

CALIFORNIA BROKER

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SERVING CALIFORNIA'S LIFE/HEALTH PROFESSIONALS FINANCIAL PLANNERS

NOVEMBER 2018

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Roughly 1.1 million life insurance policies owned by seniors over 65 lapse every year, with a total face value of \$112 billion. As a life insurance agent or broker, you might not think there's much you can do about that. If your client no longer needs the coverage or can't afford the premiums, you may feel like your hands are tied.

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If you're like me, you find it incredibly frustrating to have only a fractured healthcare system to offer your clients. Naturally I aspire to stay positive about our healthcare system, but it's very challenging. My strategy as of late is to laser focus on the actual good I can do, one person at a time. For me, this all begins by seeing myself as a role model for good health -- mind, body and spirit.

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What Are You Looking for in Q4?

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Insurance Agents Can Weather Radical Change by Becoming ‘Discussion Partners’ to Their Clients

BY TROY KORSGADEN

Editor’s note: If you have a strong opinion about this editorial or any other pertinent subject, please reach out. We welcome your comments. Please email editor@calbroker-mag.com.

Today the insurance industry is going through a revolution and too many carriers, brokers, agents and team members are failing to keep up with the rapid pace of change.

Customers have grown accustomed to convenience, a plethora of information and unending choices in whatever they buy, and this applies to the purchase of insurance products and services, too. People expect it to be easy, efficient and understandable.

The insurance industry as a whole is miles behind in the race to deliver unrivaled service to customers. To keep up with the radical transformation, insurance professionals must earn



the trust of existing clients and new prospects and become their gateway to everything related to insurance and financial services.

The path to this transformation is for the insurance agent or representative to become a “discussion partner” — a trusted advisor who guides custom-

ers toward optimum financial decisions by offering them every possible insurance and financial services product while disclosing exactly how his or her superior advice works.

The goal is to convert everyone into discussion partner clients who do not want to be sold or told; rather, they want a consultant who will advise them on the best products, protection and asset-accumulation guidance they need for their families.

Looking closely at the not-too-distant future, here are just a few ways the insurance industry will evolve:

There will be total transparency about coverages and pricing. Customers will know all the details when they purchase property and casualty products, financial services products, life insurance products and more, in much the same way financial services and securities are sold today.

There will be a convergence of distribution models. Local storefronts will welcome the use of the omnichannel



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- Groups must satisfy standard CCSB binder payment requirements for enrolled employees to count towards incentive program payments.
- Business written through partnering General Agencies qualifies.
- CCSB intends to issue incentive payments 90 days following the effective month of a qualifying group. CCSB may modify its payment schedule at any time.

For a complete list of the program rules go to: bit.ly/AgentIncentive2018

The key to agents' survival is they must provide unrivaled service at the highest level. Nothing else will be acceptable if the local insurance provider is going to be a part of the consumer's purchasing and reliance on service in the new world.

experience, such as digital, after-hours 800-number call centers; claims service; and 24-hour customer self-service through technology or telephony.

Technology will streamline processes. The local storefront housing brokers/agents and their teams will still provide service and sales at the point of personal interaction, but they will also leverage the power of digital technology and call centers.

Collaboration will become commonplace. Open architecture—a financial institution's ability to offer clients both proprietary and external products and services—in both technology and service will force the insurance industry not only to adapt, but also to move quickly toward radical transformation.

The key to agents' survival is they must provide unrivaled service at the highest level. Nothing else will be acceptable if the local insurance provider is going to be a part of the consumer's purchasing and reliance on service in the new world.

So how can carriers, brokers, agents and team members evolve to the "discussion partner" model of unrivaled service? Here are eight strategies for making the transition:

1. FOCUS EVERYTHING YOU DO ON THE CUSTOMER. The customer is at the apex and the center of every decision, every system and/or process. Agents must be hyper-focused on meeting our customers' needs—everything they desire and have every right to expect. This begins with providing unrivaled service as a discussion partner.

2. CREATE A TEAM OF EXPERTS. This is usually referred to as specialization, teaming or collaboration of experts. Agents must build a larger and stronger local team through hiring, mergers and acquisitions and strategic relationships.

3. COLLABORATE WITH EXPERTISE PARTNERS. Not every broker or exclusive agent is going to have access to every market today. In the future, with open architecture, everyone will have a view into the competition's coverages and rates. Until then, creating collaborative arrangements is important. If clients do need and want specialized products and services, referring them to someone else will not be prudent anymore. Agents must have relationships with experts in many areas.

Agents must be quarterback, sitting in on the coverage presentation and purchase. This means getting to know experts in various fields and working with them, although agents might not always make a commission. Build partnerships before one needs them.

4. EMBRACE AND RETOOL ALL TECHNOLOGY. Agents need to assess current capabilities in the area of technology. Everything is moving at light speed due to artificial intelligence. The things once innovative are now commonplace. Agents need to embrace new technologies and use them to create a seamless experience for customers in the front room. Open architecture will introduce new technologies that discussion partner agencies must embrace as they move forward.

5. CONTROL EVERY STEP OF CUSTOMER SERVICE AND THE PURCHASING PROCESS. This is the foundation for a successful business model in the future. Insurance professionals need to assume the role of the gateway to everything related to insurance and financial services and guide clients through every step of the process. Agents need to remind clients what they do for them and assure them that they are wor-

rying about the details so they don't have to.

6. HELP CLIENTS DECLUTTER. Insurance agents must be the only financial advisor their clients will ever need. Professionals don't just refer clients over to other experts anymore; they make everything easier. An agents' job is to declutter clients' paperwork, declutter how many people they are working with and make their lives easier. Life is complicated enough.

7. BE OPEN TO CHANGE. The tsunami of change happening in the insurance industry is affecting everyone, from the carrier to the broker/agent to the local team member providing service to clients who have never needed it more.

8. AGENTS SHOULD EMBRACE CHANGE, NOT FEAR IT. Yes, they will lose some clients to technology, such as robo-advisors. But we didn't lose the entire banking industry because of the ATM. The typical client still wants someone to hold his or her hand through the maze of madness in this world.



Troy Korsgaden is an international consultant to leading insurance carriers and agencies, speaker, trainer and author of six books, including the recently released: Discussion Partner: A

Radical Transformation to Unrivaled Service for Insurance Customers (Baxter Press, Friendswood, Texas, August, 2018.) Korsgaden is president of Korsgaden International in Visalia, CA. As a consultant, he works with large carriers in insurance and financial services. Korsgaden also serves as a subject-matter expert in insurance technology. He can be reached at troy@korsgaden.com.

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How Do You Feel About Insurance Companies Using Big Data?

LendEDU recently published the results of a study of 1,000 Americans to find out how consumers felt about the rapidly increasing trend of insurance companies using personal data to determine risk before issuing a policy. A few key findings included:

Only 15 percent of respondents believe insurance companies should be allowed to use big data to determine risk in a potential insurance policy. Seventy-two percent don't think this should be allowed.

Most respondents (55 percent) think insurance companies accessing private data is just as threatening as tech companies like Facebook doing the same.

Eighteen percent of respondents would be OK with insurance companies accessing their DNA if it led to them getting a cheaper policy. Eight percent would allow a camera to be installed in their home, while 11 percent would allow for a biometric tracker to be installed in their body.

Cal Broker 2019 Editorial Calendar Now Available!

Just done: California Broker's 2019 media kit and editorial calendar. We have lots in store for next year. Contact Devon Hunter, VP of Marketing at: devon@calbroker.com for an advance look.

Advisors Help Educate

A recent online snap poll conducted by MDRT reveals that financial advisors are doing their jobs when it comes to educating clients. A full 76 percent of Americans with a financial advisor said they felt at least moderately comfortable explaining the implications of higher interest rates (compared to only 55 percent of Americans without an advisor). Two thirds (66 percent) of survey respondents who have a financial advisor said that working with their advisor has increased their understanding of interest rate hikes. Sixty-seven percent of respondents without an advisor said they believed working with a financial advisor would increase their understanding of interest rate implications.

Agency Planning Webinar

Whether you're starting an agency or selling your agency, Cal Broker contributor Ron Stock of Beta Benefits has you covered with two new webinars. Beta is offering "Create Your Own Agency, Corporation, and Succession Plan" and "How to Sell Your Agency." For more info or to register, email Jesse@Betabenefits.com.



Anthem Blue Cross Introduces New Supplemental Health Products

Anthem Blue Cross announced it will now offer employer-sponsored voluntary accident, critical illness and hospital indemnity insurance products, for effective dates beginning Jan. 1, 2019. The new Anthem Blue Cross supplemental products, all of which offer funds that can be allocated to cover medical or non-medical expenses, include:

- Accident insurance provides a fixed lump-sum payment following a covered accidental injury, and related medical services such as emergency room, surgeries or follow-up care.
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CoPower, an insurance benefits and administration service provider, and LISI, a leading general agency, launched new product and administrative services that encompass the entire MetLife small group portfolio. Now, small businesses and their employees have more flexibility in accessing and customizing benefits from the top national carriers. CoPower is delivering simplified enrollment, consolidated billing, and comprehensive administration services.

Effective October 1, businesses will be able to select any products that meet their needs within the MetLife small group portfolio, bundle them with the best options among leading national carriers, and maintain those benefits with one point of contact for enrollment, billing, payment and service. Brokers and employers also have free access to Empower, CoPower's online administration system, where a single submission can update all benefits across any number of supported carriers. And, a dedicated group service representative is always available as a single point of contact via phone, email, or online chat to support all your business needs.

