

2024 INNOVATIONS / TRANSFORMATIVE TECH / VISION

# CALIFORNIA BROKER

SERVING CALIFORNIA'S ANNUITY, LIFE AND RETIREMENT FINANCE PROFESSIONALS • JANUARY 2024

**2024  
INDUSTRY  
TRENDS  
TOOLS  
AND  
TACTICS**



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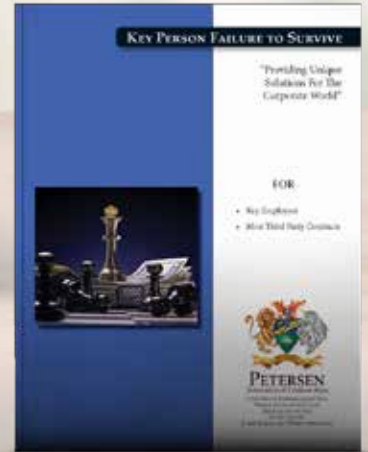
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**Cal Broker's commitment is to be the leading source of news and information for California brokers and agents operating in the health, life, and annuity industry. We are committed to connecting Life and Health insurance professionals to valuable resources and solutions they can provide to their insurance clients.**

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# CALIFORNIA BROKER

## PUBLISHER

PHIL CALHOUN  
HEALTH BROKER PUBLISHING, LLC  
publisher@calbrokermag.com

## EDITOR

LINDA HUBBARD LALANDE  
linda@calbrokermag.com

## ART DIRECTOR

RANDY DUNBAR  
Randy@calbrokermag.com

## PRODUCTION DIRECTOR

ZULMA MAZARIEGOS  
Zulma@calbrokermag.com

## DIGITAL DIRECTOR

CARMEN PONCE  
Carmen@calbrokermag.com

## CIRCULATION

zulma@calbrokermag.com  
120,000 subscribers  
12,000 monthly website visits

## ADVERTISING

HEALTH BROKER PUBLISHING  
14771 Plaza Drive Suite C  
Tustin, CA 92780  
(714) 664-0311  
publisher@calbrokermag.com

## [publisher@calbrokermag.com](mailto:publisher@calbrokermag.com)

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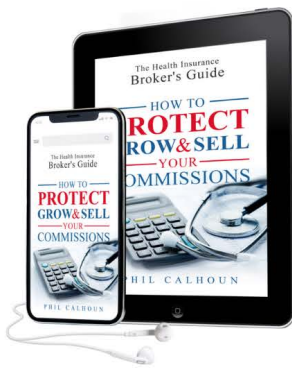
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by **Phil Calhoun**, MBA, contains many insights and secrets gained over 30 years in the field.

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# Industry News

CURATED NEWS FROM THE INDUSTRY

## National Eyecare Month



## Celebrate Clarity: National Eye Care Month Shines the Spotlight on Vision Wellness!

As January unfolds, so does the opportunity to prioritize the windows to our souls — our eyes. National Eye Care Month beckons us to take a closer look at the precious gift of sight, reminding us that caring for our eyes is paramount for a vibrant and fulfilling life.

- **Explore Your Vision:** Embark on a journey of ocular health by seizing the exclusive discounts on eye check-ups offered by eye care hospitals and clinics throughout the month. This is the perfect time to schedule that overdue appointment and ensure your eyes are in optimal condition.
- **Rest for Radiance:** In a world dominated by screens, our eyes often bear the brunt of digital strain. Challenge the norm this January and treat your eyes to some well-deserved respite. Step away from your devices, embrace the serenity of nature, and let your eyes revel in the beauty of the world beyond screens.
- **Speak Out for Sight:** Empower yourself and others by spreading the gospel of eye care. Organize eye-opening events featuring knowledgeable ophthalmologists who can shed light on the importance of maintaining healthy eyesight. Encourage friends and family to participate, fostering a community of eye care advocates. Knowledge is power, and this awareness might just be the beacon that guides someone toward preserving their vision.

**Let National Eye Care Month be a beacon of clarity, urging us all to prioritize our eyesight.** Embrace the opportunity to learn, share, and care for those irreplaceable windows to the world — our eyes. After all, in the symphony of life, clear vision is the key to a harmonious and colorful experience.

## CDPH Launches New Opioid Resource Website

**Spread Awareness, Save Lives: Opioids.ca.gov is California's Comprehensive Resource on Ways to Support People Impacted by the Opioid Epidemic**

**What You Need to Know:** California launched a new, one-stop-shop website for Californians to access the latest information on the opioid epidemic, the state's efforts to save lives, and life-saving resources. This builds on Governor Newsom's multi-pronged approach to combat the crisis by connecting people with resources and treatment.

"Spreading awareness saves lives, and for the first time we are pulling together all of our opioid information in one place to help educate and protect our families and communities," said CDPH Director and State Public Health Officer, Dr. Tomás Aragón. "... In support of Governor Newsom's master plan to tackle opioids, CDPH is excited to launch this all-encompassing website to spread awareness, increase education, provide resources, and help save lives."

**Overdoses Affects All of Us:** Nearly 7,000 Californians died from opioid-related overdoses in 2022 and opioids are a main driver of drug overdose deaths in the U.S. The new, easy-to-navigate site provides valuable information and education on preventing and treating opioid overdoses and substance use disorders, which are crucial steps in fighting the ongoing epidemic across the country.

**How CDPH Is Taking Action:** CDPH has launched its all-new website, began the first phase of a comprehensive opioid education and awareness campaign, implemented the Campus Opioid Safety Act, developed and distributed various promotional and information assets, and more.

**For additional information on opioids, please visit CDPH's all-new California's Opioid Response website at [Opioids.ca.gov](https://opioids.ca.gov).**

## Individual Annuity Sales and Projections by Investment Objective\*



\*Excludes employer plan annuities and structured settlements.

(F) = Forecast.



## LIMRA: U.S. Individual Annuity Sales to Exceed \$300 Billion in 2024 and 2025

Annuity products offering investment protection will continue to drive sales growth

**LIMRA**, a research and consulting organization for the financial services industry, anticipates U.S. individual annuity sales to surpass \$300 billion in 2024 and 2025, driven by factors like favorable economic conditions and heightened consumer demand for retirement income.

In 2022, annuity sales reached a record \$313 billion, with LIMRA projecting sales exceeding \$350 billion by the end of 2023, primarily fueled by robust fixed annuity sales. The surge in fixed annuity market growth was attributed to rising interest rates and increased demand for investment protection products amid market volatility.

Looking ahead to 2024 and 2025, LIMRA expects a slight sales dip due to a peak in interest rates but foresees a rebound in 2025, with total sales between \$311 billion and \$331 billion in 2024 and potentially reaching \$362 billion in 2025.

### Individual Product Line Forecasts:

- Fixed-rate deferred annuities (FRD): Facing competition, sales may decline up to 30%, but still exceeding \$100 billion in 2024 and 2025.
- Fixed indexed annuities (FIA): Hindered by interest rate pullback, sales may slightly decline in 2024 but remain historically strong, reaching nearly \$100 billion in 2025. Income annuities: Dampened in 2024, sales are expected to top \$15 billion but set a new record exceeding \$18 billion in 2025.
- Registered index-linked annuities (RILA): Expected to expand with potential sales reaching \$52 billion in 2024 and \$57 billion in 2025.

- Traditional variable annuities (traditional VA): Predicted to grow up to 10%, reaching \$60 billion in 2024 and potentially increasing by 8% to \$65 billion in 2025.

<https://bit.ly/48czbj>

### Two Industry Influencers Respond to the LIMRA Study

*"I don't necessarily agree with this assessment by LIMRA. As this baby boom generation continues to mature, more and more of those retirees seek safety and guaranteed income for life. Only annuities can deliver both. If they choose to have safety and growth opportunities, equity-indexed annuities become an alternative. It is very important to diversify one's portfolio, but we advise to always seek to be tax efficient, safe and provide the solutions to achieve the goals and objectives for retirees. I believe sales will continue to rise significantly because, even though the Gen X generation are not the savers that their parents and grandparents are/were, they also look for safe investment options."*

**Anthony Di Bernardo**  
Advisor, Lincoln Financial Securities

*"I agree that the rapid ascent of interest rates should taper off a bit in 2024 and even decline some to perhaps 4% on the Ten-Year U.S. Treasury. After years of almost 0% returns from banks, there is an estimated \$5 Trillion on the sidelines that would find the 4% range attractive if investors were only made aware of these safe investment vehicles like U.S. Treasuries and Fixed Annuities. Since interest rates peaked in the very early*

1980's to their 240-year lows in 2020, it appears that the ebbs and flows of higher rates will be the direction through the end of the decade which will continue to make fixed rate investments a safe choice for investors for years to come."

### **Jerry Slusiewicz**

Wealth Management Strategist, Pacific Financial Planners

#### **About the Influencers**

Anthony and Jerry are two of the professionals who are subject matter experts (SMEs) in their areas of expertise. They work with Cal Broker readers and help them learn about retirement planning options for their clients.

Tony and Jerry love to work with health insurance professionals who are trusted advisors for their clients and are looking to provide help with planning needs outside of their area of experience. Through the Collaboration Center health insurance professionals can get assistance with their client's questions — from how not to run out of money in retirement to finding an exit plan for business owner clients.

The common tools used by these professionals to help solve their client's issues are life insurance, annuities, T Bills and other generally safe options used for retirement savings or exit planning.

To reach the Collaboration Center and explore what is available to help you with a client's issue regarding legal, tax, or financial planning, please email or call and we will review your client's issue and suggest a next step.

When you work with our SMEs you will share in the success of a completed case as part of your referral. In many situations insurance is a key tool used to address your client's issue and complete a retirement plan.

**Contact: The Collaboration Center @  
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## **SUTTER LAUNCHES AWARD-WINNING MENTAL HEALTH TOOLKIT FOR YOUTH**

The new app version of Scout by Sutter Health™ launches with an emphasis on resilience-building for youth to better manage their everyday mental health needs. To help promote more access to the tool for all youth, all subscriptions to the latest version are currently at no-cost for teens and young adults.

Scout by Sutter Health™ is designed for teens and young adults ages 13-22. Its evidence-based tools, exercises and resources are conveniently available for young people in mobile-friendly and web platforms in English as well as Spanish. Scout by Sutter Health™ is available for download via the App Store or Google Play. It also is available via [scout.sutterhealth.org](https://scout.sutterhealth.org). The no-cost subscriptions are made possible through philanthropic support by Mark and Mary Stevens of Atherton.

Find out more:

<https://vitals.sutterhealth.org/award-winning-mental-health-toolkit-focuses-on-preventative-support/>

## **California to offer 700,000 illegal immigrants free healthcare as deficit soars and population shrinks**

The free health insurance for illegal immigrants is expected to cost \$2.6 billion annually

California is ushering in 2024 with free healthcare for more than 700,000 migrants living illegally in the Golden State as the state is faced with a looming \$68 billion deficit.

The program, which was announced in May by Gov. Gavin Newsom, will provide health insurance for approximately 700,000 illegal immigrant residents aged 26-49.

California has been providing free health insurance to illegal immigrants who are under 26-years-old since 2019.

The program will begin on Jan. 1, 2024 and will provide more illegal immigrants with health insurance under the state's Medi-Cal coverage.

When he proposed the bill two years ago, Newsom called the expansion "a transformative step towards strengthening the healthcare system for all Californians."

California's Health and Human Services Secretary Dr. Mark Ghaly called the bill the future "national model" for "expanding access, reducing costs, improving services, and closing equity gaps."

"No other state in the country has done more in the space of health care access and affordability than the state of California," Dr. Ghaly said. "I am proud of this Administration's work to pioneer a comprehensive health care system that will become a national model for expanding access, reducing costs, improving services, and closing equity gaps."

### **The Cost**

According to state Sen. María Durazo, D-Calif., the Medi-Cal expansion to include all illegal immigrants is expected to cost \$2.6 billion annually.

The added cost comes as California is faced with a major budget crisis due to a "severe revenue decline."

According to California's non-partisan Legislative Analyst's Office (LAO) report released Thursday, the state's budget deficit has grown exponentially in just a few months' time, up more than \$54 billion from just \$14.3 billion in June.

The growing budget deficit comes as residents and businesses have fled the predominately Democrat-run state.

California saw its first-ever population decline in 2020 when the state imposed rigid lockdowns during the COVID-19 pandemic.

From January 2020 to July 2022, the state lost well over half a million people, with the number of residents leaving surpassing those moving in by almost 700,000.

According to the Los Angeles Times, economic factors like the cost of living and the housing market have also contributed to people moving out of California, and so has remote work.

*Fox News' Brandon Gillespie contributed to this report.*



## Biden's Administration is Lowering Prescription Drug Costs

*New HHS report provides an in-depth review of the 10 drugs selected for the first cycle of Medicare drug price negotiations under President Biden's Inflation Reduction Act (IRA).*

As part of its effort to lower prescription drug prices for America's seniors and people with disabilities, the U.S. Department of Health and Human Services (HHS) today issued a new report that provides an in-depth review of the 10 drugs selected for the first cycle of Medicare drug price negotiations under President Biden's Inflation Reduction Act (IRA). The report, from the Office of the Assistant Secretary for Planning and Evaluation (ASPE), reviews the common conditions treated by the selected drugs, including key health disparities associated with these conditions. The report explores current utilization and spending trends for each of the 10 drugs over a 5-year period. Additionally, the new research details whether these drugs received certain types of federal contributions and support for their development.

Additionally, the Centers for Medicare & Medicaid Services (CMS) released a list of **48 prescription drugs** for which Part B beneficiary coinsurances may be lower between Jan. 1, 2024 – March 31, 2024 because of the Inflation Reduction Act's inflation rebate provision. Because of the law, companies that raise drug prices faster than inflation are required to pay rebates back to Medicare. Some people with Medicare who take these 48 drugs may save between \$1 and \$2,786 per average dose starting January 1, 2024, depending on their individual coverage.

