

Web-Based Online Enrollment:

How a paperless process saves time, eliminates errors and increases employee satisfaction.

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Introduction

The traditional open enrollment period is a time consuming process that places a temporary, yet significant, burden on an organization's human resources (HR) department. Although some companies have more than one open enrollment period each calendar or fiscal year, most businesses schedule a single annual event, often in the fall.

Open enrollment provides employees the opportunity to evaluate benefits such as health care, retirement and flexible spending plans – and make changes to their elections. For the employer, open enrollment is an opportunity to modify existing benefits packages to cut costs or increase total compensation values.

Unless a major life event like marriage, a birth or a death occurs, changes made during open enrollment are binding until the next open enrollment period. Because of this, it is important for HR to clearly and efficiently communicate benefit choices that are available. If effective communication is lacking, employee benefit selections can be inadequate, and create frustration for employees. This can breed organizational discontent and reflect poorly on the HR department. It may even lead to employee retention issues.

A Successful Open Enrollment Period

A successful open enrollment period should educate workers on benefit changes, options and out-of-pocket costs so informed decisions can be made – and enrollment forms processed without errors. If these objectives are achieved, employees will be more satisfied with their choices and HR staff can move on to other tasks. But with manual, paper-based open enrollment processes, outcomes are rarely this rosy or straightforward.

In the 2006 Benefits Survey Report published by the Society for Human Resource Management (SHRM), automated benefits enrollment is one of the top trends in HR. So how can HR managers automate open enrollment to achieve greater employee satisfaction, while saving time and reducing errors? By going paperless and taking open enrollment online.

The Paperless Trend

HR Magazine reports that, “On top of eliminating paper, online enrollment systems can improve communication, eliminate errors and save money. Even small companies can realize efficiencies from online open enrollment, and newer delivery models make it affordable and accessible to just about every organization.”

To meet the growing demand for alternatives to manual open enrollment, many HR software developers are incorporating paperless functionality into their solutions. This white paper will review the emerging trend toward paperless open enrollment and examine the benefits of using technology to automate this complex process.

Problems with Paper

Historically, open enrollment begins when thick packets of printed benefits information and multiple enrollment forms are distributed to employees. At many organizations, the packet contents are explained during one or more group presentations and individual questions are addressed in person or by e-mail. Since there is no centralized resource for information, similar questions are answered multiple times by HR. At companies where the workforce is dispersed across multiple geographic locations, explaining benefit options is even more challenging.

Although this education phase of open enrollment takes an enormous amount of HR staff time, it is not uncommon for confusion to persist when it is time for employees to actually choose their benefit plans and complete the associated forms. Consequently, incomplete forms are often returned to HR, or worse, required forms are not returned at all. The confusion is compounded if custom packets are not distributed because employees may apply for benefits that they aren't eligible to receive.

When completed enrollment information is finally gathered by HR, sorting through the staggering amount of paper can be very tedious. Re-entering data into consolidated spreadsheets, creating carrier communications and manually updating the company's HR and payroll solutions is a slow process often hindered by handwriting that is challenging to decipher. This frequently results in data entry errors that take weeks – or even months – to correct, and can cost the company money unnecessarily.

Employees as Benefits Consumers

While paper-based open enrollment is proven to be a short-term hardship on HR staff, recent research indicates that the general workforce is also growing weary of the associated challenges. MetLife states in its research brief, *Open Enrollment at a Crossroads: New Employee Expectations, New Employer Opportunities*, “As companies increasingly offer voluntary, employee-paid or employee-subsidized benefits, their workers are becoming *benefits consumers* with a greater stake in making smart, informed benefits decisions. As a result, workers are seeking more information about benefits – and they want information in an easier-to-understand format.”

To improve the employee open enrollment experience, MetLife suggests:

- Customizing benefit offerings so employees only have access to plans that they are eligible for
- Creating interactive online tools that enhance benefit research and plan comparisons and simplify the enrollment process
- Providing online calculators that clearly demonstrate the out-of-pocket expenses associated with each benefit selection

These strategic recommendations mirror the findings of research conducted by the Healthcare Intelligence Network® and outlined in their executive summary, *The Open Enrollment Experience: Perspectives from Health Plans and Consumers*. Topping employees’ “wish list” for process improvement is the introduction or enhancement of online enrollment tools.

With the need for greater HR efficiency established – and the desire by employees’ to have online enrollment tools – let’s look at how a paperless process transforms the way employers and employees navigate through open enrollment.

