

Benefits Insights

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National Insurance Services

5 Challenges to Tackle for 2026

Open Enrollment

As fall approaches, employers are gearing up for another open enrollment season. With rising health care costs, shifting employee expectations and a rapidly evolving regulatory landscape, benefits leaders may need to navigate a maze of challenges while delivering clarity, value and adhering to industry standards. Open enrollment is no longer just a logistical exercise; it's a strategic moment to reinforce trust, boost engagement and align benefits with the changing needs of today's workforce.

This article explores five common open enrollment challenges and how employers could approach them.

1. Inflation and Rising Health Care Costs

Inflation and rising health care costs pose significant challenges for employers during open enrollment. Premiums are climbing faster than wages, and inflation is driving up the cost of everything from provider fees to prescription drugs. One of the biggest challenges this year will be helping employees understand why their out-of-pocket expenses are increasing.

Employers face a tricky balancing act: absorb more of the financial burden or shift it to employees—both of which carry risks, including dissatisfaction or reduced plan participation. Meanwhile, employees are feeling the pinch in their own budgets, making them more sensitive to any changes in benefits. If coverage becomes too costly, some may opt out or delay care.

To address these challenges, employers are exploring a range of solutions. Offering multiple health plan options allows employees to choose coverage that fits their needs and budgets. While some employers are working to secure fixed rates through insurer contract negotiations, others are

exploring adjustments to their plan design and funding models as a way to potentially reduce costs.

Unfortunately, cost reduction strategies will likely only mitigate the impact. Organizations can get ahead of this challenge by proactively communicating the reasons behind rising costs to employees.

2. Communicating Plan Changes

Employee education is one of the most persistent challenges employers face during open enrollment. Despite the importance of benefits decisions, many employees remain disengaged or overwhelmed by the process. Studies show that a significant portion of workers don't even open the communications sent to them about benefits, leading to uninformed choices or missed opportunities. This lack of engagement can result in employees selecting plans that don't suit their needs, underutilizing available resources or failing to enroll altogether. A major contributor to this challenge is the complexity of benefits offerings. With multiple plan options, coverage tiers and supplemental benefits, employees often experience decision fatigue.

Employers can respond to these challenges by simplifying communication, offering decision-support tools and using a multichannel approach with email, apps and webinars. These strategies can empower employees to make informed choices and turn a confusing process into a valuable opportunity for personal well-being.



3. Evolving Employee Needs and Expectations

Employees increasingly expect personalized options that reflect their unique life stages, health concerns, financial goals and overall well-being. This shift means employers may have to rethink traditional offerings and adapt to a more dynamic landscape through expanded voluntary benefits and other resources.

The challenge is compounded by generational differences and evolving workplace norms. Older workers are more likely to feel strongly about their core health care plan, while younger employees may prioritize certain benefits, such as student loan assistance or fertility benefits. If employers fail to meet these evolving demands, they risk lower participation rates, dissatisfaction and even talent loss to competitors with more progressive benefits strategies.

Employers can adopt a more employee-centric approach to benefits design and communication to address these challenges. Offering a wide range of voluntary benefits and tax-advantaged savings accounts, such as HSAs and FSAs, can allow employees to tailor coverage to their needs. By embracing flexibility and personalization, organizations can turn open enrollment into a strategic opportunity to strengthen employee loyalty and satisfaction.

4. Compliance Changes

Employee benefits compliance is complex and requires active preparation. Employers are responsible for complying with laws like the ACA, COBRA, HIPAA, ERISA and the FMLA. Each law has specific mandates around notices, eligibility, reporting and plan design.

Beyond federal regulations, employers must also adhere to state and local laws, which pose additional challenges, especially for those operating across multiple states. Failing to comply with these regulations can result in financial penalties, legal consequences and reputational damage.

Employers can tackle compliance challenges during open enrollment by using checklists, consulting experts and investing in ongoing staff training. Your insurance broker may be able to provide compliance resources that can assist.

5. Missed Enrollment Deadlines

Despite multiple reminders, some employees still fail to enroll on time due to information overload, personal distractions or misunderstanding the urgency of the process. When this happens, employees may lose access to health coverage or other essential benefits for the upcoming year, which can lead to financial stress, gaps in care and frustration that ultimately affect workplace morale and productivity.

To reduce the risk of missed enrollments, employers can implement proactive strategies that emphasize clarity, accessibility and engagement. For example, simplifying benefit communications with plain language and visual guides can help employees better understand their options. Offering mobile-friendly enrollment platforms and multilingual support can help ensure that all employees can access and complete the process easily. Personalized reminders via email or text, along with interactive tools like countdowns or progress trackers, can keep enrollment top of mind. Additionally, creating a culture of accountability by encouraging managers to check in with their teams can personalize the experience and improve participation.

Employers can minimize missed deadlines by investing in education and outreach, such as hosting virtual benefit fairs, offering live Q&A sessions, and giving employees helpful informational resources.

Conclusion

While open enrollment can present challenges for employers, these hurdles also offer an opportunity to strengthen organizational processes. With the right approach, open enrollment can shift from a seasonal stressor to a catalyst for long-term business success.

Contact us today for additional open enrollment resources.