't integrated with others, then communicate that enrollment to the health carrier, the dental carrier, the vision carrier, the disability carrier, more carriers etc., third party administrators & payroll (don't forget all the payroll data entry to do). This is only the annual enrollment, then you have new hires and any mid-year qualifying events to do the exact same process. You also have terminations (throw in COBRA tasks). A private exchange can transform this process into a very manageable and automated transaction through data feeds.
2. Billing and eligibility. Another headache/nightmare that employers either spend a ton of resources on each month or simply ignore & hope it is right and they are not overpaying. A private exchange can turn this task into a simple one and provide consolidated billing and payment to carriers/vendor partners.
3. Choice - Every one of your employees has a different need for healthcare and having a "one size fits all approach" will not be tolerated for too much longer. In the past adding too many choices quite simply would be a disaster because it would be too hard to manage and the employees would be lost choosing the "right fit for their family". Having a minimum of 6-8 health plan options is needed to allow ALL employees to have a custom fit plan for their family.
4. Help/Advice - Could you imagine not offering employees help choosing the right investments for their retirement plan? Well of course that applies here as well. Employees have access to help and advice through multiple channels. The first being an online algorithm, which

after inputting some simple information about your families health/financial needs, a portfolio of plans will be recommended for your unique situation. This is great, but many times employees also want to sit in front of someone and ask questions or validate a decision from a benefit expert. These are both available and are essential for a successful program.

5. Total benefit integration - This is not simply about health insurance anymore. Employees want and should demand other benefits and through the advice function, it allows a customized complete benefit portfolio that accounts for health and financial wellbeing. Every single employee in your company will likely have a different set of benefits. (Think again to your retirement plan, how many employees have exactly the same portfolio, or should?) Employees need to know if they should have dental, disability, life insurance, identity theft or legal plan, accident coverage, critical illness coverage, should they put extra money into an HSA, FSA, IRA or 401(k)? Is pet insurance worth it? A student loan program? What if they choose a different health plan (let's say a high deductible plan, do they now have more financial risk that they should cover the gap with some of the premium savings or can they take on that risk? This can be complicated and more and more is being expected as an option each year.

6. Control - Time to excite the CFO's and finance departments! You can now control and budget your annual benefit spend and you don't have to wait until the last possible minute to fill that number in. By using a defined contribution approach to healthcare (for the same reason you don't have a defined benefit retirement plan anymore), you can control your benefit dollars. You also have control of your renewal planning. No more pulling a lever to get into budget, increase the premium, the deductible, the out of pocket max. You don't have to adjust the plan anymore because you already have a full lineup of potential plans. How many hours did you pour over those annoying spreadsheets that many times contained errors or assumptions that created a total budget miss anyway. No more annual announcement of "worse" health plan options! The employees have total control, if they want a bronze plan or a platinum plan, they decide.