The Evolution of Open Enrollment:

Learn how to reduce time and cost by over 50% as your open enrollment processes evolve—this paper shows you how.

Read this to learn:

- How open enrollment is evolving.
- The spectrum of open enrollment solutions from paper-based, to stand-alone web-based automated systems, to an integrated web-based HR/Benefit/Open Enrollment/Workforce management system.
- Why integrating HR technologies is the best answer to cutting costs and labor.
- How using a completely integrated (Single System), Single Database approach can reduce cycle time, cost per transaction and HR inquiries by 50% or more.

Executive Summary

Make your open enrollment easier—and more cost effective. Read this paper to learn the current state of open enrollment— where companies are and where they're going. Discover how you can raise your own open enrollment process to new levels of efficiency and productivity through the proper application of the right technologies.

This white paper references:

- o The latest in open enrollment **survey research**
- o Case studies demonstrating real results from **real companies**
- o Never-before released analyses of open enrollment from global HR leader **iEmployee**

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Evolving Open Enrollment Builds Business Gains

When Cuna Mutual Group[1], a Madison, WI-based provider of financial services to credit unions, developed an integrated technology platform for online benefits enrollment, the results were astounding. According to an ROI study conducted by the HR consultancy Cedar Enterprise Solutions (based in Baltimore), this will deliver:

- a reduction in cycle time by **50%**.
- a reduction in cost per transaction by **60%**.
- a reduction in inquiries made directly to HR by **75%**.
- a **100% payback** in just one year.

The fact is that open enrollment is evolving. It's migrating from a stand-alone, manual process to an automated, integrated environment where the latest technologies combine to make open enrollment as efficient, effective and productive as possible.

The goal of this paper is to demonstrate why this evolution is important—what it means to you, and what you can accomplish by evolving your own open enrollment process at the pace that's right for you.

Trends in Open Enrollment

Current research shows a migration from older, more obsolete methods of processing benefits applications to web-based initiatives that greatly streamline and enhance the entire process.

The current state of "open enrollment" is a spectrum of approaches. This spectrum can be roughly defined by three phases:

- Phase 1—Companies who use the traditional paper-based method

66% of Enrollment Takes Place Online

The average company reports that two-thirds of its enrollments take place online. According to a December 2006 study of 67 companies by Watson Wyatt[2], the method of enrollment used by employees was:

- Interactive Voice Response (IVR)—5%
- Call Center—7%
- Paper Enrollment—17%
- **Web—66%**

Figure 1

- Phase 2—Companies who use a web-based, stand-alone software application to handle their benefits enrollment
- Phase 3—Companies who have integrated their open enrollment application with other critical HR applications to create a single system approach that delivers a completely proactive process

The current trends show that most companies are striving to move their open enrollment process into the Phase 2 position.

But it's the Phase 3 position where the most value is recognized—and it's completely possible to skip from Phase 1 to Phase 3 with the right providers.

To answer why, let's examine each phase of the spectrum to determine where the advantages—and faultlines—lie.

Phase 1: Paper-Based Enrollment

Paper-based enrollment has been around since the beginning of the enrollment process itself. Many companies still trust this method, thinking it is a satisfactory way to produce and distribute all benefits information to their employees. But let's look at what's really involved in this process:

- Printing benefits information
- Checking information for errors
- Assembling benefits brochures
- Manually sorting benefits materials so each employee gets information applicable to their current status
- Distributing benefits materials either by hand, or by mail

This first part of the process alone usually takes **1-2 weeks**.

Next, comes the challenge of the actual enrollment itself. Most HR departments find that they need to assist employees in filling out the paperwork, and the data entry itself is always an error-prone process. This results in

- all enrollment forms being checked manually for accuracy.
- HR staff chasing down employees to determine who has completed the process.
- performing benefits calculations by hand.
- all paperwork filed and stored on premise, incurring more time and cost.

The net result is that the average paper-based open enrollment takes an average **3-4 weeks** to process from start to finish.