Automating Open Enrollment

With paperless open enrollment, HR publishes benefits content to the Web or company Intranet instead of creating, assembling and distributing a packet of information and

forms. Like the paper-based approach, group presentations may play an educational role. However, the presentations are typically shorter and less confusing, and may even focus on how to use the online enrollment system. A centralized database of benefits information that includes frequently asked questions becomes the first source for employees needing answers. This significantly reduces the time and resource burden on HR.

Using an employee self-service (ESS) portal built into HR software, employees can begin their open enrollment at any time. Information entered once can be used to automatically populate all enrollment forms, streamlining data entry to a single point and eliminating errors associated with messy handwriting. Required fields ensure that each enrollment form is completed before submission, while customized ESS screens only display eligible benefits. Employees can start and stop their enrollment session as needed and, since the ESS portal is available 24/7, enrollment can be completed during non-work hours.

Throughout the online open enrollment period, HR can monitor activity and send e-mail reminders to employees that haven't completed the period. If an employee wishes to change their benefit choices after submission, a simple mouse-click resets their open enrollment period, creating an easy "do-over." Since all information is stored in the centralized HR database, there is no need to sort through paper or re-enter enrollment data.

When the open enrollment period ends, the data can transferred automatically to payroll if the company has an integrated ESS, HRIS and payroll system. For optimum accuracy and efficiency, some HR software solutions transfer enrollment data electronically to benefit carriers, fully automating the entire process. With an electronic record of all transactions safely stored in the HR software, enrollment forms are never lost or misplaced and can quickly be retrieved months or even years later if needed.

Benefits of Web-Based Online Enrollment

When comparing the historical, paper-based open enrollment process to the paperless, technology-based option, the findings are significant. Online open enrollment delivers a wide range of benefits at the company, HR and employee levels.

Time savings: The most startling difference between paper-based and paperless open enrollment is the amount of time spent by HR to manage the process. Depending on the size of the company, 40-120 hours of staff time is saved by automating open enrollment. This is attributed in large part to the elimination of paper distribution and collection, duplicate data entry, and filing time. Generating reports and electronic carrier transmission files also save time. Sharp reductions in clerical and administrative errors provide additional time-savings.

Reduced staffing needs: This benefit is tied to time savings as well, but is worth a stand-alone mention because of its cost impact. According to a 2008 SHRM Human Capital Benchmarking Study, the median number of full time HR employees per company in 2007 was two. Using this statistic, we can conclude that many HR departments are likely understaffed. And, as a company's workforce grows, the HR team rarely grows in proportion. Paperless open enrollment gives a company's HR department the productivity associated with more manpower, without the added salaries of more staff.

Better visibility: Managing open enrollment using HR software provides better visibility and control over the process. Monitoring employee progress is one part of the equation. You can also monitor employee selections and reject an enrollment if you feel an employee hasn't made the best decisions. This ability can stop costly mistakes before they even get to the carrier.

Saving resources: It is estimated that companies spend between \$25 and \$75 per person on printed open enrollment materials and related expenses. What's more, sustainability has become a recurring corporate talking point, which has intensified the adoption of green initiatives at the workplace. Adopting paperless processes, like online open enrollment, saves the company money. Yet, it also saves trees, contributes to a healthier environment and supports good corporate citizenship.

Greater employee satisfaction: Online open enrollment communicates benefits information and plan options much more clearly than printed materials and makes it easier for employees to compare apples to apples. This leads to greater satisfaction in the open enrollment process, as well as greater satisfaction in the benefits received. HR.com states that online open enrollment may even lessen employee turnover: "Giving the employees web-based access to manage their own data, enroll themselves,

manage life events, and more . . . helps them feel more engaged and leads to increased retention.”

What to Look for in a Web-Based Online Enrollment Solution

In review, a paperless open enrollment process should:

- Increase efficiency throughout the entire open enrollment process
- Reduce the time needed to execute each open enrollment period
- Eliminate handwriting and data entry errors
- Improve employee satisfaction through more informed decision-making
- Decrease costs by eliminating paper and reducing redundant tasks

To achieve these results, there are a number of features and capabilities that should be considered when evaluating online open enrollment solutions.

Integration: Full integration with your HR software should be the top priority. This will provide the greatest efficiency gains and the highest level of automation. An online open enrollment solution should get extra points if it is part of a comprehensive workforce management solution or has an integration link to transfer open enrollment data to your payroll application.

Easy set-up and use: Wizards that walk you through the creation of benefit plans and enrollment forms minimize the up-front time required to establish your open enrollment session. Similarly, the employee interface should be user-friendly, providing step-by-step instructions for making each selection and completing required forms.

