



Private Exchanges: Compare the Options

Six ways to spot the differences

2014

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There are many private exchange options in the marketplace. How can you tell whether the dental and vision plans offered will meet your employee benefit needs?

1 Understand the structure



Is a private exchange the right benefits solution?

Private exchanges may be a good benefit option, but remember that not all private exchanges are the same. Review the structure, plans, communication process, wellness services and projected savings to find the best partner.

The concept of private exchanges has been around for years as a different way to provide benefits to employers. The private exchange structure is a collective purchasing system where multiple carriers offer benefits in one place, which can help make benefit purchases more efficient. Some private exchanges offer a range of medical, dental and vision benefit choices at varying costs, making it easier for employees to find options that fit their budgets. Employers often rely on producers or agents for guidance in this new environment.

- Private exchanges may be designed as defined contribution plans, with employers contributing a specific dollar amount for employees to put toward premiums for the benefits of their choice.
- For groups with fewer than 50 full-time eligible employees purchasing in the private exchange, plans also may include Essential Health Benefit Packages that, under the Affordable Care Act, medical carriers are required to offer to small employers.

2 Review exchange owners and their experience

Carefully review the organizers of the exchange to determine their background and experience with insurance. Ask several questions:

- How is the exchange organized and what is the owners' business philosophy?
- How long has the exchange been in business?
- What carriers offer benefits through the private exchange? What are their reputations and levels of experience?
- What types of and how many employer groups have committed to participate in the exchange?
- What employer industries are represented? Are they a good match for your business in terms of the type of benefits your employees need?

Most employers are looking for insurance partners they can trust to provide the benefits employees need. It's important that they are comfortable with the exchange owners and operations. For example, if the private exchange represents mostly small employers, it may not be a good fit for a larger group. The risk and administrative costs will be spread out across all participating employees, which means those from a larger employer may not receive the level of benefits they had previously.





Find appropriate benefit solutions for 2014 and beyond

Partner with a trusted dental and vision insurance carrier that can interpret the true impact of the ACA.

If you have questions or need information about dental and vision plans, your **Ameritas dental and vision representative** can help.

For information about Ameritas dental plans, visit www.ameritasgroup.com.

3 Examine plan designs and options

Many exchanges feature plans with limited options and flexibility. Some have group plans, while others offer individual coverage only. This may be an excellent fit for employers wanting to provide employees with access to insurance benefits. But it may not be satisfactory for employers who are used to customizing their plans, or employees who participate in plans that offer incentives and rewards based on usage. Find out whether the exchange will allow access to other group options that offer more flexibility in plan design and if employees have options if their life circumstances change.

4 Assess the communication process

It's important to know who will own the communication relationship with employees. Many exchanges communicate benefits information directly to employees, and employers may not be involved in the process. Some employers will welcome the opportunity to hand over this responsibility, while those who have communicated benefits proactively with employees may not.



5 Explore wellness program options

Some private exchanges include wellness programs as part of their services. It's important to know how these programs will operate, including use of information gathered about employees' health and lifestyle habits. Employers need to determine the role they will have in keeping employees healthy and should make sure they can maintain these goals within the private exchange partnership.

6 Evaluate cost savings

The Centers for Medicare and Medicaid Services projects that health care costs will increase more than 6 percent in 2014, and 6.2 percent thereafter for the following eight years. Employers feel significant pressure to keep health care costs under control.



The private exchange model, featuring defined contributions for employee benefits, may be an appealing idea to many employers, but it's important to have a complete picture of associated costs. For example, if the private exchange offers only plans with limited options, will employees be satisfied with this choice? Could employers experience unexpected turnover, resulting in lost productivity and higher costs for hiring and training new employees?

As health care reform dictates new directions for employee benefits, remember that the needs of Americans have not changed. Preventive dental and vision services are essential for healthy individuals of all ages.

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