

# Annual Enrollment 2010

## Flash Survey

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### At a Glance

**Employers are relying more** on technology and less on printed materials to communicate during open enrollment.

**The biggest challenge** for employers this annual enrollment period was getting their employees to understand new plan features. For many, it was more difficult this year than last year.

**Next year, employers will increase** their use of self-service decision-support tools and increase communications to employees.

### About the Survey

In November 2009 prior to its merger with Towers Perrin, Watson Wyatt surveyed employers to find out what actions they have taken to manage health and welfare annual enrollment this year and what changes they expect to make next year. The survey was completed by 349 U.S. employers from 22 industries. This year's participants offer an average of three health plans and have an average of 11,628 employees.

## Executive Summary

With employee benefit choices becoming more complex and health costs continuing a never-ending ascent, leveraging decision-support tools and communicating information to workers and their families during open enrollment season is becoming more important than ever.

In this year's study, we found employers are using decision-support tools more to help employees make better choices about the health care plan they select.

We also found employers are using more online communication and reducing their reliance on paper materials.

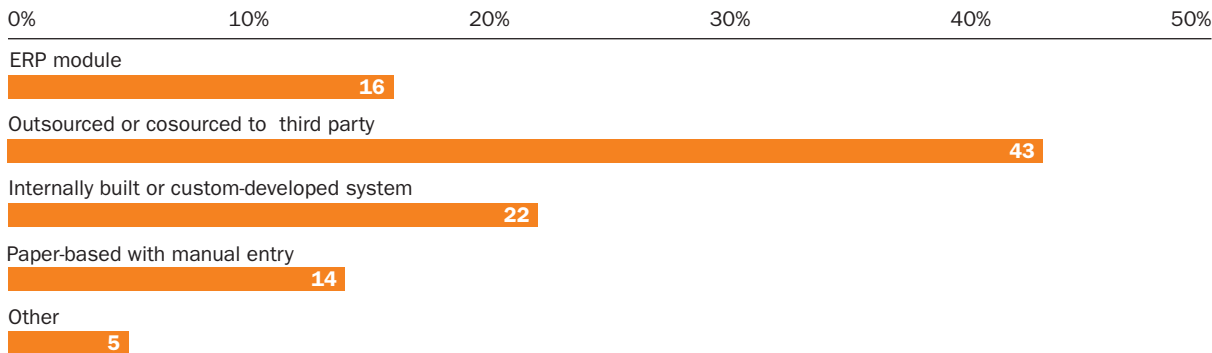
And, while most employers didn't face major challenges during this year's annual enrollment, they are still planning on making some changes for next year.

## Key Findings

- Forty-five percent of employers offered online decision-support tools to assist employees with their health care decisions, and three-quarters (74 percent) of these employers believe employees altered their plan decisions based on the use of decision-support tools.
- Half of employers (50 percent) saw an increase in employee use of decision-support tools this year. Fifty-six percent plan to provide more self-service decision-support tools next year.
- The percentage of employers that mailed printed materials to employees' homes during this year's open enrollment period fell to 69 percent from 76 percent in 2008.
- While 56 percent plan to increase communication to employees next year, nearly one in four (22 percent) plans to eliminate paper-based materials.
- Employers most commonly use online communication for open enrollment, such as the intranet/Internet (88 percent) and e-mail (76 percent). More than one-quarter (27 percent) ventured into interactive communication, such as podcasts, Web videos and online chat.
- Nearly four in 10 (39 percent) employers cited employee understanding of new plan features as their greatest open enrollment challenge. Thirty-two percent found this issue to be more challenging than last year. Explaining price changes was cited as the second biggest challenge (32 percent).

While most employers outsource or use an internally built system for open enrollment, a surprising number of employers use a paper-based, manual entry process.

**Figure 1. Which best describes your service delivery model for annual enrollment?**



Employers most commonly use online communication; their use of printed materials is on the decline.

