

OPEN ENROLLMENT READINESS BENCHMARK

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JULY 2017

Struggle to set goals and document processes hurts readiness

Trouble spots in essential preparation activities cloud progress on benefit plan design

Employer preparedness for open enrollment season edged higher for the second month in a row among organizations with benefit start dates in the first quarter, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark. But with price quotes from carriers and final decisions on benefit offerings only a few months away, employers appear to be behind in key activities like setting enrollment goals and documenting processes and procedures.

The composite OERB score — an average of progress self-assessments for 26 open enrollment activities — ticked up two points from 40 in June to 42 in July. Employers are making clear progress in the benefit plan design phase. The average score for plan and broker selection activities increased four points month-over-month to 67, a high since *EBA* launched the benchmark in January.

Yet the average for open enrollment preparation activities in the benchmark's second phase was

just 38 in July, indicating that employers have substantial work left to do in this area. The score for setting goals was 39, and only 32 for documenting processes and procedures.

As many employers concentrate their efforts on benefit plan design activities that are a bare minimum for making it through the cycle, the readings show how much help they need from advisers with additional tasks that are essential for an orderly and successful sign-up process. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of July 2017)				42
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	81		67
	Selecting health plans	66		
	Selecting voluntary plans	63		
	Selecting pharmacy plans	64		
	Selecting retirement plans	75		
	Selecting wellness plans	54		
Phase 2 Open Enrollment Preparation	Enrollment timing	65		38
	Planning/designing employee communications	20		
	Reviewing compliance/eligibility issues	36		
	Setting goals	39		
	Documenting processes/procedures	32		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	47		24
	Enrolling employees	19		
	Answering employee questions	23		
	Documenting worker feedback	20		
	Measuring enrollment engagement metrics	17		
	Boosting enrollment engagements	20		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	35		38
	Reviewing worker feedback	35		
	Soliciting additional feedback	27		
	Reviewing plan design	52		
	Reviewing communications strategy	43		
	Tracking benefit usage	44		
	Reviewing enrollment engagement analytics	32		
	Reviewing/improving the process	40		
	Planning year-round employee engagement	35		

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, July 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 prescreened 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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Employers need help clarifying goals and codifying procedures

As work on plan design advances, weakness in setting goals and documenting procedures is inhibiting overall readiness

Employers with benefit start dates in the first quarter say that preparations for open enrollment advanced for the second month in a row in July. The composite score for *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark edged up two points from June to 42. This is on top of a four-point increase from May to June.

Despite the consecutive gains, July's reading of 42 indicates that overall readiness remains low. Employers say they have major work to do across a wide range of activities essential for a successful benefit sign-up process. Notably, employers' self-evaluations reveal that they are having trouble making headway even with fundamentals like setting goals and documenting processes and procedures. The results show that there is considerable opportunity for advisers to step in, help clients formulate and structure priorities that can channel their open enrollment efforts effectively, and demonstrate the value they can provide to employers.

PHASE SCORES REMAIN LOW

The overall composite score — an average of employer self-assessments of the progress they have made in 26 activities conducted in four phases — was buoyed by an increase of four points month-over-month to 67 in the average for plan and broker selection activities in the benefit plan design stage. That score roughly equates to a response of "strong progress, almost complete." Scores are based on employer responses that range from no progress, which equates to a score of 0, to completed, which equates to a score of 100.

However, average scores for the other three stages — open enrollment preparation, open enrollment management and open enrollment design analysis and follow-up — are all less than 40.

For instance, the average score for enrollment preparation is just 38. While various activities saw increases — setting goals rose from 33 to 39 and documenting processes and procedures increased from 30 to 32 — scores in such a low range show that inadequate progress has been made.

Comparing the high score for plan design and the low one for enrollment preparation indicates that employers are focusing a lot on plan selection while giving insufficient attention to supporting activities needed for an orderly enrollment cycle, and indeed for informing decisions on plan design.

Goals can include establishing a target for participation in a particular benefit plan, adding benefit offerings, encouraging cost-effective use

CHECKLIST

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

- Establish achievable targets for which there will be measurable results, and help clients develop action plans to meet them.
- Help clients formalize processes and procedures — and create a structure to build upon — by documenting them. Documentation keeps action plans on track, and ensures consistency across new HR staff in growing organizations.
- Meet with clients well ahead of open enrollment to develop goals that can structure their efforts throughout the year. Low benchmark scores for goal-setting show that employers feel adrift.

of benefits through education and outreach, or improving informational materials and strategies used to explain benefits, which might be measured by a reduction in the number of hotline-type inquiries fielded by human resources during open enrollment.

