

Insights for Improvement

Data and analysis from the 2014 Inside Benefits Communication Survey

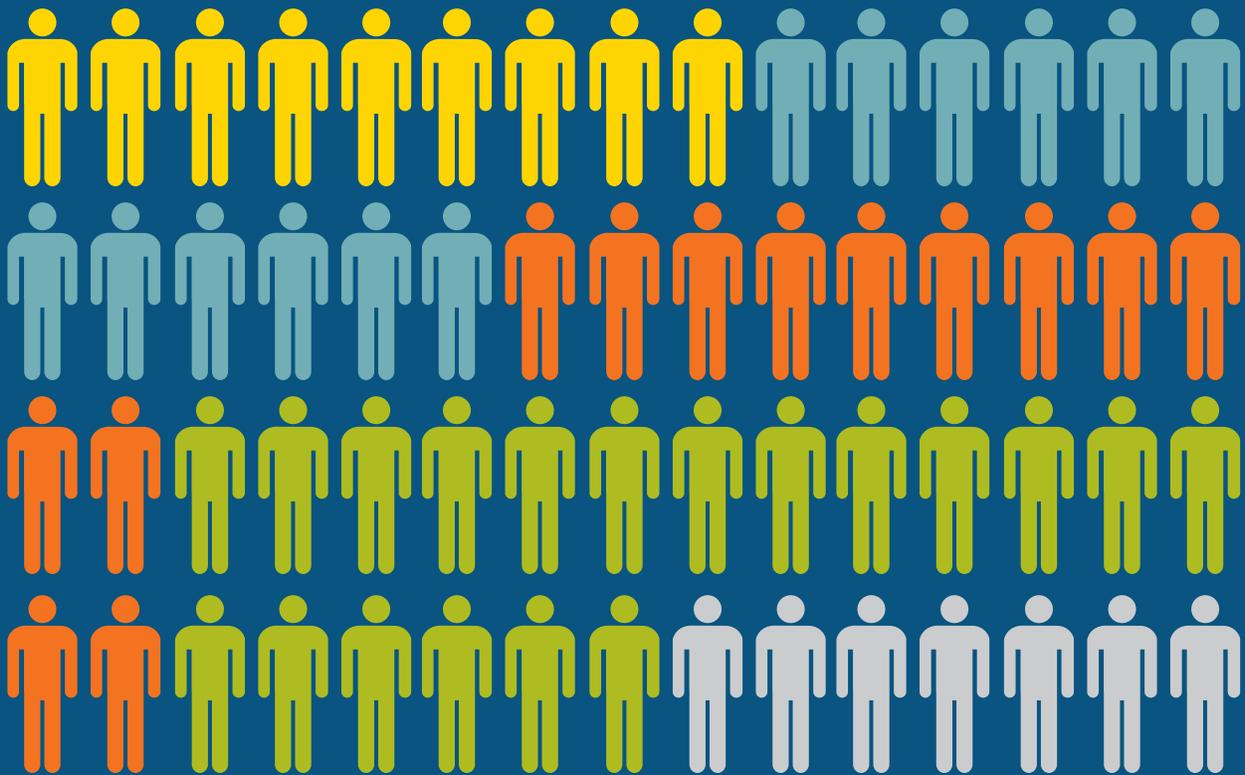


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INTRODUCTION

As our nation's health care system continues through an era of unprecedented change, employees must take on greater responsibility—for managing their health and security. With that added responsibility for employees comes a more prominent and vital role for employers. They must offer robust guidance to help employees use their benefits and make smart financial decisions.

In offering that guidance, benefits communication is more critical than ever—not just for employee understanding, but for company results. Research from MetLife proves that employees who think their employer does a good job with benefits communications are “more than twice as likely to say they are very loyal to their company.” That loyalty is connected to reduced turnover, hiring and onboarding costs, as well as increased productivity—all of which equal a healthier bottom line.

Benefits professionals looking to make even larger investments in employee communication not only have credible data that communication yields results, but also clear indicators about where investments are best spent.

We are honored to bring you the 2014 Inside Benefits Communication Survey report. This is the only national survey that explores specifically how companies are making investments in benefits communication, and the return on those efforts. This year's survey collects data from more than 300 high-level benefits professionals and provides greater insight into how companies are planning and implementing benefits communication.

The 2014 report builds on the first IBC survey from Benz Communications, which similarly reached some 300 employee benefits professionals, and gave us invaluable information about the future of the industry and the challenges that come with it. The 2012 survey showed that engaging employees year-round is among employers' top challenges, and that professionals weren't sure how to document or measure their communications strategies and tactics.

