Group Plans in Demand: Advantages for Today's Workplace

In the face of diminishing budgets and rising health care costs, employers are in need of finding new ways to offer cost-effective insurance options to help protect their employees when out-of-pocket costs result from unexpected accidents or health issues that cause extensive hospital stays and/or loss of work.

Many organizations recognize that by making group voluntary insurance plans available, they can benefit from lower premium costs while also enhancing their core plan offerings. According to the 2012 Aflac WorkForces Report,[1] offering group voluntary options can also increase worker satisfaction, better protect employees and increase employee productivity:

» More than half (53 percent) of employees are only somewhat, not very or not at all satisfied with their overall benefits package.

» Less than half (44 percent) of employees agree that they feel fully protected by their current insurance coverage.

» 65 percent of employees say that their overall benefits package is somewhat to very/extremely influential on their productivity at work.

Ten percent of U.S. companies are actually decreasing the amount of ancillary benefits options they offer in 2012. Many others are decreasing a portion of their benefits options, leaving employees with fewer choices for coverage and protection.

In short, employers should consider adding group voluntary insurance plans to their overall benefits offering.

LOWER RATES, EASY ENROLLMENT, EMPLOYEE OPTIONS

Group insurance plans feature group rates—and at little to no direct cost to the employer. Group savings can be applied to group plans that have a maximum number of participants— a crucial feature for many companies as HR decision-makers try to find creative ways to offer competitive insurance benefits solutions for less.

With group insurance options, employers and employees can

also take ease with simple and straightforward enrollment methods. Many voluntary group platforms—including those offered by Aflac*—require only one application, rate set and underwriting structure.

ELIGIBILITY AND PORTABILITY A CHALLENGE

Even with a strong business case for making group voluntary insurance available, HR decision-makers still face a few challenges in offering group voluntary insurance solutions.

The size of the business plays a significant role in determining whether or not group insurance is an option. This same decision applies to voluntary insurance programs. Smaller companies with too few employees have limited options for making insurance plans available to employees under a group platform. However, some voluntary insurance providers—including Aflac—offer group insurance plans to businesses with as few as 100 eligible employees.

A key difference between group and individual plans: Under a group plan, individual certificate holders receive a certificate rather than a policy of insurance. Therefore, many of the policy terms are negotiated by the group, who has the option to terminate the policy at any time.

Moreover, group plans are not always portable and may not be the best option for employees planning on eventually leaving or retiring from the company. However, most group plans offered by Aflac are in fact portable. This means that if the employee changes jobs or retires, the plan will remain with the certificate holder as long as the group policy remains in force.

PERKS TO GROUP VOLUNTARY BENEFITS

At little to no direct cost to employers, group supplemental plans are 100 percent employee-paid and are available on a voluntary basis. Many companies choose to make these plans available as a cost-effective solution to help employees with the rising cost of out-of-pocket health care expenses and as a way to help attract and retain employees. Nearly half of employees say that improving their benefits package is one thing their employer could do to keep them in their current job.[1]

Group voluntary plans that are

available include: critical illness, accident, hospital indemnity, life, dental and disability coverage. Plans are not available in all situs states, and benefits may vary for plans that are available. The 2012 Aflac WorkForces Report found that nearly half of employees are currently enrolled in a disability insurance policy through their employer, and more than half of employees hold a life insurance policy through their employer.

For example, group plans available through Aflac offer one rate, one

application and one plan design for each account—making these plans easy to understand, simple to enroll and administer. Since group plans are filed on a state-specific group platform, employees in multiple states will all get the same benefits and rates. And, since they are guaranteed-issue provided participation requirements are met, everyone can get coverage. Aflac's group insurance plans are available for clients with as few as 100 employees, but for large cases they can be customized in terms of underwriting benefits and rates.

Group voluntary plans also complement existing benefits and offer a strategic advantage for employers. Products such as group disability—one of the most valued employee benefits offerings— as a supplement to core employer-sponsored coverage typically can result in greater workplace performance and efficiency, including higher retention, improved employee morale and increased productivity. Consequently, employees feel more secure and better protected.[1]

SOURCE

[1] 2012 Aflac WorkForces Report, a study conducted by Research Now on behalf of Aflac, January 24–February 23, 2012.

*Continental American Insurance Company (CAIC) is a wholly-owned subsidiary of Aflac Incorporated. CAIC underwrites group coverage but is not licensed to solicit business in New York, Guam, Puerto Rico, or the Virgin Islands. For groups sitused in California, group coverage is underwritten by Continental American Life Insurance Company, and for groups sitused in New York group coverage is underwritten by American Family Life Assurance Company of New York, 2801 Devine Street, Columbia, South Carolina 29205.