

Key Points About Open Enrollment for Benefits

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Open enrollment season is upon us, and as employers, we have an obligation to educate our employees about their benefits. Not just a "nice to," to help employees make good choices for their families, this education also lets employees know what their employer is spending for their benefits above and beyond their base compensation. This helps employees understand and appreciate their complete compensation package.

I have written about how educating employees is critical for their understanding and so they make good choices about coverage for themselves and their family. But, benefits are definitely misunderstood. In one recent study, employees estimated that benefits added 30% to their employer's costs to employ them. In fact, the figure was 43%.

I recommend an annual evening benefits review event, so spouses can attend, that emphasizes the cost of the benefits and how employees can best take advantage of the benefits they have for themselves and their families. You want to promote employee appreciation of their benefits.

What better time to offer such an event as during open enrollment when employees are making changes? Employers are already making insurance representatives available to talk to employees - or they should be - as employers are not benefits experts and should trust professionals that they have vetted. Why not extend an educational opportunity?

To provide the basics about open enrollment and to emphasize some must do areas for employers, I email interviewed Erich Sternberg, president of AlwaysCare Benefits of Baton Rouge, Louisiana. Take a look at our interview for a concise overview of open enrollment. Additionally, Erich supplies a list of steps he recommends every employee take during open enrollment.

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Provide the Best Benefit for Employees During the Open Enrollment Time Period

By [Susan M. Heathfield](#), About.com

Many thanks to Erich Sternberg* for participating in an email interview with About.com.

Susan Heathfield - Question: What is open enrollment?

Erich Sternberg - Answer: Open enrollment is a period of time set aside by an employer to educate employees on the group benefits available to them. The goal of open enrollment is to ensure that all employees receive a comprehensive overview of the benefit offerings to enable them to make informed decisions on what is best for themselves and their families. This is especially true when the employer offers voluntary benefits wherein the employee is responsible for paying the full cost of the benefit.

Question: What else can employees do during open enrollment periods of time?

Answer: An open enrollment period offers employees the opportunity to make changes to their benefits. They can add coverage, terminate their coverage, or make a change to an existing policy. It is also a time for employers to educate their employees about any changes they may have made to their employee benefits package.

Question: What do employees do during open enrollment?

Answer: Open enrollment is the employee's time to attend enrollment information meetings, speak with the benefits providers and Human Resources staff, and make their benefit selections.

To ensure that they make the best choices for their families and their personal situation, during open enrollment, Sternberg recommends that employees need to:

- **Do their homework.** Thoroughly review benefits enrollment materials even if the benefits provider is staying the same. Benefits can change annually so employees should review written materials and websites and write down questions to ask benefits representatives.
- **Review their family's past health care expenses.** No one can identify better than the employee which insurance plans will best fit their family's medical needs. This review will allow the employee to assess for their family situation the value of the plans offered based on the cost of premiums, the amount of required co-pays, and their anticipated annual spending.
- **Talk to their healthcare providers.** Every benefits provider will have a different network of healthcare providers. While an employee's physician or dentist may belong to several networks, it is important for employees to verify, in advance, that their healthcare providers are participants in the network of the plan they are considering electing.
- **Consider buying disability insurance or more disability insurance, if the employer offers some coverage.** According to the National Safety Council, every two seconds, a disabling injury occurs that results in an employee's inability to earn a living. Most employees have never thought about this possibility. Employees need to add up their monthly costs of living and compare the total to their current disability insurance coverage. Employees will want to make sure the insurance will pay all of their bills in case of an accident.
- **Review the adequacy of their life insurance coverage.** According to LIMRA International, over 68 million Americans have no life insurance. Employees need to consider a life insurance policy during open enrollment if their employer doesn't offer a policy. If they have a personal or an employer-provided policy, they need to check their coverage amounts and the beneficiaries they have listed to make sure their families are financially protected in case of death.

Question: What benefits are covered by open enrollment time periods?

Answer: The employer works with their agent to determine the benefits offered and the contribution the employer will provide. If the employer cannot afford to provide employees with a standard benefits package, they can offer voluntary benefits. Voluntary benefits allow employers to offer their employees the benefits they want and need at a more affordable price, paid by the employee.

Question: When is open enrollment?

Answer: An open enrollment period is usually held annually and typically occurs 30-60 days prior to the benefits renewal or the effective date of coverage.

Question: How does an employer make open enrollment successful for employees?

Answer: To make sure the open enrollment period is as successful as possible requires effective communication. Communication methods vary during open enrollment depending on whether benefits have changed.

Changes may require educational meetings with the benefits providers. Other times, group meetings to summarize benefits are adequate. Employers may want to make benefit providers available for individual employee meetings. Employers will want to include employee spouses in the meetings whenever possible.

Notify employees of open enrollment meetings 3-4 weeks prior to the meetings. Time the meetings so that the employer has time to submit enrollment changes to insurance providers and verify that employees are appropriately enrolled in their chosen benefits.

Provide enrollment kits to employees that provide comprehensive information about the benefits and their portion of the cost. If a Section 125 plan is in place, inform employees of what benefits are available on a pre-tax basis such as a healthcare flexible spending account. Employees need adequate time to review the materials and consult with family members in order to make informed decisions.

Question: What are your final thoughts about open enrollment?

Answer: To get the most out of the open enrollment and their benefits, employees must fully understand the benefits their employer provides. To understand, they need to participate in the employer's benefits education program. Information meetings by insurance professionals and comprehensive enrollment materials are key to providing employees the support they need to make informed benefit decisions.

*Eric Sternberg is president of AlwaysCare of Baton Rouge, Louisiana. AlwaysCare provides voluntary and employer-paid benefit plans to employers in 48 states.

Prior to his tenure at Starmount and AlwaysCare, Sternberg held several positions at the Estee Lauder Companies in New York City and Sydney, Australia. Sternberg has a BA in history from Princeton University and has an MBA from Columbia University.