Unfortunately, little has changed in the last two years. Even amid the backdrop of the Affordable Care Act (ACA), employers are missing proven opportunities to improve employees' understanding, use and perceived value of their benefits.

We hope you use the insights here to improve your communications and achieve greater success with your investment in benefits.

Brian Klepper,
CEO, National Business Coalition on Health

Jennifer Benz,
Founder and CEO, Benz Communications

Please send your reactions, questions, feedback and insights to: ibcsurvey@benzcommunications.com.

EXECUTIVE SUMMARY

The 2014 Inside Benefits Communication Survey collected data from 333 benefits professionals across a wide cross-section of industries, corporation sizes and geographic locations. Among the top-line insights from this year's data, we found that:

The employee value proposition takes center stage in communication efforts.

Professionals spent the most time during the last year working to improve employees' understanding and perceived value of benefits (56%). Time dedicated to lowering overall health plan costs was second (47%), followed by maintaining overall compliance (47%).

Communication is largely credited as a main driver in helping companies meet benefits goals.

Respondents were confident about achieving their goals, with more than 80% saying they reached all or some of their benefits goals last year. Communication played a major part in this success; 73% say benefits communication helped them meet their goals last year.

Ongoing engagement remains professionals' top challenge.

Far and away, practitioners say keeping employees and families engaged in their benefits year-round is their largest communications challenge (75%). That percentage is essentially unchanged since the last IBC survey in 2012. However, the lack of engagement could be linked to a lack of frequency, since the majority (64%) also say they only communicate with employees once a year at annual enrollment.

Benefits communication is impersonal, making it forgettable in today's hyper-customized marketing environment.

Engaging employees and families year-round might present less of an obstacle for employers if they focused communications efforts on connecting with employees and families on a personal level. The vast majority don't personalize their communications to specific employee groups/demographics (89%), and don't target spouses/domestic partners and family members with benefits communication (73%). This is an obstacle, since employers are competing with consumer marketers for employees' attention.

Employers embrace online and mobile channels to reach employees with benefits messages—but need to cast a wider (Inter)net.

Ninety percent of respondents say their company's benefits information is available on the Internet. Companies are making strides in leveraging technology:

- 44% put benefits information and updates on their company website and appropriate vendor sites.
- 33% use their company site alone.
- 13% use a vendor/administrator site to disseminate benefits information.

However, respondents are slower to leverage newer technologies and drop traditional IT protocols to reach a broader population:

- 50% place their benefits information outside the firewall, where it's accessible for spouses/partners and other family members.
- Just 40% have their Internet sites optimized for viewing on mobile devices.

More companies are giving workers benefits information on the go.

Employers are growing more comfortable using “new media” like videos, text messaging and mobile apps. More than one-fifth (22%) of 2014 respondents are using new media for benefits communication, compared to 2012, when just 4% used text messaging and 4% used mobile apps. These changes will help employers align with employee preferences for benefits communication, which other industry data show as leaning toward electronic forms, along with their comfort level for receiving benefits messages across those channels.

A forward-thinking minority uses a wide variety of social media tools to communicate.

While just 15% of respondents are using social media in benefits communication, it is a bold minority—of that 15%, 50% use Facebook to communicate; 37% use blogs and 31% use Twitter. There's even 12% using Pinterest and 9% using Instagram. Most (57%) have been using social media for one to three years, indicating that employers using these channels have just begun to scratch the surface on their potential to drive communication success and benefits results.

Communication remains handcuffed by inadequate budgets.

Similar to 2012 findings, 60% of 2014 respondents say their annual budget for benefits communication is less than \$25,000. Three-quarters of respondents say that amount has remained flat over the last year. Plus, one-half spend the majority of that budget on one-time costs—printing or mailing.

ACA looms large for employers in creating benefits communication strategy.

Nearly three-quarters (73%) of respondents report that the ACA will have the biggest impact on their benefits communication strategy in the year ahead. However, plan designs maintain the status quo: 39% say they are maintaining current benefit plans and coverage levels, without increasing employee costs—like deductibles, coinsurance and copays.

Employers reject private exchanges as a cost-control option.

Contrary to results from similar industry polls, more than half (55%) of IBC respondents say they will “never” stop sponsoring employee health plans in favor of giving employees money to buy coverage through a private exchange. Only 5% already use a private exchange to provide employees' health benefits, and just 8% are considering such a move within the next three years.

