



**PACIFIC COAST BENEFITS
Insurance Services, LLC**

7970 Princeville Street
Gilroy, CA 95020

Phone: 408-847-1000 Fax: 408-848-2314

Email: dave@pacbenins.com

Executive Perspectives

What Today's Business Owner Needs To Know

September 2013

In This Issue:

- Open Enrollment Communication Checklist for Plan Sponsors
- As October 1 Nears, 7 out of 10 Employers Have Yet to Communicate Employee Benefits Changes
- Survey Examines Financial Impact of ACA on Employers

Open Enrollment Communication Checklist for Plan Sponsors

With key pieces of health care reform going into effect in 2014, US plan sponsors have even more to consider this year as they prepare for their annual health benefits open enrollment. In response, Mercer has developed a short checklist that outlines steps sponsors should take to maximize the value of their benefits while minimizing employee questions and concerns.

This checklist is based on key findings from the 2012 Mercer Workplace Survey™, a nationally representative study of employees who participate in their employer's company-sponsored health plan, along with other studies.

The open enrollment communication checklist contains five specific steps for plan sponsors to consider:

- **Communicate the impact of health care reform**

– Employees are already confused and expecting the worst, with 41% anticipating that their situation will be worse off with health care reform. The best strategy is to communicate early and often to reduce fears, clarify misperceptions, and help employees make smart benefits decisions.

- **Promote the role of wellness initiatives within an overall health benefits program** – Among very large employers who have measured the results of their wellness initiatives, more than 75% said their health management programs had a positive impact on their medical plan trends. Yet nearly 40% of employees who have access to wellness programs through their employer indicate they do not use them. Mercer has found through actual client experience that a targeted communications strategy can significantly boost wellness program participation.
- **Use online and mobile strategies for more convenient access to information and tools** – In today's fast-paced, mobile-oriented world, employees have less time to learn about their benefits, despite their need for more education. Mobile devices have become the dominant method of communication, with 56% of US cell phone owners using their phones to access the internet and 80% using their phones to text. Clearly, an effective communications program should deliver content and tools that can be viewed easily via a mobile device wherever and whenever an employee finds the time.
- **Empower your employees to become informed consumers** – Even for employers not making changes to their plans, it's important to provide access to educational resources to help employees navigate today's complicated health care landscape — and better understand

“Effective benefit communication has never been more important than now. The added layer of health care reform makes this year’s open enrollment even more complex and confusing for employers and employees.”

and appreciate the value of the benefits they are offered. Better education can lead to more cost-conscious choices. For example, high-deductible, consumer-directed health plans (CDHPs) can often have a positive impact on employees’ and employers’ bottom lines. Yet among large employers that offered a CDHP alongside other medical plan choices last year, only 24% of eligible employees enrolled. Some may be avoiding CDHPs because they do not understand how they work or that lower premiums can result in overall savings despite the higher deductible.

- **Anticipate questions to avoid being overwhelmed with calls** – Health care reform’s 2014 provisions will likely spark numerous questions. An effective communication and education program that emphasizes self-service tools and convenient online access can minimize calls and reduce the burden on human resources staff and contact centers.

“As our checklist shows, strategic communication will be an essential component of any successful 2014 open enrollment program,” said Suzanne Nolan, Mercer’s Marketing and Communications Leader.

“In fact, 78% of employers are concerned about meeting the communication requirements associated with the health care reform law, such as educating employees and supporting informed decision-making.”

“Effective benefit communication has never been more important than now,” said Mercer’s Rhonda Newman, North American Practice Leader. “The added layer of health care reform makes this year’s open enrollment even more complex and confusing for employers and employees. Sponsors following our five communication tips will certainly increase the

engagement of their participants, helping them make proper benefit choices.”

As October 1 Nears, 7 out of 10 Employers Have Yet to Communicate Employee Benefits Changes

Open enrollment in the new era of employee health benefits is almost upon us and employers may have a problem. Although the majority of employers indicate they are concerned health care reform may bring about challenges surrounding insurance coverage gaps and costs to employees, a large number of American workers remain unaware, confused and unprepared for looming changes to their benefits coverage. These are among the key findings from the *2013 Open Enrollment Survey*, an online survey of 2,001 U.S. consumers conducted by Research Now in August 2013, and released last month by Aflac.

The survey found that 69 percent of workers say their employer hasn’t communicated changes coming to their benefits package due to health care reform despite the October 1 deadline for employers to notify their employees of their coverage options. Employers’ delay in communication thus far regarding potential employee benefits changes may be in part due to their own lack of preparation for health care reform. In fact, only 9 percent of companies indicate they are very prepared to implement required changes to their business based on the health care reform law at this time. Although the implications of health care reform are yet to be seen, some employers (41 percent)



believe more gaps in coverage will be created and 69 percent believe costs to employees will increase as a result of health care reform.

