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BENEFITS REPORT

HEFFERNAN INSURANCE BROKERS
Because You're Different

OPEN ENROLLMENT

HOW TO COAX DISENGAGED WORKERS TO PARTICIPATE



ONE OF the biggest challenges employers face during annual open enrollment is reaching workers who see little reason to sign up for health insurance or even review their benefits options.

Younger employees can be particularly difficult to reach. Some believe they are healthy enough to go without coverage, while others would rather keep the money they would otherwise pay in premiums.

But going uninsured can leave workers facing substantial medical bills if they become sick or injured. They may also miss out on preventive services that most health plans must cover without cost-sharing when provided in-network.

The resulting financial strain can hurt both employees and your organization. The challenge is convincing these workers that health coverage has value even if they rarely visit a doctor.

Strategies to boost participation

Employers can take a number of steps to reach workers who have little interest in open enrollment:

Focus on life events – Tailor alerts to younger workers who may be getting married, starting families or approaching age 26, when dependent coverage under a parent's health plan generally ends. Explain how these milestones can change their insurance needs and why planning ahead matters.

Emphasize financial protection – Rather than focusing solely on premiums, explain what an unexpected emergency room visit, hospitalization or surgery could cost without insurance. Show employees how coverage can help protect their finances and health even if they rarely need medical care.

Explain the numbers – Explain premiums, deductibles, copayments and out-of-pocket maximums in plain language. Provide side-by-side plan comparisons showing paycheck deductions and potential costs under different medical scenarios.

Use multiple communication channels – Supplement e-mail announcements with text reminders, short videos, workplace posters and messages from supervisors. Mobile-friendly communications are particularly important for younger, remote and frontline employees. Hold in-person meetings to explain how open enrollment works and why employees should review their options and choose a plan that fits their needs.

Make enrollment easy – Provide a streamlined online enrollment platform that works on smartphones. Include tools that help employees compare plans based on prescription costs and anticipated medical needs.

Offer personal assistance – Encourage workers to meet in person with your HR team to discuss their options. Employees who are confused about their options may be more willing to enroll after having

See 'Survey' on page 2

Call us for a free Open Enrollment strategy consultation or to review your policy choices.

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ENROLLMENT CHALLENGES

REMOTE WORKERS FIND BENEFITS SELECTION DIFFICULT

A NEW SURVEY has found that remote workers have a more difficult time choosing benefit plans that are the right fit for them compared to their colleagues who work on-site or have hybrid remote-office schedules.

The poll by MetLife found that nearly half of remote workers struggle to understand their employee benefits. As a result, these workers may end up choosing plans that do not meet their needs and spending more time on trying to choose their benefits.

The survey results also reflect the challenges that employers continue to face in meeting their employees' increasingly diverse needs. They also highlight the need for employers to improve their communications, particularly with those who are working remotely full-time and especially if they are in another state.

It's crucial that employers get this right in light of the importance these workers place on their employer-sponsored benefits.

The survey of 1,000 full-time employees at companies with at least two employees found that 61% said benefits are a major reason they stay with their employer. Those figures were higher for work-from-home caregivers with children (72%) and millennial and Gen Z workers (67%).

Remote workers' concerns

- 45% of remote workers are struggling to understand their employee benefits, compared with 29% of their colleagues who work on-site.
- 55% of remote workers are highly anxious about their finances compared with 46% of hybrid and on-site workers.
- 55% of telecommuters spend over one hour per week worrying about their benefits, compared with 37% of on-site and hybrid employees.

Around 65% of remote workers said that a better understanding of open enrollment would help make them feel more financially secure.

An employees lack of knowledge can result in choosing the wrong plan, and may end up costing them more than necessary.

As a result:

- Remote workers are twice as likely to say they enrolled in the wrong type of benefits last year.
- 57% of remote workers require more information to make the right benefit choices, compared with 47% of hybrid and on-site workers.

What you can do

Set up virtual information sessions where plan options, including key defining details and specific benefits, are outlined and covered clearly.

Depending on how many employees you have, consider offering a few sessions for them to choose from, to ensure they can all make it.

Record the original session for employees to watch later if they can't attend.

Also, make sure your human resources department is available for one-on-one questions.

Some of your employees may need additional help in choosing a plan. You may want to consider offering phone or video chat meetings for them in case you need to show them documents and graphics.



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Survey Employees to Improve Benefits Communications

their questions answered privately.

Encourage action – Consider incentives for completing the enrollment process, such as prize drawings or department participation challenges. Reward completion rather than the decision to purchase coverage and ensure incentives comply with applicable rules.

Follow up with nonparticipants – Track enrollment completion and send reminders before the deadline to choose a plan. Some staff may need personal reminders or help navigating the process.

Review and review the enrollment process

Consider asking employees to review their benefits each year, even if they intend to decline coverage. Requiring workers to acknowledge their options can help prevent them from overlooking enrollment deadlines or missing important plan changes.

Finally, survey employees after open enrollment to identify obstacles that kept them from participating. Their feedback can help HR teams improve communications and simplify the process for the following year.

HEALTH CARE BENEFITS

HELP EMPLOYEES USE THEIR FSA FUNDS BEFORE YEAR-END

EMPLOYERS SHOULD remind their workers to check their flexible spending account balances before year-end or risk losing money set aside for health care expenses.

