

What to look for in a Group Benefits Plan

AN EFFECTIVE GROUP BENEFITS PLAN COMBINES COMMUNICATION, COMMITMENT AND QUALITY SERVICE.

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Custom care

The ability to customize service is a critical factor in choosing a benefits provider.

When market analysis determined that a traditional benefits program would provide more value to members than its existing flexible plan, Lockheed Martin Canada Inc. faced a daunting challenge. The Kanata, Ontario-based high-tech company had to find a new provider that was able to provide a high level of quality service, and also deliver service that could be adapted to meet the firm's specific needs.

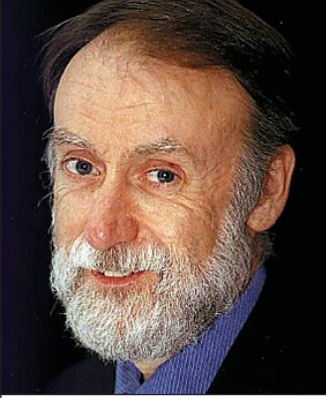
"Each company has their own unique objectives," says Jana Morin, manager, compensation and benefits at Lockheed. "Our primary goal was to align ourselves with a provider that had similar values and that emphasized services and quality for our employees. We were also interested in a provider that could ensure a high level of internal plan management."

The ability to tailor services was also important. Lockheed needed a benefits provider that could customize the plan to meet the specific needs of the company. "Whether a company is expanding or downsizing, flexibility within the benefits plan is essential," says Morin. "Manulife

took the time to analyze our demographics and our requirements. They took all aspects of our business into consideration. This level of understanding helped them to direct us in the selection of the plan design, communications and plan rollout."

Geri Loukes, manager of employee relations/services at Durham District School Board in Whitby, Ontario, is no stranger to the challenges of customization. A few years ago, the Board implemented an overhaul of its long-term disability plan. Under the original LTD policy, employees had to be totally and continuously disabled during the eligibility period, reducing their motivation to return to work. The Board needed assistance in modifying the plan to include a more effective disability management structure. "We worked with Manulife to modify the plan so that rehabilitative work would not interfere with the eligibility period," she says. "Without this change, there was no incentive for employees to try to return to work. Manulife recognized that we could

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Geoff Crickmay

DEAR PLAN SPONSOR,

On any given Saturday night, ask just about anybody, young or old, male or female, “What do you look for in a winning hockey team?” and you’re guaranteed to get at least some sort of an answer. Personally, I like to see a mix of eager youth and wily veterans. Some big brutes on the blue line help to win the battles in the corners and along the boards, and some speed up front on the wings. One or two guys (or girls) who can put the puck in the net will give the team some credibility, and last but not least, an acrobatically inclined net minder (complete with good luck charm and pre-game rituals) completes the picture. Add a catchy name, cue the local dignitary to drop the puck, and let the fun begin.

Now ask the same group of people “What do you look for in a group benefits plan?” and just count the number of blank and bewildered stares you get in return. On second thought, don’t try this at home: it’ll certainly put a damper on the evening and might even cost you some friends. (Trust me, I know.)

I suppose the fact that group benefits plans aren’t part of our collective psyche isn’t all that surprising, but at the same time this reality illustrates the need for a publication like this, our *What to Look for in a Group Benefits Plan* newsletter for plan sponsors. On these pages you’ll find the thoughts, reflections and experiences of a variety of people from a wide range of industries and backgrounds. The one thing they all have in common is that, at some point, they’ve all been responsible for making important decisions concerning their companies’ group benefits plans. Decisions that ultimately influenced the health and well-being of employees and their families—no small responsibility.

As you read, one thing becomes crystal clear: no two companies or organizations are identical so flexibility is a critical

consideration when choosing a carrier and designing a benefits plan.

Each plan sponsor, plan administrator and group of plan members has unique needs and challenges that the plan must be responsive to. For example, one company may have specific goals in the area of disability management, while another might be struggling with controlling drug costs, while still a third organization wants to make increased use of technology to bring greater efficiency and value to the plan administrator’s role. Each of these groups will approach the question of “What do you look for in a group benefits plan?” from a slightly different perspective. It’s the job of a benefits provider like Manulife Financial to address these needs, using our expertise and creativity to tailor a solution that exceeds your expectations. Accept nothing less.

I realize that group benefits plans may not inspire the kind of wild enthusiasm and intensely held opinions commonly expressed by devoted fans of the local hockey, baseball or football team; nevertheless, I can assure you that at Manulife Financial, we’re no less passionate about providing you with a group benefits plan that perfectly fits the needs of your organization. And like the true greats of the sporting world, we like to let our performance on the field speak for itself. So please read on, and have a good game.

