

February 2011

# Voluntary Benefits Magazine

Official Magazine of the  
Voluntary Benefits Association

**You Can't Make A  
1099 Do Anything!** Pg 10

**Your Business Plan** Pg 15

# Executive Benefits

**Protecting Higher  
Earners' Income** Pg 06



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FOLLOW  
US ON:



## **Asleep at the wheel of the Voluntary Benefits Industry**



I feel like almost the entire industry has fallen asleep at the wheel. One of the most critical and important times for the Voluntary Benefits industry is upon us. Healthcare Reform crushes health insurance agents across the country, putting many out of business now, and a good portion out of business in the future as their business slowly dries up. I haven't seen many voluntary benefits carriers stepping up the plate and pouncing on this opportunity to bring agents and employee benefits consultants into their hands. There has been no increased education, marketing or initiatives.

The industry has an opportunity to get thousands of new marketers of voluntary benefits, and ones that would be extremely passionate with existing books of business. But instead of throwing a net out and catching these agents and consultants, utilizing their current book of business and showing them how to make revenue through voluntary benefits, everyone is just watching these people leave the industry. How many billions of dollars in lost opportunities is the industry doing? What carriers have done webinars, workshops, etc to educate these agents/consultants? How many more will leave the industry because no one has approached them. A famous phrase we all know is, "Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime." That should be changed to "Give a starving health insurance agent/consultant voluntary benefits and feed his/her business for a lifetime." Come on, let's wake up and see some activity from the carriers, MGA's and enrollment firms out there.

Jonathan Edelheit is Editor-in-Chief of the Voluntary Benefits Magazine, the first dedicated magazine for voluntary benefits and worksite benefits with a heavy focus on employers, agents and consulting firms.

Mr. Edelheit is considered an expert in US healthcare and formerly ran a national healthcare administrator where he implemented many cutting edge healthcare programs and voluntary benefits. Mr. Edelheit has been featured or mentioned in hundreds of magazines and newspapers throughout his ten years and last February was featured as a visionary in US healthcare by Executive Managed Healthcare Magazine.

Mr. Edelheit works with large US health insurance companies, employers, health insurance agents and consulting firms in areas of implementing new cutting edge healthcare programs and add-ons into their group health insurance plans. Mr. Edelheit is also an Editor and Assistant Editor of three other major US and international healthcare magazines. Mr. Edelheit also organizes the Employer Healthcare Congress, [www.employerhealthcarecongress.com](http://www.employerhealthcarecongress.com) one of the largest US healthcare conferences each year along with the Voluntary Benefits and Limited Medical Conference, [www.voluntarybenefitsconference.com](http://www.voluntarybenefitsconference.com), which



Jonathan Edelheit





# Executive Benefits Protecting Higher Earners' Income



By Cynthia Smith

A company's top-tier talent is an integral component of its business success. In order to retain these valuable employees, most organizations compensate their executives and other high-performers at a higher level than the general workforce. In addition to salaries and bonuses, benefits play a critical role in maintaining satisfaction among these high earners – one that many employers could leverage more effectively via voluntary benefits.

Nearly half of full-time employees surveyed in an annual employee benefits trends study who make \$100,000 or more a year say

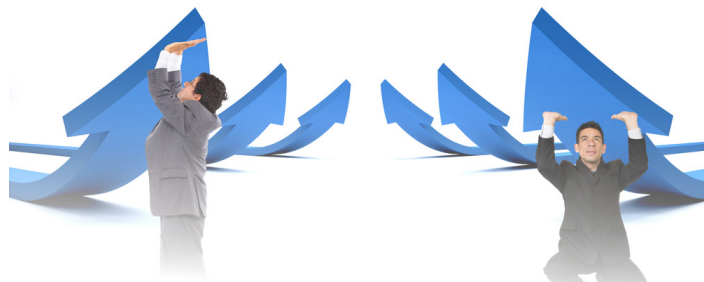
their benefits are the foundation of their financial safety net. The research collected also reflects that these higher earners are more likely than other employees to cite the benefits they receive at work as a reason they came to work for their current employer (47% vs. 31%) and a reason for remaining (51% vs. 40%).

In spite of the value that highly-compensated employees derive from their benefits, basic employer-sponsored group benefits may not provide enough income protection for their unique needs. For example, group long-term disability plans typically cover a percentage of an employee's base salary before tax, but they often do not cover

incentive compensation such as bonuses and commissions, and they also typically have a maximum benefit cap. Similar limitations exist when it comes to life insurance, as the coverage needs of the highly compensated may often exceed group plan maximums.

While higher earners may seem less susceptible to financial hardship due to their bigger paychecks, they are far from immune to the effects of an unexpected incident like an accident or sudden illness. According to a “Money on the Sidelines” poll, released in November of 2010, more than one-third (35%) of investors with more than \$200,000 in investable assets had to borrow funds from various sources – including credit cards – to pay for an unexpected expense of \$2,000 or more in the past year.

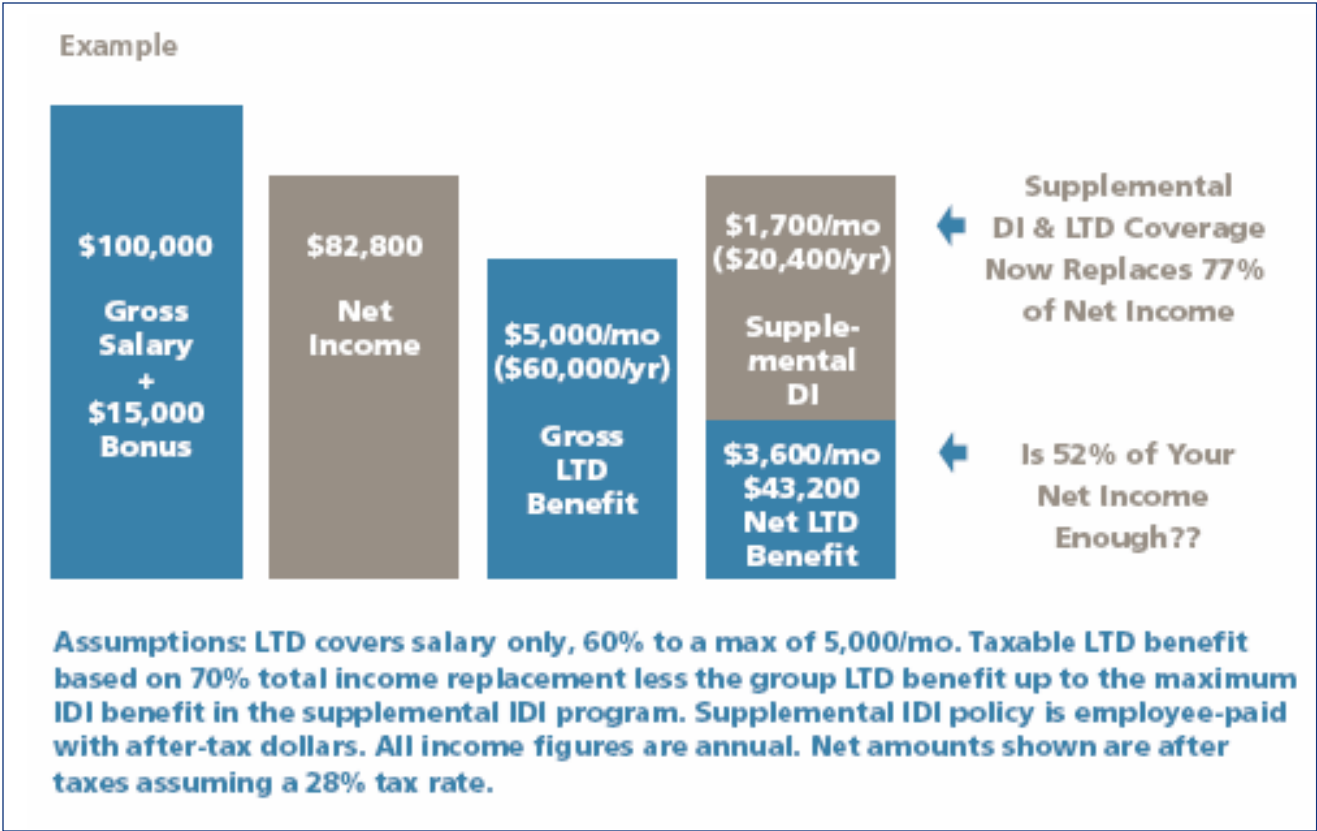
Employers looking to enhance the financial protection that’s available to their high earners should consider implementing a carve-out program that specifically addresses high earners’ needs without affecting the overall group benefits plan. Two examples of such solutions are Individual Disability Income (IDI) insurance and Group Variable Universal Life (GVUL) insurance programs, both of which can help satisfy the unique income protection needs of highly compensated employees and increase job satisfaction and loyalty without straining a company’s benefits budget or resources. Currently, a large percentage of U.S. companies do not provide any executive benefits as a carve-out to highly compensated employees only (49% of all employers surveyed in connection with MetLife’s 8th Annual Employee Benefits Trends Study, and 62% of employers surveyed with less than 1,000 employees). There is an opportunity for companies of all sizes to explore a greater variety of options to help their high earners achieve a greater level of financial protection.