**Figure 2. How did you prepare your employees for the recent enrollment period?**

	2010	2008	Amount of change
Intranet or Internet	88	87	▲ + 1%
E-mails	76	N/A	N/A
Interactive/multimedia (podcast, video, chat)	27	N/A	N/A
SharePoint workspace or team site	6	N/A	N/A
Web 2.0 communications (blog, wiki, text, RSS)	2	N/A	N/A
Printed materials sent to home	69	76	▼ - 7%
Printed materials provided at work	44	53	▼ - 9%
Face-to-face meetings	53	50	▲ + 3%
Health fairs	43	41	▲ + 2%
Conversations with HR department	50	N/A	N/A

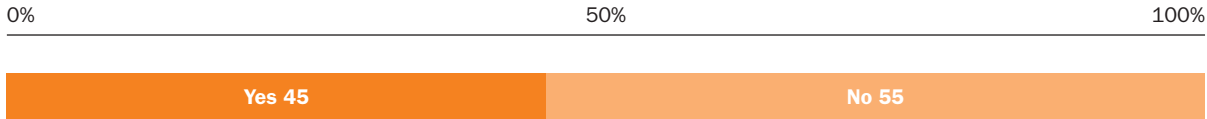
Enrollment system integration hasn't changed much in the past two years.

**Figure 3. Was your enrollment system integrated with any of the following?**

	2010	2008	Amount of change
HR portal or intranet	69%	67%	▲ + 2%
Major health plan providers	30%	27%	▲ + 3%
Pharmacy benefit manager	18%	15%	▲ + 3%
Hospital or provider quality information	5%	N/A	N/A
Wellness provider	13%	N/A	N/A
Not applicable	24%	N/A	N/A

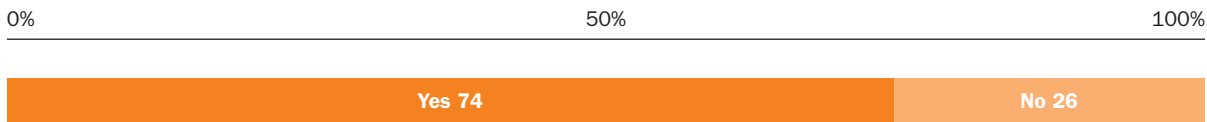
Nearly half of employers provided decision-support tools to help employees make health care decisions.

**Figure 4. Did you have online decision-support tools to assist employees with making their health care decisions?**



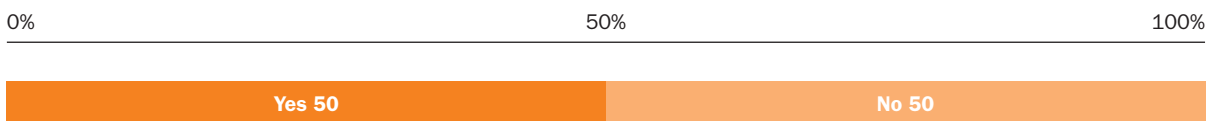
Three-quarters of the employers that offered decision-support tools believe employees altered their plan decisions based on their use of these tools.

**Figure 5. Do you believe employees altered their plan decisions based on their use of the decision-support tools?**



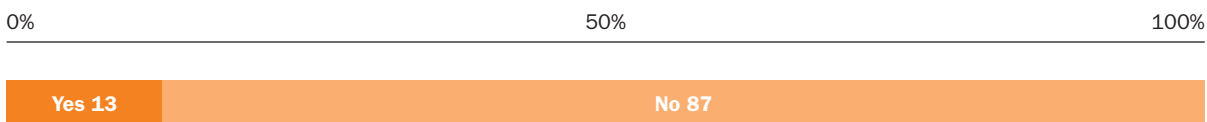
Half of employers that offered decision-support tools saw an increase in employee use of these tools this year.

**Figure 6. If you offered decision-support tools last annual enrollment, did you see an increase in usage of these tools this year?**



Only one in seven employers integrates claims data with decision-support tools.