Sincerely,

Geoff Crickmay

Senior Vice-President, Group Business
Manulife Financial

Taking the e-services path

Online capability is redefining plan administration.

Service

It's no secret that Web technology has revolutionized the way many businesses operate. Advanced online capabilities have allowed many firms to maximize efficiency, as well as enabling them to increase accuracy and improve customer service.

The group benefits industry has been one of the beneficiaries of this evolving technology. Not only do e-services enable plan sponsors to provide members with a new level of convenience and ease of use when it comes to their benefits plan, but the technology is also redefining the responsibilities of plan administration.

Take, for example, the experience of Jan Pritchard, plan administrator at Allmar Distributors Ltd., a wholesaler of hardware and building supplies in Winnipeg, Manitoba. With more than 300 employees enrolled in the company's benefits plan, Pritchard says her job responsibilities have changed dramatically since she's had access to e-services. "Before [e-services], the enrolment and claims forms were typed by hand and mailed to the benefits carrier," she says. "Now, it is all completed electronically, which gives me more time to focus on other aspects of my job and allocate my

time more effectively."

Bernice Peacock agrees. As plan administrator for Western Securities, a Calgary-based property management company, Peacock established Web services to help reduce the time required to enrol, change and terminate group benefit plan members. "I used to send terminations and other changes on paper by courier to the insurer and I'd receive a response a month later. Now I receive a response in a day," she says.

24/7 SERVICE

But sponsors aren't the only ones benefiting from the convenience offered by e-services. For members, the technology has opened the door to self-service capabilities, increasing usability with 24/7 access and providing them with the opportunity to play a more hands-on role in the management and the maintenance of their plan.

There's no question that e-services creates time efficiencies for both members and sponsors. But the core advantage of this technology is the fact that it creates a common Web-based platform, which in turn makes it easier for businesses to improve the way they operate.

"Web services can act as a catalyst in

helping implement a common, integrated, Web-based infrastructure," says Bill Pieroni, general manager of IBM Global Insurance Industry, a New York-based provider of e-business solutions to the insurance industry. "Having such an infrastructure—one built on open standards—enables improvements in businesses' underwriting, policy administration and claims management processes."

In addition to the convenience factor, e-services also contribute greatly to increasing the accuracy of plan administration.

"Anything that is paper-based—and the insurance industry is still heavily paper-based—can be prone to errors and delays," says Pieroni. "This is where e-business excels: moving most business processes to electronic formats, implementing them electronically and actually conducting business online. E-services can substantially improve service levels and enable businesses to tailor customer interactions based on value and preferences."

Clearly, Web technology has opened some new doors for plan administration.

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eliminate potential LTD claims and was responsive to our needs in customizing our program."

But successful plan customization is about more than just finding the right provider. The rollout of any new benefits program must also be accompanied by clear communication of the changes to employees, advises Morin.

"Explaining the rationale for the changes and the steps the company is taking gives employees the comfort of both being kept up-to-date on the changes that will affect them, as well as the reassurance that the decision to make changes is positive," she says.

THE NEED FOR STRATEGY

Just as the benefits plan must fit the needs of your employees, so should the communications strategy. This was especially critical for Lockheed, which has a portion of employees with limited access to online technology.

"We needed to be able to provide information regarding the transition to a group of our employees who weren't able to access e-mail, the Intranet or the Internet," says Morin. "Manulife ensured that we reached this group by being flexible with the types communications methods that were used."

There's no question a plan provider that is capable of assisting with all areas

of plan customization—from creating services that meet specific employee needs to implementing a user-friendly communications strategy—is critical to ensuring a smooth and successful transition.

"Not only did Manulife assist in all communications and provide value-added inputs, they also assisted us in the implementation by being on-site and conducting presentation sessions for our employees," says Morin. "Their expertise made the transition a success."

Commitment to caring

Focused approaches to disability management keep members at work.

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4 While there is no single solution to address concerns about rising disability costs, there is reason to be optimistic. The implementation of a well-designed disability program can help keep employees healthy, get those who are sick or injured back to work sooner, and reduce overall long-term disability rates. So how do you get started?

Choosing a benefits provider to help establish an effective disability management program is a good place to start, says Eleanor Gallant, manager of human resources for the City of Charlottetown in P.E.I., which uses Manulife Financial's disability management services.

"A disability benefits carrier should offer an early intervention program, a modified back-to-work program, a trial period of work (early return), a rehabilitation counselor and an employee assistance program (EAP) for employees," she says. "Early and modified return-to-work programs—when financially supported by the long-term disability (LTD) carrier in cooperation with the employer—help employees get back to work before they become further disabled or depressed as a result of their

inactivity."