Flexibility: The option to create an unlimited number of plans, set up user-defined fields and add notes or employee directives are important for customizing an open enrollment session to your company’s specifications. Import/export capabilities also give you the flexibility to access your open enrollment data as needed.

Strong reporting: Online open enrollment systems need strong reporting features to automate key tasks. At-a-glance, you should be able to identify who hasn’t started enrollment, who is in process and who has completed enrollment. Reporting should simplify the reconciliation of carrier information and billing data with your own records. On the employee side, a printable confirmation report is important for verifying enrollment selections and out-of-pocket costs.

Eligibility rules: The ability to create eligibility rules is vital for companies that offer different benefit packages to various employee groups, such as salary versus hourly, part-time versus full-time or workers in different states. With eligibility rules, each employee's enrollment options are automatically limited to the benefits and plans that they qualify for. Not only does this simplify and streamline their enrollment process, it eliminates "benefit envy" associated with seeing a benefit or plan that they are not eligible to receive.

Out-of-pocket cost calculator: To eliminate employee surprises, an online open enrollment system should clearly calculate and display the out-of-pocket costs associated with each benefit, along with a running total based on current selections. This allows workers to test different plan combinations to make informed decisions about employee-subsidized and employee-paid benefits. Having a clear understanding of the monthly financial commitment associated with their choices is empowering for employees and reduces complaints when payroll deductions begin.

Electronic eligibility file transmission: Transmitting enrollment information to carriers electronically is a huge time-saving, error-reducing feature that is worth considering. This capability eliminates errors associated with manual data transfer and increases the accuracy of the carriers' records. With this feature, you will spend less time reconciling your records with your carriers' statements. You will also reduce the risk of carrier overpayments and accidental confirmation of incorrect employee options.

Going "Green" with Open Enrollment

Although this discussion establishes the diverse ways that both employer and employee benefit from online paperless open enrollment, many organizations have been slow to automate their processes. At companies with less than 500 employees, for example, only 7% of workers report using a Web site or Intranet portal during open enrollment.

The good news is, for organizations that are considering online open enrollment, there are many good technology choices to go "green" with this critical HR task. By eliminating paper and moving open enrollment online, companies can increase HR efficiency, eliminate errors and improve communication – while enjoying a greener bottom line.

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SOLUTIONS OVERVIEW

PD Services offers best in class HR Software and Tools that are cost effective, improve productivity, and enable HR to shift from administrative to strategic efforts.

HRMS SYSTEMS

Improve HR productivity with leading HRMS systems that are easy to install, easy to use, and cost effective. Features include wizard-based technology, benefits management and carrier connect, attendance tracking, employee self-service, security, reporting for non-technical users, integrated payroll and connectivity with most popular payroll systems.

TIME & ATTENDANCE SYSTEMS

Save time and improve payroll accuracy with our Time & Attendance systems. Capture employee hours, provide information to supervisors, and facilitate time approval. Supports many timeclock types, online punch, and timesheet entry. Interfaces to most popular payroll systems.

RECRUITING SYSTEMS

Improve the recruiting process with cost effective systems to create requisitions, customize a career portal, post jobs online, search for candidates, track candidate progress, communicate more effectively, automate responses, and create reports.

MERIT COMPENSATION SYSTEM

The Merit Compensation Management Tool will help you gain control of your compensation process, ensure that you are paying employees fairly, and help you save time and money. Create budget scenarios for merit planning and enter final approved salaries for export to other systems.

PERFORMANCE MANAGEMENT & APPRAISAL SYSTEM

Increase employee productivity and accountability with a Performance Management / Appraisal system that improves the communication of performance expectations, provides performance tracking, and eases the process for both management and HR. Templates help you create position specific appraisal forms easily customized by the user to match your company's unique needs. Features include competency and goal tracking, self-appraisals, multi-rater appraisals, email notification, routing, electronic signature, reporting and more!

360 FEEDBACK SYSTEM

Develop managers by providing 360 feedback, development planning, and online training with a turnkey development tool. Optional reporting tools provide analysis of the feedback for your entire organization.

EMPLOYEE SURVEYS

Improve retention, productivity, and morale with custom Employee Surveys. PDS will work with you to design and administer a custom survey, analyze the results, and develop action plans for improvement.

ASSESSMENT TESTING

A proven suite of web-based assessment testing tools that will help you hire the right people for the right job, leverage talent, develop people effectively, identify employees for promotion, and retain valued employees.

