A GUIDE TO A BETTER OPEN ENROLLMENT SEASON

OPEN ENROLLMENT GUIDE
DO YOUR HOMEWORK TO RAISE YOUR GRADE WITH EMPLOYEES THIS OPEN ENROLLMENT SEASON
INTRODUCTION

Open enrollment for employees can bring up a wide range of emotions from anxiety to annoyance and dread. In fact, in a recent survey, only one in ten employees cited that they were confident in the benefits choices they made.

WHY? Because they feel they lack the education they need to make the best choices for themselves and their families when it comes to the benefits that are offered by employers.

As HR professionals, we can help ease those negative emotions with a well thought out plan that will answer common questions and arm your employees with the information they need to confidently select the benefits that they need.

GET OUT IN FRONT THIS ENROLLMENT SEASON!

This OPEN ENROLLMENT Guide was created to help raise your grade with employees this open enrollment season in just five steps!

START HERE.
1. THE BASICS

WHAT IS OPEN ENROLLMENT FOR BENEFITS
In the U.S., open enrollment season is a period of time when employees may elect or change the benefit options available through their employer, such as health, dental and life insurance, and ancillary or voluntary benefits ranging from legal services to pet insurance. Some benefits are fully paid by the employer, some are employee-paid through salary deferral or a Section 125 cafeteria plan, and for some the cost is shared.

WHEN DO MOST COMPANIES HAVE OPEN ENROLLMENT?
Most companies schedule open enrollment to end a few weeks before enrollment forms must be submitted to benefit providers. For calendar-year benefit plans starting January 1, open enrollment often takes place in November.

HOW LONG SHOULD OPEN ENROLLMENT BE HELD?
Open enrollment is not required to be a certain length of time. Most employers have an open enrollment period of at least two to four weeks.

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Here’s a sample timeline to show you when you need to get started with planning through the evaluation phase.
2. EDUCATING YOURSELF AS AN HR PROFESSIONAL

THINGS TO CONSIDER IN A VIRTUAL ENVIRONMENT

Open enrollment in 2020 means talking about the impact that COVID has on this fall’s open enrollment. Traditional methods like in-person meetings, handing out forms and sitting down with employees are all methods that this year are likely not going to happen. If you haven’t started thinking about online enrollment, now is the time.

There are many benefits of online enrollment. While nothing is 100% free from the potential for errors, online enrollment guarantees the most reliable experience as employees must complete all required information and approvals.

It also makes life easier for your HR team to track who has and who has not yet completed their enrollment. The downside is that online enrollment takes time to get ready. You will probably need to confirm your rates with your carrier at least two to four weeks prior to the start, and if you are electronically sending enrollment data to the vendor, you will want to be aware of those timelines as well.
WHAT IF I AM CURRENTLY USING A PAPER METHOD AND RELYING ON IN-PERSON MEETINGS?

If you are starting from scratch, the timeline will be longer as you will need to also secure a platform. A good place to start is with your current payroll provider. K-Pay, BerganKDV’s human capital management suite is composed of payroll, timekeeping, and HR modules, making it possible for you to accurately manage all aspects of your workforce through one web-based application. The advantage of going with your current provider is that you can see the full picture of your human resources operation whenever you need to, in real time without multiple systems, spreadsheets and processes.

There are also many stand-alone vendors who handle online enrollment. If you are a member of the Society of Human Resource Professionals (SHRM), you can access a vendor directory with more than 50 companies listed.

No matter which way you decide to go, don’t spend too much time focusing on how to make the online system replicate what you are currently doing. Instead, invest the time in process improvement and take advantage of the new digital toolset available to you.

HOW ABOUT USING AN ENROLLMENT SERVICE?

This method is most often seen when you’re offering voluntary products like accident or critical illness insurance. Often firms that provide these benefits will offer one-on-one enrollment counseling for all of your benefit plans. The ultimate goal here is, of course, to increase participation in the benefits that the vendor is providing, but it can be a valuable addition to your overall process.

Make sure you understand how this impacts your recordkeeping system. Are they enrolling people on their own proprietary system? If so, how will you get the data back for payroll? How will they get that information to your carriers? Also consider your culture and how using a third party to discuss benefits could be perceived by your employees.

