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Communications

Benefit Bummers: Poor Planning Can Lead to Enrollment Failures

Employers and HR professionals are no strangers to the stress of open enrollment. The parade of notices, documents and meetings can be time-consuming, daunting and downright annoying at times.

But employers aren't the only ones susceptible to the enrollment blues. The flood of decision making, paperwork and other tasks can take its toll on employees, as well. While enrollment can serve as a time to reinforce the value of benefits, employee disinterest and misunderstanding can easily sink an employer's best effort.

A strong communication plan, however, can make the enrollment process simpler and more rewarding for both employers and their workforce, experts say.

"Health insurance is complicated with all of the different terminology that goes along with it," Carrie McLean, a consumer specialist at eHealthInsurance.com recently told *USA TODAY*. "And people have gone through open enrollment with their eyes closed."

A recent Aflac survey finds that most workers (56 percent) estimate that they waste up to $750 per year because of poor choices they make about their benefits. The survey notes that most employees tend to be on autopilot at enrollment, with 89 percent simply electing the same benefit options every year without analyzing their choices.

Poor communication during enrollment can worsen this employee disengagement, according to a new Unum study, reported in *PLANSPONSOR*. The survey found that 28 percent of polled workers rated their employers' benefit education efforts as fair or

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September 2012 Highlights

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poor in 2012. Yet many employers think they're doing just fine with their education plans. The Aflac survey noted that nearly half (49 percent) of employers say their communications are "very too extremely" effective.

This disconnect stands as one of the greatest barriers to successful benefit communications, according to Jennifer Benz of Benz Communications. The heart of the problem is that many employers slam their workers with tons of information at enrollment time instead of spreading out that education year-round, Benz told *Employee Benefit News*. A recent poll conducted by Benz's company found that 78 percent of employers say they see year-round communications as their primary challenge, but only about 29 percent are actually doing something about it.

Ultimately, a lackluster and disorganized communication strategy can make enrollment more stressful -- and a bit useless -- for everyone, said Aflac's Audrey Tillman.

"It was shocking to me when I saw that 52 percent of employees in our survey said that their company does not communicate with them at all about the open enrollment process," Tillman told *USA TODAY*. "But if the benefits are not appreciated, or understood, or utilized in a way that is meaningful to employees, it's a waste on the employers, as well."

Wellness

From Wellness to Well-Being: Employers Blend Benefits for Better Results

Successful wellness strategies have evolved beyond health posters in the company break room or a gym membership discount. More employers are expanding their wellness initiatives to foster employees' overall "well-being" -- not just their health -- in an effort to tamp down costs and boost productivity.

One such group of employers recently was honored by Principal Financial Group, which highlighted the nation's top 10 employers for employee financial security.

Principal noted that top firms tended to blend financial security and health in their benefits mix, according to a report by the *Des Moines (Iowa) Register*.

In Brief

PAY UP

A new MetLife poll finds that employees of smaller businesses want more benefits and are willing to pay for them.
Half of Generations X and Y employees said the rough economy is making them rely on employer-sponsored benefits for financial security. Some of the top insurance that employees said they'd like and would pay for include:

- Home/auto: 44 percent
- Life: 41 percent
- Disability: 40 percent

OBESITY COVERED

The Equal Employment Opportunity Commission recently settled a lawsuit in which it declared that morbid obesity is a protected disability under the Americans with Disabilities Act. David M. Katz, an attorney with Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., notes that employers should take special care when making decisions about employees based on workers' weight or those that would adversely affect overweight employees.

HEP C TESTS

The Centers for Disease Control and Prevention (CDC) is recommending that baby boomers get a one-time blood test for the hepatitis C virus. The CDC notes that more than 15,000 Americans die from hepatitis C-related diseases annually, and that number is growing. With baby boomers making up two-thirds of the estimated 3.2 million infected nationally, the CDC suggests that all older Americans be tested because it can take decades before the virus manifests symptoms in the body.

"Winning companies recognize the immense impact wellness can have not only on health, but on retirement security -- healthier employees spend less on medical care, leaving more to save," said Principal's Luke Vandermillen.

In addition to generous employer contributions to 401(k)s and wellness incentives, these companies took special care to tailor their communication and education efforts for individual employees, the report said.

Regardless of how they integrate their benefits, employers need to make a real commitment to their programs if they want to achieve lasting results, and sometimes that means devoting staff to run the show, a new study from OptumHealth suggests.

The study, reported by *Spencer's Benefits Reports* and CCH, found that companies that had a dedicated employee to administer their wellness programs were more likely to see value and positive results from the initiatives. Businesses that hire an employee whose sole job is wellness achieve higher rates of participation (54 percent) compared with those that do not have a dedicated worker to oversee initiatives (45 percent), according to the OptumHealth study.

Extra staff and robust offerings can carry some short-term costs, but the rewards of integrated "well-being" benefits can be well worth the effort. Just look at Principal's top 10 winners: Those employers have an average voluntary turnover rate of 9.8 percent, compared with the national average of 24 percent, according to Principal.

Health Plan Trends

PPACA, Costs Fuel 2013 Plan Designs

Health care reform is poised to create a host of challenges for businesses of all sizes, but it may be the smallest companies that face the biggest decisions.

