

Sage HRMS



Steps toward a successful  
Open Enrollment: putting  
all the pieces together





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# Is your business prepared for Open Enrollment?

Open Enrollment, the period each year when eligible employees may enroll in your health plan(s), is a complex process requiring advance planning and close attention to detail at every phase—and a certain degree of creativity on the part of HR/benefits professionals.

HR plays a critical role in everything from budgeting and administrative tasks, through plan review and selection, and finally communication to employees. It's up to the HR/benefits professionals to ensure that relevant information is expressed clearly to all relevant parties at the applicable times. The omission of thoughtful planning or miscommunication in any of these activities could mean the difference between a successful—or disappointing—implementation.

The process overview chart below illustrates what (ideally) should occur during each phase of the process.

During the administrative phase of Open Enrollment, the creation of appropriate internal components and execution of finite details are critical to the success of the rollout.

## Open Enrollment—process overview

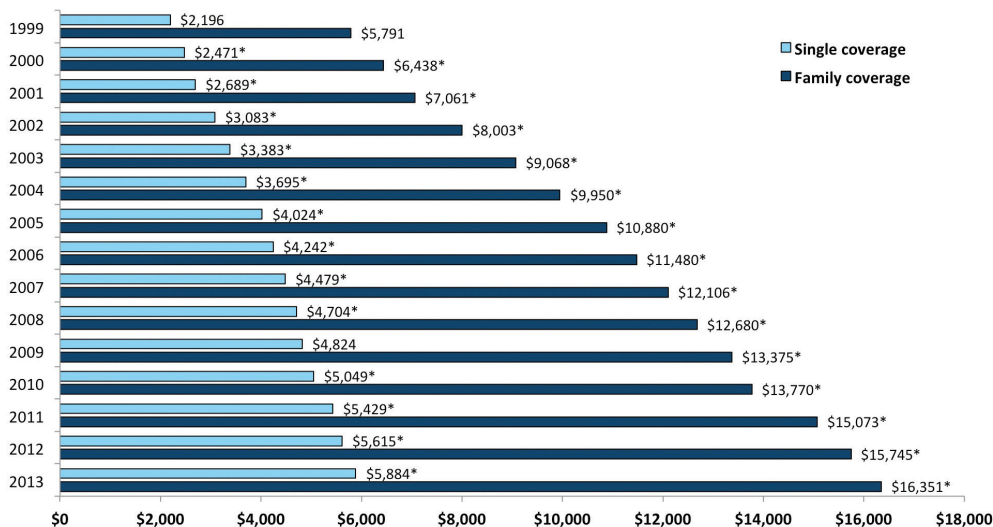
<b>Program goal:</b>	The ultimate goal of the Open Enrollment Process is to invest in your employees by ensuring their optimal health and well being by providing them with the best available healthcare program to meet their needs at a cost that optimizes the company's budgeted funds toward the continued promotion of positive associate relations.			
<b>ROEI</b>	"At Sage, they believe that employees are the most important component in the quest to improve business results. It makes sense to treat employee-related expenses as an investment in the workforce. Like any other investment, this critical company investment must yield a healthy return. They call that the Return on Employee Investment (ROEI)."			
<b>Budgeting</b> CEO/Finance/HR	<b>Administrative</b> HR/Payroll/Admin	<b>Plan review</b> CEO/Broker/HR	<b>Plan selection</b> CEO/Broker/HR	<b>Communication</b> Broker/HR/Payroll
Partners in the creation of a healthcare budget that provides for an array of employee benefits that will provide for the well-being of the employees.	Creating internal components to deliver all messages and ensure the finite details are executed timely and accurately.	Plan options are evaluated. Negotiations occur to secure the "richest" plan at the best rate and provides for optimal customer service to the employees in plan delivery and execution by the selected insurance provider.	Provides for the best available program that meets the employer's budget and the employee's needs through a reputable vendor that will deliver excellent customer service to the plan participants.	The finite details that execute and deliver the program to the employees to promote continued positive associate relations and yield a healthy return on employee investment.

# Planning the administrative pieces of the Open Enrollment process

The Open Enrollment process has many elements, but one of the most often overlooked is the administrative portion. The creation of internal components and the execution of finite details are integral to a successful communication/rollout phase. Unfortunately, this is also where critical information may get lost in translation, causing miscommunication, disconnects, and confusion that could derail the overall process.