BENEFITS PRIORITIES & GOALS

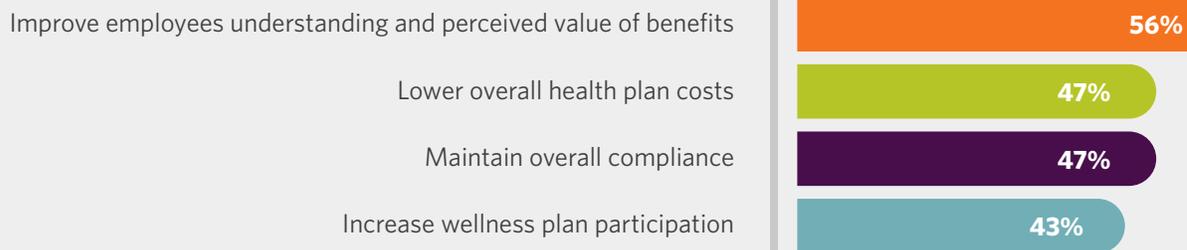
Benefits goals and priorities are clear, yet measurement remains fuzzy.

A majority of 2014 respondents (56%) say improving employees' understanding and perceived value of benefits took up most of their time last year—47% listed maintaining overall benefits compliance and lowering overall health plan costs.

Professionals spent their time in pursuit of their top goals: improving employees health (42%), implementing a new benefit program (23%) and raising employees' benefits awareness (12%).

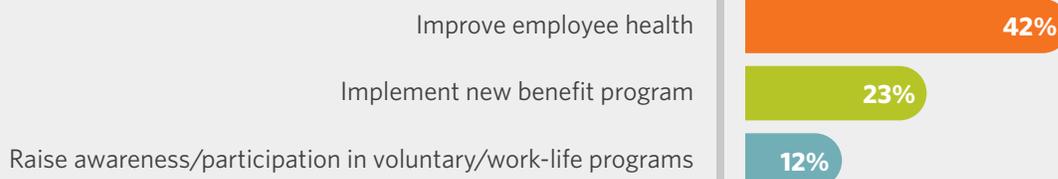
Percentage of respondents who say they spent most of their time in the last year working to:

figure 1



Respondents' main benefits goal in the last year:

