

# OPEN ENROLLMENT READINESS BENCHMARK

NOVEMBER 2017

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## Employers make little progress assessing open enrollment performance

Survey responses show that employers need help reviewing and improving the process.

As employers emerge from their annual benefit sign-up periods, they usually start to appraise their open enrollment programs to gauge whether their benefits strategies are achieving business goals and, if not, to set the stage for improvements.

However, employers are making little headway with such work, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark. Among employers with benefit start dates in the first quarter, the average score for enrollment

analysis and follow-up tasks stood at just 47 in November.

The OERB tracks 26 open enrollment activities, and asks employers to submit self-assessments of the progress they have made in each. Scores range from zero, which translates to a response of no progress, to 100, which means that work on the activity has been completed.

Scores were in the 40s, or worse, for tasks such as reviewing worker feedback, tracking benefit usage, and reviewing and improving

the open enrollment process.

Most employers operate without formal strategic plans to guide benefit activities, and many fail to survey employees to collect the information needed to shape those plans, benefit experts say. Brokers seeking to elevate their status and become trusted advisers must collaborate with clients to evaluate how employees perceive benefits, analyze claim data, and set objectives and strategies for benefits to ensure they align with overall business goals, say the experts. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of November 2017)				52
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	74		68
	Selecting health plans	70		
	Selecting voluntary plans	64		
	Selecting pharmacy plans	66		
	Selecting retirement plans	76		
	Selecting wellness plans	60		
Phase 2 Open Enrollment Preparation	Enrollment timing	66		46
	Planning/designing employee communications	38		
	Reviewing compliance/eligibility issues	41		
	Setting goals	42		
	Documenting processes/procedures	43		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	56		45
	Enrolling employees	46		
	Answering employee questions	47		
	Documenting worker feedback	41		
	Measuring enrollment engagement metrics	40		
	Boosting enrollment engagements	42		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	46		47
	Reviewing worker feedback	46		
	Soliciting additional feedback	38		
	Reviewing plan design	59		
	Reviewing communications strategy	56		
	Tracking benefit usage	46		
	Reviewing enrollment engagement analytics	44		
	Reviewing/improving the process	46		
	Planning year-round employee engagement	42		

\*Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, November 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/>.

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## Why it's important to collaborate with clients on reviews

*Working with employers to assess and improve sign-up periods is a way for advisers to be seen as trusted consultants.*

**A**s high season for sign-up periods winds down, many employers are reviewing their benefit offerings and open enrollment practices so they can improve their programs. However, many organizations appear to be off to a slow start.

For brokers striving to be more than just sellers of benefit products and to integrate themselves with clients as trusted advisers, it is imperative to impress upon employers the need to assess their open enrollment and to create strategic plans for cost-effective expenditures on benefits.

Benefit advisers should collaborate with clients to perform critical review steps: surveying employees to see what they want from benefits and how they perceive their value, assessing employee comprehension of benefit packages and analyzing claims data to look for ways to control costs – and channel the findings into concrete objectives and ways to achieve them.

Among employers with benefit start dates in the first quarter, progress on open enrollment analysis and follow-up advanced in November, but not by much, as the average score for such activities gained five points from 42 in October to 47 in November, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark.

OERB 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 zero and completed tasks translating to a score of 100.

Marks were in the 40s or worse for actions such as reviewing worker feedback, soliciting additional feedback, tracking benefit usage, and reviewing and improving the process.

Several employers that are just emerging from open enrollment periods say that their primary challenge now is seeing what they can learn from the most recent cycle and how they can use those lessons to set objectives for 2018.

But some indicate that such work has been superficial and tentative at their organizations so far. "We have only had the most cursory discussions about the next open enrollment period, in the context of larger strategy conversations and how we might improve things" based on the 2017 open enrollment experience, according to one OERB respondent.

### CHECKLIST

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

- ✓ Conduct strategic planning sessions with clients to develop two- to three-year plans outlining goals for benefit programs – such as employee recruitment and retention – and how to achieve them.
- ✓ Help clients canvass employees to determine what they want from benefits – the answers will likely vary based on the type of employee – and use the findings to inform strategic plans.
- ✓ Work with clients to analyze claim data, and identify high-cost trends and ways to address them. For example, employees with chronic health problems might be assigned to case managers.

