How HR and Benefits Technology Enhances the Agent/Broker Value Proposition

...and how agents and brokers can move to a more consultative model, differentiating themselves in today's changing benefits landscape

Executive Summary

Agents and brokers are under tremendous pressure as the entire benefits industry undergoes sweeping and, in many cases, unsettling transition. Provisions of the Patient Protection and Affordable Care Act (PPACA) are forcing agents and brokers to hunker down and seriously re-evaluate their business models—from an operational and, even more fundamentally, a value proposition standpoint. The new legislation poses a direct threat to the commission-based compensation models on which the majority of agents and brokers have built their business. Many believe this will prompt an industry-wide shift toward a fee-based agent/broker model. While businesses are always looking to streamline processes and reduce overhead, fee-based models force agents and brokers to probe more deeply into every aspect of their enterprise, from administrative overhead to marketing and communications expenditures in order to establish and maintain viable profit margins.

Beyond day-to-day operations, agents and brokers must also consider the looming threat posed by the healthcare exchanges, which will go online in 2014. These benefit "marketplaces" are designed to provide a more "consumer-friendly," transparent experience for customers/employees, who in the past relied on their employer's Human Resources (HR) department—supported and supplemented by agents and brokers—to sort through their benefit options.

Another challenge comes from employers who will need agents and brokers, perhaps as never before, to help them navigate these new regulatory requirements and assist them in moving toward an increasingly consumer-driven healthcare model. For employers—particularly small- to mid-sized businesses where the HR department can be a single employee—the implication and consequences of failing to keep up and comply with changing requirements can be costly.

This White Paper will show how agents and brokers can leverage a new technology model to maximize internal efficiencies—which can then be passed onto employers (and, by extension, their employees). It will discuss how a "modular" approach to agency/benefits management technology, where advisors can collaborate with employers in building customized benefits portals, defining—and/or expanding—the advisor's consultative role. We will also show how such a solution can simplify compliance with new regulations, such as the distribution and receipt of Summary of Benefits and Coverage (SBC) documents. Ultimately, this White Paper will demonstrate how agents and brokers can automate a range of labor-intensive day-to-day tasks and spend more time doing what they do best, and doing what will pave the way to success and profitability: offering your expertise and counsel.

The More Things Change...the More the Value of Company-sponsored Benefits Stays the Same

While the healthcare—and benefits—landscape is changing, businesses will continue to view company-sponsored benefits as key recruitment, retention, and productivity tools. The 2012 Deloitte Survey of U.S. Employers gathered responses from 560 randomly selected employers on a range of issues related to employee health benefit plans. Key findings include: 81% of companies representing 84% of the workforce plan to continue providing health benefits coverage, employer-sponsored health benefits are not likely to disappear (though financial risk will be shifted to employees), employers do not understand the full scope of the PPACA (particularly on areas intended to improve the efficiency and quality of the delivery system), and while employers are concerned about health costs, they are unaware of solutions that could improve the quality of care, and simultaneously reduce cost. Other studies, such as the MetLife 10th Annual Study of Employee Benefits, underscore the widespread—indeed, deeply entrenched—acceptance of benefits as recruitment, productivity, and retention tools.

However, that doesn't mean businesses will forever accept the status quo, particularly as costs continue to escalate. Which begs the question: as organizations look to cut costs, what are the implications for agents and brokers? As commissions are cut, and as the industry moves toward fee-based models, agents and brokers are not only being "squeezed," they are also being pushed to the margins and must evaluate how to remain viable and re-assert their position in the benefits "value chain."

Using Technology to Transition from Benefits Provider to Benefits Consultant

Two of the dominant trends in the benefits industry appear to run in completely opposite directions. The first speaks to greater simplicity, as agents and brokers have access to the same range of carriers and plans (which has actually narrowed due to consolidation). While the second, provisions in the PPACA—and its phased rollout— speaks to greater complexity.

The truth is, administering benefit programs is a complex undertaking, requiring assistance on strategy, design, mitigating risk, financing, delivery, ongoing management, and communication. Simply put, the complexity, costs, and risks associated with employee benefits underscore the value—indeed, the need—for consultants with specific expertise, guiding organizations toward efficient, cost-effective benefits programs that align with broader business objectives. So, in spite of the challenges agents and brokers today face, there are opportunities for those who are able to demonstrate the bottom line value of their expertise.

Today, most agents and brokers use web-based tools. While some are more advanced, robust, or user-friendly, agents and brokers looking to differentiate themselves by moving into a more consultative role can do so by tailoring technology solutions to the customer, using it to improve understanding of their challenges and build the relationship. Here are some things to look for in using technology to advance the agent/broker-employer "dialogue."

- **Modular Solutions**. A web-based benefits solution built on discrete, yet interconnected modules affords the user more choice and customization. This enables the agent/broker to engage the user in a meaningful dialogue around what the organization is currently using in the way of benefits technology, where it falls short of their expectations, what their over-arching HR/business goals are, and pinpoint which modules would be of most immediate value. Additionally, a scalable solution—one that affords more functionality as the employer's needs grow—extends the agent/broker-employer dialogue further.