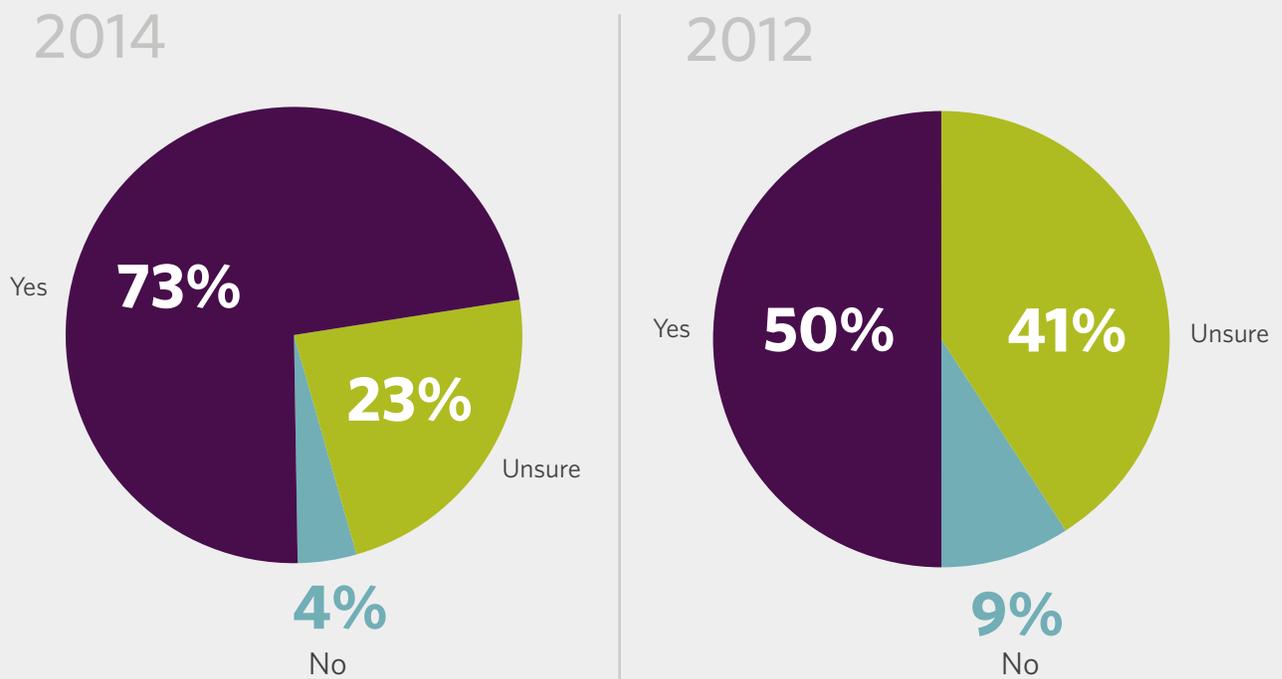
figure 2



While employers have been successful in meeting their goals, measuring them is less concrete. Most 2014 respondents (61%) say they met nearly all of their benefits goals last year, compared to 23% who met all of their goals and 16% who met few. A large majority of respondents (73%) also largely credit their benefits communication in helping them meet those goals. These findings are a big improvement over 2012 results, which showed just one-quarter (24%) of respondents met their goals, and 50% said benefits communication helped get them there.

Percentage of respondents who say communication helped meet benefits goals:

figure 3



However, many professionals in the 2014 survey measure success by reduced calls to the HR/benefits department (46%)—which doesn't necessarily equate to increased employee understanding, perceived value or participation in benefit plans and programs, a result respondents say they most desire.

That said, another sizable group of 2014 respondents (41%) rely on first-hand feedback via employee surveys/focus groups to gauge success, while others lean on numeric metrics like:

- Reduced benefit costs (40%).
- Improved wellness biometrics (26%).
- Reduced employee health risks (25%).
- Increased retirement plan participation/account balances (24%).

Reliance on hard numbers appears ingrained for IBC respondents, who said in 2012 that they most often used benefits enrollment and participation (72%) and employee surveys (49%) to measure communications results.

How respondents measure communications success:

figure 4



BENEFITS COMMUNICATION STRATEGY, TACTICS & RESULTS

More employers make incremental strategic shifts, yet they are still constrained by low budgets and short-sighted vision.

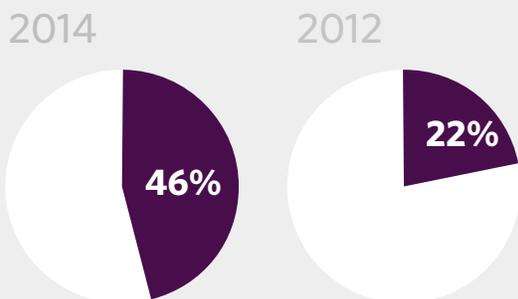
Similar to 2012 IBC data, most 2014 respondents lack a documented benefits communication strategy; however, there has been movement in a positive direction in the last two years. In 2012, just 22% had a documented communication strategy; among that group, 45% weren't satisfied with it. Today, the numbers have improved: nearly half (46%) have a documented communication strategy; among them, 27% aren't satisfied. Even more encouraging, 36% say their strategy also is tied to larger business goals (a question not asked in 2012).

Despite large strides, there's room for improvement in the strategy department: 43% in 2014 say their communication strategy isn't aligned with overall corporate goals, and 21% are unsure.

What remains unchanged are the resources professionals say they have allocated toward communication. In both 2012 and 2014, the majority of respondents say annual communication budgets are \$25,000 or less (68% in 2012, 60% in 2014). Three-quarters of 2014 respondents say that amount has remained flat over the last year. While it's encouraging to see that resources haven't decreased, it is troubling that one-half of respondents still say they spend the majority of their communications budget on one-time costs—printing or mailing (albeit down from 66% in 2012).

Clearly, the lack of a fully formed strategy and inadequate resources are still hampering benefits practitioners from overcoming their largest communications challenges—now and in previous years.

Percentage of respondents with a documented communication strategy:



Percentage of respondents dissatisfied with communication strategy:

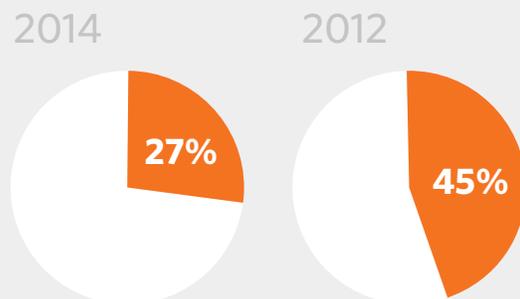


figure 5

Too few companies use proven communication best practices.

Getting employees and families engaged in their benefits year-round once again is the top-ranking communications challenge, cited by 75% of respondents in 2014 (similar to 78% in 2012). Rounding out professionals' top challenges:

- Personalizing benefits materials so they're meaningful (47%).
- Getting employees and families to make good choices during enrollment (44%).
- Increasing benefits participation (44%).

