

OPEN ENROLLMENT READINESS BENCHMARK

MAY 2017

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Employers' readiness lags as open enrollment nears

Many employers report they're still struggling with fundamental activities

Employers with benefit start dates in the first quarter of 2018 feel less prepared for open enrollment than they did a month ago, as they struggle to nail down core procedures and routines. Their overall Open Enrollment Readiness Benchmark score — a composite of progress self-assessments for 26 open enrollment activities — dipped three points from 39 in April to 36 in May.

Overall readiness for the first-quarter group, which accounts for roughly two-thirds of respondents (the rest have benefit start dates across the second, third and fourth quarters), has been low since *EBA* launched the benchmark in January. In particular, composite scores have been weighed down by persistently low marks across a range of red-flag areas. These include activities such as employee

engagement and communications that should ideally follow established systems and procedures that can be turned to year after year, but for which responses show that major work remains to be done.

Broadly, the downward drift in readiness points to opportunities for advisers to work with employers on benefit strategic planning and to help clients institute more orderly processes for core activities. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of May 2017)				36
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	71		58
	Selecting health plans	54		
	Selecting voluntary plans	54		
	Selecting pharmacy plans	51		
	Selecting retirement plans	70		
	Selecting wellness plans	46		
Phase 2 Open Enrollment Preparation	Enrollment timing	56		30
	Planning/designing employee communications	17		
	Reviewing compliance/eligibility issues	26		
	Setting goals	26		
	Documenting processes/procedures	25		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	41		22
	Enrolling employees	16		
	Answering employee questions	20		
	Documenting worker feedback	19		
	Measuring enrollment engagement metrics	17		
	Boosting enrollment engagements	19		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	31		35
	Reviewing worker feedback	34		
	Soliciting additional feedback	28		
	Reviewing plan design	43		
	Reviewing communications strategy	37		
	Tracking benefit usage	40		
	Reviewing enrollment engagement analytics	30		
	Reviewing/improving the process	35		
	Planning year-round employee engagement	36		

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, May 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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Organizations struggling with open enrollment prep, management

OERB red flags show benefit advisers where employers are in need of the most help

Readiness scores for employers with benefit start dates in the first quarter fell in May in three of the four phases of the open enrollment cycle tracked by the Open Enrollment Readiness Benchmark, with the biggest declines in the open enrollment management and open enrollment preparation phases.

The average readiness score for activities in the open enrollment management phase fell 7 points from April to 22 in May, with declines in five of the six activities included in this phase: preparations for enrolling employees, answering employee questions, documenting worker feedback, measuring enrollment engagement metrics and boosting enrollment engagements.

In fact, readiness scores for these activities – which ranged from 16 to 20 – accounted for all but one of the six lowest numbers across the 26 activities tracked by the OERB.

The other activity with a similarly low score was planning and designing employee communications in the open enrollment preparation phase. (OERB readiness 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.)

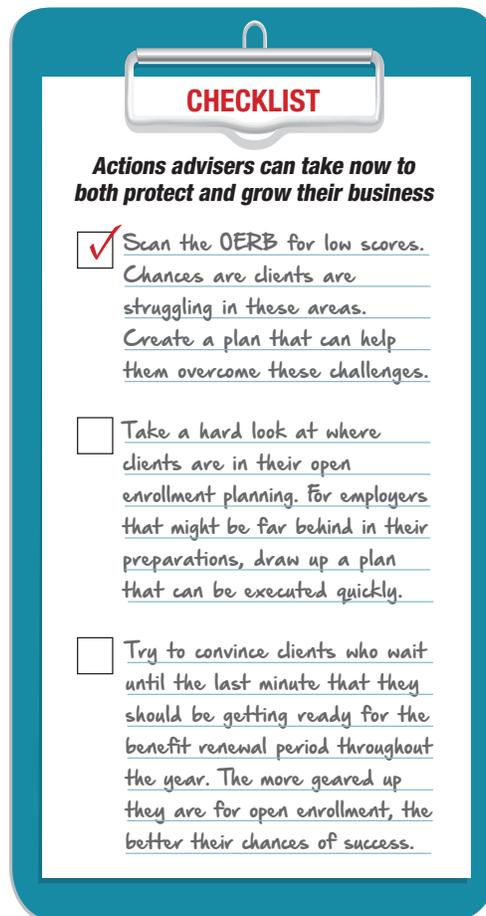
These low scores present openings for advisers looking to retain or attract clients, say experts who consult with benefit brokerages and advisory firms.