The key is to get your plan developed early so you have the time to develop the supporting materials you will need to make the open enrollment experience easier for you and your employees.
THE ABCs

EDUCATING YOURSELF AS AN HR PROFESSIONAL

BENEFITS LEGISLATIVE CHANGES FOR 2021

As you head into 2021 it is a good time to take stock of any legal changes that impact your benefit plans. Below is a recap of the changes we are aware of so far for 2021.

ANNUAL LIMIT CHANGES

Last spring, the IRS announced health savings account (HSA) contribution limits for 2021. In a nutshell, the limits are going up $50 for self-only coverage and $100 for family coverage. The annual limit on HSA contributions will be $3,600 for self-only and $7,200 for family coverage. That’s about a 1.5 percent increase from this year.

You will want to be sure to communicate these changes during open enrollment as well as update your payroll and plan administration systems.

To the right is a table outlining the contribution and out-of-pocket limits for HSAs and High-Deductible Health Plans (HDHPs):

| Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans |
|--------------------------------------------------|-----------------|-----------------|-----------------|
|                                                   | 2020            | 2021            | Change          |
| HSA contribution limit (employer + employee)      |                 |                 |                 |
| Self-only: $3,550                                 | Self-only: $3,600|                 | Self-only: +$50 |
| Family: $7,100                                    | Family: $7,200  |                 | Family: +$100  |
| HSA catch-up contributions (age 55 or older)      | $1,000          | $1,000          | No change       |
| HDHP minimum deductibles                          |                 |                 |                 |
| Self-only: $1,400                                 | Self-only: $1,400|                 | No change       |
| Family: $2,800                                    | Family: $2,800  |                 | No change       |
| HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums) |                 |                 |                 |
| Self-only: $6,900                                 | Self-only: $7,000|                 | Self-only: +$100|
| Family: $13,800                                   | Family: $14,000 |                 | Family: +$200  |

Source: IRS, Revenue Procedure 2020-32
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ANNUAL LIMIT CHANGES

The IRS has also announced that employer-sponsored health coverage will satisfy the Affordable Care Act (ACA) affordability requirement next year if the lowest-cost, self-only coverage option an employer offers does not exceed 9.83 percent of an employee’s household income.

The 2021 threshold is up slightly from 9.78 percent in 2020 but below the 2019 rate of 9.86 percent.

The affordability threshold is the highest percentage of household income an employee can be required to pay for monthly health insurance plan premiums, based on the least expensive employer-sponsored plan offered that meets the ACA’s minimum essential coverage requirements.

The IRS annually adjusts the affordability threshold by considering the ratio of premium growth to income growth in the preceding calendar year. The agency announced the 2021 affordability threshold—also known as the shared-responsibility affordability percentage, or cost-sharing limit—on July 21 in Revenue Procedure 2020-36.

Flexible Spending Account limits have not yet been published by the IRS.

RECENT SUPREME COURT CASES

Bostock v Clayton County
This decision ruled that discrimination against LGBTQ employees is covered under Title VII of the Civil Rights Act. While this most directly impacts employment policies, employers may want to review coverage for gender dysphoria and related services.

Little Sisters v Pennsylvania
This decision upheld that religious affiliated nonprofit employers can opt out of providing contraceptives to employees which are otherwise required to maintain compliance with the ACA. The scope is fairly narrow, so any decision to remove these benefits should be made in conjunction with your broker and/or legal counsel.
RECENT LEGISLATIVE CHANGES

CARES Act Expands HSA-Eligible Purchases and Telemedicine Benefits

As part of the Coronavirus Aid, Response and Economic Security (CARES) Act signed into law at the end of March, account holders can now use HSAs, health reimbursement arrangements (HRAs) or health flexible spending account (FSAs) to pay for over-the-counter medications without a prescription. The coronavirus-related legislation also allows HSAs, HRAs and FSAs to pay for certain menstrual care products, such as tampons and pads, as eligible medical expenses. These are permanent changes and apply retroactively to purchases beginning Jan. 1, 2020.