Employee Issues

The paper-based, manual method of open enrollment also incurs a cost beyond time. Employees today are not happy with the level of communication they receive from traditional open enrollment. They want information on their terms. They want to be able to access everything they need to make an informed decision, including their own personal data, from one source. And they want to be able to access this information when it is convenient for them. Companies that do not deliver what employees are looking for risk falling behind in today's competitive workplace.

Phase 2: Web-Based, Stand-Alone Automated Systems for Enrollment

Phase 2 of the spectrum involves the implementation of an automated solution to process open enrollment. The case for such an approach is clearly made in phase 1:

- Companies want to reduce the time it takes to process open enrollment.
- They want to eliminate the

Employee Communication is of Highest Concern

According to study performed by Watson Wyatt[3], when respondents were asked to name their top three challenges during the enrollment cycle, employee communication rose to the top.

Percentage of companies that cite issue as a top concern:
- **Communication—63%**
- Employee engagement/education—36%
- Systems—36%
- Process—31%
- Employee access—16%
- Plan design—13%
- Strategy—7%

Figure 2

cost of producing and storing paper materials.

- They want to reduce the possibility of errors.
- They want to keep their employees happy.

Companies moving into phase 2 usually start with a stand-alone, web-based software product. Typical applications enable storing and access of all benefits-related materials online, where employees and their families can review at their leisure. All enrollment forms are also completed and submitted online, with greater validation capabilities for enhanced accuracy. This results in major gains for the employees, including the ability to

- manage all their own enrollment programs—even flexible spending accounts—in one place.
- review material and make decisions at home with their families.
- get answers to questions directly online.
- compare and contrast different plans all through one easy interface.
- edit and update selections without having to contact HR.

But employees are not the only ones who benefit from enrollment automation. Thanks to the customizable, rules-based validation capability present with this technology, the system will catch errors and incomplete information, prompting employees to make changes as needed. Additionally, managers and administrators can run reports to discover who still needs to complete the process and send automated reminders, without having to chase down employees on a one-on-one basis.

- And the workload on HR staff is greatly reduced, as employees can handle their own enrollment tasks.

Deploying such a streamlined new process can greatly reduce the time it takes to process open enrollment, and free up key staff to focus on more important tasks.

Task Analysis of Open Enrollment: Paper vs. Online Stand-Alone Systems

Open Enrollment Tasks	Paper-Based Method	Stand-Alone Online Method
Benefits material printing	Yes	No
Benefits material assembly	Yes	No
Benefits material distribution	Manual	Automated
Enrollment data entry	Manual	Automated
Enrollment process tracking	Manual	Automated
Enrollment data auditing	Manual	Automated
Benefits calculations	Manual	Automated
Enrollment forms filing and storage	Manual with physical storage	Automated with electronic storage
Average Time to Process Open Enrollment	**3-4 weeks**	**2 weeks**

Deploying an online benefits enrollment process can have a dramatic effect on an organization that is used to the slow, manual paper-based approach.

Case Study: Phase 2 in Action

bioMérieux

bioMérieux is a worldwide group specializing in the biological diagnostics industry with revenues reaching €915 million euros in 2003. With a presence in more than 130 countries, the organization's open enrollment could be complex to say the least. Their old process consisted of using manually printing benefits materials, checking the information for accuracy, and then distributing to all employees at all sites. And there was no mechanism in place to see who had completed the enrollment, meaning they had to wait until the end of the process and then hunt down stragglers.

Two years ago, bioMérieux deployed iEmployee's benefits module for open enrollment. According to Barbette Jones, Manager, Compensation, Benefits & HRIS for bioMérieux, this resulted in a very efficient, much smoother process. "Our employees can now go in, see what they have for their current benefit elections, and make changes as needed," said Jones. "This results in fewer calls to HR for support, especially in the case of new hires. And we can be more proactive, see whose missing and send out reminders without waiting until the end of the process."

