Getting It Right the First Time—

4 Tools for Evaluating Benefit Communications
When health and retirement plan participants can’t understand a benefits communication, the plan sponsor has failed to do its job. Communications need to be simple, credible, transparent and relevant.

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In April 2014, Steven Brill, a distinguished journalist and author, had open heart surgery to repair an aortic aneurysm. Brill’s beat is health care. He has written award-winning articles for Time magazine and the New York Times about the exorbitant cost of care in the United States and the widespread dysfunction of the health care system. After his surgery, in the summer of 2014, dozens of explanations of benefits (EOBs) began pouring into Brill’s mailbox. As someone knowledgeable about health care, he figured that, although it would take a while, he would work his way through the mountain of paperwork and eventually make sense of it all.

If only. Even to a man who had been covering health care for years, the EOBs were inscrutable.

Brill’s profession, though, provided him something most everyday health plan participants don’t have—access to the uppermost C-suites in the health insurance business. And a few weeks after his recovery, he found himself interviewing the president and CEO of his own insurance company. At the end of the interview, Brill pulled out one of his EOBs and asked the CEO if he might be able to decipher it. It was for a prescription drug and showed that although the “billed amount” was zero, Brill owed $152.84.

The CEO looked the document over and, after fumbling around for a bit, asserted that the state regulates how these sorts of things are to be communicated. Then, after a minute, he handed the EOB back to Brill and admitted, “I have no idea what that means; I would have no idea how to decode that.”

In his book about the Affordable Care Act, Brill describes the incident and what happened next: The CEO turned to staff members who were with him, instructed them to explain the EOB and asked them to send Brill the state regulations that dictate how this information needs to be communicated.1

There are 100 reasons Brill’s EOB might have been wrong or misinterpreted or unclear. But whatever the reason, the communications staff was now on the hook for an embarrassingly ineffective piece of plan communication. After all, what the regulations “dictate” about how EOBs are supposed to be communicated is that they should be designed to be clearly understood by participants. The failure of the document signals the failure of the plan to do its job.

Plans need to get their materials right the first time. A participant shouldn’t need to sit next to a communications director in order to figure out an EOB—or any other piece of plan communication, for that matter. (The irony of the above situation, of course, is that the document needing an explanation is already an “explanation.”) Moreover, the core of plan communications shouldn’t be recomunica- tion—spending precious staff time and resources interpreting and justifying plan documents that ought to be clear in the first place.

Getting it right the first time isn’t only smart communication, it’s also good business. A 2013 study by the Society for Human Resource Management stated that “employees consistently ranked benefits among the top contributors to their job satisfaction.” However, the study also showed that there was a disconnect “between the dollar amount organizations spend on benefits and the employees’ perceptions of the value of their benefits package.” In other words, it isn’t just how much employers spend on their benefit packages that matters, it’s also how well employees understand the true value of those benefits that influences their job satisfaction.2

How do plans get it right the first time? Or if an organization is in the process of revising its plan documents, how does it make sure it gets it right this time?

Four commonsense tools can help. They may seem simplistic at first glance but, considering that as many as 40% of participants don’t fully understand their benefit options3 or that only about one in five can accurately calculate what he or she owes for a routine office visit (for younger people, minorities and people with lower incomes or less

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education, it’s fewer than one in five), it’s clear that a surprising number of plans are getting it wrong.

The tools apply across all platforms (hard copy, digital, social media, etc.) and should be kept in mind when crafting anything that goes from the plan to the participant. Particularly challenging are highly regulated pieces like the EOB or the annual funding notice, although these are precisely the materials that need the most attention.

**Simplicity**

Benefits are complicated. A plan sponsor’s job is to make them simple. This doesn’t mean dumbed down or aimed at a lowest common denominator. It means that all communications need to be direct, objective and, above all, user-friendly. Distilling complex information and reducing legalese and “benefitese” is a formidable task, but it’s absolutely crucial to engaging participants and helping them through the maze of tough choices they need to make.

