

The BottomsLine

02	Observations After 40 Years Continued	06	Healthy Habits & Life Insurance
03	Are You Tired of Paperwork?	07	Case Study: Verification of Benefits
04	What's Next for Small Group Medical?	08	Wellness in the Workplace

NEWS

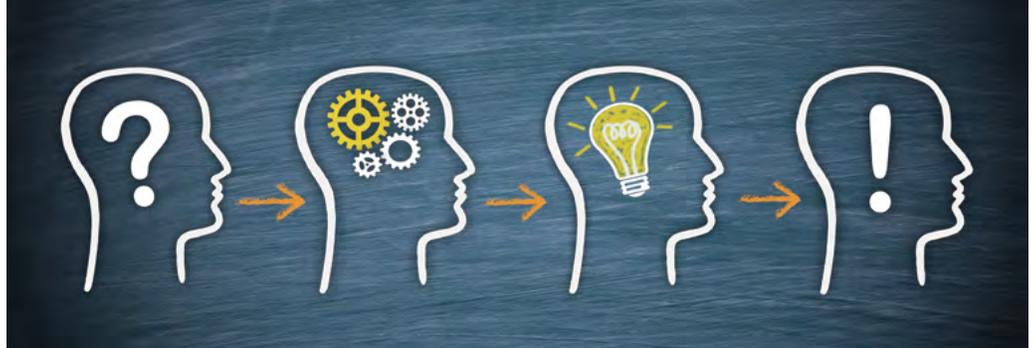
In September, Gary Bottoms spoke in Dallas to 200 members of Lion Street, one of the industry's largest producer groups. The topic was "What Our Clients Really Want."

In August, David Bottoms presented and led a panel discussion at the annual Health Summit sponsored by the Cobb Chamber of Commerce.

WHAT'S NEXT FOR SMALL GROUP MEDICAL?

BY DAVID BOTTOMS

It seems that not a week goes by in which I do not hear a question from an employer, whether large or small, that starts with the two simple words "What's next?" While the trajectory of the question after the utterance of the two first words invariably differs based upon the size of the employer and the specifics of their current benefit plan structure, the one constant is the sense of frustration that employers are having with the volatility in the insurance markets and the uncertainty that looming regulatory requirements are creating as employers look to the future. *(continued page 4)*



OBSERVATIONS AFTER 40 YEARS

BY GARY BOTTOMS
CLU, ChFC
PRESIDENT

gbottoms@thebottomsgroup.com

In the spring of 1975, I graduated from Georgia Tech, started my life insurance career and got married - in that order. I was 22 years old at the time and all dressed up and ready to go but really didn't know that much about insurance.

About the only safe place I could think of to begin developing clients was among the senior class at Georgia Tech. I knew they didn't know much about planning for their future. That strategy worked out well because those early clients became successful and we've kept in touch even though they now live all over the country and throughout the world. One of those *(continued page 2)*

OBSERVATIONS AFTER 40 YEARS (CONTINUED FROM PAGE 1)

early families just moved back to Georgia after living in Saudi Arabia for 25 years working in the oil business. In short, we've been blessed.

Our tools, techniques and conversations have changed a lot over the years. Below are three trends that are evolving:

RISING LIFE EXPECTANCIES Insurance and financial planning necessitates the use of assumptions with regard to future investment returns, life expectancy and unanticipated needs. An attorney friend recently referred one of his clients to us who is a 90-year-old gentleman. He was struggling with what to do about a large life insurance policy with dramatically escalating premiums. He wanted to keep the policy in force because of a special needs grandchild. Unfortunately, the life insurance policy was not designed to extend into the later years of life. He commented to me that he never expected to live this long.

Life insurance is a conservative asset that creates cash upon death. Sometimes the original need for the coverage no longer exists but other needs have evolved. That said, we encourage our clients to implement coverage that is designed to last and keep it properly funded along the way.

NONTRADITIONAL FAMILIES BECOMING THE NORM There are no textbook formulas or solutions involved with our client conversations. Everyone is unique and listening is a part of our process. Often stepchildren are involved, and extended families are diverse. The asset mix is important as well. For example, one child may want the lake house and another has no interest in it. Or, it's not a good idea for the children or stepchildren to own the lake house jointly. So, cash may be needed to equalize the ultimate inheritance with one getting the lake house and the other getting cash or other property.