## Individual Disability Income

Combined with a group long term disability plan, an individual disability income (IDI) policy offers highly-compensated employees the opportunity to insure income beyond the group plan maximum. At the employer’s discretion, IDI also covers other sources of compensation such as bonuses, and has the added advantage that if an employee pays premiums with after-tax dollars, the benefits received are tax-free. IDI programs can often be implemented for as few as five employees and the premium can be paid as a bonus to the employee. Implementing the IDI program is relatively easy; it can be issued with limited underwriting, may require no medical exams, and include a simple application process. Moreover, policies issued under the IDI program (and any premium discounts) are portable and coverage can often be customized with options such as a cost of living adjustment and/or a catastrophic disability benefit.

To illustrate the value of an IDI policy for highly-compensated employees, consider the following hypothetical scenario. If Jane Smith had an IDI policy that provided a tax-free benefit of \$1,700 per month (\$20,400 per year), this, when combined with her after-tax group LTD benefit, would result in a total disability income replacement of \$5,300 per month (\$63,600 per year), or 77% of her pre-disability net income – helping to replace a greater percentage of her net income.



**Group Variable Universal Life Insurance**

Much like the example illustrated for disability insurance, significant limitations exist when it comes to life insurance for high earners. The coverage needs of highly compensated employees are significant and may exceed group plan maximums—especially as nearly half (43%) of group life plans have maximums of less than \$500,000 (Hay Group 2009 Benefits Prevalence Report).

Group variable universal life insurance (GVUL) is an enhanced life insurance policy offered to highly-compensated employees with unique income protection and estate planning needs. In addition to life insurance coverage, GVUL offers these employees a tax-advantaged investment opportunity, which can be especially useful for those who have “maxed out” their qualified savings programs such as 401(k) or other defined-contribution plans. The GVUL

product allows high earners an additional means to accumulate money for retirement, medical expenses, a child’s education, or savings for the proverbial “rainy day.” Like IDI, GVUL can be offered as a group carve-out without affecting group term life policies for other employees.

**Additional features of GVUL include:**

- Permanent and Portable – Programs are typically portable, so employees can take the policy with them when they retire or if they leave employment with their company. (Some plan designs allow the insurer to discontinue an individual’s GVUL policy if the employer chooses to terminate the group GVUL contract.)
- Contributes to Retirement and other Savings – Employees have another tax-efficient





means to save for retirement and other future needs. This may be especially helpful for those highly compensated employees that are already contributing the maximum dollar amount allowed by law to their 401(k) plans.

- Access to cash value prior to age 59<sup>1/2</sup> – Employees can access the cash value of a GVUL policy prior to retirement, generally without penalties or surrender charges. (Withdrawals do reduce cash value and the death benefit.)
- Provides solutions for two risks within a single product – The life insurance component protects against the risk of premature death, while the optional investment opportunity provides a means to accumulate assets to help mitigate longevity risk.
- Fills the coverage gap – Allows highly compensated employees access to greater coverage amounts that may not be available through the general employee offering.

By establishing voluntary benefits programs that address the specific needs of highly-compensated employees, companies can better address the unique protection needs of their top talent pool. When employees are confident that they and their families are properly protected from financial risk, they may enjoy peace of mind and are likely to be more focused and more productive at work, which is likely to drive positive business results. Furthermore, executive carve-outs can deliver higher employee satisfaction with limited monetary and resource investments in comparison to many other benefits. Providing additional protection for higher earners' income via individual disability income and group variable universal life insurance can help companies keep their top talent satisfied, and in turn keep their businesses running smoothly.

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#### About the Author

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# You Can't Make A 1099 Do Anything!

by Darren Sugiyama

Have you ever heard an insurance agency owner say this? It's true.

You can't make a 1099 do anything. However you can inspire a 1099 to do a lot. I built a \$37 million insurance agency in less than seven years, using a producer force exclusively comprised of independent contractors. So how was I able to recruit, train and inspire a sales force of 1099s? There are three main rules I subscribe to regarding the way I manage the producers at my agency.

## **Rule 1: Treat them Like Partners, Not Employees**

One of the biggest mistakes I see agency

owners make regarding trying to manage Independent Contractors is that they treat them like employees. They're NOT your employees. If you treat them as such, it's like trying to herd cats. It's impossible.

Plus, they'll resent you for it because they (just like you) became an Independent Contractor because they didn't want to have to answer to a boss. You're not their boss, and if you want to argue that point, you'd better hope the Department Of Labor doesn't catch wind of it, or you'll be paying heavy fines and penalties in the tens of thousands of dollars.

Even if you're paying for their overhead, technically, you're still not their boss; so stop treating them as such. What you are is a resource for them.



You've got to treat them as business partners. In a business where you both have skin in the game, which is what you have in a 1099-driven insurance agency, you are essentially partners in the deal.

You've got to create an environment where it's easy for them to succeed, because when they succeed, you succeed. The easier you make it for them to be successful, the more revenue they'll create, which ultimately, is how you make a living as an agency owner.

I know a lot of people are surprised to hear me say things like this because I have a reputation of inflexibly enforcing rules. I'm not inflexible in the sense of being the boss. What I really am is a clarifier. My job is to clarify to my producers what the end result will be, based on the actions they're taking.

In fact, in my quarterly planning sessions with them, I have them set their own goals. I don't have sales quotas in my agency. I let each producer tell me what their goals are, and I help them formulate an action plan around the goals that THEY set. As great a motivator as I've been told that I am, the reality is that I've never been able to successfully guilt or convince someone into producing more, at least not long-term.

I've heard of agency owners talk about how they don't put up with below-average producers, and how they come down hard on their people when they're not producing enough. All you have to do is look at their producer retention, their agency's gross revenue, and the morale amongst their producers, and you'll see that their rule-by-the-iron-fist philosophy doesn't produce long-term agency success. You've got to make your producers feel special.

Does that sound touchy-feely or what? I know, I know... but people, like it or not, ARE touchy feely. You need to be smart about how you treat your people. You'd be surprised at just how emotionally sensitive people are. The

moment they feel that you're not on their side, they'll lose faith in you, and the more time that elapses where they feel like this, the more they will distance themselves from you.

Ultimately, they will quit... and it will be your fault because you didn't lead them in a way that they needed you to. I know what you're thinking right now. It almost sounds as if the tail is wagging the dog, right? Hey, I know the feeling of frustration, probably more so than you do... and I have the same feelings that you do about this, believe me.

But here's the problem: If you're not able to get enough of these less-than-perfect people to produce business, feel good about you as a leader, feel good about your work environment, and make it easy for them to succeed, they will probably fail. And as much as you know in your heart of hearts that it's not your fault, you have to ask yourself, "What will the end result be if this continues to happen with all of my producers?"

You'll have no producers left, no premiums generated, no long-term clients, and you'll be broke. How do you like these results? So you see, even if you're right, you're the one that ends up suffering. Treat your producers like valued business partners, and jump in the trenches with them from time to time. This is how you win over their hearts, and they'll love you in the process.

## **Rule 2: Never Criticize Them.**

Have you ever criticized someone repeatedly and had your relationship with them get better? If you think you have, then you're totally ignorant. People do not respond well to criticism. They get defensive, and ultimately, they'll stop communicating with you. They will shut down and shut you out, resulting in them eventually leaving your organization.

So how do you get people to see the



errors of their ways? You must Teach From Stage. Teaching From Stage means that you teach certain principles in a group setting. When you're having a group staff meeting, or when you're doing a producer training with multiple producers, you can criticize certain types of behavior, without criticizing specific people. You can be adamant about how to run your business process and system in a group setting, but do it from stage... and never, ever, ever, criticize individual people.