Benefit plans expect a lot of participants. They’re expected to be effective health care consumers who can compare the costs and quality of their care, to carefully plan and save for their retirement and to make complex and sometimes fraught decisions for themselves and their families. The least plan sponsors can do is make sure the resources they present to participants are accessible and useful and that they meet participants on their level—a level that assumes intelligence but not expertise.

In addition, it’s important to continually assess whether the message being sent is landing. Adding a way for participants to give feedback on the resources they use should be standard practice. Plan sponsors can provide a way for participants to “feed back” on the plan website or mobile app. Plans should always be monitoring how—and how effectively—participants are understanding and using plan materials.

**Credibility**

Those responsible for plan communications need to be honest brokers—always—if they expect to reach their participants successfully. They need to be constantly mindful of how the plan is perceived by employees. Are there tensions in the workplace? Is economic pressure forcing plan changes? Has there been sluggish performance in the 401(k) plan? If so, these stressors in the work environment need to be acknowledged and addressed.

As in any relationship, building trust requires ongoing attention, and establishing internal and external credibility is critical if participants are to trust the messenger.

The more credible the plan and the organization, the easier it will be for communications to support smooth transitions during plan changes and ease the delivery of bad (or even just not-so-good) news.

**Transparency**

There’s an old saying: A half-truth is a whole lie. The third tool, transparency, is more rigorous than credibility. One can be credible and not completely transparent. Transparency means telling the whole truth. In many ways, it’s the flip side of credibility: Credibility is participants trusting the plan; transparency is the plan trusting participants.

It means being completely forthright on health care costs, plan operations, coverage limits, investment performance, fee structures and economic pressures facing the business and the plans. It means adhering to high ideals of truth telling and ethics, assuming an elevated standard of care that instills trust and disclosing information that may be difficult or hard to deal with.

What’s left unsaid is often as telling—if not more telling—than what is said. If there’s a hidden ball somewhere, or even the suspicion of a hidden ball, participants are sure to disengage.

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**Takeaways**

- Benefits influence employees’ job satisfaction only if they truly understand the value of those benefits; as many as 40% of employees don’t.
- The most highly regulated communication pieces, such as EOBs, often are the ones employees most need to understand.
- All benefit communications need to be direct, objective and user-friendly, without legalese and benefits jargon.
- Plan participants need to be able to trust the plan sponsor. Credibility will smooth communication of plan changes and not-so-good news.
- Unless a plan is transparent—telling the whole truth—about costs, plan design, fees and economic pressures, participants likely won’t engage with the plan.
- Delivering targeted messaging is challenging, but all communications should be relevant.
Relevance

The ubiquity of mobile devices and increasing dominance of social media have put incredible pressure on communicators to get the right message to the right person at the right time. Being able to deliver relevant content to a specific consumer on a phone or tablet is now the Holy Grail of advertisers and marketers.

For benefits, though, targeted messaging presents significant challenges. How much personal communication do participants really want or need from their benefit plans? It might be a cinch to text all the employees in the firm at 11:30 a.m. and let them know that today’s healthy lunch special in the cafeteria is fresh fish. But it’s another thing to effectively target a plan participant at the moment he or she is making a health or retirement decision.

If a plan’s mobile app can access a participant’s location, is the ability to text a participant in the emergency room and remind her to make sure her anesthesiologist is in network good plan communications? Or a strangely dystopian invasion of privacy?

Even more challenging is that targeted messaging—like all messaging—needs to be compliant. Regulations present significant obstacles to reaching participants, and it’s plan sponsors’ job to find creative ways to nudge participants at relevant moments. Examples of sensitive times to target employees might be when they’re first hired or at a major life event (birth, adoption, retirement, serious illness, death of a spouse or loved one). Despite the challenges of ensuring that communications are relevant, the rewards of doing so make it a powerful weapon in the communications arsenal.

All of the information that reaches participants should be simple, open, honest and relevant. As Steven Brill found out, a plan is valuable only when employees understand it and understand how to use it. If not, it’s a lose/lose: Employees don’t experience the full impact of their benefits, and organizations don’t fully realize the return on investment they expect from offering a benefit package.

Endnotes