"A lot of questions to human resources is a bad thing, because it means people are confused and it's going to wear out the HR department," says Randy Schwantz, the chief executive of The Wedge Group and a sales coach to brokers.

Indeed, in open-ended responses to *EBA's* most recent OERB survey, employers set out a range of goals that included educating employees about high-deductible plans and health savings accounts and encouraging employees to be "more proactive in signing up."

But the low benchmark score on setting goals indicates that employers are not comfortable with

their approach to developing priorities, and that there is a need for advisers to help clients establish a formal process of setting targets and measuring progress against them.

"A forward-thinking adviser who wants to be a trusted adviser maps out a game plan months in advance and puts out a timeline so there's a degree of accountability," says Jack Kwicien, managing partner at the consulting firm Daymark Advisors. "How will we define success? If we're currently at 85% participation in the 401(k) plan, what do we want that to be?"

THE GOAL OF GOAL-SETTING

Well-calibrated goals then serve as the basis for other open enrollment activities. For instance, a goal of lifting the percentage of employees enrolling in disability income protection can be woven into an organization's communications campaign. But that's always where the challenges start to arise.

Large packets of information on benefits distributed just before open enrollment can be overwhelming to employees, so Kwicien recommends setting up a year-round calendar under which benefits are explained and promoted periodically.

"Each month you try to accomplish something in terms of getting the employees engaged," he says. "Just isolate two or three benefits, and then maybe in the next communication a month later you can say, 'Just a reminder: you're going to have to review your 401(k) selection.'"

Once open enrollment activities are structured according to a goal-setting formula, processes and procedures tend to flow naturally. It simply becomes a matter of writing them down.

"Setting the action plan in motion is the beginning," says Kwicien. Once an employer starts "meeting with some modest success, then you'd be more likely to document the procedures," particularly if it's a growing organization that wants to ensure consistency with new staff.

Advisers can press clients to codify goals, communication calendars and processes for evaluating progress against targets by emphasizing how formal documentation helps channel year-round activities and keeps things on track.

"Documentation helps hold people accountable because it is in writing," Kwicien says. "We've either done it and we can check that box or we haven't."

But once clients have accepted the need for a rigorous process of setting goals and developing action plans, producing documentation — on a company intranet for instance — should be the easy part, Kwicien says. ■

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Small employers show weakness in setting goals

Overall readiness, boosted by advances in selecting plans, is hampered by slow progress in preparation phase activities

With final decisions on benefit offerings only a few months away, small employers feel unsure about their readiness to handle tasks like setting enrollment goals, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark.

Overall, preparations for open enrollment advanced in July among employers with benefit start dates in the first quarter, regardless of employer size. But for organizations with 50 to 150 employees, readiness levels are being weighed down by lagging preparations for activities in the enrollment preparation phase, where small employers recorded an

average phase score of just 41 (see the first chart).

Preparation phase activities include setting goals, for which self-assessments of progress among small employers yielded an OERB activity score of 42 in July. Larger employees had a score of 65 for this task. Looking at documenting processes and procedures — another preparation phase activity — small businesses came in with a score of 41 while larger organizations recorded a 55.

Scores are based on employer responses that range from no progress, which equates to a score of 0, to completed, which equates to a score of 100.