When going over a producer's production level, keep the conversation focused on numbers, not general feelings. All you want to do is review their numbers. That's why it's so important to track both activity results and production results. You've got to have a business system where you and your producers agree on a production goal.

Let them set their own goals when it comes to production. Remember, they're an Independent Contractor, which means they're technically in business for themselves. You are a resource for them to use. Once they tell you what THEIR production goals are, you must design an action plan for them, specific to the goals that they set for themselves.

In other words, in order for them to produce X, you must be able to tell them what level of activity (ie: number of phone dials per week, number of appointments booked per month, etc.) they need to have in order to realistically reach their goal.

Now, the beauty of this goal setting process is that THEY are the ones that set the goal, not you. This means that they're taking ownership of their goal, and you are perceived as the mentor that is helping them attain that goal for THEIR benefit, not yours. Once you're in this role, your people will trust you more, thus leading them to be more loyal to you because they feel like you have their back. That's the type of relationship you want to develop with them. They should feel like they can come to you for anything. You're their coach, their confidant, and

their leader.

So once these goals are set, and the action plan is put in place, the one-on-one evaluation meeting is easy. Have them tell you about their activity level and their production for the quarter (you should both be looking at the same production report print out), and ask them, "So how do you feel about your numbers?"

Notice, I didn't say, "How do you feel about how things are going?" I specifically asked them how they feel about their NUMBERS. Here's what happens: If they're hitting their production goal, they get to tell you the good news. They get to tell you how well they're doing and how they're tracking perfectly. This is like a kid coming home with a report card to show his parents he's getting straight A's. It's a time of celebration and validation... and of course, you get to congratulate them. They're seeking your approval, and you're giving it to them. This makes them feel proud and empowers them.

### **Rule 3: Let Them Evaluate Themselves.**

Let your producers criticize themselves so you don't have to be the bad guy. If you have a producer that isn't hitting their numbers, they already know it. You scolding them for it isn't going to help the cause. That's what's so great about consistent production reports. They can't escape the numbers, and the numbers don't lie.

So when you review their production numbers together, and you ask them how they feel about their numbers, they'll criticize themselves. They already know they're messing up. Just listen to them. They're probably embarrassed, and they're expecting you to criticize them, so they're already filled with anxiety.

When you don't criticize them, and you just listen to them, they feel like you're being supportive, and therefore trust is built on a deeper



level. You must keep the lines of communication open with your people, always. When you let them self-evaluate, they're going to be harder on themselves than you were going to be on them, which is exactly what you want.

They'll tell you what they're doing wrong, activity-wise. This is an opportunity for you to help them redesign their action plan for the upcoming quarter. Again, they're empowered by this process because THEY'RE the ones that are setting their goals.

Now, when it comes to activity (or lack thereof), they're going to spill their guts to you and tell you how bad they're messing up, and how they're going to work harder next quarter (in most cases). Just listen to them and be supportive, because the reality is, they're going to do whatever they're going to do, regardless. You might as well make them feel like you've got their back.

### **Being Right Versus Being Happy.**

I remember watching TV several years ago, and hearing a relationship counselor pose the question, "Would you rather be right or be happy?" Being the Type-A personality that I am, I thought to myself, "If I'm right, then I'm right." The counselor, knowing that most strong-minded

people would respond similar to me, said, "Yeah, you may be right, but if you're miserable, what good is it being right?"

This made sense to me, and made me think not only about my relationships, but also my role as an employer. If you're sales force isn't producing, or worse yet, they all quit, what good is it being right? The key is to create an environment where your people like you, trust you, and are loyal to you... and ultimately, produce results long-term.

The only way you can accomplish all of these ideal scenarios is to treat your producers like partners instead of employees, never directly criticize them, and let them evaluate themselves. Do these three key things, and you've got a legitimate shot at building an army of loyal producers.

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### **About the Author**

*Darren Sugiyama founded Apex Outsourcing Insurance Services in 2003, and has led Apex to being the most sought after firm in Southern California. By 2009, Apex was writing over \$37 million in annual premium, almost solely focusing on small employer groups of 10 – 20 employees. Visit his website at [www.DarrenSugiyama.com](http://www.DarrenSugiyama.com).*

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# YOUR BUSINESS PLAN



**by David Cheek**

J.C. Penny once said, “Give me a stock clerk that has a goal and I’ll show you an individual who will make history. Give me a salesperson without goals and I’ll show you a stock clerk.” If you are like most people, by this time of the year, your New Year’s resolutions are simply an afterthought. Oh, I know you really wanted to lose those extra pounds that you have slowly gained over the years (or during the Holidays and playoff football games), or any other goal that you set for yourself towards the end of 2010. Well, when it comes to your business, it’s never too late to re-evaluate your goals and put together some strategies to accomplish them. So, let’s get started.

There are many articles and books that talk about how to set goals, rules of goal setting, what kinds of expectations you should have regarding goals, etc. So, let’s keep it simple, and, if you will open your mind and use a little imagination, I’d like to share with you a few ideas about goals. First and foremost, write the goals down and put them where you can see them, everyday! A goal is a lot like selling - out of sight, out of mind. You are more likely to accomplish it if you are constantly reminded of what the objective is.

Secondly, be very specific in your goal. Have you ever set, or read a goal, that looked like, “My goal is to lose weight”? Or how about, “My goal is to increase my income or make more commission”? One that I have



heard many times over the years is, “My goal is to spend more quality time with my family.” And although, all of these are very good goals, there are several components missing. One is specificity. For example, how much weight in exact pounds, or how much of an increase in income in percentage or actual dollars, or how much time per week, month, year and whom in the family? The other component missing, which brings us to our third idea, is a deadline to reach or obtain the goal. For example, “I want to lose twenty pounds by the end of April of this year.” Or, “My goal is to make \$100,000 in commissions by the end of December, 2011.” If your goal does not have a specific deadline, it could go on forever.

To be as brief as possible, I’d like to share two additional thoughts with you about goals. One, you have to be very honest and ask yourself, “What is the **pain** of not achieving this goal?” And that pain has to be extremely great, or you will lose interest and desire, and the goal will become like most New Year’s resolutions – gone. Let’s use the income example that I mentioned above. Let’s say you want to purchase a home for whatever reason. You’re very tired of throwing money away on rent, or you want to upgrade to a better school district for your kids. The pain of not achieving your goal of making \$100K in commissions will prevent you from moving out of that apartment or putting your children into a better school system. Again, that pain needs to be, dare I say, *very painful*.

Lastly, share your goals with someone you respect who can (and maybe should) get “in your face” every now and again. Knowing that someone else recognizes your goal, what and how you plan to accomplish, will help you stay accountable. Call and/or meet with this person at least once per month for the sole purpose of talking goals and determining how you are



doing with them.

Okay, now that we have some basics down regarding goals, in addition to being a healthcare professional in the Limited Medical space, I am also a speaker and published author. And one of the topics that I’m asked more than most is my seminar on “Business Plans”. Ironically enough, it has to do with goals. So, get your pen and pad out and get ready to have the best year financially that you’ve ever had, by applying a few principles of the business plan.

Any business owner, small or mega-large, will tell you that the most important document in their desk is their business plan. It is the roadmap of their business and upcoming year. And it typically has three components.



One is an honest evaluation of the previous year. Secondly, it lists the goals and objectives of the coming year, based on the criteria that we outlined above. Lastly, and most importantly, it contains a detailed and measurable implementation schedule on how to achieve the goals. So, allow me to walk you through your business plan.

Although it is already Spring, the best time to do a business plan is in December because of the components in the previous

paragraph. But it is never too late to do one. As I said earlier, the first component is an evaluation of the previous year. Think about each and every aspect of your business. Let's say that you are a broker or agent. Write down the pros and cons of every product, from every carrier, that you did business with in 2010. If you specialize in group voluntary benefits, and that is the bulk of your book, but sold 6 individual life or annuity products during the year, ask yourself, why. "What motivated me

to take the time and effort to move away from my specialty and sell these products?” Was my time and effort worth it? Were the carriers that I sold, the best in the marketplace, or should I have researched it more? And if so, do I need to re-evaluate my priorities going forward? Use a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis with this.