- The result is that bioMérieux dramatically **cut their open enrollment processing time by approximately 50%.**

What do they plan to do with the extra time? "With the 2 weeks we've gained, we can audit the enrollment information, and migrate it to our HR and Payroll System," relates Jones. "When Jan 1st hits, everything is in the system and employees have the appropriate deductions taken out."

Disadvantages of Using a Stand-Alone Technology

Deploying an online enrollment process, but not integrating it with other essential systems, such as HR/Benefits and workforce management applications, has some major advantages over paper-based enrollment—but it still falls short in several key areas.

Research has shown that employees and administrators are still dissatisfied with the level of information and analysis tools that are available with many stand-alone benefit enrollment applications. The problem is that—in order to make an informed decision—employees and administrators need access to data commonly found in HR/Benefits and workforce management systems for a variety of different reasons.

For administrators, the ability to negotiate a better rate with benefit providers and carriers is a critical benefit. With rising medical benefit rates, it is essential to negotiate better rates with benefit providers such as Blue Cross and Aetna. To negotiate the right rate for the right type of groups within an organization (so that no group is overpaying or under-utilizing the benefits), it is essential to break up employees by common factors including:

- age
- family status
- location
- need
- pay scales
- and multiple combinations of the above.

The Value of an Integrated Approach

According to Watson Wyatt[4], the average employer is very satisfied with the transactional components of online benefits enrollment. But they see room for improvement in the areas of health and benefits information, and the decision support tools available to employees.

These functional areas can definitely be improved by integrating benefits enrollment with your HR/Benefits and workforce management systems.

Percentage of employers who stated they were "satisfied" with their current level of:

- Completeness and accuracy of elections—75%
- Ability to respond to employee questions—65%
- System performance—63%
- Ease of use of online system—58%
- **Cost and quality of information—40%**
- **Decision support tools—39%**
- Health improvement information—31%

Figure 3

Once each grouping is done, it will be easier to work with benefit providers to negotiate the right rate. Each group will get the most for their money and not end up overpaying or under-utilizing benefits. But this grouping exercise can only occur if a business has its day-to-day HR/Benefit system and its benefit enrollment system sharing data seamlessly.

For employees, synchronizing data between the benefit enrollment software and the day-to-day HR/Benefit system is also vital. Employee data is always changing. This includes:

- Changing departments
- Changing pay-grades
- Changing locations
- Changing family status
- Changing work status and more.

Some of these changes may alter employee eligibility and require the move from one type of plan to another. Without the proper system integration, data synchronization errors can result.

Using disparate technologies to track employee information also results in data needing to be entered multiple times in multiple systems, or information that must to be imported from one system to another. In either case, the result is the same; information quickly becomes out of date soon after it is transferred. It is absolutely necessary that an organization's benefit enrollment system is working off of the same database as their HR system to avoid these issues. The best option is a to find a system that offers both, day-to-day HR/Benefit management and one-time open enrollment management in one package.

Phase 3: The Completely Integrated (Single System with Single Database) Approach.

The need to make more information available to employees, and the need to streamline processes even further, are what drive many companies into the third—and most advanced—phase of their open enrollment evolution. This is the sweetspot, where businesses integrate their benefits enrollment system with their HR/Benefits and workforce management platforms to develop a truly comprehensive, integrated approach.

When open enrollment is deployed as a complete, full-service package, an organization can

- empower an employee's decision process by providing all information they need—including paystubs, HR, business rules and workforce management—through one interface.
- enter and update all employee information in one place.

- maintain up-to-date data throughout the open enrollment process.
- know that data integrity is assured from system to system.

By taking this approach, a business is giving employees the dynamic tools to make open enrollment work for them. And HR departments gain the most streamlined, efficient process possible. Time and effort are saved, and important HR resources can be redeployed for more strategic tasks—all for a minimal investment in technology.

Cost Analysis of Phase 3: Demonstrated Value

Average estimated recurring cost of Phase 3 approach: $2.00-$3.00 per employee, per month.

