OPEN ENROLLMENT READINESS BENCHMARK

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DECEMBER 2017

Low readiness scores signal need for better open enrollment planning

Advisers should present clients with a 12-month map so employers can better prepare for sign-up periods.

The December composite Open Enrollment Readiness Benchmark score came in at a startlingly low 38 for employers with first-quarter benefit start dates. Granted, by the time the last month of the year rolled around, many organizations had concluded their benefit sign-up preparations and conducted enrollment. However, marks were low throughout 2017, with October's 59 being the highest monthly number reached.

The low scores are a clear indication to benefit advisers that their clients, regardless of size or industry, find open enrollment preparation a persistent challenge.

For advisers, this presents an opportunity to work more closely with employers to ease their open enrollment burden. The best strategy, according to numerous benefits industry experts, is to break down the process into small sets of related activities to be carried out monthly. These would include steps like designing a benefit plan, selecting health insurance and retirement products, and reviewing compliance and eligibility issues.

Developing such a month-by-month plan, says Nelson Griswold, founder and president of Bottom Line Solutions, a consultancy that helps benefit advisers, allows a company to better engage employees and to realize the full value of its investment in employee benefits. It also gives the adviser greater access and more influence at all levels of the organization. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018

Overall Readiness (as of December 2017): 38

PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 **Benefit Plan Design**	Selecting benefit brokers/advisers	61		55
	Selecting health plans	53		
	Selecting voluntary plans	49		
	Selecting pharmacy plans	53		
	Selecting retirement plans	66		
	Selecting wellness plans	47		
Phase 2 **Open Enrollment Preparation**	Enrollment timing	48		31
	Planning/designing employee communications	24		
	Reviewing compliance/eligibility issues	26		
	Setting goals	28		
	Documenting processes/procedures	27		
Phase 3 **Open Enrollment Management**	Managing meetings with advisers/brokers	35		29
	Enrolling employees	27		
	Answering employee questions	30		
	Documenting worker feedback	28		
	Measuring enrollment engagement metrics	27		
	Boosting enrollment engagements	29		
Phase 4 **Open Enrollment Design Analysis & Follow-up**	Reviewing enrollment engagement metrics	36		37
	Reviewing worker feedback	36		
	Soliciting additional feedback	30		
	Reviewing plan design	43		
	Reviewing communications strategy	40		
	Tracking benefit usage	38		
	Reviewing enrollment engagement analytics	35		
	Reviewing/improving the process	37		
	Planning year-round employee engagement	38		

*Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, December 2017

ABOUT THE OPEN ENROLLMENT READINESS BENCHMARK

The Open Enrollment Readiness Benchmark is a composite score (out of 100) of employer readiness for open enrollment activities across the four critical stages of the open enrollment process: benefit plan design, preparation, process management, and program analysis and updates. The OERB is based on SourceMedia Research's quantitative survey of more than 400 pre-screened HR and benefit executives and decision makers representing employers with greater than 50 employees from various industry sectors. For more details on the OERB, go to http://www.employeebenefitadviser.com/.

Correcting the discrepancy between benefit costs and outcomes

To improve their client's ROI, advisers need to get employers to think outside the open enrollment 'box.'

It's widely known that employee benefits are the second or third largest line item on most companies' P&L statements, observes Nelson Griswold, an acknowledged expert on benefit agency growth and competitiveness. Businesses invest heavily in their benefit plans for a variety of strategic reasons, recruiting and retaining hard-to-find talent, boosting employee morale and increasing productivity chief among them.

Less widely known is that the processes through which employees enroll, use and learn about their benefits are generally poorly designed and badly executed. Given the high cost and strategic import of those benefits, that makes no sense, says Griswold, who is adamant that companies begin viewing their open enrollment and other benefit-related activities as mission-critical.

The challenge for advisers, Griswold says, is to help their clients get more out of their open enrollments by turning this complex task into a series of discrete and easily managed monthly activities.

"Most companies are squandering their investment in benefits," he declares, "because their employees aren't educated, engaged and appreciative. They don't know how to take advantage of their benefits, they don't get as much out of them as they should, and they don't realize how much their employer has invested in them."

He cites a recent insurance company survey that asked employees to estimate how much their employer spends annually on their individual benefits packages. Most pegged the amount at around $1,000, while in reality it ranges between $5,000 and $20,000 per year. A majority of companies, says Griswold, spend at least $1,000 per month, not per year.