Respondents say biggest communication challenges are:

figure 6



Such challenges might be more easily addressed if employers were able to devote strategy, time and resources toward communicating year-round and other recognized best practices. Too few IBC respondents are using proven approaches such as:

Year-round communication.

Employers are hindering their own progress by communicating far too infrequently. In 2014, 64% of respondents say they communicate about benefits just once a year—during annual enrollment. Thirty-one percent communicate after an employee has a specific life event (like getting married or having a baby). In 2012, 29% said they communicate year-round, and in 2014, just 18% indicate the same.

Reaching families.

In 2014, just 26% of respondents use benefits communications to reach spouses/domestic partners and/or family members.

Segmented communication.

Even when communicating directly to employees, far too few (11%) offer unique messaging to employees by demographic groups (i.e., gender, life stage, employment level or health status) and less than half (35%) target communications according to benefit behaviors (i.e., not contributing to an HSA, not participating in a wellness program, not contributing up to 401(k) match).

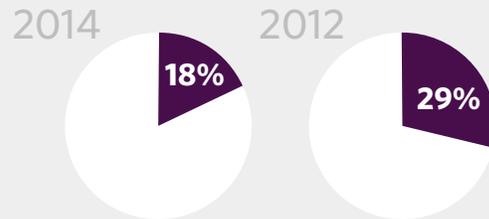
Online communication.

This is a bright spot for employer progress: Significant strides have been made in this area between 2012 and 2014. See page 14 of this report for detailed findings on how employers are increasing their use of technology in diverse and effective ways to distribute benefits messages to employee populations.

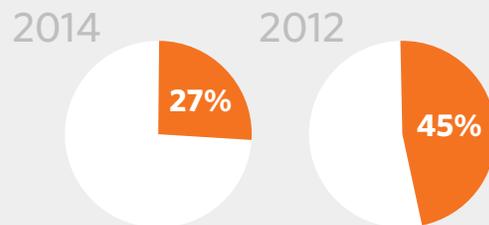
Use of communication best practices:

figure 7

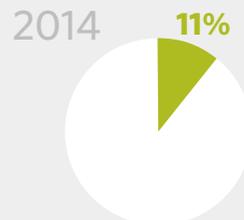
Communicate year-round



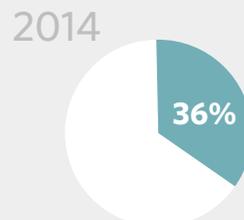
Target communication to reach spouses/domestic partners and/or family members



Segment communication to employees in different demographic groups (i.e., gender, age, health status)*



Segment communications to employees by benefit behavior (i.e., contributing/not contributing to HSA or up to 401(k) match)*



* Question not asked in 2012

Using best practices yields better results.

Another bright spot in the data is that employers planning strategically and using communication best practices achieve better results.

Among 2014 respondents with a documented communication strategy, 66% tied their strategy to overall business goals. These companies were more likely to communicate at least monthly, target communication and segment communication than respondents without a strategic plan. Also, 30% met all of their goals last year (compared to 23% among all respondents).

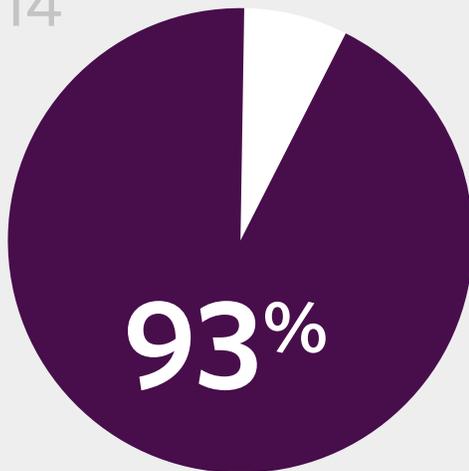
The 2012 results showed that 84% of companies communicating year-round achieved their benefits goals. Ninety-three percent of 2014 respondents whose companies communicate year-round met all or most of their benefits goals in the last year. In addition, fewer listed keeping up with compliance, navigating through health care reform and getting employees and families to make good choices during enrollment among their top communication challenges.

Companies that communicate year-round (at least monthly), for example, also are more likely to incorporate other best practices like targeting communication.