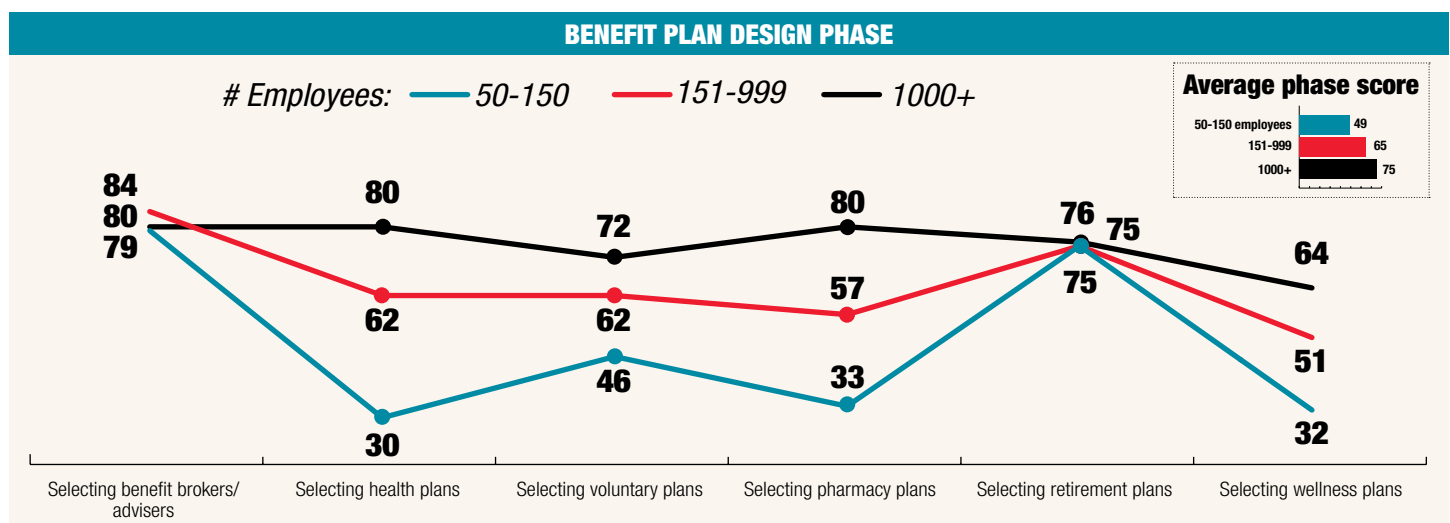
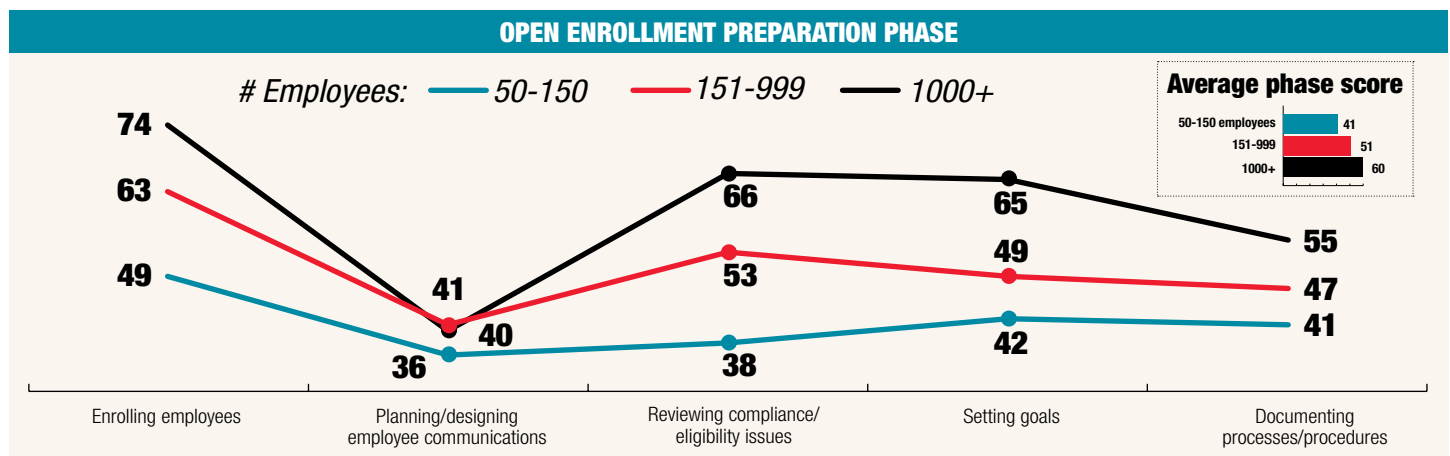
Meanwhile, in the plan design phase, smaller

employers do better, recording an overall phase score of 49 (see the second chart). However, large employers record an average score of 75 for plan design activities.

Advisers should help clients establish a formal process of setting goals well before enrollment periods. Establishing measurable targets for activities such as employee participation in a benefit plan can help channel work in other activities. For example, employee communications — an activity where scores fell into a range of 36 to 41 for all three size categories — can be tailored to promote particular benefits and achieve other goals. ■

WHERE THEY ARE

A look at how employers of various sizes stack up in the preparation and plan design phases of open enrollment



Note: Scores are based on self-assessments of employers starting benefits in Q1 2018 reporting the progress 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.