

## **Reassurance in a Turbulent Economy: Using the Benefits Enrollment Process as an Opportunity to Educate Employees, Communicate Value, and Provide Transparency**

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The current financial crisis has created a sense of unease and uncertainty for the workforce. A recent poll conducted by Workplace Options shows that half of those surveyed reported feeling stress over financial matters, with 48 percent saying the current economic uncertainty has caused them to be less productive at work. Indeed, a significant segment of the workforce is not sure how or to what extent the situation will affect them.

From an organizational perspective, senior management is scrambling to remain competitive. This means that compensation and benefits professionals now find themselves on the front lines as they assume a vital role in allaying concerns among employees—which, as the Workplace Options poll indicates, correlates to an organization's productivity and sustainability. In today's climate, it is even more critical for organizations to forge ahead, promote a sense of stability, ensure transparency, and communicate the value the organization places on each employee. Indeed, the global consulting firm of Watson Wyatt suggests that organizations use communication to maintain employee morale in times of financial crisis. And while many organizations will choose not to offer financial investment advice, they can provide education and tools to assist employees in making more informed decisions.

As such, online enrollment solutions present compensation and benefits professionals with a unique opportunity to accomplish several objectives. An online enrollment solution can be used to send a strong message about the value being provided in terms of employer-paid contributions (i.e., transparency), as well as to serve as a vehicle to educate employees and help them make sound decisions about everything from medical coverage to flexible spending accounts to supplemental benefits (i.e., life insurance). Enrollment solutions are really an investment in employees, which in itself is a vote of confidence.

And while organizational communication is vital, it is also a delicate function that can have unintended consequences—messages can be misinterpreted and cause anxiety. Today's online enrollment solutions are powerful and flexible so that benefits and compensation professionals can direct messaging to different demographic groups through a secure and personalized employee enrollment experience. Open and ongoing enrollment employee interaction presents an opportunity to clearly communicate value, as well as a company's mission and objectives. Finally, when appropriate, Total Rewards or Total Compensation statements can be incorporated for another opportunity to show employees, rather than simply tell them, their value—which provides necessary reassurance and transparency.

### **Case Study: Building a Communications Infrastructure**

In 1990, University Medical Center, a private, not-for-profit 355-bed hospital located in Tucson, Arizona, converted to a new payroll and Human Resources Information System (HRIS). However, it was not until 2007 that University Medical Center addressed the need to move to an online benefits enrollment service to relieve the burden created by manually processing benefits elections. And while flexibility and ease of use were obviously key determinants in the selection of an online solution, University Medical Center also wanted the system to serve as a corporate communications platform. In this context, University Medical Center viewed benefits enrollment as an opportunity to embed strategic communications into its online solution and build an infrastructure that would also be flexible.

## ***Meeting the Enrollment Challenge***

Under the manual system, hundreds of hours of work were required to distribute, collect, and process paper enrollment forms for 3,000 employees—an effort that was multiplied by different paperwork requirements for each of the four benefit offerings that were available. In addition to open enrollment, University Medical Center needed to automate and manage nearly 1,000 new hire and qualified life event changes annually. University Medical Center experiences an annual average turnover rate of 17 percent—which translates into anywhere from 600 to 650 new hires. They also expect approximately 320 qualified life event changes annually.

For the 2007 plan year, a total of 3,000 benefits eligible full- and part-time, exempt and non-exempt employees—encompassing staff from support services (food service and housekeeping) to healthcare providers to management and office support—utilized University Medical Center's new online solution to select coverage for medical, dental, and life insurance, as well as participation in a flexible spending account option for medical and dependent care expenses.

## ***Accessibility and Flexibility***

Accessibility is the first principle of communication—in other words, your message needs to find its recipient. And in today's world, where people are more inclined to get information online—whether it is through a work or home computer or via a laptop or other mobile device—it is critical that organizations build flexibility into their communications.

To that end, University Medical Center's employees were able to access the online service 24/7 and log in from anywhere—home, work, or even a library. Internally, University Medical Center scheduled time in their IT training room and had multiple computers available at various times of the day. Human Resources staff was on hand to provide support and answer questions. However, most employees logged in from home—preferring the ease and flexibility of being able to have family members on hand to communicate with while going through the process.

Moreover, University Medical Center selected a solution where they were able to customize the look and feel of the site (i.e., portal), as well as integrate messages that reinforced the organization's culture. In fact, the online enrollment services landing page included a message and instructions from the hospital's CEO. All of this flexibility to customize its online service helped University Medical Center create an online enrollment service that was familiar to employees while reassuring them that online self-service was easy and reliable.

## ***Multiple Uses***

According to Charlotte Fick, University Medical Center's Manager of Compensation and Benefits, the key to a successful solution is having good communications and enrollment tools that walk employees through the process. To that end, University Medical Center also uses its portal to provide resources—including FAQs, Summary Plan Descriptions (SPDs), a copy of its Benefits Handbook, and links to each benefits provider. University Medical Center has also recently added COBRA administration to its online solution. While the function will be outsourced to a third-party administrator, its online solutions provider will handle the data transfer.

