

*A Special Report from Hope Health*

# Employee Benefits:

## ***How to Effectively Communicate Change***

We all face many changes every day, some insignificant and others monumental. It's hard to imagine life without change, as it provides the opportunities we all need to grow and learn. But when it happens in the workplace, the result is often fear and discontent.

Inside you'll discover the tricks of the trade to effectively communicate change to your employees.



In today's work environment, few things change as frequently as employee benefits. For the past two decades, the rollout of new coverage options and plan features (primarily aimed at controlling costs) has continued almost nonstop. Employees have seen their share of coverage costs rise while, in many instances, the level of coverage has declined. Even the language of benefits has changed!

At Hope Health, we understand the problems you face when you have to explain not only how benefits are changing but why. We know it isn't easy to confront a room full of skeptical faces as open enrollment time approaches. For these reasons, we're focusing this publication on communicating change in the benefits arena. Although the underlying premises and the recommendations can be applied to almost any type of change, we think you'll find them most useful as part of your overall employee benefits communication strategy.

## Why we resist change

In a nutshell, it's all relative. It's human nature to view change in the context of how it affects us personally. When new neighbors move in next door, we wonder if we will like them as much as we liked the old neighbors. If we commute by bus and the schedule changes, we bemoan the fact that we might have to get up earlier. If we get a new supervisor at work, we question whether we will like him or her, and how that person will treat us.

Our reactions to change often are driven by the type of changes we've experienced in the past and how those changes affected us. In other words, we can develop patterns in the way we react to something new. In the examples above, if we've had several supervisors over the years and believe we were treated unfairly by all of them, we're probably going to expect more of the same. If several new families have moved into our neighborhood and we've all become close friends, we're likely to look forward to a positive relationship with any additional newcomers.

We also resist change because we tend to fear things over which we have no control. We're afraid that the new situation will be worse than the old, or that we will stand to lose something as a result of the change. For example, if your employer tells you that you must transfer to an office in a different state, you're probably going to be more fearful of the change than if you sought a new job out of town.

## Change and employee benefits

When it comes to employee benefits, you're dealing with a very personal subject. Benefits represent a form of security and are highly valued in today's workplace. ***In fact, one study found that most employees fear the loss of their benefits more than the loss of their jobs!***

Benefits also are an extremely difficult subject for most people to understand. Once someone is accustomed to using the features of a particular medical plan, for example, they are not likely to want to change that plan unless their experience has been a bad one. And the complex language of many benefits plans can certainly discourage people from wanting to explore new options. There's comfort in familiarity and in not needing to learn something new. It's easier to maintain the status quo.

The 2005 MetLife Employee Benefits Trends Study found that 60% of the employees surveyed do not understand which benefits plans best meet their needs. And 57% of those surveyed devote 30 minutes or less to the selection of their health plan. It's likely that they don't spend a lot of time because they are confused and overwhelmed, which points to the tremendous educational opportunities that exist for more and better benefits communication.

So, now you know why it often seems like an uphill battle to introduce change into an employee benefits program. But good communication can not only pave the way for change, it can drive the change itself.

## The importance of communication

All communication matters, but good communication makes a difference! **Effective communication doesn't have to be glibly written or slickly produced.** It simply has to achieve the results you want. It must ensure that your message is heard.

As we've already noted, employees often find benefits confusing and, as a result, don't feel confident in their ability to make wise choices. Yet the choices they make (both the plans they select and the ways in which they use them) will have an impact on your organization.

### ***Consider these questions:***

- ✓ **Is it the impact you want?**
- ✓ **Are they choosing to continue expensive coverage they really don't need?**
- ✓ **Or, are they making decisions based on cost alone and winding up with large out-of-pocket expenses for services their plan doesn't cover?**

The effect on your organization may be direct (in the form of higher costs) or indirect (in the form of employee dissatisfaction). Neither is desirable.

## Employees look to you for direction

Your employees need and want education about their benefits. They appreciate clear, open communication that helps them understand the decisions they have to make, especially when change is involved. When that communication is two-way, it shows that you recognize the importance of the subject, value their opinions, and want to answer their questions.

Good communication builds credibility for your organization and enhances the job satisfaction of employees, which, in turn, leads to greater employee retention. This is especially true with benefits communication, because *employees who feel comfortable with their benefits tend to be happy with their jobs*. The 2005 MetLife study says that nearly two-thirds of those surveyed who are highly satisfied with their benefits are also highly satisfied with their jobs.

Another recent study by Watson Wyatt Worldwide lends even more credence to the value of good benefits communication. It found a turnover rate of 17% at companies with rich benefits but poor communication of their value, and 12% at those offering less costly benefits but communicating their value well. Companies with both a rich benefits package and outstanding communications have an average turnover rate of just 8%.

