

Making the Case for

Benefits Communication and Education

How Employee Understanding
and Appreciation of Benefits
Helps the Entire Company

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QUICK LOOK

- ⇒ Benefits communication and education play a critical role in helping businesses maximize their benefits package as a competitive advantage to attract and retain the best talent.
- ⇒ Keys to an effective benefits communication program include interactivity, one-to-one support, convenience and multiple touch points.
- ⇒ Information must be available to employees when and where it's convenient for them.

The only unanimous voice in the health-care and employee benefits arena these days is the one crying out to control costs. With health insurance premiums rising, employers are turning to solutions ranging from higher deductibles and co-pays to eliminating some benefits altogether. Meanwhile, workers are burdened not only with increased financial exposure but also greater responsibility for benefits decision-making. The results can be confusion, lower morale, higher turnover, poor participation and, perhaps worst of all, wasted dollars on benefits employees neither understand nor appreciate.

Considering these circumstances, it's critical that employees understand and appreciate their benefits. To that end, employers can turn to benefits communication and education efforts.



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Background

Benefits communication and education play a critical role in helping businesses maximize their benefits package as a competitive advantage to attract and retain the best talent. In fact, effectively communicating the value of the total benefits package to employees significantly impacts the bottom line.

Take for example a regional hotel chain with 3,000 employees in 32 locations in 15 states. This employer was having trouble meeting minimum participation levels for its core benefits plans. The company offered seven different core plans depending on location, and health insurance premiums were going up significantly. Faced with a huge logistical challenge and anticipating a negative reaction to the increases, the

employer worked with its insurance broker to bring in a voluntary benefits provider to conduct group meetings and one-to-one sessions with every employee at no charge. The provider's benefits counselors educated employees on the employer's core benefits, explained the reason for premium increases and offered voluntary benefits to those concerned about increased financial exposure to out-of-pocket costs. As a result, participation in the core plans increased 15 percent to 35 percent over previous years. Also, higher participation levels in the voluntary life and disability products allowed the broker to renegotiate extended rate guarantees on those products.

In addition to impacting the company's bottom line, effective

communication can also impact how employees view their employers, as seen in Watson Wyatt Worldwide's 2005 *WorkUSA Survey*. The survey showed employees gave higher marks to employers who provided fewer benefits but explained them well than to employers who provided a richer array of benefits that employees did not understand.

Job satisfaction and the resulting reduced turnover are strong points to make with business owners or CEOs who raise the issue of lost productivity when benefits meetings, especially individual sessions, are offered on the clock. Simple math tells the story: Say a company has 100 employees making \$30 an hour. If each employee is off the floor for 30 minutes for an individual benefits meeting, that's equivalent to \$1,500 in "lost" productivity. Studies show it costs an average of \$10,000 to recruit and train a new employee. If increased satisfaction keeps just one employee on the job, that employer has saved \$8,500.

The Need for Clarity is Clear

The need for better benefits communication is evident to HR executives. Nearly 5 percent think their employees know nothing at all about their benefits.

That view is more realistic than pessimistic. Many employees will be the first to admit they don't understand their benefits. In fact, a Harris Interactive survey done on behalf of the author's company last year showed more than half don't have a clear understanding of what their health insurance covers for cancer-related treatment. And even when employees think they know a lot about their benefits and insurance needs, they're often off base. For example, the National Association of Insurance Commissioners in March released the results of a 10-question quiz taken by 1,000 adults on their knowledge of insurance needs. Before taking the quiz, nearly 60 percent said they felt "very confident"

Benefits Communication Case Study

Company

Regional hotel chain with 3,000 employees in 32 locations in 15 states

Challenges

- Seven different core benefit plans, many with required participation levels
- Significant increases in health insurance premiums

Solution

- Have group meetings and individual meetings
- Educate employees on all core benefits
- Explain reasons for health insurance premium increases
- Offer voluntary benefits to offset out-of-pocket medical expenses

Results

- Core benefits participation increased 15%-35%
- Higher participation in voluntary life and disability products enabled extended-rate guarantees

when making insurance decisions. Yet most of them flunked the test, correctly answering only four of 10 questions.

The basic lack of benefits knowledge and understanding is compounded by the financially enforced changes to benefits programs today. Changes of any type to an employee's benefits plan — such as increased premiums, higher deductibles, a shift to employee-paid voluntary benefits or even just more options — can cause confusion and concern for employees. The rate of change and the shift to employee decision-making about benefits only adds to the need for effective communication.

Benefits Communication That Works at Work

Many employers have observed the disconnect between employees' knowledge base and the information they need to make effective decisions, and want help resolving it. In fact, in one employer survey, 94 percent of respondents said they're interested in gaining access to resources to help educate employees about benefits.