Compounding their lack of appreciation, many employees aren't even aware of many of the benefits that are available to them. To illustrate this, Griswold relates an anecdote from an earlier period in his career. During an open enrollment visit to one of his clients, an auto-parts manufacturer near Indianapolis, he met with one employee who had neglected to sign up for long-term disability. After Griswold explained the nature and value of the benefit, the employee enthusiastically asked to enroll, only to discover that because of a recent back surgery he was no longer eligible. Why, asked a frustrated Griswold, hadn't he enrolled when he was first hired and would have been accepted automatically? Because no-one had explained what LTD was or why he should sign up for it, came the response.

Situations like this have a domino effect, Griswold explains. Without LTD coverage, employees are likely to avoid the treatment they need, because they can't afford to take time off from work. But absent needed treatment, their medical condition worsens, ultimately leading to major surgeries and other interventions that cost can both employee and employer tens of thousands of dollars.

"This is so shortsighted," declares the adviser consultant. "A company invests all this money in benefits and then fails to get the return that it should."

But when employers turn to their HR departments to remedy the issue, all too often nothing gets resolved. "The employer is asking HR to educate and communicate," says Griswold, "but what skills do they have to do that? Communications training does not come with a degree in human resource management."

This common scenario gives benefit advisers the perfect entrée to sell employers on the need for their services in general and a 12-month open enrollment plan in particular. "Advisers need to present open enrollment not as an annual event," Griswold says, "but as an ongoing and never-ending process to improve employees' understanding, utilization and appreciation of their benefits."

As with any large, complex task, Griswold says advisers can help their clients succeed with their open enrollment preparations by breaking them down into smaller, more discrete tasks that are undertaken month to month. These should include:

1. Planning the 12-month open enrollment process.
2. Designing a benefit plan that reflects key business priorities.
3. Selecting the health, retirement and voluntary coverage to be included in the benefit plan.
4. Reviewing and addressing compliance and eligibility issues.
5. Creating a 12-month communications program to educate and engage employees.
6. Setting open enrollment goals and metrics in line with the company's business objectives.
7. Organizing and scheduling planning meetings between advisers, HR administrators and other open enrollment stakeholders.
8. Initiating measures to boost employee engagement.
9. Orchestrating the actual employee enrollment process and enrolling employees.
10. Collecting employee data and feedback from the open enrollment period.
11. Auditing and reviewing enrollment data, metrics and employee feedback.
12. Based on the above, instituting plans to improve the following year's enrollment process.

Advisers should also partner with and encourage their clients to utilize a firm that specializes in benefits communications, Griswold advises. Such a firm has the expertise to convey to employees the value of their benefits package and the best way to utilize it and will continue to educate them before, during and after the open enrollment period. ■

CHECKLIST

Actions advisers can take now to both protect and grow their business

- ☑ Convince clients that a 12-month open enrollment plan can help them better prepare for benefit sign-up periods.
- ☑ Work with clients to set up tasks and goals for each month.
- ☑ Help clients map out and execute each monthly step.

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When planning OE, smaller employers have bigger needs

But employee benefit adviser guidance for these clients can be simple and straight forward.

When it comes to smaller employers, benefit advisers need to be even more proactive with their open enrollment initiatives than they are with their larger clients.

"Midsize companies on down don't have the time or resources to put together a 12-month open enrollment plan themselves," says benefit enrollment expert Nelson Griswold. "They need their benefit adviser to do it for them."

Those plans should place special emphasis on employee education, since it is unlikely that the HR department at a small or midsize business will have the capacity to undertake such initiatives on its own. But the activities needed to help a client achieve its goals can be very simple, straightforward affairs.

For instance, says Griswold, "The adviser can simply set out a schedule—in January, we're going to talk about medical insurance, in February the topic will be disability, and in March we'll discuss life insurance—and then set up group meetings or box lunches each month with representatives from an insurance carrier." The insurers, he notes, will be happy to provide speakers free of charge, and it will cost the employer next to nothing.