Read more:

<https://www.hhs.gov/about/news/2023/12/14/new-hhs-actions-and-research-highlight-how-president-bidens-administration-lowering-prescription-drug-costs.html>

- The full HHS report, "Medicare Drug Price Negotiation Program: Understanding Development and Trends in Utilization and Spending for the Selected Drugs" is part of the ongoing Inflation Reduction Act series and is available at <https://aspe.hhs.gov/reports/ira-research-series-medicare-drug-price-negotiation-program>
- The ASPE fact sheet detailing which drugs and biological products met the criteria included in the Inflation Reduction Act's Medicare Part B inflation rebate provisions for Calendar Year 2023 is available at <https://aspe.hhs.gov/reports/ira-research-series-medicare-part-b-inflation-rebates>

# Calendar

## Jan 2024

- **Jan. 11**, 11:30-1:30 pm Zoom, **WIFS** Finding Your Way in 2024. Register: <https://conta.cc/3GLIWsl>
- **Jan 16**, Virtual Medicare **CAHIP**, Register: [cahip.com](http://cahip.com)
- **Jan 18**, 9-11 am, **CAHIP-GG**, Legislative Update Register: [cahip-gg.org](http://cahip-gg.org)
- **Jan. 22**, 10:00 am-5:00 pm, **CAHIP-LA** Innovation Expo, Register: [cahip.com](http://cahip.com)
- **Feb. 1**, 10-11 am, **CAHIP** "Charting the Course: Overview of 2024 Legislative Landscape" EXCLUSIVE CAHIP MEMBERS ONLY VIRTUAL EVENT. Become a member, and register here: <https://bit.ly/3NslbYY>
- **Feb. 9**, 8:00 am-3:00 pm **CAHIP-OC** Annual Sales Symposium Register: [ocahu.org](http://ocahu.org)
- **Feb 25-29**, 2024 NABIP Capitol Conf., Washington DC Register: [nabip.org](http://nabip.org)
- **March 25-27**, Ellevest Women's Leadership Summit 2024, JW Marriott Las Vegas, 221 N Rampart Blvd, Las Vegas Register: <https://bit.ly/3Nvf6w8>
- **May 6-8**, **CAHIP** Capital Summit, Kimpton Sawyer Hotel, 500 J Street, Sacramento Register: [www.cahip.com](http://www.cahip.com)
- **June 23-26**, Society for Human Resources Management SHRM24 Annual Conference and Expo @ Chicago Register: <https://annual.shrm.org>



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# The Four Industry Trends That Threaten Traditional Health Brokers

And how to address them

**PART ONE OF THREE**

**By Nelson Griswold**

Traditional health brokers are facing an existential threat from trends born largely out of federal laws.

The Affordable Care Act (ACA) is old news, but it created conditions that fostered an industry trend that has been slowly but steadily taking hold. While all brokers not living under a rock are aware of the 2021 Consolidated Appropriations Act (CAA), few realize how its myriad rules are transforming the health broker role.

A slew of articles have analyzed the impact of these federal laws and regulations on health plan sponsors and the healthcare industry. Few, if any, however, are discussing the powerful trends these government rules have spawned or are accelerating and their growing impact on health insurance brokers. Yet, these trends already are changing almost everything about the benefits broker role and employer-sponsored health plans.

There are four major trends forcing huge changes in how employer-sponsored health plans are being sold and designed:

- 1. Transactional brokers are becoming consultative advisers**
- 2. These advisers are moving up from HR to work with executives in the C-Suite**
- 3. Self-funded plans are replacing fully insured plans**
- 4. Advisers are using cost containment strategies to lower healthcare costs**

One broker feeling the impact of these trends is Charlie (name changed as a courtesy), a successful California benefits broker for over 20 years in Glendale and Pasadena, north of Los Angeles.

Staring blankly at his computer screen, Charlie's eyes are fixed on a list of companies that includes some of his biggest accounts.

He has no answer to what he sees.

Although specializing in the under-100 group market, Charlie always has had some larger accounts with 100 to 500 employees. He has worked almost exclusively with fully insured plans from Kaiser, Anthem and United, having written just one self-funded plan, at the client's request and through Anthem.

His success has been a product of his technical expertise with the carrier's fully insured plans and, especially, his excellent relationships with his HR clients. Friendly and extremely likeable, Charlie had built a substantial book with nearly 100% retention. Until recently.

Charlie is looking at seven groups he's lost in the past 18 months — each to a broker of record (BOR) change. Ranging from 53 to 428 covered lives, all were fully insured.

So how did Charlie, with a history of near-perfect retention, lose so many good-sized groups to other brokers?

He learned the hard truth thanks to his strong HR relationships at these groups: Every decision to change brokers came, not from

HR, but from the company's C-Suite — the owner or CEO/CFO executive. All but one of the lost groups moved to a self-funded plan. And four of the six employers that went self-funded were seeing substantial savings due to innovative cost-containment strategies, ranging from \$1,000 to \$2,000 per employee per year (PEPY). His HR contact at the 483-life group reported year-over-year savings of over \$700,000.

Despite his success over two decades, Charlie has no answer to this new model for employee benefits, a model that leaves



traditional brokers like Charlie on the outside looking in, largely irrelevant in the market. This disruptive model is being driven by four major industry trends.

In an unusual twist, brokers in California are beginning to feel the impact of industry trends that have been affecting brokers in the rest of the country for a couple of years. Although these trends are late hitting California, the impact will be no less profound.

These trends are disrupting the status quo in both employee benefits and healthcare. What worked for brokers like Charlie for the past 30 years — relationship selling, a transactional role, HR as the client, fully insured plans, leaving healthcare cost control to the carriers — isn't working as well now — and will be a formula for certain failure in the future.

## CONSULTATIVE SELLING

### The Catalyst: The Affordable Care Act (ACA)

In 2014, the Affordable Care Act drastically shifted the ground under employee benefits agencies. By standardizing fully insured health plans with mandated coverages, the ACA removed most plan design options that brokers had used to customize plans to each employer. The ACA's medical loss ratio (MLR) requirements for carriers chased smaller carriers out of the market, reducing the commercial health insurance companies in California to the BUCAs (Blue Cross, UnitedHealthcare, Cigna, Aetna) and Kaiser.

Stuck with standardized, almost identical fully insured plan offerings with nearly identical pricing from just a handful of carriers, brokers have become commoditized, finding it almost impossible to differentiate themselves in the marketplace. Viewed by HR as a commodity, brokers struggle to displace any competent incumbent. Additionally, as regional and national brokers move downstream for groups as small as 35 lives, few independent brokers can compete with their greater brand equity and binder of capabilities.

### The Trend: Moving from a Transactional Broker Role to a Consultative Adviser Role

Rejecting the commoditized transactional broker role, progressive independent brokers are moving to a consultative adviser role to take bigger, mid-market accounts from bigger agencies and even national houses. Consultative selling is not a talent; it's a skill that a broker can learn. Consultative selling requires finding the prospect's biggest pain point, agitating that pain point, and demonstrating the value of the solution.

### Finding the Pain Point

While transactional selling focuses on the broker's products or service, *consultative selling focuses on finding and solving the prospect's biggest pain point.*

The consultative adviser's primary tool is questions. Using the right questions, the adviser helps the prospect identify that major pain point. For example, a CEO's biggest pain likely isn't the cost of healthcare, but it might be insufficient capital to fund an important project.

### Agitating the Pain

Again, using the right questions, the adviser helps the prospect feel how painful the problem is...until he or she is ready to solve it

to end the pain. Prospects won't buy until the pain of staying in their status quo is greater than the pain of change.

### Presenting the Solution

Now the adviser can offer his solution and, with more of the right questions, demonstrate its value to the prospect, to convince the prospect that the solution will eliminate the pain at an acceptable cost, whether measured in dollars or disruption.

Consultative selling delivers far more value than the transactional approach, making these consultative advisers more effective and more successful than traditional transactional brokers.

### The Result

Consultative advisers across the country, including in California, are having remarkable success. Employers, especially company executives, appreciate their question-based methodology and open-ended approach to solving client problems. The result has been a surge of new business.

### Case Study: Ed Ligonde, Nava Benefits

During a dinner in Los Angeles, I shared a consultative question with California adviser Ed Ligonde, a partner at Nava Benefits in Westlake Village west of LA and the 2021 Broker of the Year. The next morning, Ligonde used that question on a call with the CEO of a mid-market firm. The question got him a meeting with the CEO, who was so impressed with Ligonde's consultative approach and knowledge that he gave him the letter of record.

### \$1.2 million in New Business in 12 Months

Don't think this was a one-off result. With his consultative approach, last year Ligonde personally produced \$1.2 million in new business. No typo: \$1.2 million. His consultative approach allowed Ligonde to solve problems for his new clients beyond just their high healthcare costs.

How does a transactional broker compete with the growing number of brokers who have improved their skillset to become consultative advisers, able to bring a range of valuable solutions to their clients?

However, like Ed Ligonde, perceptive consultative advisers have realized that their greatest value is not to HR, but to the business owners and executives in the C-Suite.

**Part 2 of this article will examine the next two trends – consultative advisers moving from HR to the C-Suite and advisers replacing fully insured plans with self-funded plans.**



**Nelson Griswold** is the visionary leader of *NextGen Benefits*, the award-winning organization that is disrupting the industry by training brokers to become consultative advisers to company C-Suites and to take those companies into self-funding to manage the quality and cost of healthcare.

**Nelson@insurancebottomline.com**  
**NextGenBenefits.com**

# WHAT'S IN STORE 2024

Reflecting on 2023 Gives Hints of What Could Be Coming This Election Year

**By Janet Trautwein**

COMPLIANCE AND GOVERNMENT AFFAIRS EXECUTIVE FOR WARNER PACIFIC

**A**s we head into a pivotal election year, forecasting the future of healthcare-related laws, regulations, and regulatory compliance is on the minds of industry experts, including ours at Warner Pacific. And while we can't predict exactly how it will all play out, 2023 has set a certain tone and themes that could carry over into 2024.

Reflecting on the year, several important things have happened. Let's start with the current political environment, because politics always color what has happened and what could happen.

The year began and continued with unprecedented turmoil in U.S. House leadership. Kevin McCarthy became Speaker after the longest multi-ballot speaker election since 1859, only to be removed from his office later the same year at the hands of dissident members

of his caucus. He was greatly challenged from doing the kind of meaningful work a speaker of any party would normally be able to do, thanks to historically thin margins.

This affected what came out of the House in 2023 and whether it passed into law. There were a number of good things that House committees worked on all year long, many with bi-partisan support, that may still make it through in early 2024.

**For example:**

- Increased transparency measures for Pharmacy Benefit Managers (PBMs), who currently control nearly 80% of the prescription drug market and operate with little oversight from federal regulators, to more clearly see transactions.

- Improvements to health savings accounts (HSAs) — from increasing contribution levels to expanding the definition of what qualifies as a high-

deductible health plan, in order to give more people access to HSAs that help pay for out-of-pocket expenses on a pre-tax basis.

- Qualification of telemedicine, on a permanent basis, for high-deductible plans and HSAs, which could encourage people to get to the doctor early before health issues become more serious such as the flu turning into pneumonia.

**All this sets the stage for what to watch for from Republicans and Democrats.**

There's the constant threat, of course, of legislators trying to cover federal costs with dollars currently excluded from taxation, including through the employer tax exclusion.

Other key issues to watch include the cost of insulin and dialysis and end-stage renal disease.

Insulin out-of-pocket costs are currently capped at \$20 per month in Medicare.

# Whatever the outcome, politics and policy are interwoven, and even though both parties are interested in many of the same things, they look to achieve them in different ways.

There's a push to move the cap to the private sector, which doesn't have the same ability to control costs. This move could force insulin prices up and make coverage costs more unaffordable to many.

With end-stage renal disease, the push is for every dialysis provider to be in the preferred level. This would inhibit payers' ability to negotiate price. Given the incredibly high cost of dialysis, this would be a huge blow, especially to ESPs. With both issues, the priority is to keep the cost of care down, because it affects the cost of coverage and people's ability to access it. It's also important to look for legislation moving through the House that might have provisions that have nothing to do with positive healthcare impacts, such as things related to U.S. border security. Provisions like these make legislation difficult to pass in the Senate.

## Senate activities

In the U.S. Senate right now, we're seeing a lot of activity that would be punitive for employers. For example, the most recent version of PBM transparency legislation includes provisions that would create new reporting requirements that are costly and difficult.

We're also seeing a continuous push to tighten market requirements related to Medicare Advantage marketing. There was a recent Senate finance hearing that was of some concern, so we're watching to make sure we don't see anything new that would impede the ability to market Medicare Advantage effectively.

Still, in a Congress that's divided in both chambers like we have under the Biden Administration, and also saw under Trump, not a lot of new legislation and regulations are passing, even though House and Senate members continue to work hard.

## Regulatory actions

A few other recent things that hint at what 2024 might hold on the regulatory front include:

- A rule having to do with limited duration medical coverage and plans that are minimum essential coverage plans paired with hospital indemnity. The goal is to tighten up any alternative plans to ensure that additional products in the market don't undermine the Affordable Care Act (ACA) and people's ability to access comprehensive coverage.
- Proposed rules around mental health parity and things they'd like to see with plan structuring, with most being costly and imposing additional reporting requirements and possible civil monetary penalties on employers.
- A rule regarding the Notice of Benefit and Payment Parameters, with proposed changes for 2024, including changing the definition of what constitutes an essential health benefit to include things like adult dental, which would make the cost go up.

## Affects of Election year

Also on everyone's minds is the fact that 2024 is an election year. Many have heard former President Trump say that if he is re-elected, he'll repeal the ACA. This is in contrast to President Biden's focus on retaining and improving it in a second term. While this might have some concerned because of the serious implications an ACA repeal would have, former President Trump would only be able to chip away at the ACA's regulations — not to repeal it — if he is again elected.

Whatever the outcome, politics and policy are interwoven, and even though both parties are interested in many of the same things, they look to achieve them in different ways. Either way, change can be disruptive and slow progress, but **nothing ground-shaking is on the immediate horizon — no matter who has control**

*over the White House and Congress.*

In 2024, I believe we'll see things happen like additional restrictions on level- and self-funding, and scrutiny over hospital indemnity. And if Trump is elected, I think the focus will shift to things like controlling prescription drug costs and, again, chipping away at ACA regulations.

Since joining Warner Pacific, I've been excited to support our broker partners with their questions surrounding these and other legislative, regulatory and compliance issues, so that they can best support their clients. I look forward to continuing this important work in the coming year.

One thing I tell our brokers that I think is critical in any year is to **take on a more consultative role with clients**. Look at them individually and think about their exposure to different issues. Do they have adequate coverage in other areas? Is there a form they need to file right now? Employers can differentiate themselves in this way, and you can, too — and Warner Pacific is here to help.



## Janet Trautwein

*serves as a critical resource for Warner Pacific's broker partners in compliance-related matters, providing hands-on guidance and insight to support brokers in*

*navigating policies that impact the industry. She's spent 35 years in the insurance industry, most recently at the helm of the National Association of Benefits and Insurance Professionals (NABIP, formerly NAHU) since 2005, where she built an extensive network of professional broker associations and gained deep respect for her in-depth understanding of legislative and regulatory matters.*

**Learn more about this full-service General Agency at WarnerPacific.com.**

# A Walk in Tim Kanter's Shoes

## Q&A with the president of California Agents and Health Insurance Professionals (CAHIP)

*California Broker (CB): What are the top issues that CAHIP is set to address in 2024?*

**Tim Kanter (TK): Membership and GROWTH!** We need to focus on membership retention and growth in two distinct ways.

First, we need to ensure all our members understand the tremendous value of being a part of the association, underscoring the many ways in which we serve them for a relatively small amount of annual dues. We'll be working with each of our board members and our communication team to spread important information about how we are serving CAHIP members and their clients every day.

Second, we need to have a much **LOUDER VOICE!** when it comes to protecting consumers' access to quality and affordable healthcare. By building membership, and leveraging our engaged members throughout the state, we can remain top of mind with state legislators. They need to be continually educated and reminded about key elements of healthcare, but especially with this key message: **single-payer legislation will hurt Californians and their access to healthcare.**

*CB: Speaking of single-payer, with SB770 adopted in California as law, how is CAHIP adapting?*

**Tim:** CAHIP has always been opposed to any type of single payer legislation. A benefit of the passage of SB770 is that it will open the doors to adult conversations about how a unified healthcare system would be financed. Not to mention how the federal government would or would NOT cooperate with a request from the state like this. In any case, it will likely take years before anything comes of it — and positions health insurance professionals to continue to promote **better access to care and not a single government option.**



**This is important for CAHIP: We still have time to speak out against a government-run system in California.** We also need to be vigilant against other single-payer legislation that may be introduced in Sacramento and stand firm for the right of our clients to pick their own healthcare plans.

