

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

So, you are performing your due diligence to make sure your company is getting the **best value for their health insurance dollar**. This can be an intimidating and daunting task, especially if you do not have a plan in place or if you have not conducted this exercise in the past.

If you do have a benefit plan in place, you are searching for a reason. You may feel you are not getting the best value or your current needs are not being satisfied by the current insurance agency or benefits provider. You offer benefits to obtain and retain the **best talent in your industry**, *you should expect your Benefits provider to provide you with the best options*.

The Health Insurance Industry has changed with the passage of the **Affordable Care Act (ACA) / Obamacare**. It is the law and companies must comply with the law or pay significant fines. If you need more information about the law, time line of the requirements, and penalties associated with them, you can visit www.cobensrv.com to request additional information.

There are **7 important things** to consider when selecting a benefits broker. You should consider the below items when completing your companies due diligence. Wither you have 5 or 5000 employees, these items are universal.

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

1.) Technology

Regardless of your company size, a benefits agency should be up to date with their technology offering. Technology / software plays *an integral part in the management and compliance* of a benefit program. Many companies may not utilize the technology services of their benefits broker for many reasons (having their own systems, don't want to change, not enough time to implement, Does not coordinate with payroll system, etc). Well, technology has come a long way in the employee benefits and welfare arena. Software has become user friendly and efficient. Most systems can *sync or coordinate with your current HR / payroll systems* which **will remove the need to replicate the data in multiple systems, saving you hours**. Time that can be used on more productive things like growing your business. Our benefit agency systems provide many platforms and levels to allow our clients to select what they want to implement. They assist with the compliance and reporting that the ACA has imposed. Regardless of your current systems and even if you use a service provider or PEO, you should consider the options that are available to you. Most benefit agencies include technology as a part of the services provided and do **not charge their clients** for the technology and added value they provide to their customers. A question you should ask is..... ***Is your current provider providing you with comprehensive solutions to solve your compliance issues with technology?***

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

2.) Compliance

Does your current benefit agency provide a compliance piece and guarantee that the benefit summaries and employee benefit books provide the necessary and updated documentation to help keep you in compliance with the ACA. Failure to comply will the mandates will *cause your company to be assessed significant fines and penalties* . Will your benefits broker prepare documents that are in compliance with the ACA? Have they provided your company with plan documents in the event you are audited by the Department of Labor? Are you provided with a detailed benefit summary that educates your employees of the benefit offering as well as containing the mandatory compliance pieces to keep you out of costly fines? There are numerous notifications and forms that have been made mandatory by the ACA and your failure to provide them to your employees could result in tremendous fines. Not all Benefit providers are the same and many are not even aware of the mandates imposed. Our agency provides a comprehensive **plan document that has been tested and validated through Department of Labor audits.** Our Benefit Summaries contain the latest - up to date information and material to assist our clients with compliance. Lets face it..... lots of employers will pay massive amounts of fines for failing to comply with the ACA - These fines were built into the law to pay for the cost of the implementation of the ACA. **Are you going to help pay for it by paying fines?**

For Information, contact 800-362-2809

Protected – Copywrite 2016– ABM Insurance & Benefit Services, Inc. - All Rights Reserved

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

3.) Retirement Plan for Medicare Recipients

Did you know, typically, most of a plans medical utilization is from your older employees? If you have an employee or dependent that is 65 years of age or older on your plan, you need to establish a retirement plan for your aging employees.

1.) It will save you a tremendous amount of money on premium and if you are a company that is above 50 employees and / or on a partially self funded plan, it will reduce your utilization and over all cost.

2.) The programs offered in a retirement plan always offer greater benefits than your current group plan. It is a win-win for your company and employee.

So, Does your current Benefits Broker provide you with a comprehensive retirement plan for your employees turning 65? Most national and large benefit brokers do not like to mess with retirement plans. They are complicated and benefit agents rarely have experience with the complexities of Medicare. Our agency has been working with companies for 28 years, establishing benefit and retirement plans to help employers control cost. Until recently, our office worked with several large and national benefit agencies to help them with their clients benefit programs. We now only offer these programs to our existing clients.

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

4.) Employee Advocacy

When an employee comes to your HR Department with a question regarding their medical treatment, claims or diagnosis, **Beware - HIPPA laws** prevent you from discussing such information with outside person(s) and could be setting yourself up for trouble down the road. We recommend that all our clients contact us for assistance and direction when a medical questions come up. We can guide them through the process allowing our years of experience to work in your employees favor. Many benefit providers do not provide the full / concierge service that our agency provides. Often, a 800 number is provided for the employee to figure his / her own way around the system to obtain answers to their questions. We have found that most employees use their working hours to take care of such issues. *This is a waste of your employees time and could be costing you thousands in productivity.* Our agency will establish a working relationship with your staff to make sure they obtain satisfactory answers to their questions. We will also work with HR to identify areas that your current plan be subpar.

