Alternative Benefit Plans: How Expanding Your Options Helps You Close More Deals

When renewal rates climb, employers often feel stuck with few workable options. They're looking for strategies that can reduce costs while still offering meaningful coverage to their employees. When brokers bring more solutions to the table, it strengthens retention and opens the door to new opportunities.

Alternative Benefit Plans (ABPs) can help expand that playbook. These plans include flexible funding models, diverse carrier access, and tailored benefits that better align with a client's needs and budget.

Whether it's introducing level-funded arrangements, exploring regional carriers, or designing plans around specific industries, taking a consultative approach to renewals makes it easier to deliver results. When options increase, so do opportunities.

THE CHALLENGE OF HIGH RENEWALS

High renewal rates are pushing employers to rethink their benefits strategy, and they're looking for real solutions that ease the pressure. Premiums are climbing, benefits budgets are tight, and many small and mid-sized businesses are struggling to absorb increases while staying competitive in a tough labor market.

Industry data shows that employer-sponsored family health coverage premiums rose by 7% in 2024, reaching an average of $25,572.[1] In some markets, increases are climbing into the double digits, making it even harder for businesses to manage costs. Projections point to continued increases in the years ahead.

For clients, the options are limited. They can:

- Absorb the cost, which cuts into business operations and profitability
- Shift more expenses to employees through higher premiums, deductibles, or out-of-pocket costs
- Explore alternative benefit solutions that create more flexibility in managing costs

Introducing more options and stepping outside the traditional renewal cycle opens the door to better outcomes. With a broader range of solutions, it's possible to reframe the conversation and focus on long-term benefits strategies instead of short-term rate management.

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EXPANDING THE PLAYBOOK WITH ALTERNATIVE BENEFIT PLANS

Renewal season doesn't have to be a scramble to contain costs. When the same carrier lineup and plan structure are presented year after year, clients are left with few options and growing frustration. Expanding the benefits playbook can create room for solutions that better meet an employer's financial and coverage goals.

With continuing premium increases, employers are starting to feel backed into a corner. Some believe their only option is to scale back coverage or pass more costs to employees just to keep plans affordable. In reality, there are other strategies available, even if that means exploring a different carrier relationship for a year or restructuring the funding model to regain some control.

Alternative Benefit Plans aren't a specific type of plan. They represent a more flexible approach that includes alternative funding arrangements, expanded carrier access, and benefit designs tailored to a workforce's unique needs. This kind of strategy shifts the conversation from reacting to high rates to proactively planning for long-term value.

With the right mix of funding models, regional or specialty carriers, and industry-aligned offerings, renewal conversations can become opportunities to drive meaningful change.

LEVEL-FUNDED AND SELF-FUNDED PLANS: MORE CONTROL, MORE SAVINGS

Self-funding was once seen as a solution only for large employers, but that's changing. Today, level-funded and self-funded plans are gaining traction among small and mid-sized businesses that want greater flexibility and a better handle on their healthcare costs.

Level-funded plans offer predictable monthly costs by bundling administrative fees, stop-loss coverage, and expected claims into one set amount. If claims run lower than projected, employers may receive a refund at the end of the year. This option is especially attractive for groups that want more control without assuming too much risk.

Self-funded plans go a step further. Employers pay for claims as they occur and are fully responsible for managing their plan. Stop-loss insurance provides a safety net in the event of large, unexpected claims. While the upside can be significant, this structure requires a greater appetite for risk and a more engaged approach to plan management.

Both funding models give employers more visibility into their costs and the opportunity to benefit from low-claim years. For clients facing steep renewals, these options provide a meaningful alternative to traditional fully insured plans. For brokers, they open the door to a more strategic benefits conversation.

SPECIALTY AND REGIONAL CARRIERS: CUSTOMIZATION AND COST SAVINGS

While national carriers are often the default, specialty and regional carriers can provide valuable alternatives that align more closely with an employer's needs, especially in challenging renewal cycles. In certain markets, these carriers may offer more competitive pricing due to local market expertise and stronger provider relationships. Many also provide greater plan flexibility, allowing for more customized benefits that better suit niche industries or unique business models.

