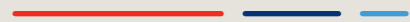


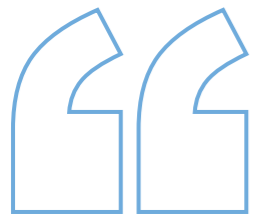


Empowered Choices

A guide to navigating
new hire benefits



New Hire Onboarding



The process of integrating a new employee with a company and its culture, as well as getting a new hire the tools and information needed to become a productive member of the team.¹

¹ Society for Human Resources Management, New Employee Onboarding Guide



Why is new hire onboarding so important?

Your organization's onboarding process can be pivotal in determining whether – and how quickly – a new hire will become a productive member of your workforce.

CONSIDER THE FOLLOWING:



Companies with an effective onboarding experience **reduce turnover by 50%** in the first year² and **foster 89% employee engagement**.³



New employee **turnover rates can be as high as 20%** in the first 45 days, and approximately **one-third of employees leave their new jobs** within the first 90 days of employment.⁴



Employees who had effective onboarding feel up to **18 times more commitment to their workplace**.⁵



New hire onboarding not only helps prepare employees for their new positions, but can also provide a competitive advantage. Organizations with structured onboarding saw a 60% year-over-year improvement in revenue.⁶

Clearly, a robust onboarding process will more than pay for itself by laying the groundwork for your new hires' success, but also helping you stay ahead of the competition.

² Harvard Business Review, Companies with an effective onboarding experience reduce turnover by 50% in the first year, <https://hbr.org/sponsored/2023/03/how-to-add-more-human-connection-to-your-teams-your-culture-and-your-business>, 2023.

³ Bamboo HR, 89% of Employees Who Had An Effective Onboarding Experience Are Engaged at Work, <https://www.bamboohr.com/blog/onboarding-infographic>, 2023.

⁴ Harvard Business Review, New employee turnover rates can be as high as 20% in the first 45 days, and approximately one-third of employees leave their new jobs within the first 90 days of employment, <https://hbr.org/2024/04/onboarding-new-employees-without-overwhelming-them#:~:text=New%20employee%20turnover%20rates%20can,and%20a%20packet%20explaining%20benefits>, 2024.

⁵ Bamboo HR, Employees who had effective onboarding feel up to 18x more commitment to their workplace, <https://www.bamboohr.com/blog/onboarding-infographic>, 2023.

⁶ Gainsight, Organizations with structured onboarding saw a 60% year-over-year improvement in revenue, <https://www.northpass.com/blog/onboarding-statistics>, 2021.



Employee engagement starts with benefits enrollment

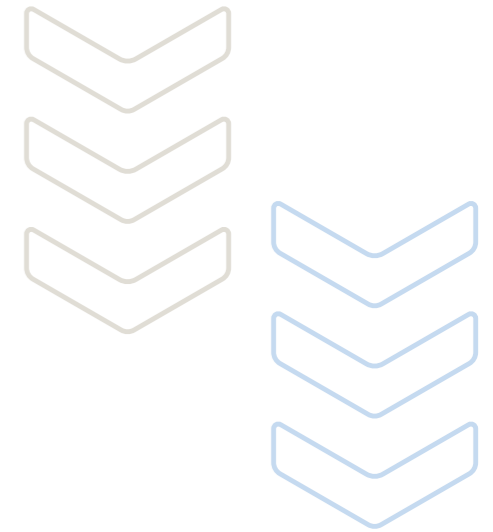
One aspect of onboarding that often gets short shrift is benefits enrollment.

According to the 2023 Healthcare Literacy report from Optavise, only 30% of respondents reported that they learned about health insurance terms and processes from a member of their employer's human resources team⁷ and 32%, in a recent Paychex Survey, labeled their onboarding experience as confusing.⁸ In addition, more than one-third (35%) taught themselves about the terms and processes by going online or reading other materials.⁹

As a result, half the people in the study opted for health insurance plans with higher premiums and lower deductibles, even though 99.8% of them would have saved money in lower-coverage, higher-deductible plans. This mistake cost employees an average of \$1,700.¹⁰

If the appropriate groundwork is laid out for employees, there will be positive results throughout the employee's career with the company. For example, employees will have a more positive view of their benefits options

and are less stressed over making benefits choices, leading them to view their employer in a positive light. In terms of benefiting the company's performance, employees will be more productive since they are not worrying about benefits and managing finances, and both employees and employers save money when employees choose cost-effective plans and make good choices about when and where to receive care.



⁷ 2022 Optavise Consumer Report: Healthcare literacy takes one step forward, two steps back, p.4, 2022.

