

OPEN ENROLLMENT READINESS BENCHMARK

JUNE 2017

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Employers' readiness ticks higher, but red flags persist

Organizations notch progress for the first time in months, but report that major work remains

For the first time in five months, *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark finds employers with benefit start dates in the first quarter of 2018 more prepared for open enrollment than they were the month before. However, they continue to report that they have made scant progress across a range of key activities, and time is running out.

The overall OERB score — a composite of progress self-assessments for 26 open enrollment activities — for these employers edged up four points from 36 in May to 40 in June. In fact, averages of activity readiness scores in each of the four open enrollment phases covered by the benchmark increased month-over-month.

Yet the average for activities in the enrollment management phase was just 24 in June — only

two points up from its all-time low, which it hit last month. In fact, the enrollment management phase encompassed five of the six activities with the lowest scores in this most-recent benchmark.

Scores of 20 or below for items such as boosting enrollment engagement underscore how much help employers need from advisers to make it through the cycle. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of June 2017)				40
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	77	<div></div>	63
	Selecting health plans	59	<div></div>	
	Selecting voluntary plans	59	<div></div>	
	Selecting pharmacy plans	58	<div></div>	
	Selecting retirement plans	75	<div></div>	
	Selecting wellness plans	48	<div></div>	
Phase 2 Open Enrollment Preparation	Enrollment timing	59	<div></div>	34
	Planning/designing employee communications	17	<div></div>	
	Reviewing compliance/eligibility issues	29	<div></div>	
	Setting goals	32	<div></div>	
	Documenting processes/procedures	30	<div></div>	
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	47	<div></div>	24
	Enrolling employees	16	<div></div>	
	Answering employee questions	20	<div></div>	
	Documenting worker feedback	20	<div></div>	
	Measuring enrollment engagement metrics	19	<div></div>	
	Boosting enrollment engagements	20	<div></div>	
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	35	<div></div>	39
	Reviewing worker feedback	37	<div></div>	
	Soliciting additional feedback	31	<div></div>	
	Reviewing plan design	46	<div></div>	
	Reviewing communications strategy	43	<div></div>	
	Tracking benefit usage	45	<div></div>	
	Reviewing enrollment engagement analytics	36	<div></div>	
	Reviewing/improving the process	41	<div></div>	
	Planning year-round employee engagement	39	<div></div>	

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, June 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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Open enrollment prep advances, but enrollment management obstacles keep readiness low

OERB scores generally increase, but readings on activities such as engaging employees show major deficiencies

For the first time in months, employers say that their preparations for open enrollment have generally advanced, but a lack of progress across a range of enrollment management activities has left them at a poor level of readiness overall.

The composite Open Enrollment Readiness Benchmark score for employers with benefit start dates in the first quarter rose four points from 36 in May to 40 in June, the first increase since February. Scores are based on employer self-assessments of the progress they have made in 26 activities that need to be completed for a successful benefit sign-up period, with no progress translating to a score of 0 and a completed activity translating to a score of 100. The composite score is an average for the more than two dozen activities covered by the benchmark.

Activities are categorized into four main open enrollment phases. Scores rose month-over-month in all stages, led by a five-point increase for the benefit plan design phase, which came in at 63.

Generally rising scores make sense since employers are fast approaching hard deadlines.

Yet preparations for activities in the enrollment management phase are lagging sharply, with the category posting an average increase of just two points month-over-month to 24 – a score that equates to a response of “major work still required.”

In fact, the enrollment management phase encompasses five of the six activities with the lowest scores in the benchmark. The score for preparations to enroll employees fell for the fourth straight month, hitting a low of 16 in June. The scores for preparations to boost enrollment engagement, measure engagement metrics and document worker feedback were also stuck at 20 or below, highlighting activities with severe readiness deficiencies.

In open-ended responses about top challenges for the month, employers identified a range of obstacles to engaging with employees, including hurdles to cultivating knowledge about benefit plans, far-flung locations and difficulty getting people to enroll on time.