To continue with the evaluation component, think about your competition. If you are a carrier representative, for example, how does your company and product match up with the competition? How are you and your company different from your competitors? With these and all questions, you must be very, very honest with yourself.

The second component of the business plan is to set your clear and precise, with a deadline, goals and objectives for the coming year. Write down the annual, monthly, and/or weekly production and/or activity goals that either you or your boss gives you. Again, let's say that you are an agent that primarily sells group limited benefit medical plans. One of your goals might be to write \$600k in annualized premium in the first quarter of 2011, \$400K in annualized premium in the second quarter, \$500K in the third, and \$400k in the fourth, for a total of \$1,900,000 in annualized premium for the year. If you also sell dental, life, and/or other products, you'll want to set specific goals for them as well. You may also have activity goals such as number of phone calls, lunch-and-learns, proposals, etc. that you'll need to set as part of your plan. In addition to business goals, you may also want to include any personal goals that you have for the year. And remember the “pain.”

Now that you have done a thorough evaluation of last year, using the SWOT analysis theory, as well as set clearly defined goals and objectives for this year, it is time for

the strategies on how to achieve the goals. I call this the Implementation Strategy section of the plan. Bottom line, you need to let your imagination go wild! What specific, measurable ideas or strategies do you have to accomplish your goals? You may want to break these down in weekly or even daily activity goals. For example, let's say you're a carrier rep, and one of your goals is to sell 4000 dental lives in 2011. First of all, determine how many of your brokers and agents sell dental. Then determine how often you need to contact (phone call or face-to-face visit) each of them. Next, how many lunch and learns or webinars should you perform during the year to make sure they understand your products. Lastly, how many proposals do you need to do during the year in order to reach your goal?

In addition to activity strategies of direct selling to agents and brokers, you may want to see if you can sign up a GA, or set up a booth at a trade association seminar, hire some captive agents, or convince your company to do a direct mail campaign. The most important aspect of the Implementation Strategy section of the plan, as I said earlier, is to let your imagination go wild!

I will leave you with one last bit of advice. Do not put this great business plan together, and then put it on the shelf until next year. Have it become a working document. Look at it at the conclusion of each quarter, evaluate it, and tweak it if necessary. Make it happen, with passion.

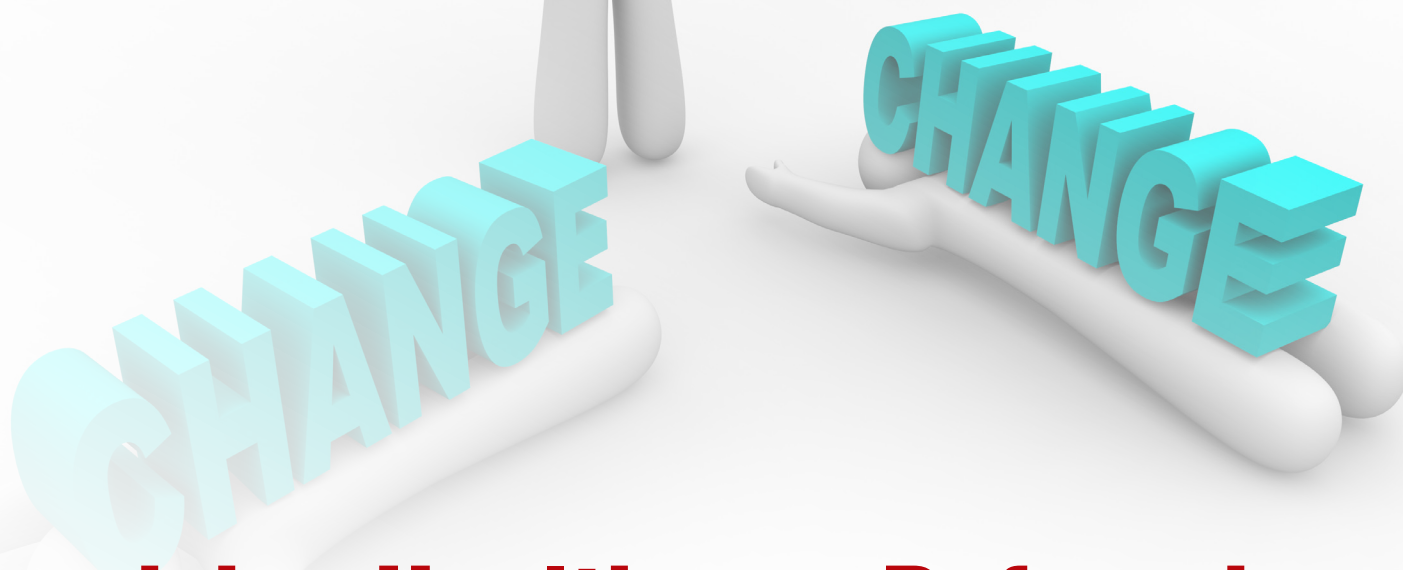
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### About the Author

*David Cheek is the Vice President of Group Sales for Homeland HealthCare, based in Allen, TX, specializing in limited medical employee benefits.*



# ADAPT



## Surviving Healthcare Reform by Diversifying Your Product Portfolio



by Lance Shnider

Over the past 12 months we have seen many changes and new legislation surrounding healthcare reform. But the reality is none of us know exactly

how it will play out for the traditional group health market. Brokers and Agents alike are concerned that commissions may be cut, exchanges may take away from new business

and the broker or agent may be eliminated altogether in some cases. Despite all of this chaos, I have heard from many agents that new and existing business has all but come to a complete halt.

While all of these fears may be a reality, no changes are set in stone just yet. But there is a way to “Hedge your Bets” during healthcare reform! If you are not moving

you are dying in the insurance business. As a successful owner and partner of one of the largest General Agencies and Enrollment Firms in the nation I know first-hand that keeping your product portfolio up to date with the latest products and services available and consistently changing with the market is key to anyone's success. The fact is if one thing is not selling (traditional group medical in this instance) then something else surely is (voluntary products for example).

Our market is not much different than investing in the stock market. Apple stock may be up over 40% this year but I don't have all of my money wrapped up in that one stock! I diversify by buying several different stocks in different sectors of the market. Some money is in cash, bonds and mutual funds. The key is to diversify!

Brokers and agents that learn to diversify will survive health care reform. Those that survive healthcare reform will become more of a consultant than an insurance peddler. They will guide their clients through the maze and advise them how to succeed in healthcare reform and beyond. By diversifying your portfolio, you are creating a value proposition for your clients; a reason for them to use you instead of the competition. Right now existing clients and new prospects alike want advice and guidance. They want to know that you, their broker/agent, have explored the market and covered all of their bases. Not just in terms of their group medical and retirement benefits but also their voluntary disability, life, dental, vision, long term care, section 125 plan, and other benefits that are available to them.

So what can you do to increase more sales within your existing groups, generate new prospects and groups while the market is stagnant and hedge against healthcare reform all at the same time? Look at the products and services that ARE selling right now! Find unique products and services that complement healthcare reform. Diversify your portfolio with Voluntary

Products, Dental & Vision, Long Term Care and Group Limited Medical Benefit Plans. With new guidelines there are a lot of reasons to talk with your prospects and clients about these benefits and why they should act on them now. Don't waste time and let someone else talk to your client about these benefits. Whether or not they are interested they will know you have done your research and that you have options for them.

With a wide range of products and services to offer your clients you will generate a new stream of revenue that will continue to grow even if your group medical commissions reduce. Protect your agency and yourself and ensure you will generate the revenue needed to support your business and your lifestyle no matter where healthcare reform takes us. Smart brokers and agents are following this path already. They are exploring the market and finding the Right products that will generate revenue in these uncertain times. They are diversifying and hedging their bets.

A good business person is always looking at the future, not at today. You may have dozens of prospects on the line, dozens of enrollments already set up for February 1...but what about March 1, April 1 and the rest of 2011? Are you planning ahead? I have never worried about today; I have always planned for the future. I believe it is important to look out for what is going to change and be ready to adjust to it. New opportunities for brokers are always just around the corner, but the more you have to offer your prospects the more opportunities you will find.

