

Benefits for the 21st Century – Private Exchanges by Sima Reid

Our world has changed so much and quickly; how we approach offering employee benefits is moving at a snail's pace in comparison.

How many times a day does someone say “google it” when asked a question? It seems that today no matter what you are looking for, your answer can be found by “googling it”. Will Black Friday turn into Cyber Friday soon, probably? Did you know that for the 2016 holiday season Amazon shipped over 1 billion items worldwide (Reuters 12/27/16 Tech News)? Are phones really phones anymore, are you reading your favorite paper online, videoing the crazy thing you saw at the store, forgotten what it is like to use a camera, buying from Amazon from your phone... I could go on and on how smart phones have changed our lives. Our world has changed, to stay current and modern, employee benefits must do the same. Many employers see the value in structuring their employee benefit programs to meet the needs of their multi generational employee population. A Private Exchange brings all the elements together creating value for the employer and the employee.

Offering a Private Exchange to employees is not just about moving to a defined contribution model or promising a silver bullet to reduce benefit costs. A Private Exchange should bring value to the employer and their employees independent of the products or pricing of those products.

Value Proposition of a Private Exchange:

- 1) Paternalism – For employers who understand the value of giving up some of the benefit decisions to their employees, a Private Exchange provides the employer with a way to give more choice, but with tools, to help employees understand the choices to make good decisions based on their wants and needs.
- 2) Meaningful choice – More choice is good, too much choice is not better. It is important to include choices that make sense for the particular workforce that include traditional medical, dental, vision, etc. as well as voluntary benefits. A meaningful line up of choices will help employees fill gaps they may have in the areas of legal services, ID Theft, Chiropractic Care, additional life insurance or disability.
- 3) Proper plan election – When employees are allowed to make decisions selecting plans that make sense for them from a benefit/cost perspective, many employers see a right sizing of their benefit program providing them with savings. If an employer only offers one health plan that has low out of pocket, they are over paying for many employees. If an employee would rather pay less per paycheck but more when they have services, choice allows them to do so. This brings value to the employee and the employer.
- 4) Self insured and fully insured plans – Being self insured does not mean you eliminate employee choice. For many employers, self insured plans make more sense than a fully insured plan. A Private Exchange should be able to accommodate either financing mechanism.
- 5) Streamlined benefits education and administration – A Private Exchange is not just a benefits administration system. Private Exchange technology provides critical education and tools available to employees for all the plans and programs offered. Gone are the days of trying to include all the information in an employee enrollment communication that the employees likely won't read. The process for Human Resources is streamlined through the Private Exchange using a modern, inviting and attractive online platform.

- 6) 24/7 – How companies engage and retain employees has changed. The need exists for a year round platform focused on life's experiences and challenges. Tools to help employees work on wellness whether it is health or financial will provide value to the employee. Messaging employees during the year encourages them to go to the Private Exchange outside of open enrollment.
- 7) Decision support – While decision support helps personalize employee decisions, it is important for a Private Exchange to help people not just pick which medical or dental plan but also voluntary benefits offered. If you ask most people how much life insurance they should have, not many can tell you. A tool that helps someone calculate, based on their circumstances, how much life insurance they may need so they can decide if they want to buy additional life insurance above what the company provides can be valuable to many employees.
- 8) Comparison shopping – How many consumer purchases today have us searching on line for information telling us the best products at the best cost? More and more employees find value in this same approach for their benefits. Private Exchanges providing employees with side by side comparisons in summary and in detail along with costs can bring value to the employee.
- 9) Employee experience – Many employers value a positive, friendly platform for the delivery of their employee benefit program. A Private Exchange brings modern technology to education and enrollment of benefits. How many employees within a company do you think watch U-Tube? Whether we think this is an acceptable method of communication or not, it is a powerful, current method of communication. Using videos and other educational tools on the Private Exchange adds value for many employees. What about putting a company jibjab on the Private Exchange...you know what jibjab is, don't you? "Google it". Many employers have a great benefit package already; the Private Exchange employee experience enhances the value of their benefit program.
- 10) The shopping experience – Allowing employees to shop for their benefits takes the insurance enrollment process to a very different level. It bridges the often disjointed, confusing process of benefit enrollment with our normal daily activities of how we approach buying goods and services. A Private Exchange allows employees to walk down the aisle of a virtual store of benefits.

As recently reported in Employee Benefit Advisor (12-15-16), 37,800 employers are using a Private Exchange. The greatest growth that we have seen is in middle market, companies between 100 and 2,500 employees. Can't we just make life easier? A Private Exchange makes life easier for the employer and their employees by using technology, a modern approach, enhanced educational tools and resources, focused on the employee experience. Private Exchanges are the current and the future of employee benefits.

Sima Reid is the president of Reid Group Enterprises which includes twentytwenty Insurance Services, Broker Self Insurance Solutions and AISLe20. Starting her career with Great West Life, Sima has worked with self insured plans for over 35 years. Through Broker Self Insurance Solutions, Sima works with other brokers helping them consider and manage self insured plans. Sima built AISLe20 in 2014, a Private Exchange open to independent brokers. As an industry leader, Sima has been featured as a key

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