In addition, the CARES Act allows HDHPs to cover telemedicine free of cost sharing for through 2021. A new safe harbor permits HDHPs to cover telehealth and other remote care services before participants have met their deductible without affecting their eligibility to make HSA contributions. These provisions are temporary and will sunset Dec. 31, 2021, unless Congress extends them or makes them permanent.

Families First Coronavirus Response Act (FFCRA)

While not directly related to insurance, do keep in mind that the FMLA expansion and emergency sick leave provisions of these laws continue through the end of 2020. This might be a good time to review your company time off benefits and policies in preparation for future calamities.
Employee benefit data is probably one of the most critical and visible functions of the HR department. Open enrollment season is that time each year when it all changes, and with that comes an opportunity for things to go wrong. One of your strongest defenses against that is a good audit plan.

This starts during your open enrollment. Make sure that you are monitoring your employee’s activity through the process and can follow-up with employees who aren’t doing what they need. This is much easier if you are using an electronic enrollment system that can provide you with real-time reporting and automated reminders. At the least, use paper spreadsheets to track the returned information; this will save time and headaches later.

Lastly, it is best practice to review your first carrier invoice in January, or possibly the second invoice, depending on when you’re billed. Typically a carrier will only allow retroactive changes 60-90 days after the effective date, so if you uncover an employee who should have a different plan or doesn’t have the right dependents covered, it’s important to make those corrections early in the year before your employee finds themselves without the coverage they expect or costs they didn’t anticipate.

If you are using BerganKDV’s K-Pay platform, there are several standard reports to assist with this, or our support team can help you with a custom report for your situation.
THE ABCs

EDUCATING YOURSELF AS AN HR PROFESSIONAL

TIMING WITH CARRIERS

As you work through open enrollment it is important to understand the timing with your carriers. There are three main timing issues you want to understand:

1) when your final rates will be available,
2) when enrollment data is required, and
3) when Summary of Benefits and Coverage (SBC) or Summary Plan Description (SPD) are available.

Let’s start with rates. When you’re making decisions about what plans you are offering and what your employees will pay, you will rely on the rates from the carriers. It’s important to be clear with your carrier or broker about when you will receive these rates. This is going to depend a bit on your company’s size. Larger employers typically can receive final rates earlier. Small employers may not receive final rates until October or November. Discuss this with your carrier, broker, and enrollment partners to make sure there is no confusion on when information will be finalized.

The next most critical date is when enrollments are due. This is doubly important to know if you are changing carriers or adding plans because you want to allow enough time for carriers to produce and mail ID cards for the upcoming year so that employees have them in hand prior to January 1. In general, medical and prescription carriers will want to have all of your enrollments the first week of December, vision and dental tend to be a little more flexible and may not need enrollments until later in December. As you are planning your open enrollment dates, make sure that you are allowing yourself or your vendor enough time to gather the open enrollment data and transmit it to the carriers.

The last critical date is knowing when SBC and SPDs are available. This is less critical if you are renewing existing plans, but if you are offering new benefits or new carriers, make sure you know when they plan to distribute these. SBCs are typically due at the time of enrollment or when enrollment materials are distributed. SPD can stretch into the next plan year, but you are still responsible to make sure they are ready when needed so make sure to ask your carrier about both the timing and their distribution methods.

Taking care of these behind-the-scenes tasks in a timely manner will help ensure your employees have accurate information and will give you peace of mind that you are administering the benefits appropriately. We’ve developed a timeline to help you stay on track. Click here to view.
COVID-19 is having a major impact on the physical and emotional health for many which in turn will likely cause many employees to look more closely at the health benefits available to them during this open enrollment season.

Here’s a list of five primary things employees need to know and/or consider:

1. First and foremost, has the employee had any major changes in the past year or will they have a major change in the upcoming year? Things like aging out of a parent’s plan at 26, marriage and having children can all impact the right fit for an employee’s benefit strategy.

2. Has the prescription drug coverage changed? Are there new rules on what is covered, what medicines require prior authorization, is there a change in pharmacy benefit managers?

3. Has the health insurance company changed plan or provider networks? If so, are doctors and other medical services providers still in-network?