Keys to an effective benefits communication program include:

- **Interactivity.** As benefits decision-making continues to shift more toward employees, workers are increasingly eager for information and tools. But benefits communication and education involve more than developing a message and delivering it. It's about creating participation — an integral part of any highly successful communications program. To that end, using tools like workbooks and interactive computer-based programs that help employees uncover their own needs helps encourage employee engagement. In fact, in the survey mentioned above, online resources and printed materials like benefits booklets and enrollment guides garnered the most interest from employers. These tools don't have to

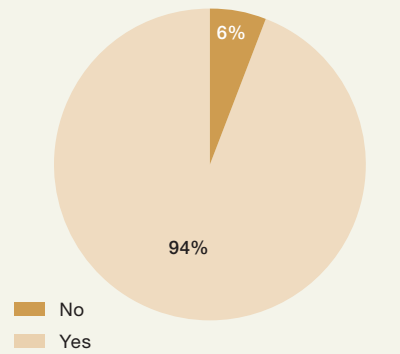
be expensive; in fact, some benefits providers include them at no direct cost to the employer.

- **One-to-One support.** It's unproductive to think something as complex as insurance can be effectively communicated relying totally on technology and self-education. A one-to-one interaction between each employee and an individual who is trained and knowledgeable about the company's benefits program is most effective (see Figure 1

on page 26). In smaller organizations, that knowledgeable individual could be a member of the HR team. In larger organizations, especially those with several locations or multiple shifts, relying on internal resources usually isn't realistic. These employers can be most effective working with a voluntary benefits provider that offers benefits communication and enrollment services, or with an enrollment company. Enlisting outside support

FIGURE 1: EMPLOYER VALUE OF INDIVIDUAL BENEFITS MEETING

Was your experience with your benefits counselor helpful in making good decisions about your benefits?



Source: Disability Policyholder Survey, Colonial Life, 2008.

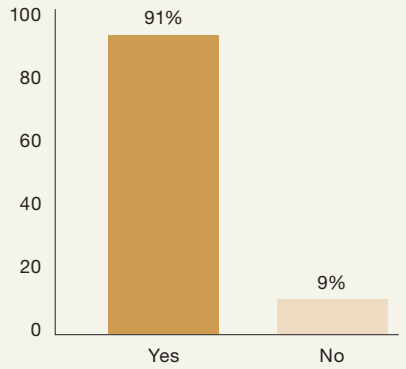
expands HR's reach and helps ensure every employee gets the same message. However, HR still plays a key role in determining what that message is and which additional tools and vehicles work best in the company's culture.

One-to-one communication involves addressing the soft needs — helping employees understand all the terminology and choices while giving them confidence they're making good decisions for their families. This is where employers create real satisfaction. Note, however, that while employers agree individual meetings are highly effective, many are still not taking advantage of them. For example, in the survey of attendees at last year's Society for Human Resource Management conference, 91 percent said having one-to-one meetings significantly improves employees' understanding of their benefits — but only 58 percent of employers are using them (see Figure 2). Making these meetings available to employees on company time emphasizes the importance the employer places on the benefits program, further strengthening the employer-employee bond.

• **Convenience.** Information must be available to employees when and where it's convenient for them. This is another reason why one-to-one meetings are

FIGURE 2: EMPLOYER VALUE OF INDIVIDUAL BENEFITS MEETINGS

Do one-to-one meetings improve employees' understanding of their benefits?



Source: Colonial Life SHRM national conference attendee survey, June 2008.

so effective, and why online tools are so useful. Benefits communication also must be convenient to access in another sense: Employees must be able to understand the information in relation to their educational and cultural backgrounds, including language, family and social values.

For example, companies with Hispanic workers must make information more convenient to those employees by offering Spanish translations and Spanish-speaking benefits communicators.


• **Multiple touch points.** No one communication method by itself can be completely effective. Fortunately, a variety of methods are available to employers, including one-to-one sessions, group meetings, online information, printed materials and call centers. Note that as younger generations permeate the workforce, employers need to keep in mind this group's preferences for how it wants to get information. The message might not need to change, but the delivery mechanism does. Adaptability is key.

The Bottom Line on Benefits Communication

Ultimately, the payoff from effective benefits communication is much

more than getting through the next annual enrollment with a minimum of headaches, according to Tom Gilligan, senior vice president of marketing and branding at the author's company.

“Good communication helps form a partnership between the employee and the employer where they're in this together,” he said. “So yes, my benefits may cost more out of my pocket this year, but I understand the business reason and that this change is necessary to help keep my employer in business so my co-workers and I have jobs.

“Not only that — good benefits communication helps employees see the total value of their benefits package and helps them take advantage of all the options available. Employees may actually come away realizing their employer is doing a lot more for them than they realized.” 

ABOUT THE AUTHOR

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