

Total Rewards Insurance Agency | 2020 White Paper

Medical Insurance Spend Management: Using Strategic Planning as a Tool

A C-Suite Road-Map To Smarter Decisions



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1.



THE VALUE OF A BENEFITS STRATEGIC PLAN

The Central Questions Being Asked By Shareholders, CEO's, CFO's and CHRO's

The employee benefits marketplace has become increasingly complex and competitive. The central questions that need to be addressed are: What is your organization's current strategic view of benefits and HR? What is today's human capital management priorities? What is the role of your benefits program? Why do you spend money on benefits? What strategic value does your benefits broker bring to the table? And what do we want to accomplish with our benefits program over the next 3-5 years? At a strategic level, the primary concern of Shareholders, CEO's, CFO's and CHRO's is optimizing the money being spent on benefits to attract and retain workforce talent.

Advancing HR and Business Strategy

In many organizations, HR has been viewed as a "tactical function" as compared to a "business partner" of other departments within the enterprise. Advancing HR and transforming this discipline to one that proactively advances business strategy is a major focus of forward-thinking C-level executives.

The cost of the total rewards package and controlling the expenses associated with the total rewards package remain important issues. For several years this central issue topped the list of primary employer concerns. Today, however, cost reduction and containment has been eclipsed by the need for talent management.

Today, the shortage of qualified employees as well as motivating and retaining existing employees is the leading priority for most of organizations. *(Data Source: Deloitte Top Five Total Rewards Priorities Survey)*

Since CHRO's are key advisers on benefits and HR topics working in conjunction with their Benefits Broker, CHRO's must be prepared to deliver solutions that address today's needs while anticipating tomorrow's challenges. Utilizing strategic planning as a tool, and building a Benefits Strategic Plan, is the starting point from which success will be achieved.

2.



Benefits Strategic Planning Made Easy

Strategic planning determines where an organization is headed over the next several years - and maps out how it is going to get there.

A solid strategic plan is the culmination of a deliberate set of activities that:

1

Assesses needs and resources

2

Defines a target audience and a set of goals and objectives

3

Plans and designs coordinated strategies

4

Logically connect these strategies to needs, assets, and desired outcomes

5

Incorporates contingency planning and budget forecasting

6

Measures and evaluates the process and outcomes

We advocate a nationally recognized, six-step process that simultaneously serves a *project plan*, and *springboard plan* for future management decisions regarding the benefits program.

When engaging in the strategic planning process the following themes should be emphasized:

- Clearer alignment of the total rewards strategy with the overall business strategy is a critical key to success for employers today. HR must play a strategic role in the organization and be the driving force behind the workforce becoming a unique competitive advantage for the company.

3.



The Benefits Strategic Plan in Practice

- A well-defined road map (i.e. - Benefits Strategic Plan) is an essential tool to ensure proactive management of the rewards program and its alignment with the business mission. This is a philosophical approach that will aid HR professionals and make their job easier. The absence of such a plan results in HR being relegated to a reactive role that diminishes the potential of a company's biggest asset - their workforce.

Embracing the concept of the Benefits Strategic Plan will cause a long-term, positive change in the planning and management of your benefits program.

You should expect your Benefits Adviser to facilitate the strategic planning effort. During the planning process, your Benefits Adviser should meet and work jointly with you to strategize and develop the essential components of the Benefits Strategic Plan. At the end of this collaboration, the Benefits Adviser should produce a final document for your organization.

At this point, the Benefits Strategic Plan becomes the project plan for the near-term. It is the road-map for: managing benefits and containing costs, modifying plan design and introducing new voluntary benefits, enhancing or improving benefits communications, adjusting or implementing new administration processes, and leveraging technology.

Looking further into the future, on a semi-annual basis you and your Benefits Adviser should utilize the Benefits Strategic Plan to review progress and to ensure all activities are aligned with the current business circumstances. You should formally update the Benefits Strategic Plan each year.

4.

The Total Rewards Insurance Agency team ranks among the most insightful & strategic benefits consultants in the country. I consult with employee benefits firms throughout the U.S. few benefit advisers truly understand the singular importance of strategy in managing a company's benefits plan, usually their second largest budget line item after payroll.

Along with this in-depth strategic planning process, The Total Rewards Agency team brings innovative and impactful toolbox of tactical solutions to reduce healthcare costs, engage employees, encourage consumerism, increase company margins, and eliminate many HR pain points.

"The Total Rewards Agency are among the Country's Next Generation employee benefits consultancy firms. While benefit brokers deliver regular renewal increases; innovative consultants from The Total Rewards Agency deliver results that bend the healthcare cost curve." *Nelson Griswold, Columnist, Keynote Speaker.*

Total Rewards Insurance Agency
2447 Pacific Coast Highway Fl. 2
Hermosa Beach, CA 90254
www.TotalRewardsAgency.com

