

CAPITALIZING ON BENEFITS

SMALL PACKAGE BIG THINGS

*Georgia's McCart Group walks
the sales vs. service tightrope*



By Len Strazewski

Balancing agency growth against personal service and intimate client relationships is always a challenge for agents and brokers, but the McCart Group in Duluth, Georgia, may have found the right mix of prominence and performance in its growing employee benefits practice.

“Big enough to matter; small enough to care” has become the agency’s credo, says Executive Vice President Jeff McCart. And while the agency is based in a small Atlanta suburb, it provides big-time, sophisticated employer services.

Founded in 1971 as a property/casualty insurance agency, the firm entered the employee benefits arena in late 1992, dubbing the new division “employer services” to represent a practice that extended beyond shopping coverage among a handful of health insurers, McCart says.

“About 15 years ago, we made a commitment to build the infrastructure to provide a breadth of services that ranged from traditional benefits plan design to actuarial claims analysis and human resources

support,” he says. “We chose to build a business on what our customers were looking for in terms of service, not just on what we can sell. Today, employer services is our fastest growing practice group and a critical part of our organization’s overall strategy.”

As a result, the employer services division has grown to about 40% of total revenues and continues to grow at about 8% to 12% each year. About 30 of the firm’s 110 employees work in the employer services division, according to Stephen Adkins, managing director of operations and finance. Among the employer services staff, about 10 are consultants, supported by about 20 account management staff.

Agency clients range in size from as small as 5 employees to groups greater than 10,000 employees, he adds. In addition to traditional major medical and ancillary benefits, services include: systems integration, self-insured feasibility analysis, financial forecasting, voluntary benefits and customized client communications.

“As we do in all areas of our business, including property/casualty, we focus more on risk control than marketing insurance,” McCart concludes.

Steve Needle, president of the employer services division, agrees.

“We do not practice insurance. We are not just quoting carriers and giving our clients spreadsheets. We are constantly looking to increase our competitive advantages by creating innovative solutions for our clients.”

Needle says the agency works to stay on “the bleeding edge of the marketplace,” using contemporary communications tools such as Facebook, Google Plus and other social media. But it also retains its personal touch, meeting with chief financial officers and vice presidents of human resources to identify their concerns and business problems.

“Most of these executives are looking for transparency, a better way of understanding their own population. To this end we have developed and continue to offer more analytics that can lead them to get the best values,” he says.

But community involvement is also part of the agency’s marketing and presence. “McCart continues to serve the communities in which we work and live. Recently, for the second year in a row, McCart won the Kaiser Permanente Corporate Can Contest with over 3,200 cans of food collected and donated to the Atlanta Community Food Bank,” Needle notes.



From left: Steven J. Needle, President, Employer Services; Stephen R. Adkins, CPCU, ARM, Managing Director; Jeff McCart, CPCU, ARM, Executive Vice President.

Photography by PR Images



A benefits marketing discussion includes (from left) Laura Brown, Benefits Marketing Administrator; Neil K. Ortkiese; and Nancy Burnett, Director of Marketing Communications.

Self-funding

Self-funding, based on financial analysis of risk and claims history, is an important part of the McCart benefits services, notes Chris Clark, vice president of employer services. Self-funding isn't a new idea, he admits. Large employers have been self-insuring medical benefits for decades. But the role of self-funding techniques and actuarial analysis applications have expanded over the past few years to include smaller employers and more diverse decisions.

"The underlying math around self-funding hasn't really changed," Clark explains. "But the availability of tools to a broader set of employees has. Also, the uncertainty surrounding health reform has made more employers take a second look at self-funding" as a way of establishing greater control over the plans' futures, he says.

"Cost is the overriding motivation" for choosing to self-insure," he says, but flexibility also provides some advantages. "Many employers like to consider self-funding after a good year when they are confident of their claims pattern. But the best time to think about self-funding may be after a bad year—to head off a big rate increase from a health insurer."

Who should consider self-funding? The decision, in part, rests with the employer's own appetite for risk, Clark says. But the lure of administrative cost savings and the potential value of greater control over claims management draws employers of all sizes.

