

# OPEN ENROLLMENT READINESS BENCHMARK

APRIL 2017

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## Benefits enrollment preparations at a standstill

Monthly OERB scores for employers with Q1 start dates show little, if any, progress.

**E**mployers with benefit start dates in the first quarter of 2018 are spinning their wheels when it comes to their open enrollment preparations. The composite Open Enrollment Readiness Benchmark score for this group, which accounts for nearly 70% of all employers, has been hovering around the 40 mark since January, when *Employee Benefit Adviser* launched the survey. For April, it came in at 39, and the number

of activity-related red flags, which indicate a serious lack of preparedness, rose from 10 the prior month to an all-time high of 12. While the number of green flags signaling a solid state of readiness rose from two to three, on balance, employers don't seem to be making any real progress.

To calculate the OERB benchmark, *EBA* asks employers of all sizes to rate themselves on each of 26 open enrollment activities grouped into

the four phases of open enrollment preparation: benefit plan design, employee preparation, enrollment management and post-enrollment analysis. Scores range from a low of 1 to a high of 100 and reflect the degree to which an employer considers itself prepared for a particular activity. The activity scores are then averaged to determine scores for each of the four phases and an overall readiness score. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of April 2017)				39
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	71 <span style="color: green;">▶</span>	<div style="width: 71%;"></div>	57
	Selecting health plans	53	<div style="width: 53%;"></div>	
	Selecting voluntary plans	52	<div style="width: 52%;"></div>	
	Selecting pharmacy plans	52	<div style="width: 52%;"></div>	
	Selecting retirement plans	70 <span style="color: green;">▶</span>	<div style="width: 70%;"></div>	
	Selecting wellness plans	45	<div style="width: 45%;"></div>	
Phase 2 Open Enrollment Preparation	Enrollment timing	59 <span style="color: green;">▶</span>	<div style="width: 59%;"></div>	34
	Planning/designing employee communications	17 <span style="color: red;">▶</span>	<div style="width: 17%;"></div>	
	Reviewing compliance/eligibility issues	32 <span style="color: red;">▶</span>	<div style="width: 32%;"></div>	
	Setting goals	32 <span style="color: red;">▶</span>	<div style="width: 32%;"></div>	
	Documenting processes/procedures	29 <span style="color: red;">▶</span>	<div style="width: 29%;"></div>	
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	38	<div style="width: 38%;"></div>	29
	Enrolling employees	21 <span style="color: red;">▶</span>	<div style="width: 21%;"></div>	
	Answering employee questions	33 <span style="color: red;">▶</span>	<div style="width: 33%;"></div>	
	Documenting worker feedback	27 <span style="color: red;">▶</span>	<div style="width: 27%;"></div>	
	Measuring enrollment engagement metrics	25 <span style="color: red;">▶</span>	<div style="width: 25%;"></div>	
	Boosting enrollment engagements	28 <span style="color: red;">▶</span>	<div style="width: 28%;"></div>	
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	34 <span style="color: red;">▶</span>	<div style="width: 34%;"></div>	38
	Reviewing worker feedback	37	<div style="width: 37%;"></div>	
	Soliciting additional feedback	34 <span style="color: red;">▶</span>	<div style="width: 34%;"></div>	
	Reviewing plan design	45	<div style="width: 45%;"></div>	
	Reviewing communications strategy	38	<div style="width: 38%;"></div>	
	Tracking benefit usage	44	<div style="width: 44%;"></div>	
	Reviewing enrollment engagement analytics	33 <span style="color: red;">▶</span>	<div style="width: 33%;"></div>	
	Reviewing/improving the process	38	<div style="width: 38%;"></div>	
	Planning year-round employee engagement	36	<div style="width: 36%;"></div>	

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, April 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 benefits 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/>.

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## Poor communications readiness emerges as Achilles' heel

*For advisers, helping their clients close the messaging gap is a ready-made opportunity.*

**E**mployers with Q1 benefit start dates are facing numerous challenges. But of all the trouble spots, planning and designing employee communications is the open enrollment readiness activity that has consistently recorded the lowest OERB score.

For April, this group of employers gave themselves a grade of only 17 for their communications plans, making this the reddest of the red flags on their scorecard. By way of comparison, they awarded themselves a score of 71 when it came to selecting their benefits broker or adviser.