Single-payer health care eliminates options. I liken it to having your healthcare managed by an entity like the DMV. Everyone in California complains about how long the lines can be for service. Imagine dealing with that same level of bureaucracy if you or a loved one is facing a medical condition and require a medical specialist.

We have scheduled a **free, members-only webinar on Thursday Feb. 1, 2024, at 10 a.m.** to discuss single-payer legislation that may be introduced in 2024 and to discuss other important legislative

topics impacting agents and their clients. This will be a critically important meeting for brokers throughout California. If you are considering joining CAHIP, now is the time to join to take advantage of this webinar.

*CB: How do you anticipate CAHIP will grow in 2024?*

**Tim:** By communicating effectively. By cutting through the clutter — by personally spreading the word as members and following that up with outreach into our community. This Q&A is a great example.

When we communicate, we need to underscore the fact that there are three distinct benefits to being a member.

- There is the representation and education the association provides on the local, state and national level which gives CAHIP members a strategic advantage over other health insurance brokers

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who do not have this level of support.

- There is our legislative support on the state level in Sacramento, with our lobbying team consistently voicing our concerns to state lawmakers.
- And there is the tremendous benefit of being part of a national organization, one that is working in Washington, D.C. with regulators to impact law relating to healthcare, plus the opportunity to regularly network with professionals around the country who are industry leaders and provide the critical direction we need to succeed in our careers in California.

It is an incredibly deep well of opportunity for CAHIP members – all for only about \$50 a month in membership dues.

*CB: How can brokers set themselves up for success this year?*

**Tim: Be an active member. Be in the know about what is going on in the industry.**

We encourage our members to read — and SHARE with their clients — all the information that is disseminated through CAHIP and our national organization, the National Association of Benefits and Insurance Professionals (NABIP). When I meet with my clients, I am eager to share with them all the legislative, compliance and regulatory information that I have been provided, as well as a range of new insurance products and services that could potentially save them money or provide them a higher level of coverage at the same premium cost.

I enjoy educating my clients about the health insurance industry, so they understand what they are purchasing and why. I am eager to show them a level of value they can't get from a run-of-the-mill health insurance broker who is solely interested in selling them a policy. I am gratified to be a trusted resource, armed with the information I receive from my professional association.

*CB: What's something that is a little different that you can do to better connect with clients?*

**Tim: I love to ask clients “what is YOUR WHY?”** I find it fascinating to sit down and hear someone's story. Whether you are a successful businessperson, athlete, politician, or maybe even a criminal, you have a story to tell.

I want to know why you do what you do. What brought you to this place and time? What makes you tick? What do you love and

what do you hate? Who do you admire and why?

Understanding a person's passion or curiosity helps me learn about the essence of that individual. **It is through their “why” that I seek to better serve them as an insurance agent, a trusted advisor, and a friend.**

*CB: How can brokers adapt to be more even relevant in 2024?*

**Tim: ENGAGE.** Don't think your clients will stay your clients because they have always been your clients. When you have your annual or semi-annual meetings with them in 2024, make sure to tell them something they don't already know. Tell them about the latest health insurance carriers, latest health care products and latest legislation that affects them and their families.

If you don't know the latest information, you need to become more active in CAHIP to stay up to date and give yourself the competitive advantage to best serve your clients.

I have been in this industry for almost 30 years and have had an agency for 17 years.

Over that time, the common complaint I hear from new clients is that their former brokers just renewed them over and over, no matter the premium increases, higher co-pays or the steady reduction in coverage.

We can't just send clients renewals every year, say nothing and expect to remain their brokers. CAHIP members know they need to always run competitor quotes, study the options based on the individual needs of the client and, if there are no other viable options to get more insurance for the dollar, be armed with this information to back up the renewal.

*CB: Is technology playing a more significant role in brokers' day-to-day work?*

**Tim: Absolutely.** Artificial Intelligence (AI) is reshaping the international business world and that certainly affects our industry. AI is the market disrupter that is writing our email, posting our social media and making it easier to communicate in our daily lives. We are becoming much better communicators because of AI.

For those who are wary of AI, you can't run from it. Together, as professionals, we need to embrace this technology and configure it in ways that best serve and protect our clients. AI saves work time, can make us all more effective, and can give us the free time

**“Don't think your clients will stay your clients because they have always been your clients.”**



**Left: Dawn McFarland, Sue Wakamoto-Lee and Tim Kanter at the Calif. State Capital. Right: Tim Kanter and Secretary of Calif. HHS Dr. Mark Ghally**

to have more quality interactions with our clients. AI is a valuable resource when used correctly.

And technology doesn't stop with AI. Stay in the know about what is new and what is happening with all kinds of technology in the world. You don't have to use all or any of it, but you do need to be aware of it.

**CB:** *Health insurance brokers are busy people, especially during fourth quarter. How does being part of an association benefit them when they have such little time to spare?*

**Tim:** Professionals in our industry need to have greater knowledge of the industry and about what their peers are doing. Better education, better resources for clients and knowledge of legislative issues that affect all Californians are all key attributes for an effective health insurance broker.

Through CAHIP, I have made many personal and professional friends who I trust and rely upon. I am proud to be able to mentor others and have had others mentor me. Together, we are all working to take our business to the next level.

**When an individual is seeking the services of an attorney, or an accountant or a financial advisor, it is always wise to see if they are affiliated with a professional association, as it demonstrates they have access to greater**

**knowledge and better information. These same tools are just as critical for health insurance agents who want to provide their clients with an unparalleled level of service.**

**CB:** *What is the one big thing you would like to see happen in the healthcare space this year?*

**Tim:** Well, there are two big things.

First, I would like to see the paperwork burden for employers finally be reduced. Under the Affordable Care Act, businesses are now saddled with overreaching compliance requirements, on top of all the other filings and challenges of running a profitable operation. There is a bill in the U.S. Senate that would ease their overly burdensome reporting requirements, which has received strong support from CAHIP and our national association.

The proposed Employer Reporting Improvement Act, S. 3204, with bipartisan support, would update communication by allowing employers to electronically file certain documents, eliminating the convoluted paperwork.

And second, we need to address the fact that Medicare has changed the definition of a third-party marketing organization (TPMO) to include health insurance agents. The changes CMS made a little over a year ago were well-intentioned; they were trying to stop some of the bad actors in the Medicare insurance world, but it went too far when it included the trusted advisors:

insurance agents. In 2024, I am hoping that agents can be removed from this definition.

There is a lot of compliance and extra steps that agents need to perform. It is more work, more expense and more hassle for professionals who are just trying to help clients find the right health insurance plan for themselves and their families.

**CB:** *What is the power of being a part of a professional organization?*

**Tim:** CAHIP fights on behalf of all agents in California, whether you are a member or not. There are over 100,000

licensed agents in our state who are getting free representation from the association to protect their jobs and protect their clients. If you are not a member of CAHIP, you are getting a free ride.

If we had 100 more members, we would have a **louder voice**. If we had 1,000 more members, we would have an even **louder voice**. That louder voice, amplified, can help stop single-payer, can ease reporting requirements, can improve healthcare, and can help cut the bureaucracy surrounding insurance.

**Non-members: Your free ride is not working as effectively as you think because your name is not being counted when we are fighting on your behalf. And you are missing out on many opportunities that could be coming your way. Please join for 2024 and help yourself and your colleagues become the best client advocate possible.**

**JOIN HERE: <https://cahip.com>**

# CAHIP



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NABIP Chief  
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**Eric Kohlsdorf**  
NABIP President



**Faith Borges**  
CAHIP Legislative  
Advocate & Lobbyist



Join NABIP's CEO **Jessica Brooks-Woods**, NABIP's President **Eric Kohlsdorf**, and CAHIP's Legislative Advocate and Lobbyist **Faith Borges** for a forward-thinking conversation about the evolving healthcare landscape and the trends and innovations pioneering solutions for a healthier tomorrow.

From getting a holistic look at the healthcare industry as a whole to insights into the evolving policy landscape, find out what's to come and learn how your business will be impacted!

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# GEN Z

# Next Best Prospect For Health Insurance

**Understanding their awareness of insurance and motivating purchase drivers**

**By Katie Shivers**



As Gen Z ages, more and more are entering the insurance market. Whether becoming ineligible for parental health insurance at 26 or getting coverage through their first employer, it's becoming increasingly important to understand how to engage and retain them as insurance customers.

For the past 10 years, ReMark, a global insurance consultancy specializing in consumer insights, marketing campaigns, and digital insurance solutions, has conducted a Global Consumer Study (GCS) to understand the attitudes, rationale, and habits of the current insurance market.

The 2023-2024 ReMark GCS surveyed over 12,000 consumers, across 22 global markets, including 1,004 U.S. respondents. Intentionally, this year's study focused exclusively on Gen Z (ages 18-26) and Millennial (ages 27-42) consumers because of their growing need for insurance coverage.

Although Millennials experiencing major life milestones may be prime prospects for health insurance professionals, preparing for Gen Z to enter the market is a necessity for ensuring the continued success of your business. This includes understanding their awareness of insurance and motivating purchase drivers.

## Insurance Literacy & Education

This year's most informative insight centered on insurance literacy. Respondents completed a self-assessment and were scored on their basic insurance knowledge, including underwriting, risks and coverage.

- While 49.1% of Gen Z Americans self-reported very good/good life and health insurance knowledge, their assessed literacy score was 5.87/10. This

discrepancy between perceived and actual insurance knowledge shows that Gen Z is more confident than their knowledge may justify.

- Positively, despite their confidence, they are open to learning: 75.2% expressed a desire for additional insurance education. When asked about their ideal learning methods, education from a trusted friend ranked number one (26.3%), followed by online courses (23.9%), and a 1-on-1 call with an insurance agent (16.8%).
- Their interest in education, especially via 1-on-1 agent calls, uncovered a new engagement opportunity for agents — the opportunity to assist in their pursuit of knowledge.

It would be a mistake not to address the **role of friends and family in education**. Many of the children/grandchildren of your customers rely on their elders for their insurance knowledge and these older people also need to learn from someone. By investing more heavily in educating across generations, agents can benefit from a compounding effect.

The role of agents in education can extend beyond 1-on-1 interactions. Distributing self-service resources, most importantly offering online courses, can be impactful. It demonstrates to younger prospects your commitment to serving their educational needs and playing a vital role in their entrance into the market.

## Pre-Purchase Advice & Buying Triggers

U.S. Gen Z's propensity to value friends and family over other sources of information continues when you analyze their purchase journey. GCS data shows that 37.1% of those who recently purchased insurance relied on friends and family for pre-purchase advice. Although most are first-time insurance buyers, nearly a quarter

(23.2%) turned to an insurance agent or financial advisor for advice. This outranked online research (19.7%), demonstrating the continuing importance of agents early in the Life and Health Insurance sales cycle.

As Gen Z moves from consideration to purchase, there are several influential buying factors. Interestingly, price (34%) and good online reviews (33%) were rated nearly equally as most important. Historically, price has been the leading factor, but in recent years customer experience has become increasingly more valuable. This is amplified by the fact that U.S. Gen Z are digital creatures. They often rely on online sources to evaluate businesses before buying. If agents are looking to increase inbound leads, collecting positive reviews is an essential practice.

Health insurance professionals may not be encountering Gen Z prospects just yet, but they will very soon. Beginning to understand what this generation values will only help you to engage and retain Gen Z clients as their buying power increases.



**Katie Shivers** is the marketing manager for ReMark, a global insurance marketing and technology consultancy. She has a bachelor's in advertising from the

University of Georgia and experience across non-profit, HR, compliance, and insurance software and technology marketing. As marketing manager, Katie contributes to event planning initiatives and thought leadership content focusing on consumer trends across the Americas, often incorporating the Gen Z perspective.

[remarkgroup.com](http://remarkgroup.com)

[katie.shivers@remarkgroup.com](mailto:katie.shivers@remarkgroup.com)

# Gen Z Insurance Consumer Trends

USA 2023-24



Very good/good  
perceived insurance  
knowledge

49.1%

5.87 /10

Insurance  
literacy score

Desire for  
insurance  
education

Yes

No

24.8%

75.2%

Q5 / Do you feel you need additional education about insurance?

Preferred ways to learn about  
insurance



- 26.3% – From a trusted friend
- 23.9% – Taking an online course
- 16.8% – 1 to 1 call with an insurance agent
- 12.3% – Watching video content
- 8.4% – Through an online forum
- 5.6% – Reading a brochure
- 3.4% – Through social email
- 3.2% – Email newsletter

Q5.1a / What would be your ideal way to learn more about insurance?

Source of pre-purchase advice



Q. / Where did you go for advice before purchasing?

34%



Price

33%



Online reviews

13.2%



Established brand

Most important buying factor

Q. / What was the most important factor in the buying process?

Global  
Consumer  
Study



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**People Are  
Talking About  
LTC Insurance  
Again**

**(and the industry is  
paying attention)**

**By Marc Glickman**

**It has only been about 15 years,** but long-term care insurance (LTCi) is popular again. All of us in the LTCi biz knew this might be inevitable. After all, we can see the demographic writing on the wall. There are more than 50 million family caregivers in the United States. They can only do so much until professional home care or facility care is needed. The collision of baby boomers needing care, states paying attention to the crushing need, and the impact on family caregivers, has made LTCi popular again. Well, sort of.

You may have heard this story: Without LTCi planning, extended care is paid out of pocket. Once income and assets are depleted, Medicaid kicks in. But what happens when Medicaid runs out of money?

The year is 2021. Washington State is ground zero with the second-highest cost of home care in the nation. Leaders in the state can see a crisis on the horizon. As a result, Washington passed a law requiring an LTCi payroll tax on all w2 employees who do not own private insurance. With a deadline set for six months after passage of the law, a fire sale ensues. The result was the sale of over 400,000 LTCi or hybrid policies in a single state in six months. In the prior year, less than 100,000 policies focused on LTCi were purchased nationally, a generational low.

One group hybrid LTCi carrier sold nearly 200,000 policies, or \$100 million of premium, representing almost half the policies in Washington. While an incredible stat, the one that may be more incredible is — this same carrier sold over \$100 million in 2022, without a payroll tax looming. There was continued demand for this product.

Next up? Possibly California, New York or Minnesota. We'll have to stay tuned.

### **New LTC Funding Solutions**

The group hybrid LTCi market is growing by 50% per year. Carriers are paying attention, and other states are as well. As I mentioned, California and New York are slowly exploring their payroll taxes, as are nearly 30% of all other states according to a recent Nationwide study. Many more carriers are entering the market with LTCi riders on their group life policies.

These new options are popular not just because of the payroll taxes. They nailed a target market: Guaranteed issue underwriting, affordable price points of \$500 to \$1,000 per year, easy-to-access

product offerings through education, and enrollment through employers and associations.

