

Opt-In Coverage

Voluntary benefits add options to retailers' health-care menu

By Katherine Field

As health-care costs mount, and the complexity of available coverage plans reaches mind-boggling magnitude, retailers are looking for benefits options suitable for the uniqueness of the retail environment. Voluntary, or opt-in, coverage may provide an answer.

"Because in retail there is such a wide range of employees—in terms of level,

and the age range that a company provides its employees—or to supply needed or desired benefits when none are offered by the employer—voluntary benefits are comprised of two parts: the products and the communications piece.

"Examples of voluntary benefits products include short-term disability, life insurance, personal accident, critical ill-

ness insurance, and dental. (Although the benefits are free to the retailer, there is a time cost involved as the HR department must set up the payroll deductions, learn the benefits and help coordinate enrollment meetings with employees across the chain.)

Part two—communication—is, said Kevin Gazda, critical to the success of any voluntary benefits program. "It doesn't work for a retailer's HR department to send out a mass e-mail or letter to the employee roster, alerting them that certain opt-in benefits are being offered," he said. "For employees to truly respond, and avail themselves of these supplemental benefits, the details of those benefits need to be explained to them, one on one."

There are two methods for communicating benefits. A company may decide to go the direct route, selecting a company such as AFLAC or Colonial that provides both the products and the communication services. The second option is a communications firm, a consultant similar to a benefits broker who works with various insurance companies. (Communications firms are compensated directly by the insurance company selected to provide the benefits.) There are pros and cons to both, said Gazda, and it is up to each company to decide which route suits it best.

"What is most important to remember," said Gazda, "is that the key to the successful implementation of a voluntary program is the communications piece." Some key traits, said Gazda, of a good communications partner include: the ability to research vendor options, negotiate underwriting concessions, provide technology solutions, communicate the benefits, provide compensation statements and service the account. ■

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Voluntary Benefit Tips

Before embarking on a voluntary benefit program, or rehabilitating an in-force program, Kevin Gazda of Boston-based Longfellow Benefits recommended following these six steps:

Explore the advantages and disadvantages of using a communications firm vs. going direct to the insurance carrier. Hint: The more stores and employees you have, the more likely it is you will need a communications firm.

Ask the communications firm how long it has been in business and to provide references of similar companies in terms of industry, size and complexity. The turnover in sales of voluntary benefit plans can be high and your plan can be a casualty of this scenario.

Ask the company (the insurance vendor or communications firm) if it uses enrollers that are paid on a per-diem basis or on straight commission. Commissioned enrollers have incentives to sell as many products as possible. Commission-paid enrollers may have a tendency to sell products that may not be in the best interest of the employees.

What type of technology is offered? This can apply to the administration of the voluntary benefits plan or for an additional service performed during one-on-one meetings with employees.

Visit the home office of the voluntary benefits firm. There can be a big difference between an established firm and one that is new to the industry. A site visit provides a good indication of the depth and breadth of the organization.

Make sure you take an active role in determining the benefit plans that are offered to your employees. This can prevent firms from selling benefits that are not part of the scope of the project. Once the plan is in place, additional voluntary benefits can be added to the options.

and part-time status, and geography—and because of the changing complexities of the current health-care system, voluntary benefits are one way to address both," said Kevin Gazda, associate director of employee benefits, Boston-based Longfellow Benefits.

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erage that a company provides its employees—or to supply needed or desired benefits when none are offered by the employer—voluntary benefits are comprised of two parts: the products and the communications piece.

An employee purchases only what he or she needs, and the cost is deducted from the paycheck, just like any employer-