

OPEN ENROLLMENT READINESS BENCHMARK

Q4 2019

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Employers cite benefits communication success, but fall short on benefits customization

By Kayla Webster

While data continues to inform employers' overall benefit strategies, there is certainly opportunity for improved tools and metrics, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark (OERB) survey.

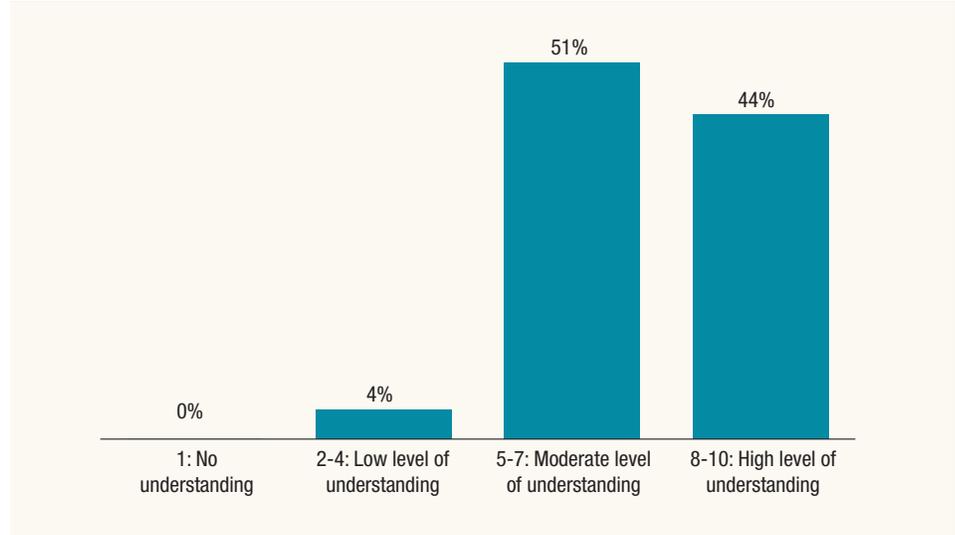
Employers believe they're succeeding in communicating their benefit offerings to their workforce during open enrollment. In total, 44% of survey respondents report their employees have a "high level of understanding," and 51% say they have a "moderate level of understanding." Only a small number (4%) of employers feel their employees have a "low level of understanding" and no employers say their workers have "no understanding" of their benefits (see Figure 1).

But employers seem conflicted about the best method for educating employees about their benefits during open enrollment. A little more than half (52%) report they didn't provide any "decision support tools" to help employees choose their benefits based on their specific situation. Those that did supply support tools favor "non-AI-based decision support tools" (32%) — like call centers — over the "AI-based tools" (19%) found on some benefit platforms (see Figure 2).

Digital tools may not currently be a popular education option, but employers do appreciate them for their data acquisition properties. Survey findings indicate only a small percentage (14%) of employers don't track benefits usage within their workforce. Employers rely heavily on participation rates (69%) and benefits data analytics tools (41%) to determine the efficiency of their existing plans. Based on usage numbers, employers believe they are successfully answering employees' questions about their benefits (84%) and clearly communicating their options (72%). (See Figures 3 and 4.)

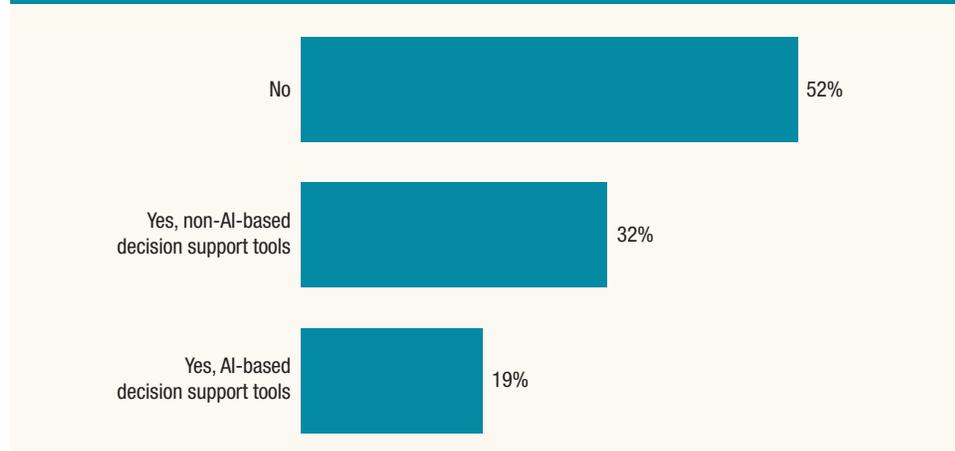
However, despite high rates of utilization and comprehension, employers feel they're falling short in two areas: cutting costs on benefit programs (46%) and providing custom benefit packages (46%). Data on benefits utilization and workforce demographics provides employers with insight on whether or not programs are being used by their workforce. Michelle Jukoski, senior vice

FIGURE 1: EMPLOYEE UNDERSTANDING OF BENEFITS



Source: Arizent/Employee Benefit News, March 2020

FIGURE 2: DECISION SUPPORT TOOLS OFFERED AND TYPE



Source: Arizent/Employee Benefit News, March 2020

president and national technology practice leader at Hub International, says, "It's important for brokers to work with employers to understand the demographics of their workforce so they can tailor a benefits strategy to meet their needs."