**Figure 7. Did you integrate claims data with your tools?**



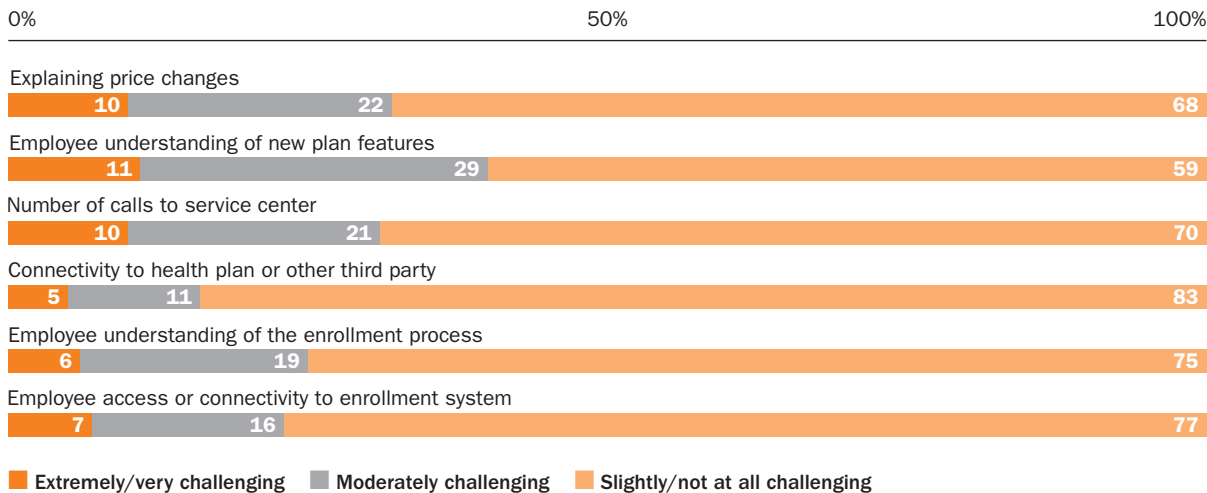
Enrollment system modeling capabilities are seeing double-digit satisfaction growth over the past two years.

**Figure 8. How satisfied were you with your enrollment system's ability to model the following options for employees?**

	2010 Satisfied	2010 Neutral	2010 Dissatisfied	2008 Satisfied	2008 Neutral	2008 Dissatisfied	Amount of change
Total out-of-pocket expenses for all available health plans	81%	12%	7%	74%	14%	12%	▲ + 7%
Appropriate HSA contributions based on expected total out-of-pocket costs	78%	15%	12%	53%	28%	19%	▲ + 25%
Total out-of-pocket expenses for various plans using claims data as a predictor for 2010	71%	19%	9%	55%	13%	32%	▲ + 16%
Total out-of-pocket expenses for various plans based on user-provided health status	79%	18%	4%	56%	20%	24%	▲ + 23%
Appropriate FSA contributions for various health plans (e.g., PPO, HRS, HSA)	80%	17%	3%	64%	22%	14%	▲ + 16%
Personal tax savings from either HSA or FSA contributions	79%	14%	7%	59%	28%	13%	▲ + 20%
Estimated life insurance needs	65%	26%	9%	N/A	N/A	N/A	N/A
Appropriate LTD plan option	68%	20%	12%	N/A	N/A	N/A	N/A

