

## **How Voluntary Benefits Relieve Anxiety**

Have you noticed how rising costs of health insurance are at the top of business owner's and benefit manager's minds these days? It is also a concern as to the impact it is having on their bottom line. A slow employment recovery and new economic stresses continue to weigh heavily on employers and employees alike.

Americans define themselves by the work they do, more than any other population, according to a March 2004 report by NPR work/life commentator Joe Robinson. Today many Americans put in over 50 hours per week. Many workers are doing the job of two or three people in downsized companies.

Many HR professionals I have dealt with certainly relate to wearing many hats. During the Dot.com explosion in the 90's many companies were racing to attract and retain employees with rich benefit plans. However, that has all changed today, many employees are skeptical and even cynical about new promises and coverage's offered. While they are willing to make trade-offs, they're going to need help making the connection between pay and other forms of compensation. This is where communication is so critical. The old adage of handing out packets of information for the employee to take home to make a decision is out dated. The HR department and the Insurance Broker/Agent need to work together in demonstrating how all compensation components work together and show their collective value in the near and long-term. Because employees are bearing the full cost of the Voluntary Benefits, they (employees) expect more from brokers and company representatives during the enrollment phase.

According to the Kaiser Family Foundation, worker's average monthly contributions to premiums for family coverage alone more than tripled to \$174 in 2002 from \$52 in 1988. Even though employees are being asked to contribute more, they are still interested in supplemental benefits as part of their total financial plan. According to Eastbridge Consulting Group's fourth annual U.S. Worksite Study (2003) disability insurance, life insurance and health products are responsible for 100 percent growth in worksite sales over the last five years.

So why such an increase in voluntary coverage's, I feel that businesses are constantly evolving and trying to figure out how to manage and control health care cost. In doing so we are seeing higher deductibles, and less coverage in the health plans themselves. With that said, there are several hot buttons that can contribute to heightened interest from employers and employees.

Interestingly enough, we are finding that employers are now looking at voluntary benefits for themselves to address the financial challenges in the event of a medical situation. One such area is in Disability insurance. Owners, especially small business owners are looking at Disability coverage to help keep the business opened in the event they become disabled and unable to work. And in so doing, are making it available to the employees as well as a voluntary benefit.

So how receptive are employees going to be with voluntary plans? That depends on the corporate culture and the employee sentiments. A lot of this depends on recent layoffs, and or mergers, which have a potential to upset employees. Another issue will be how much employees pay for health benefits. One area where Voluntary Benefits can be valuable is to those working a permanent part-time position. These employees are often covered by a spouse or just don't qualify for medical coverage, they would qualify for voluntary benefits and would be willing to protect their families if given the choice.

How would an Owner/HR professional find out the interest of the employee in these types of programs? I recommend offering an employee survey or maybe a mock enrollment to see if the interest is there. One way that I have done this is to have the employer gather 5 individuals of their choosing. I would then do a mock enrollment and if the majority agreed these were of value to them and they would participate, we would then schedule to have an open enrollment for the whole company. The key to a successful implementation of voluntary benefits is communications.

*David W Ranck is CFO for ARS Solutions, Inc. They help employers and individuals find solutions to health coverage and other benefits in an ever-changing world of insurance. Mr. Ranck can be reached at [dranck@ars-solutions.com](mailto:dranck@ars-solutions.com) or by phone at (888) 463-8258*