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# Coverage When you Need it Most



**by Mark Roberts**

Insurance is betting on the “What if”. Both you and the insurance company are hoping you won’t use your coverage, but it’s great to know that you have insurance if you need it. Utilization scares insurance companies, but consumers know that as long as they are paying premiums their coverage needs to work if they have to use it. Small business owners know they need good benefits to hire and keep good workers. Employers who offer no health insurance benefits have a tough time keeping employees for any length of time. The exception would be if those individuals are covered under personal insurance with other carriers or through a plan with their spouse who works at another company that does offer insurance benefits. When times are tough economically, ancillary benefits usually are the first items eliminated by the boss if he is looking to the bottom line and

is in survival mode. Consumers, employers, and workers all know that insurance, no matter how temporary, is good to have in case of accidents, emergencies, catastrophic medical needs, or ongoing health care issues. Since the principle of having coverage is established, the true test is value versus cost. What gives the best bang for the buck?

Most Americans receive their health coverage through some type of group health insurance. Although large corporations with hundreds or even thousands of employees have the bargaining power to negotiate with medical insurance companies for custom health plans for their workers, the small business owner must still research options and compare prices from multiple providers. Since small business health insurance offers guaranteed coverage to all employees in a given company, it can be



difficult and time consuming for a small business owner to find the best policy. Also, if you are unable to obtain medical insurance through your employer, you should seek coverage under one of many individual health insurance plans available in the market place, according to Health Insurance Finders. Also called **private health insurance**, this type of coverage is ideal for the self-employed and anyone looking for a wide variety of options and pricing structures from which to choose. After group health plans, personal health insurance is the most widely available form of medical coverage. In most states, individuals can be denied coverage for any number of reasons, so it is wise to request and compare more than one quote. The extra short-term effort that's required to apply for individual medical insurance plans is easily worth the long-term savings you'll enjoy.

According to Home Business Center, if you find yourself in the position of shopping for an individual health insurance policy, there are certain things you'll want to keep in mind. Whether you are coming out of a job that covered you before, or are at the end of your COBRA benefits, or simply have never had coverage before, there are things you can do to get coverage for yourself and your loved ones. The thing to know is that group health insurance, whether through a job or an association, is usually much more affordable than buying individual health insurance on your own. First, you need to figure out your health insurance goals; in other words, what are you after? If you're young, healthy as a horse, no dependents and not attempting to climb Mt. Everest next week, you may want to opt for a policy that covers only the catastrophes, and cover the rest out-of-pocket. On the flip side of that, if you're the sole bread winner with a family to support, the scenario is different. If you are the business owner and are starting up a company, then you

have a lot at stake.

Some basic choices you'll have are Fee-for-Service, Managed Care Plans, and Association-based health insurance. Fee-for-service is the traditional indemnity plan, harder to acquire, more expensive, but usually great coverage. Managed care plans include most HMO's and PPO's. These offer lower costs but your choices are somewhat limited. Another way to get insured is through a group or association you may already be a member of, such as professional, religious or trade organizations, according to Home Business Center. It's worth checking out, as sometimes you can strike gold in this vein. And, another option is to consider going with a High Deductible Health Plan, combined with a Health Savings Account--the higher the deductible, the lower the premium. Things to consider when you're looking for any policy are cost of monthly premiums, yearly out-of-pocket expenses, deductibles, cost of office visits, preventative medicine, vision, and dental coverage.

Sit down before you go shopping and make a list of your needs and wants, and decide in advance what you're willing to give to get. Be aware that once you start getting quotes they can vary as much as 50% for the same person! Remember, you're shopping, and nobody's making you do anything. If one insurer isn't cutting it, move on to another. If you're coming at this cold and have no good recommendations it may be wise to use a broker who represents several companies. These brokers are more likely to find the best policy for you, as opposed to selling a company that employs them. Shopping for individual health insurance can be frustrating and time-consuming, but if you come armed with facts you'll be able to navigate this highly competitive and ever-changing field.

So what is group health insurance? As a very brief primer, the majority of Americans



have group health coverage through their own or a family member's employer-sponsored group plan. Employers and employees can share costs and there are special tax incentives available to businesses that provide group health insurance. Group health insurance is employer-sponsored health coverage for business owners, employees and often for dependents, according to eHealthInsurance. As an employer, you select a group health insurance plan and then invite your employees to enroll. Typically, employers cover at least 50% of each employee's

monthly premium, and can also contribute to dependent premiums. The remainder is paid for by the employee. If you want to provide health insurance benefits and you're able to contribute toward employee premiums, group health insurance is the way to go. Offering group health insurance can help you hire and retain the best workers, and the amount you pay toward employee premiums may be tax-deductible. Since no one can be turned down based on medical history, group coverage also protects workers or family members who might

otherwise go uninsured. Compare plan rates and benefits to find the best match for your needs, and talk with a few licensed insurance agents for personal help and for multiple options and feedback.

Other options for consideration can be limited medical benefit plans that are less expensive indemnity plans. Health insurance plans may not cover all expenses associated with a hospital stay or major medical treatment. The balance, plus co-payments and deductibles, can lead to significant out-of-pocket costs for employees. With a group limited medical benefit plan, even small companies can easily offer valuable healthcare products and services to supplement a group benefits plan to fill any benefit gaps. These plans can also be used on a standalone basis and are typically less expensive than many major medical policies. Their program also offers:

- Supplemental medical benefits to help with the expected and unexpected expenses, such as doctor office/emergency room visits, hospitalization, diagnostic tests, accidental death & dismemberment, and wellness benefits.
- Nationwide medical networks through some of the largest health networks, and access to discounts on laboratory services, imaging procedures such as MRI, CT and PET scans, and even chiropractic services.
- Discount medical services including dental, vision, prescription, Telemedicine with 24-hour nurse and physician lines.
- Optional group critical illness or term life insurance benefits may be added to the plan.
- Prescription drug insurance program available to help employees address the high cost of outpatient prescription drugs.

Business health insurance is a major

cost of doing business, especially for small companies and mom-and-pop firms. With premiums soaring, many small business owners are asking their employees to shoulder more of the financial burden or entirely cutting benefits. Small business health insurance may take a huge chunk out of your revenue, but benefits often attract better employees and help retain existing workers. Satisfied, healthy employees are more likely to help your business grow. If you're struggling to provide health insurance, here are some tips that could reduce your small business health insurance costs:

1. **Keep employees healthy--** institute a comprehensive wellness program that includes disease management for afflictions such as asthma and diabetes, as well as offering flu shots, cancer screenings, smoking-cessation sessions and a round-the-clock phone line staffed by nurses. Preventive care eliminates some of the major health care problems that otherwise go untreated until it's too late, resulting in higher costs and premiums. Such wellness programs don't just keep company accountants happy. They're also popular with workers.
2. **Reduce coverage.** Cutting coverage or asking your employees to contribute more to the plan is a logical step to reducing small business health insurance costs. The downside of this strategy is that it will likely prove unpopular with workers. It's fairly common for businesses to exclude dental and vision insurance, but talk to your employees to see what they want covered. They might opt for having dental and vision insurance and a health savings account.



3. **Consider health savings accounts.** Health savings accounts are an increasingly popular option for owners of small businesses. These tax-exempt accounts, which are used to pay for certain medical expenses, could reduce your small business health insurance costs while giving your employees tax breaks. You must have a high-deductible health insurance plan to establish a health savings account. These funds can only be used to cover health care costs, and employees can take their accounts with them if they leave. The funds generally do not expire. Contributions and withdrawals are both tax-free, and individuals can claim tax deductions on their 1040 forms – meaning employees don't need to itemize to get the tax break. Employer contributions are also tax-deductible for business owners but are not required. Individuals can also set up health savings accounts. To establish or participate in a health savings account, your only comprehensive health insurance can be the high-deductible health insurance plan and they must be offered to all employees. Health savings accounts benefit healthy employees who do not regularly see doctors. You or your employees can, however, have health insurance that specifically covers ailments, including certain diseases or illnesses, accidents, dental and vision care.
4. **Join a group.** Small group health insurance plans cover between two and 50 employees, although there are “group of one” insurance plans for the self-employed that offer similar benefits. The larger your group, the lower your premiums will be. If your business has fewer than 10 employees, you can still partner with other businesses or individuals and expand your group plan. Note that

health care laws are governed by the states, so you'll want to partner with people in your state.

5. **Shop around.** Health insurance is a huge business, so shopping around for different providers could reduce your small business health insurance costs. Start by searching the Internet and also ask other owners of small businesses what they pay for health insurance. Insurance agents will charge fees, but you'll save time and they can investigate health insurance plans for you.