When you consider that employee benefits are a major cost to employers, it makes sense that part of your investment should be in helping workers understand and appreciate the value of their benefits program. Helping them learn to make decisions they are comfortable with can increase their job satisfaction and decrease stress.

Because benefits do change regularly, an ongoing communication program can make those changes feel less drastic to employees. When you only provide benefits communication at open enrollment, changes can come as an unpleasant surprise. By offering year-round information, however, you can put those changes into context and increase the understanding of why they're necessary. During the year, you might share details such as what similar companies are doing with their benefits, and cost trends both nationally and within your organization. Doing so will set the stage for any message of change you have to deliver.

## Developing the plan

Although benefits information should be communicated regularly, special planning can help when a major change is in the works. The best time to map out your communication is while plans for the change are being formulated. *Good communication should never be an afterthought, but rather part of the change strategy.*

Major changes require time to digest, so communicate as far in advance of the actual change as possible. But be careful not to announce specifics until most of the details are worked out. For example, if you're introducing a consumer-directed health plan for the first time, you could begin months in advance by explaining what a CDHP is and that you are likely to add one to the benefits mix for the coming enrollment period.

This should give you time to incorporate one of the cardinal rules of communication: People must be exposed to the same message multiple times before they hear and understand what you're saying. And that message must be clear and consistent!

## Structuring the message of change

Your first step should be to decide what results you want from your communication. Are you hoping to move a large number of employees out of a particular medical plan and into another? Or are you providing new options in order to increase employee control and accountability for health-care costs? Are you eliminating a vision plan and hoping to encourage people to instead use flexible spending accounts for vision expenses? When you have identified your desired outcome, you can better prepare the communication to achieve it.

## Building a case for change

You also must build a case for the need for change. Let employees know why the current situation can't continue. Perhaps it's an issue of cost or one of customer service. Also be honest about any pressure your organization is under from competition or the economy to give people a perspective within which to view the change. For example, you might be attempting to control the escalating cost of benefits for your company in order to be able to put more money into product development and maintain an edge in the marketplace. This helps keep jobs secure.

Additionally, it's helpful to share with employees the process that was used in deciding to make the change. What alternatives were considered, if any?

You also need to address the “what about me” issues. This is the meat of the message for your employees. Let employees know who will be affected and how. Consider that there may be multiple audiences for your message as well. For example, if you are planning to eliminate retiree medical coverage, be certain you also explain this to active employees. It may not affect them now, but it certainly will in the future.

Let people know when the change will take place, and anticipate transition issues that can occur — especially when medical plans are eliminated.

When crafting the plan for a major change, consider the use of focus groups to guide and test your communications. Small groups that represent the spectrum of your employees can identify issues, concerns, and questions during the planning process while there is time to address them.

And finally, perhaps most importantly, *don't forget to tell employees what is not changing*. It's easy to focus on change because that's the news, but you'll probably have quite a bit that will remain the same. Look for the constants and use them to provide reassurance.

## Getting the word out

There is no one perfect way to communicate change. You have to know your organization and which communication methods are used most often and most effectively. But it's important to understand that not everyone learns in the same way. Some of us are visual learners best approached with written material. Others do better by listening and responding to the spoken word. Still others prefer interactive learning such as that offered by computers. Reaching everyone means using multiple channels of communication for your message.

As we noted earlier, you also have to repeat your message over and over again. Distractions in an employee's personal or work life may prevent him or her from really focusing on your message the first time it's presented. Repetition of a clear and compelling message via multiple channels greatly increases the probability that it will get through to those who need to hear it.

## What methods should you use?

*Here are a few to consider:*

- **Newsletters, memos, fliers, letters to the home, e-mails, and paycheck stuffers.** The written word is best for details. It also can be kept for future review and shared with others (like family members) who may be interested in or affected by the change.

Remember, when it comes to benefits, your employees may not be the primary decision-makers. That role often falls to spouses, and they need to be “in the loop” as well.

- **Posters, banners, and table tents** (best for short messages like reminders of meetings or deadlines).
- **Employee meetings, both large and small.** Face-to-face communication can be some of the strongest, and it offers opportunity for interaction. But remember, when communicating face to face, at least half of the message you send is nonverbal. Your body language can say more than you do, especially if you’re forced to convey a negative message. Always look directly at your audience and speak with confidence.
- **Videos.** These can be somewhat formal, but are good for getting out a consistent message.

Please see our previous Hope Health report, *Employee Benefits Communication: New Approaches for a New Environment*, for helpful information about how best to use these methods and the advantages and disadvantages of each.

You also can enlist the aid of your organization’s “power brokers” in getting out your message of change. These people could be department heads, managers, union leaders, or even long-time employees — anyone whom others perceive to be influential. Meet with them in advance of your first general announcement to provide information and seek their input. Work to gain their support for the change. Even if they aren’t enthusiastic about what is going to happen, be sure they understand the reasons why.

