

PLUS: THE TOP 50 LARGE-GROUP BROKERAGES IN THE U.S.

# Employee Benefit Adviser

 SourceMedia™

## RISING STARS IN ADVISING

John Sbrocco is one of 20 young leaders reinventing employee benefits strategies and reducing clients' costs.



The next generation  
of identity protection  
has arrived.



IBM® Watson™ will change the way your clients  
help keep their employees safe.

Start a whole new conversation with your clients about how artificial intelligence can warn of new threats through personalized, proactive alerts. When you put Identity Guard in your employee benefit offerings, your clients' employees will have access to Dark Web Monitoring that can detect personal information on black market websites, Social Insight to help employees manage their online reputation, and Cyberbullying Alerts that help protect children. All backed by U.S.-based, white-glove resolution services.



**With  
Watson™**

Put the power of artificial intelligence to work for your clients. Call us today.

[identityguardbusiness.com](http://identityguardbusiness.com) | 800-839-5215



Awarded six years and running for privacy, security, and consumer protection.

# CONTENTS

## COVER STORY

Questige's John Sbrocco and his fellow 2018 Rising Stars in Advising are taking ownership of healthcare distribution to save clients thousands of dollars in benefit spend.

16





# CONTENTS

## VOLUME 16 ISSUE 01

### 06 FROM THE EDITOR

Take the next Rising Star under your wing

### 07 ADVISORY BOARD

Young advisers bring a fresh perspective to the business

### 08 ON THE WEB

The 15 biggest HR challenges; record-breaking M&A activity

### 10 TAKE 5

Predictive hiring with AI; smaller groups interested in level funding

### 12 NELSON GRISWOLD

Why advisers are taking control of the healthcare supply chain

### 13 WENDY KENEIPP

The important differences between a broker and a true adviser

### 14 JACK KWICIEN

It is crucially important to start thinking about business perpetuation and have a plan of action in place



### 26 RE:INVENT | RETIREMENT

A better understanding of target-date funds

### 30 HEALTH

Unease over health plan strategy amid market mergers and acquisitions

### 31 HEALTH 2

Improving wellness plans through digital technology

### 32 VOLUNTARY

Parents seek tuition benefits to cover rising costs for their kids

### 34 BUSINESS

What it takes to put together a successful brokerage valuation

### 36 TECHNOLOGY

The cost of a ben admin platform is no longer a top concern

### 37 TECHNOLOGY 2

Personalizing the benefit experience with AI

### 38 BE ADVISED

Finding sales partners in unexpected places

### 40 NEWSMAKERS

The top 50 large-group brokerages in the U.S.

### 42 OERB

Employers remain behind on open enrollment preparation



*Employee Benefit Adviser* (ISSN 1545-3839) Vol 16 No 1 is published 6 times a year; March, June, August, September, October and November. \$89.00 in the U.S. and \$119 a year in all other countries by SourceMedia, Inc., One State Street Plaza, 27th Floor, New York, NY 10004, 212-803-8200. Change of address notice should include both old and new address, including ZIP code. Postmaster: Please send all address changes to *Employee Benefit Adviser*/One State Street Plaza, New York, NY 10004. For subscriptions, renewals, address changes and delivery service issues contact our Customer Service department at (212) 803-8500 or email: [help@sourcemedia.com](mailto:help@sourcemedia.com). Periodicals postage paid at New York, NY, and additional mailing offices. © 2018 *Employee Benefit Adviser* and SourceMedia, Inc. All rights reserved.



**EXPERTS WHO PUT DATA TO WORK.  
THAT'S DISABILITY DONE DIFFERENTLY.**

**SEE HOW PRUDENTIAL'S HEALTH  
AND PRODUCTIVITY PRACTICE  
CAN BENEFIT YOUR WORKPLACE.**

**Learn more at:**  
*ExperienceBenefits.***Prudential.com**

**Our specialized team of experts** helps you inspire behaviors that lead to better results—like improved productivity and reduced absence costs. Led by 20-year industry veteran Dr. Kristin Tugman, we translate data into actionable solutions for employers across industries.

**We analyze your plan design and claims results** against industry benchmarks, to identify trends and pinpoint opportunities. Then, we design and implement a program that matches the needs of your organization. And helps boost the financial wellness of your workers.



**Prudential**  
Bring Your Challenges®

Group Insurance coverages are issued by The Prudential Insurance Company of America, a Prudential Financial company, Newark, NJ.

© 2017 Prudential Financial, Inc. and its related entities.

Prudential, the Prudential logo, the Rock symbol, and Bring Your Challenges are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

0306713-00001-00

# FROM THE EDITOR



## Inspiration everywhere

ELIZABETH GALENTINE  
EDITOR-IN-CHIEF

One thing that I have in common with a lot of benefit advisers: I didn't know the job existed until I came across the field by happenstance.

It was January 2009, and I told family and friends who asked about my new reporting gig that I was covering "something involving HR." I even bought the book *Human Resources Kit for Dummies* to prepare for my first day.

Another thing I have in common with a lot of advisers: Realizing how fortunate I've been to fall into this market. It's ripe with stories of brokers and consultants who are making a real difference in the lives of working Americans. It's been a privilege to share them.

I felt especially inspired reading the dozens of applications for our annual Rising Stars in Advising, which

recognizes top achievers ages 35 and younger (Pages 16-25).

We've been presenting these awards for several years now, and the nominations are always full of impressive books of business, rising assets under management and honorable community service. This year's winners are no different, but one commonality I noticed that really stood out about this particular field of winners is a deep desire to change the industry for the better, starting from the inside out by identifying and routing out flaws in the operating system.

It reminded me of the passion expressed by my first boss at EBA, the late Robert Whiddon. It's not an exaggeration when I say he came to work every single day driven by what he could do to better report on this industry.

New contacts he could make. Boundary-breaking stories he could cover. He was proud of his achievements, but never content to rest and bask in them. "Don't plateau," he would always tell me.

I recognized that same level of inspiration in our 2018 honorees. Whether it's cover person John Sbrocco of Questige, who's tackling the healthcare supply chain to bring huge, real-dollar savings to clients, or Bob Gearhart, Jr. of DCW Group, who is so confident his technology-driven approach will change lives that he puts part of his compensation on the line and refuses to quote insurance business, they all have a fundamental desire to do the most good for the greatest number of people.

Be sure to read each Rising Star's complete profile on [employeebenefitadviser.com](http://employeebenefitadviser.com).

As someone in the same age bracket as our Rising Stars, I have one last thing in common with them: Inspirational mentors, without whom I would not have come this far. I want to thank Whiddon and another boss also gone too soon, David Albertson, for their advice, guidance and belief in me.

I urge you to take a look around you, find that doe-eyed millennial and turn her into next year's Rising Star.



## ADVISORY BOARD



MARK GAUNYA

## An open road

Young advisers are unencumbered by the past and free to embrace change.

Young advisers, your success in this business is a time tested truth — it's all about relationships and your ability to strategically collaborate with others for the benefit of your clients.

The world is complex and moving exponentially. Disruption is the new norm, not the exception. Creativity and innovation are the currency of the future.

Connect yourself to high quality people who are creative and can mentor you; provide honest feedback and tell you what you need to hear rather than want to hear, that's called authenticity and what will help you grow.

Build partnerships with the vendors that will support you; choose who you spend your time with wisely as you are the sum total of the five people you spend the most time with; and know what you're really good at and how you can make a difference.

Young advisers are changing and influencing our profession through their approach to work, both in mindset and execution. Young advisers are free from "the past" and embrace technology to do things more efficiently, effectively and with more time laser focused on serving people where they live. Young advisers, your future is always bigger than your past — think BIG.

## BOARD INSIGHTS

## What is most promising about successful young advisers?

### BEVERLY BEATTIE

Successful young advisers will bring a fresh and untainted approach to reducing costs and increasing value for their clients by disrupting the market with truly innovative strategies.

### ANDY TORELLI

Maturity, being properly suited for the role, and a desire to succeed.

### PERRY BRAUN

They are technology comfortable and leverage it to engage the market, engage and communicate with their clients, do not exhibit fear and will tackle the unknown. And, they engage the customer through questions to learn their needs versus selling a product.

# Employee Benefit Adviser

EDITORIAL HEADQUARTERS  
One State Street Plaza, New York, NY 10014

**SVP & Health Care Group Publisher:** Jim Callan  
**Group Editorial Director:** John McCormick

**Editor in Chief:** Elizabeth Galentine  
**Executive Editor:** Phil Albinus  
**Associate Editor:** Cort Olsen  
**Senior Art Director:** Nick Perkins  
**Associate Art Director:** Neesha Haughton  
**Contributing Editors:** Kathryn Mayer, Fred Bazzoli, Nathan Golia, David Weldon  
**Contributing Writers:** Nick Otto, Amanda Eisenberg, Joe Goedert, Danni Santana, Greg Slabodkin

### EDITORIAL ADVISERS

**Beverly Beattie**, President, CEO, Selden Beattie; **Perry Braun**, Executive Director, Benefit Advisers Network; **Mark Gaunya**, Principal, Borislow Insurance; **Jerry Kalish**, President, National Benefit Services; **Tinker Kelly**, CEO, Voluntary Employee Benefit Advisers; **George Lane**, Principal, Mercer; **Robert J. Lieblein**, Chief Development Officer, Benefit Advisers Network; **Andy Torelli**, Area Senior Vice President, Gallagher Benefit Services; **Trisha Zulic**, Human Resources Director, Efficient Edge

**VP, Research:** Dana Jackson  
**VP, Content Operations and Creative Services:** Paul Vogel  
**Director of Creative Operations:** Michael Chu  
**Director of Content Operations:** Theresa Hambl

ADVERTISING HEADQUARTERS  
3340 Peachtree Road NE suite 1010 Atlanta GA 30326

### ADVERTISING SALES STAFF

**Vice President & Group Publisher:** Jim Callan, 770/325-7521, james.callan@sourcemedia.com  
**Publisher/Mid-Atlantic and Southeast:** Michael Pirro, 770/325-7525, michael.pirro@sourcemedia.com  
**Northeast:** Michelle Yosslowitz, 770/325-7526, michelle.yosslowitz@sourcemedia.com  
**Midwest:** Thomas Cahill, 847/682-5622, thomas.cahill@sourcemedia.com  
**Southwest:** Kurt Kriebel, 770/325-7523, kurt.kriebel@sourcemedia.com  
**Provider Profiles and Benefit Marketplace:** Michael Flynn, 480/754-9049, michael.flynn@sourcemedia.com  
**Senior Marketing Manager:** Amy Metcalfe, 212/803-8267, amy.metcalfe@sourcemedia.com

CORPORATE HEADQUARTERS  
One State Street Plaza, 27th Floor,  
New York, NY 10004  
212/803-8200

**Customer Services:**  
help@sourcemedia.com  
(212) 803-8500

**Reprints:**  
For more information about reprints and licensing content from Employee Benefit Adviser, please visit [www.SourceMediaReprints.com](http://www.SourceMediaReprints.com) or contact PARS International Corp. (212) 221-9595.  
**Fulfillment Director:** Christopher Onyekaba

CONFERENCES  
Benefits Management Forum & Expo  
**National Account Executive, Conference and Exhibitions Group:** Michael Flynn • 480/754-9049  
michael.flynn@sourcemedia.com

 **SourceMedia**™

**Chief Executive Officer:** Douglas J. Manoni  
**Chief Financial Officer:** Robert Dennen  
**Chief Revenue Officer:** Marianne Collins  
**EVP & Chief Content Officer:** David Longobardi  
**Chief Marketing Officer:** Matthew Yorke  
**SVP, Conferences & Events:** John DeMauro  
**SVP, Human Resources:** Ying Wong

REPRODUCTION POLICY  
No part of this publication may be reproduced or transmitted in any form without the publisher's written permission.

TRANSACTIONAL REPORTING SERVICE  
Authorization to photocopy items for internal or personal use, or the internal or personal use of specific clients, is granted by SourceMedia, provided that the appropriate fee is paid directly to Copyright Clearance Center, 222 Rosewood Dr., Danvers, MA 01923, U.S.A.

## NEW LEADERS, NEW OBSTACLES

### SLIDESHOW



#### 2018 RISING STARS IN ADVISING

Twenty standout advisers ages 35 and younger are taking charge of the future of employee benefits, determined to reduce costs and improve client outcomes.

### SLIDESHOW



#### THE 15 BIGGEST HR CHALLENGES IN 2018

From workplace sexual harassment to an ever-changing regulatory landscape, employers should remain vigilant.

