

Seven Deadly Enrollment Sins

With the recent rate hikes for health insurance coming on the heels of previous rate hikes, it is no wonder that more and more firms are exploring the value of offering voluntary programs. They represent a win-win for employee and employer alike from a coverage and financial perspective because employers have found that they can provide enhanced coverage and better rates to employees by payroll deducting and save money by placing the benefits on pre-tax basis.

I have a confession. I keep a running list of terrible voluntary benefit enrollment practices -horrible mistakes committed by agents and business owners alike. It's a two way street, new agents desperately need the commission and sometimes resort to aggressive sales tactics. This aggressive approach often results in high cancellations shortly after the enrollment and creates a data entry nightmare for the payroll clerk.

Business owners are also not immune from creating their own problems. They take the term "voluntary" literally and post a note in the cafeteria; "If you want more insurance, stop by the human resources office between 8-5". They must believe that all employees understand voluntary insurance, and if they want it, they will "volunteer". Unfortunately, few employees spend their spare time designing their own benefit plan without an understanding of why they may want to consider their options.

A good agent will try to explain that it is not in the firm's best interest to handle benefit communication in this way, but some owners "know more" than an experienced agent. Fortunately, many of these owners have seen fit to hire someone to run their human resources department and an experienced human resources manager can often coach them to have an introductory meeting followed by a personal Q and A session with an agent.

But I've hit a snag. You see, I am having a heck of a time keeping up with all the voluntary enrollment sinners. The list of offenders is too long. There are simply too many agents or business owners who seem hell-bent on driving their employees and clients away. You can't get to voluntary benefits heaven if nobody will do the enrollment correctly. I want you to succeed. So I offer you these commandments, this list of voluntary enrollment sins you must never be guilty of committing:

Here is the list of Seven Deadly Enrollment Sins;

- 1. Believing that Voluntary Benefits Means *Voluntary Education* By The Employee.**
By that I mean every employee should be given the opportunity to read about the policies in advance and ask questions in a private setting with a qualified agent. If they don't attend an orientation meeting that outlines the programs, employees will not be in a position to decide whether *any* policy makes sense. If each employee isn't given an outline of the coverage offered in advance, they are unlikely to be able to ask intelligent questions when they meet with the agent in private. Make sure that your employees are armed with the knowledge of the plans. If they don't want the plan, employees are smart enough to say, "no, thanks" when they meet with the agent. TIPS: Schedule the individual meeting with the agent in a private setting, many employees are reluctant to ask personal questions in a cafeteria or open setting where they can be overheard. And, if you are pre-taxing, you should have the agent get a waiver to show that your firm is in compliance by offering the plan to EVERY employee.

2. **Failure to Check Out Billing Procedures and Administration.** Here are a handful of important questions to understand;
- Does my agent collect money with the application? We suggest that the answer should be “no”.
 - How flexible is the carriers’ employee-billing format?
 - Can the carrier sort by department, employee number, etc.?
 - Can I just make adjustments for terminations, deletions and other changes on the invoice itself? We suggest that the answer should be “yes”. (Bonus points if you can do it over the web.)
 - How many modes of billing does the carrier have? We suggest that the answer should handle your payroll mode, annual, semi-annual, quarterly, monthly, bi-weekly, bi-monthly, weekly or what works for you.
 - Is there a toll free number for administrators and policyholders to call? (Bonus: Is it in my employee’s native language?)
 - How many PARTICIPATING employees are needed to create a group?
 - Are there a minimum number of employees or percentage requirements?
 - Does the carrier offer consolidated billing?
 - How many payroll slots does your company have?
3. **Not Considering the Depth of Products Offered by the Carrier.** It is nice to mix and match the best voluntary benefit packages, but balance your menu with the realities of your IS department and consider the number of agents that you will be introducing your employees to. The number of payroll slots and whether the carrier offers consolidated billing can be key issues when deciding. Even if you select one carrier, it is important to consider how many products you will be offering. A confused mind says “no”. Resist offering too many products at once.
4. **Not Asking How Long They Have Been in the Business.** Not the carrier, but your local agent. It blows my mind how many corporate HR managers don't ask for information that will demonstrate competency by the agent. What is my escalation procedure if I have a problem? Get these phone numbers now, and get them three levels deep if you can.
5. **Not Checking Their Insurance Rating.** Moody’s Reports just issued a bulletin about the capital adequacy of many insurers. In this economy, "some downward rating pressure on the industry is likely to occur if recent trends persist." Each state insurance board should have a listing of carriers and the number of complaints as well as financial rating. Don't simply accept that “We are dedicated to the voluntary benefits industry”, several carriers were, right up until the day they decided not to accept anymore payroll deduction applications.
6. **Not Checking The Underwriting Complexities.** Are there exams required? How will this delay the enrollment? Try to arrange for simplified issue or even guaranteed issue.
7. **Not Checking Claims Processing. How Efficient is the Firm When Paying Claims?** Hello? Isn't this the most important feature of any insurance program? I didn't put it last because it is the least important, I put it last so it will be the last thing that you remember. If you are really interested in offering plans that will assist your employees, you must choose a company that pays claims fairly and quickly. Find out if the carrier has a claims committee that will appeal or review denied claims. Look for firms which have committees that look for legal reasons to PAY claims. In the long run you and your employees will be much happier.

Send us your list of top sins, and sinners. Which agents and firms would you like to send to hell for sinning against us all? Send your nominees to feedback@thebenefitnetwork.com.

You can't use the Clinton defense and redefine "sin." No getting around it -- these are seven things that will send your enrollment straight to the hot place. Check them now, or you are digging your own grave.

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