⁸ Paychex, 32% responded to a recent Paychex Survey labeling their onboarding experience as confusing, <https://www.paychex.com/articles/human-resources/the-onboarding-crisis>, 2023.

⁹ 2023 Optavise Healthcare Literacy Report: Employer involvement in benefits education continues to decrease, creating a void, p.3, 2023.

¹⁰ Forbes, half the people in the study opted for health insurance plans with higher premiums and lower deductibles even though 99.8% of them would have saved money in lower-coverage, higher-deductible plans. This mistake cost employees an average of \$1,700, <https://www.forbes.com/sites/debgordon/2020/10/24/how-to-avoid-costly-financial-mistakes-during-open-enrollment/?sh=5e96e78f74a8>, 2020.



Getting the right experience


What does new hire benefits enrollment look like for many companies? Overall, it's lacking.

Too often, employees are handed a stack of forms and an enrollment guide, then left to their own devices. The ideal process, in contrast, involves a meaningful discussion of available options; a description of the enrollment process, any required forms and the repercussions of NOT enrolling; a review of deadlines and, for the HR team, continuous review of the enrollment process to seek possible improvements.

In the Willis Towers Watson study, the firm noted the importance of applying basic marketing principles and a consumer-like experience to the communication of benefits, including segmentation (addressing values, attitudes and preferences of employee groups), "whole-person" marketing that considers the employee at work and at home, and consumer-grade communication channels. As the firm notes, if employees are to be consumers of benefits and fully appreciate their value, they will expect a more consumer-like experience.

At the most basic level, the variety of options available, the difficulty in calculating which option might be most cost-effective, the terminology and the "add-ons" many employers offer to supplement their coverage offerings can be overwhelming. Furthermore, multiple generations in the workforce means addressing different levels of experience with benefits and with enrollment. For example, young professionals may need more assistance understanding their options.

To further support this point, Optavise's Healthcare Literacy report outlined one key trend in health plans: Fewer employees are very or extremely confident that they understand how their plans work. There are also clear knowledge gaps that exist in certain industries, including education, manufacturing



Optavise's Healthcare Literacy report outlined one key trend in health plans: Fewer employees are very or extremely confident that they understand how their plans work.

and retail, as well as among younger employees and those who earn under \$50,000.¹¹ The ideal onboarding process will combine both broad-based orientation as well as more tailored messaging and support.

The challenge can be even greater when trying to absorb large numbers of new employees, such as in merger and acquisition situations. Employees will be comparing new options to what they had before, and due to their past experience, some new employees may just pick the option they perceive as closest to their former benefits package, even if it's not. Further, employees will be comparing new options to what they had before, and unless the benefits options are clearly better than their old ones, they may feel that the new options lack in comparison. As a result, it's important for someone who's well-educated in the company's benefits plans to talk with these employees to unlock a true understanding of how their new benefits options can best serve their needs.

Given these challenges, how can employers tailor their benefits enrollment experience to help new hires unlock the best understanding of their benefits package and how to best use the options available to them? We've compiled five tips to help get you on the right path:



¹¹ 2023 Optavise Healthcare Literacy Report: Employer involvement in benefits education continues to decrease, creating a void, p.1, 2023.

1 Take the time to educate



Even the most experienced and educated employee can be overwhelmed by the choices available, the jargon, and the calculations needed to determine which coverage is not only the most cost-effective, but best suited for their needs. In other words, employees can't make good benefit choices until they understand what they're buying and what they're really paying.

To help new hires make smart choices, start before the employee's first day by providing an overview of benefits offerings and a list of questions new employees should ask themselves before it's time to enroll. This will allow time for new hires to write down their questions so they'll be sure to get answers before they have to make their choices. Once it's time for new hires to enroll in their benefits, don't just present them with their options and instructions on how to enroll. Talk about why each benefit is important and might be a good fit for the employee, how to make a choice, and how each option affects costs.



2 Personalize the conversation



As noted earlier, benefits are not “one size fits all,” as each employee brings his or her own set of priorities, circumstances and experience with choosing and using benefits. Paper worksheets and online decision support tools are a good start, but cannot address every possible scenario.

While group education sessions are helpful, consider supplementing them with the opportunity for a one-on-one conversation where the employee can ask the questions they might not feel comfortable asking in front of their new peers.

Today’s workforce has come to expect personal attention and customizable choices in all aspects of their lives, from coffee choices to cable channels to the Genius Bar at their local Apple Store. Employers who can provide that experience – especially tied to something as personal as benefits – will stay ahead of the competition in retaining and satisfying new hires.