In fact, the majority of employers fail to formulate strategic open enrollment plans that outline the business goals they are trying to achieve, or to even survey employees to find out how they're doing so they can shape future offerings, says Jack Kwcien, managing partner at Daymark Advisors, a top consultant to brokers and advisers.

It is up to advisers to fill in the gap by making the case to clients that benefits, which account for a tenth of operating expenses at a typical firm, should be governed by a formal two- or three-year plan – just like any other major business function

– and to help them create one, Kwcien says.

"Why do you even offer benefits?" Kwcien asks, posing an overarching question that motivates a strategic plan. Recruitment and retention of skilled and reliable staff are major factors, and canvassing employees about benefits – particularly just after open enrollment when the issue is fresh in the mind – is essential in determining which benefit plan elements best serve those aims.

"What's important to your employees? You start there," says Kwcien. "What do they value?"

Feedback is likely to vary for different employee populations, Kwcien says. For example, low-skilled workers may prefer an extra dollar in hourly wages over an enhanced benefit package – vital information for employers. Conversely, a generous benefit offering might be necessary to compete for highly skilled professionals.

If a survey shows that employees feel they do not understand their benefits, it can also act as a wakeup call about deficiencies in an organization's approach to communications, Kwcien says. And gauging the level of comprehension is critical to achieving key strategic goals: Expenditures on benefits are wasted as recruitment and retention tools if employees don't recognize their value.

In addition to helping clients conduct research among employees, analyze findings and feed that information into a strategic plan, advisers should collaborate with employers to review claims data, Kwcien says. Heavy use of emergency rooms can highlight the need to prioritize education about less costly alternatives, for instance. Clusters of employees with chronic health problems that generate large medical bills might demonstrate the need to establish individual case managers.

The heart of the matter is that too many brokers focus on simply selling products, Kwcien argues. To be competitive – to retain clients and add new ones – advisers must be consultative and provide deep strategic insights and assistance.

"When you look at the pyramid of relationships, at the bottom is someone who is a product peddler," Kwcien says. "At the top is a trusted adviser. The difference is a trusted adviser is fully engaged. Their opinion and their expertise are sought out before major decisions. That's where a benefit adviser wants to be." ■

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## Employers of all sizes struggle to analyze enrollment performance

*Self-assessments demonstrate that even well-resourced, large employers need support from advisers.*

**A**s benefit sign-up periods come to a close for most organizations, employers should be moving forward with assessing how things went and making changes to improve the process next year.

Yet employers of all sizes report lackluster progress with activities like reviewing enrollment engagement metrics and worker feedback, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark.

To create the benchmark, *EBA* asks employers every month to make self-assessments of their progress in each of 26 open enrollment activities.

Responses translate into scores that range from zero, for no progress, to 100, for completed tasks.

Responses for November show that even large employers – which have the most resources and tend to have the most developed infrastructure for benefits – need help from advisers to canvass employees, analyze claim data, review results and feed the information into strategic plans.