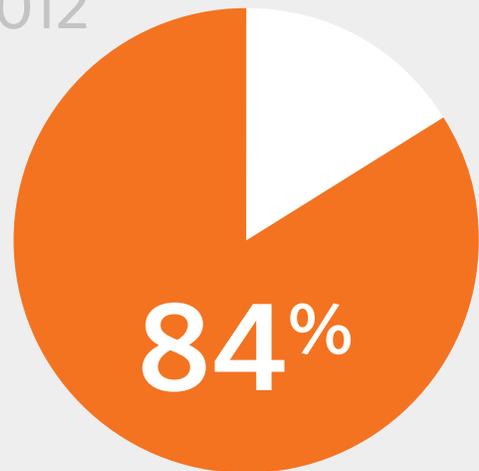
Companies communicating year-round achieved their benefits goals:

figure 8

2014



2012



IMPACT OF INDUSTRY TRENDS AND TECHNOLOGY

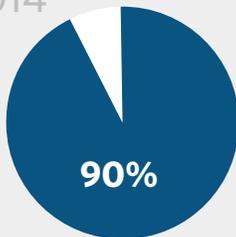
Employers appear more open to using technology to boost benefits engagement.

A larger number of employers appear willing to embrace greater use of technology as an effective way to disseminate benefits messages to more diverse and dispersed employee populations.

In 2012, 38% of respondents said their company's benefits information was available on the Internet outside the firewall/password protection; that number rose this year to 50%—an encouraging sign that employers are working toward making benefits information accessible to spouses/domestic partners and other family members allowing for shared decision-making.

Also encouraging is 2014 data showing that 40% have their Internet sites optimized for mobile viewing compared to 13% in 2012.

2014

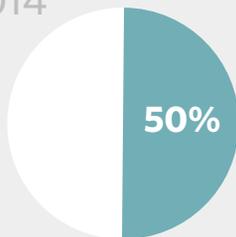


90% of 2014 respondents put benefits information on the Internet.

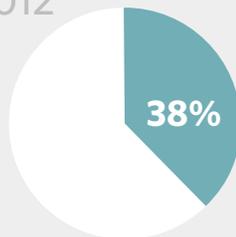
figure 9

Online benefits information accessible outside the firewall:

2014

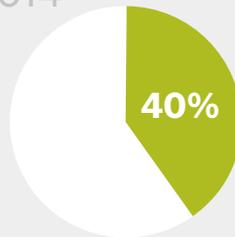


2012

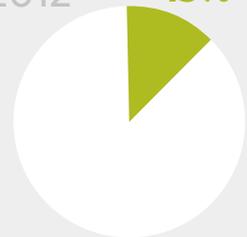


Online benefits information optimized for mobile viewing:

