

# SLASH THE PAPERWORK

BY JOHN CONKLING

REDUCING THE ADMINISTRATIVE  
BURDEN OF LIMITED MEDICAL PLANS  
WILL HELP BROKERS OVERCOME  
EMPLOYER OBJECTIONS >>

**W**ith more than 25 different limited medical products available today, there is little doubt these products are here to stay.

While this might seem like a lot, the plans typically are structured one of two ways from a product design and coverage standpoint: modeled after traditional plans with co-pays and deductibles or indemnity-based.

Regardless of product design, all limited medical plans have the same goal: to help cover an employee's day-to-day health care needs while remaining affordable. The successful limited medical broker now realizes that even more important than product design, the most critical differentiators in the limited medical marketplace are program administration and employee communication.

The employee classes in which limited medical plans are most widely used are the hourly, part-time, temporary and seasonal employees — those usually excluded from traditional group coverage. Groups considering limited medical plans as a replacement or alternative to a traditional major medical plan will have serious problems. Successful limited medical plans typically are offered as the only benefit choice to classes of employees who have not been offered coverage before or who have previously used limited medical plans.

After identifying the correct prospect for a mini-med plan, agents must go out and convince the group they need to offer benefits. It's been proven in a number of studies that offering health benefits is an effective way to improve recruiting and retention efforts, and can lead to a reduction in turnover and the associated costs related to hiring and firing. Most employers recognize

that offering benefits is a great tool for recruiting employees and that if they don't offer benefits and their competitors do, they will lag behind in the labor market.

The most common obstacle preventing employers from offering benefits is cost. Most mini-med plans can be offered either as 100 percent voluntary or with employer contributions. In our experience, the more buy-in the employer provides, i.e. paying a portion of the premium cost, the greater the plan will be perceived and the higher the enrollment. Many groups don't have the financial resources to fund another benefit program, so the limited medical plan must be offered on a voluntary basis.

After identifying a group as a good prospect based on the type of workers they employ, providing a solution for human resources — essential in recruiting and retention efforts — and getting past the cost objections of the chief financial officer, you will face another round of challenges that, if handled properly, will help set you apart as a valuable employee benefit resource to your client. This is where the experienced limited medical salesman can turn a new client into a referral.

Hourly employees often are overlooked, primarily because the amount of time required by the major medical and retirement plans offered to a company's salaried employees. One of the most common excuses given by employers who have employees not offered benefits is that the group's internal resources are stretched too thin and human resources is unable to take on any new projects or benefit offerings. Keep in mind that these are the same hourly and part-time workers who interface most frequently with customers. Whether they are cashiers,

waiters or some other frontline employee, they are usually the people that customers interact with the most.

Program administration is one of the key differentiators among today's limited medical plan offerings. A good limited medical plan will not require a lot of tedious and time-consuming work from a company's HR department or the individual responsible for HR inside smaller organizations. There are several ways to reduce the amount of work an employer must do in order to successfully offer a limited medical plan. First, enrollment can be outsourced to a third party administrator and its call center, with enrollment materials mailed directly to the employee's home address. By taking the benefits communication out of the workplace, managers can focus on running their departments while experienced benefits personnel can explain benefits to employees. Having a manager attempt to explain benefits can reduce productivity at the workplace and incorrectly set the wrong expectation level for the benefits plan. This is not beneficial for any of the involved parties.

After a call center enrollment, the TPA should be able to send the group an electronic file that details the enrollment elections of each employee. With a little set-up on the front end, this file can be formatted so that the group's payroll software or HRIS system can directly import this file and the benefit administrator no longer has to manually enter deduction amounts. Along these same lines, the plan administrator (the carrier or TPA) should also be able to set up a process for handling status changes and leave of absences that require little extra work for the group.

By working with HR, payroll and IT on the front end of implementation, you should be able to devise a strategy that allows the group to offer a limited medical benefit program, but not take on an abundance of new work. Successful plan administration does require the employer to take ownership and perform some necessary roles. In limited medical, the most work typically involves billing and eligibility management.

For example, working in high turnover industries makes the termination notification process an area of concern. Groups need to satisfy their responsibilities under COBRA for notifying employees of their continuation rights, but a good plan administrator will handle the process after being notified of the qualifying event. To make things easier on the group, termination notification should be able to be supplied a number of different ways, such as on a specific termination report supplied electronically, written out on a list bill (if one is utilized), or via a census file which also includes new hires.

Employee communication is another major differentiator among limited medical

plans. Offering a limited medical program that employees can easily understand and that sets the correct expectation level of what is covered and what is not covered is also a very important step. If an employer offers a plan and employees have a hard time accessing benefits or even understanding what is covered, it is counterproductive and the group, agent and carrier will all have a difficult time ahead of them. Deductibles, pre-existing condition limitations, network restrictions and out-of-network benefit reductions are all common examples of program elements that will likely hinder employee usage.

A key component of a successful communication strategy is making sure every eligible employee receives information about the offering. This is also important so that employees cannot argue discrimination. One way of accomplishing this is mailing brochures to the employee's home address. If the group can provide a census, mailing information to the employee's home helps take the benefit communication out of the workplace, which some employers prefer. It also ensures that the benefits decision maker

in that home, if they aren't the employee, sees the benefits offering. Sending a teaser postcard in advance of the plan brochure, putting up posters in the workplace, doing payroll stuffers and sending an enrollment reminder postcard are other low-cost but highly effective tools to promote the plan and improve employee awareness of the offering.

After the employee has received plan information, questions will need to be answered and the enrollment needs to take place. Using a live call center will allow the employee to ask questions about the coverage and enroll at the same time. Allowing employees to ask benefit and coverage questions prior to enrolling will make employees more comfortable with the plan and help set reasonable expectations of what will and what will not be covered.

Marketing a limited medical plan that makes plan administration easy on the group while providing benefits that the employees will use and value are the keys to maintaining a successful limited medical plan business. In our experience, these two differentiators will lead to satisfied customers who re-enroll, which is a winning combination. ■



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