



What Makes You Different?

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“Let your current broker show you everything else in the market, I just want to show you one thing”.

How would you like to walk into a prospective client’s office and make that statement? It speaks confidence and it builds instant credibility that you are a person who knows something the current broker may not know. It will get your foot in the door.

Ask yourself a couple of questions.

- What type of salesman am I...an order taker or consultant?
- Would I stand out in a room full of my competitors?

You need something to set you apart from your competition. A portfolio full of yesterday’s solutions won’t cut it when you are working with small employers who are facing today’s realities.

Order taker or consultant?

Allow me to ask this another way: Are you in business to do exactly what your customers want and nothing more? Or will you be the person who will help your customer figure out what’s in the client’s best interest and make it happen?

Small employers have been faced with more than 10 years of double-digit rate increases. Each year employers have to make the decision to lower the benefits, pass the extra cost on to the employees or eliminate the health plan altogether. Employers need you now, more than ever, to be an expert and lead them in the direction that will provide relief.

Step one is to break down the situation. 50-70% of the members in any size group do not use the health plan in any given year, or they use it so little that it doesn’t make sense to pay high premiums for co-pay or traditional plans. You can show the employer how to take advantage of that fact.

The next step is to address the benefits. If the employer is stripping out benefits, it is hurting the 4-7% of the members who have a chronic illness and use the plan regularly. Once you show the employer how to lower the premium as I mentioned above, you can address how to improve the benefits.

What’s the solution? Health Reimbursement Arrangements (HRA) and Medical Expense Reimbursement Plans (MERP) which can be packaged in different ways to fit your client’s specific needs. When you become familiar with the mechanics of a HRA/MERP plan, it will be an easy concept for you to deliver. As a consultant you will show the employer how to take on some of the risk and responsibility of providing benefits in a new way. The end result will give your client a group health plan that saves the employer 30-50%, gives the employees benefits they have grown accustomed to, makes you an expert in your industry, and sets you apart from your competition.

How does it work?

Using the HRA/MERP solution you will show your clients how to put in place a high deductible health plan and partially self-fund benefits accordingly. Typically, the self-funded benefits are customized to mirror what the client currently has in place, but with your guidance and the right administrator the client can create its health plan in any way it desires.

By moving the small employer client to the high deductible health plan, you cut the health plan premium by as much as 60%. It is from the premium savings that an employer is able to pay for any claims that may be incurred by an employee. The employer can rest easy at night knowing that its maximum liability is capped by the high deductible health plan and it will not self-fund any more than the deductible minus the employee benefits for any one risk unit. Take for example a client who selects a \$2000 high deductible health plan. The client then wants the employees to have a \$250 deductible and the client will self-fund 80% of the remaining \$1750. This leaves the client with a meager \$1400 in liability. If one of the employees ended up in the emergency room with a severe medical problem, the client would not pay more than \$1400. The insurance carrier will then cover all charges incurred for the remainder of the calendar year.

The research continues...

All of this can be administered using a Third Party Administrator (TPA) which specializes in HRA and MERP plans. When qualifying a TPA for your clients there are things you should look for and questions you should ask.

How long has the TPA been in business? There are many obstacles to overcome in order to provide a properly administered plan. A good TPA has met those obstacles and pushed through.

Does the TPA offer options or is it just a simple reimbursement plan? The easiest path to take as a TPA is to offer reimbursement plans. This means that when a member goes to the doctor or pharmacist, the member pays the provider in full for the services then waits for a check to come back from the administrator for reimbursement. This would be a good option if the members could afford to pay 100% of the cost up front. How many members can afford that? Assuming the member cannot afford to pay in full each and every time they visit a doctor or pharmacist, a co-pay option is typically preferred.

How are claims paid? It takes a seasoned TPA to work this method out so that it is seamless for the client. Some reimbursement TPAs will process the claim and send the reimbursement to the member as I stated above. If the member paid in full, this method could work out fine. However, if the member did not pay in full, still owes for services, and receives the reimbursement check then what is the probability that the member will cash the check and actually use the reimbursement to pay the provider? In many instances the provider ends up sending the member to collections for lack of payment. Other TPAs may process the claim and send payment to the employer, which works, but the employer then needs to forward that check to either the member or the provider. Some TPAs will offer to process the claim and send payment to the provider. An experienced full-service TPA will have the capability to offer all of the methods shown.

How are the fees for administration determined? You know the saying, "you get what you pay for" typically plays true in most scenarios. Do your research and find out where the value lies. Some TPAs will offer to administer the plan for \$5 less than the guy next door and some will advertise that they offer the lowest administration fee only to find out it applies to every member and dependent. If you really dig in you will discover that the advertised fee is less because the TPAs services or capabilities are less and that the claims cost to the employer will actually be higher than it would be with a full-service administrator.

These are a few key points to consider when doing your research. The small employer client depends on you to know these answers in order to guide them in a direction that will keep them in business and allow the client to offer a competitive benefits package.

The result...

Becoming known as a consultant or resource is not an easy thing. It takes years of persistence and continuous effort, but it will be clear to everyone, including your competition, once you have reached that point. Small employers will begin to approach you and ask for your help with their benefits...not the other way around. Remember, it's about being different in ways that provide greater value to your client, not just being different. Offering these plans will give you the confidence to walk into your prospects office and say, "Let your current broker show you everything else in the market, I just want to show you one thing".

Stacy Morris, CEDS, is the Director of Marketing for BEN-E-LECT. Under Stacy's direction, BEN-E-LECT created the concept of Employer Driven Benefit Plans ™, implementing strategies which put small employers in control of their group health plans, lowering cost without reducing benefits.