LTCi as a starter plan through the employer helps the 97% of Americans who currently do not own long-term care insurance. The best way to help someone get comprehensive coverage in the future may be to get them a smaller plan now and continue the conversation through additional education.

Whether you're already offering LTCi as a benefit option or not, you will feel the impact of the demand. When your neighbors, friends, families, and clients start asking you about the insurance offered through their employer, what will you tell them? Do you believe the policies are too small to make a difference? You might want to take another look.

### **A Closer Look at Guaranteed Issue Products**

Let's look at these LTCi extension riders for the masses. You may be surprised what you can get for \$1,000 per year on a guaranteed issue basis. One of the most popular products in the individual LTCi market is a life insurance hybrid that not only accelerates the death benefit but also extends LTCi coverage once the death benefit is exhausted. Following in those footsteps, these features have become popular on group products too. For \$1,000 per year, you not only get a \$100,000 death benefit if you don't need long-term care, but should you run out of coverage over 25 months, you might get another 25 or maybe even 50 months (about 4 years) of additional coverage for \$300,000.

Value plus ease of access is driving this renaissance in LTCi planning solutions.

### **Life and Health Brokers: Opportunity to Build Your Business**

What can you do to participate in this market growth? First, realize that this is new to many employer groups or associations. The great news is that we are starting to see more press on the long-term care challenges (and more family conversations) and there are various solutions available to these groups. We see guaranteed issue carve-out solutions for as few as 25 executives at price points that are affordable for employers to comfortably fund the entire group. Your individual

clients may be business owners and white-collar professionals, who you already help with health insurance, or life, annuity, or disability income planning. Funding a plan for 25 of their colleagues on a guaranteed issue basis is within reach.

As more carriers enter the market and more states take further steps to implement their own LTC payroll taxes, this market will inevitably continue to surge.

### **What are you doing to prepare yourself for the resurgence of LTC insurance?**

**We suggest using the employer market to educate more Americans about long-term care planning is a strong strategy. This is why we offer life and health professionals the option to learn the business and become a subject matter expert (SME) with our guidance or refer clients and get a share in the success.**



**Marc Glickman, FSA, CLTC**, is CEO and co-founder of BuddyIns, a leading long-term care and hybrid insurance technology company. Marc is also an actuary and has served as the chief sales officer for a major LTC insurance company.

**marc@buddyins.com**  
**818.264.5464**

**Reach out to the Collaboration Center and explore what is available to help you with a client's issue regarding long-term care insurance, or other issues. Email or call and speak with an SME to review your client's issue and suggest a next step.**

**Make 2024 the year to connect with a SME to learn and grow your income.**

**Contact:**  
**The Collaboration Center @**  
**657-229-2849**  
**Info@healthbrokercollaborators.com**

# 2024 Employment Law

## Update

**BY NICOLE KAMM AND ALYSSA GRAF**

The new year 2024 brings a host of new employment laws that are likely to impact your business and — importantly — your clients' businesses. All California employers need to be familiar with these laws and — as a trusted advisor — this information will help you spot issues and guide clients to the right resources when needed.

2023 was the most active legislative year on the labor and employment front since before the COVID-19 pandemic. Dozens of bills made their way through the legislative process — including increases to California's paid sick leave requirements, new leave entitlements, workplace violence prevention requirements, rehire obligations for displaced workers, and many more.

While we are only able to touch on a few pertinent laws in detail, below is a list of the most relevant new legislation for employers in 2024:

- SB 616: Paid Sick Days – Increases paid sick days and increased accrual caps.
- SB 848: Leave for Reproductive Loss – Allows employees to take up to 5 days of leave for a “reproductive loss event.”
- SB 553: Workplace Violence – Requires employers to adopt workplace violence prevention plans and comply with recordkeeping and training requirements.
- AB 1228: Fast Food Workers – Establishes minimum work wage and watered-down Fast-Food Council.
- SB 476: Food Handler Cards – Establishes guidelines for employers regarding food handling cards.
- SB 525: Healthcare Worker Minimum Wage – Enacts different minimum wage increases depending on the type of health care facility.
- SB 497: Retaliation Presumption – Establishes a 90-day rebuttable presumption for retaliation claims.
- AB 594: Local Enforcement of Employment Laws – Expands the ability of local “public prosecutors” to prosecute civil or criminal actions for violations of the Labor Code.
- SB 700: Cannabis Use – Makes it unlawful for employers to request information from applicants regarding prior use of cannabis.
- SB 365: Arbitration – Courts are no longer automatically required to stay the underlying litigation during an appeal.
- AB 1076: Non-Compete Agreements – Makes it unlawful to include a non-compete in an employment contract.
- SB 699: Non-Compete Agreements – Establishes that non-competes are unenforceable regardless of where or when signed.
- SB 723: COVID-19 Rehire Rights – Extends existing law SB 723 until December 31, 2025.
- AB 647: Grocery Workers – Updates existing grocery

retention law including expanding to include distribution center employees and adds a new right of action for enforcement.

- AB 636: Agricultural Employees – Requires notice of federal or state disaster declaration and requires visa employers to provide notice of employment-based information.
- SB 362: “Delete Act” – Amends existing data broker registration law and creates a single request for deletion of data by registered brokers.
- SB 770: Single Payer Healthcare – A step towards a single payer healthcare system by establishing a working group for recommendations.

### **Increase in California minimum wage**

Effective Jan. 1, 2024, the California minimum wage will increase to \$16.00 per hour for all employers. The change in the minimum wage also affects the minimum salary requirement for most exempt employees. An employee must earn no less than two times the state's minimum wage for full-time work to meet this initial requirement of the exemption test. As of Jan. 1, 2024, employees in California must earn an annual salary of no less than \$66,560 to meet this threshold requirement.

Note that many cities and counties throughout the state have local minimum wage ordinances. In the age of remote work, employers must also ensure employees subject to any local minimum wage requirements are being properly compensated.

### **SB 616 Paid Sick Days**

Effective Jan. 1, 2024, California employers will need to increase the amount of paid sick leave provided to employees. SB 616 increases the amount of required paid sick leave from three days or 24 hours to five days or 40 hours. If employees accrue paid sick leave based on hours worked, the new law increases the accrual cap from 48 hours or six days to 80 hours or 10 days. Employers that use an accrual rate other than one hour for every 30 hours worked must ensure employees accrue at least 24 hours by the 120th day of employment and 40 hours by the 200th day of employment.

As with the minimum wage requirements, many cities and counties in California have local paid sick leave ordinances which may require greater benefits than under state law. Employers generally must comply with the requirements of the location from where the employee works, even if located in an area different from a company office or headquarters.

This bill requires immediate action from all employers. They will need to update their sick leave policies, handbooks and training materials. Managers, supervisors, human resources and benefits

specialists should be trained to ensure they are up to date on the new requirements. Additionally, employers must review the new law with the company's payroll processor to ensure accrual or frontloading allowances are correct and wage statements accurately reflect the paid sick leave to which each employee is entitled.

### **SB 848 Leave for Reproductive Loss**

SB 848 allows employees to take up to five days of leave for a "reproductive loss event." A "reproductive loss event" means a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction. This new law applies to employers with five or more employees and employees must have been employed for 30 days to be eligible for the leave. The leave need not be taken consecutively but must be completed within three months of the event. Though the leave is not required to be paid, an employee may use accrued paid sick leave or vacation, if available.

### **SB 553 Workplace Violence**

All employers are required to adopt workplace violence prevention plans tailored to their specific workplace and comply with specific recordkeeping and training requirements. The law also mandates annual training and requires employers to maintain a "violent incident log" about every incident, the response, and investigation performed, and maintain the records for at least five years. This law requires prompt action by employers as employers must have a written prevention plan in place by July 1, 2024. Note that health facilities are not required to comply with SB 553, they are only required to comply with the Cal/OSHA regulation.

### **SB 525 – Healthcare Worker Minimum Wage**

SB 525 creates the first minimum wage requirement for healthcare workers. Most employees covered under this bill will earn a minimum of \$25 per hour. The minimum wage will increase depending on the type of healthcare facility employer. This law was brokered as a deal between labor and hospital groups. It has a broad definition of healthcare worker and includes janitorial and housekeeping services, food services, security, vendors, and independent contractors servicing the healthcare facility etc. The new law goes into effect June 1, 2024.

### **SB 497 – Retaliation Presumption**

This law amends current sections of the California Labor Code to create a rebuttable presumption of retaliation if an adverse employment action is taken against an employee within 90 days of the employee engaging in certain protected activity (for example: making a complaint, participating in an investigation, objecting to unlawful conduct by an employer, or exercising their rights under labor laws). It will be up to the employer to show that the adverse employment action (such as a disciplinary action, write up, discharge, demotion, threat of discharge or demotion, suspension, pay cut, or reduced hours) was not an act of retaliation. The presumption will also apply to California's Equal Pay Act. This law makes it easier for an employee to meet its initial burden of establishing a claim for retaliation under the law.

### **SB 700 – Cannabis Use**

Beginning Jan. 1, 2024, it will be unlawful for an employer to request information from job applicants regarding prior use of cannabis.

### **AB 1076 / SB 699 – Non-Compete Agreements**

It is now unlawful to include non-compete provisions in an employment contract. Non-compete clauses are now unenforceable regardless of where or when they were signed. This law also

requires employers to notify employees with contracts containing non-competes that the clause is void. As such, if the employer has a practice of including such language, non-compete provisions must be removed from all future contracts. All past contracts must be reviewed to determine whether the employer has any affirmative obligations under the new law.

### **SB 770 – Single Payer Health Care**

California took a small step to establish a system of guaranteed healthcare for all. While a single payer healthcare system is many years away (if at all, due to high costs associated with the transition), SB 770 makes some initial steps toward creating a single payer healthcare system. SB 770 directs the California Secretary of Health and Human Services to pursue waiver discussions with the federal Center for Medicare and Medicaid Services (CMS) to facilitate the creation of a unified healthcare financing system. The law establishes a working group to make recommendations in favor of a single payer system. California still has a long way to go on this front and while the law does not have an immediate effect on employers, this law is one to watch.

**If you have questions regarding best practices for updating and implementing policies in response to the new laws above or any other employment matters, please reach out to Nicole at [nkamm@fisherphillips.com](mailto:nkamm@fisherphillips.com) and Alyssa at [agraf@fisherphillips.com](mailto:agraf@fisherphillips.com).**



**Nicole Kamm**, partner, Fisher Phillips, represents a broad range of clients, from small businesses to national companies, in a variety of industries, including healthcare. She provides strategic counsel and management training on employment issues that arise in the workplace, including hiring, discipline and termination decisions, leaves of absence, reductions in force, compliance issues and more.

Nicole is active in the local business and legal community. She previously served on the San Fernando Valley Bar Association's Board of Trustees and is the co-founder of Women to Women (W2W), a networking group for dynamic and innovative female professionals. Super Lawyers designated Kamm a "2019 Top Female Attorney" in Los Angeles Magazine and she was named a "Top Attorney" by Pasadena Magazine. She received her J.D., cum laude, from Pepperdine School of Law and her B.A. from University of California, Berkeley.

[nkamm@fisherphillips.com](mailto:nkamm@fisherphillips.com)



**Alyssa Graf** is an associate in Fisher Phillip's Woodland Hills office. Alyssa represents and advises clients in employment matters during all stages of litigation, including the pre-litigation phase.

Alyssa defends employers in all aspects of labor and employment law, including charges of discrimination, harassment, retaliation, wage and hour, and other employment-related claims. In addition to her litigation practice, Alyssa spends considerable time advising her clients on matters including compliance and preventative strategies. She works with employers to develop employee handbooks, policies and procedures and training material.

[agraf@fisherphillips.com](mailto:agraf@fisherphillips.com)  
[www.fisherphillips.com](http://www.fisherphillips.com)



# 10 Tips to Speed Up Your Prospect-to-Client Sales Cycle

In a decidedly unscientific study, I interviewed 37 financial professionals of different tenures and success levels to see if I could come up with some useful tips to help you speed up your sales cycle.

**By Bill Cates**

Here then, is what I gleaned from these conversations:

- 1. Make referrals and introductions your primary source of prospects.** Keep moving away from leads, online seminars to cold prospects, and other methods of meeting prospects that are known to have a *lower* and *slower* conversation rate. The borrowed trust that comes from referrals and personal introductions will both speed up and increase your conversation rate.
- 2. Add a referral component to your seminars.** If you feel you must continue to fill your pipeline with colder prospects, don't forget to use referrals as part of the process. You can ask clients to invite people to your educational events, you can promote referrals at one event for your next event, and you can ask these prospects for referrals to appointments or future events.
- 3. Make sure you get a great introduction from your referral source.** Stop settling for weak or no introductions. Collaborate with your referral source for a meaningful connection. An effective introduction all but guarantees you'll at least gain the prospect's attention.  
Here's a recent blog on the topic: <https://referralcoach.com/email-introductions-2/>
- 4. Be transparent with your process.** Neuroscience talks about "cognitive fluency: the ease with which people understand and process information." When your prospects and clients are super clear about how to start and continue working with you – they are more likely to continue on that path and work with you. How many steps are in your process of getting to know your prospects, making recommendations, onboarding them, and continuing to serve them? Share this process early in your new relationships and continue to let your prospects and clients know what step in the process they are on. You will win more new clients more quickly by employing the principle of Cognitive Fluency.

**The value and trust that you build quickly in a new relationship will often make a huge difference in how quickly you can earn that prospect's business.**

5. **Use an agenda for every meeting and share it with your prospect.**  
Using an agenda will usually result in a better managed meeting with time to cover all the items on the agenda. It will demonstrate your competence to your prospects. Share your agenda with the prospect before each meeting so they know what to expect and how to be prepared. And most people love the sense of completion that comes from checking off an item as it's completed.

6. **Provide tangible value as quickly as you possibly can.**  
The value and trust that you build quickly in a new relationship will often make a huge difference in how quickly you can earn that prospect's business. One thing that builds trust quickly is bringing value as quickly as possible – in a way that doesn't earn you a penny.

For example:

- a) Help your pre-retired clients determine what their Social Security payout will be at certain age points
- b) Introduce them to another service that they may find valuable – that may have nothing to do with financial services
- c) Explain a complicated concept that brings them great clarity and understanding. Money follows value!

7. **Bring your processes to life through visual aids.**  
The vast majority of humans learn faster and remember more from what they see versus what they hear. Bring what you do to life with uncomplicated and uncluttered graphics, lists, and other visual tools.

8. **Make sure meeting times meet expectations.**  
Whatever time you feel you need to bring value and cover the topics that need to be covered, confidently communicate that to your prospects so they don't schedule something that will interfere with your agenda. As you begin the meeting (in-person or virtual), confirm that agreement to how much time as been allocated.

9. **Send summary emails with specific, expected action steps.**  
If you believe your prospect is a good match for the work that you do, don't end a meeting without specific next steps – on either their part, yours or both. In marketing, this a "Call to Action" or "CTA." Then stay with the process to make sure everyone does their part.

10. **Get to the "GAP" or the critical issue as quickly as possible.**  
People put off aspirational opportunities, but they will often move heaven and earth to plug a hole or solve a critical problem. If a prospect does not convert into a client or they procrastinate about their decision making, it may be because they didn't recognize the critical nature of the problem you proprot to solve. A great question to ask is, "What will happen if we don't take action on this issue today?"