ACCESS THE EBA APP FROM YOUR MOBILE DEVICE



© Apple



© Android

## TWEET WITH YOUR FRIENDS AT EBA

EBA magazine staff > [@EBAmagazine](#)

3 reasons employers are offering on-site fitness centers  
<https://trib.al/BI8g7aS>



**ELIZABETH GALENTINE**  
EDITOR IN CHIEF

[@EBA\\_Galentine](#)

A must-read analytical look at the employer's role in managing sexual harassment highlighted by the #metoo movement from @mayereditor  
<http://bit.ly/2BGLbJE>



**CORT OLSEN**  
ASSOCIATE EDITOR

[@EBA\\_OLSEN](#)

Moving your clients to an online platform with decision support tools could triple your ancillary commissions: <http://bit.ly/2mL20hM>



**PHIL ALBINUS**  
EXECUTIVE EDITOR

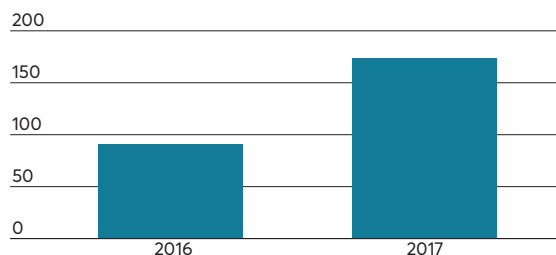
[@PhilAlbinus](#)

Alexa, what's a health savings account? <https://t.co/DOZ4IPw3Xa>

**From the article,**  
“Benefit brokerages see 90% increase in M&A activity,”  
available in full on [employeebenefitadviser.com](http://employeebenefitadviser.com).

#### Acquisitions skyrocket

Employee benefit firm deals increased 90% in 2017 over the previous year.



Source: OPTIS



Become a fan of our Facebook page at [Facebook.com/EBAMagazine](https://www.facebook.com/EBAMagazine) for inside information and breaking news.



Join our LinkedIn group, Employee Benefit Adviser, to keep the dialogue flowing on numerous industry discussions.



# **BREAK THE RULES. CHANGE THE GAME.**

**If the healthcare system is rigged,  
why play by their rules?**

The game is designed to skyrocket employer costs, year after year. Meanwhile, employees struggle to make it through the maze of healthcare without the support and education they need.

**It's time to change the game.**  
**GameChangerHR.com**  
**#GameChangerHR**

# TAKE 5



## PREDICTIVE HIRING

**IF A COMPANY HIRES THE WRONG PERSON** it can be a costly mistake. A recent hiring software update seeks to elevate the science of this process.

The cost of a bad hire can be a steep price to pay, especially for a brokerage that brings in a producer who doesn't sell. In 2017, employers lost an average of \$14,900 by making the wrong choice, according to a Harris Poll of 2,257 hiring managers and HR professionals for CareerBuilder. Ten-percent of the respondents said they lacked adequate tools to find the right candidate.

Mike Zani, CEO of The Predictive Index, says Corporate America is "absolutely terrible at hiring." As many as 80% of external hires are deemed not the right fit for an organization, he adds.

### From art to science

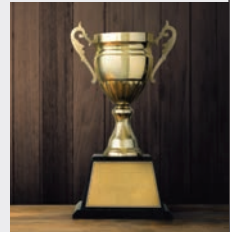
Referencing the need for a paradigm shift from inexact art to solid science, Zani recommends machine-based suggestions to assess new hires, given that the top two predictors of workplace performance are cognitive capability and behavioral fit for a role. He says HR departments need to use "scientifically validated, commercially available data that is incredibly scalable."

PI has added 60 certified partners in the past two and a half years who consult predominately in the small and midsize business market. "There is absolutely enough economic revenue sharing that they can build very profitable practice areas around this piece of business," Zani says.

One of those partners is John Hopkins, who runs a growth coaching platform called Inspirit Growth. Recruiting and retaining top talent takes on even greater importance among his clientele of closely held companies original owners don't have the luxury of making hiring errors. "If they lose a person, it really hurts," he says.

## QUALITY TRUMPS CONVENIENCE FOR WORKERS

Faced with the choice between going to a conveniently located doctor's office or a more qualified physician, group health plan members are four times more likely to embrace the better-perceived medical professional.



"Traditional metrics like patient ratings, prescribing rates and volume of patients seen were not nearly as compelling to respondents as more qualitative, contextualized statements about a doctor's clinical expertise," according to Nate Freese, senior director of data strategy at Grand Rounds, a healthcare service provider for employees in need of local and remote specialty care.

The data is based on a study of 1,100 members covered by Grand Rounds, which is headquartered in San Francisco.

While surprising, Freese says that result depends on the information and messaging that's provided to employees. Just 14% of respondents based their choice on clinical expertise if they saw traditional physician profiles, whereas it was 69% if they saw contextualized profiles. Contextualized profiles offered more information in complete sentences compared to traditional profiles. These profiles also compared data against other doctors and specialists, such as appointment wait times, expertise and patient satisfaction.

Freese is encouraged by these findings, which were recently presented at the National Healthcare Ratings Summit. "Don't sell employees short in terms of their ability to appreciate quality and willingness to sacrifice convenience," he says.

Offering more subjective interpretation of hard quality metrics would be helpful, Freese explains, as long as employers and their advisers are careful not to "overstep what can be reasonably inferred based on available data."



# Student debt relief a top benefit

Many millennials surveyed would scrap healthcare, retirement for loan help.

**STUDENT LOAN REPAYMENT PROGRAMS** are climbing the pantheon of employee benefits, suggests a recent survey of full-time workers with student loan debt. Pollfish found that 23% would gladly give up healthcare benefits for a student loan repayment benefit. In addition, 46% would relinquish paid time off and 33% would do the same for retirement benefits. Also, 53% said they'd consider a salary cut in exchange for a student loan repayment benefit.

David, Chen, founder of Millennial Personal Finance, which conducted the study, believes student loan repayment benefits can help employers recruit young talent and appear more marketable to this workforce segment. "Students are leaving school with hampering debt, and monthly student loan payments, not healthcare, rank among their chief concerns," he says.

"The message to employers is clear: student loan repayment programs are quickly becoming an essential part of their benefits portfolio in hiring and retaining top talent," adds Krystie Dascoli, director of voluntary benefits at Pacific Resources, which consults on student loan reimbursement products.

With 57% of the millennials surveyed citing loan debt as a major stressor affecting their daily productivity, Dascoli believes the re-



turn on investment associated with offering a student loan repayment program "is essential to driving the company's bottom line."

Of 1,000 college graduates polled by SoFi, an online personal finance company, 90% were more willing to accept a job offer at a new company if their employer offered a student loan contribution benefit. In the Pollfish survey, 84% gave the same response. "With student loan debt now reaching upward of \$1.3 trillion in the U.S., there's never been a more important way to help employees reach their financial goals faster," says Samir Qureshi, VP of business development at SoFi.

Indeed, the U.S. Department of Education estimates as many as 42.3 million Americans owe \$1.33 trillion in federal student loans, while the Federal Reserve notes millennials pay on average \$351 a month toward that debt and their median monthly payment is \$203.

## LEVEL-FUNDED PLANS TRICKLING DOWN MARKET

A brighter light is being cast on level-funded group health plans as benefits decision-makers tackle open-enrollment season. Several industry observers say the trend is more pronounced given that the Affordable Care Act remains largely intact — for now.

There has been an ebb and flow to these self-insured underwritten plans over the past 18 months, says Michael Levin, CEO and co-founder of the healthcare data services firm Vericred. But with a fixed monthly rate for more predictability, he says they can drive 25% to 35%

savings relative to fully-insured ACA plans that must comply with the medical loss ratio for a certain segment of the market.

Level funding typically leverages an aggregate and/or specific stop-loss product to cap exposure to catastrophic claims. These plans are offered by an independent third-party administrator or health insurance carrier through an administrative-services-only contract.

It's best suited for companies with a very low risk profile comprised of young or healthy populations,

according to Levin. And with low attachment, stop-loss coverage in most states, he explains that the plans have "very little downside risk from the group's perspective." Two exceptions are California and New York whose constraints on the stop-loss attachment point "essentially preclude level-funded plans from being offered" there, he adds.

The arrangement is trickling down market. "We've heard from carriers that will go down to seven employees, plus dependents, while others cut it off at 20 or 25," he says.

### Mobile communication

#### Digital access

Employees at firms with mobile and instant messaging capabilities happy with company communication efforts

More likely to recommend

75%

Highly satisfied with jobs

71%

Rated HR comms highly

69%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Source: GuideSpark

A recent IDG survey for GuideSpark of 270 HR decision-makers, 270 business managers and 1,050 employees regarding workplace communication provides brokers and advisers with a strategic opportunity to craft a holistic program design around more targeted digital communications that bolster talent management. One "alarming" finding in terms of employee engagement and retention is that tenured employees are less satisfied than new hires after just the first year of employment.

IMAGE: ADOBESTOCK



# NELSON L. GRISWOLD

NextGen advisers are able to reduce the costs of employees' healthcare because they've taken on the role of managing the client's healthcare supply chain — the quality and cost of medical treatments.



## Supply chain management is key

BROKERS WHO ACCEPT THE STATUS QUO AND continue to do the same thing year after year deliver, not surprisingly, the same “less bad” renewal year after year.

Rejecting that status quo, NextGen advisers have a new model for delivering employee benefits: Advisers engage the client differently, get compensated differently and commit to delivering not just activity but also bottom-line results for their employer client.

NextGen advisers are elevating their practice into the C-suite, in order to have a strategic benefits conversation with the CFO, CEO, president or owner of the company. While HR remains a valued partner in the implementation and operation of the benefits program, the adviser is developing the benefits strategy with the executive who is responsible for the company's profits.

C-level executives are highly strategic and highly incentivized to increase profits by reducing healthcare costs. C-suite executives view these NextGen advisers as business consultants, not insurance brokers, and are therefore much more likely than HR to follow their recommendations.

### Moving the chair

Once they are working with a C-level executive, NextGen advisers symbolically are moving their chair around the table to sit next to the client. They're doing this by, first, moving to fee compensation instead of commission on the medical insurance. NextGen advisers are then putting part of their fee compensation at risk based on the performance of the health plan. In other words, performance-based fees align the adviser's incentives with the employer's.

The client implicitly trusts the adviser to act in the

client's best interest because the adviser now shares the employer's goal: reducing the cost of healthcare to reduce the company's benefits budget without reducing benefits.

Of course, these advisers are able to guarantee results only because they can deliver results. This past October, Massachusetts adviser Mick Rodgers delivered \$3.2 million in unused premium back to 43 of his clients. And it's not just Rodgers. John Sbrocco of Questige Consulting in New Jersey, for example, recently delivered his client an oversized check for almost \$86,000 in unused premium.

These premium refunds are possible because these advisers are putting groups into self-funded health plans with a per-employee-per-year cost 20%-25% less than the average health plan in their markets.

Rodgers and these other NextGen advisers are able to reduce the costs of employees' healthcare because they've taken on the role of managing the client's healthcare supply chain — the quality and cost of medical treatments — through strategies and tools such as medical management, fiduciary PBMs, specialty med cost-mitigation programs, bundled-price surgery centers, surgical bidding, direct contracting and reference-based pricing/reimbursement. These and other strategies address the misaligned incentives in the healthcare system that drive up the cost of medical treatment.

These innovators are setting the standard for the industry with their “next practices” that are improving employees' benefits, engaging and educating employees on those benefits, and reducing healthcare costs to ensure that these benefits are affordable and sustainable.

Status quo brokers simply cannot compete with that value proposition. **EBA**

*Griswold is an agency growth consultant and author of DO or DIE: Reinventing Your Benefits Agency for Post-Reform Success. His Agency Growth Mastermind Network helps agency leaders reform-proof their firm. Reach him at (615) 656-5974, nelson@InsuranceBottomLine.com, or through 21stCenturyAgency.com.*

# WENDY KENEIPP

Those approaching the role from the perspective of a consultant, whose job is to constantly educate themselves and offer advice and counsel around business strategy, are seeing refreshingly new conversations.



## Still selling products?

THE INSURANCE INDUSTRY HAS TWO VERY DISTINCT types of sales people. Back when health insurance was affordable, selling group policies was the norm for the benefit broker. As regulations and expenses have both risen to new heights, the ideas, advice and outcomes employers need have also risen. Those approaching the role from the perspective of a consultant, whose job is to constantly educate themselves and offer advice and counsel around business strategy, are seeing refreshingly new conversations with employers. Which better describes you?

### Expertise

**Broker:** Your expertise lies in the products you sell, the carriers you represent and the different ways you can redistribute the financing of the health insurance plan.

**Consultant:** Your expertise lies in understanding how a business operates and what role benefits and HR play in the P&L, the operations, and the engagement and management of its employees. You recognize that changes to the cost of the plans are not the only way to have a significant financial and operational impact on an organization.

### Contacts

**Broker:** Your network consists of the purchasers of health-care plans. This may be the HR manager or it may be the owner/CFO, but you're generally focused on one type of buyer and dismiss the other.

**Consultant:** Your network consists of many people. You work with the decision makers and the influencers alike, recognizing the roles that each plays in the decision-making and implementation processes, and you appreciate what they bring to the conversations.

### Advice

**Broker:** You focus on the off-the-shelf products you can bring employers, the pricing offered by the third parties, and how your offering compares to their current plan. Your goal is to get a commitment from the buyer as soon as possible.

**Consultant:** You focus on the needs the client has and how you can potentially bring them solutions that will improve their organization, both financially and operationally. You expand your conversations to be about both their healthcare plan needs, but also their employee and HR needs as well. You look for solutions to help the employer address these needs.

### Timing

**Broker:** You aim to collect renewal dates and target your selling efforts in the 90 days prior to renewal. Your conversation is about the current plan design, the proposed plan design and the spreadsheet. You expect the prospect to select you as the broker along with the new plan you're proposing.

