



ROUNDSTONE

7 Questions Employers Should Ask Their Health Insurance Brokers

We Have Questions

You have been through this too many times. You sit down with your health benefits advisor anxious and deflated, like it's an annual trip to the dentist. It's bad news again. Your rate is going to increase. You try to gather your thoughts to protest, but an inner voice reminds you that this is insurance. It's not like other expenses. ***It is what it is, right?***

Actually, no. There are opportunities to manage your health benefit spend just like any other line item in your P&L.

And your benefits advisor should be talking about it. To that end, we've prepared seven questions you can ask to help your advisor serve you better. Don't go into your next broker meeting cold. Print this list out and bring it with you. You'll feel more empowered, and you will get better results.

Your amazing team of employees deserves exceptional care at the best possible price. If they aren't getting that, there's a better alternative available.

You just need to know what to ask.

Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers



#1

What Are Your Revenue Sources?

Make sure your broker is working for you.

Some brokers accept 3-6% of total premiums as a fee from the insurance company. Not only does that align their interests with the insurer, it also gives them an incentive to increase your premium. Every percent they are able to save your business costs them an equal share of their own revenue.

If the pharmacy benefit manager, concierge, or telehealth companies being endorsed by your advisor are providing him a fee or override, how can he possibly provide you with objective advice?

A better alternative is for your health benefits advisor to work for you. You pay the advisor a flat fee based on employee count. Now, your advisor's incentive is to help you save money and get the best possible healthcare.

Specifically, ask your benefits advisor to **disclose all sources of revenue from the health benefits transaction with detail as to how the compensation is determined.**

If you're worried this is an awkward question to ask, don't be. It's a standard and important question your advisor should be comfortable answering.



Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers



#2

What cost savings strategies can my company employ?

Employee benefits are one of the largest expenses of your business. When other top expenses get out of hand, you manage them back down. But maybe you've been led to believe that health benefits costs are out of your control. Your advisor should be helping you with this. Ask for help.

How can I optimize benefits costs like any other line item in my business?

Some of the largest insurers don't want to share claims data that would help you manage these costs. **That's a red flag.** Imagine how high your costs will be in five years if they keep going unchecked. Take back control.

Employer-sponsored health premium increases outpaced wage growth and inflation in 2019.

Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers

#3

What % of My Cost is Fixed?

What happens if your actual healthcare costs are lower than expected this year?

It's entirely possible to get on a plan with fixed costs as low as 15%, where the remaining 85% of your cost is variable. Variable means it is **refunded to you if you don't use it**.

The lower the variable % is, the less potential you have to ever manage health insurance spend. If 0% is variable, and you do use less than expected, that unused portion becomes profit for an insurance company instead of going back into your business.

Ask your advisor what plans offer **the lowest fixed cost**.



Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers

#4

How can we reduce the out-of-pocket costs to my employees?

When faced with questions about costs-savings strategies, some brokers may misunderstand. They may think you want to pass the expense on to your employees. Head this off at the pass by making lower out-of-pocket costs part of your ask.

In the last year, [33% of American households](#) delayed treatment due to high out-of-pocket costs. Delayed care has been linked to reduced workplace productivity and higher long-term costs. So, that's not the solution you are looking for.

#5

What Other Options Can You Show Me?

If your benefits advisor keeps offering you plans from the same handful of traditional providers, it may seem like that's the status quo.

But actually, 9 out of 10 organizations with greater than 1,000 employees choose employer **self funded health insurance plans**. And every year, 30% more midsize companies switch to self funded plans. It is more cost-effective, more efficient, and provides greater control and visibility into expenses compared to traditional insurance.

**There are options available to you.
Your advisor should be aware of them.**

Ask.



Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers

#6 What is Your Implementation Process?

Your advisor should tell you what tools will be available to make this process easier for your HR department. Are there online tools that will make open enrollment easy for your team, and is there an additional cost for the online tools?

Will your advisor help craft benefits communications for your employees customized to the needs of your organization?

Your advisor's implementation process may include unique options that make your life easier. Actively seek these details out.



Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers

Dear Health Benefits Advisors,

We Have Questions

Sincerely, Employers



#7

What types of consultation will you provide and how often?

If your benefits advisor is only meeting with you each year at renewal time, maybe “advisor” isn’t the right word.

You should expect to hear from your advisor every few months as a partner in your mission to provide the best possible benefits to your employees at the lowest possible cost. You should set goals together, and if you are off target, your advisor should help you get back on course.

Advisors like to be consultative, *and they really can help!* But not all of them include consultation in their offering. Ask.



If you aren't happy with the answers your advisor provides to these questions,
it's time to consider a better alternative.

Need help finding a health benefits advisor who has your company's best interests in mind? We'd be happy to connect you to some of the best and brightest in the business. [Contact us today.](#)

As a mid-sized employer ourselves, Roundstone understands how health care costs can burden your business. For more than a decade, we've delivered affordable health insurance benefits solutions that **save our clients an average of 20%.**

SCHEDULE AN INTRO