“At the heart of this issue is the fact that many workers will be blindsided this open enrollment season because we know they already struggle with understanding their insurance policies today, and in covering the high out-of-pocket costs from gaps in their current coverage,” says Michael Zuna, Aflac’s executive vice president and chief marketing officer. “Over the next few months, these challenges will be exacerbated as employees may be more confused by changes in their policies, and face greater gaps in their health insurance coverage leaving them at risk. With little notice, education, and coverage options to help guide and support them during this season, employers themselves may be at risk of a highly dissatisfied workforce.”

For example, the 2013 Open Enrollment Survey found that:

- 74 percent of workers sometimes or never understand everything that is covered by their insurance policy today.
- Now, 37 percent of workers think it will be more difficult to understand everything in their health care policy with the changes dictated by health care reform.
- 28 percent of employees are confused, worried or simply unsure about the change their employer is making to their health care coverage or benefits options due to health care reform.
- 60 percent of workers have not begun to educate themselves about coming changes to their benefits package due to health care reform.

“The good news is there is an opportunity for employers who take a proactive role in helping employees effectively maneuver this new benefits landscape to make significant gains in worker



satisfaction and retention levels,” said Zuna. “Through aggressive education and communication efforts, as well as leveraging ancillary benefits options to offer workers additional options to close growing gaps in their insurance coverage, employers can help their workforce make the right benefits choices and protect their wellbeing.”

Solutions Aimed at Closing Communication and Coverage Gaps

In addition to encouraging employees to do their own homework, employers should take advantage of available resources to help employees navigate this topic including on-site visits from an insurance agent or broker. Information sessions can not only provide an opportunity for employees to ask questions and receive relevant information to guide them to the best decisions for themselves and their families, but also aid employers in determining the best benefits changes for their business. In fact, employers named “insurance companies” as the most helpful source of information they have obtained on the health care law.

With many companies facing the decision to limit or decrease employer-paid benefits, providing alternative benefits solutions like voluntary policies can offer workers options to reduce potential health care expenses and close the gaps in their coverage, at no additional cost to the company.

Other useful education initiatives include:

- Mailing benefits materials to employees’ homes so they can discuss their options with their family members;
- Hosting a town-hall meeting with a benefits advisor to discuss changes and answer questions that apply to the group. Encourage one-on-one meetings with employees who have more specific questions;

“Through aggressive education and communication efforts...employers can help their workforce make the right benefits choices and protect their wellbeing.”

- Conducting educational webinars to reach all employees regardless of location; and
- Posting FAQs in high-traffic areas such as employee break rooms, cafeterias and bathrooms.

Survey Examines Financial Impact of ACA on Employers

A new survey recently released by the International Foundation of Employee Benefits Plans (IFEBC) found that more than two-thirds of employers currently providing health benefits (69%) have analyzed how the Affordable Care Act (ACA) will affect their health care plan costs. Additionally, of those who conducted a cost analysis, half (50.2%) were able to pinpoint the cost change in 2013 due to the ACA.

The results of the survey found that the most common ways that employers plan to deal with increased costs due to ACA are shifting costs to employees (53%) and encouraging participant health by increasing wellness and value-based health care initiatives (36%).

“This push for employee participation in wellness programs is a trend we have been tracking for several years now,” said Julie Stich, Research Director with the International Foundation. “Our 2012 survey on wellness found that seven in 10 U.S. employers currently offer wellness programs as a benefit to employees and with ACA implementation only months away, trends indicate this number will only continue to increase as employers look for ways to rein in costs.”

Key findings from the survey include:

- About one in seven (14%) organizations with knowledge of their cost trends, report no change or a decrease in costs for 2013 due to ACA. Very few medium and large employers with knowledge of their cost trends are experiencing cost increases beyond 5%, but a considerable portion of smaller employers are experiencing 2013 cost increases beyond 15% due to ACA.
- Employers identified the top three ACA provisions impacting 2013 health benefit costs as the Patient-Centered Outcomes Research Institute (PCORI) fee (38%), general ACA administrative costs (35%) and explaining ACA provisions to

“The time period for organizations to ‘wait and see’ has come and gone. Our survey found that more employers are looking into the direct costs of implementing the ACA, how it will impact their bottom line and ways to cut costs.”

participants (28%).

- Future provisions that will most increase costs were identified as the 2014 transitional reinsurance fee (18%) and the cost of providing health insurance to individuals who previously were not offered coverage in order to comply with coverage requirements (13%).

“The time period for organizations to ‘wait and see’ has come and gone. Our survey found that more employers are looking into the direct costs of implementing the ACA, how it will impact their bottom line and ways to cut costs,” Stich said.

NOTE: Those asked to participate in the survey were single employer plans (including corporations) in the databases of the International Foundation and the International Society of Certified Employee Benefit Specialists (ISCEBS). Survey responses were received from 728 human resources and benefits professionals, and other industry experts. Those surveyed represent a wide base of U.S. employers from nearly 20 different industries. The organizations range in size from fewer than 50 employees to more than 10,000.