**Consultant:** You also collect renewal dates, and then you schedule your selling efforts off renewal. You explain the difference between selecting a plan design and the carriers who deliver the plans versus selecting a consultant to help you navigate the waters of goals, plan designs, carriers and outcomes. You look for a right fit to be selected as the consultant and then you help them prepare for their renewal strategy and manage the process.

If you recognize yourself in the broker descriptions, I recommend making a personal commitment to up your game. **EBA**

---

*Keneipp is a partner and coach at Q4intelligence, driving agency transformation. Learn more at [q4intel.com](mailto:q4intel.com). Reach her at [wendy@q4intel.com](mailto:wendy@q4intel.com), on LinkedIn, or Twitter @WendyKeneipp.*

# JACK KWICIEN

You have a very real scenario over the next five years (minimum) where the number of sellers will be increasing while the number of qualified buyers will be diminishing. That's a formula for the devaluation of your life's work.



## Act now on proper business planning

ON THE TOPIC OF BUSINESS CONTINUATION, what plans have you made for the single largest asset that you own? What will be the disposition of your business if you are no longer there?

Some of you are saying, "I'll sell my business for a big multiple." That may be, but realistically valuations are at or near their peak. Couple that trend with more baby boomers seeking retirement, and you have a very real scenario over the next five years (minimum) where the number of sellers will be increasing while the number of qualified buyers will be diminishing. That's a formula for the devaluation of your life's work. Is that what you want to count on when it comes to your financial future?

On the other hand, some of you are saying, "My employees will take over my business operations."

Well, that's likely a five- to 10-year transition period. First, do you have the right management talent in place to run the business operations in your absence? After all, your future income stream from any earn-out period will be contingent on your managers to successfully grow the business and maintain profitability. That assumes that your key managers have the financial wherewithal to pay you a substantial amount of cash at closing and make any earn-out payments regardless of the market conditions.

Do your key managers have the ability to pay you 25%-40% of the value of your business in cash? Not likely.

An employee stock option plan might be an option if you have a 10-year outlook (minimum), since it will take that long for employees to accumulate enough cash in the plan to substantially buy out your equity interest. Or have you already waited too long with no viable succession plan for the future?

### Getting started

As you move through the business planning process, ultimately a plan will begin to come together, including the financial resources and human capital that will be required to achieve your personal and business objectives.

Consider these topics for your table of contents:

- Executive summary
- Client value proposition
- Target markets
- Products and services to be offered
- Capabilities required
- Marketing strategy and positioning
- Growth strategies
- Competitive advantages
- Sales and distribution
- Client and customer interaction
- Enabling technologies
- Operational support
- Organization structure
- Human capital recruitment and development
- Summary of key business relationships (carriers, vendors, service providers, etc.)
- Corporate structure
- Capital structure
- Succession planning
- Financial goals and projections

Clearly, the document you will be creating can be used with your own management team to run your business operations. It can be referenced when important strategic decisions need to be made. You will want to periodically update it so that it remains current and reflective of how you are conducting business at a point in time. **EBA**

---

*Kwicien is managing partner at Baltimore-based consulting and advisory services firm Daymark Advisors. Reach him at jkwicien@daymarkadvisors.com.*



## A Better Solution and Value Proposition for Employee Benefit Brokers

### Want to make your skinny network more robust?

Talk to us today...

If one of your client's employees is diagnosed with a serious illness, such as cancer or heart disease, let them know that they can get an independent, collaborative second opinion through MORE Health. Establishing the correct diagnosis is essential for good outcomes.

Expand your services by offering this much needed benefit today.

We provide additional coverage from world renowned physicians. It barely increases employer cost and there is no out of pocket expense for employees.

- ✓ Complements any Health Plan
- ✓ Employer-paid or voluntary benefit
- ✓ Cost Effective
- ✓ Great commissions for you
- ✓ Differentiates portfolio
- ✓ Only available from MORE Health
- ✓ HIPAA Compliant Technology

### Second Medical Opinion Benefit

Please contact us for more information.

[morehealth.com](http://morehealth.com)

[info@morehealth.com](mailto:info@morehealth.com)

(650) 539-3568

# 2018 RISING STARS IN ADVISING

Twenty standout advisers ages 35 and younger are taking charge of employee benefits, determined to reduce costs and improve outcomes.

This year's group of standout advisers is tackling the employee benefit supply chain with a determination to bend the healthcare cost curve and improve client experience. They're creating employer coalitions. They're negotiating with stop-loss carriers. They're streamlining technology. They're owning employee engagement. And that extends to their internal employees as well. The 2018 Rising Stars in Advising — chosen by the *EBA* editorial team after a month-long online nomination process — are compassionate leaders who practice what they preach, allowing flexible work hours and seamlessly integrating cultures as brokerages merge. Listed in alphabetical order, these 20 leaders are active community and industry mentors who are taking the field of advising to new heights.

**BY ELIZABETH GALENTINE AND RANDY BARRETT**



1.

John Sbrocco, 34  
Healthcare strategist,  
Questige



**J**ohn Sbrocco likes winning. That was his goal as a professional poker player earlier in life and he's still at it as CEO of Questige Consulting.

But now running over the table means besting insurance companies and pharmacy benefit managers and lowering healthcare costs for his customers, most of which are partially or fully self-insured.

"By focusing on a strategy that drives immediate impact to the supply chain, it allows us to produce negative trend for clients," Sbrocco says. "Our top goal is for them to pay less now than they did five years ago."

The Questige sell is a bit counterintuitive: Save money by enhancing benefits to workers. "No employer wants to believe this when I tell them," Sbrocco says. That boost comes in the form of improved health outcomes, he adds.

And it means he has to do his homework. For medical procedures Sbrocco's company researches the highest rated doctors based on readmission rates, board certifications and cost. The best ones are included in the covered network and often practice in outpatient settings that are much cheaper than hospitals.

## AN OFFER YOU CAN REFUSE

Employees have a choice. They can make a phone call and get guidance on choosing the best physician in the network and receive care for free with no deductible or copay. Or they can go with their own provider and pay the usual freight.

"Bring your checkbook," says Sbrocco. Ninety-five percent of his clients' employees choose the network.

Another key to the model is lowering the cost of health claims. Those bills tend to fall into four parts: 30% hospital charges, 20% ambulatory surgery fees, 27% prescription costs and 23% physician invoices, according to Milliman.

The strategy is to concentrate on the outliers, says Sbrocco: "Seven-percent of members generate 80% of claims." Those tend to be what insurers call 'super utilizers' who suffer from complex health problems. "If we can focus on those members, that creates immediate impact," he says.

For these patients, Madison, N.J.-based Questige contracts with national centers of excellence, such as Edison Health in Westlake, Ohio, for a second opinion. These doctors tend to be more conservative and often choose less invasive therapies, if possi-

ble, Sbrocco says. "They are specialists and they're incentivized in the right manner. They do everything they can not to do surgery."

While that may sound refreshing, Sbrocco contends that a third of medical procedures done in America are unnecessary. That figure dovetails with a 2012 Institute of Medicine study that estimated the wasted efforts cost the healthcare system \$750 billion.

To further save money, Questige provides high-dollar medications for 25 to 30 cents on the dollar. Some of that comes

**By focusing on a strategy that drives immediate impact to the supply chain, it allows us to produce negative trend for clients.**

from foreign sourcing, but Sbrocco declined to supply further details. For fully self-funded clients, there is no copay for any medications.

Questige currently serves 75 clients. The company delivers average savings of 25% over standard insurance. For some level-funded, self-insured clients, that can mean receiving a sizeable refund check at the end of the year for unused premiums paid out by the company. Jersey Strand & Cable in Phillipsburg, N.J., received \$85,935.00.

"I know the quality of insurance we have has gone up, and we've got cost containment at the same time," says JS&C owner Al Pratt.

New Jersey Door Works in Hillside, N.J., has worked with Sbrocco for three years and is partially self-funded. About half of the company's 100 employees are part of the health plan. "It's been good so far, but you need to be committed to it," says co-owner Glenn Serillo.

The company had lived with standard third-party insurance increases until it simply became too expensive. After discussing options with Questige, Serillo and his brother, also a co-owner, decided to jump in.

"There wasn't much of a downside," Serillo says. "The worst that could happen is we get booted back into the general insurance pool."

New Jersey Door Works has been able to avoid that troubling fate while holding insurance premiums flat and improving copays and deductibles. Serillo admits, however, "it takes management time."

The company has an in-house HIPAA representative that works with employees to find the best care in-network. "We don't mandate anything," Serillo says. "If you stick with the program, it becomes very cost effective. We suggest who we think you should use."

Luckily, the company hasn't had any seriously ill workers so far. But when that happens, Serillo is willing to think creatively. "I like the medical tourism idea. I've been overseas and seen good doctors."

Garden State Engineering, Surveying & Planning is already seeing savings of 20% at

the one-year mark working with Questige.

Gary Bender, executive vice president and chief financial officer, was prepared to bite the bullet and renew with their old broker when Sbrocco came in and stopped him short.

## LACKING CREATIVITY

"John said: 'Your guy is not very creative.'" The other agent was presenting a "fully funded Affordable Care Act plan — Obamacare bronze. Our premiums were pretty high," says Bender.

The 65-worker company moved to a partially self-funded plan with Sbrocco, who got the whole thing up and running in six weeks. Employee deductibles declined from \$3,000 to \$1,500 and family deductibles dropped from \$5,000 to \$3,000. "They loved it," says Bender.

Sbrocco is a signatory to an unusual "declaration of independence" signed by 30 independent benefits consultants last year in Philadelphia.

The group had grown frustrated with the old model of selling health insurance and charging a standard 5%-7% increase each year. Collectively, they feel that model is no longer sustainable for insurance buyers. More importantly — they say it is specifically designed to never save the client a penny.

Instead, the signatories have agreed to challenge the status quo by working (often together) to attack the cost drivers of healthcare. "Our interests are aligned year in and year out [with the client]," says Sbrocco, who bases his fee on delivering lower costs.

"The less they pay, the more I make."



Begin with a passion for people. A belief that benefits can be better.

— ADAM BERKOWITZ



2.

**ADAM BERKOWITZ, 32**  
Founder & President,  
Simpara

With a decade of experience, Adam Berkowitz launched his own firm in the fall of 2016. Within a year, he brought in 28 new clients with the philosophy of turning the typical brokerage model upside down through a focus on exciting and engaging employers with better benefits. As a testament to this commitment, he has been accepted as a Charter Member of the Health Rosetta Institute, the mission of which is to drive down healthcare costs by aligning employer and adviser incentives, value-based care, transparency and more. He is saving businesses 20%-40% on health insurance.



3.

**TOM BREW, JR., 32**  
Senior Wellness  
Consultant,  
ERCHealth and Oswald  
Companies

Tom Brew is a leader in health risk management, overseeing the entire book of business for the wellness coaching platform of ERCHealth, a division of Oswald Companies. Under his leadership, the program has more than 87% of enrollees seeing a wellness coach and brings in more than \$3 million in annual revenue. Brew is also the founder and chair of OswaldCLIMBS, an internal association at Oswald that he established to attract, recruit and retain young professionals in the industry.

4.

**NIKO CAPARISOS, 33**  
Health and Welfare  
Consultant, Prosperity  
Benefits, LLC

As the founder of Prosperity Benefits, one of Niko Caparisos' driving motivations is to "deliver solutions, not spreadsheets." For example, he brought more than 50% savings, worth \$95,000, to a new client in their first year working with him. He works with clients to define and manage risks to control costs with a forward-looking perspective, bringing Fortune 500-level benefit programs to small- to mid-sized organizations.



5.

## **MARK FOX, 30**

**Vice President, Collateral Benefits Group and Collateral Educator Services**

Backed by leadership at the National Association of Health Underwriters — including NAHU's president — Mark Fox is known as a leader and influencer. He spearheaded research to develop a NAHU playbook for its national chapters and helped build internship programs for agency growth. He built his book of business at Benefits Negotiator with a transparent commission structure tied to a reduction in PEPM payments for clients. Now, in a year and a half at Collateral, Fox has helped the company transition from paper to digital, create sales leads from three times as many channels and helped to build a marketing plan, to name just a few advancements.

---

Rising healthcare costs have led us to seek out creative and innovative solutions.

— CORY FRIEDMAN



6.

## **CORY FRIEDMAN, 29**

**Vice President, Benefits Consulting, Alera Group | GCG Financial, LLC**

A second-time honoree, Cory Friedman continues to build on his success by developing a self-funded employer health insurance captive that is focused on the veterinary industry. By identifying cost and risk-management strategies such as care coordination and cost-based reimbursements, he is changing the way plan members purchase healthcare services. He is growing his team and mentoring young advisers just entering the business in the process.

---





7.

**BOB GEARHART, JR., 31**

Partner, DCW Group

A third generation partner at his family's firm, Bob Gearhart, Jr., is the driving force behind DCW Group's new business. Loved by clients, he has transformed his practice into a cutting-edge creative operation. Clients applaud his proactive approach to digital benefits management, having moved into offering full benefits administration. So confident in his ability to save clients' money, he is not afraid to put part of his compensation on the line as a guarantee. Recently, Gearhart helped to bring in 10 new clients in a matter of months — all while refusing to quote insurance business.

I take my clients away from a situation where they feel like they have no control.