4. Can I save money on my insurance premiums by participating in a company-sponsored wellness program?

5. Are there any changes to the additional voluntary benefits that are being offered? Things like cancer insurance, pet insurance, term life insurance, and disability insurance are important for employees to evaluate.
HELP TO DECIPHER THE JARGON

Employees can easily get lost in a sea of acronyms while looking at their benefits options. Research is showing that employees often don’t know how to use health savings accounts (HSAs) and the high-deductible health plans (HDHPs) that go with them.

In addition, many employees don’t understand the definitions of some of the basics, like copays, deductibles, out-of-network and out-of-pocket limits.

DOWNLOAD

Download a PDF of a glossary adapted from the healthcare.gov website to help your employees get comfortable with some of the common benefits
HELP TO DECIPHER THE COST

Jen Benz, president of Benz Communications, suggests some ideas that may help employees to understand how to compare health plans:

• A simple side-by-side comparison. Make it easy for workers to evaluate high-deductible health plans against other employer-provided plans so they can compare what really matters to them—cost. Keep it simple: Vary only the upfront cost elements, such as premiums, deductibles and out-of-pocket maximums.

• Real-life examples and personae. Offer examples and “people-like-me” stories to illustrate exactly how a high-deductible health plan works and what employees’ financial responsibilities will be. Fictional characters make it easier for people to identify with the hypothetical life situations presented. Show a variety of characters by age, covered family members, and type and frequency of care used.

• Cost-of-care scenarios. Outline different situations to help employees better understand how the cost of care can vastly fluctuate between providers. Most health insurance companies now provide price-estimator tools. “Create different scenarios with price estimates,” Benz advised. “When employees learn an MRI can cost anywhere from $150 to $2,500, they’ll start paying more attention to what things cost before making appointments and be more selective about who they choose to visit.”

By providing your employees with a simple list of things to consider, employees can then make more educated decisions on their benefits selections that are better suited to their individual circumstances.
INDIVIDUAL CIRCUMSTANCES MATTER

Last year at BerganKDV, our benefits guide was 44 pages long. That’s not a knock against the guide, it was all very good information. But not all the information applies to every employee. And there’s the rub. You have no way of knowing which employee needs to have what exact information for his or her individual circumstance.

But that doesn’t mean we give up on providing a customized experience for our employees! The benefits guide is the destination or source of all things benefit related. Our task is to give that information to employees in easier to digest bites and then guide them to where they can find more information.

And this work will pay off! The 2016 International Foundation of Employee Benefit Plans’ Benefits Communication Survey Results found that among the employers that used benefit communications based on employees’ life stage, 81 percent reported their efforts were successful.
DEVELOP A BRAND FOR YOUR OPEN ENROLLMENT SEASON

A branded campaign makes it easier for employees to recognize and relate with the content. Just like your brand campaigns for target audiences outside your organization, it is important to have a consistent brand for your internal target audiences. Open enrollment guides are extremely text heavy, so breaking it up with consistent graphics and using those graphics in your targeted messages will help grab people’s attention.

You can kick off your campaign to the entire company, showcasing the brand as well as providing key dates. This year, with so many working from home due to COVID-19, you may want to consider going “old school” and send a postcard to every employee’s household outlining these key dates as your initial campaign launch. This is a good way to notify both your employees and other household members who may be impacted by the benefits that are selected.

DOWNLOAD

At BerganKDV, our theme last year was “Rock Enroll”. You can download our templates for your own use! Download here.
UNDERSTAND YOUR TARGET AUDIENCES

OK, we have a branded template now that employees will become familiar with and we have kicked things off with the initial launch including key dates. Your first task is to separate your employees into target audiences, or groups. Not all employees have the same benefits needs. One common way to segment is by where the employee falls in the talent lifecycle, identify what common concerns would be in that lifecycle stage and potential messages that would resonate. Here is an example:

