

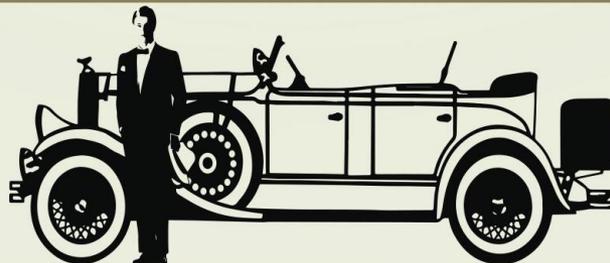
NASBI

National Association of
Supplemental Benefit Insurance

**2020 SUPPLEMENTAL
BENEFITS FORUM**

ROARING CAUTIOUSLY INTO THE TWENTIES

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Today's Agenda

- **Voluntary Benefit Trends**
Erin Marino, Eastbridge Consulting
- **Paid Family & Medical Leave Landscape**
Karen English, Spring Consulting
- **Claims Fraud**
Ashlee Borcan, Milliman
Gina Owens, LifeSecure
Matthew Harper, AFLAC



PAID FAMILY & MEDICAL LEAVE LANDSCAPE

Karen English

Spring Consulting Group

August 12, 2020



Background & Context

- The Family and Medical Leave Act (FMLA) was enacted in 1993 to enable employees to take time off to care for their families or their own health without sacrificing their jobs
- Although welcomed as a positive step forward, to this day it only covers about two-thirds of the country's workers and did not set out to provide pay
- To address this gap, many proposals have been made at the federal level, with only a few e.g., Fischer Tax Credit, FEPLA going into effect, and the most recent FFCRA providing encouragement
- The lack of a more comprehensive approach has caused states to take matters into their own hands, either by expanding unpaid protection in terms of eligibility or duration, or providing pay in the form of paid family leave (PFL) or paid family and medical leave (PFML)



Paid Family & Medical Leave Landscape

As of August 2020

SDI/TDI + PFL In Place
 California New York
 New Jersey Rhode Island

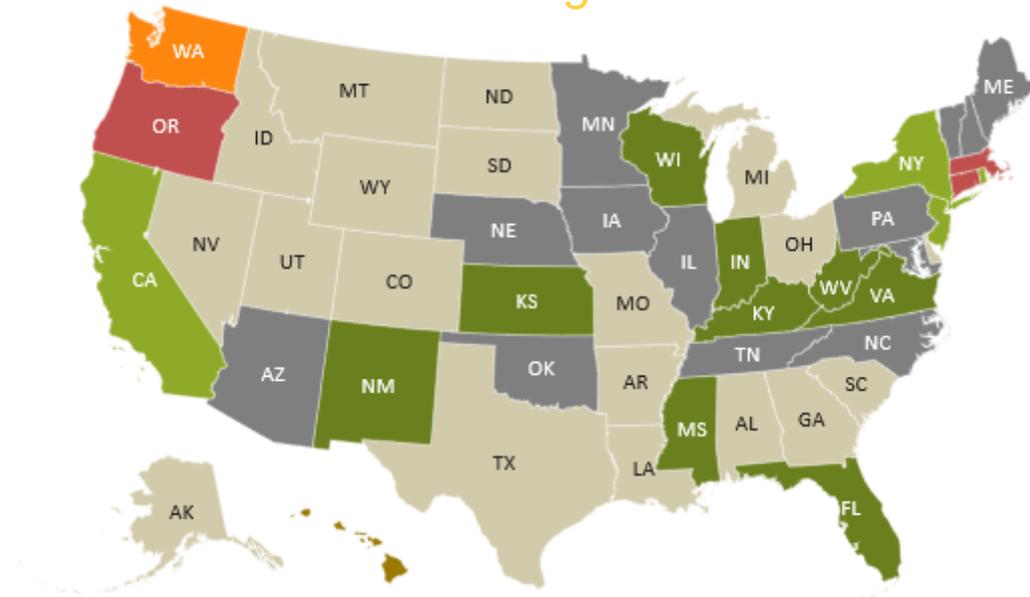
PFML In Place
 Washington Washington, D.C.