— SUZANNAH GILL



9.

**MATT GILROY, 33**  
Employee Benefits  
Consultant, HUB  
International Northwest

Along with his partner Melissa Koontz, Matt Gilroy serves two niche audiences, public school districts and cannabis companies. He takes the lead with cannabis clients, using his background in real estate and sales to develop overall client strategy. The pair — who split their sales, book of business and responsibilities evenly — have brought nearly \$900,000 into their book in just the past two years. They are heavily involved in the community through volunteer organizations, industry associations and actively lobbying on behalf of their specialty practices.



8.

**SUZANNAH GILL, 34**  
Benefits Strategy  
Consultant, EPIC Insurance  
Brokers & Consultants

Although the youngest producer at the time she joined EPIC two years ago, Suzannah Gill quickly became known as a company and industry thought leader. She uses her background as an ERISA attorney to deliver unique expertise as a consultant. She is driving down employers' costs and guaranteeing her incentives are aligned with theirs in the process by offering to work on a fee-basis and tie her compensation to performance targets.



## 10.

### **ERIK HANSEN, 30** President, Vita Companies

Erik Hansen contributes to the success of Vita Companies by owning user experience at all levels of the organization. Regardless of size, all clients have access to compliant paperless benefits workflows and cutting-edge tools that deliver strategic modeling abilities. His efforts contribute to Vita's Net Promoter Score of 84 and were a factor in his promotion to President in November 2017. Hansen is the technology chair for California United Benefit Advisors and Chairman — Young Professionals with the Northern California Human Resources Association.

What's fun about this job is that you must be agile.

— TAYLOR LINDSEY



## 11.

### **MELISSA KOONTZ, 28** Senior Employee Benefits Consultant, HUB International Northwest

Along with her partner Matt Gilroy, Melissa Koontz serves two niche audiences, public school districts and cannabis companies. She takes the lead with public school clients, using her background in HR and accounting to focus on compliance and financial analytics. The pair — who split their sales, book of business and responsibilities evenly — have brought nearly \$900,000 into their book in just the past two years. They are heavily involved in the community through volunteer organizations, industry associations and actively lobbying on behalf of their specialty practices.



## 12.

### **TAYLOR LINDSEY, 29** Partner, Employee Benefit Consultants, Inc.

A fourth generation partner at Employee Benefits Consultants, Inc., Taylor Lindsey is taking over a large amount of business in his market by focusing on client transparency and innovative self-funding strategies. It is his goal to help employers and plan participants to be smarter purchasers and consumers of healthcare by designing effective and efficient benefit programs.



13.

**RACHEL MINER, 32**  
Employee Benefit  
Strategist, Employee  
Benefit Advisors of the  
Carolinas

Rachel Miner is a quick learner who became an adviser in the summer of 2016 after working in benefits technology sales. The incoming president of the Charlotte Association of Health Underwriters, she is committed to providing expert guidance to clients through cutting-edge plan design and technology. In less than 18 months in the business she built up a book of more than \$250,000 while maintaining a commitment to proactive, transparency-driven service and consistently meeting quality metrics.

I've turned the traditional sales-centric approach to benefits on its head.

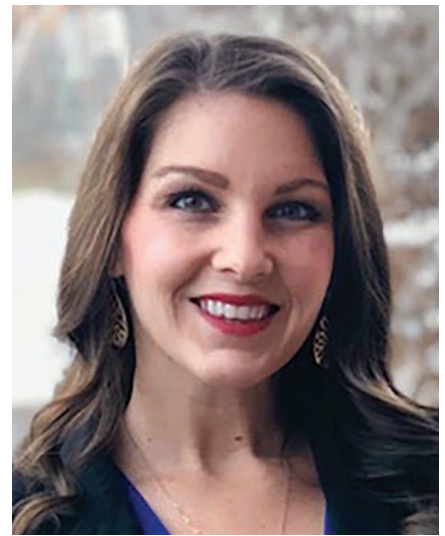
— BRADEN MONACO



14.

**BRADEN MONACO, 35**  
Co-Founder and Managing  
Partner, Blue Horizon  
Benefits

Over the last decade, Braden Monaco has turned his firm from the traditional sales-centric approach to benefits toward a new business model, driven by working in partnership with clients. Using a concierge service platform, he adapts to individual client needs by combining proactive management and communication with state-of-the-art technology tools. It is his goal to go beyond the role of consultant and become an integral part of each client's business operations.



15.

**COURTNEY NELSON, 30**  
Vice President, Employee  
Benefits Leader, Brown &  
Brown of Tennessee

Quickly rising through the ranks at Brown & Brown's Florida headquarters, Courtney Nelson was promoted to run the company's Tennessee operation, where she's since led a once declining division to achieve steady, solid growth. She is a thought leader who participates in MetLife's Broker Advisory Council and is a board member of the Middle Tennessee Association of Health Underwriters. Colleagues describe her as motivated, persistent, caring, devoted and determined to serve her teammates as well as clients.





16.

## BETHANY RADLOFF, 29

Assistant Vice President,  
HUB International Midwest

Bethany Radloff has a unique ability to meet client objectives while maximizing their return on healthcare spend. Through strong leadership and willingness to go above and beyond for clients, she is continuing to expand her book of business at a rapid pace, even as she works toward her CEBS designation. Clients and colleagues alike provide “amazing feedback” on Radloff’s performance, emphasizing her technical competence, ability to make the complex simple and desire to share best practices.

We never do anything in a cookie-cutter format. We are more consultative.

— JOSH SAILAR



17.

## DEREK RINE, 28

Vice President, David Rine Insurance

Determined to change the benefits conversation, Derek Rine isn’t afraid to speak with a prospective client’s CFO to explain how his approach to the business will benefit the company’s bottom line. After explaining his philosophy, he’s been known to have a broker of record letter signed on the spot. Beyond meeting clients’ insurance needs, he works with them to implement long-term strategies that will eliminate compound rate increases. Through programs such as prescription advocacy and elite concierge services he and his team are working to provide clients with high quality at a low cost.



18.

## JOSH SAILAR, 28

Investment Advisor,  
Miracle Mile Advisors

Josh Sailer personally manages more than \$51 million in high-net-worth assets, developing corporate and employee benefit plans for the majority of his business owner clients. He is dedicated to the financial empowerment of employees and has single-handedly driven his firm’s retirement and benefits practice far beyond expectations, becoming a go-to financial resource for plan participants in the process. He is a member of mentoring program Youth Business Alliance as well as Big Brothers Big Sisters of Greater Los Angeles.



## 19.

### **TYLER SPEARS, 31** Managing Partner, BKCW Insurance, Risk Manage- ment & Benefits

In the eight years Tyler Spears has been with BKCW, he's led the charge in tripling the size of the agency and integrating three

different company cultures after major acquisitions. Nominated by multiple employees, his appreciation for them shines through in the family-friendly environment he has created, including flex time and a scholarship for employees' children. Colleagues refer to him as "the ultimate visionary" who has streamlined advanced technology platforms and drawn people into the field through his passion for benefit advising. He is an active member of the Independent Insurance Agents of Texas, where he received Young Agent of the Year.

## 20.

### **WALTER WINTER, 32** Vice President and Technology Practice Leader, Parker, Smith & Feek

Walter Winter specializes in working with companies that employ 100-1,000 employees, managing his firm's technology practice to create innovative solutions to drive down the cost of employee benefits without diminishing their value. He helps clients to design a sustainable multiyear strategy through alternative funding, best-in-class vendors and targeted incentive programs that encourage plan members to be informed healthcare consumers. He had 100% client retention in 2017, while acquiring several new accounts. Under his leadership, the technology practice has grown by more than 25% each year for the last three years.



## Crafted for confidence.



At the heart of a smart business decision is the integrity of the transaction. With HM Insurance Group, you can count on the consistent delivery of coverage that is designed to protect financial well-being. You can rely on our responsiveness so you can focus on your business goals. And you can be confident in the quality of protection that has expert risk evaluation, financial stability and market knowledge at its core.

**Make connections and learn more about our  
people and products at [hmig.com](http://hmig.com)**

**HM INSURANCE  
GROUP**  
Guarding Financial Health

STOP LOSS ■ MANAGED CARE REINSURANCE

MTG-3059 (5/17)

# RE:INVENT | RETIREMENT



## How to best understand TDFs

BY RICHARD STOLZ

Thanks to the overwhelming popularity of target-date funds as a 401(k) qualified default investment alternative, competition among retirement plan asset managers for TDF dollars has been stiff. But as the Department of Labor emphasized in guidance issued way back in 2013, plan sponsors need to ask a lot of questions to be sure they understand how a TDF family is managed to know whether it's appropriate for their participants across the entire age spectrum. To gain an update on TDFs, *Employee Benefit Adviser* recently spoke to Jake Gilliam, CFA, a senior multi-asset portfolio strategist for Charles Schwab. Highlights of that conversation follow.

**EBA: How carefully are plan sponsors looking “under the hood” today to understand the inner-workings of target-date funds?**

**Jake Gilliam:** There has been an increase in plan sponsors' efforts to better understanding their target fund. They know it's something that requires ongoing review and reevaluation to make sure that their original choice is appropriate.

**EBA: How are they evaluating performance?**

**Gilliam:** Many sponsors are looking carefully at the actual drivers of performance, as opposed to seeing the numbers by themselves. So that's led to conversations about the glide path, the actual components used to implement the glide path, ranging from the underlying strategies of the funds, the types of risk exposures, how asset allocation changes over time and more.

### HEALTHY RETIREMENT



#### RETIREMENT INCOME PREP

Providing education and access to lifetime income products

P. 27

### FINANCIAL WELLNESS



#### TACKLING LOW INTEREST IN FINANCIAL STABILITY HELP

Global Benefits Attitudes Survey finds room for improvement

P. 28



#### RELATED ARTICLES

- Estée Lauder launches student loan contribution benefit
- Baby boomers increasingly interested in tuition benefits
- Fidelity, Vanguard fee arrangement causes stir in the 401(k) industry
- Peoples Bank bumps up 401(k) match

For these stories, go to [employeebenefitadviser.com](http://employeebenefitadviser.com)



**EBA: Are you referring to basic stocks/bonds/cash allocation, or sub-allocations?**

**Gilliam:** The asset allocation nuances now that are part of conversations are within stocks and within bonds — what are the actual components being used, how do those change over time, are they a static allocation, or are they truly matching risk tolerance, not just at the stock/bond level, but within stocks.

**EBA: So what are sponsors asking for, or what are you doing in that regard?**

**Gilliam:** Things like increasing large cap exposure for people nearing retirement to help limit their overall volatility and really protect the accumulation they worked so hard for during their working years. These asset allocation differences and what may seem like small nuances during the selection process can really lead to significantly different outcomes over time.

**EBA: Can you expand on what kind of nuances you are referring to?**

**Gilliam:** It's actually more than nu-

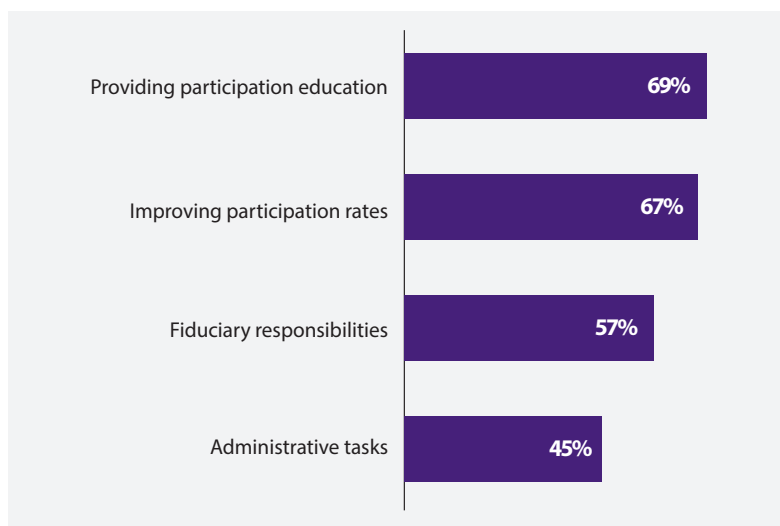
ances, and these assets have very wide variances in performance. Variances in the U.S./international stock allocation ratios can lead to double-digit performance differences in any given year. That can directly influence the ultimate result for the portfolio, but its impact on volatility is also important from a participant perspective. It's important for the asset mix to be appropriately aligned with the risk tolerance of an investor, to support good behaviors by participants.

**EBA: Obviously there's a lot for sponsors to think about. How much should they try to dictate all the parameters of performance when shopping for a TDF family?**

**Gilliam:** There is a practical limit. Most plan sponsors are using a target fund that was designed by a target fund family. One of the parameters that sponsors also need to keep in mind is cost. But generally they are by and large using a target fund provider's existing target-date fund and they're selecting the one that best matches their participant demographics. ■

## TOP PRIORITIES FOR 401(K) PLAN SPONSORS

Between an ever-changing regulatory environment and ongoing cost concerns, retirement plan sponsors have a lot on their plate. Their biggest priorities:



Source: OneAmerica, 2018

## HEALTHY RETIREMENT



## Retirement income prep

BY PAULA AVEN GLADYCH

**RETIREMENT PLAN SPONSORS** need to focus on three things, says David Ray, senior managing director and head of institutional retirement sales at TIAA: how to help employees reframe their thinking on retirement savings and guaranteed income streams; how to evaluate employee engagement strategies and ways to manage their plan's success; and how to encourage younger workers to think about retirement now.