EMPLOYER PAIN POINTS

In OERB survey open-ended responses, some employers cited specific challenges in the area of communications and engaging employees in the enrollment process, such as the drive to improve technology and institute employee self-service portals. “We currently use email communication only but need to change that,” one executive said.

Others pointed to difficulties in explaining available benefits to employees. One executive said the biggest challenge is educating employees on their choices so they have a better understanding of the impact that different deductible and coinsurance options have on premiums.

For Randy Schwantz, the chief executive of The Wedge Group and a sales coach to benefits brokers, poor readiness scores across much of the OERB are indicative of broad dissatisfaction among employers



with their current processes and procedures. And that translates to opportunity for advisers with the tools and capacities to help.

The red flags constitute a roadmap showing where employers need the most help, and where an adviser's rivals are the most vulnerable, he says. “Look at all the dissatisfaction that I could leverage to take business away from competitors,” Schwantz says.

And now is a good time to reach out.

Even though employers with first-quarter benefit start dates say they're further along in work on activities in the benefit plan design phase than in other activities in the cycle, they still have far to go and the next couple months are critical to getting ready.

Many employers reported that they simply do not begin planning until later in the year, or that they are waiting on price quotes from insurance carriers that will not become available until the fall. “I'm feeling behind given the time of year,” one executive said.

Nelson L. Griswold, the president of Bottom Line Solutions, a consultancy serving benefits agencies, says the “tyranny of the urgent” makes employers vulnerable to chaotic end-of-year pushes to conclude benefit plan designs.

However, while the enrollment period is just a few months away, advisers should be proactive about plan design. “There's still time to do it,” Griswold says.

One of the most important things advisers can do right now to help employers get on track is to guide them through the benefit strategic planning process, which includes setting up a range of what-if scenarios.

For example, if premium increases wind up exceeding a preset tolerance threshold, an employer could be ready with a cost-sharing plan.

Advisers, of course, know the prepping for open enrollment shouldn't be done at the last minute. To help employers throughout the year – and to help cement relationships with clients as trusted advisers – benefits agencies should seek to develop direct access to the C-suite and make bottom-line arguments, since buy-in from decision makers swayed by dollars-and-cents analysis is often needed to accomplish real change, says Jack Kwiczen, managing partner at the consulting firm Daymark Advisors. The CEO and CFO usually have to sign off on benefit packages and, Kwiczen says, “CFOs tend to be bottom-line oriented. They're focused on profit and productivity.”

Advisers can also help influence chief executives. Kwiczen recalls an episode where it took a meeting with the CEO of an employer of about 450 to make an impression about the value of mandatory enrollment meetings, and individual meetings with benefit counselors. The company offered generous benefits, but employees, whose attendance at voluntary benefit meetings was about 25%, thought they were parsimonious. Kwiczen says that it only took a bit of face-to-face time to get the chief executive to recognize that better approaches to engagement would help employees understand the full value of the compensation the company gave them, improving morale and productivity. ■

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How large, midsize and small organizations stack up in their prep

SMBs trail big employers in just about every area of open enrollment readiness

Employers of all sizes report they're less prepared this month than last month for the upcoming open enrollment season, according to *Employee Benefit Adviser's* Open Enrollment Readiness Benchmark.

However, among organizations with benefit start dates in the first quarter, employers of 1,000 or more posted higher average readiness scores, including in the benefit-plan design categories, where scores ranged from 50 to 68. This phase includes the selection of health plans, voluntary plans, pharmacy plans and wellness plans. (Employer responses range from "no progress," which equates to a score of 0, to completed, which

equates to a score of 100.)

Those averages were 1 to 12 points higher than averages for employers with 151 to 999 workers. Smaller organizations (employers of 50 to 150) are even further behind in work on designing benefit plans.