**BONUS TIP: Lead the Process – Be the Expert – Expect the Result You Want**

Here is my definition of Financial Leadership: Helping people make educated decisions that are in their best interest that they wouldn't make without you.

Taking a leadership role in the lives of your prospects and clients takes confidence. Lead this process in a way that produces

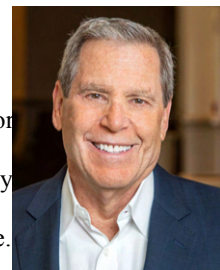
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**Bill Cates, CSP, CPAE** is president of Referral Coach International. He is the author of "Get More Referrals Now," "Beyond Referrals" and "Radical Relevance." Bill is a highly sought-after coach, consultant, international speaker and virtual presenter.

CalBroker readers can get valuable FREE tools here:  
[www.ReferralCoach.com/resources](http://www.ReferralCoach.com/resources).

**Contact:**  
**BillCates@ReferralCoach.com.**

# 2024 Eyecare Trends that are Essential Elements to Whole-Body Wellness

By Jonathan Ormsby

**A**we begin 2024 with all the new year has to offer, we are looking at trends in eyecare and eyewear that could make an even bigger impact during the new year. Brokers who effectively convey this valuable information to their clients can help them leverage these trends. Employers, in turn, can use these insights to show their employees they are listening.

*Editor's Note: Unless otherwise noted, the stats presented throughout the article are from Transitions, 2023 Workplace Wellness Survey, Wakefield Research, N=500 U.S. adults, ages 18+, employed full-time or part-time, whose employers offer vision benefits, and 500 U.S. adults, ages 18+, self-employed and enrolled in individual health plans or private pay.*

## Trend #1: Employees are Focusing on Holistic Health

We continue to see employees focusing on holistic health, a trend that has been top of mind for many people over the last few years. A CVS Health® study found more than three out of four people report the COVID-19 pandemic has led them to pay more attention to their health in general. (CVS Health®, 2021 Health Care Insights Study, N=1,000 U.S. adults, ages 18+. <https://www.cvshealth.com/news/community/new-cvs-health-study-finds-people-are-taking-greater-control-of-hm1>)

In line with the trend on holistic health, business owners and their workers are focusing on mental health, as well as physical health. Together, they are working on ways to be more productive while avoiding burnout. For example, according to a recent survey from the Future Forum Pulse, burnout is on the rise globally, most significantly in the U.S., where 43% of middle managers reported burnout. (Future Forum Pulse, August 2022. <https://futureforum.com/research/pulse-report-fall-2022-executives-feel-strain-leading-in-new-normal/>)

Considering that our overall health is not just physical, but also mental and emotional, employees are focusing on taking care of themselves holistically. A full 96% of employees surveyed in the Transitions Survey said they are likely to visit a healthcare provider in the next 12 months, most likely a primary care provider, dentist, or eyecare professional. The survey also showed that employees (89%) are regularly partaking in other healthy activities, including eating healthy foods, exercising, meditating and yoga, and/or visiting a mental health professional. With these findings, we are seeing that people are taking a greater interest in their own health, and are actively engaging in healthy habits, from taking yoga to visiting their eyecare professional for an eye exam.

To keep holistic health top of mind, this year, brokers can recommend that employers focus on offering holistic benefit programs, including premium vision benefits to their employees. Be aware that a whopping 78% of employees reported to Willis Tower Watson that they are more likely to stay with an employer because of their benefits program. That should get your client's attention! (Willis Tower Watson, 2018. <https://www.compt.io/employee-perks-statistics>).

## Trend #2: Eye Breaks Are the Next Workplace Wellness Initiative

Over the last several years, employees have reported issues with their eyes. We

don't see that trend slowing down in 2024.

According to the 2023 Transitions Survey, nearly half (49%) of employees cite eyestrain/eye fatigue as negatively impacting their productivity and performance.

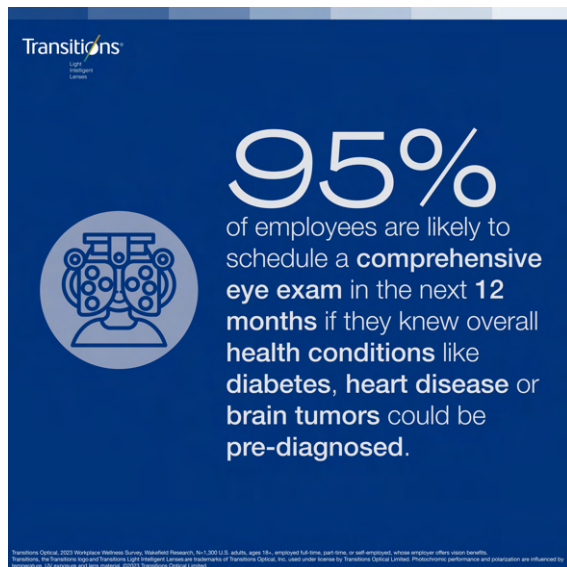
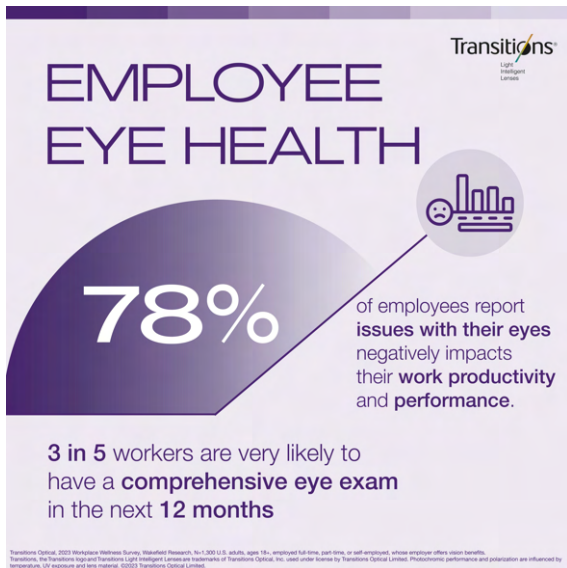
As the COVID-19 pandemic has impacted the amount of time spent in front of computer screens and phones, 45% of employees cite digital eyestrain symptoms like headaches and 38% cite blurry vision as negative impacts on their productivity.

Encouraging employees to take breaks regularly to rest the eyes and prevent eye strain is shaping up to be an important workplace wellness initiative to help improve employee productivity in 2024.

These eye breaks are shown to be the top preferred workplace wellness initiative with employees: 56% of respondents prefer it in comparison to:

- financial assistance for fitness (39%)
- financial assistance for therapy sessions or mental health activities (34%),





- meditation breaks (32%)
- standing desks (23%).

Implementing trends doesn't have to be difficult. Encouraging eye breaks can be as simple as employers encouraging the 20-20-20 rule, which is taking a 20 second break every 20 minutes to look at something 20 feet away. (*American Optometric Association, <https://www.aoa.org/healthy-eyes/eye-and-vision-conditions/computer-vision-syndrome?sso=y>*).

### Trend #3: Employee Interest in Premium Eyewear Will Continue to Rise

As we strive to live more holistically healthy lives, we are keeping our overall health top of mind — and that includes eye health. This is a perfect opportunity for savvy brokers to keep this top of mind for a business owner by showing them how to incorporate vision benefits into their portfolio.

With employees reporting issues like blurry vision, eyestrain, and headaches negatively impacting their work performance and productivity, it's important for employers to offer health benefits that can positively impact overall health.

Connecting to the trend of focusing on overall health, 95% of employees who wear eyeglasses and have vision benefits are willing to pay above what their insurance covers for premium lens benefits, including scratch-resistant lenses, anti-reflective or no glare coatings, photochromic lenses, UV blocking, and premium lens design including a sharper, wider field of view.

Our survey showed nearly half of employees are willing to pay above what their insurance covers for

photochromic lenses, like Transitions® lenses. 60% of employees say it is extremely important to have Transitions® lenses covered by their company's vision plan versus other photochromic lens brands.

With seven out of 10 employees indicating that protecting their eye health is more important today than it was before the global pandemic — brokers who follow our trends and offer premium vision benefit packages to clients that include eyewear options that employees want and need can help catch the eye of employees.

So, brokers, listen up! Use this insight to help your clients stand out and grab employees' attention. How? Offer a cool vision benefits package with the eyewear and protective lenses employees crave. It's not just about protection; it's about catching their attention and keeping them happy!

Of note: Transitions® lenses offer always-on protection and can be key in achieving holistic health and improving their productivity. (Transitions lenses block 100% UV & filter at least 26% of blue-violet light indoors & at least 86% outdoors. Tests performed on grey lenses with premium anti reflective coating. Blue violet light is between 400 and 455nm (ISO TR 20772:2018)



**Jonathan Ormsby**  
is a senior manager –  
U.S. Managed Care for  
Transitions Optical.

**jormsby@transitions.com**  
**www.transitions.com**

- healthy catered lunches (33%),



# 2024

**A Year of Breakthrough Technology  
Disrupting Healthcare at  
Breakneck Speed**

**By Dr. Anoop Kumar, MD**

**W**ellness and self-care are no longer fads. They are here to stay, and their influence will increasingly be seen in healthcare in 2024 and beyond. McKinsey and Company estimates that the wellness market is growing to \$1.5 trillion.

Even traditional structures like hospitals and clinics cannot avoid the burgeoning wellness trend. Brokers who foster this awareness with their clients can stay ahead of the curve in recommending effective wellness programs and benefits for employees.

Before we get into examples, let's first consider what wellness and self-care mean. Both wellness and self-care signify the importance of our own subjective experience and our ability to improve our lives, above and beyond an external interpretation of objective measurements. Wellness brings the subjective and objective together.

Self-care can be understood in this context as well. If self-care takes on a fixed, strict interpretation of self-as-individual or self-as-body, this can become problematic. We can become overly self-critical, taking us away from a more expansive experience of ourselves and our community. The kind of wellness and self-care that will sustain and continue to influence healthcare will be that of finding a middle ground.

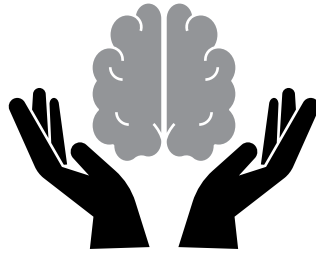
### **Addressing burnout**

Health insurance professionals need to take care of themselves well too, as they guide their clients to provide the best healthcare benefits for their workers. So, having an awareness of your own role in self-care can help foster an understanding of how to present this to clients. Selling insurance can be highly stressful, especially during open enrollment. So, brokers know firsthand how 'burnout' can happen.

Within healthcare, wellness for clinicians has also become a priority as their rates of burnout — now better known as “moral injury” — are devastating the workforce. There is a concerted effort to assist clinicians in many tasks using artificial intelligence (AI). AI is being used to help radiologists make accurate diagnoses more quickly, and to help sort through medical records and give a more accurate glimpse of the history of a patient, thereby giving clinicians a heads up about what to expect. These uses are purported to help clinicians reduce workload and stress, thereby enabling them to focus on patients more. In a world where so much of a clinician's time is spent on documentation, this technology has an opportunity to improve clinician wellness when used in the right setting.

### **Changes in care settings**

One of the big changes in healthcare that has been underway for several years already and is accelerating is the shift in the location of where care happens. Previously, it was the hospital or clinic. More recently, it has happened in quick-care centers and over video calls. Healthcare is increasingly happening where you are now, rather than in its own facility. We are seeing the development of AI-based



Because of the increasing popularity of psychotherapy, psychedelic-assisted psychotherapy, and transpersonal psychology, our understanding of the mind is growing in leaps and bounds.

apps that a person can use at home to help narrow down a diagnosis from the symptoms they are experiencing. While the accuracy of such apps remains to be seen when used at scale, there is little doubt that healthcare organizations are going to be partnering with such technological capacities to extend their services to wherever you go — if they can beat the startups to the finish line.

### Role of AI

We also see the AI footprint in the continued growth of personalized data that reaches us through wearable technology, athleisure clothing, and personalized devices and apps. More people are using the data and analytics provided by AI to gain insights into their daily habits and take actionable steps, whether it's changing when they eat, what they eat, how much they are moving, how well they sleep, or how to meditate.

An example of how AI is being used in the field of mental health is as a triage service. Imagine that someone is experiencing distress and looking for help. They try to reach a few people close to them but are unable to get through. We now have AI-based apps that take an algorithmic approach to triaging people and connecting them with counseling resources.

Beyond AI, our very view of mental health is also starting to expand. The topic of distress and asking for help is becoming less taboo. There's a key point to note here. Is it becoming less taboo because we simply accept the current framing of mental health and illness or because we are gaining

insight into the mind and how we navigate life? If it's the former, we are likely to stay stuck in the same box of ideas about mental health. Fortunately, there are signs that the latter is the case. Because of the increasing popularity of psychotherapy, psychedelic-assisted psychotherapy, and transpersonal psychology, our understanding of the mind is growing in leaps and bounds. Is the mind a biomedical process? A philosophical entity? A spiritual experience? As the worlds of wellness, spirituality, biomedical science, and mental health converge, we are increasingly asking better questions even as we are looking for answers.

### On the horizon

Looking forward, 2024 is going to be a year of breakthrough technology disrupting healthcare at breakneck speed. Precisely because this is true, it is also important that we pause and put these advancements in context. There are still many things that technology cannot directly share with us, including who we are, why we are here, and what it feels like to connect with someone else. Data are indicators, measurements, and symbols. It is our own natural intelligence — NI, if you will — that gives meaning to these, and that created AI after all.

From this place of recognition and possibility, a new year can unfold beautifully.



**Dr. Anoop Kumar, M.D.** is an emergency physician. He is co-founder and CEO of Health Revolution and co-creator of Health Jumpstart.

*“As an ER doctor for more than 15 years, I have witnessed health care problems most can't bear to imagine. What I came to discover in being with those who are suffering is an immutable truth: There is an emergency in health care that no one is talking about... We don't fully know what health is. “As a medical student, I had a near-death experience that changed the way I saw health forever. It opened me to a field of infinite potential where I ran into the limits of my own medical training. I saw a vast terrain with multi-directional pathways that support healing. My purpose is now to guide people along these paths so they can experience what health truly means.”*

[www.healthrevolution.org](http://www.healthrevolution.org)

# WHERE WILL THE PHARMACEUTICAL INDUSTRY BE IN THE NEXT FIVE YEARS?

BE PREPARED TO ADVISE YOUR CLIENTS

BY EMMA PETERS



**W**e currently live in the age of artificial intelligence (AI) and emerging medical technologies, and it's only natural that the pharmaceutical world would be affected by these fast-paced developments. Alongside these technological developments, brokers can also expect to see new policies and models that will affect the accessibility of prescription drugs. In the next five years, we can expect to see AI further streamline the drug discovery process, new pharmaceutical models to evolve to increase accessibility and decrease costs for drugs, and personalized medicine developments with pharmacogenomics.

In this article we will discuss these changes so that health insurance professionals can be aware of the direction that the pharmaceuticals are entering. Be well-equipped to give their clients the best information and advice in this rapidly changing industry.