“Some [employees] do nothing until the last minute,” one respondent said. “Others are located remotely,” complicating outreach.

Several employers that don’t currently offer

CHECKLIST

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

- ☒ Scan the OERB for low scores. Chances are clients are struggling in these areas. Create a plan that can help them overcome these challenges.
- ☐ Eliminate jargon and pursue extreme simplicity when helping clients design ways to engage employees. Particularly low scores in employee communications show that employers are having trouble.
- ☐ Work with clients to help them set up an ongoing program of focus groups and surveys to zero in on what employees don't understand, and whether changes in outreach have been effective.

self-service online enrollment portals said they are considering adding them. But a larger issue is that organizations are having trouble guiding employees to think about benefits year-round, both to inform selections during enrollment and encourage judicious use of them.

“The biggest challenge every year is explaining to associates that they have control over the success or failure of their own benefit elections and that open enrollment is not the only time of year to think about their choices,” one respondent said.

Broadly, employers said they want employees to

take advantage of benefits available to them, particularly when participation can reduce overall plan cost. “The most complicated area would be getting the population to utilize all of the benefits we offer,” one respondent said. “We have a tele-doctor service that is at no charge to them and would save them a co-pay. It gets used but not as much as I would like to see to cut down on emergency room visits.”

The fundamental obstacle to successfully engaging employees is the wide gulf between benefit experts’ firm grasp of complex coverage plans and the tendency of employees to become overwhelmed by such complexity, says Randy Schwantz, the chief executive of The Wedge Group and a sales coach to brokers. “It’s almost like you’re talking with a computer guy. He’s so familiar with it that he speaks in a geek language. Most of us can’t have a very in-depth conversation with a computer guy because he just talks over our heads.”

Even communications programs developed by third parties can be steeped in notions and jargon that are commonplace for experts – including, for example, the basic concept of in-network versus out-of-network – but that fails to register with employees, Schwantz says. Most benefits experts “feel they’re pretty good and it’s someone else’s problem,” so advisers should push clients to “dumb it down to make it easy to digest.”

“Brokers themselves contribute to the problem when they fail to appreciate how the language of the industry can appear impenetrable to outsiders,” Schwantz says. “When you get inside your environment and you start to speak that language and you bring that language to a new environment that doesn’t speak it every day, it’s confusing to them.”

Schwantz urges an iterative process that can include focus groups and surveys to determine what employees understand or don’t understand, followed by improvements to presentations followed by further canvassing to determine if more changes are needed.

“Anytime there’s a lack of engagement it’s because there’s a lack of understanding,” Schwantz says. Brokers and their clients should adopt a continuous mission of simplification. ■



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Small, midsize and large employers all struggling with engagement

Organizations of all sizes need help meeting the challenges of getting employees to understand, sign up for and use benefits

Overall employer readiness for open enrollment edged up for the first time in five months in June, but organizations of all sizes barely made progress with preparations to engage employees in the process, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark.

For employers of 1,000 or more with benefit start dates in the first quarter, the average readiness score for activities in the management phase of the open enrollment cycle increased two points from May to 24 in June, a level that means that major work is still required. The management phase includes preparations to boost enrollment engagement, measure

enrollment engagement and document employee feedback. Scores are based on employer self-assessments of 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.

Similarly, the average management phase score for employers of 151 to 999 increased two points from May to 23 in June, and stayed the same for employers of 50 to 150 at 18.

The tight grouping of scores in the management phase for employers of all sizes shows that struggles in these activities are universal, a conclusion that was

echoed in open-ended responses where employers highlighted challenges in getting employees to understand, sign up for and use benefits.

