

IN THE NEWS

They're not the brokers of yesteryear: In today's economic climate, benefits brokers must play multiple roles as they help clients wrestle with soaring healthcare costs. The 2008 Power Brokers feature provides insight into what some successful brokers are doing to maximize their clients' benefit situations

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Power Aides

By Tom Starner

Remember the good old days, when employee benefits brokers had it relatively easy?

For the most part, their challenge was to root out an inexpensive group disability policy, get the best price for healthcare coverage, or pick out a top pension and/or 401(k) provider.

Well, the good old days are good and gone. Today, the broker's role is one part shopper (for the best, most cost-effective benefit products and plans), and equal part consultant, not only finding the best coverage, but also helping clients overcome major benefit challenges and helping them create a benefit program that jibes with the company culture and business strategy. Of course, top-ranked among those challenges is the need to balance cost, coverage, competition and employee retention – no easy job.

In fact, it has probably never been a tougher environment for employee-benefits brokers. Healthcare is the obvious 800-lb. gorilla, with continuing double-digit cost increases, ever-rising healthcare premiums, the specter of increased federal government intervention, and the day-to-day competitive demands on employers and employees.

Sharon Alt, a benefits consultant who specializes in healthcare and a 20-year employee benefits industry veteran, has seen the benefit broker role go from pretty simple to extremely complex and challenging.

"Twenty years ago, a broker walked into the client's office and said, 'How are things going? Sign here, and see you next year,' " says Alt, president of Alt Benefit Consultants Inc., in Fort Worth, Texas, and host of a nationally syndicated internet radio show, *The Benefits Buzz: Inside Health Insurance in America*. "There was not a lot of consulting going on. It was mostly 'Let's look at plans and compare the premiums.' It was all about the best deal based on the best price.

"Today, apart from finding the best products at the best price, the broker's job also is to educate and inform," she says. "The broker has become more of a coach, in fact, helping the employer decide what plan works best for their particular situation."

To do that requires knowledge of many critical areas, including everything from how to implement a wellness program to understanding tax-code issues that are related to consumer-driven health plans. Communications skills – the ability to give employers and their workers the best possible information about their benefit programs – are also an important facet for successful benefits brokers.

"Today, the successful broker has to step up, and most of all, be honest about the situation," says Alt, who places 100 percent of her business through benefits brokers. "It's not the easy way to go, for sure. The successful broker is not the popular guy in the room, until the results come in."

Alt adds that today, brokers who are unwilling to change, to break away from the "sign here and see you next year" mentality, are doomed to fail. "Brokers unwilling to change will lose their clients," she says. "To change, brokers need to understand all the possible options and issues."

For example, she says, brokers must comprehend and follow the changes in the market. The successful broker needs to understand the ramifications of now not just the carrier products and services, but also the legislation around benefits.

David Neikrug, chief executive officer at Optimum Group, a New York-based consulting firm that helps employers manage their health plan costs, believes that today's benefits brokers also must also know their limitations.

"As brokers have helped employers control costs through cost-shifting, and that strategy has been maxed out, brokers often get into areas beyond their expertise," he says. "As a result, they need to be able to have the self-confidence to understand they are there to facilitate the process, to broker a transaction, but they can't know everything."

That means having a good understanding of what they are hired to do, so if they want to truly add value, they must be prepared to solicit advice outside their sphere of knowledge.

"Successful brokers understand what their skill sets are, and that may mean bringing in a third party to help them help their client," Neikrug says. "Or, maybe they need to be able to say to a client, 'You really should go get an expert on this, bring in this or that resource.'"

Whatever the combination of strategies and skills, today's leading benefits brokers are making true believers out of their clients. To find out who is making that happen, *Human Resource Executive*®, along with its sister publication *Risk & Insurance*®, created this special section, which provides a brief insight into what some successful benefit brokers are doing to maximize their clients' benefit situation.

Naturally, the "Power Brokers" profiled here weren't selected randomly for no good reason. For starters, the magazines received more than 100 applications from brokerage firms, *Fortune* 500 companies and benefits consultancies.

We then called benefits buyers to ask them to tell us why these brokers deserved to be selected.

Next, we narrowed the selection process further, based on our conversations with buyers, asking them what they thought made for the best benefits broker qualities. Ultimately, we created our list, and tell their success stories on our HREOnline Power Brokers page

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