Tim Christensen, director of human resources for Southern Kings Health, one of P.E.I.'s five Regional Health Authorities, agrees that the benefits provider plays a key role in a successful disability program. For the past three years, the 6,000 employees of the Prince Edward Island Health and Social Services, which includes the Regional Health Authorities, have had access to a disability management plan created in conjunction with Manulife Financial. "We're currently in the process of evaluating the impact of the plan and I certainly believe the results will be positive," says Christensen.

But while the right choice of provider is important in establishing a disability program, the program's continuous success also depends on the commitment of the organization and its willingness to be involved in the program's execution, says Marg Creen, a disability management consultant for Manulife Financial in Toronto, Ont.

"The next step [after choosing a provider] is to appoint a coordinator who will be responsible for the program," says Creen, also the winner of the National Institute of Disability Management and Research (NID-

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mitment



MAR) Award of Excellence in 2002, and an active volunteer with the Ontario Occupational Health Nurses Association. “It’s important to appoint someone who understands the culture of the organization and who can lead a team that consists of the employer, employees, union reps, employee relations staff and front-line supervisors.”

In the case of P.E.I.’s Health and Social Services disability plan, the coordinator works together with management and staff to establish prevention policies (such as rules against the lifting of patients in nursing homes), and ensures that early intervention and back-to-work initiatives proceed in a timely fashion to prevent situations from becoming more serious, says Christensen. “The coordinator is often the first point of contact for staff and works closely with the WCB (Workers Compensation Board). Manulife pays for the coordinator with the understanding that his or her role is to help reduce claims and lower costs,” he says.

A disability program also requires supporting policies and procedures that describe the intention of the program and set the tone for support and participation, says Creen. She believes that policies should describe and define what a modified work program entails, who should be involved and what penalties will be applied for non-compliance. The policies should also include the following:

- Established rights and responsibilities for all parties involved and the time frames for completing forms.
- Detailed job descriptions that let coordinators and consultants determine which functions a person is capable or incapable of performing in an assessment for modification of work.

- Tools for supervisors such as checklists, so they know what questions they should and should not ask employees.
- An orientation offered at the launch of the plan to explain the processes and expectations of the plan to employees and managers.
- Scheduled data collection to track absenteeism and health trends and to monitor costs. It’s important to measure practices, benchmark the findings against other areas or organizations and hold an annual review.

PUTTING IT ALL TOGETHER

Once the disability program is established with the support of the organization and the right policies and procedures are put in place, the next step is to focus on wellness initiatives that can complement the program, such as EAPs, counseling, voluntary health testing and educational sessions.

P.E.I.’s Health and Social Services provides employees with a personal wellness account, which allows \$150 to go towards health-promoting activities such as fitness clubs, yoga classes or weight reduction. “We see it as an investment we will recoup down the road through healthier employees,” says Christensen.

Providing health information sessions can be another valuable part of an effective wellness program and an added health benefit that employers can offer their employees. (Using claims data, the benefit provider can also pinpoint key health issues (such as heart disease and obesity), which may be prevalent in a particular workplace, and help plan sponsors tailor employee health education.) Not only can these sessions help employees determine whether they are at risk for serious illnesses such as diabetes or high blood pressure, they can also be

combined with opportunities to be voluntarily tested for these conditions. This is especially effective if the employer is prepared to help employees manage these conditions.

Employee assistance programs are another way that employers can strengthen their disability management plan. “EAPs are invaluable for keeping employees at work when they otherwise would be off due to anxiety or depression,” says Gallant. “In numerous cases, I’ve seen an employee too overwhelmed to find their way out of a situation but with the help of confidential counseling services and referrals to health professionals through an EAP, they were able to resume their job duties.”

SUCCESSFUL EVOLUTION

An effective disability management program is an evolutionary process. It begins with choosing the right provider and continues with the ongoing support of the organization. Incorporate additional workplace wellness programs to the mix and the result is a powerful combination that not only helps employees return to work faster, but also reduces absenteeism and disability rates.

The value of good service

Different communication methods raise the level of member service.

Providing a high level of customer service is an essential component of any employee benefits plan. Whether plan members have questions about coverage and the status of their claims, or they want to make a change to their personal information, they expect immediate answers, accuracy and fast turnaround times.

While ensuring that quality and efficient service is available to a range of plan members with differing needs can be a challenge, it is also critical that members are happy and confident in their providers' ability to effectively manage their plan. If customer service isn't up to speed, plan members become unhappy and often complain, says Ron Davidson, vice-president of human resources for Apotex Inc., a Toronto-based pharmaceutical company. "Poor service can result in negative feedback from employees," he says.