Much like creating a marketing campaign, consider how and what messages should be presented to employees. In addition to offering a great benefits plan, communication that says “We take care of you” or something similar might be what you want to convey. So how do you go about doing that, especially if you need to downgrade your plan offering in the upcoming year? Or if premiums increase dramatically? The chart below demonstrates that just as premium costs continue to rise, so do the expectations of your employees to receive quality benefits. This is where some marketing practices come into play.

## Average annual premiums for single and family coverage, 1999-2013



\*Estimate is statistically different from estimate for the previous year shown (p<.05).  
 Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013.



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## Marketing and branding your materials

If you are a brand-intensive company, your logo most likely appears throughout your printed material to ensure it stands out from the rest and aligns with the concept of good customer care. So how can you “brand your presentation” to convey a similar message to your employees? You may be thinking, “Why should I be concerned about having my brand stand out from the rest? It’s just Open Enrollment material.” Wrong! Employees place a very high value and emphasis on their benefits offerings—one of the top factors for employers in attracting and retaining the top talent in their industry.

Much like a sales associate would leave material with a prospective customer, similar consideration should be made for your employees. It is your chance to demonstrate professionalism and make a statement about how you want to portray and/or position yourself. Isn’t there a huge opportunity to market your company’s values through this highly visible process? Aren’t the employees ultimately purchasing a product? More than likely, they are paying for a portion of the product’s cost through payroll deductions. True, it’s intangible, but the product’s value is completely quantifiable, especially when an employee falls ill and most needs his or her product to be accessible.

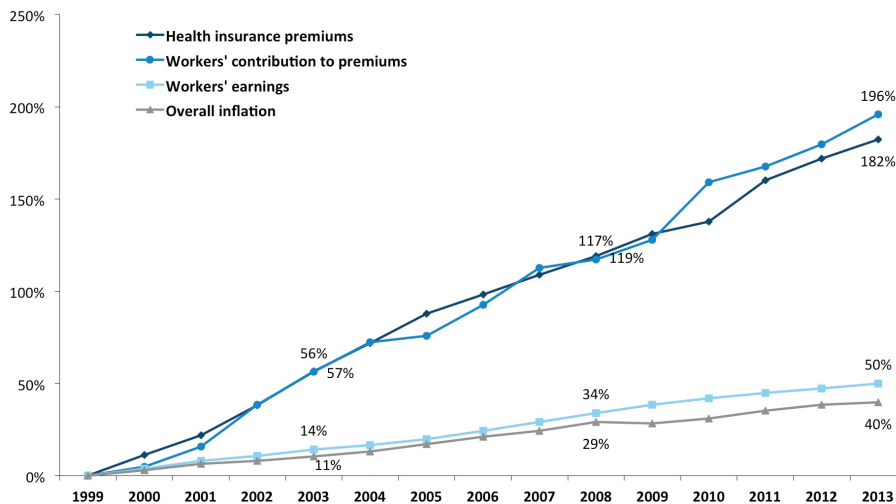
This packaging part of the process isn’t a critical piece in your plan selection and evaluation but becomes an extremely important factor for you when marketed appropriately to your employees. It supports your plan selection decisions and also supports the content delivered to them (favorably or not). It may also help them navigate through complex terms and concepts. They need to see the value in the product they are selecting for purchase, especially when their premium costs continue to escalate year to year, sometimes with decreasing plan features and/or increases in out-of-pocket maximums and/or increases in plan deductibles (see chart on next page).

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Although benefit plan offerings will most certainly change year to year, the Open Enrollment marketing materials should remain relatively consistent.



## Cumulative increases in health insurance premiums, workers' contributions to premiums, inflation, and workers' earning, 1999-2013



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2013; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2013 (April to April).



If a spouse or significant other works for another organization and is going through the open enrollment process concurrently, then quality of content and differentiation of materials will help save time when sifting through the material for plan comparisons.

Taking the time to carefully select how you will “market” the pieces helps ensure you are delivering a quality product. Since perception in value varies widely among your employees, a well packaged product will have a higher perceived value than one that is not.

Although benefit plan offerings will most certainly change year to year, the Open Enrollment marketing material should remain relatively consistent. To avoid repetition in your marketing process every year, try to find creative ways to engage your employees in this complex, often dry material. If done properly once and kept fresh, employees will eventually begin to identify with the material, the brand, or whatever message you are trying to convey—think brand immersion.

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## Return on Employee Investment (ROEI)

The people who make up a company are that organization's unique and biggest asset. For most businesses, the workforce is also its largest expense, or better put, its largest investment. Sage believes, for example, that employees are the most important component in the quest to improve business results. It makes sense to treat employee-related expenses as an investment in the workforce. Like any other investment, this critical employee element must yield a healthy return or Return on Employee Investment (ROEI). You can apply this concept to the delivery of a great employee benefit program integrated with the message "We take care of you" throughout your Open Enrollment process.