AP Analysis Finds More Rx Prices Increase, Despite Promises

A new Associated Press analysis has found that over the first seven months of the year, drug companies have not paid much attention to the Trump administration's pleas to reduce prices. There were 96 price hikes for every price cut, the study found. Health and Human Services Secretary Alex Azar, conceded in a recent AP interview that it will take time for prescription prices to fall. He noted the complexity of the market and incentives for drug makers to boost prices so they and middlemen make more profits.



Covered California Wins National Award for Outreach and Education

Covered California was honored recently for its public policy research, studies and reports on the Patient Protection and Affordable Care Act at the PR News Platinum Awards, a national contest recognizing outstanding public relations efforts. The 2018 PR News Platinum Award winners set industry benchmarks for excellence across all areas of communications. Entrants include U.S.-based and international public relations agencies, corporations, nonprofits, associations and government organizations. Covered California was recognized as the top organization in the External Publications category and received honorable mention in three other categories: Media Event, Multicultural Campaign and the WOW! Award.



Wellthie Partners With Benefits Broker OneDigital

Wellthie, a provider of next-generation technology solutions for brokers and insurance carriers, announced a partnership with OneDigital Health and Benefits. Through this partnership, OneDigital's team of consultants nationwide will be able to utilize Wellthie's national small group benefits marketplace to provide better access to employee benefits for small business clients.

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[MEDICARE NEWS]



Review Says Medicare May Have Misspent \$5.3 Billion

A review done for the Office of the Inspector General (OIG) at the Department of Health and Human Services by an independent auditor has found that Medicare paid out more than \$5 billion in inpatient rehab facility (IRF) stays that likely didn't meet Medicare coverage and documentation requirements. The review examined \$6.75 billion in Medicare payments to 1,139 facilities nationwide for 370,872 IRF stays in 2013. John Commins at HealthLeaders reports that the inspector general noted a number of problems with the IRF program that led to the spotty regulation, such as:

- Inadequate internal controls at IRFs that failed to identify and prevent inappropriate admissions.

- Inadequate Medicare Part A FFS prepayment reviews for IRF admissions.

- Ineffective educational efforts and post-payment reviews at Centers for Medicare & Medicaid Services that haven't controlled increasing improper payment rates reported by Comprehensive Error Rate Testing (CERT) since the 2013 audit.

- Administrative hearings for IRF appeals that did not always include CMS to ensure that Medicare requirements were accurately interpreted.

A poorly designed IRF payment system that did not align cost with payments, which OIG said may have provided IRFs with a financial incentive to admit patients inappropriately.

While not calling for a return of the \$5.7 billion, OIG did recommend that CMS:

- Educate IRF clinical and billing personnel on Medicare coverage and documentation requirements and work with providers to develop best practices.

- Increase oversight for IRFs, such as post-payment medical review.

- Work with the Office of Medicare Hearings and Appeals to ensure that Medicare coverage and documentation requirements for IRF care are fairly represented at administrative hearings.

- Re-evaluate the IRF payment system, which could include a demonstration project requiring preauthorization for Medicare Part A FFS IRF stays modeled on Medicare Advantage practices.

LSI Partners with BenRevo to Streamline Large Group Quoting

California-based general agency LSI Inc., announced it has partnered with BenRevo to simplify the large group process from RFP through presentation. BenRevo connects carriers, brokers, and customers on a common platform, reducing the time and work it takes to get a quote. Advanced analysis tools also make it easy to compare quotes from multiple carriers

CMS Upgrades Medicare Website

Have you noticed that the Medicare website has changed? New features include a brief questionnaire to help seniors decide between original Medicare and Medicare Advantage, an online calculator to help estimate out-of-pocket costs, a webchat option, a simplified login, and other changes aimed at making the site more user friendly, according to Medicare Administrator Seema Verma.



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EMPLOYEE BENEFITS

By JERAMY TIPTON



Time flies when you are having fun. Unfortunately, most business owners would agree that time used for benefits administration does not fly and is rarely fun. In fact, it can turn the day entirely upside down. As the landscape of the healthcare industry becomes more complex, so has the day-to-day administration of benefits—for companies of all sizes.

With plates already quite full running their businesses, employers may find benefits ad-

ministration duties constantly shuffling up and down on the priority list (probably more down than up). Benefits advisors, recognizing this employer need, should see the opportunity to increase their value to their clients by offering a solution that is automated, flexible and accessible.

Providing employers with a comprehensive online benefits platform allows them to effectively communicate, enroll and administer benefits under one system, helping reduce

Enhance your value with new administration solutions for employers

the time they would otherwise spend on these tasks. Not only this, but it can also help shrink the disconnect between employers, who believe only 38 percent of employees prefer enrolling in benefits online, and the 68 percent of employees who actually say they prefer online enrollment. Some reasons to use an online benefits platform include:

- **Administrative automation:** With the complexity that benefits enrollment can bring, making the process as straightforward as possible is of benefit to all parties. For this reason, a customizable, permission-based dashboard allows your clients to manage their benefits needs easily. Manage qualifying events, add or remove employees, and offer an enhanced billing and payment solution – all which help conserve valuable time and energy.

- **Enrollment flexibility:** A full 67 percent of employees say reading about their benefits is complicated, long or stressful. Technology behind a benefits administration platform should provide employers with clear product descriptions and effortless navigation to make it easy for employees to point,



click and enrol—virtually anytime and anywhere. This means employees can access information when it is most convenient for them, increasing utilization and decreasing stress.

- **Standardized reporting:** Employers want to keep their employees in the know with enrollment news and updates. Informative, educational updates within the platform should keep employees apprised of the latest offerings and health care news. These include reminders for product

enrollment deadlines, downloadable brochures and educational product videos, and easy-to-use tools that simplify benefits decisions.

By introducing clients to a one-stop shop system for benefits enrollment and related administrative tasks, you can help reduce stress and save time. Simply put, an online benefits administration platform, like Everwell Powered by Aflac, makes life easier for all parties when they can find everything they need in one user-friendly, easy-to-access location. Not only will this make employers happy, but it will show their employees they care about providing them with quality health insurance benefits, too. While benefits administration might never quite check off the “fun” box, integrating an easy-to-use benefits platform can certainly make time fly, and that is half the battle.

Jeremy Tipton is vice president of Distribution Expansion and Sales Enablement at Aflac. With 18 years of experience in sales and marketing, Jeremy has led teams through the development and design of many industry firsts in enrollment technology, decision support and marketing capabilities.



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SMALL GROUP VIEW FROM THE TOP

Compiled by THORA MADDEN



CALIFORNIA BROKER TAPPED THREE SMALL GROUP INDUSTRY EXPERTS TO GET THE INSIDE TAKE ON WHAT'S HAPPENING IN THIS TOPSY-TURVY MARKET.

1. What are the most important trends in the small group market?

Steve Vermette, vice president, brokerage, Colonial Life: We still find that many small businesses are confused by health care regulations and are continuously besieged by rising health care costs. As a result, employers are transitioning to higher deductible plans and are shifting a greater share of the costs to employees. And many of the smallest groups, primarily those with under 50 employees, are not able to offer health benefits at all. This is why a supplemental offering is important.

Scott E. Boore, senior vice president, head of sales, More Health: Cost and trying to control it. With employment at all-time highs, attraction and retention of quality employees is becoming more difficult and more costly as smaller employers look to compete with larger companies.

Tim Rhatigan, senior vice-president of small business, United Healthcare in California: One of the most important emerging trends is uniting health care and coverage through providers, health plans, and pharmacies. Health care organizations across these industries are collaborating in more meaningful ways in the pursuit of the triple aim: better care, better health, and lower costs.

Through the growing adoption of value-based care mod-

els that promote value over volume, we are developing a health care system that is more personalized, simplified and convenient. That's because value-based models focus on quality and using incentives to reward for better health and lower costs, driving important improvements in how health plans and care providers work together to support people's care.

Technology is also reshaping how employers select and offer health care benefits to employees, including widespread adoption of digital resources and wearables that are helping make well-being programs more engaging and interactive. To that end, UnitedHealthcare annually invests more than \$3 billion in data, technology and innovation.

2. Are certain ancillary benefits more suited to small groups?

Vermette, Colonial: Many employees at small businesses, just like large businesses, are the sole breadwinners for their family. With growing numbers of America's workers living paycheck-to-paycheck, they need the base coverage of life insurance, disability insurance and accident insurance to protect their income if they are unable to work. Another key benefit that employees expect to be offered, and a benefit that helps protect the entire family, is dental. Our launch of a new dental product earlier this year has been tremendously successful for small employers.

Boore, More Health: Small groups have the same benefit needs as large groups. However, they often think that they are not attainable. Disability, life and dental are basic benefits that should be a part of any plan. In today's market

Through the growing adoption of value-based care models that promote value over volume, we are developing a health care system that is more personalized, simplified and convenient.

—Tim Rhatigan

companies need to be looking beyond the basics in order to attract and keep better employees. 401(k)s, 529 plans and other financial options are becoming more and more important as components of a comprehensive benefit plan.