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

5.) Commission vs Fee

Let's face it. **Your broker is getting paid for the services that he/ she is providing you.** Are the services worth what he/she is getting paid? If your company has less than 50 employees, the commissions are built into the rates therefore, you will pay the same rate whether you use a broker or not. However, if you have 50 or more employees, the commissions are negotiated and not always transparent. This amount can range between 1% to 10% of your premium. Some benefit agencies only use a fee based system. This is a contract between you and your benefits agency that specifies the services they will provide to your company throughout the year and a fixed amount you will pay for the services provided. Many times, a fee based approach will save a company money, especially with larger groups or companies paying high premiums. The Fee based approach should maintain the following areas of agreement:

-Provider Network negotiation and contracting. This is one of the most important aspects of your health plan. If you are participating with a plan that has a high reimbursement level to the medical providers, you may be wasting a significant amount of money. Traditionally, the benefits provider would provide a provider outlay to identify providers within the coverage area, has a set contractual reimbursement level as well as identify those areas that are lacking coverage providers. Our team works with our clients to

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

make sure there is a happy balance between provider networks and reimbursement levels.

-Claim Processing and Pharmacy Benefits - A Third Party Administrator (TPA) or insurance company will provide this function within your coverage. There are many different ways to price the administrative piece of these function however, most tend to use a fixed cost) per person / per month. The benefits provider should work with you to negotiate the most favorable rate for the TPA's services. It is also important to ask what services are included with the fixed cost (Benefit Books, Reinsurance cost, etc).

Generally, a professional benefits agency will offer both options and allow their customer to select the option that will provide the best value. Has your current benefits provider provided you with this option? *If not, you should ask why not.....*

6.)Cobra Compliance

If you have more than 20 employees, you are subject to this CRAZY law. The Consolidated Omnibus Budget Act (Cobra), provides your employees eligibility to your health plan after they leave your employment. Cobra recipients can continue 18 months on your plan (36 months under special conditions). If you are responsible for your Cobra administration and self administering the plan, you may be setting your company up for trouble. There are specific timelines and rules to follow regarding Cobra and failure to comply could result in fines or even worse..... paying a

For Information, contact 800-362-2809

Protected – Copywrite 2016– ABM Insurance & Benefit Services, Inc. - All Rights Reserved

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

former employees claims. Cobra Administration companies are available and will accept the reporting and compliance responsibility. These companies specialize in Cobra and keep up with changes made to the law. The cost for this service can range from \$.75 - \$3.00 per employee / per month. The size and termination frequency of your company will determine the rate. Some benefit providers include Cobra Administration as a part of their service and it is not charged to the employer. If you must comply with Cobra, it is highly recommended that you use a third party to administer for your company.

7.) Work with an agency in your State

Insurance laws and products differ from state to state. Where a product may be available in Texas, it may not be available in New York. If a Benefits Agency works in your state, they will know the products available, which are competitive and if they provide you with a detailed consultation, can determine which carriers, provider networks, pharmacy plans, etc will provide you with the best value. It is very common for companies that enter a state to provide their employees with the same benefit provider / network that is provided in the state they are domiciled. If the insurance provider / network does not offer a comprehensive offering in the new state, the benefits will seem useless to your employee.

7 Questions You Should ask Before Purchasing Benefits or Selecting a Benefits Broker

Benefit Agencies defer greatly. Some are big National Companies or banks that are publicly traded and have to satisfy their share holders. Others may be small individual agents that operate out of their home and of course, everything in between. While bigger is seldom the better choice, an individual agent will not have the resources available to him / her to provide you with the necessary tools to keep your organization in compliance.

We hope you found this educational information helpful. If we can assist you in any way, do not hesitate to call our office at 800-362-2809.

About us

ABM Insurance & Benefit Services, Inc. is a family owned business that has roots back to 1988. ABM has been lead by Mike Alexander, Jr. for the past 17 years and has been recognized as one of the top 50 independent insurance agencies and most recently, Mike was named as one of the Top Producers for Independent Agencies in 2016. For 28 years, we have been working with our benefit customers to make sure they stay in compliance while maintaining the best value for their money. Keep our information handy and call Mike and his team when you need us. Mike can be reached directly at 281-921-1300.