If you decide to have portions of your message delivered by others (by managers in department meetings, for example), be sure to provide them with the tools to deliver it consistently. Don’t assume that even supportive managers can communicate the change well. Prepare handouts, outlines, PowerPoint presentations, and overheads for them to use. Avoid scripts, as they inevitably sound stilted and unnatural.

A good way to structure your message, regardless of how it is delivered, is to use the same style that’s used by newspapers. Start with a headline that sums up what the change is about. Then cover the main points: what is changing, when, and what action your employees must take. Follow that with secondary information and an explanation of why the change is occurring. Minor details can follow.

**Example:**

*Let’s take the hypothetical example of a company planning to eliminate its PPO and HMO medical plans and offer only a consumer-driven option. “XYZ Company to Switch to Consumer-Driven Health Plan” could be the headline. That would be followed with several paragraphs*

*explaining that new CDHP options will replace the existing PPO/HMO plans for the coming year. Also included would be whether this change affects all or some employees, and a simple description of how a CDHP works. (Note: If a major change affects only a portion of your employee population, try to include that in the headline. The headline might read, “ABC Union Members will Switch to Consumer-Driven Health Plan.”)*

*After the explanation of what is happening, when, and to whom, begin to expand the details and share why the change will take place. For significant changes, it can be helpful to have the “why” message come from a company executive and presented apart from the nuts and bolts of the rest of the communication. It can be as simple as a separate article in a newsletter or a cover letter in an informational packet.*

Also following journalistic style, be certain your message always includes who, what, when, where, why, and how: who is affected, what is changing, when the change will take place, where people can get more information, why things are changing, and how it will affect people.

## Delivering your message

Then, as we’ve already noted, prepare to deliver the message repeatedly using multiple methods. Build in ways that employees can offer feedback and ask questions, and make responding to their questions a priority. By listening to their feedback, you can determine whether your entire message is getting through accurately or if changes need to be made. Always be ready to adjust your communications program to make certain that your message is being heard.

It’s important to realize that as your communications plan unfolds, new questions will continue to be raised. This, however, will lead to new levels of understanding which is, after all, what you want!

## Tips for successfully communicating change

- **Identify the results you want from your communications before you prepare them.**
- **Understand your audience’s reluctance to change.** Try to anticipate their concerns and questions and address them proactively.
- **Be consistent.** Repeatedly explain why the change is important and what it will mean. Build communication momentum and keep it going!

- **Use examples to help clarify your message.** Compare the old to the new. Show how the change(s) will affect a typical employee.
- **Make it visual whenever you can.** Graphs, charts, and comparisons enhance understanding.
- **Avoid jargon.** When new or unfamiliar terms must be used, provide clear definitions.
- **Enhance your future credibility** by continuing to communicate AFTER the change takes place. Share what was accomplished to help make the change meaningful.

## About Hope Health

We are a business-to-business, health-based communications company specializing in producing information distributed at workplaces. We offer a wide variety of lifestyle-related information in various formats including newsletters, brochures, booklets, posters, calendars, and electronic media.

Many employers utilize our customization services to communicate important information, such as employee benefits, disease management, and EAP to their employees and dependents. The *HOPE Health Letter* (winner of multiple industry awards for content and design) has consistently generated high readership and is popular with employees.

Employers use our materials to make their own messages more readable, which improves employee compliance on a range of benefit election issues.

We also have a health benefits division dedicated to producing effective open enrollment (OE) communications for employers, group health brokers, and benefit consulting firms. We were originally founded in 1964 as Pension & Group Services, Inc., a third-party administration firm. The administration assets were sold in 1991, and the firm then concentrated on Hope Health, its communications division.

Hope Health works directly with over 3,000 human resource and benefit departments of companies and government entities of all sizes. Clients include Qwest, Bank One, Florida Power & Light, AG Edwards & Sons, Gallagher Benefits, Health Plan Services, Wisconsin Education Association, Baptist Health Systems, Procter & Gamble, and many, many more.

For additional information about our products and services, please call us at 1-800-334-4094, or visit **[www.HopeHealth.com](http://www.HopeHealth.com)**.



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A portion of sales of Hope Health publishing/media, and services produced under our Hope Health Custom division help support the health education and vital cardiovascular research conducted at the Institute. Millions of people have benefited by the Institute's research.

Founded in 1959, the mission of the Hope Heart Institute is serving humanity through cardiovascular research and education. They are dedicated to preventing and treating heart and blood vessel disease, and to improving the physical, emotional, and spiritual quality of life for all at risk of — or afflicted with — cardiovascular disease. For more information see <http://www.HopeHeart.org>.

\*The Hope Heart Institute is an independent scientific research organization sponsoring and serving many health care organizations and scientists from around the world.



350 E. Michigan Ave. • Suite 301 • Kalamazoo, MI • 49007-3851 • 1-800-334-4094 • [www.HopeHealth.com](http://www.HopeHealth.com)

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