A big part of that discussion, and what has changed the retirement conversation the past few years, is helping employees move from the accumulation phase of retirement savings to turning that savings into a retirement income.

Employers can help by providing education and access to lifetime income products, Ray says.

"We're seeing more interest in this from many different generations, particularly millennials, who are far less likely to rely on Social Security to finance their retirement vs. GenXers and baby boomers," he says.

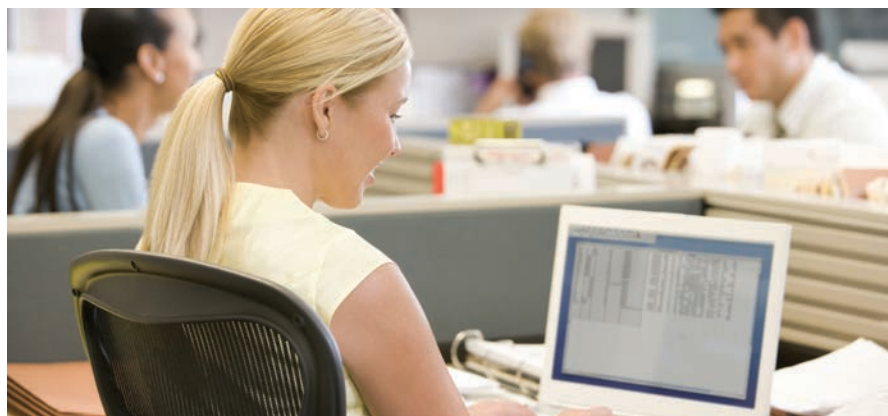
Many millennials have embraced annuities because they don't know where they are going to get a lifetime income without doing it, he adds.

More retirement plans need to put tools in place to help plan participants measure income replacement, he says. TIAA has a plan outcome assessment that measures the income replacement rate for employees. Once an employee takes the assessment, the plan sponsor can use those results to better target communications based on the person's goals for their retirement.

"What is the problem we are trying to solve for? We have to do some diagnosis before you do a prescription," Ray says. ■

# RE:INVENT | RETIREMENT

## FINANCIAL WELLNESS



## Tackling low interest in financial stability help

BY PAULA AVEN GLADYCH

**THE FINANCIAL STABILITY OF U.S.** employees slid backward for the first time since the Great Recession, according to a survey of employees by Willis Towers Watson.

Only 35% of workers surveyed say they are satisfied with their financial situation now, a sharp drop from 48% two years ago.

The 2017 Global Benefits Attitudes Survey is a biennial survey that gauges how workers around the world are feeling financially. It found that more than one-third of U.S. workers believe their current financial concerns are negatively affecting their lives, compared with just 21% two years ago; and 59% worry about their future finances. In 2015 that figure was just under half at 49%.

The finding has big implications for employers: Workers who struggle financially tend to have lower job performance and aren't engaged in their work, says Vincent Antonelli, a senior consultant in Willis Towers Watson's New York City office. That's why more employers are coming up with solutions for the problem, including working to tackle low participation rates in financial stability programs.

To combat low levels of engagement and participation of these programs, plan sponsors need to do a better job of finding out

what different groups are searching for when it comes to financial stability. That could mean differentiating between generations, like millennials vs. baby boomers, or seeing how different genders approach the topic.

"To get engaged, you have to personalize messaging and programming around where people are in their life," Antonelli says. "A millennial may or may not be dealing with student loan debt and rising home costs. Someone mid-career is looking to build wealth and send their kids to college. Financial wellness means something different to them."

Those who are further along in their careers are balancing retirement planning with eldercare. Plan sponsors need to take an approach that is "very nuanced to where people are in their particular life stage or career. We've learned those lessons on the physical wellness side of the house. Not everyone engages in a wellbeing program the same way and you need different interventions and modalities to reach the broadest segment of your population," he adds.

There are many similarities between how companies have approached employees about healthcare and how they can now approach them about financial stability, but there are some things that still need work. ■

## CASE STUDY

### The Counter Culture Coffee education plan

BY PAULA AVEN GLADYCH

**SINCE BRETT SMITH STARTED** Counter Culture Coffee 22 years ago in Durham, N.C., the business has grown to 110 employees in 14 different markets across the country.

As the wholesale coffee company has grown, it has offered numerous benefits to help attract and retain great employees, including paying 90% of employee medical benefits, offering a 401(k) matching contribution and providing a membership to a health club.

The one benefit that went underutilized was the 401(k) plan. That concerned Smith, who felt the 100% match on the employee's first 3% contribution and 50% match from 3-5% employee contribution was free money all employees should be taking advantage of.

Smith decided to do something about it. In 2016, he contacted an old friend from graduate school who had started a financial wellness company called BrightDime, which aims to change employee financial behavior through budget help and coaching, says the firm's CEO, David Stedman.

BrightDime's platform can create a budget for users and show them where they are spending their money. It gets participants started on the pillars of financial wellness and allows them to track their own goals.

One of BrightDime's unique coaching features is a chat window in each user's platform; when a user has a financial question, the BrightDime coach can access the employee's account information to decide the best way to answer their inquiry. Because the coaches have access to the user's personal information on the platform, they don't have to ask about their financial background or net worth. ■

# SUBSCRIBE TODAY

[www.employeebenefitadviser.com](http://www.employeebenefitadviser.com)

**Employee Benefit Adviser** is the information resource for employee benefit advisers, brokers, agents and consultants providing advanced business analytics, client intelligence and insights from industry leaders.

## REGISTER TODAY AND ENJOY THESE MEMBER BENEFITS:

- Unlimited access to thousands of searchable, archived articles
- Engaging newsletters, delivered by areas of interest
- A diverse selection of white papers, web seminars, podcasts, and blog discussions
- Discounts to attend industry conferences and events
- Your registration good for both *Employee Benefit Adviser* and *Employee Benefit News*

For more information please contact  
Customer Service at 212-803-8500  
or [help@sourcemedia.com](mailto:help@sourcemedia.com)





## Uneasy about acquisitions

With mergers such as CVS and Aetna, business owners fear the deals may impact health plans.

BY CORT OLSEN

**R**ecent acquisition announcements in the healthcare industry, if approved, could not only change the way U.S. employers design their long-term health plan strategies, but could also alter the structure of how employees access healthcare, according to a recent Aon survey.

While the majority of employers are taking a wait-and-see approach to high-profile mergers such as CVS/Aetna and Optum/DaVita Medical Group, others are considering making immediate changes to healthcare strategies in wake of such news.

One area of particular focus: how their prescription drug coverage operates in conjunction with their overall medical plans. CVS says its combined company with Aetna would provide greater integration of care, “empowering consumers and health professionals to make more in-

formed decisions.”

Jim Winkler, global chief innovation officer for Aon’s health & benefits groups, says when it comes to healthcare strategies, employers tend to plan far ahead, working around a three-to-five year cycle of when to adjust their health plans based on cost, vendor, program design and health improvement standpoints.

“What changes, if any, do employers need to make to their current program in order to respond to changes in the marketplace and in order to meet whatever their broader objectives and human capital objectives are,” Winkler says.

### Significant impact

In its survey, Aon asked 450 employers from large and mid-size companies about potential implications the recently announced high-profile deals could have on

their long-term planning for healthcare strategies.

A majority of employers, 85%, think there will be either significant or moderate changes to the way employees access care in the future:

- 14% expect significant change in how or where employees will access healthcare.
- 71% expect moderate changes in how or where employees will access healthcare.
- 15% expect no real impact in how and where employees access healthcare.

The survey also found that six out of 10 employers say they are likely to make changes to their healthcare strategies, though there are differences in how quickly they think those changes will be implemented:

- 23% expect the changes will accelerate revisiting or adjusting their overall healthcare strategy.
- 38% expect the changes will delay revisiting or adjusting their overall healthcare strategy.
- 39% expect the changes will have no impact on their overall healthcare strategy.

Winkler says these results confirm that employers think these deals, particularly for the potential CVS/Aetna combination, are meaningful and will have important implications to the way employees and their families’ access healthcare in the future.

“Certainly, the specifics of how these deals unfold will influence how employers respond,” Winkler says. “It will be important for employers to monitor all of these situations as they take shape.” **EBA**



IMAGE: BLOOMBERG NEWS

## Personalizing health plans

In order to identify best in class wellbeing programs, advisers are utilizing digital analytics.

BY CORT OLSEN

**M**any advisers are using digital monitoring to evaluate the status of wellbeing within a given employer's employee population.

Craig Schmidt, senior wellness consultant for EPIC, says one of the ways he is able to identify the companies that are offering strong digital wellness plans is through their ability to integrate such programs with claims data. He utilizes a push style notification to a mobile device to inform individual employees about specific plans that can coordinate well with their conditions as a further enhancement.

Samantha Gardiner, director of product management at Health Advocate, says her company has combined wellness, chronic condition management and client outreach all into one program to improve the health of employees and reduce claims and pharmaceutical costs for employer-provided health plans.

"We take the data and provide alerts via our website, email or mobile push notifications to keep employees informed about their personal health conditions," Gardiner says. "If we have the data, we can really target and personalize the program toward company goals and members' personal goals."

In order to identify the best in class among the programs offered by wellness providers, Schmidt says he looks at the number and quality of interfaces and outcomes from the program as well as success stories that employees can share that can flesh out an employer's return on investment.

"We can look at results six months or even a year after an employee has participated in the program to see if behavior changes have taken place," Schmidt says. "If the plan integrates and reacts to the systems the employer has in place for his

or her employees, then we will know if the program is a right match."

### Integration

Monika Majors, VP, marketing and communications, health plan products at Sutter Health, says a digital wellness program needs to integrate with a multitude of personal devices.

"The site must be responsive to all technology, such as a mobile device, a tablet, or for those who are deskbound, from their computer," Majors says. "The flexibility of offering individual trackers as well as key based activity challenges through a wide range of activities will keep retention."

The program can then offer a health assessment that can be aggregated into an overall employer report, which can then serve as a basis for customization for that specific workforce.

Marcia Otto, vice president of product strategy at Health Advocate, says her company offers biometric screenings that can be done onsite, which can then factor into an employee's health risk assessment to further customize the personal health program.

"If we get biometric data from our biometric data collection or if the employee sends us the data from a third party, that is another data source we can look at to determine if they need further attention for diabetes, hyper tension or so on," Otto says. "We can also collect data on what their last blood test reported, right down to how many fruits or vegetables they eat, which is then prioritized based on how sick the employee is."

### Incentivizing

To influence employees to remain on the wellness plan, employers have offered incentives. These incentives can range from

gift cards and cash rewards to funding a HSA or a HRA.

Paul Sterling, vice president of emerging products at UnitedHealthcare, says users who are enrolled in the UnitedHealthcare Motion program – an app programmed to encourage employees to remain active throughout the workday using a smart phone or smart watch – rewards employees by funding money into an HSA or HRA as a way to retain users.

"We have three daily walking objectives through our FIT criteria – frequency, intensity and tenacity – that each of our members try to achieve," Sterling says. "Each one of those objectives is tied to or associated with an incentive amount."

For each objective the employee completes, UnitedHealthcare deposits \$1 into the user's HSA or HRA, depending what they have.

Each day, the employee can complete each of the objectives. It resets daily, allowing the employee to continue to receive up to \$3 per day.

Over the course of one year, Sterling says participation in the Motion program has held at a steady 67%. "If you think about other products in the health and wellness space, that's arguably 10 times the level of engagement achieved over that period of time others would achieve," Sterling says.

While Gardiner says she cannot pinpoint the number of employees engaged in her program for an extended period of time yet, she thinks incentives do drive continued engagement for some employees who need the extra push to be active or engage in a healthier lifestyle.

"An incentive program that provides at least a \$300 incentive to participate is where we see our most engagement," Gardiner says. "It all depends on the goals of the employer." **EBA**

## Boomer tuition benefits

Parents looking to pay off kids' loans are the fastest-growing category signing up for assistance.

BY PHIL ALBINUS

**A**dvisers have discovered a new audience for benefits that pay off student loans: Older workers with children still in college.

Due to the rising cost of college — where the average person with a four-year undergraduate degree graduates with \$70,000 in debt — tuition benefit experts say workers are signing up for tuition payment programs to help pay the student loans of their college-aged children.

Tuition.io CEO Scott Thompson says employers are hearing from their employees about this benefit and more employers are asking for a service that allows them to match monthly tuition payments.

Older workers are finding that their children are reaching the limits of their college loans much more quickly than they did two or three years ago because of the rising cost of higher education.

Thompson points out that some of their

clients — which include Staples, Fidelity Investments, The City of Memphis and International Paper — have noticed that the older populations of their workforce are now accumulating significant student debt decades after they have graduated from college.

“Employers are trying to help that portion of their workforce. It’s almost a universal problem,” says Thompson, whose research says that 25% to 35% of U.S. employees are dealing with a student loan.

Estée Lauder Companies unveiled a Student Loan Contribution program, which will be overseen by Tuition.io, that will contribute \$100 toward eligible employees’ student loans each month, with a \$10,000 lifetime maximum contribution.