A lack of service can also mean more work for plan administrators. If employees don't receive timely answers to questions, or have to wait for claims forms or payments, they may expect plan administrators to get involved. "Poor customer service would force us to investigate and resolve employee inquiries relating to the customer service issues," says Gina Curcio, Apotex's pension and benefits specialist.

Faced with disappointing customer service, plan members may end up feeling their interests are not being addressed. "The challenge posed in such a scenario is re-establishing the relationship between the plan member and the customer service team," says Georgia Siabanis, benefits consultant with Toronto-based RBC Dominion

Securities. "This is time consuming and may take some effort."

IMPROVING THE PROCESS

To ensure that plan members are happy with the customer service they receive, many group benefits carriers have taken measures to offer their members direct and timely access to benefits-related information through a range of delivery mediums. This gives members access to the information and services they need, at their convenience, with the medium they are most comfortable using. Some of the most popular service channels currently being offered by carriers include:

- **Interactive Voice Response (IVR) system.** Members call a toll-free service line to navigate through the IVR system, which makes claims information available 24 hours a day, seven days a week.
- **Service or call centres.** Staffed by trained representatives, these centres provide more detailed answers and more immediate service needs for members. By calling a toll-free number during business hours, plan members can speak to a "live" representative and receive current information about their benefits coverage and claims. Linked to the customer database, representatives are equipped to answer a wide variety of questions pertaining to specific benefits plans.
- **Online employee self-service (ESS).** Like IVR, ESS is also accessible at all times and can prove very beneficial to plan members, providing them with a wide variety of information services at their fingertips. On the



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Value

administrative side, members can complete electronic enrolment, make changes to personal information, print forms that require a signature, complete health claim forms online, and sign up for direct deposit of claims payments. They can also check drug and/or dental benefits coverage, and personal claims history, verify claims, e-mail questions and receive a response the next business day and manage health spending accounts.

“All of these [services channels] free up the plan administrator’s time by shifting the focus from answering routine questions from members to the more strategic aspects of plan management,” says Ed McMahon, practice leader for eHR at Watson Wyatt in Toronto. He also notes that providing different service mediums gives members a choice in terms of how they access information, which is important to a successful communications program. “It is important to understand the needs and capabilities of the members,” he says. “Although some people may underestimate the extent to which members can benefit from technology, it is also true that not everyone has a computer or the capability of doing ESS online. So, an approach using different media is still necessary for many companies.”

At RBC Dominion, the 5,300 benefits plan members already use a call centre and will soon have access to online services as well, says Siabanis. “Both are extremely important because they service employees through a range of avenues.”

Curcio agrees. Apotex’s 3,000 group plan members also have access to a call centre and an online plan member site. In addition, the plan administrator site

is also used for online processing of employee enrolments, change forms and reporting termination of coverage. It is a structure that not only enables Apotex to provide comprehensive service to members, but it also reduces the burden of daily administration tasks.

“These services are very effective,” she says. “Employees can manage their own benefit claims, access their personal claim information and their benefit coverage information, and although we are excluded from the process, we are still available to assist and guide them at all times. Online service access also smoothes the administration process because it allows for improved, timely processing of enrolments and changes.”

INFORMATION VIA EOB

Another common means of supplying information to plan members is providing them with access—whether it be on paper or online—to their Explanation of Benefits (EOB) statements. “These statements help educate members in regards to costs for the specific services, benefits maximums, limits for a specific benefit and the utilization of each,” says Curcio.

Manulife recently revamped its EOB, making the statement easier to read and providing a full description of each adjudicated claim. As well as summing up benefits paid and health spending account balances, the two-page statement includes descriptions of what is and isn’t covered, explanations of key terms, advice on how to take advantage of co-ordination of benefits and tips on how to prevent fraud.

“The new EOBs have greatly improved,” says Siabanis. “They are much more informative and will answer

many of the questions that are commonly asked by plan members.”

And the more information that is posted online, the easier it is to direct employees to information available to them at any time, Siabanis adds. “We are always striving towards a more paperless work environment.”

So while some plan members may still prefer a hard copy of their benefits handbook, many companies are finding that it makes sense to also put the information online. “Most people only read 20 per cent of their handbook,” says McMahon. “And what is read is different for each person—it depends on their individual needs. Putting the information on the Internet allows people to pick and choose what they want to read while the employer isn’t faced with the costs of printing and distributing the whole handbook.”

In this age of instant access to information, it isn’t surprising that plan members expect service to be up-to-date, speedy and accurate. Luckily for plan administrators, benefits providers have the technology to provide the level of customer service that will keep these plan members informed and reduce the burden of administration.