By providing how-to communications and automating communications protocols, organizations achieve a number of benefits. First, empowering employees with the tools and information they need to make decisions relieves over-extended compensation and benefits professionals from having to provide help-desk support. Second, automating time-consuming but mandated functions, such as distributing SPDs or administering COBRA, frees up valuable internal resources to focus on more strategic objectives.

From a communications perspective, University Medical Center also recently rolled out Online Total Compensation Statements to reinforce its value proposition. They also mailed pre-enrollment statements to employees in August so that they had plenty of time to view their current elections in anticipation of open enrollment for the next plan year. Updated online statements, which can be viewed by employees and show their new elections, serve to reinforce University Medical Center's commitment to provide information and communicate value.

### ***Measuring Results in Utilization***

Another important component in an efficient and effective benefits communication strategy is increasing utilization. Overall, University Medical Center reported that participation in their benefit plans increased—120 employees who were eligible but had not previously enrolled did so using the online solution. They also had an increase in FSA and supplemental life insurance participation. University Medical Center attributes the increase in enrollment to the actual solution, which served as an education tool to clearly explain the benefit options and the costs per pay period.

### ***A Strategic Investment***

University Medical Center sees its investment in an online enrollment solution as part of its long-term strategy to hold down internal operational costs as it anticipates an upcoming expansion that will add approximately 1,000 employees to its workforce. University Medical Center's goal is to maintain its current Human Resources staffing as its employee population grows and looks to its online solution as a long-term solution to keep its staff small *and* efficient. By leveraging technology to improve efficiency, University Medical Center will be able to provide excellent employee customer service without increasing overhead. The end result is that employees receive clear communications that reinforces each employee's value. In turn, this leads to an increase in employee morale and a decrease in turnover.

### **Evaluating the Online Experience: Employee Satisfaction Surveys**

As illustrated by University Medical Center, compensation and benefits professionals know that when employees make personal enrollment choices online these employees have a greater sense of ownership over those decisions. These professionals also know that their organizations can realize tremendous cost-savings by utilizing employee self-service enrollment portals. However, organizations should not take this win/win for granted. Conducting confidential and anonymous annual surveys—at a minimum—can help employers gauge whether their online resources are delivering the information employees need to easily make informed decisions.

In short, satisfaction surveys should be an integral part of an online benefits enrollment solution. In addition to providing information to evaluate overall employee satisfaction, results can also be used to analyze variances in employee responses by gender, age, years of service, income, and employee type. For example, while younger employees tend to rate ease of use higher than other age groups, ease of use does not necessarily indicate that these individuals studied and/or understood their benefits. To that end, it would be prudent to track inbound phone calls and other forms of employee questions to determine whether specific employee categories (i.e., demographic) did not make use of online resources.

When constructing an employee satisfaction survey, organizations can begin with the following basic questions:

1. Was the online service easy to use?
2. Did the online resources help you make more informed decisions?
3. Did you access the online service from a non-work location?
4. Do you want to use the online service next year?
5. What did you like most about the online service?

6. What did you like least about the online service?
7. What would you recommend to make the service better?

The first two questions get to the heart of any successful online enrollment service. Frankly, why deploy an online solution if it is not easy to use and does not offer helpful tools and resources. Online services have been available for less than 20 years, yet the sheer volume of online activity over this relatively short period has established basic ease of use rules that every vendor should follow. At a minimum, an online enrollment solution must be able to securely manage employee access to the site, guide employees through their elections, track employee elections, track employee site activity, and report to the employee and employer elected benefits via a time stamped confirmation statement. The survey questions recommended above will provide employees the opportunity to evaluate success in meeting these basic requirements.

Getting survey feedback can help companies quickly make changes to their online solution should responses indicate areas that need improvement. For example, written responses often give valuable feedback on how well an enrollment website manages life insurance elections and the designation of beneficiaries. Monitoring survey feedback will not only confirm success, but also help guard against complacency. Since many national surveys indicate that employees consistently fault employers for overestimating their understanding of benefits and the enrollment process, as well as for not providing necessary resources to make informed elections, companies need to make sure they are delivering what is needed to employees. Satisfaction surveys are an effective means for measuring the difference between assumptions as to what employees need and what they actually need *and* want.

Determining if employees access their online resources from a non-work location is one of the more important metrics to monitor. Employees who access their enrollment website from a non-work location will have more time and be better able to focus on the election process. As demonstrated by University Medical Center, these employees can also involve their spouses in the election process. The combination of time, attention, and family involvement are also likely to contribute to an increase in overall satisfaction. The reward to the employer for providing 24/7 access to employees from any browser is that as more employees access from non-work locations, the employer is improving productivity without compromising service.

Question four is a simple way of confirming the accuracy of employee response to questions one and two. Whether employees want to continue to use the online service in the future is a good measure of the intensity of their responses regarding ease of use and ability to make informed decisions.

