In the last few years, the employee benefits business has been wracked by change: a serious recession buffeting the workplace; the installation of the ACA; and the relentless rise in medical costs. All have contributed to the need for serious examination of benefit plan provisions. Yet, for employers and plan participants, trying to make decisions in the face of these changes can be numbing. And brokers, whom they look to for help, are still making their own adjustments to the Affordable Care Act.

“Brokers find themselves in a bit of a challenging position,” says Bilal Kazmi, AVP, Analytics and Innovations Marketing, for Sun Life Financial. “Employers are interested in what trends are taking place in the marketplace. What will happen five years or ten years from today? And how can I plan for that now? They are looking for the broker to be consultants to them. It’s in brokers’ best interest to start to rely more and more on data analytics to be able to answer these questions,” says Kazmi.

“It’s not surprising that Sun Life puts its faith in data during this time of tumultuous change. The company has a history of conducting research to better understand the financial concerns of its potential customers. (See, for example, December 2013 issue of Rough Notes, “Critical Illness Coverage—Who needs it?”)

“About three years ago we decided to create the Advanced Analytics Group,” Kazmi explains. “It involved a conscious decision to look at data both inside and outside Sun Life in ways that are customer-centric.” One project that has spun out of that group is a tool called the Benefits Profile, which brokers can use to help guide benefit choices of employers.

After beta-testing the Benefits Profile for a year, Sun Life recently launched it on a broader basis. The tool enables an employer to look at the benefits products and limits it is considering and compare them to industry data for firms with comparable demographics.

By Thomas A. McCoy, CLU

Sun Life’s data tool helps brokers build a tailored benefits menu for employers

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“Brokers have found the data from this tool to be very insightful,” says Kazmi. “Some brokers, when we first showed this to them, the first thing they said was, ‘Can you run this report for every single case I have with my customers?’ Employers have told us that they have purchased a coverage for the first time because the Benefits Profile gave them the insight to realize that their employees had needs that were unfulfilled.

“It is presented in a dashboard format, so brokers can deliver a highly customized, versatile benefit plan designed for each employer. It helps employers fine tune what’s working, adapt to changes in their industry and region, protect their employees, and stay competitive.”

To use the Benefits Profile, the broker first obtains the census data for an employer’s workforce. The Benefits Profile analyzes this population based on age, gender and income, correlating these demographics to claims incidence rates for various medical issues. It then looks at other employers’ records—those with similar workforce demographics—to show the benefits products and features being offered by these employers and the purchasing patterns of their employees. The data displayed also facilitates year to year comparisons.

The data is obtained from Sun Life policy records, the company’s own thought leadership studies, and general industry sources such as Group MarketShare, LLC.

An employer might use the Benefits Profile to examine questions such as:

- What segment of our workforce may be purchasing life insurance limits well below the average for its demographic group in the total database?
- For long-term disability coverage, what is the average income replacement cost percentage being offered by similar employers in our industry and region?
- Based on claims data, what coverages should be offered and promoted to a workforce with a high percentage of women?
- Sun Life provides both employer-paid and employee-paid products. It offers long-term disability, short-term disability, life insurance, critical illness, accident and stop-loss medical coverage. Kazmi explains that although the company doesn’t offer medical coverage, its stop-loss data provides it with access to medical claims data.

“In this post-Affordable Care Act world, that’s exciting because you can assess how the market is changing because of the ACA.”

An employer can use the Benefits Profile not only to help design its benefits menu, but also to craft a more effective communication and enrollment strategy. With so many voluntary products being added to benefits menus, the way these products are explained at enrollment is critical, Kazmi believes.

“In research that we did a couple of years ago with some potential customers, we found that employees didn’t understand the insurance products very well. They lacked the confidence they needed to make informed benefits decisions. So, we feel that carriers that are thinking more from the perspective of the employee have the best chance of taking advantage of the growth in the voluntary market.”

For example, one segment of an employer’s workforce—those below a certain income level, for example—may need special attention because their purchasing patterns differ significantly from their peers at similar employers. An adjustment in product offerings or enrollment strategies might be in order. The Benefits Profile clearly identifies these situations, using graphs to display the data.

Kazmi believes the time is right for the introduction of the Benefits Profile tool for a couple of reasons. First, he says, “HR people are looking for guidance as a result of all the changes resulting from the Affordable Care Act. Brokers themselves are looking for guidance.” The other reason, he says, has less to do with the insurance business.

“Companies like Google, Facebook, Amazon and Apple have changed the way people interact with information. It’s at everyone’s fingertips now. They rely on it more. So they have an innate appetite for processing data.”

Sun Life plans to use its experience with the Benefits Profile to develop other data analysis tools, including some for benefits plan participants. Kazmi explains, “The tools to be designed for employees will provide decision support assistance at enrollment, including comparisons to employees who are similar to them based, perhaps, on geography, income, age, gender or level of responsibility,” Kazmi explains.

The company is also working on the development of a stop-loss analytical tool to help brokers support self-funded employers and employees that are considering becoming self-funded.

“Any time we’re launching any kind of a tool, we rely on feedback from brokers,” Kazmi emphasizes. If there’s any material they want to include, we work with them to construct it and promote it.

“I’m a data scientist and perhaps a little biased, but I would put my money on brokers that are opening their arms to data,” he says.