Number of employees	Total cost monthly
100 employees	$300.00
500 employees	$1,500.00
1000 employees	$3,000.00
5000 employees	$10,000.00

Case Study: Phase 3 in Action

Vesta

Vesta, Inc. is behavioral health organization that provides residential housing and therapy for the mentally ill. With 8 different locations, 2 different shifts and 300 employees, a new process was needed for open enrollment. The old process did include an electronic document library where employees could review benefits materials, but that database did not link to any other system. The result was that a staff of 2 HR professionals had to chase down and manually enroll all 300 employees.

Vesta chose to take a comprehensive approach to the problem and implemented iEmployee modules for Benefits, Time Tracking, Time Off, and HR. By integrating all of these technologies together, they were able to offer their employees a completely interactive enrollment process.

"When we have a new hire, their data is entered once in our HR application," says Melisa Constanza, Human Resources Coordinator for Vesta. "Then it is shared throughout all the other applications. All information is automatically downloaded into our payroll system every 2 weeks, and when employees want to sign up for one of our benefits packages, the system automatically knows what they are eligible for. Anyone participating in enrollment will see exactly the benefits that apply to them and their unique situation."

- The result is that all employees—especially the nightshift—can review their benefits and enroll on their own, and they have all of the information they need to make an informed decision. **Now, a staff of 2 really can enroll 300 easily.**

"Everything is now just the click of a mouse," said Constanza. "We've been able to customize the interface to meet our needs, and we can send reminders to our staff automatically. We're expecting a big reduction in the time it takes to process enrollment this year, and we're planning to use the new system as we expand our benefits program to offer more options to part-time employees."

What the Spectrum Means to You

Current research shows that the complexity of open enrollment is a top concern for employers. It is the complexity of this process that can result in errors, additional costs, long delays and a drain on the resources of your organization.

This makes it essential that you evolve your open enrollment through the deployment of the right technologies in order to restructure your process into the most efficient and effective operation possible.

Understanding the phases of open enrollment is key to this evolution. Knowing your place on the spectrum, and where you need to go, can help you make smarter technology decisions. Migrating to each new phase has its advantages, with phase 3 standing as the ultimate goal.

Final Review: The Three Phases of Enrollment

Looking to the Future

According to Watson Wyatt[5], as enrollment processes continue to evolve, employers list the complexity of open enrollment and the magnitude of plan changes as major concerns.

This demonstrates the need for businesses to evolve their open enrollment technologies to keep pace.

Percentage of employers citing issue as employee challenge:

- **Complexity of process—28%**
- **Plan changes—27%**
- Timing—25%
- Choosing a plan—20%
- Access to system—17%
- Accounts (FSA, HRA, HSA)—16%
- Web tools—16%
- Plan details—14%
- Eligibility—11%
- Cost—3%

Figure 4

Phase 1: Manual Paper-Based Process

- Slow to execute
- Expensive to produce
- Error prone
- Hard to track

Phase 2: Online Stand-Alone Process

- No materials to be produced

- Employees can access information on their own
- High validation and tracking capabilities
- But still limited in what information administrators can use for analysis and employees can access for decision making

Phase 3: Integrated Online Process in a Single System

- Administrators can analyze data in several different ways to better negotiate with benefit providers
- Employees can access everything they need to make informed decisions
- All systems share information to increase accuracy
- Repetition of data entry is no longer necessary
- Time/money saved through integrated approach

Just like Cuna Mutual, you too could **reduce open enrollment time and cost by 50% or more** by migrating your company's position to phase 3 on the enrollment spectrum. It's simply a question of understanding how your systems can work together to deliver maximum functionality and value to you, your employees and your entire organization.

iEmployee can help you with your evolution. Call our open enrollment professionals at **1.800.884.6504**, and we can determine what solutions you need to gain a phase 3 position in time for your company's next enrollment cycle. It's just the approach you need to keep your HR department competitive in today's ever-changing business climate.

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