Laurel Taylor, founder and CEO of student debt relief and refinancing firm FutureFuel.io, says that more U.S. employers are seeing their older workers sign up

for this benefit. Employers are realizing that there are essentially three populations within the workforce that have student debt issues: Generation Y, millennials and now Generation Xers, she says.

“The fastest-growing is the parent segment of the workforce and that’s a result of either the parents taking out a Parent PLUS loan or because they’re co-signers on their children’s loans,” she says.

### Clearing debt

Taylor says that she presents data to employers that show as baby boomers retire and millennials become the majority of workers in their workforce, as is predicted for 2025, their needs will be different than the older generation of workers.

Offering benefits to pay off student loans is more equitable to the workforce, says Taylor, adding that a worker under the age of 35 with a sizeable student loan is most likely not saving up for a home or their retirement.

Taylor says that retirement benefits employers offer are most relevant to employees who are financially well off and have the ability to save for the future.

“Financial health and wellness, 401(k)s and many other benefits are unleveraged by those who are not in a position of financial health and wellness, and employers are awakening to the fact that the benefits they give their staff today is actually fairly biased.”

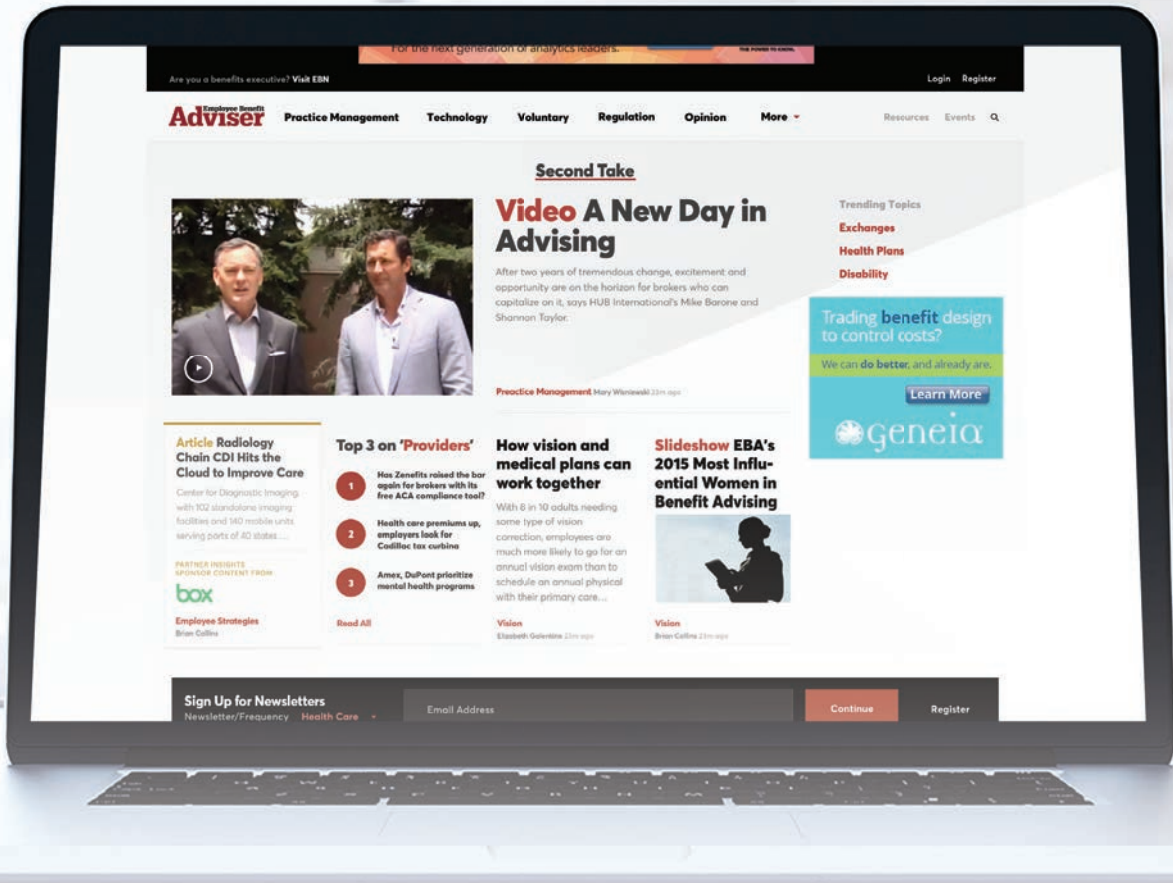
Thompson estimates that 4% to 5% of U.S. employers offer debt matching services to their employees, and adds that he expects this number to grow in 2018. Some employers have plans to offer this benefit either starting July 1, 2018 or Jan. 1, 2019.

“We’re starting to hear that employers are implementing this long-term benefit, thanks to tax cuts,” he says. **EBA**





# Employee Benefit Adviser Delivers **More**



**Employee Benefit  
Adviser**

**More** News & Analysis.

**More** Data.

**More** Voices.

**More** Perspective.

**More** of what matters to you.

**Explore the digital information service  
for benefits decision makers.**

**EmployeeBenefitAdviser.com**

## Prep for a profitable sale

A key factor that makes for a strong agency valuation is a demonstrated history of growth.

BY ELIZABETH GALENTINE

The benefit advising industry had a record-setting year of agency mergers and acquisitions in 2017, as independent data from consulting firm OPTIS Partners show benefit brokerages accounted for 174 transactions — a nearly 90% increase from 2016.

But, what makes for a strong brokerage valuation and a successful sale at the onset?

It starts with a record of stable recent growth, say several industry consultants with decades of sales experience. That record is buoyed by seller motivation, revenue diversification and a business model that looks beyond the traditional sales approach.

The first thing a prospective buyer is going to look for is a history of proven, strong growth and a positive outlook for the future.

Noting that the market fluctuates in often uncontrollable ways, a general rule of thumb is to monitor new business a percentage of

prior year commissions and fees, says Tommy McDonald, vice president at leading M&A consultancy MarshBerry.

McDonald recommends targeting 20% new business as a percentage of prior year growth, but adds that 10%-15% is closer to the typical brokerage's output.

"If you can produce 10% organic growth regardless of the market cycle, the economic impact or the retention impact on your business, that's a good metric to aspire toward," says McDonald.

As a marker for valuation, a brokerage should establish the company's adjusted free cash flow by analyzing the profit and loss statements of the past three years, says Jack Kwicien, an agency consultant who has facilitated dozens of sales through his company, Daymark Advisors.

Ideally, he says, this process would include quarterly or even monthly P&L state-

ments, "to understand the seasonality of revenue and expenses."

Most valuations would include the owner's compensation and remove any "preference items," such as cars, residencies, house-keeper expenses and college tuition that often get run through the business, Kwicien says.

Any type of expense that the company buyer would not continue gets added back into the adjusted free cash flow of the company. For example, if a brokerage spent \$100,000 on a new CRM product, about \$90,000 would be added back, as that CRM's yearly maintenance should only be about \$10,000 going forward.

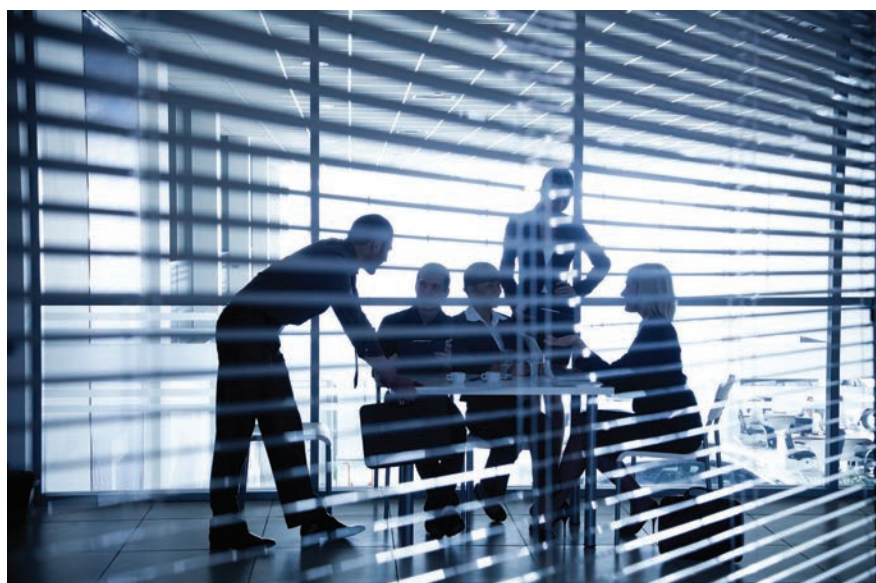
Ideally, Kwicien says, buyers are looking to acquire a business with at least a 10% compounded annual growth rate in terms of topline revenue as well as a 20%-30% cash flow margin. Anything north of 30% would put the seller at the high end of the range of valuations. In today's market, he says, that would be anywhere from five and a half to seven times adjusted free cash flow.

### Motivation

However, regardless of how a book of business looks on paper, a buyer would be remiss to discount the qualitative factors that come with an acquisition. And that starts with the seller's motivation for offloading their company.

There's a lot of psychology that goes into a sale, says consultant Wendy Keneipp of Q4intelligence, including the owner's leadership style and how they'll behave during an earn-out period. For example, are they burned out and not driven to maintain the business, or are they excited and motivated?

"If you're going to count on the owners to be in there and run the agency for the next two or three years, that's where I would



really focus a lot of attention,” says Keneipp. “What is their ability to move that agency forward, rather than just let it sit and stagnate?”

If the business is stagnating, it might indicate a distress sale due to something like a health setback for the seller, adds Kwicien. Most buyers will be looking for the agency owner to stay on at least one to three years to facilitate an orderly transition and keep clients, he says.

Therefore, Kwicien says, due diligence would include a strategy session with the seller about their motivations: Why are they selling? How long do they plan to stay around post-transaction? Do they have family members who want to stay in the business? Do they have health issues? How old are they?

“The emotional sides of things in the transaction are equally as important as the financial considerations,” Kwicien says, adding that they are the precursors that drive the construct of the terms of the sale agreement.

Alera Group, a national benefit and P&C brokerage that formed in December 2016 when 24 independent companies united, is looking to acquire as many as 40 additional companies. More than half a dozen joined in 2017. CEO Alan Levitz says the first thing he looks for in a potential acquisition is a cultural fit. “We spent nearly two years planning and defining our culture, and are protective of what we have built,” says Levitz. “Our culture is an intentional and significant component of the success we experienced as we brought the original 24 firms together. We are looking for new partners that want to collaborate with our existing partners to continually improve the client experience across the entire organization.”

## A less volatile book

Beyond a lack of personal motivation in the owner or a cultural misalignment, another risk for the buyer would be acquiring a brokerage with too many eggs in one or two baskets. Having a couple of clients make up a large percentage of revenue, around 5%-12%, is a big risk, says MarshBerry's McDonald.

Daymark's Kwicien agrees, citing a recent transaction where a client had 67% of its total revenue coming from only five companies. The deal still went through, he says, but it affected the value of the business.

“If you're on the buyer side of that equation, you're concerned about the concentra-

tion of business in a handful of clients and the potential for loss,” says Kwicien.

Moving away from a lot of individual and small business accounts and toward up-market companies would also indicate a less volatile book of business, says Q4intelligence's Keneipp, as it tends to be more difficult for larger companies to switch benefit brokers, creating more stability for the existing broker of record.

Another key indicator of stability is diversification of age in a benefit advisory's staff. In this people-driven business, buying a company with a lot of employees looking to retire in the next five or even 10 years will

look at how much control the agency has over its revenue stream. For example, Keneipp says, are they still completely dependent on dwindling carrier commissions and bonuses, or have they moved into a more fee-based compensation model structured around consulting?

Brokerages need a well-defined approach to pricing additional services such as HR consulting, data analytics consulting, compliance services and technology implementation, so that they're not just doing it as part of their traditional brokerage fee, McDonald adds.

This changing business model means

**If you can produce 10% organic growth regardless of the market cycle, the economic impact or the retention impact on your business, that's a good metric to aspire toward. ... In this business today, having expertise and focus on data analytics, population health management, compliance and HRIS technology is very important.**

impact the valuation, says McDonald.

“That's obviously an impact in value relative to one that has a firm that's built a bench of people that can support it into perpetuity,” he says.

While Keneipp says this industry doesn't tend to have a lot of bloat in internal staff makeup, it doesn't hurt to take a look at staff compensation and structure to improve cash flow, says McDonald. Also, he adds, producer contracts should be clear as to who owns their individual books of business: the company or the producer themselves?

In addition to producer and key employee agreements, other essential documents that should be reviewed with the assistance of a lawyer include: financial reports (with an emphasis on loans and debts), all insurance carrier contracts, compensation and bonus arrangements, other vendor contracts for things such as software, and the operating agreement for the business (is it an LLC, C Corp, Subchapter S Corp, etc.), says Kwicien.

## Beyond traditional sales

With an eye toward the future and how valuations may change over time, buyers should

the quality of non-sales talent is also increasingly important, says McDonald. “In this business today, having expertise and focus on data analytics, population health management, compliance and HRIS technology is very important,” he says.