Steve Vermette, Vice President, brokerage, Colonial Life



Tim Rhatigan is Senior Vice-President of small business United Healthcare in California



Scott E. Boore, senior vice president, head of sales, More Health

Rhatigan, United Healthcare: We are seeing growing interest among employers and employees in various ancillary benefits, especially

vision and dental coverage. In fact, 85 percent of employees with health benefits said having vision and dental benefit options is important to them during open enrollment, according to a recent UnitedHealthcare survey.

Dental and vision are the two most popular ancillary benefits. Many people select these two benefits because they expect that they, or their family members, will use them regularly. Plus, there is growing evidence of the links between oral and eye health to overall health, as well as to an array of chronic medical conditions, so having these benefits can help prevent disease before it starts and, if necessary, improve the prevention or management of certain chronic conditions.

Offering dental and vision benefits as part of an employee's menu of coverage options maximizes the effectiveness of a company's health care dollars, while providing families with added peace of mind and can help build a culture of health.

3. What are the keys to being a successful broker to small groups?

Vermette, Colonial: A broker should consider choosing a voluntary benefit company that offers its own enrollers to support major medical enrollment while educating employees on voluntary benefits. Some

brokers are losing income opportunities with changes to major medical offerings. But they have a chance for significant supplemental income just by making the introduction to the employer.

At many small businesses, one or two people often fill the roles of business owner, day-to-day manager, HR director, and benefit specialist. There is often a need to overcome an objection for something that sounds time-consuming or complicated. For example, some decision-makers are concerned that it takes a lot of effort to add a payroll slot for voluntary benefit deductions. But the small effort that goes into creating the slot can more than pay for itself when the decision-maker realizes the pre-tax savings that can be experienced through voluntary benefits and the variety of value-added services a benefit company can offer.

Brokers can create value by offering no-cost or low-cost digital enrollment for all benefits. They can combine that

Many small business owners don't realize that voluntary benefits can be available at a workplace with just three employees. There is a misconception that employees don't want, don't need, or can't afford voluntary benefits.

—Steve Vermette

with voluntary benefits to create benefit customization, which employees are looking for. This customization is especially important now with the most-diverse workforce we've ever seen, including five generations.

Boore, More Health: There is no magic here. Service, Service, Service. It is the key to being successful with groups of any size. If you don't provide it there is always someone who will.

Rhatigan, United Healthcare: First and foremost, it is the ability to adapt to a fast-changing and fluid marketplace. Technology and technology adoption have become emerging trends in the last several years and have evolved into part of the value chain for brokers. Successful brokers are mindful to what's coming next, including the continued creation of clinically integrated networks.

Brokers will need to articulate to clients the benefits of these new collaborations between health plans, providers and pharmacies. Doing that will help employers better understand and take advantage of these new models of health care that are providing a more personalized experience, improving outcomes, and lowering costs.

4. Are there certain sales techniques that are most effective with small groups?

Vermette, Colonial: We find brokers can use the following four opportunities to engage small employers around benefits:

- Enrollment digitization
- Benefit customization
- Cost and time saving approaches (like increased pre-tax participation)
- Offering a program incentive to enhance the benefits plan and participation.

We find that education is the biggest hurdle to overcome with small groups. Many small business owners don't realize that voluntary benefits can be available at a workplace with just three employees. There is a misconception that employees don't want, don't need, or can't

afford voluntary benefits. But when our counselors are able to sit down with employees, who are feeling the added pressure of healthcare costs on their wallets, we find that many are willing to spend a few dollars to protect their incomes, their lifestyles, and their families with financial protection products.

Boore, More Health: Again service. But in order to provide it you need to listen first and then ask questions. Check back in often. There is nothing new here.

Rhatigan, United Healthcare: The most effective sales technique is very simple: listening. By becoming better listeners and understanding the needs of a particular employer and its employees, we can better align those needs with available technologies and new care models.

Brokers can increasingly add value by understanding and balancing the needs of an employer with the needs of the employees, helping recommend the right products that provide the appropriate type of access to care. By listening and understanding the needs of each employer, brokers can help promote a personalized health care experience and help maximize the value of the medical and ancillary benefits.

The goal is to make the health insurance buying process as simple as possible.

5. To what extent do you predict the new rules surrounding Association Health Plans will impact small group?

Boore, More Health: It is too soon to tell. I don't believe that we will see immediate wholesale changes, but rather a more cautious shift.

Rhatigan, United Healthcare: Association health plans offer another option for small businesses to provide affordable health care coverage to their employees and their families. However, steps must be taken to ensure that these are implemented correctly and under the right conditions so markets are not unnecessarily disrupted by these changes. The focus should be on providing options for members to create personalized experiences, improved outcomes, and better affordability; this is the triple aim of healthcare reform.

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TOP CONCERNS WITH SMALL GROUPS & HOW BROKERS CAN HELP

By HADLEY WEILER

The U.S. labor market is on the upswing. Small businesses are booming, companies are hiring and wages are increasing. However, this economic growth leads to some challenges for employers. How so?

First, let's take a look at the top concerns for small employer groups.

- Employee recruitment and onboarding. As unemployment rates are down and the labor pool shrinks, companies are eager to find new employees. However, improved economic conditions are making it more difficult to recruit, hire and retain qualified workers.

Recruiting the right candidate for the job is the first hurdle. In this marketplace, employers are competing for talent, and in many cases, prospective employees are entertaining several job offers.

Once an offer is extended, effectively onboarding the new employee can be the next challenge for an employer. It is often the case that many employees do not succeed at their job because they are not properly onboarded to their new organization.

Additionally, employee retention is a key factor to a company's success. Retaining top talent ensures that an organization will continue to efficiently operate, which in turn can lead to increased cash flow.

- Employee benefit packages. In today's marketplace, employees not only desire competitive pay, but they are



demanding a comprehensive benefits package.

Basic medical policies no longer suffice. While, a good health insurance plan is necessary, employees are requesting supplemental offerings like vision, dental and 401(k). With all the options available in the market and the changing carrier landscape, employers

are overwhelmed with how to deliver a benefits package at an effective cost.

- Compliance. Compliance fees and fines can be detrimental to a small business. From ACA to federal, state and local regulations, it is hard to keep up with the fast changing laws. And, while most companies do not intentionally violate these regulations, it happens far too often.

Is my company's benefits package compliant? Are we meeting the mandatory tax deadlines? Are we complying with labor laws? These are all concerns the small businesses are facing.

The good news: brokers can help address many of the top concerns of their small groups. While these concerns are weighing heavily on small businesses, with appropriate guidance they can overcome these obstacles.

This is where employee benefits and the advice of the insurance broker come into play.

The role of a broker is expanding. For years, an employer only expected to work with their insurance broker once a year during their annual benefits enrollment period. However, with the changing landscape, employers count



Effective insurance brokers keep abreast of the everchanging carrier landscape and recommend benefit packages tailored to their small groups' needs. Small groups crave the individualized consultation that brokers offer.

on their insurance broker for guidance that extends beyond health insurance.

Brokers serve as a resource and a solution to their small business clients. However, to be an effective adviser, brokers must be willing to engage with their clients year-round, and bring products and services to their small groups that surpass traditional benefits consultation.

- Employee recruitment and onboarding. To ensure a seamless transition to an organization, employees need to be properly onboarded. It is important to understand, that the onboarding process begins well before an employee's first day. Onboarding is a series of tasks that start with the moment of hire. The process includes everything from filling out paperwork and selecting benefits to meeting co-workers and receiving appropriate on-the-job training.

When an employee is onboarded properly, they adapt faster to their new working environment, which in turn leads to job satisfaction and increased productivity. At the end of the day, increased productivity saves an organization money.

There are many products in the marketplace that can automate the onboarding tasks, which helps take the burden off the employer. By finding the right technology solution, an employer can take away the paper-pushing and manual process of onboarding by leveraging tools that electronically handle the process. Setting up direct deposit, enrolling in benefits, and completing necessary tax forms can be easily handled through an onboarding application.

Brokers can alleviate the onboarding

hassles by bringing new solutions to the table. Many onboarding products available in the market today seamlessly integrate or are a component of other HR, payroll and benefits administration tools. Small groups can benefit from all-in-one resources, and brokers can be the solution to their needs.

- Employee benefit packages. The carrier of yesterday is not the carrier of today. Tools and technology are all driving real growth and adoption. The ability for carriers to adapt to the buying trends of the customer and offer tailored solutions help them stand out. Networks, plan designs, compliance, the way we purchase healthcare, are all changing. No wonder small groups are overwhelmed.

Effective insurance brokers keep abreast of the everchanging carrier landscape and recommend benefit packages tailored to their small groups' needs. Small groups crave the individualized consultation that brokers offer. Understanding that each client is vastly different based on demographics, location, and employer and employee needs, is the first step in being a valued employee benefits consultant. Successful brokers take the time to build a complete benefits package that not only meets the employer and employee's expectations but offers tangible results to the complexity of the work/life environment. In many cases, they marry the technology of the health plan and vendors to offer real solutions.

- Compliance. Employers are struggling to keep up with the requirements of federal and state regulations, labor laws and ACA compliance. Under-

standing these regulations can be burdensome, and non-compliance can lead to substantial penalties. The list of regulations for small businesses is subject to increase every year.

However, regulatory compliance can be made easier with professional help. Comprehensive online payroll and benefits administration services make it easier for companies to stay compliant. Brokers are in a prime position to extend these service offerings to their clients.