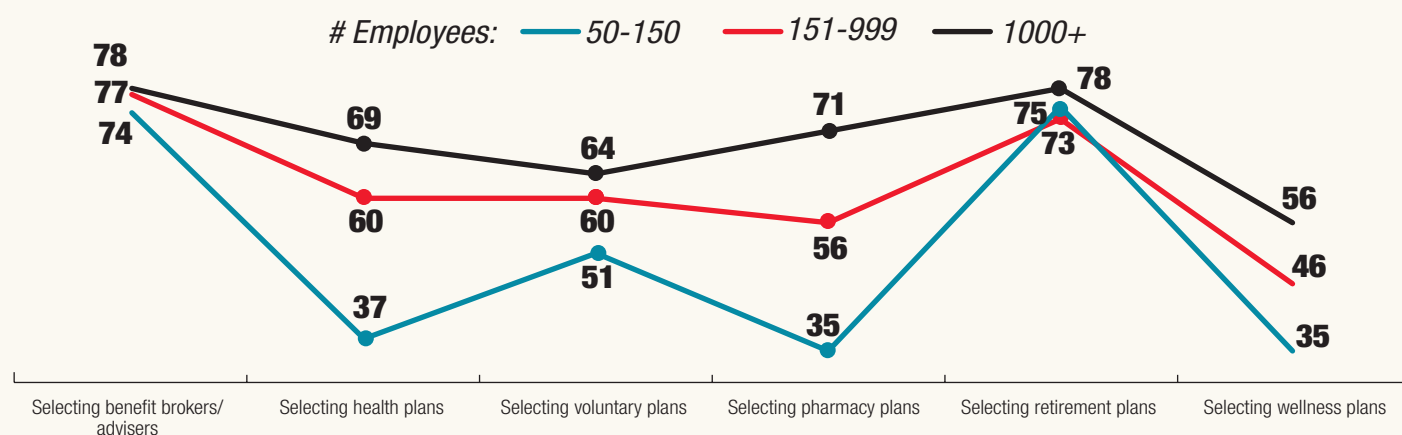
By contrast, a nine-point increase in the average score for activities in the plan design phase among large employers from May to 69 in June opened the gap with small employers wider. For example, the June readiness score for health plan selection stands 32 points higher for large employers than for small ones.

For brokers and advisers, the data means that organizations of all sizes need help with severe deficiencies in employee engagement, and that small employers need urgent help across the board. ■

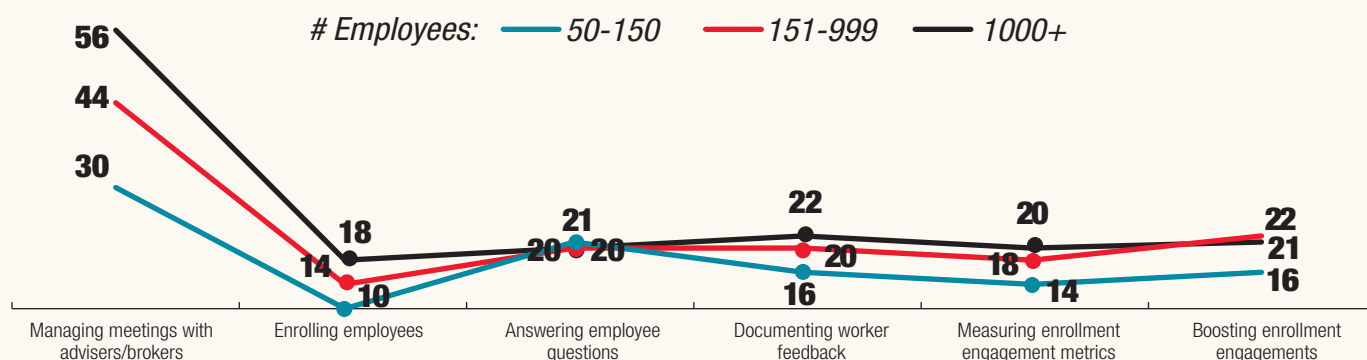
WHERE THEY ARE

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

BENEFIT PLAN DESIGN PHASE



OPEN ENROLLMENT MANAGEMENT PHASE



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.