The agency's clients ranging in size from 100 to 400 employees are generally insured, he says, but "if you

have 400 employees or more, you should be self-funding," he says. "Below, you need to answer some questions about your company's risk tolerance and risk profile. Most employers realize that in most aspects of their business, they are taking some calculated risks in anticipation of greater rewards. This also applies to their employee benefits program." Self-funders immediately save on premium taxes, usually totaling about 2% of costs and insurance company profits which can be as high as 5%.

McCart begins its self-funding consultation with a feasibility study that compares the costs and the management values of insured and self-insured plan designs. The agency needs to examine a minimum of 24

months of paid claims data and the employer's enrollment data and demographics. The claims analysis may reveal the biggest cost drivers and opportunities to take better control over those drivers, he explains. For example, employers may be able to reduce costs by separating management of general medical claims and pharmacy benefits, using flexibility that may be available only to self-insurers.

"Employers and employees should realize that we are not interested in specific people and their personal claims, but rather the nature of large claims and what drives those claims," he says.

Completing the study takes about two weeks and response from stop-loss insurers that provide protection against the largest catastrophic claims, about three to five days, so a client can have a determination in about three weeks, he says. Self-funding can demonstrate its value almost immediately but can certainly provide significant savings over five to ten years, he says.

Communications services

Communications services, once the territory of the largest benefits consulting companies or public relations agencies, have now become a staple of premier employee benefits agencies like The McCart Group. Marketing communications has also become a critical component of the agency's expanding list of services, executives say.

Nancy Burnett, director of marketing communications, says that pressure on human resource departments to reduce staff and



From left: Cindy Covington, Director of Administrative Services; Micki Allen, CPP, Senior Client Services Manager; and Christopher B. Clark, CEBS, Vice President of Employer Services.

The McCart Group's Benefits Account Managers are (from left): Dee Speer, CEBS; Lisa W. Peltier; Candice Bolton; Anne Hayes; and Brook Blanton, RHU.



contain costs drives a need for greater support from their agencies. "It's one of the reasons that agents and brokers have to develop communications capacities in-house. Employers no longer have the staff or the budgets to create communications themselves. Once they realize you have the capacity in-house to create collateral communications and manage a communications process, they view the agency in a new way—as a more comprehensive partner in their activities."

Burnett says the agency account managers and benefits consultants assess communication needs as they assist clients in designing strategic employee benefit programs. The services often are provided on a value-added basis without charge to the clients.

Open enrollment poses one of the most important sets of communication needs, she says. Employees have more choices than ever and make more critical decisions during the open enrollment period, so they need more comprehensive information about their benefits. McCart has created an open

enrollment guide that can be customized for each client to help explain benefit options. Burnett notes: "The guide explains benefits in a graphical way that simplifies the enrollment process and helps employees better understand the benefits they are choosing." The agency also creates payroll stuffers, posters and flyers for both open enrollment and other benefits-related programs such as health and wellness promotions and health fairs.

Burnett, a seven-year veteran of the agency, says communications and design is her passion and her engagement in client communications has expanded into new technology. The agency provides a variety of online services, including a human resources and compliance document database that allows clients to research human resources issues and generate documents. "Technology has really changed the way brokers, clients and employees interact and everyone relies on the Internet as an information resource," she says.

Redesigning the agency Web site has been one of Burnett's greatest challenges, she says. In addition to

marketing messages, the site features a wide-ranging employee benefits section that includes sections on pending legislation and regulatory compliance, health care cost comparisons, benchmarking and industry news.

Burnett notes that no communication services rely solely on documents and Web sites. The agency also provides broad employee advocacy services, she says. At enrollment, employees are issued a contact card that guides them to call McCart with questions about their benefits. The agency works directly with plan participants to help them navigate the benefits and claims processes. ■

The author

Len Strazewski is a Chicago-based writer, editor and educator specializing in marketing, management and technology topics. In addition to contributing to Rough Notes, he has written on insurance for Business Insurance, Risk & Insurance, the Chicago Tribune and Human Resource Executive, among other publications.