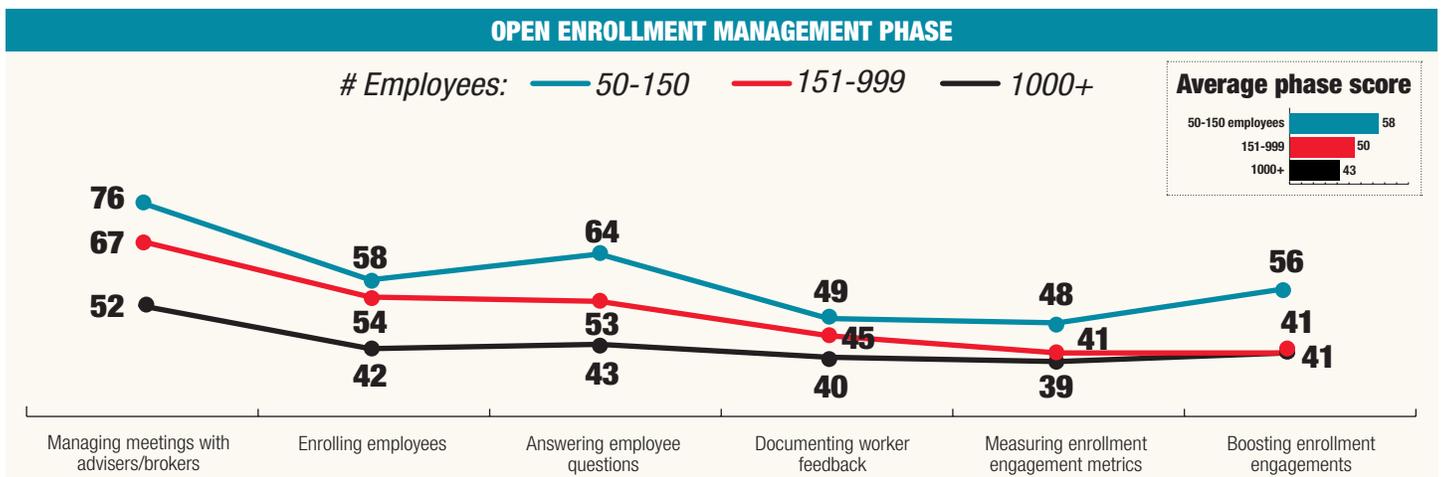
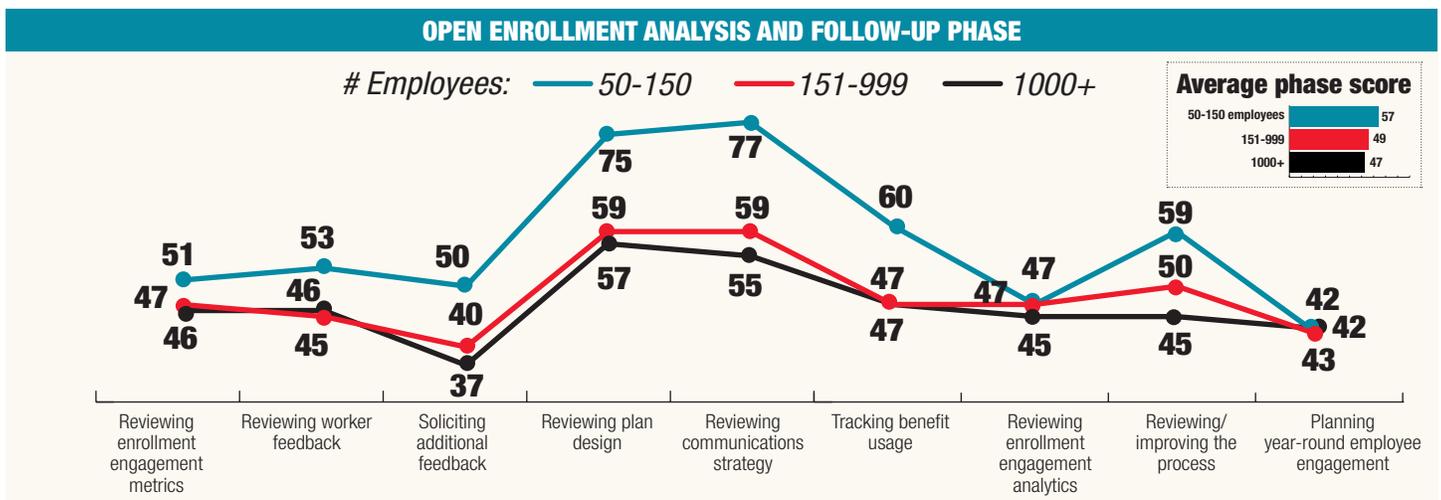
The average score for enrollment analysis and follow-up activities among employers of 1,000 people or more in November was just 47, according to data on organizations with benefit start dates in the first quarter (see the first chart below).

Scores were higher for small and midsize organizations, but still low overall. The analysis and follow-up average for employers of 151 to 999 people was 49, and the average for employers of 50 to 150 people was 57. SMBs also outperformed bigger organizations in enrollment management activities (see the second chart below).

The bottom line is that the majority of employers neglect to perform rigorous reviews of benefit strategies and processes, or develop formal roadmaps for using benefits to achieve business goals, according to Daymark Advisors managing partner Jack Kwicien. ■

### WHERE THEY ARE

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



**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.