When you consider the cost of being sick and uninsured, small business owners should do their best to find the most affordable coverage. Although it can be expensive, there are many options available that can help keep the costs to a minimum as well as maintain a healthy workforce. The options do exist, and it's up to you to find them. Don't be lazy when it comes to doing your homework about health care. And find someone whom you trust to bring you the right stuff.

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#### About the Author

*Mark Roberts' professional sales background includes almost 30 years of sales and marketing in the tax, insurance, and investment markets. Currently his key focus is developing relationships with large national client groups, including insurance plans, employers, unions, affinity groups, and associations, and financial institutions in various areas of responsibility including sales, marketing, and account management. You can reach Mark at [markr@careington.com](mailto:markr@careington.com).*

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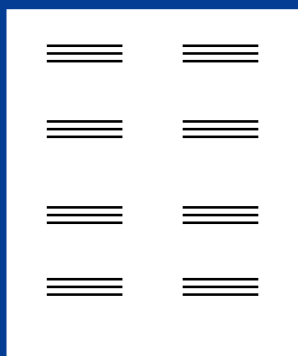


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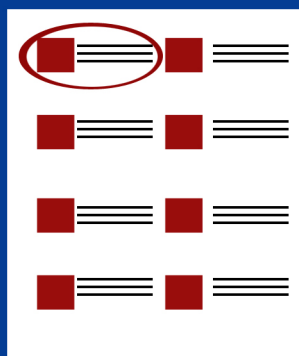
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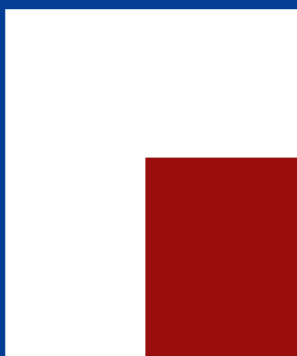
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# HOW TO ROOT OUT ALTERNATIVES AS EMPLOYERS DRILL DENTAL INSURANCE

by Nicole Ropiza







Have you ever missed time at work for a biannual cleaning or a toothache that turned into a dental emergency?

While the economy begins to slowly rebound and some employees are starting to experience a decrease in company-wide layoffs and wage freezes, other workers are starting to report an increase in cuts to employer-offered dental benefits.

A recent Glassdoor.com survey found that 40 percent of employees said their company made organizational, staff or benefit changes during the fourth quarter. And of those, 28 percent reported reductions to their medical or dental benefits.

This was the biggest cut to health benefits in eight quarters, according to the report conducted by Harris Interactive, which surveyed more than 2,000 working adults across the country.

America's workforce already struggles with affordable access to dental coverage and the preventive care needed to maintain their oral health. The U.S. Bureau of Labor Statistics reports that only about 48 percent of employees

have access to employer-offered dental plans. In addition, studies indicate that lost work due to dental problems equates to 164 million hours of employee productivity each year.

Even with a dental insurance plan in place, many employees are unable to keep up with routine checkups and cavity filling appointments due to out-of-pocket costs and monetary constraints. In 2009, a Harris Interactive/HealthDay poll found that more than 30 percent of insured Americans, as well as 50 percent of uninsured, skipped necessary dental care visits due to financial burdens in 2009.

That same year, families spent an average of \$6,000 on out-of-pocket health insurance and other medical costs like co-pays and deductibles, according to the National Coalition on Health Care, which estimates that number will jump to \$9,000 by 2012.

The lack of dental benefits and family plans has also impacted children. For each child without medical insurance, there are at least 2.6 children without dental insurance, according to

a Surgeon General's Report on oral health.

## **Dental diagnosis: Brokers and working adults challenged**

Businesses are planning accordingly for the health care reform bill that will take effect in 2014. But already this year, a provision in the federal health reform law is costing insurance brokers.

For agents who make a living providing employee benefits and group plans, the cuts in medical commissions began Jan. 1, 2011, leaving some to consider dropping their health insurance product line or find alternatives to lessen the impact brokers have already started to experience with the medical-loss ratio.

For adults, the new law will not require the purchase of specific coverage, such as dental and vision. Currently, health insurance plans offered through employers typically do not offer coverage for dental work. Yet, when given the opportunity, nearly 80 percent of workers participate in benefit programs if dental care is part of the program, according to the U.S. Department of Labor's Bureau of Labor Statistics.

Despite the importance of dental benefits among employees, dental insurance remains "at the top of the list of benefits that employers are looking to scale back," according to the Society for Human Resource Management. However, employers have also stated that voluntary benefits can cost-effectively enhance a benefits program, as reported in the 8<sup>th</sup> Annual Employee Benefits Trends Study by MetLife.

The good news in the dental care debate is that kids' coverage will get an upgrade through the health care reform bill, allowing more children to be covered for dental services through provisions designed to increase access to oral health.

## **Discount dental plans:**

### **Non-traditional revenue stream to limit bite on commissions**

With a major gap existing between employees, employers and access to dental benefits, brokers have a readily-available opportunity to add value for clients through products such as discount dental plans.

As an alternative to traditional dental insurance, discount dental plans have not reduced agent commissions in response to the medical-loss ratio provision which requires insurance companies to spend at least 80 percent of the premium dollars they collect on health care.

For insurance brokers and agents providing voluntary benefits through discount dental plans for businesses and other groups, client interests include:

- Time – Elimination of high costs and paperwork hassles.
- Flexibility – Employers leave the choice of the discount dental plan up to employees to base the selection on their dental care needs.
- Money – Employees compare plans in local area and view sample savings, ranging from 10 to 60 percent, for dental procedures while locating and selecting participating dentists.
- Ease-of-use – Discount dental plans activate within three business days and exclude health restrictions or annual limits.
- Competitive – Plans serve as an employee retention and recruitment tool by providing workers with quality dental care at affordable prices.

Discount dental plans provide employers and employees access to savings that





dentists have agreed to offer at discounted rates. Discounted procedures can include checkups, cleanings, fillings, x-rays, root canals and crowns, and most plans feature specialties such as orthodontics, oral surgery and periodontics.

Some plans can also be used for procedures such as cosmetic dentistry and braces, and may include discounts on vision, prescription and chiropractic services.

As employees are given the freedom to make their own dental care decisions, businesses are left with little to manage while saving the company time and money. And when brokers are able to expand their product line through discount dental plans, they can help

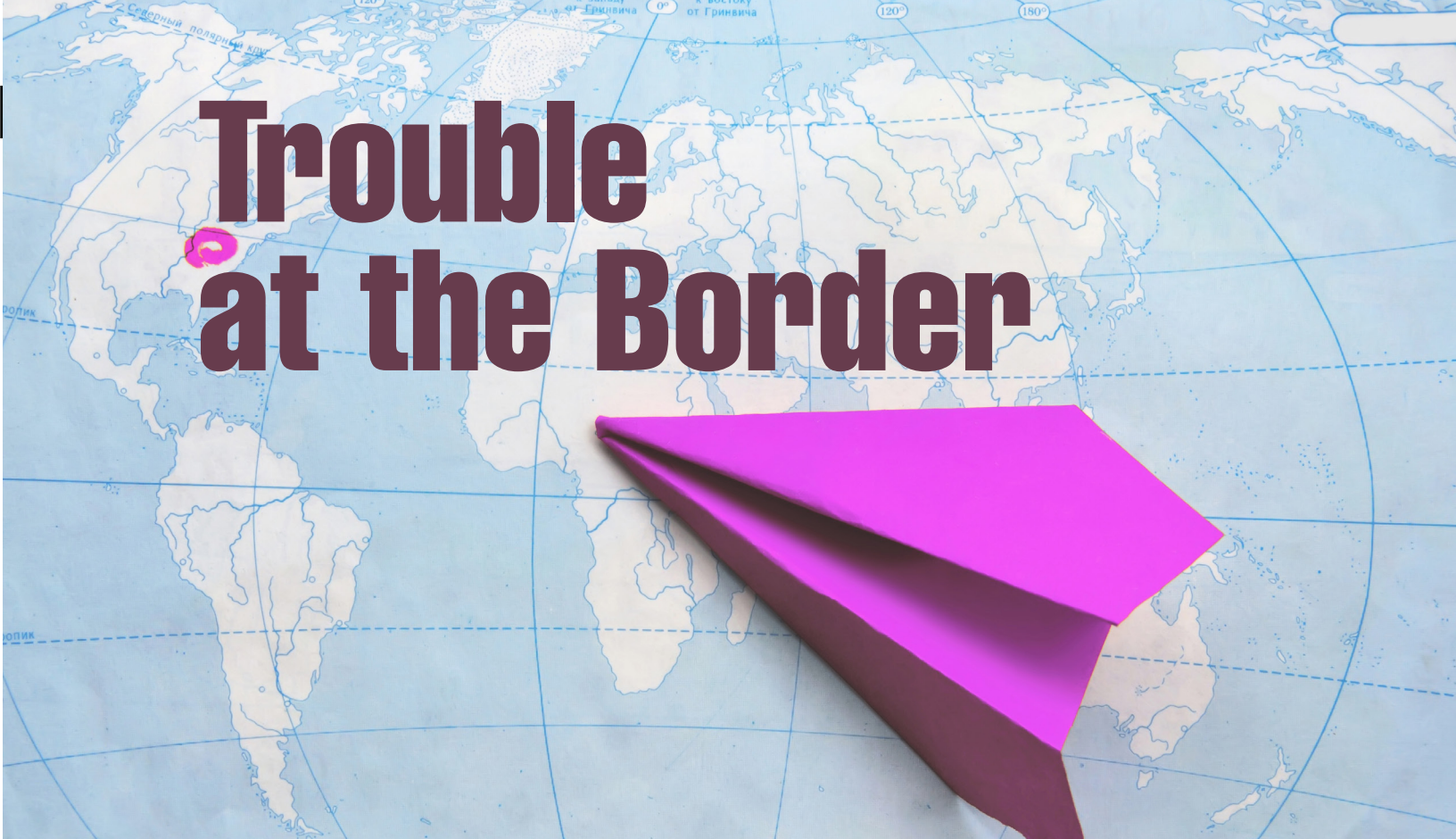
bridge the gap between companies, employees and affordable dental care while finding an additional revenue stream as health insurers have cut commissions.