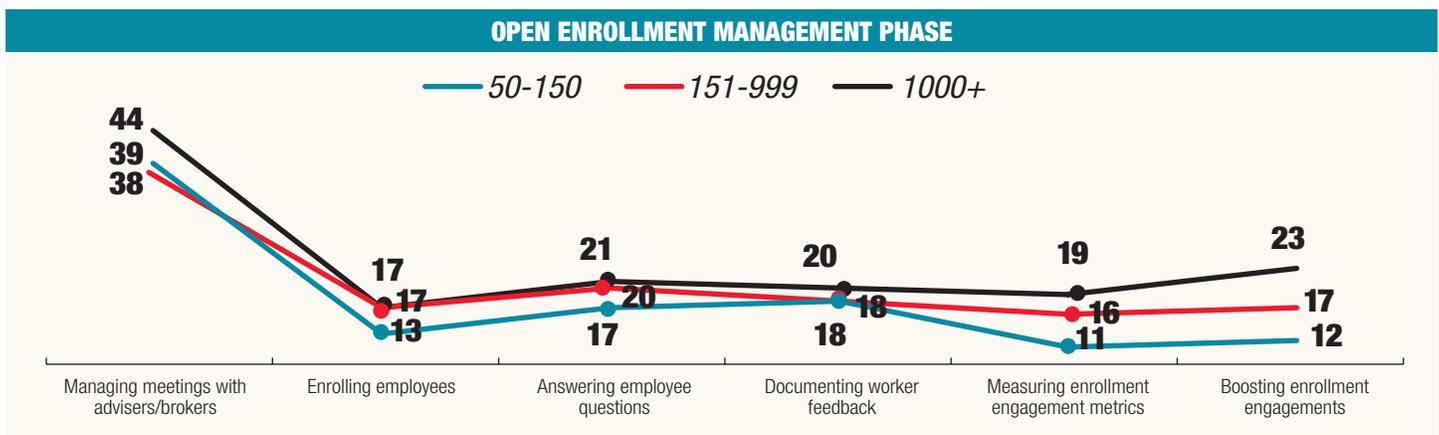
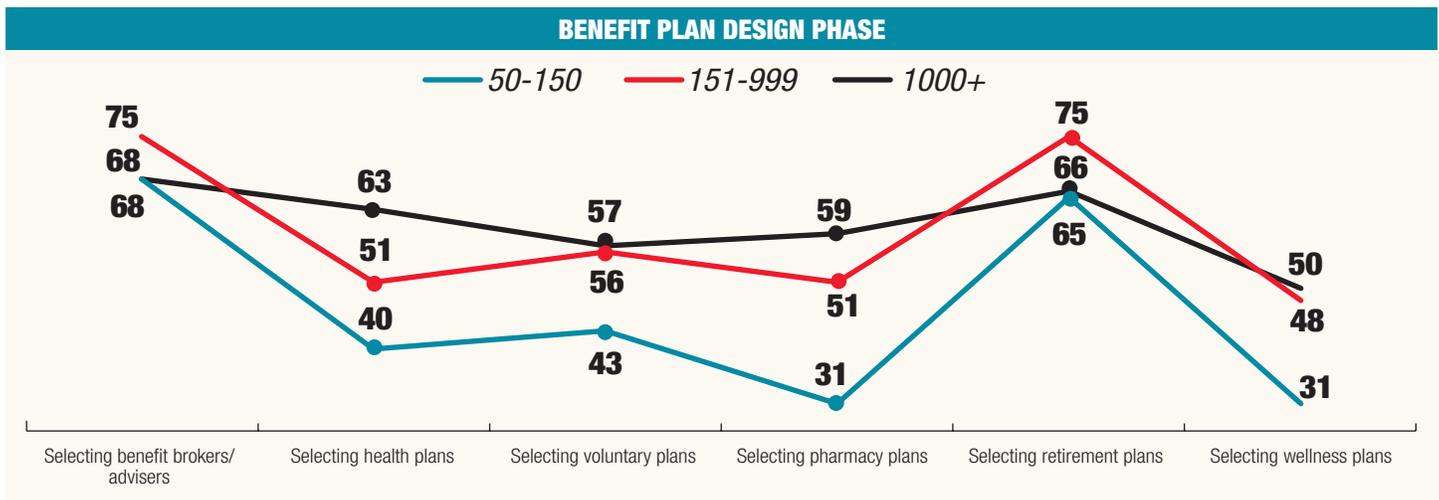
The monthly survey, which asks employers how much progress they have made across 26 open enrollment activities, shows that small employers are particularly behind large and midsize employers in coverage plan selection activities. Coverage plan selection accounts for all but one of the components in the benefit plan design phase, and the responses show that small employers are struggling.

Clearly, selecting plans is the most fundamental step in the cycle – no selection, no benefits – and as open enrollment gets closer, clients will be in need of their adviser's help.

Granted, small employers typically lag midsize employers, and midsize employers typically lag large employers across activities in the other open enrollment cycle phases. However, in May, the gaps were comparatively small in certain key areas – such as in open enrollment management, where various activity scores for big and small employers were relatively close, though low – suggesting persistent deficiencies even at companies with generally fewer resource constraints. ■

WHERE THEY ARE

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



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