Find out more—in terms of facts and figures—about how a comprehensive ROEI program can result in a more satisfied workforce and a positive impact on your bottom line [when you check out our ROEI graphic](#).

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Open Enrollment presents a huge opportunity to demonstrate your professionalism and market your company's values through this highly visible process.

## Your broker's involvement

Scheduling a meeting with your insurance provider and/or broker to begin the plan selection process should be completed as early as possible so you have plenty of time to make a selection that satisfies your requirements and fits within your budget.

Review benchmarking survey reports to get an accurate picture of the type of benefits and ancillary programs that other businesses within your industry are offering to their employees. This helps you ensure that you remain competitive in attracting and retaining the top talent. Maintaining and presenting these surveys to your employees and executive teams for later review during the Open Enrollment period also helps reassure them and provides some comfort level that you've taken the necessary steps to make sure their benefit dollars are spent wisely.

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## Staying in front of the data

Determine how to present your employee census data/reporting to external sources. If you use the services of an insurance broker or a third-party administrator, he should inform you of his needs as well as his preferred format. Ensure data is able to be easily extracted from your Human Resources Management System (HRMS), can be encrypted and can be securely transmitted according to Personal Identifying Information (PII) guidelines. Designate time well in advance of your plan selection to carefully decide your reporting and data transmission methods. Usual fields contained on most of your reports are tailored for the employee name, address, social security number, home ZIP Codes, and other critical demographical information. Creating report templates or customized queries in your HRMS enables you to quickly extract the data you need in the format that external sources require. If you've used reports the previous year, remember to update all report headings with the current year/new dates for Open Enrollment; accidentally reviewing reports with inaccurate dates could become very confusing.

A good HRMS solution enables you to extract the information and perform the necessary calculations needed to provide financial data in preparation of the budgeting and plan selection processes.

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## Researching and selecting your health plan options

Conducting your own thorough research prior to Open Enrollment makes you a more educated employee benefits buyer and helps supplement the information your broker provides. You ultimately want to purchase the best product with the most needed features, coupled with excellent customer service at the lowest cost. You can compare notes and act as a partner with your broker to determine which presentation materials and methods will work best for your employees as well as foster a trusting future relationship with that broker or provider. Over time, you will learn where you need to refine your program and ascertain what communication methods were the most effective.



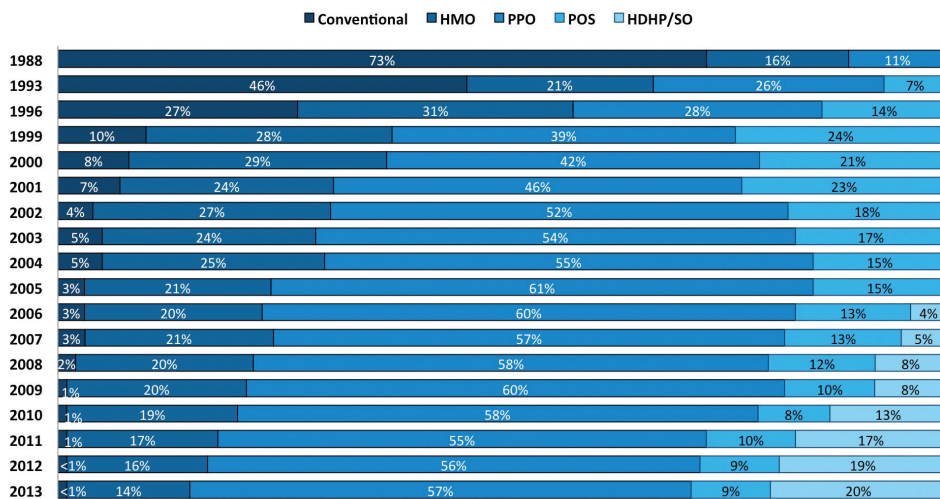
Negotiating a good deal with a carrier is extremely important and could prove to be critical when faced with many choices and limited budgets. Use any concrete information you (or your broker) can provide to secure a better price. Some considerations might be:

- Have you remained with the same carrier for a long period of time?
- Have you secured other vendor quotes that are lower than the quotes provided by your current carrier?
- Has your workforce remained relatively healthy over the course of the year; thus, not initiating many claims?
- Have you instituted any wellness initiatives that drove your plan’s usage downward?
- Are you willing to raise deductibles slightly in exchange for lower out-of-pocket costs?