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# Trouble at the Border

by Patricia Grace

Boomers, are you aware that Medicare stops at the Border? The exposure to financial harm is high for anyone traveling outside the United States, especially for seniors who are on Medicare, since Medicare stops at the border except for limited circumstances. If you have a Medicare Supplement, there is some relief for emergency medical care, but that too has limits – you can very easily exceed the limit causing you to dip into your retirement savings.

The lifetime maximum for foreign travel coverage outside the United States on Medicare Supplement policies is \$50,000. This amount can be easily exceeded when traveling. Without Travel Medical Insurance, you are required to pay for services at the time you receive them. However, if you have travel medical insurance, those issues are handled by the travel insurance company, not you. A call to the customer service line of your insurance company you selected is all that is necessary to begin the payment process.

When people think of travel insurance, they're typically thinking of travel delays and baggage problems. Admittedly, cancelled flights and lost baggage are a few travel inconveniences that travelers have no control over, but one thing you can control is having the security of knowing that if you need medical care outside the country, you can be properly covered.

Here are some questions that need to be answered. Who should I buy it from; the tour operator, the travel agent or a travel insurance specialist? What type of travel insurance coverage should I buy; Medical Evacuation, Travel Medical or Trip Cancellation? When is the best time to buy travel insurance?

## Buying Travel Insurance

Most, but not all, tour operators and travel agents do not hold the proper insurance licenses to offer all types of travel insurance, so they are limited in their offerings. Keep that





point in mind when you are being asked to purchase travel insurance. When booking any travel, ask if travel insurance is already included in the rate. Ask for an outline of coverage and certainly ask about the medical insurance portion of the policy, if any. If it's not what you want, then you must opt out of the program.

### **What type of travel insurance is right for Medicare Recipients?**

We have done analysis on many travel insurance programs and with our twenty years of insurance experience our recommendation for traveling seniors is to purchase an International Medical Travel Insurance policy with a trip cancellation/interruption rider. This type of policy will give you the protection on both sides of the potential problem areas which are international medical care, travel delays, interruptions, lost luggage, etc.

### **When to purchase travel insurance?**

The best time to buy travel insurance is between 1 to 14 days of putting down the initial deposit on your trip. This will normally qualify for coverage for any pre-existing medical conditions, especially for Medicare recipients.

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### **About the Author**

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# Opportunity Meets Need With Long-Term Care

by Doug Ross and Patti Goldfarb, CSA

Since the passage of Health Care Reform legislation last year benefit brokers have been scrambling to find new ways to maintain their soon to be shrinking books of business. Faced with a volatile health insurance market, carriers that are reducing commissions and future competition from state-based exchanges, a natural place to pivot has been worksite marketing. But how can brokers differentiate themselves when everyone is calling the same employers offering the same worksite products

– critical illness, discount prescriptions, per diem hospital plans, accident plans... Well, there is employer-sponsored Long Term Care insurance, but not many brokers have wanted to test those waters. They think “Nobody wants it”, “It’s too expensive”, “I tried it and the results were horrible” or “The last thing I want to do is jeopardize my existing business”

There is a reason for these feelings about LTCi. Benefit brokers have learned how to be successful selling traditional benefits, but have



had little experience selling an optional product not generally understood. HR executives and business owners in most cases must offer health insurance and go through an analytical process of comparing premiums and features. There is no emotional involvement and there is a deadline for a decision. Success with long Term Care requires a different approach. The product is not understood, and it requires people to think about things that provoke emotions they would rather avoid. And unlike other insurance products, there is no deadline for a decision. Long-term care is way off in the future and it probably isn't going to happen to them anyway, right? It's something their parents should be thinking about.

So how do you sell a product people don't understand and don't want to think about? Salespeople need to be up to the task of asking probing questions that engage decision makers to help them discover the problem.

## A Different Sales Track

The typical benefits sales track is: fact finding, presentation, close. Because you need to engage and educate before even getting to fact finding, a long term care sale takes longer. Education drives success in long-term care and benefit brokers need to change from analytical sales techniques to those that engage prospects emotionally. Rather than selling, you are guiding prospects through an issue that can profoundly impact the people responsible for their business success. This sales track can look something like this; initial educational meeting with HR, 2<sup>nd</sup> educational meeting with officers, meeting to decide on options to offer to employees, general education meetings with employees, one-on-one consultations with interested employees to finalize solutions. A concerted effort is required

to learn a new approach, but it will differentiate the broker who does it well.

Employer presentations must encourage prospects to talk about their own experiences, how they feel about their employees and how they came to offer the benefits in their package. Rare is an executive level meeting where there isn't a participant with their own story to share. *Asking questions is the key* as employers share their business philosophy about recruiting, rewarding and retaining top people. Providing education on the limitations of traditional health insurance, Medicare and disability insurance, after talking about the thinking behind their benefit offering helps employers connect the dots to discover the hole in their benefit package caused by not having coverage for long-term care.

## The Class Act is an Opportunity to Initiate a Long-Term Care Conversation

The Community Living Assistance Services and Supports act, better known as the CLASS Act draws attention to a serious situation in an aging American population unprepared for the expense of long term care. And this is a very good thing.

Around the middle of 2013 employers will need to evaluate whether to offer the CLASS Act, private insurance, or do nothing at all. Suffice to say, there are a lot of negatives with the CLASS Act according to both government and private experts. It is a one-size fits all guaranteed issue program with a nominal benefit and there is a five year waiting period before benefits can begin. In addition, it is projected to be more expensive than private insurance due to adverse selection. Private insurance on the other hand requires minimal underwriting to screen out those with the most



significant medical conditions to control cost. Offering private insurance now locks in medical insurability and the least expensive age based rates. When CLASS does become available, policyholders can evaluate their private coverage from a position of strength and make decisions in their best interest.

Brokers need to start dripping information on the CLASS Act to their clients and prospects now so that when it becomes available they'll be in a position to make an informed decision.

### **Voluntary vs. employer paid**

Private long-term care insurance benefit programs with underwriting concessions and discounted premiums can be implemented without cost to employers. And that is how to begin the conversation. After all, how many companies today are looking to spend more money on benefits? With that said, once employers have been engaged on the issue and see the minimum contribution required to lock in discounts and the most favorable underwriting, many choose to contribute toward coverage. In some cases however, there really is no budget, and that doesn't



mean brokers can't provide value to clients and themselves if the program is sold properly.

