

OPEN ENROLLMENT READINESS BENCHMARK

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MARCH 2017

Employer open enrollment prep fares poorly in March

OERB scores for organizations with Q1 start dates drop significantly month to month.

Employers with benefit enrollments slated for Q1 of 2018 lost some ground last month, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark survey.

The composite OERB score for this group, which represents nearly 70% of all employers, dropped three points in March to an overall readiness level of 41. Worse, the number of activity-related red flags, which signal a significant

lack of preparedness, rose from 7 to 10, while the number of green flags indicating a solid state of readiness fell from three to two. The biggest setbacks concerned the open enrollment management and post-enrollment analysis phases—which shed five and six points, respectively, from the previous month.

To calculate the benchmark, employers of all sizes are asked to rate their progress for each of 26 distinct activities on a scale of 1 to 100,

with a score of 100 indicating that the employer considers itself fully prepared for that activity. The individual scores are then combined to produce readiness scores for the four distinct phases of benefits enrollment preparation: benefit plan design, employee preparation, enrollment management and post-enrollment analysis. The scores for all four phases are then averaged to determine the overall readiness score for that month. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of March 2017)				41
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	81 ▶	<div style="width: 81%;"></div>	64
	Selecting health plans	58	<div style="width: 58%;"></div>	
	Selecting voluntary plans	55	<div style="width: 55%;"></div>	
	Selecting pharmacy plans	57	<div style="width: 57%;"></div>	
	Selecting retirement plans	80 ▶	<div style="width: 80%;"></div>	
	Selecting wellness plans	56	<div style="width: 56%;"></div>	
Phase 2 Open Enrollment Preparation	Enrollment timing	57	<div style="width: 57%;"></div>	30
	Planning/designing employee communications	14 ▶	<div style="width: 14%;"></div>	
	Reviewing compliance/eligibility issues	28 ▶	<div style="width: 28%;"></div>	
	Setting goals	26 ▶	<div style="width: 26%;"></div>	
	Documenting processes/procedures	28 ▶	<div style="width: 28%;"></div>	
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	39	<div style="width: 39%;"></div>	31
	Enrolling employees	26 ▶	<div style="width: 26%;"></div>	
	Answering employee questions	33 ▶	<div style="width: 33%;"></div>	
	Documenting worker feedback	27 ▶	<div style="width: 27%;"></div>	
	Measuring enrollment engagement metrics	30 ▶	<div style="width: 30%;"></div>	
	Boosting enrollment engagements	31 ▶	<div style="width: 31%;"></div>	
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	39	<div style="width: 39%;"></div>	40
	Reviewing worker feedback	39	<div style="width: 39%;"></div>	
	Soliciting additional feedback	33 ▶	<div style="width: 33%;"></div>	
	Reviewing plan design	43	<div style="width: 43%;"></div>	
	Reviewing communications strategy	39	<div style="width: 39%;"></div>	
	Tracking benefit usage	45	<div style="width: 45%;"></div>	
	Reviewing enrollment engagement analytics	38	<div style="width: 38%;"></div>	
	Reviewing/improving the process	39	<div style="width: 39%;"></div>	
	Planning year-round employee engagement	40	<div style="width: 40%;"></div>	

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, March 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 throughout the year: 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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Bucking the trend, employers with Q2 start dates register gains

But like their Q1 counterparts, organizations with Q3 and Q4 enrollments are set back in March.

Group 2 Overall Readiness				62
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	92		83
	Selecting health plans	77		
	Selecting voluntary plans	81		
	Selecting pharmacy plans	79		
	Selecting retirement plans	92		
	Selecting wellness plans	74		

As opposed to their Q1 counterparts, employers with benefit enrollments set to begin in the second quarter of 2018 continued to register gains month to month. With a composite OERB score of 62, this group's overall readiness rocketed up 12 points from February and now far out-distances that of the Q1, Q3 and Q4 start-date groups. The Q2 group's composite benefit design phase score now stands at a remarkable 83, with its ratings for the other three phases of open enrollment preparation showing marked improvement as well.

Group 3 Overall Readiness				45
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 2 Open Enrollment Preparation	Enrollment timing	58		35
	Planning/designing employee communications	21		
	Reviewing compliance/eligibility issues	35		
	Setting goals	31		
	Documenting processes/procedures	29		

Like their Q1 peers, employers with Q3 2018 start dates also lost ground in March—just not as much. Their phase-one benefit plan design activities actually moved forward, although their open enrollment preparations took a step backward. The Q3 group's biggest setbacks were in the post-enrollment analysis and follow-up category, where their readiness-state for eight of the nine activities associated with this phase of open-enrollment flipped from neutral to red. Most in need of attention are their plans to review and solicit additional employee feedback.

Group 4 Overall Readiness				37
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	84		55
	Selecting health plans	41		
	Selecting voluntary plans	44		
	Selecting pharmacy plans	41		
	Selecting retirement plans	75		
	Selecting wellness plans	44		

Employers with Q4 2018 start dates did not buck March's grim trend. With an overall readiness score of 37 for the month, this group remains the benchmark's laggards. Benefit plan design preparedness fell from a middling score of 61 to an even less auspicious 55, as health, voluntary, pharmacy and retirement plan selection all lost ground. And that was the good news, as the Q4 employers' aggregate scores for their enrollment preparation and management activities both fell below the 30 readiness score threshold.

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Verbatim: Top employer challenges

This is how organizations described this month's biggest enrollment obstacles:

- “Getting employee understanding of the plan’s complexities is always our biggest challenge. We have a high deductible plan that our district self funds—a middle tier that in effect has it act like an HRA.”
- “We just selected a new benefit broker, so we are currently switching carriers and getting communications [about] our new partnership in place.”
- “Not knowing where the ACA is going.”
- “Getting senior management’s attention for next year’s cycle, when we are still early in the year and there are many other competing priorities.”

Employer challenges by company size

SMALL

Small employers with 50 to 150 employees now trail their large and midsize brethren in all four phases of open enrollment readiness. This is most striking when it comes to benefit plan design and selection where, for example, only 60% of smaller companies have settled on a retirement plan for their next open enrollment period, versus 66% and 71% of midsize and large employers, respectively. Similarly, 33% of small employers have not even started the process of selecting a wellness plan, compared with only 13% of their midsize and a mere 5% of their larger counterparts.

MID-SIZE

They call them midsize companies because they fall in the middle—and that is certainly the case with open enrollment preparation. There are a few exceptions, but midsize employers with 151 to 999 employees generally lag larger employers and remain a step ahead of smaller organizations in the activities comprising all four phases of open enrollment readiness. Midsize companies face special challenges when it comes to health plan selection, goal setting and reviewing plan design; in these areas they lag both their larger and smaller counterparts by a substantial margin.

LARGE

Size does matter, and for virtually every open enrollment activity an enormous gap has opened between large employers with over 1,000 employees and their smaller and midsize counterparts. For instance, more large employers have already settled on a health plan for their next enrollment period than small and midsize employers. Likewise, larger employers are well ahead in areas ranging from preparing for their next open enrollment period to documenting employee feedback.

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

For more details go to www.employeebenefitadviser.com