Owning propriety technology is a benefit as well, says Kwicien. As is a team with demonstrated thought leadership that enables brokerages to generate new business revenue through non-traditional sources, such as seminar selling, adds McDonald.

While Kwicien, Keneipp and McDonald all agree that agency owners should always run their businesses as if it's already for sale, getting them to the point of true sell-ability typically takes from about 30 to 90 days.

But, Kwicien cautions, the end transaction is never about price, but rather the final terms of the agreement. For example, a \$10 million valuation with \$4 million in cash at closing and a five-year earn out issuing \$1.2 million per year contingent on business performance is not as good for the seller as \$6 million in cash at closing and \$1 million per year for four years that is not contingent on business performance. The former, he notes, would put 60% of the risk on the seller. **EB**



# TECHNOLOGY

## Costs no longer a top driver

In choosing a ben admin platform, HR execs are more interested in empowering decisions.

BY BRUCE SHUTAN

Cost isn't the primary driver for assessing strategic health and welfare benefits administration and HR technology platforms, suggests a recent survey of 91 senior HR and benefits executives from primarily Fortune 1000-ranked companies. In fact, it plummeted to just 23.9% of respondents this year from as many as 64.4% last year.

The survey conducted by brokerage Pacific Resources, which provides employers with an independent assessment of technology options, noted the importance of a more holistic approach. Leading the charge were administrative ease at 61.4%, which was up from 38% in 2016, and empowering employees to make informed benefits decisions at 51.5%, which was up from 24.4% in 2016.

What the findings suggests to Chris Judd, EVP of Pacific Resources, is that employers "want employees to understand their bene-

fits better, and for the first time, they're feeling like there are tools and platforms available that can deliver that experience."

He noted a growing emphasis on self-service tools to select the right benefits. Employees are starting to see the value in everything from sophisticated avatars and the cloud-based design to more complicated algorithms, according to Judd. And by integrating a technology platform with data warehousing, he says it creates "the best possible tools to make an educated decision" about the benefits package.

Among the top outcomes the survey respondents have found with ben admin platforms are best-in-class employee user experience (49%) and the ability to integrate benefits technology with HR functions (37%).

In addition, 88.8% felt that guided decision support, cost calculators and plan comparison tools were at least somewhat effective,

while 83.2% indicated that communication, employee education and engagement are integral to overall benefits delivery.

### Rapid changes

A key takeaway for benefit brokers and advisers is to understand the technology that's available in the marketplace and how rapidly it's changing, Judd observes.

The research findings show that many employers are eager to make a move. For example, fewer than half of survey respondents said they were likely to remain with their current benefit platform vendor.

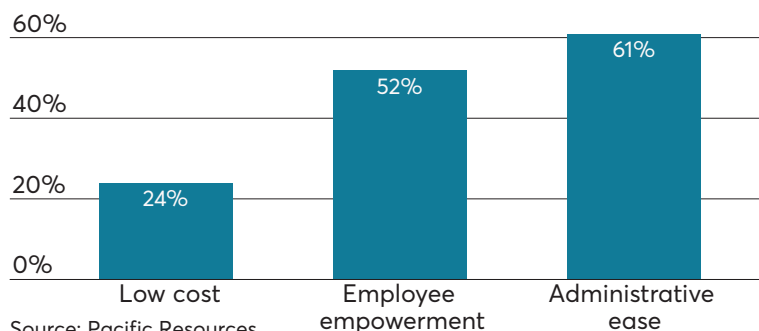
There's also "a real opportunity to educate employers on what might be available," he says, noting that only about 40% of the respondents said they had a thorough understanding of exchanges.

Employers increasingly are turning to experts, the survey also shows. For example, outsourcing of employee eligibility and enrollment processes last year soared to 58% from 36% in 2016. They're also being more discerning about with whom they strike partnerships. Although employers indicate a confidence and reliance upon technology to deliver benefits, there's a reluctance to make long-term commitments. Consider, for instance, that 45.5% say they are likely to remain with their current ben admin platform vendor, while 29.5% are unsure and 25% are likely to bid out those services.

Moving forward, Judd believes "it's going to be increasingly difficult to be a benefits broker or consultant and not have an understanding of the technology aspect. They're becoming so intertwined that you have to know the technology well to understand which benefits you can and can't put on a platform and what the limitations might be." **EBA**

### Tech features

HR and benefit executives look for these options in their ben admin platform.



## Using AI to personalize benefits

Companies such as Aon utilize analytical technology to help participants find the plan that's right for them.

BY CORT OLSEN

**E**mployers are seeking more precision in employee benefit options. This requires brokers to be more in tune with the data and analytics behind every health plan and voluntary benefit offered to clients.

Business owners want to combine the traditional elements of benefit planning, such as staying within budget, with what employees deem to be important.

Unfortunately, companies are often at a universal data disadvantage with their benefit plans, says Bob Gearhart Jr., partner at DCW Group and co-author of *Breaking Through the Status Quo*. They typically make very expensive insurance decisions with limited data. "Reducing the overall premium by a few percentage points is far less important than making sure those dollars are being spent effectively by your partners," Gearhart says.

Aon is one brokerage working to change that. Tim Nimmer, global chief actuary, says the firm's databases, ability to utilize machine learning and artificial intelligence all provide real-time data on benefit trends. Through a combination of data submitted by brokers to Aon and third party surveys where employers explain the thought process behind their benefit offerings, Nimmer says he is able collect data on the offerings advisers are recommending to their clients as well as determine the reasons why an employee is choosing one plan over another.

Beyond revealing how many employees are enrolling in a healthcare plan, Aon's analytics determine why an employee chooses a high-deductible health plan over a standard PPO, where employees are seeking care and how often they are going to a healthcare provider.

"Many of our clients are trying to be more sophisticated and intelligent when they make their benefit offerings," Nimmer

says. "Are they throwing bad money into a good pot by giving [employees] something that they don't appreciate as much, or can the employer take those same dollars, find benefits that employees appreciate more and have a bigger impact on their staff?"

### Carrier role

DCW Group's Gearhart says an employer should always demand more data. If a carrier partner is unwilling to disclose the level of information that the employer deems acceptable, it's time to find a new partner. "Insurance carriers, brokers and wellness providers must earn their revenue by reducing the business owner's expense and not simply going through the motions," Gearhart says.

One platform that is utilizing data to interpret employee reasoning behind plan enrollment is UnitedHealthcare's Health Plan Manager. Craig Hankins, vice president of digital products, says the program combines all of the information on a particular employer's employee population to determine the demographics within the company and how their staff is organized based on health plan enrollment. "[It] also combines claims analytics into its data consumption," Hankins says. "We can look at medical claims, behavioral claims and even pharmacy claims as well."

Hankins adds that the platform can also identify clinical information from employees, such as health risk assessments, and where employees are most commonly seeking treatment, either from a hospital or a private physician.

"Employers are looking at their health plans from the lens of what is driving health cost and what can they do to bring costs down," Hankins says. "If there are opportunities to improve tactics and address emerging issues, that can lead to informed conversations between our account teams,

the clients and involved brokers to discuss what is seen in the data."

Once Health Plan Manager identifies the variables effecting healthcare spend, Hankins says the program can then drill down to the overall clinical trend drivers to determine if healthcare patterns within the company expand out into multiple locations or if the trend can be narrowed down to a single location or a group of employees.

"Even if it is a matter of doing an email campaign to a set of employees because there is a trend of employees going to free-standing ERs, for example," he says. "We can identify these opportunities and rapidly act on them to see if it can impact cost."

### Consumers also bought...

Derek Rine, vice president and benefits practice leader at David Rine Insurance, estimates that 95% of employees at an average company approach their healthcare differently from the informed way they price shop for cars or groceries. "They need some guidance and education on how to become smarter consumers of healthcare in areas that are well within their control," he says.

Aon's ability to gather data on the individual level is similar to the way Amazon identifies shopping patterns. Nimmer says when an employee enrolls in a particular plan the demographic of that employee is stored and their benefit choices are then submitted as options to other employees with similar demographics.

"It is a form of profiling based on certain data elements we already know about an individual, such as basic information from human resources," Nimmer says. "When you start to combine these data sets together I wouldn't be able to identify an exact individual, because that would violate privacy laws, but when an employee inputs self-identifiers, that AI or machine learning will store that information." **EBA**

# BE ADVISED

## Unexpected partners

Don't be afraid to look past typical health brokers to make client introductions.

BY ERIC SILVERMAN

**W**orking late one evening, my office cleaning guy, Jeff, popped in to tidy up. I never see him since he does my space last. I struck up a conversation with him about how his business operates and found out that he works alone and has been cleaning all of the offices in my building and the building next door for more than a decade.

Jeff said that cleaning nearly every office within two buildings — his only source of income — kept him very busy. He mentioned he knew every one of his client business owners and many of their staff.

I thought, if the owners trust him enough to go into each office with expensive equipment everywhere, perhaps they'd trust him with a simple introduction.

I pitched Jeff on the idea of what I do with enhanced benefits, the incredible value they

serve for employers and employees alike, and how they don't cost an employer anything. I shared with Jeff how the most challenging part of my job is simply getting employers to see me as someone other than some cold-calling salesperson off the street.

I explained that I could pay him considerably well for a simple introduction. I made it clear that his introduction would greatly shorten my sales cycle, as he'd be eliminating virtually all of my prospecting.

Flash forward three months: Jeff introduced me to 19 businesses in two buildings. We were able to meet 17 by randomly stopping in, and of those 17, we were able to secure appointments with 14 of them — nine on the spot. Of the 14 we met with, we were able to secure 12 new accounts and only had one given us a firm "no." We still have more to follow up with.

Those 14 new group accounts had more

than 450 combined lives. While my enrollment team went to work on our new cases, Jeff continued his day job, and over the next month or so, we wrote nearly \$300,000 in new business which resulted in more than \$40,000 in first year commissions directly to Jeff, not including renewals. I found out that Jeff's annual cleaning business income was just over \$35,000.

### Did you catch what happened?

One, Jeff turned out to be a terrific "broker partner" and he never considered himself a broker at all. He's a great cleaning guy with a very loyal and trusting client base who was smart enough to know that his existing "relationship capital" was enough to dramatically increase his annual income.

Two, I didn't need a text book "health broker" to make the introduction — all it took was someone the business owners in the building already knew, liked and trusted.

Are you a status quo health broker who turns a blind eye, daily, to how your clients are meeting enhanced benefits professionals, whether it be a cold-calling carrier rep or a warmly introduced carrier agnostic boutique like myself? I urge you to open your eyes wide, and break out of the health broker status quo that allowed Jeff to so easily walk me in with zero prior benefits experience. I realize my story may be a bit unique, but if my cleaning guy can disrupt the status quo, then who else has relationships with your clients who could do the same thing?

Was Jeff my knight in shining yellow gloves or was I Jeff's knight in a shining suit? Expand beyond traditional broker relationships and start maximizing the relationship capital that already exists right beneath your very nose. **EBA**







# FOLLOW THE LEADER

## STAY CONNECTED. STAY ENGAGED.

From short gems of wit and insight to valuable observations, our Twitter feed provides a real-time connection to an influential community of benefits decision makers.



JOIN THE CONVERSATION @EBAMAGAZINE

# NEWSMAKERS

## Industry leaders

Mercer is No.1 on EBA-miEdge list of large-group advisers for the fourth straight year.

BY BRUCE SHUTAN

**L**arge national firms and independent practitioners alike are finding strength in numbers amid deepening industry consolidation, suggests the fourth annual ranking of 50 largest employee benefit brokers by *Employee Benefit Adviser*.

The list is produced in partnership with business intelligence data analytics firm miEdge.

These firms serviced and administered 68% of the marketplace last year, up from about 60% in 2010, reports Mark Smith, founder and CEO of miEdge, whose data is based exclusively on health and welfare revenue involving large-group employers with 100 or more employees.

"Premium volume has increased dramatically in that period of time, but so have commissions and fees," he says, predicting more consolidation on the way.

Indeed, there was a 90% increase in employee benefit firm acquisitions in 2017 over the previous year, Optis Partners found.

With data gathered through the Department of Labor's Form 5500 process, Smith says miEdge's data is "the only marketplace ranking that's truly independent."

Mercer Health and Benefits was No. 1 for the fourth straight time with 12.46% annual revenue growth to more than \$255 million in 2017 from \$227 million in 2016. Rounding out the most recent top five spots were Willis Towers Watson, USI Insurance Services, Arthur J. Gallagher & Co. and Aon Consulting.

"What makes Mercer particularly impressive is that they have maintained their market-leading position, but they haven't been anywhere near as acquisitive as some of their smaller competitors," Smith says.

He also cites Lockton and OneDigital,

which came in at No. 7 and 13, respectively, for choosing a similar approach that favors hiring new producers, retaining clients and chasing new business over acquisitions.

However, with large players squeezing smaller brokers, Smith has seen an acceleration of acquisitions and partnerships.

One such example involves Alera Group, an amalgamation of smaller boutique firms that didn't exist a year ago and debuted at No. 17 in 2017 with \$37 million in revenue.

Another notable development was USI landing at No. 3 after acquiring Wells Fargo Insurance Services USA, which Smith says had been declining dramatically in recent years. USI posted a 73.80% revenue growth, moving up four spots from the previous ranking. In addition, he says NFP claimed the No. 10 spot with the help of both acquisitions and organic growth.

