

Benefits Insights

Inflation's Impact on 2024 Open Enrollment



Many employees continue to feel financially strained because of inflation. With open enrollment fast approaching, inflation could impact the choices employees make when it comes to their benefits. Specifically, employees are likely to consider which benefits matter the most and how to optimize the money they spend on those offerings. As a result, this year's open enrollment may be more challenging than usual for employers and benefits providers.

This article explores how inflation is impacting employees' benefits selections and approaches to open enrollment and outlines what employers can do to help.

How Inflation Is Impacting Employees

According to The Hartford's Future of Benefits Pulse Survey, 63% of U.S. workers feel their financial stress has increased over the past year. To prepare for a possible recession, workers reported engaging in the following activities:

- Cutting back on day-to-day expenses (40%)
- Paying off debt (30%)
- Increasing contributions to savings or investment accounts (23%)
- Looking for a higher-paying job (19%)
- Getting a second job to increase their household income (17%)

Due to the financial stress inflation is placing on employees, many of these individuals will be looking to their employers to help them optimize their benefits selections, including retirement savings, health care, health savings accounts and voluntary benefits (e.g., critical illness, hospital indemnity, disability income or accident insurance). As more employees are watching their hard-earned dollars, they likely will spend more time reviewing their benefits selections than in previous years.

Approaching Open Enrollment

Many employees want to optimize what they spend on their benefits and are looking to their employers for help and guidance. When left on their own, they may be rushing through the selection process or simply make the same benefits choices as they did in the prior year.

In fact, a recent Consumer Engagement in Health Care Survey revealed that nearly three-quarters (72%) of adults spent less than one hour deciding on their health plans during open enrollment. By understanding how employees approach their benefits selections, employers can help them make better choices during this year's open enrollment season.

What Employers Can Do to Help

Inflation has placed employee benefits at the forefront of many employers' attraction and retention strategies. Employers can take steps now to help their employees better understand their benefits options and make more informed decisions. This can, in turn, help employees better protect themselves and their families in the upcoming year.

Here's how employers can assist employees this open enrollment season:

- **Communicate with employees about benefits early.** By communicating early—especially during the period of time leading up to open enrollment—employees can be better prepared to make benefits selections. Many workers enroll in benefits as soon as open enrollment begins, so by being fully informed before the start of this process, these individuals can be empowered to make the best selections.
- **Use multiple communication channels.** Employers can use various channels to communicate with employees about benefits, including emails, webinars, discussions with benefits counselors, educational videos and interactive tools.
- **Employ clear language and personalized messaging.** Clear language and personalized messaging can enable employers to demonstrate how insurance products relate to their employees' lifestyles instead of simply listing what benefits are being offered. Employers can help employees better understand their benefits options by simplifying how they talk about these offerings and using storytelling to demonstrate how different benefits are relevant.
- **Highlight the services that come with coverage.** Helping employees understand what services accompany their benefits selections can help them make better decisions to protect themselves. These services may include employee assistance programs or legal advice benefits.

It's important to note that, in addition to employees, many employers are also being impacted by inflation. In particular, some employers are being forced to adjust their budgets for medical and voluntary benefits spending in the upcoming open enrollment season. In these instances, employers should be sure to communicate any changes in benefits offerings to their employees.

Conclusion

Employee health and well-being remains one of the most important priorities for many employers. Accordingly, employers have the opportunity to simplify and personalize their open enrollment processes this year to help employees determine how best to allocate their potentially limited resources strained by inflation. By giving employees more time to review benefits offerings, employers can help these individuals optimize their resources and make the best selections for themselves and their families during this period of financial difficulty.

For more employee benefits resources, contact us today.

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