## **Commitment starts at the top**

Voluntary long-term care insurance enrollments offer tremendous benefits for employers and their employees including education at an early age, underwriting concessions that help people with pre-existing health issues get approved for coverage, and premium discounts. Without buy-in from the top, however, it is difficult to get the level of cooperation needed to deliver maximum value. Employers must be willing to distribute print and electronic communications, and allow workshops and one-on-one follow up meetings during work hours. The primary success factor for implementing a long-term care insurance benefit is the ability to get in front of employees with education.

## **Different profit model**

A discussion of long-term care insurance would not be complete without talking about compensation. As opposed to health insurance commissions that are level each year, commissions on long-term care are high in the first year and lower thereafter. However, unlike group health products, commissions on long-term care are vested and premiums are the most persistent of all insurance products. Over the course of ten or fifteen years a significant renewal premium can be built that will pay vested commissions for as long as policyholders live and continue to pay premiums. The business model needs to be looked at with a, pardon the expression, "long-term" view.

## **Opportunity meets need**

With less than 1% of the 5 million employers with fewer than 1,000 employees offering coverage, long-term care is a wide open opportunity in the midst of a very competitive benefits marketplace.

The CLASS Act will require every employer to make decisions regarding long-term care. And as employees hear about it, they will begin asking questions. For employers, it is an opportunity to generate goodwill by demonstrating an understanding of the issue and providing informed guidance to their employees before questions begin. For benefit advisors it's an opportunity to create a new source of revenue and add to your value proposition.

Understanding the details of CLASS and how it compares to private insurance is the starting point for employers. As we move closer to the implementation of CLASS you can be sure someone will be calling your clients to discuss long-term care. Shouldn't that person be you?

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## **About the Author**

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*Patti Goldfarb, CSA is a Principal in the Employee Benefits Advisors Group. Contact Patti for a copy of her white paper on the CLASS Act. She often partners with agents and can be reached at 888-556-6273 or send an e-mail to [pgoldfarb@ebagroup.net](mailto:pgoldfarb@ebagroup.net)*



# Total Enrollment Solutions

## Voluntary Benefits, Consumerism, and the Concept of "Self" Service

by Todd Hondru

As employers continue to attack health care costs, with an eye on long term cost containment, they are taking radical steps to move their organizations towards consumer driven health models. This can be defined several different ways, but for our discussion the definition is quite simple. Require employees to take control of their health, take ownership of the cost of care and become more attuned to obtaining the right care. In the eyes of the employee, this strategy means three things: higher costs, more confusion and reduced benefits. The one consistent finding

is that benefits are more expensive and complex than ever and the way they are delivered and communicated must change. We are finding that nothing can adequately replace human interaction. Especially as HR intends to be more of a resource for their employees as it relates to physical and financial wellness.

More time is spent on plan design, administration services, contract review and spreadsheets than on a successful rollout and the scorched earth left behind, after initial installation suggests that the keys to rollout success seem



to have been forgotten in the endeavor to save money. We believe the emphasis ought to be on employee communications and opening the door for more traditional educational settings for employees. We call it employee engagement. It starts with the employee's first impression of the new plan offerings or plan changes. Sending employees out to a website, holding an hour long group meeting after a 12 hour shift, blasting email messages or sending a 37 page document is hardly effective considering that perception is reality and employees often ask "what did I do to deserve this, how am I to understand this, and how am I supposed to perceive anything as positive"? We often forget that employees don't understand or get as excited about insurance like everyone reading this article does and employers are finding that holding a group meetings or sending people to a website does nothing as it relates to getting people to embrace the corporate initiatives.

So what do we do? Many have found the best way to go about the change is to incorporate a multimedia full service solution and hold each and every employee's hand through the process. Many go down the dark road of "well a website is just fine and self service is sufficient" only to learn that "self service" is a hot buzz word that they latched on to and now feel like they implemented part of an enrollment solution. We believe that everyone needs to ask themselves one important question: If you owned a company would you want your second or third largest expense being communicated in a group meeting and then sending people to "self" service or making them fill out mounds of paperwork? I would think not!

How does this correlate to voluntary benefits? Good question – We do go on a

bit. Existing core benefits are now being complemented by voluntary benefits more so than ever before. Voluntary benefits are no longer products that "sit over in the corner". Many organizations are changing their thinking about the products, the way they fit into their overall health and welfare plan initiatives, and using resources and solutions that come with a voluntary benefit offering that help with their challenges as it relates to benefit education, communication, enrollment, and administration. Voluntary benefits can bring more than just "technology" but they can also bring the people and human interaction for a more "total enrollment solution". Many companies that offer voluntary benefit programs during open enrollment typically do it one-on-one either onsite or via a call center. Many organizations use that touch point to accomplish many different things such as communicating benefit changes (health and welfare education), advancing employee engagement, delivering and paying for enrollment technology (full service!), cleansing data, auditing dependents, etc.. Sometimes companies will also offer voluntary benefits outside of normal open enrollment in conjunction with a core benefit review and a focus on wellness.

In addition, there is substantial growth in "consumer driven healthcare products" such as critical illness, cancer, and accident indemnity. As many employers move to CDHP, they are implementing these products to help offset financial exposure from increased deductibles, out of pocket maximums, all while driving buying behavior to those medical plan options.

On the non health side employers are trying to become a more viable resource for financial well being. There is a substantial trend



upward in 401k hardship withdrawals and many of those hardships include financial devastation from accidents and illnesses. Many employers are offering permanent life options with a long term care component to help provide some level of coverage when a true long term care program isn't affordable. Also, the offering of Critical Illness insurance can help offset excess medical bills from major illnesses such as cancer that can provide significant financial challenges.

Voluntary Benefits present employers with a tremendous resource to rethink their overall strategy, leverage human interaction, devise

a portfolio of benefits that meet the needs of a diverse workforce, and control existing expenses related to data management and communications.

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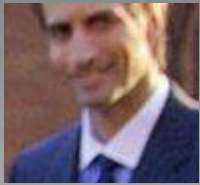
### **About the Author**

*John Stanley and Todd Hondru are co-practice leaders at Innotech Benefit solutions. Innotech can help you identify new voluntary benefits, advance employee engagement, maximize technology and enhance Enrollment. Innotech's high-tech, high-touch solutions reduce HR spending, save you money and achieve results.*



# DRIVER'S LICENSE IDENTITY THEFT

**More common than most people think**



**by Andre Andropolis**

Racking up traffic violations on another person's driver's license is one of the most common forms of identity theft. There are a number of reasons why a thief would want to steal someone's driver's license. If they get a traffic ticket or another moving violation, they don't want it on their own record. In some cases, because of the prior criminal record, they might not be able to get a driver's license in their own name.

If a thief gets a DUI while using another person's license, this can turn into a nightmare for the victim. The victim now has a DUI on

their record. When the court date is set for thief to attend his DUI hearing, he or she isn't going to show up in court. After a few months go by, a warrant will be issued for the person whose name is on the driver's license. Picture this scenario: The victim is on his way home from work one night and he gets pulled over himself for speeding. The police officer runs this guy's license and finds that he has an "outstanding warrant" for failure to appear at his DUI hearing. This guy pleads with the police officer that there must be some mistake because he's never had a DUI in his life. The officer isn't buying his story. The officer reads this guy his rights, arrests and handcuffs him and takes him

to jail. Situations like this are happening all over the country.

Like most types of identity theft, crimes that originate from driver's license identity theft are difficult to detect until something happens. There are things that you can do once you've detected the problem. When you do suspect or know that your driver's license has been stolen or duplicated, the DMV has some systems in place to assist with the crisis. Driver license identity theft is so pervasive that many of the state DMV's have removed social security numbers from the license.

The first suggestion I would make is to obtain a copy of your DMV driving record. In most cases, a copy of your driving record can be purchased for around \$10.00. This will let you know if someone else has used your license and received a speeding ticket, had a car accident or been involved in some other type of moving violation. If there happens to be any serious fraud involved with your driving record, you will need to file a fraud report with Motor Vehicle Enforcement Office of State you live in. In you have found fraud and have reported it, you should have your driver's license number changed.

Driver's license fraud can be put into two categories: First, it might occur when a thief uses another person's documents to secure a license in someone else's name. In the second category, a thief simply steals another person's driver's license. For example, if you're test driving a car, a sales person might ask you to leave your driver's license with them. You don't have to provide this information. Just let them know that you're concerned about identity theft and that you're not comfortable with leaving the license with them. You should do everything possible to guard your driver's license to make sure that your personal data is secure. The information that your driver's license contains is just as valuable







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