PFML In Regulatory Phase
 Connecticut Oregon
 Massachusetts

SDI/TDI In Place PFL Proposed
 Hawaii

SDI/TDI In Place
 Puerto Rico

PFML Proposal Rejected
 Colorado (ballot) Mississippi
 Florida New Mexico
 Indiana Virginia
 Kansas West Virginia
 Kentucky Wisconsin



Source: Emerging State Legislation, The ERISA Industry Committee, 8/5/2020

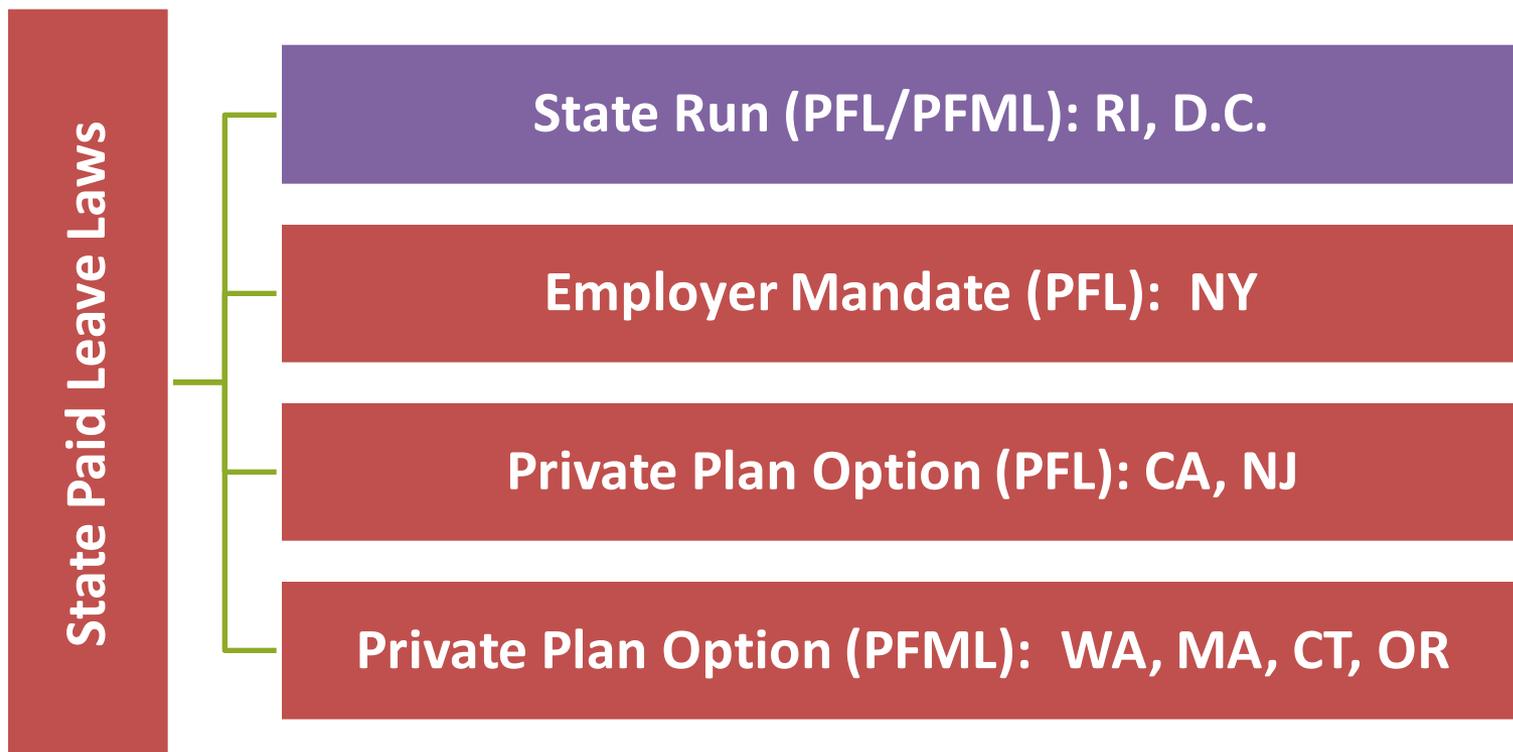
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Proposing PFML Program

Arizona	Maine	Nebraska	Oklahoma	Vermont
Illinois	Maryland	New Hampshire	Pennsylvania	
Iowa	Minnesota	North Carolina	Tennessee	