Jukoski recommends brokers analyze benefits data to see if there are any common health or

lifestyle concerns their clients can address through a new benefit. Weight management, smoking cessation and diabetes programs are popular health and wellness programs. But another important factor is the average age of the workforce; student loan repayment and retirement benefits are generally prioritized by different generations.

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“This is the first time we’ve had five generations in the workforce at the same time,” Jukoski says. “Needs are going to vary considerably between baby boomers and generation z; benefits that work for me may not be a good fit for you.”

While data can certainly help employers design unique benefit plans and make decisions to cut down on costs, it appears they’re having trouble accessing that information. When asked “What has been the most challenging part about tracking benefit usage?” a common grievance among OERB survey respondents is “getting data from carriers.” One professional notes, “Getting accurate and timely reports from our vendors. Much of the data has been delayed and we still have not seen the results of open enrollment.”

Employers are hungry for this information as one survey respondent explains, “We rely heavily on our benefits consultants to provide high-level data based on claims trends.” Jukoski says the most competitive brokers will ensure their clients have access to this information throughout the various stages of open enrollment.

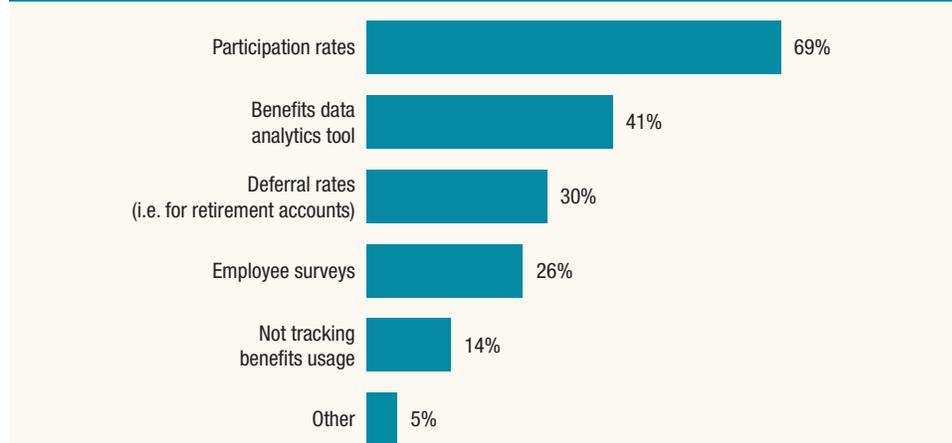
BY THE NUMBERS

As of Q4 2019, open enrollment scores for employers with a Q1 benefits start date show employers are already gearing up for the next benefits season, with a composite score of 43. The quarterly OERB asks employers about their experiences during various phases of open enrollment (design, prep, management and analysis) to help advisers understand the issues impacting their clients, so they can better serve them.

Having just completed the 2019 benefits enrollment period, it’s reasonable that scores are low for the open enrollment preparation (33) and management (30) phases of the upcoming 2020 enrollment season. But that doesn’t mean employers aren’t looking toward the future.

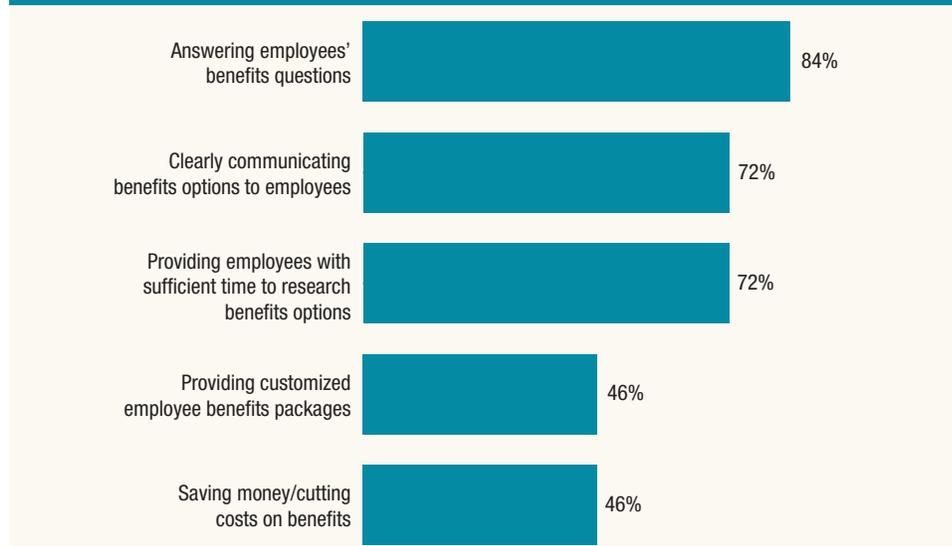
Moderate scores for the phases benefit plan design (56) and open enrollment analysis and follow-up (52) show employers are already starting to analyze their benefits data in preparation for the following season. In other words, they’re right on schedule. They are, however, experiencing challenges with “getting employee feedback” to inform their plan decisions going forward. Brokers can address this hurdle by directing employers to platforms that simplify and reward workers for