Another part of this conversation revolves around keeping the assets within the family bloodline. Is this important, or not? If assets pass to an adult child who later is divorced, is it okay for a portion of these assets to leave the family and go to the ex-spouse? For most of our clients, their planning involves a degree of complexity that was somewhat rare 40 years ago.

GROWING IMPORTANCE OF PREPARING THE FAMILY FOR THE MONEY I've become increasingly interested in how what we do or don't do can affect many others – possibly for a long time. Given the opportunity, most of us can articulate what sort of relationship we wish for our heirs to have after we're gone. Typically, a preference is for our accumulated financial resources to further our dreams for them as they evolve and, most importantly, do no harm – relationship or otherwise.

RISING LIFE EXPECTANCIES

Greater risk of outliving nest egg

Need to rethink "retirement"

Planning needs to anticipate a long life

NONTRADITIONAL FAMILIES BECOMING THE NORM

Need for flexibility as objectives change

Evolving relationships challenge traditional planning techniques

Fairness/equality for heirs may be unclear

GROWING IMPORTANCE OF PREPARING THE FAMILY FOR THE MONEY

Discomfort related to family and business communication

Risk of procrastination because of uncomfortable decisions required

A team of advisers is needed

Many times, I've heard some version of the following: "we're just simple folks and certainly don't think of ourselves as being wealthy, but when we pass away, it's going to be a mess unless we create a process to facilitate the transition." Blowing the transition of wealth is similar to playing a great game and then losing it on the last play.

For years, the word "communication" has been a part of our firm's logo. Complexity increases the need for communication strategies. The significance of planning for our client's key relationships will continue to grow in importance.

ARE YOU TIRED OF PAPERWORK?

We have recently found clients looking for ways to streamline the paperwork process by eliminating and minimizing the scale of paperwork that is distributed during the open enrollment and onboarding process. The good news is that there is an answer.

First impressions are crucial because it sets the tone for the business and relationship. Streamlining the employee's paperwork process helps improve the member experience where they feel engaged, connected to the people, culture, and basic values of the organization. New hires and existing employees are important assets to any company because success depends on the employee's performance. The bond that is created between the employee and employer through an online system helps familiarize the employee to the company. These are fundamental steps in building a solid foundation by supporting their transition, adding fundamental value, improving efficiency, and boosting employee's confidence all while increasing the bottom line.

Employee Navigator is a comprehensive benefits, HR, and compliance software designed to be a completely paperless administration system. So what exactly does that mean? The Employee Navigator software allows our clients access to utilize an alternative to the current paper-based open enrollment and standard onboarding process. This intuitive software has consistently presented itself as a strong solution by supporting the entire employee "lifecycle" including onboarding, training, and benefits process management without requiring any changes to payroll vendors or retirement vendors.

Employee Navigator is well designed in practicality and functionality for everyday use, as there are many capabilities within the system to help consolidate HR tasks into a simple, intuitive, and extremely flexible platform. There is no single design or approach that is right for every organization; however, Employee Navigator's delivery structure and characteristics are a starting point for a significant and engaging benefits program.

Other notable features that Employee Navigator is known for are their end-to-end benefits administration where you can track PTO, run customized reports, manage COBRA, monitor employee enrollment status and deadlines, send out companywide emails and notifications, house internal documents such as employee handbooks, and minimize compliance risks.

In summary, Employee Navigator is an efficient delivery system of employee benefits all in an easy-to-access portal that can be frequently updated. The software is specially designed for each individual company to offer added resources, support business growth, and alleviate the time you and your employees spend on paperwork.



**BY JAMIE MOODY,
SENIOR ACCOUNT
EXECUTIVE, BENEFITS**

jmoody@thebottomsgroup.com



WHAT'S NEXT FOR SMALL GROUP MEDICAL?

(CONTINUED FROM PAGE 1)



BY DAVID BOTTOMS,
CFP® RHU, REBC
SENIOR VICE PRESIDENT,
BENEFITS

dbottoms@thebottomsgroup.com

The good news is that, even in the midst of the complexity, there are solutions. So, over the next few months I will delve into some of the strategic “what’s next” approaches pertaining to different segments of the employee benefit landscape.