2014



2012

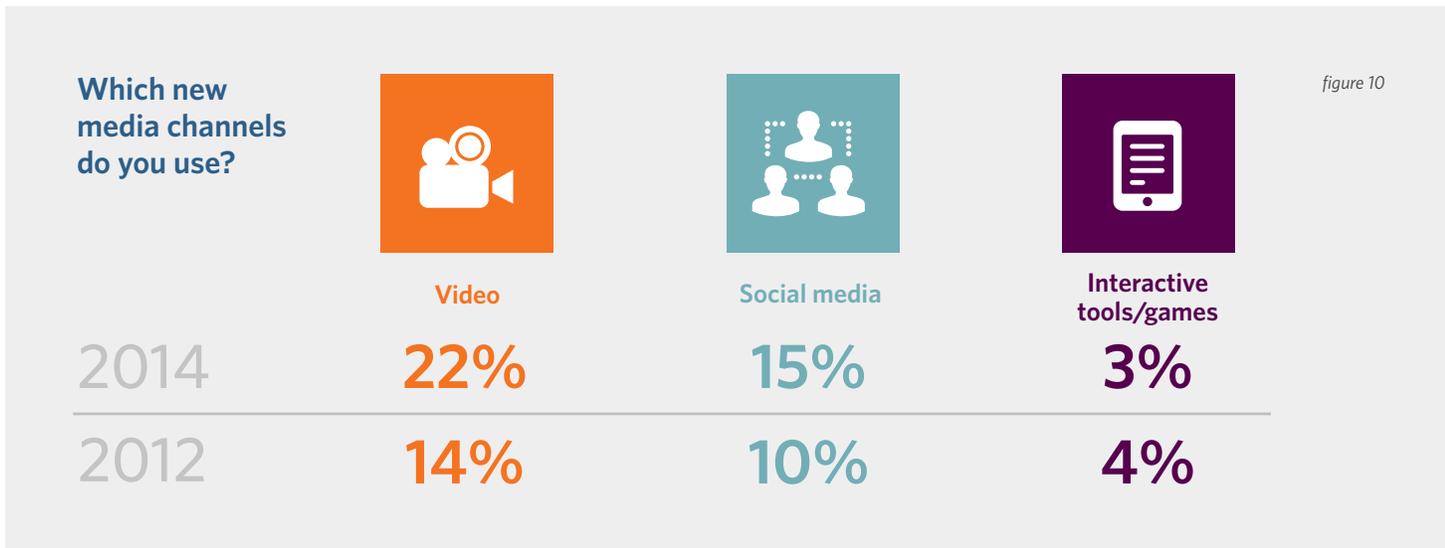


The same progressive steps forward are happening with communication via “new media” channels like videos, text messaging and mobile apps. More than one-fifth (22%) of 2014 respondents are using new media for benefits communication, compared to 2012, when just 4% used text messaging and 4% used mobile apps.

These changes will help employers align with employee preferences for benefits communication, which other industry show as leaning toward electronic forms.

There’s an incremental increase in the percentage of companies communicating via social media as well: 15% are using social tools for benefits communication, compared to 10% in 2012.

While respondents using social media still remain solidly in the minority, it is a bold minority—of that 15%, 50% use Facebook to communicate; 37% use blogs and 31% use Twitter. There’s even 12% using Pinterest and 9% using Instagram!



Most (57%) have been using social media for one to three years, indicating that employers using these channels have just begun to scratch the surface on their potential to drive communication success and benefits results—including cost savings (no need to print and mail), increased engagement and online traffic, and reaching broader employee groups with just-in-time information.

Among the 85% of professionals in 2014 who say they aren't using social media channels for benefits communication, most cite three top reasons for their reluctance:

- Believe social media is an ineffective communication channel
- Lack of executive buy-in about social media's effectiveness
- Lack of time/staff/resources to devote to launching and maintaining social media

ACA dominates the landscape for communication, not for plan design.

In another new series of questions for 2014, professionals were asked to share their plans and perceptions about connecting their communication plans to the Affordable Care Act. In a stark departure from other industry polls, employers plan to reject private exchanges as a way to control rising health care costs.

More than half (55%) of the respondents indicate they will “never” give employees money to buy coverage through a private exchange. Only 5% say they already use a private exchange to provide employees' health benefits, and just 8% are considering such a move within the next three years. Overall, plan design strategy seems to maintain the status quo with 39% saying they are maintaining current benefit plans and coverage levels, without increasing employee costs—like deductibles, coinsurance, and copays; 32% indicate they will

Employers not buying into private exchanges:

figure 12



55%

Will never have employees purchase health plans through a private exchange.

32%

Are considering moving to a private exchange within 3-5 years.

8%

Are considering moving to a private exchange within 1-3 years.

5%

Currently have employees purchase health plans through a private exchange.

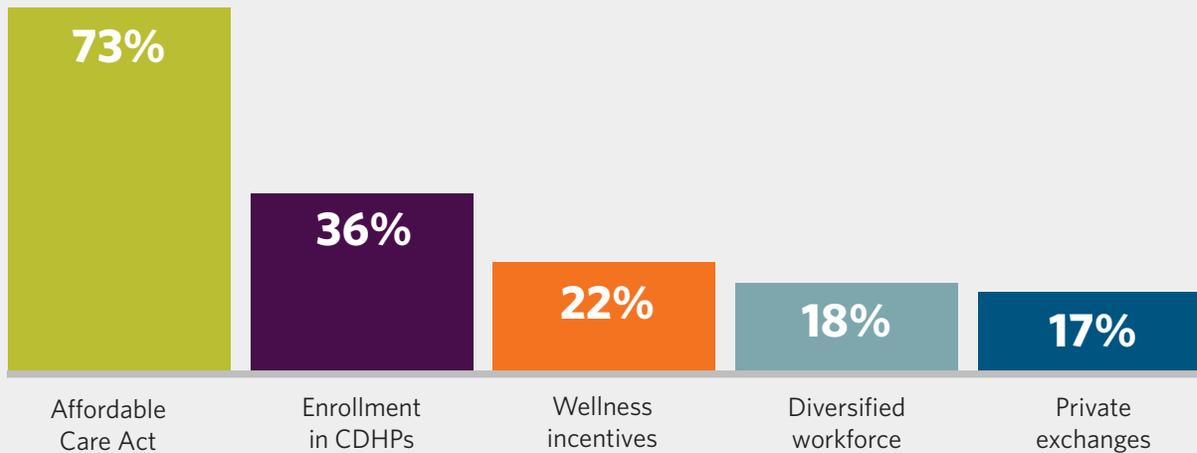
also maintain current benefit and coverage levels, but increase employee costs.

