

BENEFITS AND BEHAVIOR 2012
SPOTLIGHT ON
VOLUNTARY BENEFIT TRENDS

Voluntary benefits can be part of a winning game plan in a post-health care world. But communicating value is key.

Both employers and employees are looking to find winning solutions to address increasing gaps in traditional health insurance plans that have created larger out-of-pocket costs. Increasingly, they are looking to voluntary benefits as a powerful option to take the offensive against costs and boost employee satisfaction and engagement.

KEY FINDINGS

4 out of 10 employers surveyed indicated they are planning on adding new voluntary benefits in the next two years¹

Participation rates have been climbing and will continue to increase, especially for non-dental and non-vision offerings²

Differentiating on not just product but ancillary elements like enhanced support (e.g., pre- and post-enrollment capabilities) might ultimately lead to better employee participation and engagement

1. LIMRA: Weathering the Storm (2011)

2. LIMRA: Clear, Concise, Consistent – Exploring Employee Attitudes about Voluntary Worksite Benefits (2011)

THE VOLUNTARY TREND IS GROWING, AND EMPLOYERS ARE PROACTIVELY EMBRACING IT.

As benefit needs of employers have changed over the last several years, employee-paid benefits have seen a meaningful increase in penetration — a trend that is poised to continue in the future.

	2002	2010
Dental	61%	64%
Life	66%	61%
Short-term disability	42%	51%
Vision	45%	52%
Long-term disability	40%	47%
Accidental death & dismemberment	44%	44%
Cancer	23%	29%
Accident	19%	29%
Critical illness	12%	22%
Supplemental medical	21%	19%

LIMRA Report: *Weathering the Storm* (2011)

Four out of 10 employers are going on the offensive against costs by adding new voluntary benefits within the next two years, signaling a significant interest in expanding their benefits offerings to employees.³

With the cost of health insurance plans increasing year after year, employers are shifting employer-paid or contributory offerings to employee-paid products. Forty-three percent say this is a scenario that could happen to their firms in the next couple of years, making these offerings all the more important as the benefits landscape continues to shift.⁴

WORKERS WANT TO BE FINANCIALLY PROTECTED AND ARE LOOKING TO FILL THE GAPS IN THEIR HEALTH INSURANCE PLANS.

Today, employees are taking responsibility for how their health care dollars are spent. For those who are offered specific voluntary products, participation rates have stayed relatively stable for most products. AD&D, vision, life insurance and critical illness products show an increase from several years ago.

PARTICIPATION RATES BY PRODUCT (Means) % OF EMPLOYEES		
	2006	2010
Supplemental life	37%	41%
Dental	41%	40%
Life	29%	34%
Vision	27%	32%
AD&D	23%	29%
Short-term disability	25%	27%
Accident	25%	27%
Long-Term Disability	25%	24%
Cancer	20%	20%
Critical Illness	16%	20%

LIMRA Report: *Clear, Concise, Consistent – Exploring Employee Attitudes about Voluntary Benefits* (2011)

Dental and vision remain among the most attractive voluntary benefit offerings, especially the latter, which has been gaining momentum in terms of employers offering it, as well as participation by workers. For those already subscribed to dental and vision protection, disability and life offerings tend to be the next benefits in demand.

Benefit brokers are offering products that help provide financial protection, filling gaps in health insurance plans or covering everyday expenses, as a result of a specific event. These products include cancer, critical illness and accident insurance.

TOP 10 PRODUCTS BROKERS SAY ARE NEEDED	
PRODUCT	PERCENT
Dental	78%
Term life insurance	77%
Short-term disability insurance (2 years duration or less)	75%
AD&D insurance	62%
Hospital indemnity/ supplemental medical plan/ limited benefit medical	58%
Vision insurance (without medical)	58%
Long-term disability insurance	57%
Accident insurance (personal injury not AD&D)	52%
Long-term care insurance	51%
Critical illness insurance	48%

Eastbridge Consulting: *The New Benefit Brokers and Worksite Carriers—Who's Winning the Battle?* (2011)

TO ENGAGE WORKERS WITH VOLUNTARY PRODUCTS, MORE THAN JUST ATTRACTIVE PRODUCTS AND PRICING WILL BE NECESSARY.

As employers seek to engage their workers and make their voluntary offerings more successful, they are demanding tools that will make these products not only more accessible, but more understandable. As such, addressing the lack of perceived need has been and will continue to be the biggest opportunity moving forward. Looking forward, it is likely that employers will begin to consider improvement in employee satisfaction with their overall benefits program as a way to gauge the success of their voluntary benefits program.

In addition, understanding the needs that brokers have regarding voluntary products is essential to delivering the right solutions for their stakeholders. Benefit brokers, whether differentiated by size or level of sophistication selling voluntary products, have different needs. Many basic benefit brokers are looking for voluntary products that are provided on a “group platform” (i.e., not portable, attained-age, etc.), while some voluntary benefit brokers need additional products beyond core, as well as sophisticated enrollment capabilities.⁵

5. Eastbridge Consulting: *The New Benefit Brokers and Worksite Carriers—Who's Winning the Battle?* (2011)

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The key to delivering the optimal voluntary experience is now becoming more about delivering on the entire end-to-end user experience — from the producer’s, employer’s and employee’s perspective. This means that support elements like education on the need for the product and multiple channels to access, enroll and administer benefits will be key to participation and employee confidence in their benefits selections.

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Ultimately, this confidence should allow for greater satisfaction and engagement with the employer, making the voluntary offering a success.

SUMMARY

AN INTEGRATED, END-TO-END VOLUNTARY APPROACH BEYOND PRODUCT AND PRICING BETWEEN ALL STAKEHOLDERS WILL HAVE THE GREATEST IMPACT ON ENGAGEMENT WITH VOLUNTARY BENEFITS.

Many employers now understand that voluntary benefits will play an important role in providing meaningful options for employees. These employee-paid benefits will also:

Help employees minimize the risk of potential out-of-pocket costs associated with higher deductible health plan requirements

Provide everyday expense coverage when needed most

Provide choices to employees so they can best meet their individual needs

Allow employees to be more in control of and confident about their health care decisions

Bring a level of satisfaction in the overall benefits package that will engage workers

Guardian’s VoluntaryWorks portfolio of products, along with our enhanced services and support (pre- and post-enrollment), helps provide comprehensive benefits and maximizes employee benefit participation, all without direct cost to employers.

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To view Guardian’s entire
Benefits and Behavior: Spotlight on Voluntary Benefit Trend
study, please visit www.aboutemployeebenefits.com.