

OPEN ENROLLMENT READINESS BENCHMARK

JUNE 2018

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As open enrollment preparations move ahead, goal setting becomes a key focus for advisers

Working with employers to put the right objectives in place leads to higher plan participation and greater employee satisfaction with the benefits package.

Employers' 2018 open enrollment preparations are slowly but surely gaining ground. These gains are reflected in the latest data collected by Employee Benefit Adviser in its monthly Open Enrollment Readiness Benchmark (OERB) survey. For May, employers with Q1 start dates who say they're on target with their open enrollment preparations rose to a score of 32. While that's still quite low, the percentage of employers who deem themselves prepared for this year's enrollment activities has steadily risen month by month since January, when it stood at 25. Overall employer readiness for all 26 enrollment activities tracked by the OERB also rose slightly from the prior month to 35.

One of the five activities grouped by the benchmark under enrollment preparations is setting goals for the current year's open enrollment process. At 32, here too more employers consider themselves more prepared than any time since the start of the year. "Benefit advisers need to sit down with their clients to review their strategic goals for their benefits programs and the plans that are in place to support those goals," says Jack Kwicien, a managing partner at Daymark Advisors, a Baltimore-based consultancy that works with benefit advisers to build their practices.

As an example, Kwicien points to the target participation levels that many employers have for their 401(k) plans. A logical open enrollment goal for an employer whose plan stands at only 45% to 50% participation would be to step up efforts to educate employees about why they should participate. For the employer, this is important to ensure that the 401(k) plan is compliant with federal discrimination testing requirements, and that the retirement plan isn't "top heavy" with executives and senior managers, while rank-and-file employees decline to join.

The same is true for the employer's other benefit offerings, including health insurance. And to better understand why employees aren't participating in a retirement plan or a health plan, Kwicien suggests that the adviser review the employer's enrollment data from prior years. This can shed light on the reasons behind the opt-outs, which can range from cost considerations and misconceptions about the

benefits provided by a plan to large numbers of employees with working spouses who are getting their coverage elsewhere. Such insights allow the adviser to work with the employer on setting more realistic participation goals for each benefits category and to ready educational and outreach materials that address employee population's chief concerns.

IMPROVING THE ENROLLMENT PROCESS

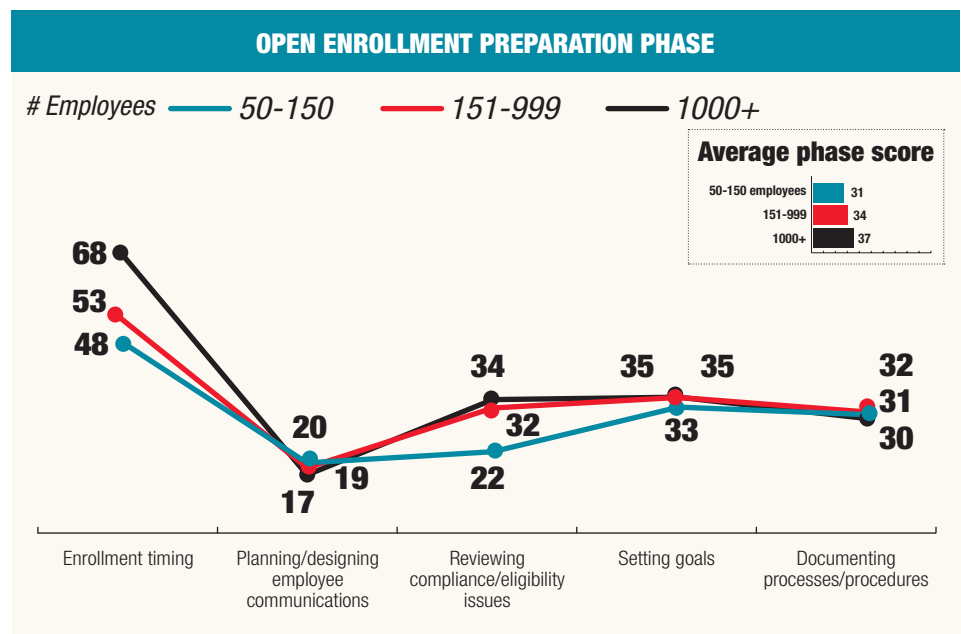
Apart from benefit participation objectives, goals should be set for the enrollment process itself.

Most employers, according to Kwicien, are not as proactive as they ought to be about tracking participation levels and engaging employees sufficiently early in the enrollment process. That typically leads to a "fire drill" during the final weeks of the enrollment period, when the employer finally realizes that enrollment levels are well below the target levels and there is only a short time left before the enrollment period ends. "These type of high-pressure, last-minute enrollment efforts don't

lead to a lot of informed decisions on the part of the employees," says Kwicien. "They become just 'check off the box because this is something that I have to do,' which runs completely counter to employees understanding their benefits and appreciating what the employer is trying to do on their behalf."

Involving employees in the enrollment process earlier on gives them more time to seek out answers to their benefit questions and to determine which offerings are best suited to their particular circumstances, which can change from year-to-year due to life events such as getting married or welcoming a new child.

"Giving employees a six- or eight-week window to get their questions answered leads to much better participation results," Kwicien notes. And that in turn supports the employer's efforts to use its benefits package to attract and retain a topflight workforce, which — along with maintaining employee health and improving productivity — are the primary reasons most employers offer benefits in the first place. ■



Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, May, 2018

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When it comes to setting enrollment goals, smaller employers enjoy certain advantages

With the ability to quickly survey their employees, small employers can keep close tabs on how their open enrollment is progressing.

When it comes to benefits enrollment goal setting, smaller employers have a distinct advantage over their larger brethren.

