

The Question of How Benefit Plans are “VALUED”

Have you ever wondered if Employees and Plan Sponsors (employers) “value” their health benefits plan in the same manner?

If we go back to 2009 about two thirds of plan members stated consistently that they “valued” their benefit plans more for their coverage of the routine necessities rather than the unexpected healthcare costs such as long-term and expensive drugs. In 2017 that number was 62% - 8 years later and very little change in their attitudes of what they valued. Over all of these years, this consistency in what they valued allowed Employers to successfully align their Benefit Plans with their corporate philosophy of Benefits being part of the overall compensation package offered to attract and retain employees.

However, the Plan Sponsors have been experiencing a change as to what they would prefer their employees would “value.” According to the 2017 Sanofi Canada Healthcare Survey, 56% of employers would prefer that their employees “value” routine necessities versus 43% for the unexpected and catastrophic costs. Most of these catastrophic costs are as a result of the growing cost of specialty drugs known as Biologics and Biosimilars, as well as the increasing presence of chronic disease. According to the survey, employers estimate that 32% of their employees have a chronic condition such as diabetes or high blood pressure that are being managed by their health plan when in fact, 57% of plan members report being diagnosed with at least one chronic condition for which they access their plan. This number jumps to 72% among members aged 55 to 64. And in fact, plan members with chronic conditions who take three or more medications is 37%! So, there is absolutely no doubt that employees expect to have coverage for the unexpected or catastrophic when it arises, but it appears that only those who are currently using the coverage attribute “true value” of the benefit and the cost.

As a result of employers understanding the impact that unexpected or catastrophic costs can have both on the health and welfare of the employee, as well as the bottom line of the company when ill health affects the performance and presence of that employee, many are now pursuing options as to how to provide cost effective and sustainable insured healthcare. The challenge is then to communicate the “value” of this type of coverage to the employees in a manner that is understood and appreciated.

HOW TO ACHIEVE BETTER VALUE FOR YOUR EMPLOYEE BENEFIT PLAN

For the past 18 years I have been advising both clients and potential clients that there are several practices that a Plan Sponsor should implement when they are considering either a new Employee Benefits Plan or are looking to renovate the one they have in order to create better “VALUE”. Allow me to share these with you as follows:

1. **Hire a Broker, Advisor or Agency such as Health Risk Services** that is *specialized and knowledgeable* in Group Benefits Plans! At Health Risk we are dedicated to assisting clients identify both their short-term and long-term objectives and then address how to implement a plan that will meet the values of both the Employer and the Employee.
2. Understand your **“Benefit Plan Philosophy”** and allow it to be the **“touchstone”** of your plan!
 - a. What is your Mission and Vision Statement regarding Benefits?
 - b. Ensure that your Corporate Mission is aligned with your Benefit Plan.
 - c. Document your Guiding Principles.
 - d. Understand why you have a Benefit Plan and document your reasons.
 - e. Understand what you want your plan to support or achieve.
 - f. Understand your Compensation, Recruitment and Reward objectives.
3. **Involve your plan members** by gathering their input as to what type of benefits they would “value” in their plan. Remember that you will not be able to satisfy 100% of what your employees would like, but their input will allow you to create a plan that will not only work within your “Philosophy” but will allow your employees to believe that you “care” enough about their welfare to request their opinions.
4. **Communicate with and educate your employees** as to their benefit plan!! Knowledge is power and the more information your employees have about why you have chosen the benefits you have the more they will be able to “value” their plan for both the routine necessities and the unexpected or catastrophic occurrences.
5. **Build a plan that rewards ALL employees NOT just the sick ones!** In other words, 100% of your employees can perceive “value” in their Benefit Plan if it is designed to be both Pro-active and Re-active.
6. As an Employer who wishes to have happier and more productive, loyal employees – **Commit to wellness and chronic disease management!** Create a Benefit Plan that will assist you in creating a work environment that supports Health and Wellness while assisting those who require ongoing/routine medical assistance.

In my opinion, the key to better “VALUE” whether it be perceived or experienced, is communication between Plan Sponsors and Plan Members! What is “value” to one organization may not be the same for yours – so start the process today to determine the “true Value” of your plan by enlisting the experience and assistance of Health Risk Services!

Remember – Benefits are a Privilege – Not an Entitlement!

**Thanks for reading my message and I invite you to
share with me next month when I discuss:**

How Will Group Plan Sponsors Adapt to Marijuana Legalization?