Employee Benefits Series

Five Most Common Open Enrollment Mistakes

ONE SOURCE advisors inc.

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A company's open enrollment period can be a hectic time for management, HR staff, and employees alike. While a successful open enrollment period can increase employee health and satisfaction, an unsuccessful open enrollment period can result in compliance risk and reputational damage. Learn the five most common open enrollment mistakes and how to avoid them below.

Mistake #1: Not Informing Employees of the Value of the Health Plan

Retention is greatly increased when employees understand the value of their employer-sponsored health plan. To aid this understanding, employers should consider providing their employees with:

- A well-organized benefits summary which addresses the key features of the health plan; and
- A total compensation statement which emphasizes that health plan benefits are a form of compensation received by the employee.

Mistake #2: Not Informing Employees of Health Plan Changes

If the employee has not experienced a job or family change, he or she may simply re-enroll in the health plan without giving it a second thought. However, health plan premiums, deductibles, and coverage networks may change each plan year, and the employer may be offering new benefits with unique requirements. As a result, it is important for the employer to inform employees of plan changes. Employers should consider using tools such as benefits summary documents, emails, in-person meetings, and social media posts to help ensure that employees fully understand their health benefits.

Mistake # 3: Not Responding to Employee Questions or Concerns

Some employees may have specific questions about the health plan which go unaddressed, while others may want a benefit that is not part of the current health plan. Employers should be mindful of these concerns and seek to better understand what employees want from their health plan. By using online surveys and other methods to obtain employee feedback during open enrollment, employers can satisfy concerned employees and learn how to enhance their health plan.

Mistake #4: Not Offering Coverage to Dependents

Under the Affordable Care Act (ACA), employers with **50 or more full-time employees** (including full-time equivalent employees) may be liable for a penalty of **over $3,000 per full-time employee** if they do not offer coverage to the dependents of their full-time employees. In addition, the ACA requires all plans that offer dependent coverage to offer coverage to plan enrollees' adult children until they reach age 26, even if the child is eligible for coverage through his or her own employer. As a result, it is very important for employers to offer dependent coverage and inform employees of its availability.

Mistake #5: Not Fully Explaining any Tax-Favored Accounts Offered

To take the sting out of high plan deductibles and other out-of-pocket costs borne by employees, many employers have begun offering health savings accounts (HSAs), health flexible spending arrangements (health FSAs), and health reimbursement arrangements (HRAs) in conjunction with their health plans. However, the rules governing these tax-favored accounts can be complicated, and violations of their specific participation, contribution, and distribution requirements can lead to tax penalties. Employers should take the time to fully explain any tax-favored account they offer, and remember to emphasize that the employer's establishment of and contribution to these accounts is yet another part of the employee's total compensation.

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Provided by:

One Source Advisors, Inc
555 Metro Place North, Suite 480
Dublin, OH 43017-1396

Phone: (614) 822-0212
osadvise.com