Your broker or third party can guide you in the process of plan negotiation, but it’s helpful to know what your leverage points are (especially if you have a new broker or third-party administrator). In some states where small employer markets exist, obtaining plan usage data is nearly impossible, so you’ll need to drive other leverage points and/or be persistent to acquire the information you require.

Take time to consider what options you have in selecting your plan from among many potential choices. Remember, choosing options that work best for you and your employees will also necessitate budget considerations. See the chart below for information regarding yearly trends in enrollment and overall percentage changes for the types of benefits selected.

## Distribution of health plan enrollment for covered workers, by plan type, 1988-2013



Note: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.



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# Benefit selection and promotion

Some points to keep in mind when selecting an employee benefits program include:

- How much usage of the plan did you have the previous year?
- Were your employees utilizing the preventive care features of your plan?
- Did you promote the key features of the new health care legislation with reference to preventive care?
- Is it more important that employees pay more for their regular doctor visits or maintain lower primary care doctor visit cost and raise the cost for utilizing specialists?
- Can you find a plan where deductibles are lower for the employees?

Certain plans may offer zero deductibles, but you'll need to do some deep research to find them. A broker can assist you with that process. Obtain forecast renewals from your carrier and/or your broker. At this time, it would be advisable to acquire the quotes from the incumbent carrier as well as competing carriers to make comparisons for a broad range of benefit offerings.

Once benefit plans have been selected, you need to obtain (or create) the legally required summary plan descriptions. Recent legislation has made this easier because all carriers are required to format their documentation in a consistent manner. If you are self-insured, be sure to have your legal team review the summary plan description to ensure compliance with applicable federal and/or state laws.

Health plan options usually include traditional medical coverage, along with ancillary features such as health savings accounts (HSAs), flexible spending arrangements (FSAs), dental, vision, health and wellness programs, employee assistance programs, and life and long-term disability insurances.



# Involve all the relevant parties

Many departments play an active role in the Open Enrollment process. Be sure to include them early on for a smoother transition during the execution of your plan.

**Finance**—Once you begin the selection process, you may want to engage your finance department and provide detailed numeric spreadsheets to ensure you remain within your budget. Sometimes, unforeseen business conditions necessitate last-minute budget revisions, so it's better to incorporate them earlier rather than later—you don't want to redo the entire benefit selection/offering process!

**The CEO and/or management**—Prepare an overview document for your chief executive and/or your manager so they can have the chance to ask questions before any decisions on the plan have been made. Obtaining executive support is important for many reasons. It ensures information is shared with other executives and helps garner higher level support for this important companywide initiative. Also, you may need to communicate information that is not as favorable as in previous years, so additional executive support can help tremendously in delivering that message.

**Information Technology (IT)**—Reserve the ample time you need with your Information Technology (IT) team for system/plan program changes. Department leads appreciate your proactive approach in helping them manage their time and resources for your initiative. Accurately budgeting for external technology resources should also become a part of your preprocess each year, so also reserve time with your vendor for plan and/or program changes. Estimate a little more time than you actually need due to the nature of unforeseen system issues that could arise.

**Payroll**—Meet with your payroll department to evaluate the process. Provide them with draft documents and collaborate with them on their needs. As you know, this will affect employee paychecks, and oftentimes payroll is on the front line. Partnering with your payroll department ensures that processes flow smoothly. Plus, you'll gain another advocate in the process.

**Department leads**—Remember to partner in your department leads and/or managers as well. If you don't want them to answer employees' benefit questions, ensure these managers know how to clearly convey your message to the employees as to how you want them to handle questions that may arise.

**Administration**—If your meeting requires physical presence, enlist the help of administrative departments with room setup, material dissemination, attendance tracking, meal planning, and so on.

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## Advance planning for your presentation—details count

Preorder hard-copy materials (such as presentation folders, specialized paper, labels, vendor giveaways, pens, and so on) as far in advance as possible to ensure that you will have what you need when you need it. You'll avoid any last-minute scramble in the event these items are on back order or are unavailable because they have been discontinued by the vendors you normally use.

Labels for presentation materials should be printed and reviewed for accuracy (for example, correct spelling of employee names, correct department location, and so on). This also is a great time to evaluate the overall accuracy of your database for basic items that are sometimes overlooked. Take your time with this step. You don't want your brilliantly created program to be undermined and cause a negative impact by accidentally misspelling names on personalized presentation material.