Payroll, HR, and benefits administration are natural extension of employee benefits. As a result, brokers should partner with trusted workforce solution providers to bring these resources to their group clients.

With open enrollment season and year-end just around the corner, now is the perfect time for brokers to reach out to clients to see how they can lighten the load of these small businesses. Broker should strive to take the pressure off these employers, so that they can get back to the reason that they are in business.

As an insurance broker, when was the last time you came to your clients with additional product and service offerings? If you don't, someone else will.



With a proven record of success and more than two decades of industry experience, Hadley Weiler joined Benefit-Mall in 2017 and serves as the regional vice president of sales, western region. Based in Northern California, Hadley holds statewide responsibility for all benefits sales.

MICRO LEARNING FOSTERS EMPLOYEE RETENTION AND DELIVERS VALUE

By MIGUEL CARABALLO



HR departments are desperate for solutions that foster learning. You probably see it in your own workplace. The lack of leadership programs, the need for a revamp of learning techniques and the scarcity of resources available to improve skill sets are common concerns.

One of the main focuses for brokers, carriers, and advisors alike is to make sure they're providing the best services to their clients. Helping HR departments administer a benefits strategy is a wise move. The truth is, a benefits program is only one of several key HR priorities. Other HR functions include executing retention, performance and engagement programs. The right plan can help tackle all three concerns by improving the employee experience, which begins with onboarding and continues through development programs.

HR departments are desperate for solutions that foster learning. You probably see it in your own workplace. The lack of leadership programs, the need for a revamp of learning techniques and the scarcity of resources available to improve skill sets are common concerns. Now, consider your clients. They face the same challenges. To have an impact in this area as a broker you must understand HR's needs in the learning arena and the advantages your advice and solutions can bring to the table. Time is limited, so deliver solutions that impact the range of HR priorities, including learning and development.

Let's examine this through the lens of the employee. You are an employee who is an eager learner in the prime of your career. An invitation arrives marketing the "premier learning event of the season". Perfect! Here is an opportunity to really get ahead. On the day of the event you arrive at a large lecture hall. In the front of the room is a stage followed by row after row of seating. You find a seat and settle in for what you expect will be a thrilling 90-minute presentation. Does this description align with your learning expectations? Stop for a moment and consider: when is the event occurring? This lecture could have taken place last week in any company or college across the globe or it could have taken place in the Roman Forum 2,000 years ago. How is it that the expectations around learning have changed so little after so much time? And here's the better question. Does it still work? Can of worms – open.

Think about what it means to be an ancient Roman employee who needs to learn something. The pace of development is relatively slow, and the same farming, manufacturing or design technique can span a lifetime without changing. Now compare our Roman example to modern business processes where multiple systems-disrupting

evolutions occur every decade. And it is only getting faster. In fact, the pace of information is moving so quickly that by the time you identify the learning need, align resources to build the training, and implement the solution, the need may have changed. When considering today's reality, does a 90-minute lecture really sound like a reasonable solution? Moreover, what impact does this perpetual churn and pace have on employees?

The Roman example may seem a bit extreme, but it's necessary to show a clear difference. Times are changing, time is of the essence, and time is money! HR departments need more time to:

1. Focus on other initiatives including employee learning
2. Keep up with the trends to communicate, educate, and engage their employees and
3. Make sure the content and learning options support rather than interfere with their job responsibilities.

This is not a call to eliminate traditional classroom training, but classroom learning events can no longer be the default learning option for companies. Forget 90 minutes, when was the last time you watched a 45-minute presentation? According to Chris Anderson (TED.com), the sweet spot is 18 minutes. But even this is too long. Because the key to corporate training in the 21st century is "performance support." It is providing learning resources to your employees at the moment of need. Companies like Hodges-Mace have taken the concept of a learning management system and reimagined its function to one of accessing in-the-moment targeted job skills training and delivering those resources on the micro level. Our average time per knowledge topic is 4 minutes. We call our system SmartPath, but any company can deploy a similar learning strategy.

Think of the concept like filling a bucket with a cup. One cup may not seem like much but as the employee learns and applies new skills, the bucket fills and he or she gains two valuable take-aways. First, is a strong foundation of the concept. The cup analogy works another way if you think about it from the learner's perspective. You may be able to consume a bucket of water; however, it is easiest in small portions. Try to drink the entire bucket at once and the likelihood of waste is higher. Second, the system becomes a performance support resource in the event your employee forgets something or needs remediation. Consider the forgetting curve. Discovered in 1885 by Hermann Ebbinghaus,

Today's HR departments have a variety of tools available from learning management systems to apps that deliver guided walk-throughs, but the best place to start is a focus on intention.

the forgetting curve tells us that humans forget between 60 to 70 percent of anything learned within 24 hours unless reinforced. This idea is more than chunking existing content into 4-minute modules. The best examples align learning activities to real world work all executed through a structured development plan.

What did engagement look like for our Roman employee? Each day was a struggle to survive in a world where a small cut could end your life. "Marco, you survived—che grande!" Today, the bar is much higher. According to the Gallup group much of employee engagement is rooted in performance, development and support. Now consider our approach again. Just in time micro-modules focused on performance helping the learner gain confidence and master his or her role. Learners access tools at the moment of need and are aided by a manager executing a structured development plan tailored to the role and the employee's specific strengths or gaps. Knowing and focusing employees around development sounds like a no-brainer but the best efforts take time and attention. At Hodges-Mace the formula is clear: engagement and performance are driven through development and support. So how do HR departments create the time to get it done?

Apply the concept of performance support as you communicate with your clients or within your own organization. Begin by having a conversation with HR about how they are training new and existing employees. Today's HR departments have a variety of tools available from learning management systems to apps that deliver guided walk-throughs, but the best place to start is a focus on intention. Deliberate planning and execution are keys to building learning and development programs that attract and retain top talent—HR's primary challenge today. At the end of the day you are creating a stimulating work environment where employees feel valued and supported. What better way for you as a broker to deliver value than by helping HR achieve their organizational goals? And that is fantastic!



Miguel Caraballo is director of learning and development for Hodges-Mace. He develops and delivers performance-oriented training programs focusing on supporting the learner's moment of need to drive business success.

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BUYERS OF NEW LONG-TERM CARE INSURANCE POLICIES FACE LITTLE RISK OF FUTURE RATE INCREASE



Long-Term
Care

Individuals who purchase a new long-term care insurance policy face little if any chance of a future rate increase, according to a study of pricing experts released by the American Association for Long-Term Care Insurance.

"Policies priced years ago using different assumptions have seen rate increases so consumers today assume they face the same risk," explains Jesse Slome, director of the Association. "That's simply not the case." The national organization just released results of a poll of actuaries across the long-term care insurance industry.

"Most actuaries responding see little or no risk of needing future rate increases on recently priced policies," according to Slome. Some 79.1 percent of the responding actuaries expressed the risk was 10 percent or less.

Older long-term care insurance policies priced 10 or 20 years ago used different pricing assumptions and generally had specific policy provisions that necessitated the need for increases. "Back in the 1990s, long-term care insurance was a new form of protection and there just wasn't the data available," Slome notes. "With several decades of experience and millions of policies sold and hundreds of thousands of claimants, policies priced today can more accurately project important aspects."

"I believe the risk of a future rate increases is zero," projects Slome. "Rising interest rates and the new reg-

ulations mean someone purchasing a new long-term care insurance policy in 2018 and 2019 faces little if any chance of a future rate increase," Slome projects. "Older policies with provisions like unlimited policy benefits or compounded annual benefit increases of five percent may face rate increases, but even these are never take-it or leave-it propositions. Insurers always offer options that enable the policyholder to avoid the increase."

For the study, the American Association for Long-Term Care Insurance polled nearly 80 LTC industry actuaries. The professionals who price insurance policies were asked their assessment for policies now being sold that were priced within the past two years.

Likelihood of Future Rate Increase - Presently Priced Policies
American Association for Long-Term Care Insurance, Sept. 2018



DENTAL INSURANCE IS BROKEN AND THAT'S JUST THE START

By ALEX FROMMEYER



Dental insurance is broken. At least, this was my fundamental take away back in 2012 when I first 'discovered' the dental industry. I was sitting in a metal folding chair (the type you might have sat in your elementary school cafeteria as a child) in a cramped living room in Louisville, Kentucky. I was with my two best friends, and now co-founders, working on a fluid mix of engineering homework and client work for a small R&D consultancy that the three of us had started a couple of years prior out

of that same living room. At the time, I was listening to a ton of early 2000s hip hop and EDM, so it was blasting in the background when I circled the guys up and showed them something new I had just learned: more than 100 million Americans didn't have dental insurance – a fact that I found startling. Everyone has teeth, so why wasn't there virtually automatic coverage for all people?

Over time, we of course learned about why affordable coverage for dental services had left so many potential customers behind. Like many topics in healthcare, it's nuanced and

complicated. But one thing that came up repeatedly was the lack of innovation in the product. Everyone sells the same thing for about the same price. To us, it was the spark of the idea that led us to build Beam Dental, a next generation provider of dental insurance (and vision too!). Beam provides traditional PPO dental insurance policies in California and 24 other states around the country, but with a twist: we are a technology company first, so we have refreshed the entire product experience...and built it all from the ground up.