## Artificial Intelligence

AI-driven diagnostic tools, such as image recognition and predictive analytics, can detect diseases like cancer, diabetes and heart conditions before symptoms become apparent. With timely interventions,

physicians can implement preventative measures and prescribe medications when necessary. This proactive approach can potentially save lives and reduce the overall healthcare costs associated with late-stage disease treatments.

In Optum's analysis of the four key forces shaping the future of pharmacy, they describe the impact of using AI as a preventative measure, using the example of their diabetes progression machine learning model ... "Our diabetes progression machine learning model runs on pharmacy claims data. It was trained using an integrated pharmacy and medical data application. The model can predict the probability of diabetes-related hyperglycemic events in the next two years at the patient level. This enables Optum Rx to concentrate on connecting with high-risk members in our diabetes management program. Ideally, we can help them avoid complications related to diabetes such as vascular disease, coronary artery disease, kidney disease and eye problems."

([www.optum.com/business/insights/pharmacy-care-services/](http://www.optum.com/business/insights/pharmacy-care-services/))

Tools are available that can analyze multiple data sets including pharmacy, medical, lab, demographic, social, behavioral and environmental data. These different data can be merged and analyzed to

allow pharmacy benefit managers to act on behalf of patients to identify opportunities for targeted interventions with improved outcomes, and potentially lower costs for clients.

Hayley Burgess, PharmD, chief clinical officer at VigiLanz, an EHR clinical surveillance company, believes the use of AI for medication management and preventing errors will prove to be incredibly effective: "AI creates smart, actionable information that reduces the noise burden," she said. "Potential errors or inconsistencies in prescriptions can be flagged, triggering pharmacists to intervene sooner to avoid adverse drug events."

For health insurance professionals, knowing these advancements are available can help when assisting clients to review coverages and lead to selecting medical plans and networks that offer this type of technology.

## Pharmacogenomics

Pharmacogenomics is the study of how genetics influences drug response, which allows for personalized medicine tailored to a patient's unique genetic profile. The National Institute of General Medical Sciences describes how pharmacogenomics will affect drug design, development, and prescribing guidelines: "The Food and

Drug Administration (FDA) monitors drug safety in the United States. It now includes pharmacogenomic information on the labels of around 200 medications. This information can help doctors tailor drug prescriptions for individual patients by providing guidance on dose, possible side effects, or differences in effectiveness for people with certain gene variants. Drug companies are also using pharmacogenomics to develop and market medicines for people with specific genetic profiles. By studying a drug only in people likely to benefit from it, drug companies might be able to speed up the drug's development and maximize its therapeutic benefit. In addition, if scientists can identify genes that cause serious medication related side effects, doctors could prescribe those drugs only to people who do not have those genes. This would allow some individuals to receive potentially lifesaving medicines that otherwise might be banned because they pose a risk for other people".

Not only can pharmacogenomics reduce the likelihood of errors and contribute to the emerging AI technology's efforts to take preventative measures in prescriptions, statistics from the National Library of Medicine show that pharmacogenomics has the potential to decrease prices for prescription drugs.

"One study found that using pharmacogenetics in guiding therapy resulted in a greater than 50% increase in response rate to initial antidepressant treatment. This improvement resulted in significant cost savings, as the treatment costs for managing non-responders were estimated to be \$10,000 higher per year"

### **Value Based Insurance Design (VBID)**

Alongside developing technologies that can make prescription drugs more accessible and effective, there are emerging policies and business models designed to improve the pharmaceutical industry. Blue Shield is a company that is currently trying out a value-based model to cut expenses for prescription drugs. They have selected five companies with like-minded philosophical and technology standards to build a new, innovative model following regulatory approval. The companies include Amazon Pharmacy, Mark Cuban Cost Plus Drug Company, Abarca, Prime Therapeutics and CVS Caremark.

The Centers for Medicare and Medicaid

Services (CMS) are testing out the Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model. This model is designed to reduce Medicare program expenditures, enhance the quality of care for Medicare beneficiaries (including those with low incomes such as dual-eligibles), and improve the coordination and efficiency of health care service delivery.

For plan year 2024, the VBID Model has 69 participating Medicare Advantage Organizations (MAOs) with a total of 12.4 million enrollees projected to be enrolled in participating plan benefit packages (PBPs).

### **Developments in Medicare**

The Inflation Reduction Act of 2022 implemented several changes that will directly impact access and pricing of prescription drugs within the next five years. It's important that health insurance professionals are aware of how these changes will impact their clients in the future.

The federal government has been limited in their ability to leverage lower prices for prescription drugs. The Inflation Reduction Act of 2022 adds an exception that requires the Secretary of HHS to negotiate prices with drug companies for a small number of single-source brand name drugs or biologics without generic or biosimilar competitors that are covered under Medicare Part D.

According to the Kaiser Family Foundation, "Under the new Drug Price Negotiation Program, the number of drugs selected for price negotiation is 10 Part D drugs for 2026, another 15 Part D drugs for 2027, another 15 Part D and Part B drugs for 2028, and another 20 Part D and Part B drugs for 2029 and later years"

This policy also requires drug manufacturers to pay a rebate to the federal government if — prices for single-source drugs and biologics covered under Medicare Part B and nearly all covered drugs under Part D — increase faster than the rate of inflation. The Part D inflation rebate provision already took effect in 2022, while the starting point for measuring drug price increases, with rebate payments required, began in 2023.

Another part of this policy will cap out-of-pocket spending for Medicare Part D enrollees and other Part D benefit design changes. Kaiser Family Foundation says, "For 2024, the law eliminates the 5% beneficiary coinsurance requirement

above the catastrophic coverage threshold, effectively capping out-of-pocket costs at approximately \$3,250 that year. Beginning in 2025, the legislation adds a hard cap on out-of-pocket spending of \$2,000, indexed in future years to the rate of increase in per capita Part D costs."

To lessen monthly Part D copayments for insulin, the law caps the cost sharing for insulin for people with Medicare. By 2026, the law limits the copayments for insulin to the lesser of \$35, 25% of the maximum fair price, or 25% of the negotiated price in Part D plans. The Inflation Reduction Act also requires that adult vaccines covered under Medicare Part D that are recommended by the Advisory Committee on Immunization Practices be covered at no cost.

The last major change that this law enacts is an expanded eligibility for Part D low-income subsidies. Individuals with incomes up to 150% of poverty and resources at or below the limits for partial low-income subsidy (LIS) benefits are now eligible for full benefits under the Part D Low-Income Subsidy Program. This expansion will take place in 2024.

### **Conclusion:**

AI's interactions with emerging pharmaceutical technology are inspiring major developments within the pharmaceutical industry. These new developments run parallel to government policy. New financial models are being tested by pharmaceutical companies in an attempt to increase access to prescription drugs and decrease cost. Health insurance professionals should be aware of the direction that the pharmaceutical industry is entering, so that they are well-equipped to give their clients the best information and advice.



**Emma Peters** is a media intern at California Broker Magazine. She recently graduated from Point Loma Nazarene University summa cum laude, with a Bachelor of Arts in Literature and a minor in Humanities.

# THE TRANSFORMATIVE POWER OF HUMAN INFLUENCE IN 2024

By Joshua Schneeloch

*Interpersonal skills are driving force, fusing technological advancements, digital innovations and human touch*

As we stand on the precipice of a new year, the insurance industry is gearing up for yet another transformative journey. The year 2024 promises challenges and opportunities, and in navigating this complex landscape, human influence emerges as the bedrock of success. Today, I invite you to explore the profound impact of human influence, illustrated through real-world examples and insights drawn from the modern landscape of insurance.

## Human Influence in Action: A Case Study

Let's delve into a compelling case study that epitomizes the transformative power of human influence. In 2023, my team worked with a creative leadership coach and bestselling author, Nicole Pavelka. At the beginning of 2023, our team underwent the StrengthsFinder assessment, a self-discovery tool that revealed three team insights that became game-changers.

- **Personalized Insight:** A roadmap to personal and professional success offering personalized insight into our unique strengths. This self-awareness became the cornerstone for refining our approach to tasks and challenges.
- **Team Synergy:** Understanding the strengths of each team member transforms collaboration into a symphony of efficiency. It's a recognition that everyone's individual strengths contribute to the collective success of the team.
- **Strategic Development:** Instead of a one-size-fits-all approach to development, the StrengthsFinder Assessment allowed us to develop strategic and personalized plans. By homing in on individual strengths, we amplify our capabilities and position ourselves for excellence.

Sarah, one of our seasoned brokers, uncovered a unique strength in strategic thinking through this assessment.

Armed with this newfound insight, Sarah pivoted from a transactional approach to adopting a more consultative strategy. Instead of merely offering insurance solutions, she delved deeper into understanding her client's long-term financial goals and aspirations. This shift in mindset bore fruit when Sarah's client, a small business owner, faced unforeseen challenges due to the pandemic.

Through strategic financial planning and leveraging the human connection she had cultivated, Sarah not only guided her client through turbulent times but also positioned herself as a trusted advisor. The result was a strengthened client relationship, increased loyalty and a doubling of her revenue with this client she had never expected. This was a powerful testament to the enduring impact of the human element.

## Navigating the Modern Landscape of Insurance

In the contemporary landscape of insurance, marked by technological advancements and digital innovations, human influence remains indispensable. It is not a nostalgic nod to the past but a dynamic force that complements and enhances our ability to thrive in a rapidly evolving environment.

Consider the digital transformation that has swept through the insurance industry in recent years. Technology, undoubtedly, streamlines processes and enhances efficiency. However, it is the human touch that brings empathy, understanding, and adaptability to the forefront. As insurance brokers and financial advisors, our success hinges on our ability to blend technological prowess with the personal touch that defines our profession.

The modern insurance landscape demands a fusion of data

analytics and interpersonal skills. It requires us to leverage artificial intelligence and machine learning for data-driven insights while simultaneously fostering authentic connections with clients. The ability to navigate this delicate balance is where the true power of human influence shines through.

### Human Influence in HR and Payroll: A Blueprint for Success

As we delve into the heart of our organizations — the human resources and payroll departments — it becomes evident that the human element is not just a philosophical ideal but a pragmatic blueprint for success.

Consider the journey of our HR manager, John. Empowered by the insights gained from the StrengthsFinder assessment, John embarked on a mission to harness the unique strengths of each team member. Through strategic realignment of responsibilities based on individual aptitudes, John not only increased job satisfaction but also elevated overall team performance.

Recognizing that human influence extends beyond the workplace, John implemented wellness programs and mentorship initiatives. This fostered a sense of community and belonging among the team, resulting in a more engaged and resilient workforce.

In this ever-changing landscape, where the well-being and engagement of our team members are paramount, human influence emerges as the driving force behind a resilient and thriving organizational culture. As we navigate 2024, the ability to understand, connect, and empower our teams will be instrumental in weathering the storms and seizing the opportunities that lie ahead.

### Conclusion: Navigating 2024 with Purpose and Strength

In conclusion, let 2024 be a year where we embrace the Power of Strength — the strength within ourselves, within our teams, and within the profound connections we forge with our clients. The human element is not just a component of our profession; it is the heartbeat that propels us forward.

As insurance brokers and financial advisors, we are not merely navigating an industry; we are navigating the intricacies of human relationships, aspirations, and financial well-being. Let us approach this journey with purpose, resilience, and an unwavering commitment to unveiling our collective potential.

### Book Your StrengthsFinder Assessment with Joshua Schneeloch

I am thrilled to extend an exclusive offer to readers

**Drawing from my success with the StrengthsFinder assessment, I am offering you the opportunity to embark on a journey of self-discovery and organizational growth.**

**Uncover your unique strengths, unleash your full potential, and navigate the challenges of 2024 with confidence. My personalized assessment sessions are designed to not only reveal your strengths but also provide actionable strategies to leverage them effectively in both professional and personal spheres.**

**Seize this opportunity to invest in yourself and your team, fostering a culture of continuous growth and success.**

**To book your StrengthsFinder assessment with Joshua and unlock the Power of Strength, contact 310-620-7971 or link to:**

**<https://www.whitewinginsurance.com/sales-mastery>  
Code CalBroker 2024.**

In the tapestry of the insurance industry, let human influence be the thread that weaves success, resilience, and unparalleled achievements.



**Joshua Schneeloch,** founder and CEO of White Wing, is an accomplished and visionary leader in the insurance industry with a rich background in business development. His journey began

with a move from Germany to the U.S., where he quickly rose to prominence as one of the top enhanced benefits consultants. Joshua's expertise lies in helping companies reduce their health insurance premiums through innovative cost-cutting and selling strategies.

With over 25 years of experience as a versatile sales executive, Joshua has worked extensively in Europe and the U.S. His commitment to identifying and developing insurance brokers and agents has led to the successful creation of multi-million-dollar wholesale and IFP strategies. He is known for fostering a high-performance, other-centered culture that emphasizes personal and professional growth, contributing to collective success.

Throughout his career, Joshua has received notable awards, including the Who is Who Award of Germany's most influential strategic marketing authorities in 2002 and the Money 2.0 Outstanding Leadership Award in 2022 for his creative and innovative contributions to the field of finance.

• Recipient of the award for Outstanding Leadership and Innovation at the 2022 Money 2.0 Conference

• Author of the upcoming memoir, "The Favored Son, How a Black Orphan Conquered Europe on His Way to America"

[joshua@whitewinginsurance.com](mailto:joshua@whitewinginsurance.com)  
310-620-7971  
800-291-0806  
[www.whitewinginsurance.com](http://www.whitewinginsurance.com)

California Broker Magazine, articles written by Joshua Schneeloch

- February 2023: The Future of AI and Automation
- January 2023: Artificial Intelligence: Boogeyman or Butler? An Insurance Agent's Look into the Future of AI
- December 2022: Tap into the Vein of Gold Below are the Voluntary Benefits of Goldmine
- September 2022: PART 1 - Powerful Performance Platform Helps Ambitious Agents Fly High
- August 2022: PART 2 - Powerful Performance Platform Helps Ambitious Agents Fly High

# Workplace Benefits: A Sector Ripe for...

**BY ERIK GRAY AND ANTHONY GROSSO**

In today's fast-evolving landscape, the insurance industry is undergoing a transformative shift. Amid this shift, carrier technology is emerging as the driving force redefining the roles of brokers, employers, and employees in the employee benefits insurance sector. The introduction of cutting-edge technology by insurance carriers is poised to disrupt the way the industry operates, providing a seamless experience for all stakeholders involved.

Here we delve into how insurance carriers' new core systems (coretech) are becoming the enabler of a better broker, employer, and employee experience, emphasizing why brokers must insist on better carrier technology and reposition themselves as architects of a new era in workplace benefits.

## **An Environment Ready for Disruption**

A recent report by LIMRA and strategy consulting firm, EY, entitled, "Fast Forward: Employer Views on the Future of Benefits," was revealing, especially as it relates to carrier technology.

The result of over 800 employers' expectations for the future of workforce benefits, the study found that, "Given their increased reliance on benefits technology, 72% of employers predict that carriers' digital capabilities will play a larger role in carrier selection in five years."

Notably, those employers that expect to offer more benefits or work with more carriers five years from now are particularly likely to say they'll scrutinize carriers' digital offerings.

The study continues: "When selecting a carrier for a new benefit, two thirds of employers (regardless of size) say they would choose a carrier that works well with their benefits technology platform, even if their product is a little more expensive."

