

# Benefits Insights

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## Inflation's Impact on 2023 Open Enrollment

Many employees are currently feeling financially strained because of inflation. With open enrollment fast approaching, inflation could impact the choices employees make when it comes to their benefits. Employees are likely considering 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

Nearly half of all U.S. workers stated that inflation is making it difficult for them to pay for their employee benefits, according to The Hartford's Future of Benefits Pulse Survey. In addition, 40% of employees reported that they will cut back on the benefits they select during 2023's open enrollment because of inflation, with younger workers being more likely to scale back their benefits than older workers.

According to Voya research, due to the financial stress inflation is placing on employees, 70% of workers want their employers to help them to 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). This research also revealed that because of inflation, employees plan to spend more time reviewing their benefits selections during this year's open enrollment than in years past.

### Approaching Open Enrollment

Many employees want to optimize what they spend on their benefits and are looking to their employers for help.

By understanding how employees approach benefits selections, employers can help them make better choices during this year's open enrollment season. According to The Hartford's previously mentioned survey, employees often make the same benefits choices as they did in the previous year. The survey also revealed that employees tend to fall into one of the following categories when selecting benefits:

- **Rollers**—These employees elect the same benefits as they did in the previous year.
- **Planners**—These employees stay up to date on their benefits throughout the year to be prepared at open enrollment.
- **Analyzers**—These employees examine the coverage options presented during open enrollment and perform calculations for such options to optimize their benefits selections.
- **Consulters**—These employees need to consult with someone prior to making benefits selections.
- **Avoiders**—These employees prefer not to think about their benefits and ignore open enrollment communication.



### What Employers Can Do to Help

Inflation has placed employee benefits at the forefront of many employers' attention and retention strategies. Employers can take steps now to help their employees better understand their benefits options and make more informed decisions. This can 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 employees 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. Furthermore, almost half of U.S. workers use social media platforms to learn about employee benefits, according to The Hartford's aforementioned survey, with YouTube and Facebook being the most used platforms.
- **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.
- **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. Some employers are being forced to adjust their budgets for

medical and voluntary benefits spending in the upcoming open enrollment season.

### 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 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 them optimize their resources and make the best benefits selections for themselves and their families during this period of financial difficulty.

For more employee benefits resources, contact National Insurance Services today.