

Services to Expect from an Employee Benefits Broker

JOSEPH M. GRAY

The delivery of employee benefits has changed profoundly over the last decade. Several years of double-digit medical cost inflation and spectacular corporate failures (*e.g.*, Enron) have led to dramatic restructuring of benefit and retirement options. The pendulum has shifted from employee entitlement to employee engagement and participation, with plans centered on employee cost-sharing and personal benefit/financial management. The role of benefit brokers/advisory firms has also transformed dramatically, as have client expectations. The complexity of the benefits landscape has increased to the point where clients demand and expect that their advisors have the intellectual property and service infrastructure to deliver appropriate solutions. This article highlights the services and infrastructure an employee benefits broker or advisor should provide to help firms control their benefits costs so that they can attract and retain top-notch employees.

A DOZEN KEY ADVISORY AREAS

From an infrastructure perspective, a company should align with advisory firms that have the expertise and capabilities to advise in a number of areas, including, but not limited to:

- Legislative updates;
- Compliance/reporting;
- Plan assessment;
- Employee education (including spouse/dependents);
- Merger/acquisition (M&A) and divestiture analysis;
- Benchmarking;
- Vendor evaluation;
- Underwriting/rate-setting;
- Contract review;
- Utilization analysis;
- Employee surveys; and
- Program marketing.

Additionally, companies should seek a benefits advisor that uses up-to-date technology,

provides Web-based solutions, and puts a strong team together.

REGULATORY EXPERTISE IS KEY

Benefits firms must have the resources and intellectual property to educate clients on all regulatory issues. Federal legislation regarding ERISA, HIPAA, COBRA, Medicare Part D, Pension Reform Act, and Health Reimbursement Arrangements (HRAs)/Health Savings Accounts (HSAs) has created the need for employers to make sweeping changes to their benefit programs.

Health care reform is a hot topic at both the state and federal levels. As we enter a federal election year, both Democrats and Republicans have generated numerous reform proposals. Reform on a national level may once again prove to be difficult, if not impossible to achieve, but the current climate certainly suggests that we can expect continued reform measures at least at the state level. As early experiences in Massachusetts have illustrated, health care reform creates significant challenges to employers in meeting required guidelines. Benefits firms are uniquely positioned to educate their clients and their employees on health care reform.

UNDERSTANDING COMPLIANCE AND REPORTING IS A MUST

Many employers are simply unaware of all of the Department of Labor (DOL) and IRS filings required for typical benefit programs. Failure to file may result in significant fines from the DOL. Additionally, self-correction can be expensive from a legal perspective. At the very least, benefit firms should be able to advise clients of their filing responsibilities, though many firms will prepare signature-ready forms for their clients.

Sarbanes-Oxley (Sarbox) regulations have significantly impacted the structure of benefits for executives in publicly traded organizations. Benefits advisors must fully understand the regulations to offer appropriate solutions for their clients. In the wake of Sarbox, the emphasis on governance, compliance, and