

How To Choose An Employee Benefits Broker

Follow this advice for finding the best deal and the best coverage for your employees.

by **JIM CARROLL**

OFFERING quality health insurance and employee benefits coverage is crucial for horticultural businesses of all sizes in order to retain and attract loyal and hard-working employees. But choosing the right health insurance broker, one that truly understands your business needs, can be a challenge – and not all brokers are created equal.

If you think your current broker is not doing the best job for you, interview other brokers and ask them to explain their services. Choose one and have confidence they will do a good job for you. If their services are limited to getting quotes, choose someone else. Obtaining quotes from carriers is the most simple of tasks for a broker to do, but it is time-consuming. Smaller companies' quotes are usually done online.

While many horticultural businesses may ask three or more brokers to obtain quotations for them, these brokers may all go to the same carriers, obtain identical quotes, and then the business is forced to review the same information three or more times – a tremendous waste of time and very confusing. Each broker may put a “different spin” on the same quotes presented, which at best leads to indecision.

Larger horticultural businesses

(those with more than 25 insured employees) must be sent to the carriers for review by their sales representatives. If the same prospective business is sent to three different brokers, in some cases it ends up in the hands of three different sales representatives. Any changes or requests made by one broker must be filtered to the other carrier representatives, as well. The

ultimate goal sometimes becomes making sure each broker is treated the same.

Carriers do not view these multiple-broker prospects as cases to be taken seriously

because their view is that if the prospective business cannot decide on a broker, how will they decide on a carrier? The carrier usually is comfortable with identical quotes and letting the best broker win. If the decision maker knows this, it becomes readily apparent that hiring the best broker early in the process avoids these types of problems.

The Right Broker

If you don't have a broker, go through the same interview process to hire one. Most employers think that dealing with a carrier directly will

save money, but that is unlikely. The commissions are built into the product so the “savings” go into the pocket of the carrier. If this money is paid as part of the premium, make sure you have a broker advocate as the advice you get from a carrier is going to be one-sided.

Some companies have placed their business with a carrier without utilizing a broker's services. In other cases,

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their broker may “have gone away” after writing their business either by changing companies, retiring or just ignoring their client during times of need or at renewal. For most groups with less than 50 employees, there is commission built into the rates, whether a broker is collecting it or not. If a broker is not collecting it or earning the commission, the commission dollars stay with the carrier without any reduction in premium to the business. Therefore, if you do not have an active broker giving you impartial advice, find one, because you're probably paying for it anyway.

Renewal Red Flags

If your broker spends all your time discussing ways to mitigate increases without having any long-term plan for ways to control your budget, look elsewhere. Double-digit increases have become quite common for many small businesses. What happens when this announcement becomes known to the broker and the client? If the broker's

annual reaction is to get alternatives from the current carrier and get competitive quotes from others, does this make you feel like you are getting the best service possible? Certainly, some renewals may lead to this course of action. However, in order for the decision maker to be able to make educated decisions for their employees and themselves, they need to be better informed and ask questions about the following:

- What are the most inflationary components of health insurance right

now and are we addressing those in our review?

- What determines the rates being charged?
- How can we make changes that will directly influence future renewal actions?
- Should we be considering HRAs and HSAs?
- Are my Medicare-age employees affecting this renewal?

Some of these questions could have answers that the business may not want to hear. However, it is important that the renewal review cover all the bases. If, as the decision maker, you are continuously shocked at the magnitude of the latest renewal action, there needs to be better communication between you and your broker. Who knows better about the renewal adjustments being taken by your carrier?

Depending On Participation

The biggest problem most horticultural businesses are facing right now deals with participation within their own plans. Carriers develop their pricing structures assuming a certain level of participation is achieved and maintained. This allows for a greater spread of risk. If a carrier allowed 25 percent of your employees to be covered, it would be those that are going to regularly use the plan. Therefore, greater participation means a greater amount of premium to cover the claims of those who routinely submit claims.

Ask your broker if there is any way to fix your participation issues. In some cases, it may mean contributing more employer dollars to entice more employees to become insured under the plan. Also, ask your broker to contact the carrier for suggestions. You may be a few participants away from moving from a group that has no choice to a group that is attractive to the other carriers in the market.

In summary, rely on your broker as a trusted business partner. Because employee benefits are usually the second largest business expense next to salary, it is in your best interest to view them as your partner rather than a vendor. **GG**

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