

OPEN ENROLLMENT READINESS BENCHMARK

MAY 2018

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Benefits pros failing to communicate

But a well-conceived marketing campaign can help advisers dramatically improve their clients' open enrollment outcomes.

When it comes to communicating with employees about their annual benefits enrollment, most employers are doing a terrible job.

In fact, the readiness score of 12 out of a possible 100 that over 400 small, medium and large employers awarded themselves for planning their employee benefits communications strategy was the lowest of all the activities covered in April's open enrollment readiness survey. In contrast, this same group of employers with Q1 benefit start dates yielded an overall enrollment readiness score of 33.

"This result is not surprising, but it is ironic," notes Jack Kwiczen, a managing partner at Daymark Advisors, a Baltimore-based consultancy that works with benefits advisers. Referring to findings from MetLife's annual employee benefit trends study, Kwiczen says that even when employers offer a subpar benefits package, if they convey the value of that package through a robust marketing campaign, their employees will have a better understanding of their benefits. Moreover, they will use their healthcare plan more intelligently and will have a greater appreciation for what they are receiving.

"Conversely," Kwiczen says, "an employer can have a superior benefits program, but if that employer fails on the communication side of the equation, then their employees won't understand their benefits and won't appreciate all the money their employer is spending on their behalf."

The reason so many employers fall short with their communications, Kwiczen adds, is because they haven't thought in strategic terms about what they are trying to accomplish with their benefits investment. As a result, they don't treat their communications as a marketing exercise aimed at selling their employees on the value of their benefits program.

To correct this, the employer's benefits adviser, working in tandem with the company's HR department, if it has one, needs to map out a marketing campaign that promotes the benefits package to the client's workforce. The campaign should take place year-round, Kwiczen says, and planned in such a way that something is communicated to the workforce about the benefits plan every four to six weeks. The most effective and

widely applicable format for this is usually a newsletter delivered to employees via email.

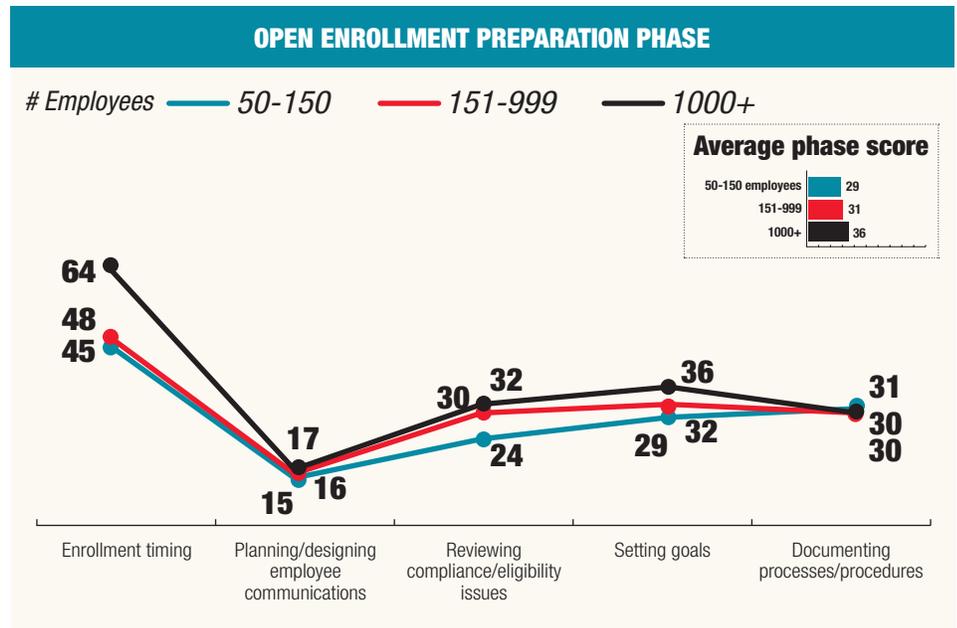
Kwiczen also suggests presenting real-life examples drawn from different employees' experiences each month in the newsletter. These, he says, are a highly effective means of influencing employee behavior, and reports about how their fellow employees made cost-effective use of their benefits to successfully treat a variety of medical conditions can help other employees become better healthcare consumers. Using these mini-case studies, the adviser can repeatedly drive home the point that by understanding and using their benefits appropriately, employees can not only minimize their own out-of-pocket expenses, but also contribute to keeping the cost of the medical plan in check for the entire group.

These case studies, Kwiczen notes, should address the health conditions most frequently encountered by the employee population and can be archived on the employer's web site as part of a library of content about using the benefits plan. "These write-ups are not just a one and done," he says, "but can be recycled four or six months later,

using a different format." The repetition, he adds, is actually helpful in terms of getting employees to alter their behavior and is another reason why the communications campaign should be conducted year-round.

The communications effort should also utilize different types of media, such as podcasts and videos — although some formats won't be well-suited for certain groups of employees. Construction workers, for example, may not have access to email or other forms of electronic communication during the workday. But, to the extent possible, Kwiczen recommends using different media types to capture employees' attention and reinforce the message that this is valuable and worthwhile information that they are receiving.