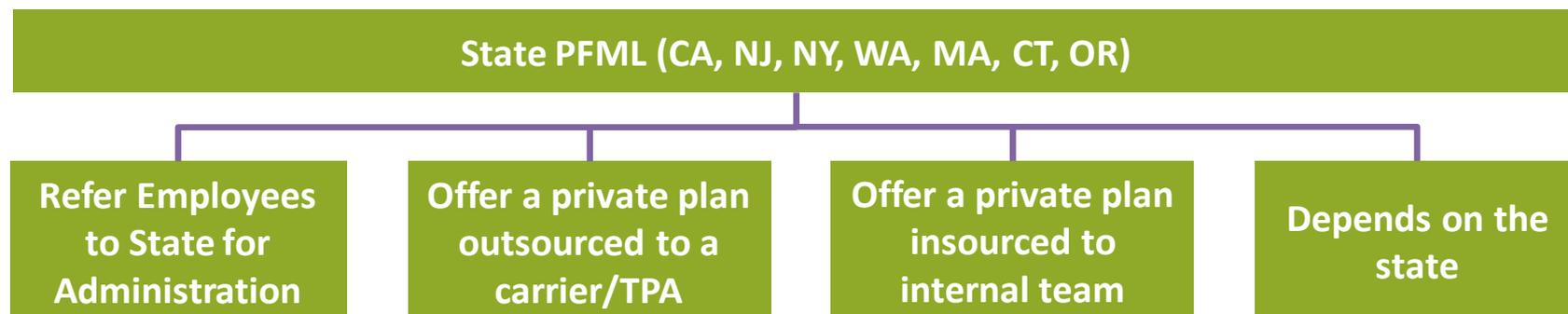
Applicable Structures





Employer Choices

- Except for RI and D.C., employers can choose to opt out of the state-run plan and have carriers/TPAs or their own internal teams administer the program





Private Plan Specifics

Why did your company decide to offer a private plan rather than use the state plan? (Select all that apply)

Reasons for Offering a Private Plan (n=266 employers)



Over half of respondents who have employees in existing PFML states and have private plans offered them to coordinate with their disability/FMLA plans and to enhance the employee experience.

Overall, how would you rate* your employees' experience filing for and receiving state paid family or medical leave benefits to date?

Average (n=173 employers)



*5 Point Rating Scale: 1=Poor and 5=Excellent.

On average, employers rate employees' experience with filing and receiving PFML benefits higher with private plans than the state.

Source: Paid Leave: Exploring the Impacts to Other Benefits Programs (A 360-Degree Review), Spring Consulting Group and Claim Vantage, 2020



Carrier Support

- For the existing State PFML programs of CA, NY, NJ and WA, NY is the most commonly supported, particularly on a fully insured basis
- This is followed by WA and CA, both on a self-insured basis
- NJ is the least commonly supported State PFML program to date
- For the upcoming State PFML program in MA, most carriers plan to offer PFML on an insured and self-insured basis
- Although most have decided to support CT and OR, many are still determining structure and services, particularly as the regulations continue to formulate



Trends to Consider

- Employers, brokers and carriers commonly perceive state paid family and medical leave as a benefit that should be provided
- The biggest adjustment to STD plans will likely be to offset for state PFML benefits, rather than restructure to coordinate with new state laws or discontinue STD
- Employee experience and leveraging disability/FMLA vendor partners are the biggest drivers in employer decision-making about private plans
- Carriers have an opportunity to not only educate and influence decision making but also provide supplemental products and supportive services



Thank you!



Karen English

SENIOR VICE PRESIDENT

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LifeSecure Insurance

- Products Sold-Personal Accident, Hospital Recovery, Critical Illness and Long Term Care.
- Fraud is more common with our Personal Accident product.
- Personal Accident Claims are paid on a reimbursement basis. Claim payments are based on discounts or adjustments made by the private insurance or providers.



Common Red Flags



- Effective date of the policy-vs-date of injury.
- Similar types of injuries...Slip and falls etc.
- Amount of claims filed.
- Frequency of calls regarding payment.
- Very knowledgeable regarding their rights or the policy.
- Threatens filing a complaint with the DOI or filing a lawsuit.
- Documents are altered.
- Policyholder calls with hypothetical questions prior to filing a claim.
- Inconsistent accident descriptions.
- Family members file similar claims.



What does a suspicious claim look like ?