<table>
<thead>
<tr>
<th>Key focus areas</th>
<th>New to workforce</th>
<th>Midcareer parents with dependent children</th>
<th>Near retirement</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Getting started on saving for retirement</td>
<td>• Caring for family benefit needs</td>
<td>• Enough savings for retirement</td>
</tr>
<tr>
<td></td>
<td>• Paying off student loans</td>
<td>• Daycare expenses</td>
<td>• Health benefits after retirement</td>
</tr>
<tr>
<td></td>
<td>• Setting a path for financial success</td>
<td>• Tuition</td>
<td>• Estate planning</td>
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<tr>
<td>Potential messages that</td>
<td>• How 401(k) and HSAs work</td>
<td>• How to weigh which option is best for</td>
<td>How to get the most in the final push for health</td>
</tr>
<tr>
<td>would resonate</td>
<td>• How do I know what benefits I need in addition to health care?</td>
<td>health benefits</td>
<td>care and retirement savings, including catch-up</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• How to calculate how much life and</td>
<td>contributions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>disability insurance you need</td>
<td></td>
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</tbody>
</table>
THE ABCs

TARGETING YOUR COMMUNICATION

COMMUNICATE IN SOUNDBITES

• Less is more. Instead of a long drawn out email, provide a steady drip of emails highlighting targeted messages and focus on dates for open enrollment informational meetings and sign-up periods.

• Give specific examples based on the target audience.

• Show people the platform where they will make their selections including screenshots of common things like adding a family member or selecting the health plan they want.

• Always end with a call to action (CTA). What do you want the reader to do? Register for an informational meeting? Schedule a 1:1 call with a benefits representative? Visit your open enrollment benefits portal? Make sure you are clear in what action you want them to take.

At first glance, targeting your communications may feel more time consuming than a mass communication method where you blast out the same content to everyone and hope you get through to at least some people.

A targeted campaign is a win-win for you and your employees. You will have more engagement and ultimately more educated decisions and tailored choices for your employees’ benefits plan.
SO, HOW’D IT GO?

How will you know if your open enrollment campaign was a success? To answer this question, you will need to start by looking in the rear-view mirror for a bit. As a HR team, sit down and talk about the successes and challenges during your last open enrollment campaign. You may want to also ask your employees for some feedback, although this is probably best captured right after your campaign ended.

Here are some questions to kick around:

• What communications materials do you think worked well last year?
• What channels of communication did employees engage the most with? Email/group meetings, 1:1 consultation?
• Did employees feel confident about their choices or were there a lot of one-off questions? If so, were there common themes to those questions?

From there, you also need to identify some things you will measure for this year’s campaign to determine its success. Here are some examples for some targeted percentages:

• Employees who enroll before the deadline
• Employees who elect to take a certain benefit
• Employees who attend at least one informational meeting
• Email click through rates of open enrollment messages
AFTER YOUR LOOK IN THE REARVIEW

Now that you know what you are measuring, you have a starting point for your debrief after open enrollment ends. And, as stated earlier, after the campaign ends, you should reach out to your staff to solicit feedback on what went well and what roadblocks they encountered. Here are some ideas for questions you could ask:

- How satisfied are you with the benefits offered by your organization?
- Do you have a clear understanding of the benefits package offered by my organization.
- Which three benefits already offered by your organization are most important to you?
- What are the three most important benefits that your organization does no yet offer and you would like to have?

If you have a self-service portal that employees used, you can also access data from there to see what benefits were selected as well as other data. For example, in K-Pay you can see the enrollments completed each day and benefits enrolled. Since it’s a single database, you can also pull in other employee demographic details to see if there are trends among specific groups.

After open enrollment is complete and you have all your data collected, it is time once again to sit down as a team and debrief while the information is still fresh in your mind. You may uncover some issues that need a deeper dive.

For example, maybe you introduced a new voluntary benefit and participation was lower than anticipated. Were employees unaware of the program, or did they not appreciate or understand how using the program could result in better health and financial outcomes? Or did they just not care? The answers to all of these questions can, and should, drive your communications efforts for the year ahead and inform your plan design decisions moving forward.
WE HOPE THE TIPS AND IDEAS IN THIS GUIDE HAVE YOU AND YOUR TEAM ON YOUR WAY TO A SUCCESSFUL OPEN ENROLLMENT!

EXPLORE OUR HCM SOLUTION AND MANAGE ALL ASPECTS OF YOUR WORKFORCE THROUGH ONE POWERFUL WEB-BASED APPLICATION.

BERGANKDV.COM/SERVICES/WORKFORCE-MANAGEMENT