A closer look at some of the year's biggest success stories reveals deeper insight into what makes some of the nation's top benefit brokerages tick:

### Flexing Mercer muscle

Todd Renner, U.S. health and benefits enterprise and midmarket leader for Mercer, attributes his firm's consistent ranking atop the list to a strong midmarket penetration involving groups of 100 to 5,000 employees.

"What makes us successful is our ability to translate the successes that we're seeing in the jumbo market and bring that to the midmarket," he says.

Driving forces include a down-market flow of intellectual capital and practical innovation, as well as the technology and consumerism embedded in Mercer Marketplace, the brokerage's private health exchange solution.

Renner also references strong local

teams with a keen understanding of their regional healthcare market with support from national and global resources, a deep bench of more than 50 experts in the life, accident and disability areas, and 28 compliance officers.

A final piece of the puzzle involves flexing what's known internally as Mercer muscle.

"Because of our size," he explains, "we have a lot of leverage with carriers, create purchasing collectives, bring volume and scale down to the middle market and improve the price point."

The brokerage's comprehensive toolbox includes a stop-loss center of excellence and stop-loss coalition to help manage high-dollar claimants.

It also offers group purchasing options in the pharmacy area to help drive greater discounts and technologies that produce high-quality, low-cost employee benefit communication material for midmarket clients.

### OneDigital's partnership

Like Mercer, OneDigital also earned a significant amount of middle-market business. Mike Sullivan, the company's chief growth officer, credits a strategic partnership with Zenefits involving an HR and benefits technology solution.

It was an organic move considering OneDigital started as an outsourcer that partnered with others and acknowledgement of the challenges associated with brokers taking a one-stop shop approach. A strong belief in partnerships is part of the brokerage's DNA, he explains.

The Zenefits pairing has produced newer, more user-friendly tech platforms involving significant investments to the staffing and deployment of technology downstream, according to Sullivan.

## Top 50 large-group brokerages in the U.S.

- |  |  |
|--|--|
| 1) Mercer                                | 26) Hylant                                 |
| 2) Willis Towers Watson                  | 27) Assurance Agency                       |
| 3) USI Insurance Services                | 28) ABD Insurance & Financial Services     |
| 4) Arthur J. Gallagher & Co.             | 29) Leavitt Group                          |
| 5) Aon                                   | 30) LSG Insurance Partners                 |
| 6) Marsh & McLennan Agency               | 31) True3 Benefits                         |
| 7) Lockton Companies                     | 32) Risk Strategies Co.                    |
| 8) HUB International                     | 33) KELLY                                  |
| 9) Alliant Insurance Services            | 34) Filice Insurance                       |
| 10) NFP                                  | 35) Regions Insurance                      |
| 11) Brown & Brown Insurance              | 36) Higginbotham Insurance                 |
| 12) BB&T                                 | 37) Burnham Benefits                       |
| 13) OneDigital                           | 38) Oswald Companies                       |
| 14) EPIC Insurance Brokers & Consultants | 39) BenefitMall                            |
| 15) Assured Partners                     | 40) Capital Benefit Services               |
| 16) Hays Group                           | 41) Bolton & Co.                           |
| 17) Alera Group                          | 42) Northwestern Benefit Corp. of Georgia  |
| 18) Sequoia                              | 43) AmWINS Group                           |
| 19) Acrisure                             | 44) Marsh USA                              |
| 20) CBIZ Benefits & Insurance Services   | 45) Integro Insurance Brokers              |
| 21) Holmes Murphy & Associates           | 46) IMA                                    |
| 22) Corporate Synergies Group            | 47) Cottingham & Butler Insurance Services |
| 23) Woodruff-Sawyer & Co.                | 48) Hodges-Mace                            |
| 24) Conduent HR Consulting Inc.          | 49) McGohan Brabender                      |
| 25) Associated Financial Group           | 50) M3 Insurance Solutions                 |

As part of that effort, OneDigital is aligning teams to handle various silos from sales to technology deployment to benefits consulting.

OneDigital invests in a broad spectrum of specific solutions aimed at this segment, acquiring a pharmacy consulting practice that's supported by an analytics team, actuaries and underwriters.

Sullivan believes it's easier to move up market, which OneDigital has done, rather than down market like some of the industry's largest firms and involves more authenticity for clients. "We're trying to build a different kind of employee benefits company with fresh thinking," he says. "Our middle-market business is the majority of our revenue today, and it really is a significant part of our focus going forward."

### Alera Group sums up its parts

A year ago at this time, 24 independent agencies with like-minded cultures formed Alera Group, which is poised to announce more M&As in the next month or two.

They were united in a desire to see the sum of their parts grow beyond boutique practices in employee benefits, property/casualty, risk management and wealth management. The goal was to build on specialty services and skill sets within each agency and scale it in a collaborative organization.

"If truly you want to elevate your ability to deliver service, performance, grow and have capital to reinvest, it's difficult to do by remaining independent," says John Clark, the company's employee benefits practice leader who used to be with Assurex Global.

He stresses the importance of having a diverse revenue model to sustain organic growth driven by cross selling of retirement plans, life insurance, property and casualty, loss control, work comp, employee benefits, captive insurance, etc.

The sharing of best practices is a totally open and transparent process, Clark adds, which generates excitement among the firm's managing partners and yielding positive results.

One such example is the development of a self-funded product with bundled solutions called lead2health whose backbone is a care coordination model. He describes it as "health advocacy on steroids."

Not only does it help bend the health-care curve, Clark explains, but also produces high patient satisfaction scores. **EBA**



# OPEN ENROLLMENT READINESS BENCHMARK

Sponsored by:



DECEMBER 2017

## Low readiness scores signal need for better open enrollment planning

Advisers should present clients with a 12-month map so employers can better prepare for sign-up periods.

**T**he December composite Open Enrollment Readiness Benchmark score came in at a startlingly low 38 for employers with first-quarter benefit start dates. Granted, by the time the last month of the year rolled around, many organizations had concluded their benefit sign-up preparations and conducted enrollment. However, marks were low throughout 2017, with October's 59 being the highest monthly number reached.

The low scores are a clear indication to

benefit advisers that their clients, regardless of size or industry, find open enrollment preparation a persistent challenge.

For advisers, this presents an opportunity to work more closely with employers to ease their open enrollment burden. The best strategy, according to numerous benefits industry experts, is to break down the process into small sets of related activities to be carried out monthly. These would include steps like designing a benefit plan, selecting health insurance and retirement

products, and reviewing compliance and eligibility issues.

Developing such a month-by-month plan, says Nelson Griswold, founder and president of Bottom Line Solutions, a consultancy that helps benefit advisers, allows a company to better engage employees and to realize the full value of its investment in employee benefits. It also gives the adviser greater access and more influence at all levels of the organization. ■

### EMPLOYERS STARTING BENEFITS IN Q1 2018

#### Overall Readiness (as of December 2017)

**38**

PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	61	<div><div></div></div>	<b>55</b>
	Selecting health plans	53	<div><div></div></div>	
	Selecting voluntary plans	49	<div><div></div></div>	
	Selecting pharmacy plans	53	<div><div></div></div>	
	Selecting retirement plans	66	<div><div></div></div>	
	Selecting wellness plans	47	<div><div></div></div>	
Phase 2 Open Enrollment Preparation	Enrollment timing	48	<div><div></div></div>	<b>31</b>
	Planning/designing employee communications	24	<div><div></div></div>	
	Reviewing compliance/eligibility issues	26	<div><div></div></div>	
	Setting goals	28	<div><div></div></div>	
	Documenting processes/procedures	27	<div><div></div></div>	
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	35	<div><div></div></div>	<b>29</b>
	Enrolling employees	27	<div><div></div></div>	
	Answering employee questions	30	<div><div></div></div>	
	Documenting worker feedback	28	<div><div></div></div>	
	Measuring enrollment engagement metrics	27	<div><div></div></div>	
	Boosting enrollment engagements	29	<div><div></div></div>	
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	36	<div><div></div></div>	<b>37</b>
	Reviewing worker feedback	36	<div><div></div></div>	
	Soliciting additional feedback	30	<div><div></div></div>	
	Reviewing plan design	43	<div><div></div></div>	
	Reviewing communications strategy	40	<div><div></div></div>	
	Tracking benefit usage	38	<div><div></div></div>	
	Reviewing enrollment engagement analytics	35	<div><div></div></div>	
	Reviewing/improving the process	37	<div><div></div></div>	
	Planning year-round employee engagement	38	<div><div></div></div>	

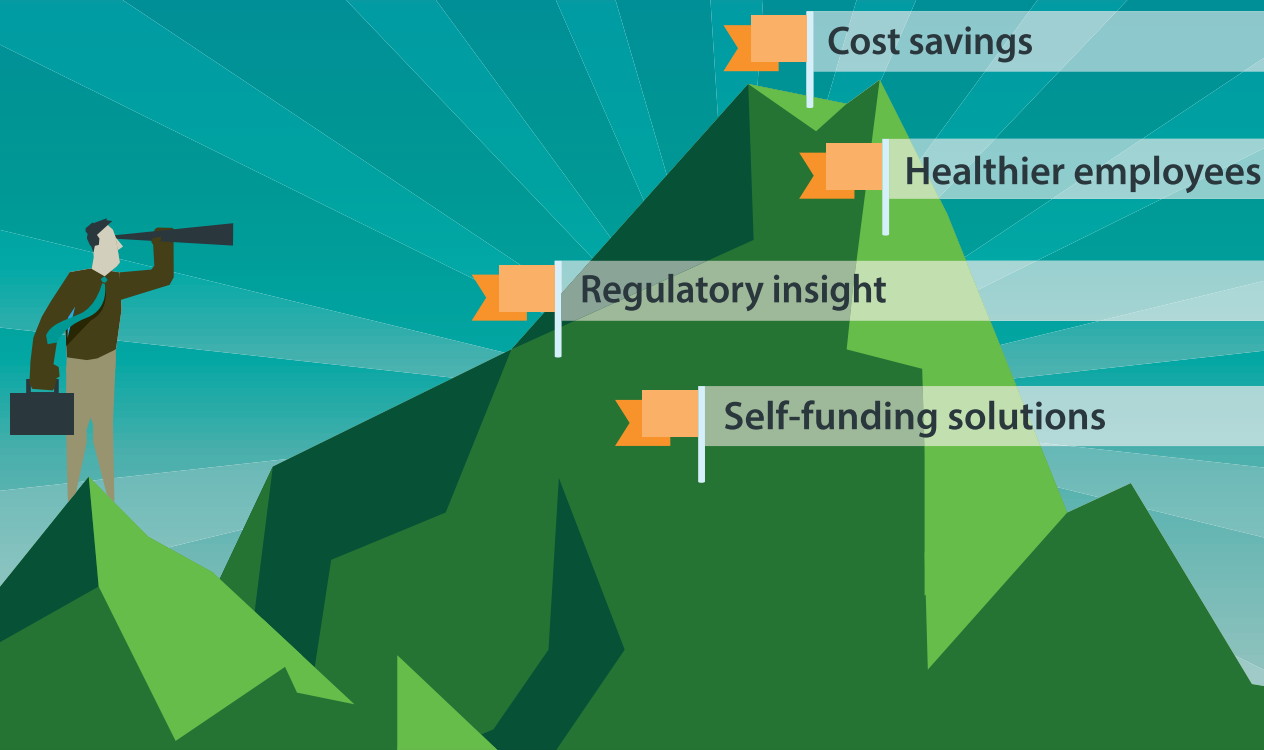
\*Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, December 2017

#### ABOUT THE OPEN ENROLLMENT READINESS BENCHMARK

The Open Enrollment Readiness Benchmark is a composite score (out of 100) of employer readiness for open enrollment activities across the four critical stages of the open enrollment process: benefit plan design, preparation, process management, and program analysis and updates. The OERB is based on SourceMedia Research's quantitative survey of more than 400 pre-screened HR and benefit executives and decision makers representing employers with greater than 50 employees from various industry sectors. For more details on the OERB, go to <http://www.employeebenefitadviser.com/>.

# CHANGE = opportunity

*In the fast-changing world of **health benefits**, your business can **adapt and thrive**.*



## Look to UMR for:

- » Exclusive savings from the largest national network - UnitedHealthcare
- » 24/7 access to your employers' plan data
- » Plan mirroring with our preferred stop loss partners
- » Proven employee engagement strategies

Find out more today. Visit [umr.com](http://umr.com) or contact Mike Benson at [mike.benson@umr.com](mailto:mike.benson@umr.com) or 715-841-6112.



A UnitedHealthcare Company

**WE MAKE A WORLD  
OF DIFFERENCE  
FOR THOSE WHO DO  
A WORLD OF GOOD.**



**BUILT TO PERFORM.**

**CREATED TO SERVE.**



We offer your employees personalized financial advice, no matter the size of their accounts. And we give back profits, sharing \$10 billion with plan participants over the past 3 years. **Learn more at [TIAA.org/GivingBack](https://TIAA.org/GivingBack)**



Amount paid is as of 12/31/16. Certain products and services are only available to eligible individuals. Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value. Fixed annuity products are issued by Teachers Insurance and Annuity Association of America (TIAA).  
©2017 Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, NY 10017. 317519