Finally, questions five, six and seven should be open-ended to offer employees an opportunity to freely and anonymously comment on the online service. Reading written responses will provide the most accurate feedback on how employees interact with all the resources that are made on an online enrollment website. As with all surveys, the most successful results depend on employers not only reading employee comments but also acting on them.

**University Medical Center Survey Results:** Overall, almost 90 percent of surveyed employees responded that the online enrollment service was easy to use and 85 percent said they would like to use it again. These responses confirmed that nearly 9 out of 10 employees both liked and wanted to continue to use the online solution. However, despite this high proportion, it is important to realize that an overall positive response can mask less favorable reactions from a particular employee subgroup. For instance, when these responses were broken out by demographics, satisfaction regarding ease of use among employees over 60 was somewhat lower at 80 percent. While it is likely that older employees might be less at ease with technology, a solution to enhance the overall user experience and bolster confidence among this age group would be to provide additional training, resources, and tools. An analysis of all demographic factors can assist University Medical Center to focus their resources on those employee subgroups that may need more assistance with the solution—which speaks to the critical issue of

having a flexible solution that provides customizable communications and tools. Other survey results indicated that, on average, more than three-quarters of the employees surveyed reported that the online resources helped them make more informed decisions. Finally, over 50 percent of surveyed employees accessed the online enrollment solution from a non-work location.

### **The ROI of Communication**

In many respects, the current economic climate has more to do with the collective strain of the market and economic policies and less to do with the actual financial performance of individual organizations. As demonstrated by University Medical Center, organizations need to adhere to their core principles and values that are vital to long-term viability and success regardless of market conditions. Not surprisingly, communication is one of those core values that have proven over time to be a positive part of the bottom line equation.

Findings from a recent Watson Wyatt study, *Connecting Organizational Communication to Financial Performance*, concluded that:

- A significant improvement in communication effectiveness is associated with a 29.5 percent increase in market value.
- Companies with the highest levels of effective communication experienced a 26 percent total return to shareholders from 1998 to 2002, compared to a 15 percent return experienced by firms that communicate least effectively.
- Organizations that communicate effectively were more likely to report employee turnover rates below or significantly below those of their industry peers' conditions.

While it may be some time before we return to market stability and the level of growth as cited in this study, the argument can be made that, to the extent possible, it needs to be business as usual for organizations to weather the current financial storm. While compensation and benefits professionals are faced with increasing challenges, it is important that they continue to serve employee needs. In fact, The Watson Wyatt study goes on to say that organizations can drive business performance by "building a strong foundation of formal communication structure and processes, which rely on employee feedback, integrate total rewards, and use technology to connect with employees effectively."

### **Investing in Technology**

Conventional wisdom might dictate that companies would be scaling back their investment in technology—particularly those related to Human Resources functions—given the times. However, according to Towers Perrin's *Eleventh Annual Study of HR Service Delivery and Technology*, global organizations continue to invest and find value in Human Resources technology systems despite current economic challenges. The study found that close to a third of the respondents (30 percent) have increased their investment in HR-related technologies (which is somewhat less than the response last year). In addition, only 15 percent of respondents are decreasing their technology spending in 2008, while the remaining 55 percent are maintaining their technology budgets at 2007 levels.

Clearly, these global companies understand the importance of pressing ahead and investing in solutions that can impact and benefit their workforce. When it comes to selecting an online enrollment solution, achieving the highest ROI is dependent on investing in a best-of-breed solution. Benchmarks should include the solution provider's ability to deliver by...

- Meeting implementation deadlines
- Offering customization within a flexible framework
- Ensuring smooth data transfer on an ongoing basis

- Providing a user-friendly solution that offers easy and convenient access
- Integrating tools and links that provide additional resources and information
- Ensuring compliance with all applicable regulations
- Providing committed, quality customer support

Keep in mind that much like any investment—capital or technological—implementing an online enrollment solution is a team effort that requires involvement from all departments that touch the Human Resources function. Moreover, such a solution needs to ensure that confidential employee data is not only safeguarded internally, but is also securely transmitted to third-party benefits providers.

### **Seizing Opportunities**

While the current economic climate presents a number of challenges, it also presents valuable opportunities for compensation and benefits professionals. According to findings from MetLife's *Sixth Annual Study of Employee Benefits Trends*, while the workforce is increasingly concerned about their financial situation, they are also poised to take a more proactive role in planning for their future. Most importantly, they are increasingly turning to their employers for help. Compared to results from last year's study, employees are increasingly interested in professional advice regarding critical decisions about benefits (47 versus 33 percent last year), retirement savings (49 versus 38 percent), and their overall financial situations (44 versus 30 percent).

The study goes on to say that this growing interest presents employers with a valuable opportunity to improve the effectiveness of benefits communications. "Communications, such as targeted enrollment materials and total compensation statements, can improve the perceived value of benefits, which can be just as important as the actual value of the benefits." Moreover, such communication provides reassurance. Finally, investments in communication help organizations send a strong message to employees about value, transparency, and continuity in the face of the current economic turbulence.

### **About the Author**

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