

September 2007 Edition

Topic: Positioning for Renewal

Whether the news was good or bad, it seems most everyone rejoices the end of open enrollment. The renewal is behind you, employee meetings have come and gone, and once again health insurance can move to the back burner. But when should you move it back to the front burner? When should you begin planning for the next renewal? Are there things you can do now to better prepare for your renewal even though it could be many months away? Here are a few tips that may help to answer these questions.

Send your decision makers to school. The employee benefit market, specifically the health insurance market, is constantly evolving. At renewal, it is critical to evaluate all of the options available to you, but you would be amazed how many benefit decision makers do not possess the knowledge needed to evaluate many benefit strategies. In today's environment, a firm understanding of tax vehicles, HRA and HSA, along with consumer directed health plan designs are essential. If your group is large enough, you should also understand how to evaluate both fully insured and self-funded options. The time to learn is prior to receiving renewal rates, that way you are prepared to evaluate a full breadth of options when the open enrollment arrives.

Identify your philosophical leanings. This is a basic concept that is often overlooked, however, a little forward planning can avoid potentially contentious debating during the renewal process. Take the time to identify what is most important to you as a company in regards to the benefits you provide. For example, you may value healthy living, so your plan may include wellness components. Or you may choose to slope your premiums to reduce the amount of employee contribution needed to cover dependents in support of the value you place on family institutions. The values of individuals within your company may vary significantly, so it is important to determine what values your company will consider when planning your benefits.

Make a long term plan. If you have not done this already, make this renewal the time to do so. Paint a picture of the benefit plan you hope to offer three to five years out. You may ultimately want to develop a plan that promotes personal ownership and responsibility, or you may want to transition from a defined benefit plan to a defined contribution plan to better manage employer expenditures. Whatever your long-term objectives, make them part of your short-term planning.

Plug in the numbers. Once you are equipped with the necessary knowledge, you understand the values decisions will be based upon, and you know where you are heading, you are ready for the numbers. The renewal is now about fitting the health plan and other components into your strategies and objectives. If your benefit broker is not willing or able to work through this process, you may want to consider working with a benefit consultant. It could make all the difference at the next renewal.