3 Ensure consistent messages



Whether an employer routinely brings on large numbers of employees at once, integrates an acquired company's employees into the fold or hires the occasional employee at varying locations across the country, it can be challenging to ensure the enrollment process and your benefits package are described consistently and accurately.

Having anyone other than HR – or their designee – handle this aspect of onboarding is a risky proposition – one that could potentially leave the company open to liability if benefits are described incorrectly or deadlines are missed due to the inexperience or ignorance of the “trainer.” If geography or logistics prevent HR from meeting with new hires, consider using an outside third party well versed in your benefits to ensure everyone is hearing the same information in the same way.



4 Boost frequency of communication



Keep in mind that “onboarding” is more than just a one-day orientation—it’s often a six-to-twelve-month process involving management and other employees. And just as you wouldn’t show your new employee their desk and leave them to it, you shouldn’t stop communicating after your new hires have made a benefits election. If they don’t make an immediate election during enrollment, ideally while meeting with a benefits educator, follow up with additional communications within their 31-day enrollment window so they don’t lose track of their enrollment deadline. Check in with them a few months after enrollment to see if they have any questions or concerns about their plan and how to use it.

Maintain an ongoing dialogue and check in with employees throughout the year to make sure they are keeping up with the most current company benefits information. Highlight key dates for health benefits activities and communicate them frequently so employees don’t miss important deadlines.



5 Enable multi-channel education



According to Optavise's Healthcare Literacy Report, 68% of employees reported online resources to be very or extremely helpful in benefit decisions, 80% reported one-on-one conversations to be helpful, and 49% reported email to be very or extremely helpful. Finally, two-thirds of respondents rated printed materials to be extremely helpful.¹²

There are generational preferences as well. Many Baby Boomers will typically take part in webinars or watch videos and use the intranet to find information, but they also like the option of speaking with a person to answer their questions. Most members of Gen X and Gen Y want to receive communication via online sources – email, blogs, etc. They also want to correspond that way – via online chat or email. And they like online tools like open enrollment calculators. Generation Z – the youngest of your new hires – reportedly has an eight-second attention span that responds best to images and infographics.

While these guidelines are generalizations – communications preferences are truly individual – they highlight the need to share your content via multiple channels.

¹² 2023 Optavise Healthcare Literacy Report: Employer involvement in benefits education continues to decrease, creating a void, p.5, 2023.



Conclusion

Why is onboarding so important? Consider this:

- ▷ Ninety-one percent of [first-year] employees are retained in companies that have a formal onboarding program, but of those who don't, just 50% are retained.¹³
- ▷ A Gallup study reported highly engaged teams show 21% greater profitability although the majority of the U.S. workforce (65%) is not engaged.¹⁴
- ▷ Employees cost much more than just their salary. Expect to spend as much as three to four times an employee's base salary as the cost to find and train employees.¹⁵ While some costs are quantifiable – such as recruiter fees and retainers and interview expenses, most of these costs are hidden, reflected in lower productivity, reduced morale among remaining employees who must pick up the slack and – with experienced hires – loss of knowledge and/or skills. Given the potential financial exposure, you'll want to keep your new employee "on board" as long as possible to recoup your investment.

Employers offer benefits to attract and motivate the workforce they need, while protecting and enhancing their brand in competition for top talent. If those benefits are not given the attention employers deserve – during the new hires' first days, weeks and even months on the job, they risk serious damage to their competitive advantage, increased turnover and dissatisfied and confused employees.

One size clearly **does not** fit all – but a well thought out plan of targeted communication can **reach** all – and start moving the needle toward a more engaged and productive workforce.

¹³ Fast Company, Ninety-one percent of [first-year] employees are retained in companies that have a formal onboarding program, but of those who don't, just 50% are retained, <https://www.fastcompany.com/3059585/what-to-do-during-your-employees-first-week-to-avoid-losing-them>, 2016.

¹⁴ Gallup's State of the Global Workplace: 2022 Report, <https://www.gallup.com/workplace/236366/right-culture-not-employee-satisfaction.aspx>, 2022.

¹⁵ Bamboo HR, Employees cost much more than just their salary. Expect to spend as much as three to four times an employee's base salary as the cost to find and train employees, <https://www.bamboohr.com/blog/cost-of-onboarding-calculator#whats-the-cost-of-training-a-new-employee>, 2023.





About Optavise

Optavise is your trusted partner, guiding employees through their healthcare choices with a cohesive suite of voluntary benefits, benefits administration technology and year-round solutions to reduce costs and increase benefits engagement.

Isn't it time for you to take action and reduce healthcare costs? To learn more about how Optavise can help, reach out at Contact@Optavise.com or visit Optavise.com.