“For smaller employers, it’s pretty easy to canvass their employees, even if the survey is paper based,” observes adviser consultant Jack Kwicien. “That makes it a relatively simple matter to get feedback on whether employees understand their benefits and what they think of them. All an adviser has to do,” he adds, “is ask the client’s employees what they need, and they will get plenty of feedback to help them improve the benefits enrollment process.”

For small employers with fewer than 100 employees, spending \$1.2 to \$1.5 million a year on benefits is a major expenditure and, as Kwicien puts it, “They want to be sure they’re getting their money’s

worth.” But ensuring that they are requires keeping close tabs on participation levels throughout the open enrollment process.

With three weeks left to go in the enrollment period, for example, if participation levels stood at 90%, Kwicien says that would be a sure-fire sign that the employees understood their employer’s benefits package and found it to their liking. A 20% participation level, on the other hand, would strongly indicate that the employer’s benefits outreach had fallen wide of the mark and that employees either did not understand or did not see much value in the benefit programs they were being offered. The latter situation would force the employer to conduct a fire-drill, where it would have to engage in a lot of last minute emergency communications and lean on supervisors to prod

employees into completing their enrollments. Such high-pressure tactics, Kwicien notes, are at odds with more fully engaging and building loyalty among the workforce — the *raison d’être* for investing in a benefits program in the first place.

Lower levels of employee participation, Kwicien emphasizes, usually reflect shortcomings in how the employer has been communicating the value of its benefits offerings. Inconsistent and sporadic communications that fail to connect with their concerns can leave employees in the dark about why they should enroll. A year-round educational campaign that draws on real-life examples of employees utilizing their benefits to solve health issues and protect their families, on the other hand, can set the stage for an enthusiastic employee response and a highly successful open enrollment. ■

ASK THE ADVISOR

Using benefits to support recruitment efforts

When competing for workers, pairing the right benefits offerings with the right employee population can give employers a powerful edge.



Jack Kwicien
Daymark Advisors

As part of the Open Enrollment Readiness Benchmark survey, employers are asked each month to submit questions that they’d like a qualified benefits adviser to answer. This month’s featured question is answered by Jack Kwicien of Daymark Advisors.

Are there any benefit offerings or strategies that would help us stand out from our competitors when it comes to employee recruitment and retention?

First and foremost, improving the benefits communications campaign and the entire enrollment process is a key element of this.

In responding to similar questions in prior months, I’ve referred to the MetLife benefits study, which shows that if you have a superior communications campaign your employees will understand and appreciate their benefits, even if your program is somewhat below par. And conversely, you could be in the top five percentile of benefits offerings, but if your employees don’t understand them, they won’t appreciate their value and will take them for granted.

So, employers thinking strategically about employee retention and recruitment should zero in on the effectiveness of their benefits communications.

In terms of specific product offerings, the employer and the employer’s adviser need to consider the demographics of the employee population. For example, an employer might have

a predominantly white collar, knowledge-worker workforce that includes a lot of twenty- and thirty-somethings. The really hot benefit offering right now for this group is help with repayment of student loan debt. Especially in fields like technology, healthcare and finance, helping employees manage their household budgets and providing assistance with respect to college debt repayment would be a real differentiator that would help with employee recruitment and retention.

On the flip side, an employer in the manufacturing sector with a workforce that’s largely made up of 40- and 50-year-olds might find that investing in and spending time educating the workforce on the employer’s retirement program is the best way to appeal to that employee population. ■

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EMPLOYERS STARTING BENEFITS IN Q1 2019				
Overall Readiness (as of MAY 2018)				35
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	60		58
	Selecting health plans	56		
	Selecting voluntary plans	54		
	Selecting pharmacy plans	57		
	Selecting retirement plans	74		
	Selecting wellness plans	47		
Phase 2 Open Enrollment Preparation	Enrollment timing	59		32
	Planning/designing employee communications	14		
	Reviewing compliance/eligibility issues	29		
	Setting goals	32		
	Documenting processes/procedures	27		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	43		23
	Enrolling employees	14		
	Answering employee questions	22		
	Documenting worker feedback	18		
	Measuring enrollment engagement metrics	16		
	Boosting enrollment engagements	24		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	17		27
	Reviewing worker feedback	19		
	Soliciting additional feedback	15		
	Reviewing plan design	41		
	Reviewing communications strategy	33		
	Tracking benefit usage	33		
	Reviewing enrollment engagement analytics	22		
	Reviewing/improving the process	31		
Planning year-round employee engagement	33			

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.

OPEN ENROLLMENT READINESS BENCHMARK INDEX

Previous OERB reports explored ways advisers can work with clients to overcome benefit sign-up challenges. To access all OERB reports, go to: <https://www.employeebenefitadviser.com/collections/open-enrollment-readiness-benchmark>

Benefits pros failing to communicate

But a well-conceived marketing campaign can help advisers dramatically improve their clients' open enrollment outcomes. <https://bit.ly/2M80wHU>

With employers lagging on compliance, advisers need to highlight the risks

Substantial IRS penalties and excessive benefits costs make this a high-stakes mission for clients large and small. <https://bit.ly/2Jk5twU>

As employers turn to plan selection, advisers need to play quarterback

One big goal: Helping clients provide a full range of employee benefits. <https://bit.ly/2Jr9Rku>

Employers off to slow start with benefit planning

Advisers can play a big role in helping clients create strategies to ensure a successful open enrollment. <https://bit.ly/2pNST1A>

Low readiness scores signal need for better open enrollment planning

Advisers should present clients with a 12-month map so employers can better prepare for sign-up periods. <http://bit.ly/2t3Y7dx>

Employers make little progress assessing open enrollment performance

Survey responses show that employers need help reviewing and improving the process. <http://bit.ly/2CPHUbq>