

Selecting a Good Insurance Broker



It is critical to review your broker relationship on a regular basis to make sure you are getting the results you and your business need. If you are in a situation where those results are falling short, consider embarking on a formal RFP process that includes the following criteria:

- **Strategic Planning.** What type of strategic planning/goal setting will the broker provide? Ideally, your broker will understand your organization's benefits history, challenges, and goals. The broker can also help you develop a benefits philosophy if you don't already have one. This can include what benefits you offer and how they compare to the marketplace with respect to plan design and cost sharing. If there is a gap between where you are today and where you want to be, your broker can help you plan how to get to the benefits structure and design you are seeking, as well as how you can market the plan to your employee population, especially if it involves significant changes.
- **Negotiating Power.** It is important to understand what insurance networks and third party administrators (TPAs) the broker uses for the bulk of its clients. They will have better negotiating power with those groups. However, you must also consider how those networks line up with your organization's needs and previous experiences.
- **Decision Support.** Data about how your employees use your plan (such as comparing the frequency of office, urgent care, and emergency room visits) can drive informed decisions about plan design changes. Most insurance carriers and TPAs provide you with information about how your experience compares to their population, but your broker may be able to provide additional data and/or tools to assist you with these decisions.
- **Communication Support.** The benefits you provide to your team represent a key recruiting and retention tool for your business. They also represent a significant financial commitment to your employees. Still, many employers struggle with communicating the value of benefits to their team throughout the year. Understand how your broker can support your communication needs and internal marketing goals to ensure employees understand and appreciate the value of their benefits.



Benefit Costs

It's no surprise to business owners and HR professionals that the health benefits landscape is filled with challenges. Health care costs increase annually and employees feel the pinch of increased premiums and cost sharing. In light of this environment, the results your insurance broker delivers are more important than ever. This relationship helps you manage one of the most expensive line items in your organization's budget—your benefits costs.

- **Administrative Support for HR and Employees.** Consider the scope and scale of your HR team and assess what level of administrative support you will need from your broker. How will the broker assist you in benefits administration? Will the broker help you in defining and interpreting plan documents? For your employees, what type of front-line support will the broker provide on issues such as claims processing, open enrollment meetings, wellness programming, and benefits satisfaction surveys?
- **Compliance Support.** What does health care reform and other legislation mean for your business? Your broker can be a key resource for you in understanding what is required, when it needs to be implemented, and what the cost implications will be.
- **Fee Structure.** The broker industry is typically compensated in two ways: using a fee agreement with their clients and with commissions from the insurance companies/TPAs with whom they book business. It's important to understand their total compensation on your organization, so that you can evaluate the true value of the service they provide. Some firms charge a flat annual fee for their services. But more often you will see a per-employee, per-year fee structure, which may include additional charges for other services.


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