

EMPLOYEE BENEFIT **Adviser**

Keeping benefits advisers and consultants on top of the trends

One size does not fit all

WEB EXCLUSIVE

By Kathleen Koster
January 26, 2009

Voluntary benefits are fast becoming the most popular benefit offerings for employers, especially for small to mid-sized businesses, according to Erich Sternberg, president of AlwaysCare Benefits, a Louisiana-based voluntary benefit provider.

He attributes the trend to employers' struggle with rising premiums and contends that economic uncertainty and the recession will continue for at least another 12 to 24 months. This may be bad news for employers, but is good news for carriers who have seen an increase in demand for more flexible and less costly offerings - specifically voluntary benefits.

"In particular, one of the things we're seeing in the market is a push, especially on behalf of smaller employers (groups with fewer than 500 or even 1000 employees) to simplify their administration by offering more products with fewer carriers," explains Sternberg.

More employers are expressing interest in value-added features, such as transparent pricing of add-ons for employees, free pre-natal teeth cleanings for women in their second or third trimester, and up to five face-to-face meetings with financial, grief, and/or legal advisors for employees and their families.

Additionally, employers can purchase other add-ons to tailor benefits toward their workforce demographics. One example is a hearing benefit that provides routine testing for children at no cost to the group and covers the purchase of hearing aids for an additional \$1.50 to \$2.00 monthly payment for the employer.

The flexible packages seem to have paid off as the company saw its highest returns in January this year, with business up 20% from last year. Sternberg further attributes the group's success, and their 92% client retention rate, to the company's use of a single source administration platform that employs one team within their home office to handle all the employer's vision and dental claims and customer service needs. He recommends that when employers seek out voluntary benefit carriers they look for a "one-stop-shop" model similar to Alwayscare.

"At the end of the day, price is important," says Sternberg. Yet "the features, the hidden value and the responsiveness [of the supplier] are all part of the equation."