This is the perfect environment for disruption — one where the status quo is no longer acceptable, and there's mounting demand for new ways of working that eliminate the pain created by inflexible legacy technology.

What's clear is brokers can no longer rely solely on cost considerations. The dial has shifted to the efficacy of carrier technology that now holds the key to addressing the long-standing challenges plaguing the industry.

## **Embracing Disruption: The Role of Carrier Technology**

Traditionally, most carriers shared the same legacy technology problems that have created disjointed customer experiences, manual processes prone to error, and a sea of sameness in their product offerings. This has led broker and employer carrier selection to hinge mostly on cost when selecting carriers.

It has also led to a litany of issues that have become all too familiar: Protracted onboarding processes, data-related complexities, delayed commissions, payment discrepancies, and a lack of education resulting in low enrollment rates.

Once a case is sold, most carriers rely on separate systems for the various operational functions. This can result in the input at the time of a quote not necessarily being the same as what the billing or claims teams see. Not having a single source of truth leads to delays, the sharing of inaccurate data, and loads of rework across the board.

Carrier platforms should be able to ingest, translate, interrogate, validate, and authorize enrollment files in a range of formats, while simultaneously being able to identify and



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# **B**rokers can now guide their clients toward carriers armed with technology that streamlines and accelerates onboarding.

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correct errors quickly. This not only removes roadblocks but also expedites timelines and provides benefits when the insureds need it.

For billing, clients should be able to tell carriers how often they want to be invoiced, how they want their bill delivered, and how they want to pay. Clients are balancing a long list of roles and responsibilities. The last thing they want to do is to spend hours reformatting reports, re-learning systems, and reconciling separate bills against multiple products.

A single source of truth can offer a one-call resolution philosophy, resolving issues quickly and efficiently while also optimizing support for event-based claims-handling. When receiving a claim, the system should review the event across all eligible coverages and policies seamlessly to identify opportunities for covered benefits to pay out and remove the need for the customer to file multiple claims.

Along the way, clients can have a line of sight into their group's claims. An interconnected platform serves as a single system of record that provides a holistic view of group and employee information.

## **Disruption Requires a Reset**

Tinkering around the edges of legacy tech is no longer a viable solution. To deliver the disruption needed to drive the future of workplace benefits, a new technology ecosystem is needed.

Coretech refers to a modern and flexible approach to building and maintaining the systems that power insurance companies. It's designed to provide greater agility and scalability, while also improving customer experience and reducing costs.

These new core systems are designed to be highly interoperable, which means they can integrate seamlessly with other systems and applications, both within and outside an insurer's organization. This enables insurers to leverage a wider range

of capabilities and data sources and more easily collaborate with partners and third-party providers.

Overall, coretech represents a significant departure from the legacy systems that have traditionally dominated the insurance industry. By offering greater flexibility, agility, and interoperability, insurers can adapt more quickly to changing market conditions and provide a better service and value to their customers.

## **Empowering Brokers Through Technological Insights**

Why is it imperative for brokers to champion this tech-driven disruption? The answer rests in their ability to drive enhanced experiences across the board.

As the digital landscape evolves, the power of technology can't be underestimated. By aligning with carriers that offer innovative solutions, brokers gain a competitive edge that transcends cost considerations.

Consider the historically drawn-out onboarding process. Brokers can now guide their clients toward carriers armed with technology that streamlines and accelerates onboarding. This, in turn, minimizes disruption to employees' benefits coverage during transitions. Furthermore, sophisticated carrier technology equips brokers to navigate data intricacies with ease, ensuring seamless data exchange and minimizing bottlenecks.

## **Creating a Win-Win-Win Scenario**

Brokers are the linchpin connecting insurance carriers, employers, and employees. The introduction of new carrier technology is empowering brokers by elevating their operational efficiency and expanding their ability to offer personalized services.

The transformation isn't limited to brokers. It extends to clients and their employees. By advocating for carriers equipped with advanced technology,

brokers indirectly elevate their business reputations, and satisfied clients are more likely to provide referrals and sustain long-term partnerships.

The ripple effect carries over to clients' employees, who benefit from streamlined onboarding processes that provide swift access to benefits. The efficiency of data management also makes sure accurate billing for employers, prompt commission payouts for brokers, and timely (benefits or claims) payments for employees, fostering trust and satisfaction.

## **Empowering Employees: Access and Engagement**

The end beneficiaries of any employee benefits plan are the employees themselves. Technology is transforming the employee experience by providing easy access and engagement through digital platforms and applications.

With user-friendly portals and mobile apps, employees can effortlessly navigate their benefits offerings, submit claims, and access support resources. This increased accessibility enhances employee engagement with their benefits, enabling them to make the most of their coverage.

Moreover, personalization made possible by carrier technology, allows employees to choose benefits that best suit their individual needs. This shift from a one-size-fits-all approach to individualized benefits selection aligns with the diverse preferences of today's workforce, fostering higher employee satisfaction.

## **Technology-Backed Transformation: Supported by Research and Reality**

The potential of this coretech transformation isn't conjecture. It's backed by solid research and empirical evidence. National and local studies consistently demonstrate that efficient onboarding processes positively impact employee morale and productivity.

Reports also highlight the correlation between employee education and informed benefits choices. Additionally, the adverse effects of delayed commissions and payments are well-documented, reinforcing the need for change.

### **The Broker's Imperative Role: Insisting on Better Carrier Technology**

The pivotal role brokers play in the insurance landscape underscores the importance of their technological empowerment. Brokers must insist on insurance carriers providing better core technologies.

In a world where technology reigns supreme, embracing innovative carrier technology isn't just advantageous. It's imperative. Brokers who recognize this reality position themselves as architects of a new era in workplace benefits. Cost considerations are no longer the sole driving factors. It's the promise of advanced technology that holds the potential for transformative change.

The onus is on brokers to insist on better carrier technology. In doing so, brokers catapult their roles from mere intermediaries to influential advisors, guiding clients through a digital landscape that prioritizes the benefits experience. This shift not only cements long-term partnerships but also establishes brokers as leaders in a dynamic industry landscape.

Brokers should explore if the carrier's technology stack is based on modern, flexible architectures that can adapt to their clients' individual needs or whether they're on a modern legacy platform that's been built and added to over decades.

A good way to explore this with carriers is to ask how they handle data integration, how long it takes to onboard customers, and how efficient the claims process is. To reduce the pain points that come from partnering with carriers using patchworked technology — like slow, error-riddled data processing and billing — brokers need to ask the right questions during the evaluation process. Questions like:

- How old is your insurance administration system, and what updates have been made?
- Is your entire policy lifecycle stored in one system of record, one that captures data in real time?
- If not, how many systems are interconnected?
- How is the data collected and stored?
- Do you have an efficient end-to-end audit report?

By delving deeper and understanding the underlying technology infrastructure, brokers can uncover any discrepancies between a carrier's product marketing and their actual capabilities. This scrutiny will help make sure that they align with carrier partners who not only talk the talk but also walk the walk regarding adopting modern and efficient workplace benefits technology.

### **The Future of Workplace Benefits Provision**

In conclusion, insurance carriers' new coretech is catalyzing a transformative shift in the employee benefits insurance landscape. This evolution is driven by the desire to enhance the experiences of brokers, employers, and employees alike.

From elevating broker efficiency and empowerment to enabling data-driven decision-making for employers and offering seamless access for employees, coretech is redefining industry dynamics.

**Brokers play a pivotal role in this transformation. To drive the necessary change they must no longer accept the status quo and demand better of carriers. As the insurance industry continues to evolve, embracing and leveraging new coretech is no longer just a choice. It's a strategic imperative.**



**Erik Gray**, head of Enrollment Experience, Wellfleet Workplace, a Berkshire Hathaway Company. In his role, he serves as product owner for Wellfleet's workplace enrollment and data technology, steward for

Wellfleet's workplace enrollment strategy, and relationship manager with benefits technology companies that align with Wellfleet's distribution strategy.

Erik is an accomplished leader with more than 20 years of experience in the employee benefits industry, including client onboarding, billing, policy administration, benefits enrollment, and data technology, and strategic business development. Most recently, he was part of the team that developed and launched Lighthouse, Wellfleet's innovative and proprietary quote-to-claim insurance platform, designed to make administering workplace benefits more accurate and efficient for all stakeholders.

[egray@wellfleetinsurance.com](mailto:egray@wellfleetinsurance.com)  
<https://wellfleetinsurance.com>



**Anthony Grosso**, head of GWB Insurance Markets, EIS.

Tony has over 25 years of hands-on experience leading innovation, business development, product, and marketing across all sectors of the insurance industry. Tony is leading the Guaranteed Withdrawal Benefit (GWB) market for EIS, a high growth company, helping insurers to achieve their ambitious plans and incredible potential.

[www.linkedin.com/in/anthonygrosso](https://www.linkedin.com/in/anthonygrosso)  
[www.eisgroup.com](https://www.eisgroup.com)



# 5

# COMPELLING FACTS YOU SHOULD KNOW ABOUT LEGAL BENEFITS

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*And why employees need protection*

**By Tim Weber**

While legal issues are not exactly top-of-mind for employees day in and day out, unexpected legal-related matters can impact them at virtually any time in their lives. In fact, our research shows 85% of people have experienced at least one legal event in the past three years.

(<https://web.araglegal.com/stress>). And employer interest in providing legal benefits continues to grow: currently, 62% of the Fortune 500 and 81% of Fortune 100 offer some type of legal plan to their workforce.

But how a legal benefit works, what it actually covers and how it's designed to help people face legal and financial matters remain a mystery to some. Here are five compelling facts about legal plans your clients should know as they consider whether it can add value to their existing benefit lineups. Or, for those who are taking another look at their current legal plan, to help them see if it's still measuring up to employees' needs.

## HOW HAVING A LEGAL PLAN REDUCES STRESS

For those with legal insurance vs. those without



**1 HOUR LESS** vs. **2½ HOURS MORE**

Plan members spent **one hour less** handling their legal issue than they thought, while those who worked with an attorney without a legal plan spent **two and a half hours more** than they expected<sup>1</sup>



**45% vs. 21%**

**45%** of plan members reported no stress when it came to the amount of money they had to spend to resolve their legal situation, compared to only **21%** of consumers who used an attorney without a legal plan<sup>1</sup>

### GETTING STARTED

**89%**

of consumers using an attorney without a legal plan reported being stressed about knowing where to turn to get started in addressing their situation<sup>1</sup>



**39%**

percent of plan members reported being **not stressed at all** when it came to understanding their options and what might be best for them<sup>1</sup>



### 1. Legal benefits come in many shapes and varieties

Legal benefits are designed to provide employees with a set of legal services and some level of protection regarding personal (vs. business- or employer-related) legal matters, ranging from document creation and online resources to legal consultation and representation. Looking at the most common types of legal benefits available to employees, it's important to recognize that they're not all created equally when it comes to service levels and access to attorneys.

Here's a quick overview of the options, ranging from basic coverage and services to the most comprehensive plans:

**Employee assistance program (EAP):** Employees have access to an initial free consultation for general advice; additional legal services are provided at a discounted rate.

**Document provider:** Employees can create their own personal legal documents online to address common legal issues. Access to legal counsel or services is usually not included, or is limited to advice only, or only offered at a discount.

**Discount legal plan:** Employees receive discounted hourly rates on legal services through screened attorneys.

**Legal insurance plans:** Employees pay a set premium and receive legal services from a plan attorney. Most covered matters for an insured legal plan are 100% paid-in-full when employees use an attorney in the network.

### 2. Bad legal matters do happen to good people.

Probably the biggest misconception people have about a legal benefit is that they don't need one. A common refrain from employees is: "That would never happen to me..."

But here's the fallacy of that mindset: Most messy situations people encounter in life — where an attorney could help but is least likely to be hired, like identity theft or a dispute with a car dealer — may not start out as a legal matter but can escalate into one. This may leave the person with little recourse or too few financial resources to deal with it. The added frustration and

confusion over how to resolve the issue can be overwhelming.

This is where a legal plan can give employees a place to turn and a clear path toward resolution, by providing access to affordable and trusted legal counsel.

### 3. Legal benefits can make professional counsel more accessible.

One of the main worries many people face when they encounter a legal situation is not being able to afford an attorney. When you consider that attorney fees in the U.S. average \$368 per hour, and that the average number of attorney hours for a matter like buying or selling a house is six hours, their concern is understandable.

Depending on the benefit, a legal plan can give employees an affordable option by providing access to attorneys for initial consultation, and then covering the cost of attorney fees (either partially or paid in full) if the employee decides to pursue their legal matter. For example, by evaluating our plan usage and claims data, we've determined that plan members can save an average of \$1,840 in attorney fees per legal issue.

Affordable access helps alleviate the financial burden and anxiety of dealing with what can be an intimidating and time-consuming journey of resolving a legal matter.

### 4. Employees stress less with legal benefits.

Let's face it, employees are stressed more than ever before as they try to juggle an increasingly complicated work/life balance. This leaves them with little time or capacity to deal with a legal matter that infiltrates their busy lives.

ARAG® recently conducted a stress research study to evaluate consumers' experiences — with and without an attorney — across a wide range of legal issues to gauge how stress and mental health can be affected.

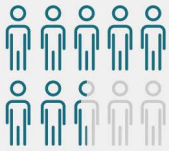
(See previous issue:

May 2023 [www.calbroker.com/in-this-issue/mental-health-3/](http://www.calbroker.com/in-this-issue/mental-health-3/))

### WHAT DOES THIS MEAN FOR EMPLOYERS?

Having a legal plan while navigating a legal situation can help employees resolve their situation with less stress, less time off work resulting in less negative impact on their mental health.

Overall, of the legal plan members surveyed:



**84%**

of those navigating a legal situation reported that having a legal plan made them feel less stress or somewhat less stress overall!



**72%**

of members navigating a legal situation did NOT have to take time off work to handle their legal situation!

What do other consumers say?



of consumers said having access to legal insurance through their employer would be extremely valuable or somewhat valuable!

To learn more about legal insurance

Visit [ARAGlegal.com](https://ARAGlegal.com) or call 800-758-2860



Legal Insurance

LEGAL ISSUES EQUAL  
**STRESS**  
FOR MANY CONSUMERS



Highlights from ARAG Stress Research Study October 2022

When it comes to legal issues, we think it won't happen to us. But this isn't always the case.



of people have experienced at least one legal event in the past 3 years!

### DO I NEED TO HIRE AN ATTORNEY FOR THIS?

When people have access to legal help, they're able to identify if they have a legal issue and connect with an attorney early on. This helps them save time and money in the long run.

When is an attorney most commonly hired by a general consumer?\*



When is an attorney least likely to be hired but could help?\*

- 1 Identity theft
- 2 Dispute over Social Security benefits
- 3 Dispute with a neighbor
- 4 Dispute with a car dealer or dealership
- 5 Dispute of a car warranty

## The study showed that “going it alone” – without the help of an attorney or legal plan – greatly compounds the stress consumers feel.

The study found that having a legal plan while navigating a legal situation can help employees resolve their situation with less stress and time off work, resulting in less negative impact on their mental health. The primary drivers of stress when addressing legal problems include knowing where to start, understanding the options, and the amount of time and money to resolve the situation.