The workforce is changing rapidly, and as a result, benefit programs are as well. The way the companies of the future want to shop for, select and work with their vendors (of all types) is grounded firmly in digital, convenient interfaces and friendly voices when needed.

So what makes us different from other providers of dental insurance?

First, the perks! All Beam Dental members have the option to receive Beam Perks when their policy goes live, which ships an electric toothbrush, toothpaste, floss and refill heads directly to the door of the member. A dental goods subscription service, but no administrative burden for the broker or business; Beam coordinates the entire program on your behalf. On the effective month, each member gets their intro pack with an electric, Bluetooth-connected Beam Brush (in one of three colors), and every six months Beam sends a refill pack with additional paste, refill heads, and floss so the member has everything they need for great preventive dental care.

Beam's core philosophy is that with better preventive engagement there will be fewer costly dental interventions needed over time. And let's face it—this is what drives up premium costs for the member and/or employer over time. The connected nature of the Beam Brush also aggregates brushing engagement data at the group level that we use as part of your renewal pricing. If your group brushes their teeth with strong frequency, they can earn premium discounts as they renew to offset increases. In fact, many groups actually see a net decrease in their renewal price.

Next is support and service. While many of our groups and members are initially attracted to Beam because of our perks program, the reason they never want to leave is our strong commitment to phenomenal member success and best-in-class digital tools for self-service. Digital insurance cards, a member portal for seeing claims and making adjustments to account information, and clean, easy to understand Explanation of Benefits documents are just a few of the upgrades you can

expect as a Beam member. Our efforts here are in line with a larger trend in healthcare and insurance, as more technology businesses like Oscar Health, Bright Health, and Gusto work to make the product experience more streamlined and delightful. Not a word many consumers would expect today from a benefits company.

Finally, our tech-enabled broker tools. We turn around RFPs in no more than two business days, most often same day. Our claims processing is highly automated, accurate, and transparent. We offer seven different digitally native ways to enroll your group and their members in a Beam plan, negating the 'switching costs' typically painfully associated with moving a case. Our Light-house portal is for brokers and plan administrators; whether you are adding or removing a member, coordinating COBRA coverage, or checking on status of a claim, no interactions take more than a couple quick clicks.

While we are internally investing deeply in tools to help the entirety of the product experience, we are not alone. In fact, there are a multitude of companies, large and small, that are dedicated to making employee benefits work better and using technology to do it. For example, Beam has partnered with Liazon, a leading private exchange, to provide a menu of compelling plans to California small businesses. In addition, Beam is working with Word & Brown, a prominent California-based general agency, and Wellthie, a quoting and benefit administration tool, all of whom represent both unique plans and digital tools to aid top brokers in being able to offer a better value and service level to clients regardless of size and sophistication.

And we can't forget about vision coverage! Another valuable partner to Beam is VSP. In 2017, Beam launched a series of Beam Vision plans that are bundled with our innovative dental in-

surance offering, but leverage VSP's industry leading network of providers and claims processing capabilities. As it becomes increasingly efficient and effective for brokers to structure their ancillary programs to align with a limited number of partners, VSP provides both credibility and quality to our total offering.

The technology finance world is also taking notice of what we're doing in the sleepy dental industry. Earlier this year, Beam Dental announced a \$22 million investment from legendary venture capital firm Kleiner Perkins, formerly Kleiner Perkins Caufield & Byers (KPCB), adding further fuel to the growth story for the company. This brings Beam's fund raising to \$35 million, allowing the company to concentrate on maintaining the best client and customer support in the business.

The workforce is changing rapidly, and as a result, benefit programs are as well. The way the companies of the future want to shop for, select and work with their vendors (of all types) is grounded firmly in digital, convenient interfaces and friendly voices when needed. Beam's approach is modern, but human, as this is a business that demands both. Even though we started in a living room those years ago, our ambition was big...and now we are rolling out nationwide. Look for us in more and more living rooms (and bathrooms!) around the country over the next year.



Alex Frommeyer is the Co-founder and CEO of Beam Dental, a dental benefits company that offers employers a fundamentally unique approach to dental coverage by incorporating

hygiene behavior into policy pricing. He has two engineering degrees from the University of Louisville Speed School of Engineering, where he graduated magna cum laude and founded his first company in 2010.

THE FUTURE OF INSURANCE AGENTS & FINANCIAL PLANNERS

HOW TO THRIVE AMIDST ARTIFICIAL INTELLIGENCE, BLOCKCHAIN, AND MASSIVE DISRUPTION

BY PATRICK SCHWERTFEGER



Change is coming. Decentralization has already planted its roots. Anarchy is within sight. In fact, elements of anarchy are already here. A few will flourish while the majority struggle. How can we be among the winners and not the losers?

There's a revolution taking place right now, and most people aren't even aware of it. Of those that are, very few comprehend the degree of disruption on the horizon. Technology is redefining every corner of our world, and it's evolving along an exponential curve. The impacts will shake humanity to its core.

Insurance agents and financial planners need to understand the trends and causal relationships in order to succeed, they need to understand the dynamics of disruptive innovation within the financial sector, and they need to recognize the implications of an increasingly decentralized world.

To be clear, the impacts of technology are both positive and negative. Countless things will improve. Indeed, we are optimizing our planet. Company by company, region by region, country by country, we are optimizing every aspect of life and business. Operations are becoming more efficient. Products and services are becoming more intuitive and integrated. The world is becoming more intelligent.

But there are also negative impacts on the way. Dramatic increases in productivity will diminish the value of human capital. Algorithms and robotics will displace literally hundreds of millions of jobs. Insurance agents and financial planners are among the vulnerable. At the same time, technology is enabling a shift from centralized to decentralized power structures. The combination job displacement and decentralization is fueling an increasingly individualistic, tribal, and self-reliant world. It's leading to anarchy on a global scale.

In the insurance and financial sector, algorithms, artificial intelligence, and blockchain are converging to displace traditionally 'safe' white-collar workers. According to the Hackett Group, the number of finance employees (per billion dollars in revenue) within the Fortune 500 is already down by 40 percent over the past 10 years! Sophisticated enterprise software platforms generate flawless financial statements and strategic insights with the click of a mouse. This trend will accelerate in the years ahead, replacing entire categories of human capital.

For financial planners, robo-advisors are stealing market share among Generation X, millennial, and Generation Z customers. Dynamic ETFs like the artificial intelligence-driven

There are...jobs that are safe from automation... Nurses, teachers, and therapists all qualify, as do insurance agents and financial planners.

AIEQ are delivering tailored trading strategies within a single investment vehicle. We can expect sophisticated algorithmic trading programs to become available through more dynamic ETFs in the future.

For insurance agents, online providers like Progressive and Esurance have increasingly intuitive user interfaces, delivering actionable data for younger consumers. Meanwhile, blockchain has the potential to streamline the entire industry, eliminating many jobs.

Disruptive innovation often caters to the least-profitable market segment first. Who are the cash-strapped customers? What do they want? Generally speaking, they want simpler and cheaper solutions. Countless Fintech startups are trying to fill those needs. At the same time, younger consumers are well known to prefer online websites to in-person communication. The result is a mass migration to simple online platforms for investment advice and insurance policies.

There are basically three types of jobs that are safe from automation. The first category includes truly creative people, including artists, architects, scientific researchers, and business entrepreneurs. The second category involves building complex human relationships. Nurses, teachers, and therapists all qualify, as do insurance agents and financial planners. And the third involves highly unpredictable occupations. Hired guns and problem solvers come to mind, including everything from plumbers and electricians to project managers and corporate turn-around specialists.

Insurance agents and financial planners can calibrate their value propositions to include these characteristics. Creative solutions to unusual circumstances, strong communications skills and a problem-solving mentality will define success in tomorrow's economy. The following five recommendations can help financial professionals plan for a decentralized future.

Look forward. Don't allow yourself to live within an echo chamber, including only those opinions you already agree with. Actively seek out opinions that contradict your own. The truest measure of intelligence is the ability to hold two opposing views at the same time. The world is becoming more decentralized, resulting in vastly divergent realities. Nobody's willing to change their mind, and everyone has plenty of evidence that they're right and everyone else is wrong. This is a form of anarchy. Do it differently.

Look in the mirror. Success amidst anarchy requires defiant leadership! The most strategic thing you can do is

fine-tune your unique value proposition. Open a document on your computer, or pull out a notebook and write down your thoughts to this: Who are you? What do you stand for? Since the world is characterized by competing realities, you have to pick your reality and to some extent ignore the rest. The only thing that matters is your unique value proposition and how it differs from competing products or services.

Look up. Introduce more premium options for your VIP customers. Take your highest price and multiply it by 10. What done-for-you solution could you sell at that 10x price? What would need to be included in order for that 10x price to be a great deal? Focus your marketing on that 10x solution. It will expand the 'frame' of your business. It projects confidence into the marketplace. What would an industry leader do? Now, act like an industry leader!

Look down. Be the disrupter, not the disrupted. Watch for simpler and less expensive solutions for your most cash-strapped customers. Disruptive innovation often caters to the least profitable market segment first, so identify those cash-strapped customers and imagine what they want. Innovations down there will create disruption everywhere else. Generally speaking, they want simpler and less expensive solutions. Can you create those solutions?