- Case #1 – A Claimant owns a homeless shelter. The owner of the shelter requires the residents of the shelter to agree to sign and purchase a policy. The claim payouts are used as funding for the shelter. The type of claims filed are usually for small amounts of benefits and are submitted with all the required documentation. This Claimant has 17 separate policies with different carriers.
- Case #2 – A claimant stated she fell 50 feet from a cliff while hiking. In her statement provided on the claim form she indicated that she was taken to the hospital by ambulance. After reviewing the discharge summary from the hospital, it was discovered that the claimant walked into the hospital alone. A written receipt from EMS was submitted. The service was denied because it was inconsistent with the information provided by the hospital. A family member filed a similar claim days later.



The claim is suspicious now what?

LifeSecure has:

- Created new product designs, with maximums on some procedures.
- Established stronger exclusions to make it easier to deny questionable accidents.
- Limitations on the amount allowed for some procedures.
- Unappointed agents found to participate in suspicious activity.

Fraud is very hard to detect and prove. As claims volume increase, the Claims Adjudicator must remain diligent when processing claims to strictly adhere to the policy guidelines.



Questions



- ***Thank you***



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Why do stools have three legs?

Matthew Harper – Director Cyber Crime Prevention and Product Security, Aflac



Who am I?

- Director Cyber Crime Prevention
- Recovering Banker...
- 20 years in industry, mostly in banking
- Member of FS-ISAC Board of Directors
- Payments and technology nerd



Is this a security presentation? Just in case, we need a...



Vault



Hacker



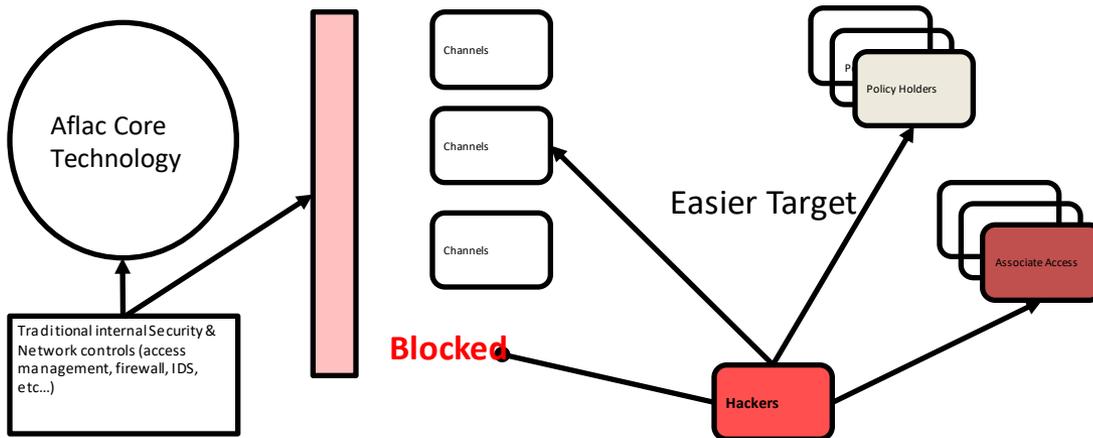
Business Problem -> Why did Cyber Crime Prevention Start

Increased industry trend of Account Take Over (ATO) against policyholders

- The financial industry has been seeing this for over a decade, emergence against Aflac due to our direct policy holder payment model
- Aflac US was not built to detect this type of fraud or attack
- Limited identity validation at claim or time of enrollment for new policy holders (workplace based enrollment model)

Mature Cyber Security program in place

- Security controls designed with the presumption of hackers going after core Aflac data (customer master files, etc...)
- New control infrastructure needed