Further, the study showed that “going it alone” — without the help of an attorney or legal plan — greatly compounds the stress consumers feel. That stress can be rooted in the difficulties of finding an attorney and/or the cost involved in hiring one.

### 5. Versatile legal benefits pair well with other voluntary offerings.

It can be argued that almost every situation employees encounter in life, from getting married to moving, to retirement, has a legal component to it. So, group legal insurance serves as a complement to other voluntary benefits.

For example, a legal insurance plan can readily supplement fertility/family benefits. In the case of surrogacy or adoption, both require legal engagement to protect the new parents' rights. Additionally, a same-sex couple could use an attorney to secure second-parent adoption rights so both partners are recognized as parents.

For employees planning ahead for their long-term care needs, a legal plan can be used to create estate plans. With up-to-date documents like wills and trusts, they can protect themselves and their loved ones financially and from protracted legal processes, such as probate or Medicare or inheritance disputes.

And as legislative changes impact the future of long-term care offerings, interest in the role that legal insurance can play in conjunction with a long-term care product is increasing. In fact,

more than one-third of ARAG clients have expressed interest in how their legal plan can complement other LTC benefits.

After reviewing all the reasons why a legal plan can work for your clients, it really comes down to this: employers are looking for a smooth experience for their employees, with a provider who keeps them informed and engaged. But they're also wanting a “no-noise” benefit for themselves. A legal plan can fit the bill as it is uniquely designed to play a versatile role in your clients' benefit portfolio.



**Tim Weber**, a long-time voluntary benefit veteran, serves as VP, Group Sales and Client Management at ARAG. He oversees ARAG's core sales business: group sales, sales operations, client management, product development and client support services.

## PLANNING



# How Succession Planning Works for Health Brokers

*Make 2024 the year you put your plan in place*

**By Phil Calhoun**

The core of our business is to help active brokers protect, grow and sell their health commissions.

*We are aware of the models available from large agencies that require a commission split while you move to retirement over time. While this model can work, it often comes with multiyear requirements. When these requirements are not met, in the end it can end up in a divorce — leaving you looking for another partner/program or sending you back to where you began and wanted to move from.*

The best practice in my experience is to start with a plan to protect your commissions while you remain active. Any plan you put in writing needs to include details you need to address:

1. What you are paid while active (many options here)
2. How you get paid when you retire or die
3. Your payout details which you and your designated successor agree is a fair amount
4. Who you select to be paid at your death

### **Background**

ALL business owners who have a succession plan work with experts from legal, tax and financial planning areas. Health insurance professionals will also benefit from working with experts to develop a plan for their business.

## **Introduction**

Succession planning is an ongoing strategic process that involves identifying and developing individuals to ensure a smooth transition of key roles and responsibilities when current leaders or employees leave or retire.

“Succession planning should be an ongoing, dynamic process, not a one-time event,” says expert **Joe Strazzeri**, attorney and counselor at [Law at strazzerimancini.com](http://Lawatstrazzerimancini.com). “Business owners need to regularly review and adjust the succession plan based on changes in the organization and its goals.”

For the past 12 years our team of legal and tax experts have coached hundreds of health insurance professionals looking to plan for commission protection while active and for selling their commissions when they want to exit the business.

### Ways we help

- For a few active brokers we have become their successor. For many others, we have connected them to brokers looking to be a successor for active brokers.
- We enjoy working with brokers who are looking to protect one another’s commissions and enjoy coaching these brokers to reach a successful agreement.
- We frequently help general agencies and their many subagents reach a commission protection agreement.
- And we appreciate working with solo brokers who have no “successor” as we help them create a commission protection plan.

### Common questions

Here’s what we hear from brokers looking to have their commissions protected:

#### 1: Why do you educate health insurance professionals about commission protection?

We’ve lost friends and colleagues and observed how their commissions went up in smoke when they died. This inspired us to take action. For the past 12 years our agency team has customized planning processes for health insurance professionals to enable them to protect their commissions. The process focuses on keeping and transferring commissions in retirement or in a life event. We eliminate these sad stories. Today our plans are custom built for each health insurance professional due to three reasons. All three areas need to be addressed successfully for a plan to work.

- First, each broker is an individual with unique needs.
- Second, every health insurance carrier handles commissions differently, so a personalized road map is needed.
- Third, contracted brokers need to understand the carrier’s producer agreements and what limitations and risks they have for commissions to continue in various situations.



**Success is when a broker completes the agreement, reviews it annually for plan updates, and then has peace of mind knowing if they retire or die their commissions will be handled per their plan.**

#### 2. What is the most important advice you give to help brokers protect their commissions?

The most important advice for most brokers is: understand what happens when a contracted broker experiences a life event such as retirement, disability or death, and then develop a plan to have a written legal agreement that will protect your commissions in all life events. To address the fact that carriers are not looking to help with your commission continuation, we have developed a process for active brokers to continue to work, get paid as usual. The plans we develop all have a written legal agreement, a successor that will protect their commissions in all life events, and a commission transfer process for each carrier.

#### 3. How do health insurance professionals complete a succession plan without transferring commissions while still working as an active broker?

Brokers can keep their commissions and still have a commission protection plan. If an active broker wants to keep their commissions paid to them as usual until a triggering event, our plan will manage this request. Most active brokers want to get paid as they usually do while they are active, so we do not require any change. Our agreement is designed to handle when something happens to the active broker. The commission protection agreement includes a process to make sure their commissions can be transferred to their successor. A successor needs to be legally designated to act when needed and transfer commissions, perform the contracted payout per the agreement, and transfer and manage the clients. If necessary, the broker’s loved ones are paid upon the broker’s death.

#### 4. Why do I need to protect my commissions? Won’t my LLC (limited liability company) provide what I need?

An LLC is limited and mostly used for asset protection and alone is not a solution to protect commissions. To reach 100% protection you must have a commission protection agreement with a human — a licensed, carrier appointed broker, who will meet the carrier specific requirements to be appointed and then to be ready to perform the work to protect your commissions. An LLC cannot perform the key responsibilities required to protect your commissions. No corporation or business entity is licensed with the carriers as a producer nor appointed by nor certified by the insurance carriers. Carriers require a broker of record on a health policy to be a human who signs the carrier’s application, is licensed, appointed, and in good standing with each carrier.

A Commission Protection agreement must specify how to handle retention of existing clients. This includes requiring a successor broker to be contracted — and in good standing with — each carrier that pays the active broker’s commissions at the signing of the agreement. The agreement must include a carrier specific plan to transfer the active broker’s commissions at the retirement or death of the active broker. As part of the transfer of commissions the agreement must be specific and follow each carrier’s defined process. The payout of commissions also needs to be defined including what percent of the active broker’s total commissions are paid and for how many months.

### 5. Don't the insurance carriers help brokers protect their commissions?

No, not really. Consider the potential savings on the line. A few carriers just don't allow commission transfers. Most do NOT allow pre-planning for the transfer of commissions in the event of the broker's death. Some carriers allow for transfer at death but have conditions. If a carrier does allow for transfers, carriers may have their own commission transfer form. We find that each carrier has a different form, different process and different requirements. Most carriers with a transfer process have timing constraints. Some allow transfers but are tough on the timing, and some have limitations on the amount of commission they will pay.

### 6. Okay, so what is the best practice to protect commissions?

**The best practice to protect commissions is to find a trusted advisor and get started.** Once you make the decision to move forward, it is important to find expert assistance. Find help from a company with the expertise to handle the entire process so you get help leading to the best results.

Let's assume a broker understands the significant risk of total loss of their commissions, knows they need to find a suitable successor to work with, and they are motivated to learn their options. Now they are ready to move forward.

Find professionals who have

- a) the agreement,
- b) the transfer process, and
- c) client retention expertise to lead to success.

Success is when a broker completes the agreement, reviews it annually for plan updates, and then has peace of mind knowing if they retire or die their commissions will be handled per their plan.

Don't get sidetracked by opinions and myths about the process to protect commissions. The process is tough enough, so employ a mental filter that eliminates fiction and gets to the facts. This can be difficult to do. The time spent chasing unproven models for commission protection, leaving the process up to the carriers, an employer, or a partner, are ALL destined to fail to provide the desired result.

### 7. Final question: If I work with an agency, have partners, or have an LLC or S-Corp, in place, are my commissions protected?

It depends. First off, as said earlier, an LLC will not protect commissions. LLCs are great for asset protection but will not

protect health insurance commissions without a commission protection plan also in place. Same applies to S-corp.

A human being needs to be appointed as your successor for commission protection to work. So, your partner can be a successor, your employer can be your successor, or some other qualified professional of your choice will work.

BUT in all cases your successor must be a licensed person who needs to complete a written agreement with you and, as an individual, become your successor upon the triggering event defined by the agreement.

As your successor, they become the broker of record when you retire or pass, but only as long as the agreement is in place. Your agreement will outline how the commission transfer process is managed per carrier requirements and define your payout details including how to execute payments properly.

### Summary

It is hard to see a colleague spend years as an insurance professional, dedicated to doing the work to help people with medical plan decisions, only to lose their commissions if they pass away or try to sell their commissions due to retirement or health issues. If we can help health insurance professionals do the proper planning and they reach 100% commission protection, our job is done and we have prevented a commission loss disaster.



**PHIL CALHOUN** is owner and publisher of *California Broker Magazine*. Phil also is a leader in coaching health insurance professionals. He is an active member of

several insurance associations.

Phil's book, "*The Health Broker's Guide: To Protect Grow and Sell Commissions*" is available free at [www.healthbrokersguide.com](http://www.healthbrokersguide.com).

He offers complementary 15-minute coaching sessions.

To schedule a phone call:

**Contact:**  
**phil@commission.solutions**  
**714-664-0311**

# Your 2024 Planning Commitment

**2024 is a new year. Make it the year you look to protect your commissions!**

**Decide what your next step is.**

**If you own an agency and have employee agents and/or subagents and want to learn how to build a protection plan, join a 15 minute 1:1 call with our subject matter expert to cover your questions and outline your options to work with subagents on commission planning. Start with a free fifteen-minute no obligation call: 714-664-0311**

**[phil@commission.solutions](mailto:phil@commission.solutions)**

• 50% of callers ask how they can PROTECT all their commissions.

• 25% of callers ask how they can SELL some of their commissions.

• 40% of callers ask if they stay active for another 2 to 5 years, can they protect their commissions in ALL life events but keep working as they do now.

Visit our website [www.commission.solutions](http://www.commission.solutions) to view these videos:

- How to Protect Commissions
- How to Sell Commissions



# Members Give HUMANA Thumbs Up

*Positive member experience drives industry-leading Group Medicare Net Promoter scores*

*For Group Medicare Advantage, Humana achieved industry-leading NPS of +78 for 2023, which makes six years in a row in the 70s for Humana Group Medicare.*

## **What is a Net Promoter Score® (NPS)?**

NPS helps organizations put human experience first

More than two decades ago, Net Promoter Score® (NPS) was created by Bain & Company to measure the way people feel about the organizations they interact with. While the NPS methodology has expanded and improved over the years, it still starts with one simple question:

**“How likely are you to recommend this company to a friend or colleague?”**

The answers to this question and the resulting NPS have led countless organizations to transform their focus on their audiences’ experience. Because NPS shows how much people would recommend their experience, it represents their true perception of an organization, whether they’ve had a recent

interaction or not.

Insights about experience set NPS apart from other customer satisfaction metrics, which measure recent interactions. Because NPS measures real human experiences, it’s a primary metric used to understand the drivers of loyalty, advocacy and satisfaction at many organizations. NPS is equally useful for measuring the experiences of customers and employees alike.

## **How NPS works**

In an NPS survey, all responders are filtered into one of three groups: detractors, passives and promoters. NPS is calculated by taking the total percentage of promoter scores and subtracting them from the total percentage of detractor scores. While NPS can range from -100 to 100, Bain & Company notes that any score above 0 is good, above 20 is favorable and above 50 is excellent.

Many industry-leading organizations have high NPS scores due to their dedicated focus on customer experience. As of 2021, Starbucks had an NPS score of 77, the United Services Automobile Association had an NPS score of 75 and Apple had an NPS score of 47.



## Calculating NPS

NPS survey responder categories:

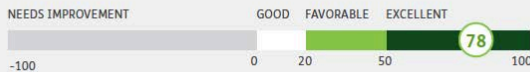
DETRACTORS

PASSIVES

PROMOTERS

$$\begin{aligned} &\text{total \% of detractor scores} \\ &- \text{total \% of promoter scores} \\ \hline &= \text{NPS score} \end{aligned}$$

Humana's NPS score for 2023:



**Humana achieved industry-leading NPS of +78 for 2023 For Group Medicare Advantage, which makes six years in a row in the 70s for Humana Group Medicare.**

### Humana NPS driven by positive member experiences

Today, people have many options for Group Medicare insurance and it's easy to learn what different insurers provide before making a choice. While member experience has always been a differentiating factor among insurers, it is now considered more important than ever.

In 2022, the Centers for Medicare and Medicaid Services doubled the weight of member experience, complaints and access within their Star Rating Program, which positioned Humana Group Medicare to stand out for its commitment to outstanding care and support that contributes to the satisfaction and well-being of retirees.

This commitment comes to life through Humana Group Medicare Custom Connect, our member experience model for all retirees and plan sponsors. In this unique customer service model, Customer Care specialist act proactively to assist members while advocating for their needs.

Customer Care specialists get to know each member's unique situation in order to deliver ideal solutions, and it's easy for members to connect with these Customer Care specialists anytime.

No question is too complex or too trivial for Humana Group Medicare representatives. Their service-driven dedication to

## Humana members talk about their service experiences

*"A member expressed that she could not have anything more valuable than Humanainsurance. She and her husband really do appreciate Humana and especially our rep Deanna. She said Deanna was so wonderful going over the plan and policies."*

*"I could never thank anybody any more than I can thank you for helping me."*

*"Not only have you answered all of my questions; you've really been a kind person and I appreciate it."*

*"A woman called Humana on behalf of her father, who is a member. He had just gotten out of rehab and she wanted to get information on personal home care. Calay at Humana gave advice and promoted the 2022 personal home care benefit. She wanted to give Calay the highest commendation; Calay helped her incredibly with her father."*

resolving every issue is rated very highly by members, who are always helped by a single Customer Care specialist who is trained in all areas and focuses on resolving issues on the first call, so members are never passed to different departments.

### Awards tell the story

The results of Humana Group Medicare's commitment to member experience can be seen in its industry-leading NPS and customer service awards. In 2023, Humana was ranked #1 among health insurers for Customer Experience by **Forrester**, and #1 in Mail Order Pharmacy customer satisfaction for four consecutive years by **J.D. Power**.

### Contact:

**888-666-0710 (TTY: 711)**

**Humana.com/GroupMedicare**

**4**

**BenefitMall**

www.benefitmall.com

**21**

**CAHIP**

cahip.com

(800) 322-5934

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commission.solutions

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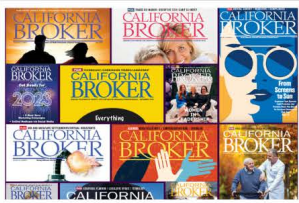
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