Poor communications on the part of the employer is the norm, according to Nelson Griswold, president of Bottom Line Solutions, which offers services to employee-benefit agencies. "Employers don't know how to communicate with their employees about enrollment," he says. "They're not communicators or educators."

To illustrate his point, Griswold tells of a recent employee survey conducted during an insurance company's annual enrollment period. The survey taker asked one employee how he learned that his company's open

enrollment was taking place. "I just did," the employee replied.

But it's not just employees who lose out when employers fail to inform them about their benefits. The cost of their benefits plan is most employers' single greatest expense, following their payroll, and Griswold argues that they aren't getting their money's worth if their employees aren't aware of their plan options or don't appreciate their value. Unless a business effectively communicates the scope and nature of the benefits it provides, he says, both the employer and its workforce come up short.

To rectify this, Griswold, author of the industry bestseller, "DO or DIE: Reinventing Your Benefits Agency for Post-Reform Success," says advisers should put together a benefits communication campaign that they can pre-package and roll out to their employer clients.

Some employers, however, are further along in their enrollment preparations and in better shape with their employee communications plans. Those with second- and third-quarter benefit start dates are well ahead of their Q1 counterparts on both counts, as indicated by the OERB.

For April, employers with a Q2 2018 start date posted a composite benchmark score of 45 (see chart), compared to the Q1 group's 39, and a communications activity score of 29—a striking 12-point advantage over the Q1 group. Employers with Q3 start dates fared even better, with an aggregate score of 51 and a communications grade of 33.

Employers with a Q4 start date, however, fared even worse than their Q1 peers. Their composite score for the month was a disappointing 36, while their communications mark was 17—the same as for the Q1 employers. ■

Group 2 Overall Readiness				45
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 2 Open Enrollment Preparation	Enrollment timing	61		39
	Planning/designing employee communications	29		
	Reviewing compliance/eligibility issues	35		
	Setting goals	39		
	Documenting processes/procedures	33		

Group 3 Overall Readiness				51
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 2 Open Enrollment Preparation	Enrollment timing	72		49
	Planning/designing employee communications	33		
	Reviewing compliance/eligibility issues	50		
	Setting goals	47		
	Documenting processes/procedures	41		

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## Verbatim: Top employer challenges

This is how employers described this month's biggest enrollment challenges:

- “Communications – although we are further along in this regard, reaching every employee in a meaningful way, from white collar to blue collar, in multiple languages – has been a huge challenge with the advent of QHDHPs. It feels like selling a relatively complicated financial product to folks that tend to use a computer mouse with two hands.”
- We struggle with communicating to our associates and are constantly looking for ways to get information in front of them.”
- “We provide communications to our managers and rely on them to pass the information along to the employee; sometimes this is not passed effectively.”

## Employer challenges by company size

### SMALL

Employers of all sizes are currently struggling with their open enrollment preparations—as reflected in April's OERB scores. But compared with larger companies, small employers with 50 to 150 employees are really behind the curve. Most strikingly, more than one out of four of these smaller companies have not even met yet with their benefits adviser to begin planning their next open enrollment period. Likewise, they are way behind their bigger counterparts when it comes to selecting their medical plans (20% of small employers have not even begun the process, compared with only 4% of large employers), and 7% have yet to begin choosing a retirement plan.

### MIDSIZE

Midsized employers are having their struggles as well. For example, more than 16% of companies with 151 to 999 employees have yet to begin setting goals for their next open enrollment, compared with just more than 5% of their larger peers. Similarly, nearly 15% of midsized employers have yet to begin shopping for a health plan to offer. That's better than the 20% of smaller employers who are in the same boat, but way behind the 96% of large employers who have already begun their selection process. Employee communications about enrollment is a particular sore spot: More than 23% of midsized companies have yet to begin their communications plan.

### LARGE

While large employers with more than 1,000 employees lead small and midsized organizations in most every enrollment preparation activity, they are still lagging in certain key areas. For instance, more than one out of four (29%) have yet to begin answering employee questions about their next open enrollment, and more than one out of five (21%) have no plan in place yet to boost employee enrollment engagement. Once again, communications is a potential trouble spot: Nearly one out of four large employers (24%) acknowledge they still have major work to do to respond to employee questions about benefits and enrollment.

Note: Data for company-size breakouts comes solely from employers with first-quarter benefit start dates.

For more details go to [www.employeebenefitadviser.com](http://www.employeebenefitadviser.com)