

Top seven things small and medium companies need to effectively manage benefits

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Benefits can play a major role in employees' decision to choose one employer over another and smaller companies that are vying for the best employees against large corporations typically do not compete on a level playing field. Bigger companies have access to a wider variety of benefits. They also usually have in-house benefits management expertise their smaller counterparts lack. This disadvantage is even more pronounced in the era of healthcare reform, where the benefits landscape is shifting rapidly. Payment models today tend to be much more complex, and technology plays a major role in delivering access to healthcare coverage.

To learn how smaller companies are coping with these challenges, hCentive conducted a pulse survey and focus groups ("survey"), which explored the benefits needs and challenges of small to midsized companies. The survey focused on employers in the mid-Atlantic and Northeast in a variety of industries and roles, including HR/benefits, finance, legal and other executives. Here are seven insights from their answers:

1. *Employers still have the desire to offer a great benefits package:*

The general expectation among analysts has been that employer-sponsored health-care coverage will decline. But the survey indicates that smaller companies still value benefits and consider them an essential tool for attracting and retaining staff, particularly in a tight job market.

2. *Small companies need broker support:* Many smaller companies work closely with agencies or brokers to create a benefits package, but their experiences vary widely. Some brokers only help employers select and renew plans, whereas others are more supportive, helping with enrollment and employee needs. Naturally, employers favor the latter arrangement.
3. *Companies need cost-control help:* With rising costs a top concern, smaller companies rely on brokers to help them save money via options such as carrier and plan design changes. But employers would prefer to access cost control options while also offering better choices. Smaller companies show less interest in self-insured options, although indicate there is opportunity for brokers to educate clients on the benefits

and risks of self-funding alternatives.

4. *Employers require assistance with managing benefits choices:*

Smaller companies need help with creating a benefits package that fits employee demographics and budgetary constraints. They report that they would like more transparency in carrier and plan design choices. They also seek broker assistance to choose the right options and implement money-saving plans such as high-deductible alternatives because they typically lack in-house resources.

5. *Companies need help making and communicating benefits changes:*

While leaders of small- and medium-sized companies want more choices for the business, they tend to prefer fewer choices of carriers (to avoid splitting the group) and plans for employees (to minimize confusion and disruption in terms of provider networks). They also know that it is important to communicate plan benefits such as tax advantages of health savings accounts, but they need

support from agencies for that task because their internal resources are limited.

6. *Smaller companies value employee engagement:*

Surveyed companies report that their employees are not sufficiently engaged with their benefits, and company leaders understand the challenges of communicating benefits value across demographic groups. They indicate that they need help not only on educating employees on making the right choices during enrollment (e.g. covered benefits, out-of-pocket expenses, deductibles, etc.) but also on using their benefits.

7. *Companies are open to using technology solutions:*

Most small- to mid-sized companies do not have a sophisticated benefits platform or online enrollment system, but company leaders say they are open to it if it can save them money and simplify administrative burden. They can see the value in an intuitive system that delivers smarter tools and provides data that can help employers and employees make better decisions.

The top line message from the survey responses is that smaller companies need help. They are underserved, which points to opportunities for technology vendors. Smaller companies compete at a disadvantage with larger firms when it comes to benefits, but they value benefits and are open to embracing new technologies and strategies to access better options. A relationship with a broker or agency with the right technology solution can make a huge difference.

About the author

VJ Bala is the Senior Vice President and Head of Marketing at hCentive, a software company that serves health and benefits brokers/agencies, insurance carriers and state agencies. He is responsible for building the hCentive brand, commercializing products and solutions, developing new markets and expanding partnerships to drive business growth. VJ has 22 years of experience in global marketing, strategy, product development and management consulting in the technology, software products, professional services and manufacturing sectors. VJ Bala can be contacted at: hcentive@sspr.com