- **Improving Engagement Through Benefit Portals.** All organizations are looking to improve employee engagement around their benefits. The more engaged the employee, the more he/she appreciates the value of their benefits (via a total rewards statement), and the more proactive he/she is in taking preventative measures regarding their health and wellbeing—which correlates to lower overall health costs. For several years there's been a move toward consumer-driven healthcare, where employees are given the tools and resources to take more ownership of their benefits and health. A properly designed company health portal that clearly and effectively routes users to the information and support they need—when they need it—can dramatically increase engagement. A benefits solution that enables the agent/broker to help create company branded benefits portals will pay significant and lasting dividends, from cementing the agent/broker-employer relationship to increasing employee engagement.

  Moreover, agents and brokers can demonstrate the efficiencies derived from a well-designed portal that automates a range of labor intensive processes for employees (enrollment, access to documents, price comparisons, self-service re: questions, etc.), A portal that automates these processes AND improves user engagement, frees up HR "bandwidth" to attend to other tasks, maximizing their productivity/value to the organization.

- **Simplifying and Assuring Compliance.** Shepherding employers through the complexity of the regulations and provisions of the PPACA is clearly an opening for agents and brokers to provide their expertise and demonstrate their value. On top of this, working with the employer in implementing a portal that simplifies—-and assures—compliance with the new and unfolding regulatory landscape, offers a huge value-add. A portal that provides agents, brokers, and their employer clients with a simplified and secure means of distributing and tracking receipt of Summary of Benefits and Coverage (SBC) documents, can

represent significant cost savings (non-compliance with the ERISA disclosure requirements of the PPACA costs $1,000 per employee).

Stacks and Associates: Case Study

Stacks & Associates, a healthcare finance management company serving small- and mid-sized businesses, is a model for agents and brokers looking to remain competitive in a changing market rife with uncertainty. Much of this has to do with confusion around the regulatory environment introduced by the PPACA. Agents and brokers who previously relied on providing a menu of offerings will now find themselves needing to provide companies -- many with a one person HR staff -- with expertise and guidance on remaining compliant with new provisions in the PPACA, as well as day-to-day support on benefits enrollment, communications, and other labor-intensive HR tasks.

Stacks & Associates was fortunate in that it didn't have to make radical changes to its business model; founded two years ago by industry veteran Doug Stacks, the company from the outset differentiated itself on its support—and on providing small- and mid-sized companies with HR backup. Then, on a recommendation from a colleague, Stacks implemented an HR/Benefits platform (BASIC Guru) that enabled them to create self-service HR/Benefits portals tailored to each of their employer groups. In addition to making their own internal processes more efficient, Stacks was able to streamline HR and benefits processes for their clients, providing everything from online enrollment to an HR resource library—for administrators and employees—that Doug Stacks calls "Google for Business."

As important, the platform, developed by BASIC Guru, simplifies compliance with the new SBC provisions in the PPACA—where organizations can document that each employee was sent—and each employee received—their SBC. The initial implementation of the platform prompted more client support phone calls—which Stacks was delighted to receive, as it was an opportunity to engage with administrators and particularly with employees, and provide one-on-one support.

"BASIC Guru enables us to simplify the task of employer compliance, particularly with SBC documents," says Stacks. "Compliance and helping small- and medium-sized businesses navigating the PPACA and assuring compliance will be a bigger part of our business. It would be a big thing to take on, but BASIC has handed that to me on the platter."

"We're a small shop," Stacks continues, "but with BASIC Guru, we can efficiently manage our entire book of business. If my clients' HR department is out and they need someone enrolled, I can get them online, explain benefits, get them signed up...I can even bring my laptop onsite. The nice thing about Guru is that it's a complete package...and their support, which in my experience is second to none, is the frosting on the cake. BASIC Guru is the wave of the future in this industry."

Conclusion

A recent study by the National Business Group on Health surveyed the health plan design of large employers ("Large Employers' 2013 Health Plan Design Survey"), and found that, despite steady cost increases, the majority of companies surveyed place a high priority on providing affordable, high quality healthcare, and to control costs. HR is looking to increase "consumerism" while adapting health plan design to the changing regulatory environment (and as stated, avoiding costly penalties for non-compliance).

These challenges represent opportunities for agile agents and brokers who are best able to demonstrate their value as trusted consultants—or, better yet, business partners, as containing health costs continue to represent a bottom-line business concern. As this paper shows, a modular HR and benefits solution that can be incorporated in the "discovery" process, where the agent/broker works with the employer in customizing a portal to the organization's needs and business objectives, is key in establishing and solidifying their consultative role. Delivering and supporting a technology solution that enables the employer to simplify—and assure—compliance with new regulations, while automating a range of tasks that frees HR to "do more with less," will further underscore the value agents and brokers bring in illuminating the path forward...and helping employers maximize the return on their benefits investment.

About BASIC Guru
BASIC has been serving employers nationwide since 1989. BASIC Guru is our flagship web-based benefits enrollment and management platform, providing agents, brokers, and their employer clients with complete, customizable HR solutions. BASIC Guru provides collaboration, flexibility, stability, security, quality service, and an experienced staff to meet an organization's integrated HR and Payroll needs. HR solutions should be simple. Keep it BASIC. http://www.basiconline.com.