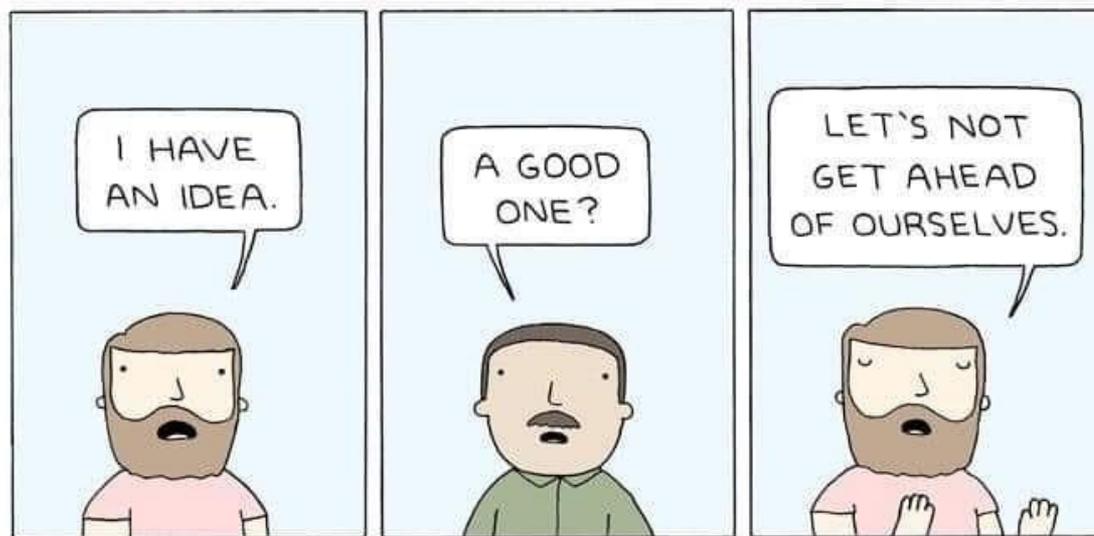
When this is done, I hope to sell you on three things!

1. Policyholder actions matter – you are what you do
2. Everything is operational risk – operations and risk can't live apart
3. Information Security is your friend – They have data & insights



Fraudsters work on commissions & paying good claims is our goal

Detailed reviews of all claims isn't an option and



poorlydrawnlines.com



Cross channel analytics focused on predictive capabilities (Identify)

Positives

- Data is cheap
- Analytics, not that hard...
- Ability to “fail fast”

Downsides

- How good is your existing data?
- Data consistency?
- Can you scale operations?
- Prevention?



Client enrollment and authentication (Enable)

Positives

- By knowing a policyholder, we can help them quicker
- Tracking policyholder from enrollment to claim provides consistency of behavior
- Easier access to their data, bad guys take the long way around

Downsides

- Authentication systems require time, talent, treasure to put in
- “why can’t we be more like Amazon”



Integrated Client repair and investigation (Operate)

Positives

- Same platform used by SIU, Claims, call center, etc...
- Consistency of object data
- All parties know status of event

Downsides

- Is everyone on the same system?
- Do we want the call center to know that a specific policyholder is part of an active investigation?