FIGURE 3: METHOD OF TRACKING BENEFITS USAGE



Source: Arizent/Employee Benefit News, March 2020

FIGURE 4: EFFECTIVENESS OF DIFFERENT STRATEGIES, % VERY EFFECTIVE



Source: Arizent/Employee Benefit News, March 2020

rating their open enrollment experience.

The overall score for benefit plan design (56) is fairly high, suggesting employers are mostly happy with their current offerings, but there may be room for changes. Retirement plans are the most likely to remain unchanged in 2020 since they received the highest score (68) of all activities in the benefit design phase. Given their lower employer scores, voluntary benefits (49) and wellness plans (50) have the most potential to change in 2020. This

means the impending benefit season will be another opportunity for brokers to introduce new and innovative lifestyle benefits to help clients stand out in the war for talent.

To arrive at these scores, the OERB tracks 20 open enrollment activities and asks employers to submit self-assessments of their progress in each category. Responses range from no progress, which is attributed a score of 0, to completed, equaling a score of 100. ■

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FIGURE 5. EMPLOYERS WITH BENEFITS STARTING IN Q1 2020

Overall Readiness (as of Q4 2019)				43
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	62		56
	Selecting health plans	52		
	Selecting voluntary plans	49		
	Selecting pharmacy plans	52		
	Selecting retirement plans	68		
	Selecting wellness plans	50		
Phase 2 Open Enrollment Preparation	Enrollment timing	54		33
	Planning/designing employee communications	21		
	Reviewing compliance/eligibility issues	29		
	Setting goals	30		
	Documenting processes/procedures	31		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	38		30
	Enrolling employees	29		
	Documenting worker feedback	28		
	Measuring enrollment engagement metrics	26		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	54		52
	Reviewing worker feedback	51		
	Reviewing plan design	49		
	Tracking benefit usage	52		
	Reviewing/improving the process	51		

Source: Arizent, Open Enrollment Readiness Benchmark Survey, Q4 2019

ASK THE ADVISER

Ensuring employers have the numbers they need

Data is essential and brokers can help make sure their clients have key metrics



Michelle Jukoski

Senior vice president and national technology practice leader, Hub International

As part of the Open Enrollment Readiness Benchmark's quarterly survey report, an industry adviser answers a specific employer question. Michelle Jukoski, senior vice president and national technology practice leader at Hub International, responds to this quarter's featured question.

Q: How can brokers ensure that employers receive timely access to data?

A: If clients don't receive timely access to data, they're probably going to look for another broker. Data is an essential part of the benefits strategy process. That's why it's so important for the broker to keep up with trends and educate their employer

on things happening in the benefit world — you don't want to be stagnant. That's when you get the call from your client saying, "Another broker is knocking on my door wanting to tell me about this [benefit], how come you haven't?" As a broker, you really need to invest time in those client relationships; part of that means making sure your employers have everything they need for all steps of the enrollment process.

When you're looking for services to pitch to clients, you need to make sure those offerings have a really good support team behind them, including compliance resources and data analytics on health and performance. Always make sure the services you're delivering are the most current. Once you've done that, the best thing you can do is sit down with the client at the beginning of the year and set goals and expectations: Here's what we're going to do and when. Make sure you're doing quarterly claims reviews to check for compliance and ensure clients are receiving the data they need. That data can also help you, as

the broker, pinpoint trends that can really boost your clients' retention strategies.

A quality broker is going to work with the client to establish a solid strategic plan for the future. And they should have a mechanism and a plan for the current year. The other part that's really important, regardless of group size, is working in tandem with the client's benefit admin systems, because updates often need to be made directly to the system and timing is critical. It's important to maintain a good relationship with those providers and to monitor whether their services are meeting your clients' needs.

At the end of the year clients are going to ask themselves if their broker delivered: Did they do all the things they said they were going to do? That includes compliance reviews, providing updates and fixing issues with vendors throughout the year. Hopefully at the end of the year you're all going out to lunch to celebrate the end of the year. Everything we do as advisers is really all about the relationship. ■

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METHODOLOGY

In February/March 2020, Arizent/Employee Benefit News conducted an online survey commissioned by ADP. Respondents include 401 professionals at organizations that provide employee benefits. All participate in decision making regarding employee benefits at their organizations.

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