To start, I will address what is most certainly an area of concern for many readers of this publication, “**What’s next for small group medical insurance?**” It stands to reason that this is a question often uttered since, according to the most recent U.S. census data, 51% of employers in the State of Georgia employ somewhere between 10 and 100 employees.

These employers, with more than 10 but less than 100 employees, typically provide a group medical plan, along with a variety of other benefits to their employees in their attempt to provide protection for their employees while, at the same time attracting and retaining employees lest they be drawn to the benefits offered by their larger competitors.

Of all the variables impacting the small group market, the one that stands out the most is the requirement that all fully-insured medical plans for employers with less than 100 employees be based on “community rating” for renewals on or after 1/1/2016. (Note: Groups with less than 50 employees began experiencing community rating 1/1/2015). Community rating essentially restricts insurance carriers from basing their pricing on the health conditions in a given group and imposes a “community rate” based upon factors such as age, geographic region, etc.



FULLY INSURED PLAN
community rates
based on averages
of age, region, etc.

**DRIVES UP RATES TO PROTECT CARRIERS
FROM UNKNOWN HEALTH EXPENSES**



SELF FUNDED PLAN
flexible rates
based on health of
company’s employees

**BENEFITS HEALTHY POPULATIONS BY
ALIGNING COSTS TO LOWER NEEDS**

Not surprisingly, community rates have had the net impact of pushing up rates because, if an insurance carrier's underwriter cannot ascertain the health of a group on the front-end, they have very little incentive to get aggressive on pricing lest they overload their books with underpriced, poor risk. I learned very early on in my career that "underwriters fill voids of information with negative thought" and who can blame them with so much money on the line?

Thankfully, the insurance market is filled with a lot of smart people, so over the past few years, **insurance carriers have begun to develop "self-funded" plans for small groups that exploit flexibility provided within the Affordable Care Act (ACA) for self-funded plans relative to their fully-insured counterparts.** These small group, self-funded products, often referred to as "balance funded" or "level funded" depending on the insurance carrier, have been built to look and act like fully-insured plans so that the employer pays a guaranteed premium, the insurer pays all the claims, and at the end of the day, the employer doesn't have any surprises to worry about such as "terminal liability" wherein the employer would otherwise have to pay off excess claim liability in order to extricate themselves from the contract.

As a practical matter, what makes these products "work" is that the insurance carriers are allowed to ascertain health status prior to pricing on a self-funded plan, which accordingly means that they can offer a premium commensurate with the health characteristics of the employee population. So, for small employers considering their health insurance options, the old-school comparison of only fully-insured plans to fully-insured plans is missing the mark. A more thorough analysis will consider these new "self-funded" type products and provide an avenue for small groups with positive health characteristics to benefit from reduced premiums and increased flexibility in their attempt to maintain a competitive benefit package.

Is it a little more work to deal with health questionnaires on the front end of the process? Yes. But, as an alternative it is important to recognize that, as more and more healthy groups depart the fully-insured market en route to a "self-funded" approach, fully-insured rates will just keep getting worse. The ability to toggle back and forth, as needed, between a fully-insured and self-funded approach provides small employers with an attractive strategic option that many do not know they have.



For small employers considering their health insurance options, comparing only fully-insured plans is missing the mark. The self-funded approach provides an attractive option to healthy companies.