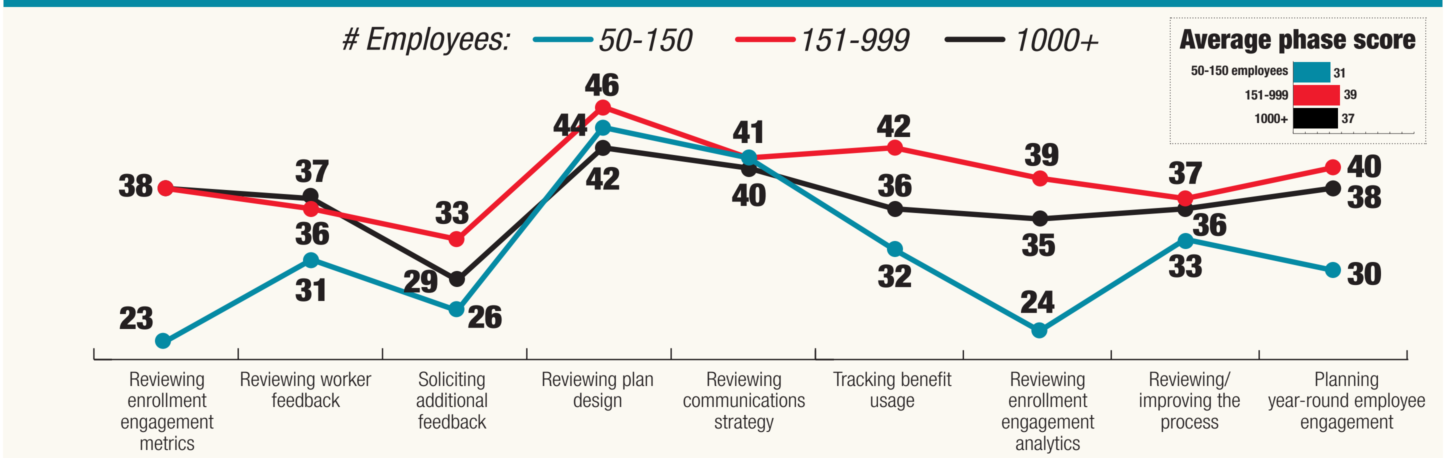
Many of the carriers' educational materials, he admits, can be dry and tedious. But they're much better than nothing, he adds, and will get the employees thinking about their benefits in a new light.

"This is what disability insurance is; here's how an FSA works; here's what a financial plan does for you. Providing this sort of basic information," Griswold says, "can be invaluable."

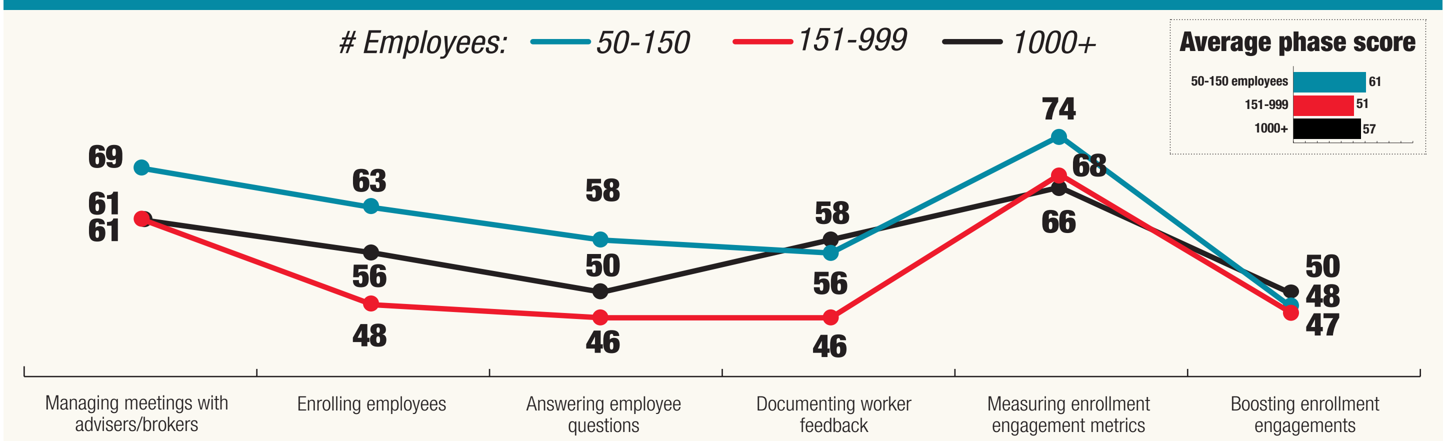
WHERE THEY ARE

A look at how employers of various sizes stack up in the follow-up and management phases of open enrollment

OPEN ENROLLMENT ANALYSIS AND FOLLOW-UP PHASE



OPEN ENROLLMENT MANAGEMENT PHASE



Note: Scores are based on the progress employers with benefit start dates in the first quarter say they have made in each activity. Responses range from no progress, which equates to a score of 0, to completed, which equates to a score of 100.