A new government report by the General Accounting Office (GAO), which culled together more than 25 separate studies and analyses, finds that the Patient Protection and Affordable Care Act (PPACA) will have "a more dramatic effect on small employers," according to a report by *SmartHR Manager*.

The GAO research suggests that the law likely will drive many

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MEDICARE COSTS
The average premium for basic Medicare drug coverage will remain at $30 per month for next year, the third year in a row with little or no change, the Obama administration has announced. The government reported that patients on Medicare with high prescription costs are saving an average of $629 each because of a new law that gradually removes the "doughnut hole" coverage gap.

BEFUDDLING FEES
Most workers do not understand the fees they are paying to maintain their employer-sponsored retirement plans, a new poll by State Street Global Advisors finds. Sixty-two percent of employees said they do not understand fees, which may indicate a need for employers to educate their workforce, especially now that new fee disclosure rules have gone into effect.

RETIREMENT TIPS
Employees increasingly have retirement on their minds, according to a poll by Financial Finesse. The financial education company noted that 32 percent of questions it received in the second quarter of this year were related to retirement planning, up from 25 percent in the second quarter of 2011 and up 14 percent for the same time span in 2009.

BIG MISS.
Mississippi has the highest proportion of obese adults in the country, according to a new analysis by the Trust for America's Health and the Robert Wood Johnson Foundation. The obesity rate in the Magnolia State is nearly 35 percent, ahead of Louisiana and West Virginia -- which each had a rate above 30 percent. Colorado has the lowest rate at almost 21 percent, ahead of Massachusetts and Hawaii.

small businesses to either make dramatic changes to their current plans or drop health care coverage altogether.

More cost sharing with employees and shifts toward account-based plans and self-funding are likely for the years to come, the report notes.

Although many of the provisions of PPACA don't take effect until 2014, the law -- along with the continuing trend of skyrocketing health costs -- is prompting many employers to take major steps during this enrollment season, a recent survey suggests.

An annual study by the National Business Group on Health (NBGH) finds that employers are increasingly turning to high-deductible health plans (HDHPs) to control costs, a *Kiplinger* online report notes. For instance, while more than half of employers say they'll offer an HDHP paired with a health savings account in 2013 (a figure that's remained stable for several years), 19 percent plan to make it the only option for employees -- up from 7 percent in 2009.

The NBGH report noted that other top enrollment trends for 2013 include:

- Better tools to help employees compare and analyze health care costs.
- Richer incentives to encourage employees to participate in wellness programs compared with previous years.
- Adjustments to health flexible spending accounts to comply with the $2,500 annual contribution cap required by PPACA.

Yet as employers begin to create strategies to adjust plan design and costs under PPACA, many still remain in the dark as to how to fully implement the law, according to a new survey by Deloitte.

Only 40 percent of midsize and large companies responded that they feel "well prepared" to comply with PPACA, according to a report published in *PLANSPONSOR* on the study of employers with 50 or more workers. That number drops to only 25 percent among smaller business owners, the study finds.

Despite the compliance and cost challenges that PPACA presents, most employers aim to continue offering benefits. Only 9 percent of respondents to the Deloitte poll said they expect to drop health coverage in one to three years.

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GOING BIOMETRIC
More employers are relying on biometric data to evaluate employees' health, a new survey by bswift finds. Sixty percent of companies said they use biometric testing in their wellness program, and 40 percent use incentives to try to entice employees to participate.

Webinars

Health-Related Lost Productivity: Causes and Solutions

Thursday, Oct. 4
1 p.m. CT

Many employers, along with their benefit advisors, are concerned about health care costs and the productivity of their workforce. As they strive to get their arms around employee health and its associated costs, some employers may be surprised to learn that medical care and drug costs do not represent the majority of the costs of poor employee health. A 2009 study in the *Journal of Occupational Environmental Medicine* revealed that the two make up only 30 percent of the total cost of poor employee health. The remaining 70 percent can be attributed to absenteeism and presenteeism -- a concept known as health-related lost productivity.

Join Michael Klachefsky, national practice leader for workplace possibilities for The Standard, as he discusses:

- The causes of health-related lost productivity
- How health-related lost productivity affects employers' bottom line
- What employers can do about it

To learn more or to register, please contact us.

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(webinars continued)

Retirement Plan Fee Disclosures: Now What?

Tuesday, Oct. 9
1 p.m. CT

By now, you have no doubt been inundated with communications from your 401(k) or 403(b) plan vendors regarding the fees that they charge and the services they provide. Those vendors had until July 1 to send you their service provider fee disclosures, a mandatory notice required under Department of Labor regulations. Separate notices must then be sent to plan participants describing the fees that might be assessed against their accounts.

After this flurry of notices and disclosures, you may be asking yourself: Now what? Is there more that an employer should do? The unfortunate answer is "yes," you have more work to do -- and very little time to do it. This webinar will help you understand what you should do with the service provider fee disclosures and how to respond to questions you might be receiving from employees about the participant fee disclosures.

Topics to be covered during this informative 90-minute webinar include:

- Understanding basic 401(k) and 403(b) fee structures
- How to create a prudent fiduciary process for evaluating ERISA Section 408(b)(2) service provider fee disclosures
- Strategies for addressing questions raised in response to participant fee disclosures
- Best practices to protect employers from fiduciary liability under ERISA

To learn more or to register for this webinar, please contact us.