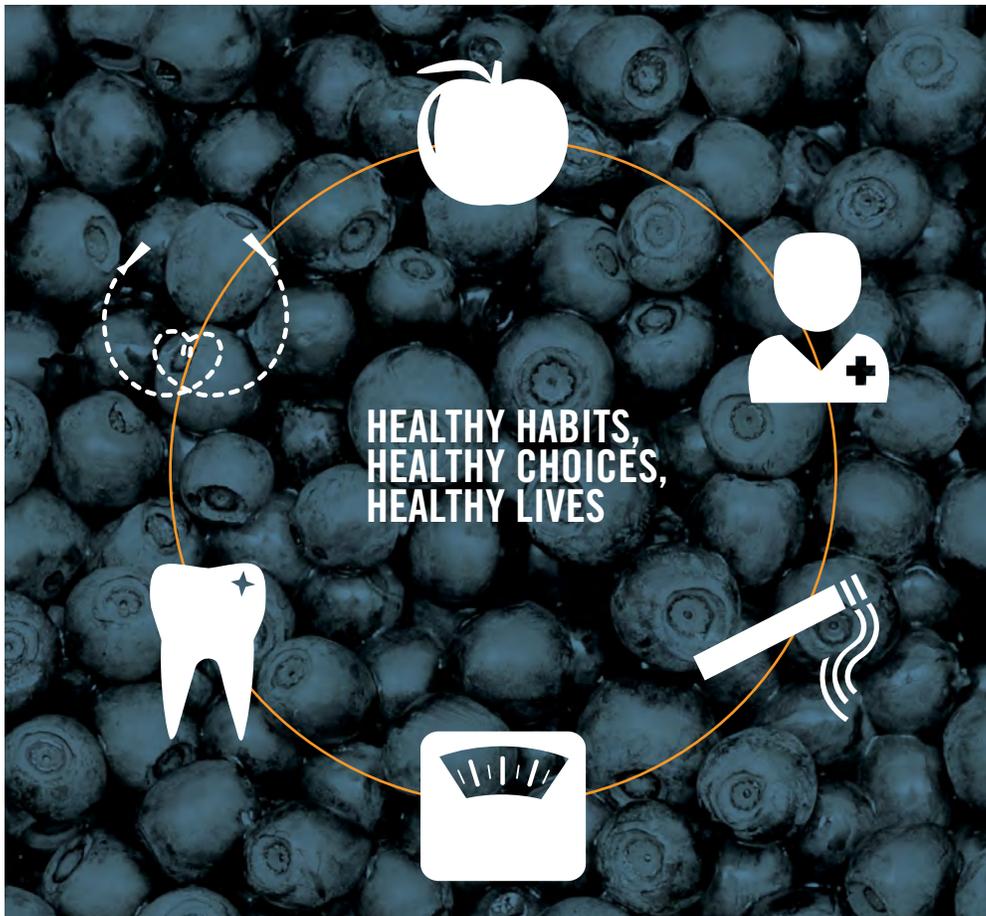
**BY LAURA BOTTOMS
HIGGINBOTHAM,
VICE PRESIDENT,
INSURANCE SERVICES**
lbottoms@thebottomsgroup.com

HEALTHY HABITS & LIFE INSURANCE

Fact: People are living longer than ever before. While this is great news, it is a sad realization that people are living longer but spending more time in poor health. The impact of this on the life insurance industry is huge. It means life insurers have longer to pay out claims. However, since more people have preventable chronic diseases, they may find that their premiums are too high for their comfort and therefore may forego purchasing much needed life insurance. What if the insurance company gave you an incentive to get healthy with the promise of lower premiums down the road and other rewards so that it is a win-win for everyone?

It's clear that reducing the occurrence of chronic diseases can show an improvement in a healthy life expectancy. Improving a healthy life expectancy means getting individuals to modify their personal health-related behaviors on a continuous basis. The use of short-term incentives, combined with the business of life protection and health improvement, can put individuals on the path to better health and better life decisions.

For the first time in the insurance industry, this is being done. In the Summer of 2015, John Hancock Life Insurance Company debuted its exciting "Vitality" rider for life insurance. With this rider, you can reach different levels of points that result in premium reductions. To reach these levels, you do a variety of healthy activities that you are hopefully already doing. These activities include getting an annual physical, maintaining a healthy BMI, exercising, going to the dentist and more.



This new and practical method of health engagement encourages all policyholders, regardless of health status, to take steps to become aware of, monitor, and manage their health risks. Everyday activities offer an opportunity to remember and act upon healthy choices – and earn rewards doing so! Policyholders now have the opportunity to influence the premium savings and rewards derived from their policies by managing their health.

My husband and I recently became parents so we knew we needed more life insurance. We found this new approach to life insurance exciting and we continue to work on improving our health and earn our rewards. We find ourselves motivating each other to make wiser choices with the hopes of living a long, healthy life to be there for our daughter. Enjoying lower premiums is a bonus!

CASE STUDY: VERIFICATION OF BENEFITS

Do you have new hire employees contacting you because they have not received their member I.D. cards and need to make an appointment with a provider? Many reasons may prompt employees to ask this question, and The Bottoms Group HelpDesk (HD) is available in providing support to you and your team.

