

Voluntary Benefits Help Bridge Employers' Coverage Gaps

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Published 2/12/2009

Voluntary benefits have evolved over time to become part of almost every company's benefit program, regardless of its size.

How can benefit consultants and advisors help businesses determine what place voluntary benefits should take in their companies' overall benefits structure? How are these voluntary products identified, and what product mix would provide a successful benefit mix?

For employees, compensation is usually a large factor in deciding to work for a particular company. Because benefits are a significant part of compensation, they are a key ingredient in a decision to accept a job. While benefit packages come in all shapes and sizes, there are core benefits that employees come to expect. These core benefits are the foundation of the employee's personal financial security. These core benefits set the stage for determining what voluntary benefits the employer might offer.



Health insurance, for instance, keeps individuals from bankruptcy if they suffer a chronic or catastrophic health condition. Retirement plans give them a means to enjoy life after they stop working. Disability coverage helps them avoid financial ruin in the event a disabling event makes them unable to earn a paycheck. Dental coverage covers the habitual two times a year trip to the dentist and provides protection in case more serious care is needed. Life insurance reassures the employee his or her family will be covered for final expenses and protection from debts if the employee dies.

If any of their benefits were ever 100% company paid, those days are long gone. Employees everywhere have come to expect some form of cost sharing. The determining factor they weigh when adding benefits is, "What's it going to cost me?"



To help employers determine what employee-paid benefits should be made part of a benefits package, the consultant must invest enough time to understand the scope of the core benefits the employer is already offering. To guide the employer through its benefits decisions, the consultant can ask the employer to:

- Explain his or her philosophy about benefits.
- Describe the goals and objectives the employer has for benefits.
- Provide an overview and description of each benefit.
- Explain how benefit costs are shared between employer and employee.
- Describe the extent of employee participation in the various benefits being offered.
- Identify benefits where the employer would like to see higher participation

levels.

- Name additional benefits the employer is considering.

It's important to understand the challenges the employer faces in recruiting and retaining employees. The talent pool available is made up of several generations, composed of those on retirement's doorstep (those born before 1946); the baby boomers (born 1946-64) who are the largest segment of workers today; Gen X (1965-79) and Gen Y (1980-88). Clearly, a single benefits package cannot solve the diverse needs of such a workforce and allow employers to attract and retain needed talent.

This is where the benefits consultant must step in, offer proper diagnosis and findings, and present voluntary products that would help bridge benefit gaps within these diverse generation groups.

Until recently, the solution to fill these gaps was often through individual products. Now, combinations of group and individual products are becoming steadily more popular. Insurance carriers are increasingly designing products that give the flexibility, pricing, guaranteed issue, low participation requirements, easier administration and even portability needed to implement a successful benefits package with group and individual product solutions.

Some of these products, options, features and benefits they are offering include:

- Short term and long term disability—offered both on an individual and group basis, with complete flexibility towards cost sharing.
- Life insurance, both term and permanent, allowing employees to insure other family members and offering portability at retirement or separation from service.

- Accident insurance, with deductibles and out-of-pocket limits to lessen rate increases, inexpensively providing dollars to help pay for out-of-pocket expenses following an accident.
- Critical illness, to help soften the large bills that result from catastrophic claims.
- Long term care for those wanting to be able to rely on more care than Medicaid provides.

Most employers today offer a least one voluntary product. This trend will continue as menu options broaden and benefit consultants and employers work in concert to design programs benefiting every employee's needs.

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