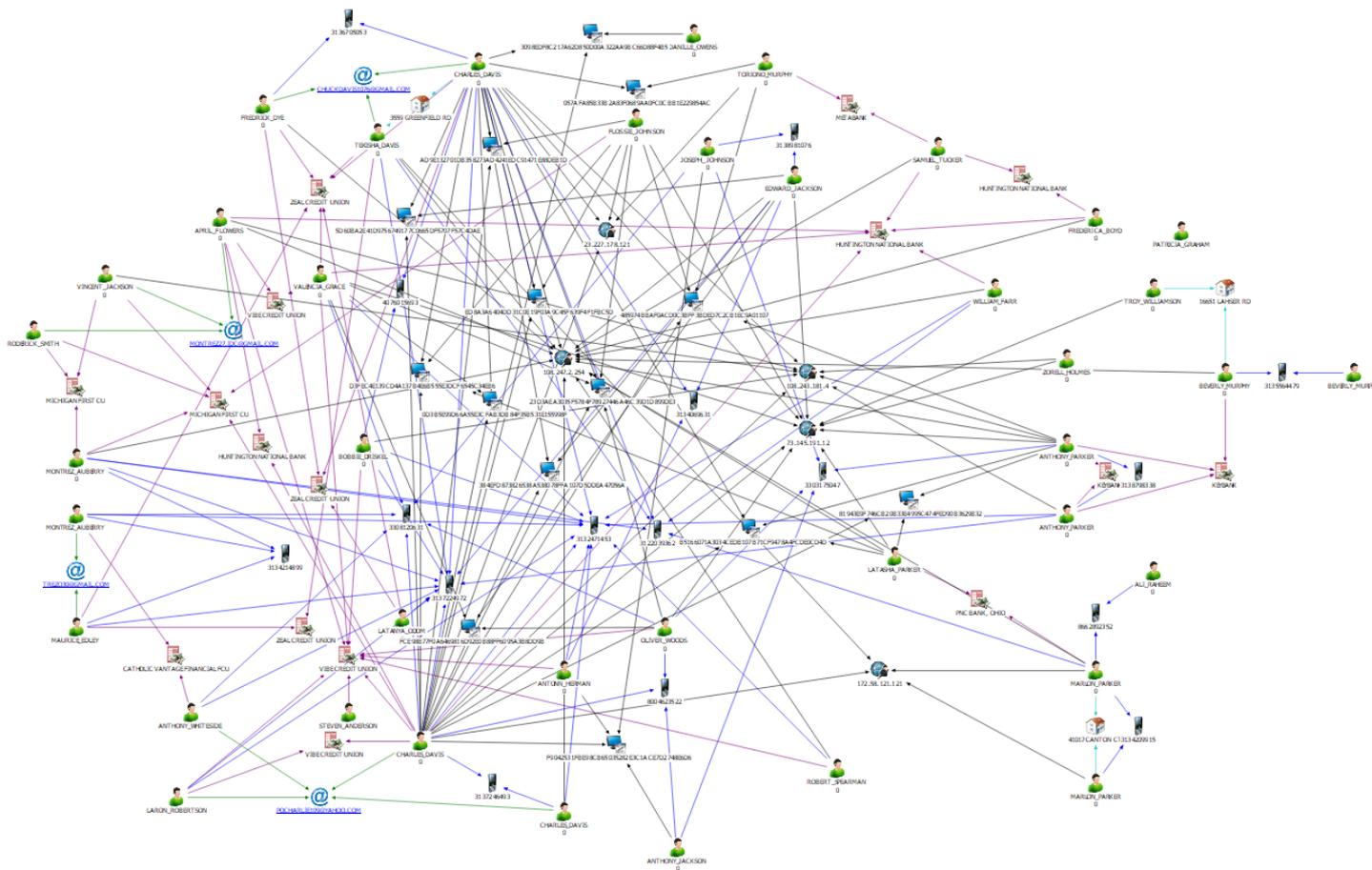
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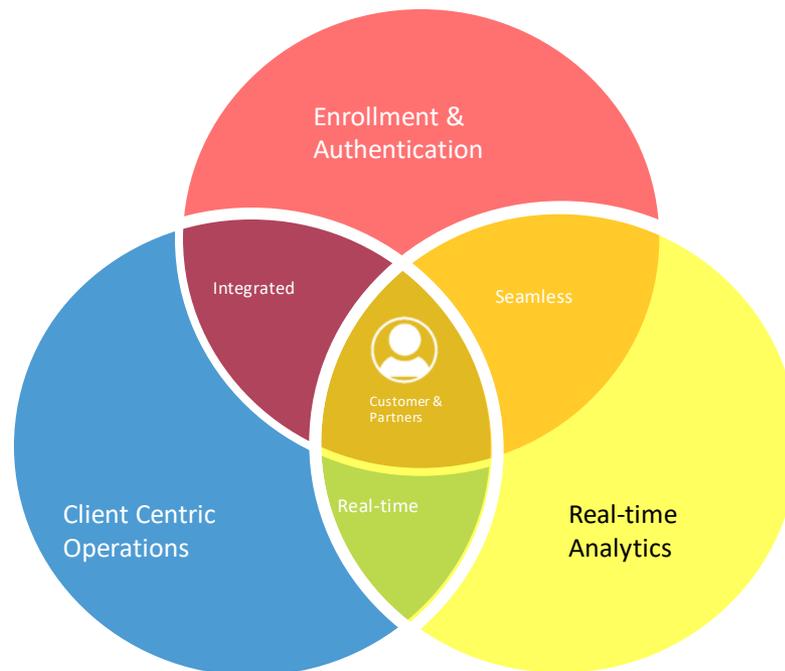


How it fits together...

1 Enroll and authenticate clients seamlessly and consistently regardless of channel, business process, or partnership -> start a conversation with "how can I help" not "who are you"

2 Enable servicing and claims at the speed of our policyholders. Protect and secure our policyholders by providing alerting and remediation of events via cross-functional operations and client facing solutions

3 Real-time visibility into all activity, regardless of channel, from sales -> enrollment -> servicing -> claims. Enable enhanced operations and authentication with actionable alerting and insights



Thank You



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2020

SUPPLEMENTAL BENEFITS VIRTUAL FALL FORUM

ROARING CAUTIOUSLY INTO THE TWENTIES

Two days, September 9 & 10 • Fee: \$199

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TO GET MORE INFORMATION

AND TO REGISTER.