Look side to side. Change creates opportunity. Set aside a couple of hours and evaluate your marketplace. What are your competitors doing badly? What do people complain about in your industry? Who are the cash-strapped customers, and what do they want? Capitalize on opportunities to steal revenue from "adjacent markets." Don't ask: Who's going to eat my lunch? Ask instead: Who else's lunch can we eat? Anarchy is an opportunity for offense, not defense!

In summary, change is coming. Run toward those changes. Learn as much as you can about analytics, data visualization, algorithms, artificial intelligence and blockchain. Treat them as your friend, not your enemy. Change creates opportunity for those who help facilitate the transition. Be among those technology advocates, and you'll already be better positioned than most within the industry.

Patrick is a business futurist who specializes in technology trends including big data, artificial intelligence and blockchain. He is an award-winning author and full-time professional speaker, and has spoke at hundreds of conferences all around the world. His new book is Anarchy, Inc: Profiting in a Decentralized World with Artificial Intelligence and Blockchain. www.patrickschwerdtfeger.com

Brokers with access to health insurance exchanges are in a strong position to offer benefit plans that meet a variety of employee needs to small group clients.

THE FUTURE OF HEALTH INSURANCE EXCHANGES

By RON GOLDSTEIN

Fall is here, which means it's the busy season for brokers. They're working tirelessly with small group clients on new sales and plan renewals. It's also the time of year when brokers and employers revisit existing benefit plans, discuss possible alternatives and review employee needs.

The Future of Health Insurance Exchanges

Even with the busy season in full swing, brokers continue to contemplate the future of the Affordable Care Act (ACA) and its implications. From whether or not the federal government will continue to fund exchange subsidies to industry consolidation (a la Cigna and Express Scripts) to carrier access, the future of health insurance exchanges is a hot topic among brokers. The good news for everyone is the future looks bright.

Last year, President Donald Trump signed an executive order that allows for the formation of new association health plans (AHPs). Essentially, this allows small businesses to unite to obtain health insurance for employees at a lower cost. With AHPs, groups can join forces based on geography or industry, as a single large employer.

The Reality of AHPs

Here's the thinking behind expanded association plans: they would offer lower pricing, more choices for participants and increased freedom to purchase health coverage across state lines. It sounds like a win for small businesses and their employees.

However, the reality is AHPs might not follow ACA compliance guidelines, specifically in the areas of mental health services, maternity care and prescription drugs. Nor would they necessarily offer coverage for individuals with pre-existing health conditions. Employees could be left with higher out-of-pocket expenses and larger medical bills. That's definitely not a win.

According to an issues brief published in August by the Kaiser Family Foundation, more than 52 million Americans under the age of 65 would be ineligible to enroll in AHPs due to a pre-existing condition. For added context, that represents 27 percent of the nation's total population. That translates to nearly 30 million women and 23 million men. In contrast, policies sold on public and private health exchanges cover pre-existing health conditions and include all of the essential health benefits required by the ACA.

There's no disputing that cost savings is a key driver behind employer purchasing decisions. While it's possible some employers may consider moving to AHPs to reduce their health coverage costs, there's no guarantee of savings for employees. With an AHP, employees could wind up with higher costs for a pre-existing condition and no coverage for certain services required under the ACA. While the perception is an AHP is always cheaper, the reality is that's not always the case. At present, very few small groups have taken advantage of the AHP opportunity, which mainly targets healthier individuals with no pre-existing conditions.

In September, California announced a new law that prohibits AHPs in the state. Effective January 1, 2019, the state legislature adopted Senate Bill 1375 in response to concerns about the elimination of essential health benefits and potential destabilizing of the small group health insurance marketplace.

Rejoining the Fold

When compared with AHPs, exchanges remain resilient. Carriers that withdrew from state and federal exchanges are rejoining the fold, mainly due to increased competition. This

FOR THE SMALL GROUP MARKET

wave demonstrates the continued stabilization of the health insurance marketplace. Case in point, this summer Anthem Blue Cross Blue Shield announced it will re-enter the Virginia marketplace with lower premiums, in time for the 2019 open enrollment period.

Brokers with access to health insurance exchanges are in a strong position to offer benefit plans that meet a variety of employee needs to small group clients. The return of carriers to the exchange marketplace supports the increasing demand for choice from employers and employees alike, while creating more aggressively priced options for participants.

The Consumerization of Health Care

The consumerization of health care, coupled with digital consumerism, establishes an environment where consumers are able to shop for insurance the way they shop on Amazon or Expedia. These types of sites are popular because consumers know what they want to spend, and expect aggregators to help them distill hundreds (or, often, thousands) of options into a specific list of choices based on their specific search requirements. The consumer gets pre-

cisely what he or she wants quickly, efficiently and at a competitive price.

Exchanges, especially specialized multicarrier platforms, operate in a similar fashion. They allow brokers to provide their small group clients with the ability to easily compare and contrast many different carriers and medical plans at a variety of price points. They offer choices based on each employee's network preferences and individual or family health care needs. Exchanges also highlight additional add-on benefits such as dental and vision. This is particularly appealing to employers with a multigenerational workforce with varying health care and insurance requirements.

For example, one employee might choose an Exclusive Provider Organization (EPO) plan because it offers access to his or her preferred doctor and does not require referrals for care. Another employee, who rarely visits the doctor, might choose an HMO because it is a more affordable option. A third individual might choose a Health Savings Account (HSA) compatible High Deductible Health Plan (HDHP), because it has lower premiums and the ability to pay for qualified medical expenses. Ultimately, the plan selection is up to each employee (and his or her employer).

The Win-Win of Exchanges

That's not where the advantages end. Employers enrolled with a multicarrier exchange also enjoy a streamlined billing process. They only receive one monthly bill for all of their employees' coverage. Brokers profit, too. As employer budgets shift, brokers can easily counsel clients on whether or not to increase or decrease their annual employee benefits program spending. It makes for a more seamless administrative process for all parties involved.

It remains to be seen whether market forces and association health plans will have a big impact on individual and small group health insurance exchanges. For now, exchanges provide an increasing number of small group employers with customized benefit plan options at a reasonable cost. That's why they're not going away anytime soon.



Ron Goldstein, CLU, is president and chief executive officer of CHOICE Administrators.

5 VOLUNTARY INSURANCE TRENDS TO CONSIDER IN YOUR 2019 SALES STRATEGY

Technology has transformed the way employees want and use insurance. People expect smart watches, speakers and TVs to be customized to their preferences. The same goes for benefits.

By DANIELLE LEHMAN

The fight for top talent rages on and it's pushing employers to become more creative and unique with their benefits offerings. Companies are looking to provide more personalized and comprehensive products in hopes of attracting new employees and to better meet today's diverse workforce needs.

Carriers are listening to what employers need to boost their benefits offerings and making changes when it comes to their voluntary products. As you start to think about next year's sales approach, here are five trends and product offerings to watch for in the voluntary space to help you and your clients stand out from the rest.

1. EXPANDED COVERAGE

To stay competitive, some employers are expanding their product offerings to include products traditionally offered on a voluntary basis—including critical illness, accident and hospital indemnity insurance—as a non-contributory benefit for all employees. Employees receive the additional coverage that these products provide

without the expense of purchasing the coverage on their own.

Employers that offer this type of added coverage could be especially attractive to millennials who are starting families and may not have the additional income to purchase these products themselves. These products not only pay benefits for the employee or spouse, but also can provide benefits for congenital conditions such as cerebral palsy, cystic fibrosis, Down syndrome, muscular dystrophy and spina bifida, or even injuries children can incur playing sports. These products also can help with the expenses related to a hospital stay for the birth of a child.

Providing coverage for unexpected life events can be a key differentiator for clients who are attracting millennials with families, but they are just as important for other generations, like baby boomers, who may be seeing an uptick in their hospital visits due to unexpected medical conditions as they age.

2. PRODUCT CUSTOMIZATION

Technology has transformed the

way employees want and use insurance. People expect smart watches, speakers and TVs to be customized to their preferences. The same goes for benefits. Clients want benefits plans that can be customized to meet their organization's culture, policies and workforce needs.

To meet this need, some carriers are creating specialized products to solve specific employer needs. Some carriers are willing to collaborate with clients and customize a plan or product, depending on the client's situation. As some clients may not know that benefits could be customized, highlighting an example or connecting them with carriers that have this type of experience can help ensure they are designing benefits plans to best suit their employees.

3. INTEGRATED BENEFITS PLATFORMS

For clients offering voluntary benefits, product education should be available for employees, especially during enrollment season. Many carriers offer decision support tools that can provide personalized commu-



nications to help employees better understand their benefit options and include examples of how coverage could help them.

When evaluating different decision support tools, some carriers have the technological capabilities to integrate with a client's existing benefits administration platform. Hosting a carrier's decision support tools on a client's platform can provide employees with a central location to view important benefits information, make updates and review policy details.

This platform integration can be especially important during enrollment season. Decision support materials such as videos, claims examples and product details can be hosted on the client's benefits administration portal to offer a consistent experience for employees when they're choosing their benefits for 2019.

4. HOLISTIC UNDERWRITING

Another trend gaining momentum is leveraging voluntary insurance to aid with other product renewals, such as life and disability insurance. Some carriers offer an extended rate guarantee

or reduction to a rate increase if voluntary products are included in the employer's benefits package. Employers are able to offer the voluntary benefits at no additional cost to themselves while also receiving some rate relief on other in-force products. The employees also benefit by having the opportunity to purchase additional coverage to protect against the unexpected illness or accident.