When asked how their company is preparing to comply with the ACA “Cadillac tax” in 2018, 26% responded that they are maintaining current benefit plans and coverage levels without increasing employee costs; almost 20% said they are maintaining levels, but increasing employee costs; 15% are reducing benefit plans and coverage levels while increasing employee costs.

Despite that ACA doesn’t appear to be much of a factor in plan design, the law looms large for employers in creating benefits communication strategies. Nearly three-quarters (73%) of respondents report that the ACA will have the biggest impact on their benefits communication strategy in the year ahead—followed by enrollment in consumer-driven health plans (36%), increased wellness incentives under ACA (22%), and a more diverse/dispersed workforce (18%).

Nevertheless, most respondents say ACA is the industry shift that will make the largest impact on their upcoming benefits communications.

figure 13



CONCLUSION

Meaningful, but missed, opportunities exist for employers to excel at communication.

As one of the last remaining sources for reliable and trusted health information, employers must invest in effective and ongoing benefits communication.

Yet, as our data show, they are missing out on meaningful chances to communicate with employees in more frequent, more personalized and more accessible ways.

By focusing on best practice strategies and incorporating proven communications tactics, employers can expand their results by leaps and bounds—and strengthen their employee value proposition at the same time.

Making strategic investments now will strongly position companies for a future that will be only more reliant on employees' sound understanding, use and perceived value of benefits offerings—both for cost savings and overall corporate success.

As one of the last remaining sources for reliable and trusted health information, employers must invest in effective, ongoing benefits communication. Too many are missing out on big and meaningful chances to communicate with employees in more frequent, more personalized and more accessible ways.

ABOUT THE SURVEY

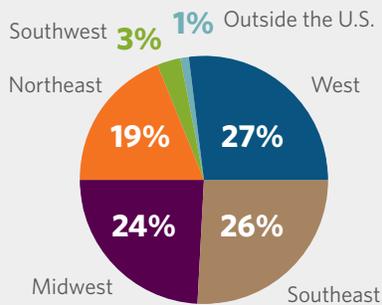
The 2014 Inside Benefits Communication Survey is a collaborative research effort from the National Business Coalition on Health and Benz Communications to learn how companies are strategizing and implementing benefits communication through the lens of the Affordable Care Act, compliance mandates and industry trends. The research gathered key data from 333 HR/benefits professionals about their benefits communication approaches, strategies and results. Respondents included a wide cross-section of professional responsibilities, employer size and team size. Respondents also represent a variety of U.S. industries, including health care, technology, services, consumer goods and finance.

Respondents' primary responsibilities within their companies:

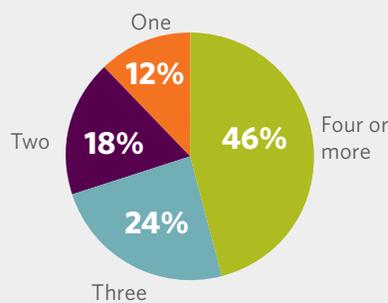
figure 14



Geographic location

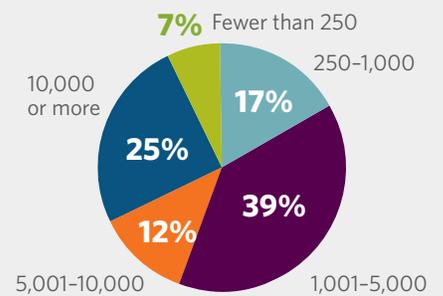


Internal team makeup



Company size (by number of employees)

figure 15



ABOUT NATIONAL BUSINESS COALITION ON HEALTH

National Business Coalition on Health (NBCH) is a national nonprofit membership organization of purchaser-led health care coalitions, representing more than 4,000 employers and about 35 million employees and dependents. NBCH and its members are dedicated to value-based purchasing of health care services through the collective action of public and private purchasers. NBCH seeks to accelerate the nation's progress toward safe, efficient, high-quality health care and the improved health status of the American population.



ABOUT BENZ COMMUNICATIONS

Benz Communications is a boutique consulting and marketing firm headquartered in San Francisco. It create results-focused and data-driven communication strategies and campaigns for Fortune 500 companies, including several of Fortune's 100 Best Companies to Work For. Benz Communications also offers innovative resources, such as toolkits and training, to help employers of all sizes educate employees about health and financial benefits.