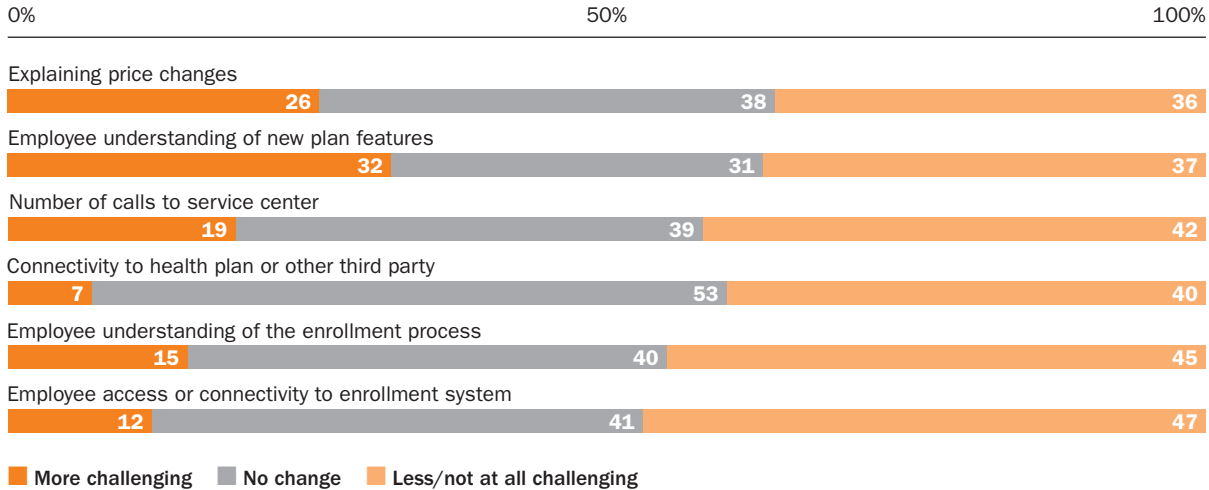
Employers found few major difficulties in this year's open enrollment cycle, although employee understanding of new plan features and explaining price changes were challenging for some.

**Figure 9. How challenging were the following issues for HR throughout the enrollment process?**



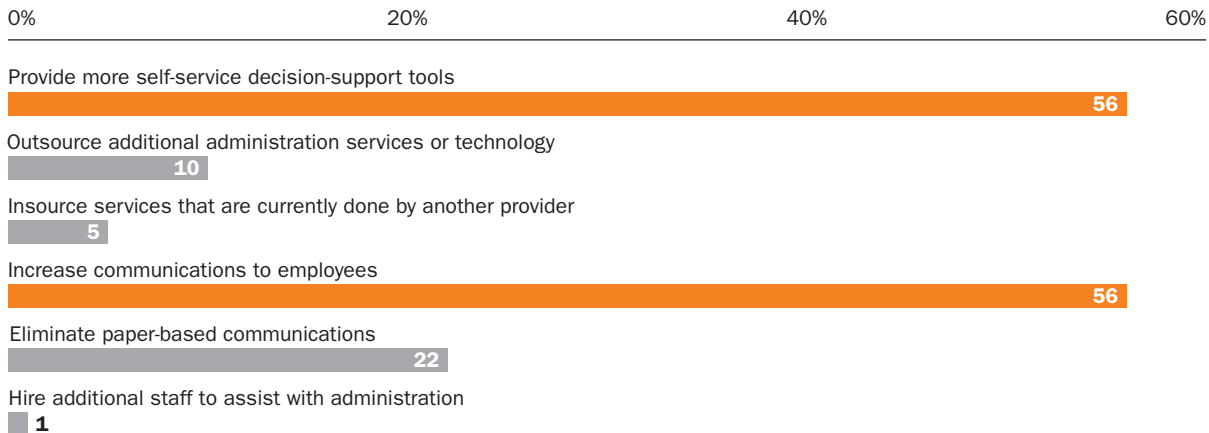
For some employers, helping employees understand plan features and price changes was more challenging this year than last year.

**Figure 10. Thinking back to last year's enrollment period, were the following issues more or less challenging this year?**



Employers expect to increase their use of decision-support tools and communication in the next year.

**Figure 11. Based on this year's enrollment experience, what changes do you expect to make in the next 12 months?**



## Conclusion

Overall, employers met the challenges of this year's open enrollment with little difficulty. While certain elements are becoming increasingly more demanding, employers are making changes to meet these challenges head on. Employees are making better decisions because of the actions employers are taking to provide decision-support tools, effective enrollment technology and clear communication.

## About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.

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