Workers forfeit more than $4 billion in unused FSA funds annually, according to *Money.com*. Research from the Employee Benefit Research Institute found that about 40% of FSA holders forfeited money in 2024, losing an average of $404 each.

With health care costs continuing to rise, employers can help their staff avoid unnecessary losses by educating them about eligible expenses and reminding them of approaching deadlines.

How FSAs work

Health FSAs allow employees to set aside pretax earnings to pay for qualified medical expenses that are not covered by insurance. Contributions reduce taxable income, and employees can use the funds for eligible expenses incurred by themselves, their spouses and qualifying dependents.

Unlike health savings accounts, FSAs generally operate under a "use-it-or-lose-it" rule. In other words, employees must spend their funds during the plan year or forfeit the remaining balance.

However, employers can offer one of two options to provide additional flexibility:

- **Carryover.** For 2026, employers may allow employees to carry over up to $680 in unused funds into the following plan year.
- **Grace period.** Alternatively, employers may give employees an additional 2½ months to incur eligible expenses. For calendar-year plans, that means until March 15.

Employers cannot offer both options in the same health FSA and are not required to offer either.

What the funds can pay for

Besides copayments, deductibles, prescription drugs, eyeglasses and contact lenses, employees may use their accounts for a surprising variety of everyday health products, including:

- Sunscreen with an SPF of 15 or higher that provides broad-spectrum protection.
- Acne treatments, bandages and first-aid supplies.
- Over-the-counter pain relievers, allergy medications and cold remedies.
- Menstrual care products and pregnancy tests.
- Breast pumps and certain breastfeeding supplies.
- Blood pressure monitors, thermometers and glucose-testing supplies.
- Orthopedic shoe inserts and certain braces.
- Prescription sunglasses and contact lens solution.

Some less conventional expenses, such as fitness equipment, health-monitoring devices and specialized meal programs, may qualify when used to treat a diagnosed medical condition and supported by appropriate documentation.

If unsure if an expense qualifies, employees should confirm eligibility with their FSA administrator before making purchases.

What you can do

Employers can reduce forfeitures by making FSA education part of their regular benefits communications rather than waiting until December.

How employers can help

- **Send reminders.** Use e-mails, employee newsletters, workplace messaging platforms and breakroom posters to highlight deadlines and encourage balance checks.
- **Share eligible expense lists.** Direct employees to their FSA administrator's resources or websites that identify qualifying products and services.
- **Tailor communications.** Highlight pregnancy and parenting expenses for growing families, menopause-related medical needs for older workers, heart-health monitoring products during American Heart Month in February, sunscreen during summer and cold remedies during flu season.
- **Explain reimbursement procedures.** Remind employees to submit outstanding claims and provide clear instructions on documentation and filing deadlines.
- **Encourage advance planning.** During open enrollment, help workers estimate how much in medical expenses they expect to incur in the upcoming year so they can choose appropriate contribution amounts.

The goal is to ensure employees understand the value of their FSA benefits and have enough information to use their funds wisely before deadlines arrive.



TRANSPARENCY IN COVERAGE

NEW RULES COULD MAKE COMPARING MEDICAL PRICING EASIER

THE TRUMP administration has finalized new federal health care price transparency regulations designed to make pricing information more accessible, understandable and reliable.

The changes build on existing Transparency in Coverage requirements and could help employees make more informed decisions about where to receive medical care, potentially reducing their out-of-pocket expenses.

Under regulations adopted in 2020, health insurers and employer-sponsored health plans were required to publish negotiated prices for medical services. However, the information was often buried in enormous computer files that were difficult for ordinary consumers to access or interpret.

The new regulations, announced Oct. 5 by the Centers for Medicare & Medicaid Services, aim to address those shortcomings by standardizing pricing disclosures, eliminating unnecessary information and improving the accuracy of reported prices. The regulations also require insurers and health plans to provide personalized cost-sharing estimates by telephone, supplementing existing online comparison tools.

How your employees can benefit

The changes could be particularly valuable for employees enrolled in high-deductible health plans, who may be responsible for paying substantial portions of their medical bills before their insurance coverage begins paying.

Prices for the same medical procedure can vary considerably among hospitals, outpatient facilities and other providers, even within the same geographic area.



How to help your employees

Employers can spread the word about this change by encouraging their covered workers to take the following steps when scheduling nonemergency medical services:

- **Compare providers:** Use the health plan's online cost-comparison tools to review prices at different in-network facilities.
- **Request personalized estimates:** Contact the insurer to determine expected out-of-pocket costs, including deductibles, copayments and coinsurance.
- **Verify network participation:** Confirm that the facility and medical professionals involved are in the employee's insurance network.
- **Ask about additional charges:** Determine whether the quoted price includes physician fees, anesthesia, laboratory work or other related services.
- **Consider quality:** Compare provider qualifications, quality ratings and recommendations from the treating physician, rather than choosing solely on price.

What employers can do

Employers can help workers benefit from the new transparency requirements by explaining the availability of cost-comparison resources during open enrollment and throughout the year.

HR and benefits personnel should familiarize themselves with their health plans' existing online pricing tools and telephone assistance options so they can direct employees to the appropriate resources.

The regulations will be implemented over time, so employers should confirm when specific changes will become available through their health plans.

While price transparency alone will not eliminate rising medical costs, giving employees better information before they receive treatment could help them avoid unnecessarily expensive services and make their health care dollars go further.

If you have questions about your coverage or our products, please reach out to me:

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