Create an easy-to-understand document that employees can share with their families. It's okay to be creative, but remember, sometimes the decision maker for benefit selection may not be the employee. It may be a significant other who was not in attendance at your meeting.

Reserve any resources you need for presentation (conference rooms, conference calls, virtual presentation vendors, chairs, food, and so on) and calculate participant and company costs. It's helpful to send calendar invites so your audience can plan their time accordingly well in advance. Last-minute invites could leave your audience guessing whether you have adequately prepared and/or selected benefit offerings. Keep the subject line of your meeting short—many smartphones only display a limited amount of characters, and you don't want this meeting to get lost and/or compete with others.

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You can apply the concept of ROEI to the delivery of a great employee benefit program integrated with the message of “We take care of you” throughout the entire Open Enrollment process.





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# Presenting your benefits plan—on site and off

Create an invite memo for the meeting. Although you can't include your benefit offerings in this memo, you can generate and build excitement for the overall process. Don't miss your chance to promote positive morale during this time. Be sure to include your insurance broker and/or carrier representatives. Since you have been working with them throughout your process, it's easy to overlook their invitations to your final rollout. Always remember, preconfirm appointments.

Prepare attendance sheets and/or a tracking mechanism for your meeting(s). This helps reduce mailing duplication. It's also wise to capture a record of attendance or external mailing for compliance with applicable regulations that involve time-sensitive dates of receipt.

Some points to consider:

- If you have any out-of-state and/or remote employees and they are not located in close proximity to your main office or do not have easy access to a dedicated human resource representative, will they require any additional meeting time for questions and answers?
- If your organization is large, is there a place where the employees can come for assistance with benefit selection? Have you communicated to them where they can turn for questions and/or assistance?
- Do you have a company intranet where benefit, enrollment, and plan documents need to be placed?
- Can you think of anyone else inside or outside your organization who will need to know about your benefit changes and costs?

Once your meeting is complete, send an email to your associates, thanking them for their participation, meeting deadlines, and for showing their support. Never underestimate the power of simply saying thank you.

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Two important factors to remember:

- Always preconfirm appointments for your presentation.
- Always say thank you to everyone involved—before, during, and after—the process.

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Since the open enrollment period occurs well in advance of the plan effective date, it's helpful to send reminders periodically regarding key dates that pertain to the both the process and the plan itself.

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## The COBRA factor

Identify COBRA participants who need timely notifications. If you use a third-party vendor, make sure you are aware of its deadlines for any new information to be input into its external systems and your documents contain the necessary information for compliance to federal and state laws. Visit all applicable Department of Labor websites for any changes. If the information doesn't seem clear, obtain the advice of your legal counsel. There are often hefty penalties associated with noncompliance; legal guidance can help avoid this major headache.

Employees place a very high value and emphasis on their benefits offerings—one of the the most important factors for employers in attracting and retaining the top talent in their industry.

## Relax, reflect. It's almost over.

Review your process. What went wrong; what went right? Did you receive any feedback for improvement? Have you solicited feedback from the employees and/or your executive team? Take time to reflect, review, and then tweak the process if necessary.

In closing, recognize that Open Enrollment is an evolutionary process. It will change every year, so strive to do even better in the future by repeatedly asking yourself, "How?" When you have made the necessary adjustments, be sure to schedule a follow-up review meeting with your executive, manager, and/or other departments involved with Open Enrollment to consider their feedback so you can build upon and improve the process next year!



# About Sage HRMS

An industry-leading, customizable HRMS solution, Sage HRMS helps companies optimize their HR business processes as well as maximize their Return On Employee Investment (ROEI). Developed by HR professionals for HR professionals, Sage HRMS delivers a tightly integrated set of comprehensive features and functionality that increases efficiency and improves productivity at every level in the organization.

With Sage HRMS, you can successfully meet and respond to the HR management challenges you face every day in the areas of payroll, benefits, employee self-service, attendance, recruiting, training, workforce analytics, and more. By automating and streamlining your day-to-day HR business processes using Sage HRMS, you and your staff are freed up to spend more time and energy on the business asset that is most vital to your company—your employees.

A global \$2.2 billion software company with over 30 years of experience and 6.3 million customers, Sage has provided HRMS solutions longer than any other company in North America. By choosing Sage, you not only get productivity-boosting HR and payroll software solutions, you get the support of an award-winning customer service team and access to many other business tools and resources that make your work life easier.

To learn more, please call us at **866-271-6050**, or visit our website at:

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