

Defined Contribution 101 | Brokers

Defined contribution is a funding strategy in which employers provide a set dollar amount for each employee to purchase benefits. Unlike the defined benefit approach, defined contribution facilitates transparency by enabling the employee-choice model. This allows employees to choose their own health plan. Defined Contribution also allows employers to help gain predictability in setting long-term benefit budgets.

This is an innovative way for small businesses in New Jersey to provide their employees valuable benefits. The defined contribution strategy works best in an exchange environment where employees have a number of health plans to choose from.

The Employer Chooses The Budget. Their Employees Choose Their Benefits.

MyAHNJ Defined Contribution Portal is a whole new approach to employee benefits — using a defined contribution product, you assist the employer in setting a fixed budget, and choosing a health plan package. The rest of the decisions are made by the employees. This maximizes customer satisfaction and minimizes the pressure of choosing the best plan.

Advantages For Your Customers

Predictable Benefits Costs

Because the customer sets the budget, it can help them plan for this year and years to come — helping them avoid the potential volatility of traditional benefits costs. Most employers save 10 - 30% in the first year alone.

Simplified Benefits Program Management

Instead of juggling multiple health plans from a variety of carriers, now the customer can consolidate and simplify administration.

Higher Employee Satisfaction

When employees have transparency into their benefits dollars, they may appreciate and value them more.

Advantages For Their Employees

Choice of Health Plan

Employees can choose from the health plans offered based on their individual and family circumstances, all from among some of the top national and regional providers.

Total Support

Multiple levels of support are available to help employees and their families during enrollment and throughout the year.

Better Understanding Of How To Use Their Benefits

Educated employees are more engaged in their health care and financial decisions.

Employees May Save Money

Employees choose the health plan that they feel best fits their needs from among the health plans that are offered which may save them money.

Contact Information

AmeriHealth New Jersey is proud to be the first health insurer in the state to offer small employers access to a defined contribution portal. If you have any questions regarding defined contribution models or the new MyAHNJ Defined Contribution Portal, please contact your AmeriHealth New Jersey Broker Representative.

If you or your customers have any questions about the portal or experience any technical problems, please contact Liaison Customer Support at 855-376-7990.