

# Taking the Mystery Out of Annual Employee Benefit Renewals

*by Brian Feeley, Senior Vice President*

For most employers, late summer and early fall mark the season for health insurance renewals. During this time, benefits administrators and those managing group employee benefits face the daunting task of informing their CEO that insurance rates are rising—[yet again](#). It's no wonder renewals can feel downright overwhelming.

But a renewal doesn't have to be a surprise. In the age of big data, where vast amounts of benefits program information are available, your broker has the insights needed to project a new rate. It also helps to understand the key factors that will influence your renewal.

## Understanding the Drivers Behind Rate Increases

Keeping renewal rates in check is no easy task. It requires thoroughly reviewing program data and understanding the rationale your carrier's underwriters apply when calculating premiums. With this information, you can analyze the forensics of your current plan and identify potential cost risks you could mitigate.

In some cases, rate increases are unavoidable—when plan participants get sick or injured, claims rise and premiums follow. Proactive planning is the key to avoiding renewal surprises. You must anticipate rate adjustments and assess their impact on your health insurance program. This process starts with capturing and analyzing program data. While access to data varies based on employer size and funding, there should be enough available information to gauge how your renewal is tracking.

## Proactive Steps to Manage Costs Year-Round

Effectively managing benefit costs starts with a year-round approach to tracking trends and making data-driven adjustments. Rather than treating renewals as a once-a-year event, employers should establish a structured process with set review and analysis points to stay ahead of potential cost drivers.

A key step is leveraging available resources, such as an employee advocacy center, to monitor plan participant claims and identify utilization challenges. If your organization has a wellness or disease management program, its data can highlight emerging health trends contributing to rising claims and offer insights into targeted interventions.

Plan design also plays a critical role in managing costs. Working with your broker to ensure benefits are rightsized for your workforce—accounting for demographics, utilization patterns and employee needs—can help prevent unnecessary spending. Additionally, effective employee education is essential. Without clear communication, plan participants may not realize how their healthcare decisions impact premium rates and their own out-of-pocket expenses. Implementing a healthcare insurance consumerism campaign can empower employees to make informed choices, leading to more sustainable cost trends in the long run.

## The Role of Plan Marketing and Carrier Negotiations

Effective plan marketing is crucial for maintaining stability and avoiding disruptions from carrier changes. Instead of frequently switching carriers to sidestep rate increases—a reaction that can end up costing you more—marketing your benefits plans strategically helps you secure the most competitive rates while applying pressure on your current carrier.

Equally important is a thorough review of your pharmacy benefits. Ensure your broker examines the current discount arrangement and analyzes your claims data to confirm that promised discounts are being delivered. By comparing expectations with actual outcomes and reviewing prescription claims reports, you can forecast future claims and avoid unnecessary expenses through consistent monitoring.

Lastly, don't overlook the critical role of carrier negotiations. Request evidence of your broker's track record in these negotiations, as their ability to secure aggressive pricing is just as vital as robust data analysis and effective plan marketing. The goal isn't to disadvantage carriers but to encourage them to offer their best possible price.

### **A Strategic Approach to Renewals**

It's not unusual to feel moments of trepidation during renewal time, but your rate shouldn't jump out at you like a ghoul hiding in the bushes. By taking a proactive approach throughout the plan year, you can mitigate surprises and ultimately enjoy a more predictable—and less hair-raising—renewal process..

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