Recently, a situation occurred where a member needed access to care regarding a painful dental concern. Her enrollment request via paper application was previously submitted by fax to the dental carrier. It can take anywhere from 3-10 business days to process the request once received and therefore, a timely submission is key. When the member contacted the dentist to schedule an urgent appointment on the day in which her coverage should have been active, the dental office was unable to verify benefits. The enrollment application was still processing. She obviously did not have her member I.D. card to obtain her group number and member number, which is often required by a provider prior to services rendered. Our HD team was contacted by the member for more assistance. With our broker support access to various insurance carriers, we are always willing to reach out to them on your behalf to help resolve issues quickly. Ultimately,

the dental enrollment was expedited for this member, and she received the care that she so desperately needed.

Most insurance carriers have an online portal allowing an employer the option to process an enrollment immediately, thereby generating the member information required by a provider in order to verify benefits. We at The Bottoms Group have seen most insurance carriers recommend online services for groups to experience a seamless enrollment process, as well as, assisting with other needs. Although technology can have its occasional system glitch, it does have its advantages.

Our team strives to help you and your employees experience a positive and timely enrollment process as well as aid with determining other necessary courses of action. Please rest assured that TBG is committed to your success!



BY BETTY MCGINNIS,
SENIOR CLIENT
ADVOCATE

bmcginnis@thebottomsgroup.com

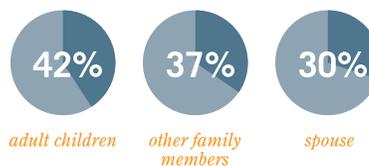
THE CHANGING FACE OF LONGTERM CARE

**CAREGIVERS
ARE GETTING
YOUNGER:**

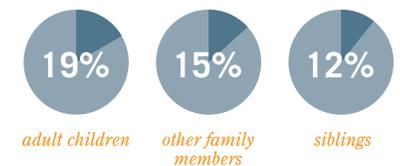
62%
are between 25-54.

52% of caregivers are adult children of the recipients

WHO HELPED THE CAREGIVER?



WHO WAS EXPECTED TO HELP BUT DIDN'T?



**CARE RECIPIENTS
ARE ALSO GETTING
YOUNGER:**

60% 2015
81% 2010

Care recipients 65+

REASONS FOR LONG TERM CARE ARE CHANGING:





BY KELLY THOMPSON
SENIOR ACCOUNT
EXECUTIVE, BENEFITS

kthompson@thebottomsgroup.com

ABOUT TBG: The Bottoms Group, LLC, has for decades been listening to clients and developing employee benefit, insurance and estate planning solutions customized to their unique and changing needs. For more information about TBG, visit www.thebottomsgroup.com.

WELLNESS IN THE WORKPLACE

Many employers see wellness in the workplace as an important factor for improving the health and overall happiness of their employees. They also find that implementing wellness activities increases focus and productivity and the employees are able to be active while at work. There are a large variety of activities that an employer can implement to improve the overall wellness of their employees. These options can vary depending upon the company. Employers might provide annual flu shots, healthy food and drink options, and include ergonomic evaluations of employees' workspace. Often times, it is as simple as reminding employees to take periodic breaks and keep hydrated.

A great wellness and team building activity is a wellness walk program during employee breaks. Employees are encouraged to talk and walk during breaks while becoming more engaged as a team. The wellness walk teams can set new goals each week and chart their success while encouraging each other to meet the goals. Employers providing pedometers is a great asset to the walking programs, allowing employees to track their steps and offering incentive-based challenges for those who walk the most

steps. Some employers are offering group fitness at the office which includes stationary bicycles, treadmills or yoga classes as a way to encourage healthier lifestyles. Other ways to encourage your team to make healthy choices is to offer wellness breakfasts or lunches. This offers a good opportunity for employees to make healthy food choices and the employer to provide a treat for the team while allowing them time to review their progress and perhaps establish new goals.

Many medical insurance carriers offer help with the overall coordination and organization of wellness activities in place with an employer group. Some carriers will also assist with on-site flu immunizations and often have hand sanitizers and other antibacterial cleaning options as giveaways. They may also offer one-on-one assistance for employees via a wellness coach or nurse line to have access to more in depth wellness education. While the options vary as much as the individuals participating, employers are finding it beneficial to offer the employee creative options for embracing wellness in the workplace.