In some regions, network access is a growing concern. A national carrier may not always have the most favorable partnerships locally, which can lead to higher costs or reduced access to care. Specialty and regional carriers often negotiate better rates with local providers, resulting in lower claims costs and improved plan affordability. These solutions can be especially helpful during a high renewal year, even if only for a short-term shift.

Clients may not be aware these options exist, which is why it's important to bring them to the table. By exploring regional and specialty carriers as part of your renewal strategy, you can help clients protect their budgets without compromising the value of their benefits.

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INDUSTRY-SPECIFIC PLAN OPTIONS: BENEFITS THAT FIT THE WORKFORCE

Standard plan designs don't always align with the realities of certain workforces. Employers in fields like hospitality, construction, healthcare, and skilled trades often have needs that fall outside the scope of traditional offerings. A restaurant group may need coverage that accommodates seasonal or high-turnover staff. A contractor might prioritize portable benefits across multiple job sites. Healthcare organizations and first responders may require plans that focus on mental health support, disability coverage, and specialized provider access.

When you understand what matters most to a particular workforce, you're in a stronger position to recommend benefits that truly fit. Some carriers offer tailored plan structures that focus on affordability and flexibility without unnecessary add-ons. Others provide eligibility options that work for businesses with part-time staff, shift-based schedules, or mobile teams.

These plans not only solve pain points but also help you stand out in a competitive market by showing clients that you're thinking beyond one-size-fits-all coverage.

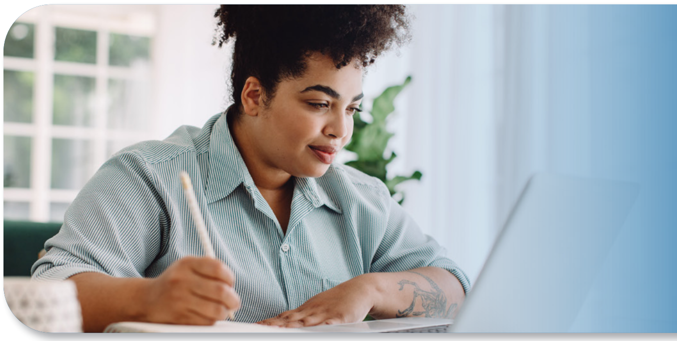
A MORE STRATEGIC APPROACH TO RENEWALS

A renewal is more than just presenting rates. Taking a consultative approach helps clients see new possibilities instead of feeling stuck with rising costs and limited choices.

Plan funding is often one of the biggest opportunities for cost savings. Many employers default to fully insured plans because they're familiar, but that may not be the best fit for every business. Level-funded models offer more predictable costs and potential refunds. Self-funded options provide added flexibility for employers who want greater control, although they do come with additional risk. Helping clients explore these structures can lead to greater long-term stability and cost management.

Carrier selection plays a role, too. Clients often assume their current plan is the only viable option, but alternative carriers may offer better pricing, stronger networks, or more tailored designs. Even considering a shift for just one year can help an employer regain leverage and open the door to more favorable renewals in the future.

For clients who are hesitant to make a change, the ability to simplify plan comparisons and ease the transition can make all the difference. That's where your insight and guidance become most valuable. When you help employers think beyond the status quo, you establish yourself as a forward-thinking advisor who's committed to long-term results.



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BOTTOM LINE

Employers are looking for flexibility, not just rate relief, and brokers who bring strategic alternatives are in the best position to deliver.

If it feels like time to think beyond the usual renewal, this might be the moment to expand the playbook. Or, to borrow a phrase we've been using, think of this as your APB on ABPs: your All-Points Bulletin that Alternative Benefit Plans can offer the flexibility your clients are asking for.

BenefitMall offers access to a broad carrier portfolio, powerful quoting tools, and a dedicated team ready to help. Send over your groups and see what's possible.

CONTRIBUTOR

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END NOTES

1. KFF (2024) "Annual Family Premiums for Employer Coverage Rise 7% to Average $25,572 in 2024, Benchmark Survey Finds, After Also Rising 7% Last Year" https://www.kff.org/health-costs/press-release/annual-family-premiums-for-employer-coverage-rise-7-to-average-25572-in-2024-benchmark-survey-finds-after-also-rising-7-last-year/