Holistic underwriting also can ease the administration process for the client, by consolidating the billing and enrollment with one carrier.

5. CONVENIENCE AND SIMPLICITY

Some carriers' voluntary benefits include a wellness benefit that pays an employee for receiving an annual preventive exam. Carriers are improving the claims process for these wellness benefits, especially when the screenings are included as part of an employer's health fair.

Some carriers are allowing employees to submit a bulk list of employees who received the wellness screening during the health fair as the claims sub-

mission, rather than having employees submit their information separately. This can help drive employees to receive that ever-important wellness screening while also making it easier for them to receive the annual benefit.

As you consider new ways to ensure your clients' benefits offerings are keeping pace with today's workforce needs, be mindful of these five trends. These product features and offerings can help your clients create customized benefits plans that help them stay competitive in the fight for top talent and appeal to various generations in the workforce.



Danielle Lehman, senior voluntary product manager at The Standard, is responsible for the product strategy and development of the company's supplemental product offerings. Danielle has

strong ties to the voluntary industry with 10 years of experience developing voluntary products, including life, disability, critical illness, accident and hospital indemnity. She holds a bachelor's degree from Bowling Green State University and a master's from Franklin University.

HOW TO SELL YOUR CLIENT'S LIFE INSURANCE POLICIES TWICE

By FELIX STEINMEYER

Roughly 1.1 million life insurance policies owned by seniors over 65 lapse every year, with a total face value of \$112 billion.

As a life insurance agent or broker, you might not think there's much you can do about that. If your client no longer needs the coverage or can't afford the premiums, you may feel like your hands are tied.

Fortunately, that line of thinking is incorrect. It is possible for you to help your client sell their policy for cash instead of allowing it to lapse, and earn some commissions for yourself.

Clients Can Sell their Life Policies

Life insurance policyholders can sell their policies to a third-party investor in what's called a life settlement.

The life settlement provider typically pays between 10 to 50 percent of the face value—always more than the surrender value—and takes over the premium payments going forward. Then when your client passes, the provider receives the policy benefit.

The average payout is closer to 22 percent, so if your client sells a policy with a \$500,000 face value, they can expect to receive about \$110,000.

The payout is determined based on several factors. Specifically, the life settlement provider will consider your client's age, health, premiums, type of insurance and policy size.

Not just anyone can sell a life insurance policy, however. The ideal candidate is someone over 65 or 70 with a policy benefit of \$50,000 or higher. There is, however, an exception to the age minimum if your client has a terminal illness and has less than 24 months to live.

In this case, your client could get a viatical settlement, which is designed to help terminally ill clients pay their medical bills and afford future treatments.

More than 90 percent of policies sold in life settlements are universal life policies, but whole life and convertible term policies are also eligible. Just be sure to convert the term policy before selling it, preferably to a universal policy.

Is The Client a Good Fit?

Life insurance settlements aren't for everyone, but they're a good idea for people in certain situations. If any of your clients fit any of the following situations, it might be a good idea to talk with them about selling their policy.

- They can't afford their premiums

Life insurance is a long-term commitment, and sometimes a client's finances change to the point where they can no longer afford premiums. This can especially be the case with universal life policies, where premiums can increase over time. In fact, some life insurance companies increased their universal life premiums by as much as 72.4 percent in 2015.

If your client can't afford their premiums anymore, they likely have no choice but to surrender the policy. Since they can earn more through a life settlement, it could be

a no-brainer for them to opt for that instead of surrendering.

- They no longer need the coverage

The need for life insurance is dynamic, and as your clients build wealth, they may come to a point where they can self-insure. In some cases, clients may have even gotten a permanent policy specifically to supplement retirement income, and they're ready to take the surrender value.

Life Settlement Commissions

By working directly with your client and a life settlement provider to help facilitate a sale, you can expect to earn commissions between 5 percent and 20 percent of the selling price. So, if your client receives \$110,000, you'd make between \$5,500 and \$22,000 in commissions.



Life insurance policyholders can sell their policies to a third-party investor in what's called a life settlement.

In either case, if your client is planning on getting rid of their policy and taking their surrender value, you could help them get more by choosing a life settlement.

- They need the cash now

If your client has a terminal illness and needs money to help pay their medical bills, a viatical settlement can provide that solution.

That said, an accelerated death benefit rider can also provide that needed cash, potentially without getting rid of the policy benefit altogether. So, if your client's policy does have an accelerated death benefit, they may want to consider that first before opting to sell.

- Helping your client decide what to do with the cash

If your client is looking to sell their policy because they no longer need the coverage or can't afford the premiums, they may not have thought about what they're going to do with the money. And depending on the size of the payout, it's essential to have a plan before they receive such a substantial windfall.

One solution is a single premium annuity. As you may already know, an annuity can guarantee a specific payout each year for the remainder of your client's life.

With a single premium annuity, they can start getting payments immediately and still get the security of a fixed income going forward.

That said, it's also essential for your clients to consider the tax implications of a life settlement. Gains beyond what your client has paid in premium less dividends received and withdrawals taken out are typically treated as a mix of income and capital gains.

This means that a big payout could result in a massive tax bill, so advise your client to work with a tax professional and leave some cash aside to pay taxes before starting a single premium annuity.

The only exception to these tax rules is if your client has a life expectancy of two years or less and does a viatical settlement. In this situation, there's no tax liability.

Help Clients Make the Right Decision

A life settlement may sound like a good idea for your client, but it's important to help them understand the pitfalls.

For starters, selling a life insurance policy can make it difficult for your client to purchase another policy in the future. In some cases, the insurer might outright decline the application. This won't be an issue if they don't need coverage anymore, but it can be in some cases.

Second, not all life settlement brokers are created equally. Some charge between 10 percent and 30 percent of the client's payout in fees. However, with more direct-to-agent and consumer companies emerging in the industry, you could also attempt to broker your policy yourself.

And lastly, your client may be required to send health updates to the life settlement provider for the remainder of their life. If your client is worried about effectively signing over health privacy, they may want to consider other options.

Bottom Line

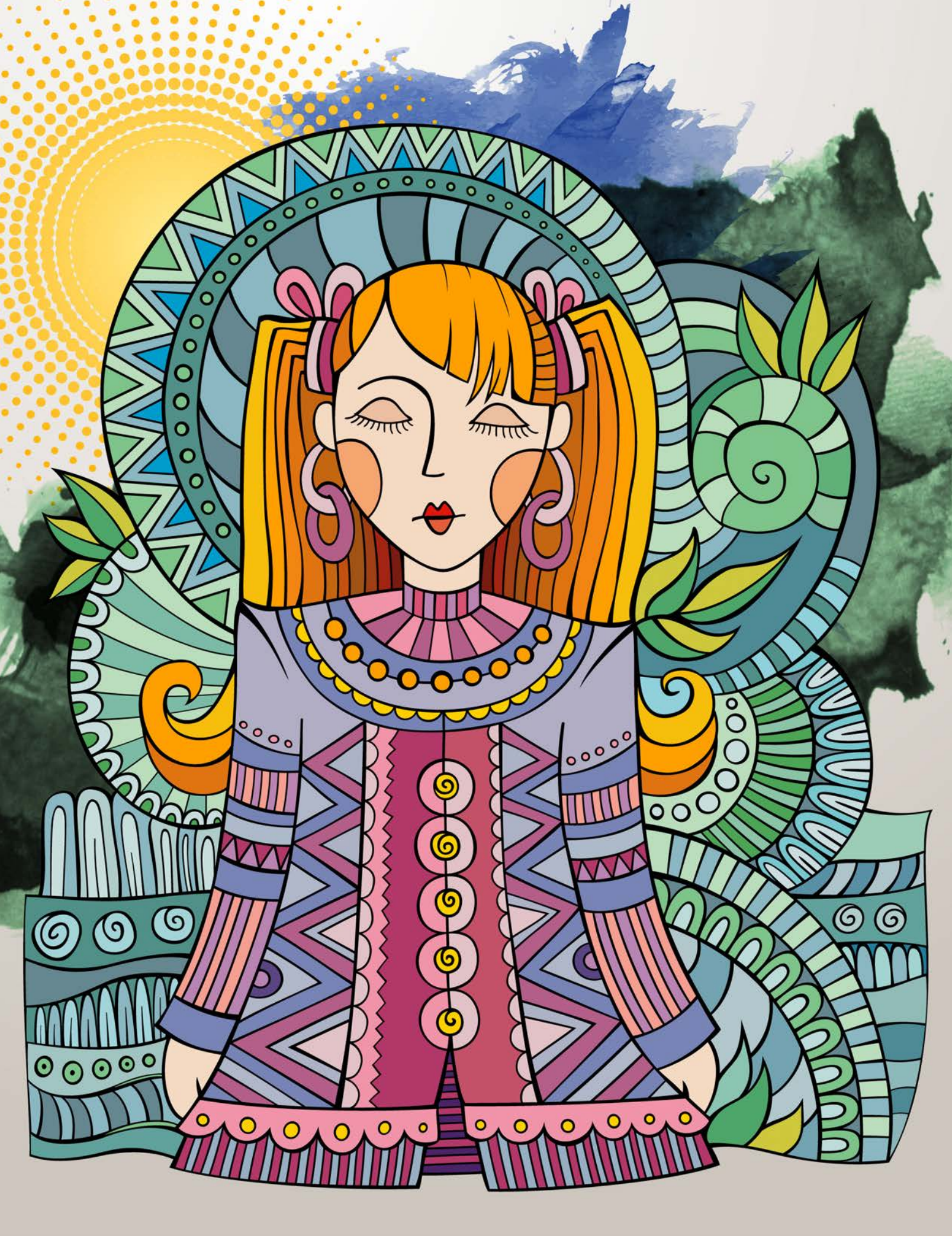
A life insurance settlement can not only provide your clients with a lucrative way out of their policy but also a benefit to you in the form of commissions.

