Ending the “Eney, Meeny, Miny, Mo” of Benefits Choice at Open Enrollment with Decision Support Tools

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Benefit plan designs are changing. How can employers help their employees make the best decision at open enrollment? That's a great question and decision support tools are the answer.

Consider these stats:
1. Employees who are very satisfied with their benefits are almost four times more likely to be very satisfied with their jobs.¹
2. The average worker saw their medical contribution increase 83% from 2005-2015.²

It is very tough for employers to reconcile these two facts. Health & welfare benefits are more expensive than ever and as the employee’s cost share continues to rise, they are more aware of what they are getting for their dollars. One thing they definitely demand more of: plan choice. 66% of employees who have 11-15 benefit offerings would recommend their organization as a great place to work.³ That’s a startling statistic especially when you consider the amount of time and effort typically spent deciding on just one line of coverage—medical insurance.

Employees tell us they want multiple plans to choose from but are they ready for choice? Not so much. In one study, 86% of people couldn't correctly define the terms deductible, co-pay, co-insurance and out-of-pocket maximums.⁴ Also, a lot of employees learn about their health & welfare benefits from other employees, who may be just as confused as they are. With such a high rate of people not understanding basic health insurances terms as it is, what are the chances your employees are getting the right information? Perception is key. If you offer tremendous benefits and your employees don’t understand their value, is your investment worth it?

Health & welfare benefits are also more complicated than they used to be. High deductible health plans, health savings accounts and flexible spending accounts are a few examples of benefits that can be minefields when employees don’t completely understand them. A miscalculation with an HDHP and an employee could be exposed to thousands of dollars of unexpected costs. Voluntary benefits have also become a large part of an employer’s benefit offering; critical illness, accident plans and voluntary life insurance are widely
popular benefits that need to be understood before they can be valued.

Defined contribution private exchanges are also on the rise. According to a study by Prudential, 43% of businesses are thinking about offering a private exchange to their employees. For employers, the idea of maintaining a consistent and predictable benefit spend and being able to offer more choice to employees is a very attractive option.

So, what's holding employers back from offering a private exchange? You guessed it, they are afraid that employees, who say they want choice, will be overwhelmed by those choices and make poor decisions.

For all stakeholders, cost is a huge issue and not getting any easier to deal with. Benefits are a key part of an employee's rewards package and can comprise upwards of 30% to 40% of total compensation. Health & welfare benefits are also important to attract and retain talented employees.

But employees tell us they want more benefit options but really aren't ready for it. What can employer do?

Decision support tools are a great way to help guide employees as they make their very important benefit elections. A decision support tool is typically part of an online enrollment platform designed to help employees understand their benefit needs and tolerance for risk, all while making benefit plan selections. The best tools are interactive, leverage multi-media, and are intuitive. They provide employee education & communications in an easy-to-understand way, don't use technical jargon, can relate complex benefit terms to the end user, and ultimately reduce the time it takes to complete enrollment. Also, decision support works best when deployed as part of the standard enrollment process.

It is also important to keep in mind that while very useful, decision support tools will not be successful alone. They should be supported by a comprehensive employee education & communication strategy. Benefit offerings must also be considered carefully; even though a decision support tool is available to help employees navigate their options, you don't want to overwhelm them by offering too many choices. Also, a decision support tool should help employees choose from plans that go beyond medical insurance, such as voluntary benefits. The best tool will help your employees design a comprehensive benefits package that will meet all of their unique needs.

With today's multi-generational workforce, designing and deploying health & welfare benefit plans that meet everyone's needs can be a challenge. Satisfying the employee's desire for choice and making sure they understand the ramifications of their decisions can be trying. Budget constraints and competition for talent adds additional levels of complexity.

When utilized properly, decision support tools can help your employees understand their benefit options and maximize your offering in ways you could never imagine.

For more information, please call 1.877.426.7779

2 Kaiser Family Foundation, “2015 Employer Health Benefits Survey”


4 Journal of Health Economics, “Consumers’ Misunderstanding of Health Insurance”

5 Prudential, “Private Exchanges – What Are Employers Saying?”