Consistency also pays off. "When you go down this path, you start seeing employees getting accustomed to the idea that 'Oh, it's the first of the month. I'm going to be getting some information about our benefits program,'" Kwiczen explains. "That makes it easier to grab their attention and prepare them ahead of time for any changes to their benefits program that might be coming." ■



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

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For midsize employers, more cooks can spoil the benefits broth

Communications are more likely to fall through the cracks at midsize companies, making this a tough challenge for advisers.

The larger the employer, the more likely it is to deploy a technology-based solution to engage its workforce and help facilitate its benefits communications, says adviser consultant Jack Kwicien. For these clients, he adds, advisers can add value by helping them select the right technology for their needs.

At the other end of the spectrum, small employers with fewer than 100 employees can still rely on a manual, paper-based communications campaign — or even simply a series of informal in-person meetings — to educate employees about their benefits and how best to use them. And while advisers should certainly help guide the process, Kwicien says their role may be more muted.

But at midsize employers who are too large for ad hoc communications, yet still too small

for formal marketing campaigns and automated solutions, informing employees about their benefits often falls through the cracks. And it's at these midmarket companies where Kwicien says benefits advisers need to play a particularly active role to ensure that those communications take place.

"At employers with fewer than 100 employees," Kwicien explains, "the adviser most likely still deals directly with the owners, who are intimately involved in all the decisions about benefits. But by the time an employer crosses the 100-employee threshold, it probably has a dedicated HR resource and a chief financial officer or controller in place. Likewise, an employer that size may also be operating in more than one location. So the benefits decision-making process, and the way those decisions are communicated, needs to change."

With more stakeholders, that process becomes

more complicated, and it is often up to the benefits adviser to bring the decision makers together and kickstart a communications effort.

For these clients, "The adviser needs to be the one who proactively develops the appropriate communications campaign and gets sign-off from the decision makers," says Kwicien. "It's incumbent upon that adviser to understand the workforce demographics and the needs of the employee population, and then to tailor a communications program that addresses those needs."

In addition to coming up with messages and examples that help the client's employees understand and make efficient use of their benefits, Kwicien adds that the adviser should also plot out the communications campaign and the various ways those messages will be disseminated. ■

ASK THE ADVISOR

Should employers adopt referenced-based pricing?

Yes, says benefits expert Jack Kwicien, if they want to steer their employees to the most cost-effective healthcare providers.



Jack Kwicien
Daymark Advisors

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

How will referenced-based pricing impact the future of healthcare?

Referenced-based pricing is another type of cost-containment strategy. The premise is that for certain fairly expensive procedures — think joint replacement — employers will survey the marketplace, compare prices to what Medicare

pays for that same procedure and then set a ceiling or a cap for how much the employer will reimburse an employee.

Employees are not restricted and can choose any healthcare provider, but they will be responsible for any additional costs, should their provider exceed the employer's cap. There's a strong incentive for employees to shop carefully and make sure their provider will stay within the cost limits set by their employer.

Referenced-based pricing also gives the employer an opportunity to collect lots of data, which can be used to help educate employees on how to be more effective healthcare consumers. For example, by demonstrating all the reasons why a hospital emergency room is not the best place to receive treatment for many common conditions, employees

can be nudged to make greater use of alternatives like minute clinics and telehealth services. This will not only drive down employers' costs, it will also help employees save money — by eliminating their co-pays, for instance — and secure better and more convenient care.

But employees may not understand this initially. They may recognize how it helps employers save money, but not what's in it for them. This is yet another reason why employers need to conduct an ongoing benefits communication campaign.

Ultimately, as referenced-based pricing is increasingly adopted by the marketplace, it will put pressure on healthcare providers to reign in their pricing. By collecting pricing data, employers arm themselves to act as gatekeepers and to steer their employees to the most cost-effective providers. ■

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EMPLOYERS STARTING BENEFITS IN Q1 2019				
Overall Readiness (as of April 2018)				33
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	55		54
	Selecting health plans	53		
	Selecting voluntary plans	48		
	Selecting pharmacy plans	53		
	Selecting retirement plans	72		
	Selecting wellness plans	46		
Phase 2 Open Enrollment Preparation	Enrollment timing	52		29
	Planning/designing employee communications	12		
	Reviewing compliance/eligibility issues	26		
	Setting goals	30		
	Documenting processes/procedures	26		
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	41		23
	Enrolling employees	16		
	Answering employee questions	24		
	Documenting worker feedback	20		
	Measuring enrollment engagement metrics	16		
	Boosting enrollment engagements	22		
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	16		26
	Reviewing worker feedback	20		
	Soliciting additional feedback	15		
	Reviewing plan design	38		
	Reviewing communications strategy	29		
	Tracking benefit usage	33		
	Reviewing enrollment engagement analytics	19		
	Reviewing/improving the process	29		
Planning year-round employee engagement	34			

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.

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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>

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>

Employers struggling to manage their open enrollment processes

Confronting the heavy lift of sign-up season, employers report some progress, but still need support from advisers. <http://bit.ly/2nWPH53>