In addition to advising your client personally, recommend that they also speak with a tax professional and even their financial advisor to make sure they're making the right decision. As always, the most important thing is that you keep your clients' best interests in mind.

Educate them on their options, explain the benefits and drawbacks of each, and empower them to come to the right conclusion on their own.



Felix Steinmeyer is the chief executive officer of Mason Finance Inc. of San Francisco. He is a licensed life insurance settlement provider and member of LISA.





Open Enrollment #6 Quiet the mind, and the soul will speak

—MA JAYA SATI

By NAAMA O. POZNIAK

If you're like me, you are ready to deliver this incredibly frustrating fractured healthcare system to your clients. Trying to stay positive, however, is very challenging. This is the most crucial time for us agents to try and implement some mindful moments in our daily life. It can be as simple as spending a few moments in a quiet space. There are so many ways to quiet our mind and experience the bliss and fulfillment. So it doesn't really matter what type of activity you select as long as you experience silence, stillness and inner peace. As we are entering this highly demanding time we should keep in mind that there are ways to reduce our stress, increase resilience, improve communication, heighten productivity and be present. While we always worry about the future of healthcare, I personally try to stay present and conscious about the actual moment.

It is my life mission to share the benefits of the mind, body and spirit—and the health connection in our industry. An industry that can do this can ultimately lower healthcare costs. It may sound dramatic, but I firmly believe this practice (it's a life time journey not a destination) can help you achieve happiness, fulfillment and peace.

Last year, prior to open enrollment #5, I collaborated with a meditation

As we are entering this highly demanding time we should keep in mind that there are ways to reduce our stress, increase resilience, improve communication, heighten productivity and be present.

leader to write a five-day meditation program geared specifically for agents and leaders in our industry. The program was a resounding success and the agents who tried it were all enthusiastic. This no-cost program is still available. Please email me if you'd like to try it this year!

The bottom line is that you shouldn't doubt there's a way for you to make a huge difference in people's lives. If we incorporate beneficial health practices into our own daily lives, we will be more likely to share our positive experiences with others. And this can truly make a difference in our entire industry. Don't despair about what's going on in Washington or what's going on

with our healthcare system. Know that we all have a significant influence on so many people. But the first step: take care of your own health—and lead by example!

Let's take the industry to a place of total transparency, consciousness and love.

#AgentsMakingADifference
#AgentsAreTheAnswer

Blessings for a season full of love. I am super grateful to all the agents out there and to be on this incredible journey.

Naama O. Pozniak is Valley Village-based Paz Holding Inc.'s (dba A+ Insurance Service) CEO. Pozniak has been delivering employer benefits for 30 years. She's a mother, a yogi, a speaker, a consultant, a healthcare strategic innovator, and a meditation instructor, certified by the Chopra Center. She is currently a certified Healthcare Reform and Medicare certified Specialist and a Covered CA Champion Certified agent. Pozniak was recognized as the "Most Influential Woman" in benefit advising for 2016 and 2017. She is a Top of the Table producer and holds the life time "Soaring Eagle Award." Pozniak was the recipient of the NAHU Distinguished Service Award for 2018 and is currently the NAHU Region 8 Media chair and LAAHU Community Outreach chair. She can be reached at naama@rightplan.com

NEW RESEARCH UNCOVERS HOW MILLENNIALS CHOOSE BENEFITS

By JENNIFER BECK



One out of every four Californians is a millennial. Yet a recent study found that even though the state has one of the highest rates of millennials in the country, California ranks at number 22 on the list of best states for millennials to live.

What can California do so the state doesn't lose millennials—the largest age group in today's workforce? We may not be able to control housing prices or other costs of living in the Golden State, but brokers and employers do have power when it comes to recruiting and retaining employees.

Consider that the oldest millennials are now in their mid-30s, working their

way into management and leadership positions, while the youngest are graduating college and entering the workforce. For the next several decades, this generation's habits, behaviors and expectations will influence the benefits packages you create to help employers keep this massive age group in the state.

So, what exactly do millennials want from their benefits? And how do they go about deciding which benefits to choose? The answers may surprise you.

How Millennials Select Benefits

When it comes to the benefits enrollment process, millennials take a meticulous approach. In fact, millen-

nials review every single one of their benefit options to see what is available to them. As they review their options, millennials carefully evaluate need and cost, and they "read the fine print."

Millennials evaluate available benefits using a three-step process:

1. "What essential benefits do I need?" Millennials talk about prioritizing medical benefits over everything else, followed closely by dental benefits.

2. "Of the remaining non-essential options, which ones am I interested in?" Millennials want benefits that feel personalized and useful.

The Study

In October 2017, ARAG® commissioned Russell Research to study millennials' legal insurance perceptions and buying habits. Researchers collected data from 1,000 online interviews with millennials and members of older generations. Additionally, researchers conducted 100 in-depth interviews with millennials to gain more detail and personal insights into their legal insurance purchasing behaviors.

3. “Based on my budget, which of these benefits that I want can I afford?” Millennials are more cost-conscious than other generations when it comes to benefits. While 50 percent of millennials consider their budget when selecting benefits, only 42 percent of older generations do.

Other studies have found millennials in general are more financially savvy than other generations. One survey by RBC Wealth Management found that 69 percent of millennials conduct their own financial research (compared to 47 percent of baby boomers and 61 percent of Gen X).

They are focused on short- and long-term planning, and more than half of those surveyed by RBC said they plan to provide a greater level of financial support to their dependents and beneficiaries than they received. To do this, they are educating themselves on their options and making decisions that will help protect them and their assets.

Millennials and Legal insurance

Based on their financial focus and careful evaluation during the benefits process, you might think millennials are unlikely to select a voluntary benefit like legal insurance. In fact, the study revealed they are more likely (41 percent) to purchase legal insurance compared to older generations (30 percent).

For the purposes of this study:

Russell Research defined a millennial as someone born between 1981 and 1997.

Why the disparity? One reason may be fear of an impending legal issue. Of the millennials surveyed 35 percent believed they would likely experience a legal issue in the next year, while only 26 percent of other generations felt a legal problem was on the horizon.

Fear is a powerful motivator for millennials, an anxious generation who has come of age during a time of rising education costs, growing debt and increasing economic uncertainty. A survey by Merrill Edge found that 80 percent of millennials expect to live through another recession—30 percent predict one will happen in the next five years. These financial fears spill out into other areas of their lives and make them more risk averse and focused on benefits that can protect them.

When millennials surveyed by ARAG were asked why they would be interested in purchasing legal insurance, two common themes emerged:

Peace of mind: Millennials understand that uncertainty and risk go hand in hand. For these individuals, having legal insurance is worth the expense because “anything can happen” and they want to be protected even though they understand they may never need to use it.

Hedge against future expenses: Millennials understand the potentially high cost of legal help and would instead pay for insurance as part of their benefits package rather than have to pay out-of-pocket for legal help in the future.

What Millennials Want When Deciding to Purchase Legal Insurance

Beyond their likelihood to buy legal insurance, millennials were also asked to share what information they expect to receive when deciding whether to purchase legal insurance. Some key things that should be communicated are:

Comprehensive coverage details: Millennials want to know the specific legal matters covered by their plan. They want as much detail as possible about all coverages.

Clear outline of services provided: Does the legal plan provide phone advice? In-office consultations? Representation? Online resources? Millennials want to know it all so they can see what they are getting for their money.

By Generation: Common Legal Issues

When asked about legal events they experience, the most common issues millennials encounter differ from older generations.

Most common legal issues millennials experience

- Buying or selling a car
- Renting an apartment
- Birth of a child
- Credit trouble/debt collection

Most common legal issues older generations experience

- Buying or selling a car
- Caring for aging family
- Hiring contractor
- Death of a family member

Potential cost savings: Millennials appreciate plan materials that show how much they can save. They prefer visuals that compare costs.

When it comes to benefits, millennials are protection-minded. They scrutinize their options, weighing needs and costs. And they are more likely than other generations to purchase legal insurance. If you want to offer a benefits package that's competitive, continue offering innovative offerings that provide real value to millennials.



Jennifer Beck, ARAG director of customer experience, is responsible for the overall experience of ARAG's members through the research, analysis, and evaluation of current processes and future trends

of both consumer expectations and industry innovations. Jen leads ARAG's transformation to a customer centric organization designed to promote revenue growth and productivity – with a reputation of providing exceptional customer experiences. Prior to joining ARAG in 2008, Jennifer worked in specialty qualitative research and public policy research, as well as in marketing management. Jennifer earned her bachelor's degree in marketing from the University of Northern Iowa. Jennifer is a long-time member and former board member of the American Marketing Association. She volunteers as a youth educator at her church.

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