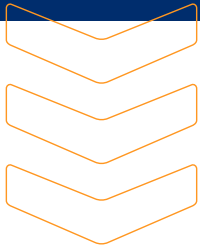


# Finding the Right Benefits Administration Partner

A guide to helping you maximize your benefits investment

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# Determine Your Needs and Budget

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Any search for a benefits administration partner starts by determining what's in-scope. First, **break down your benefits administration processes** into their component parts. Most organizations can identify around 20 separate tasks in health and welfare administration, in addition to ancillary benefits services.

Then, ask yourself **whether you want to retain any of those services in-house**. For example, some organizations may wish to handle their employee service activities themselves while outsourcing the technology, especially if they have a robust and secure customer service call center they use for their own business operations. An arrangement like this is commonly referred to as co-sourcing.

As benefits grow in complexity, organizations with more than 500 employees are less inclined to insource or co-source their benefits administration technology and services, preferring instead to outsource them. **The more services you outsource, the more predictable your budget becomes**. That is, you have more control over the cost structure and the total cost of ownership is lower.

That said, the total cost of ownership also varies widely among outsourced benefits administration vendors. This is **most evident in change requests**, where you can feel like you're getting nickel-and-dimed all the time, especially if you have a customized solution. Platforms like these require special coding and/or some form of implementation that is unique to your organization and benefits options. Even if your year-to-year changes stay within the confines of the original build, you may still have to pay a specialist to make those changes.

Unlike "customized" solutions, those that are "configurable" rely on native tools within the system to change its behavior or features. Single-source software as a service (SaaS) platforms tend to be more configurable and are therefore less costly when adding plans, processing active vs. passive enrollment, updating rates, etc.



**The more services you outsource, the more predictable your budget becomes.**





# Risk Mitigation

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Health and welfare benefits come with their fair share of risk. The last thing employers need is additional risk in the areas of **data security, vendor volatility or regulatory compliance.**

Nearly every week, we hear about a data breach. Social Security numbers are stolen. Credit card accounts are hacked. Customer and employee information is compromised. To avoid becoming a cybersecurity headline, HR needs assurance from their vendors that their systems are secure. When looking for benefits administration technology, involve your IT team in creating your RFP so you know how to best determine the candidate's **commitment to security.** They will likely ask you to consider factors like the amount of cyber-insurance the applicant carries, how they train their employees and how they have responded to past security issues.

Technology moves fast, and the business of technology seems to move even faster. Vendor volatility is top of mind for employers trying to minimize their overall exposure to risk, especially as contracts stretch two, three or even five years. Do your research to **determine the long-term viability of your partnership,** at least throughout the term of your initial contract. Consider factors such as financial strength, staff turnover rates, growth history, plans for expansion, and other factors. Also ask yourself whether you might be impacted by any disruption caused by recent or potential mergers or acquisitions.

The ever-changing regulatory environment at the state and federal levels also presents risk. When going to market for new benefits administration technology, make sure to **assess your potential partner's expertise in helping your organization remain compliant** with the Affordable Care Act (ACA), the Employee Retirement Income Security Act (ERISA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA). Also, assess their ability to help you navigate any state regulatory requirements, such as individual coverage mandates in states where your employees reside or work. Find out how active the partner is in these areas based on blogs, publications and their participation in live events.



**Vendor volatility is top of mind for employers trying to minimize their overall exposure to risk.**





# Artificial Intelligence

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Fifty-seven percent of CEOs tell us they want benefits administration technology that uses artificial intelligence (AI) for higher overall performance, ranking it within the top seven features they look for. And, for good reason. AI and machine learning can dramatically reduce the burden of the day-to-day activities associated with benefits administration. When looking for a benefits administration partner, **ask vendors about the technology they have in place to make you more efficient**, which features are included, and which components are available as buy-ups. Also, learn as much as you can about where each vendor is headed with their benefits administration technology. Find out how it compares to other vendors, including outsourced best-in-class point-solutions.

Above all, make sure to ask the right questions to help you determine **which features deliver true business outcomes** and which are just fancy widgets. [Chatbots](#) are a good example. Flashy graphics can make the chatbot seem smart, but the real value lies in measurable outcomes, such as administrative efficiency, utilization rates or employee satisfaction. As you look for a technology vendor, bring your IT team along to “look under the hood.” They’ll know whether the chatbot operates simply on “if/then” rules or if it truly leverages machine learning. They’ll also equip you with the right questions to ask regarding the number of topics (i.e., “intents”) the chatbot can handle and whether the responses are narrowly defined or make use of context, such as the names of beneficiaries or even the user’s emotional state.



**AI and machine learning can dramatically reduce the burden of the day-to-day activities associated with benefits administration.**





# Decision Guidance Tools

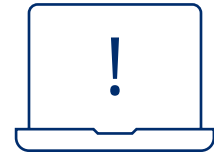
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With four generations currently employed and a fifth in your HR systems, **one size can't possibly fit all when it comes to benefits.** Employees are at different stages of their lives with vastly different needs and appetites for benefits, and employers feel they are struggling to create just the right approach for this dynamic, multi-generational workforce.

One challenge is ensuring employees understand the benefits they have available to them, the value of those benefits, and how to use them effectively. People need to have the knowledge, or at very least the support, to make **appropriate choices that address their physical, emotional and financial well-being.**

Unfortunately, benefits literacy is at an all-time low, with only 4% of Americans being able to correctly define terms like “deductible,” “coinsurance,” “copay” and “out-of-pocket maximum.” In addition to a lack of knowledge, state of mind matters. That is, **risk aversion can factor significantly into a person's benefits choices.** Some employees may prefer the perceived predictability of a higher-cost preferred provider organization (PPO) plan rather than a high-deductible health plan (HDHP) with a lower upfront premium contribution, even when the numbers don't add up.

To ensure your employees choose the benefits that meet their unique needs, look for a benefits administration solution that goes beyond traditional decision support tools. Look for one that is empathetically designed, supports questions that reflect your unique offerings, factors in current and future states of health, addresses both short- and long-term financial well-being and helps employees overcome the emotional barriers associated with differing levels of risk aversion. **In short, look for a decision guidance tool that considers the whole person—their health, their finances and their emotional state.**



**Risk aversion can factor significantly into a person's benefits choices.**





# Communications Tools

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For many HR teams, Annual Enrollment is their Super Bowl—a once-a-year opportunity to put their best foot forward in helping their employees make the right benefits decisions. Forward-thinking HR pros, however, know that it's not really a one-and-done proposition. Rather, benefits education should happen throughout the year. **It's more like a marathon** than a single championship game.

The first step, of course, is to **find out as much as you can about your employee population.** Vendors whose technology includes robust and easy-to-use reporting functionalities put the power of data in your hands. Say you're concerned about whether your employees are able to absorb a large financial shock. Ask potential vendors how easy (or difficult) it would be to extract telling data points from your benefits administration system, such as the proportion of employees with a high-deductible health plan (HDHP) who have opened and/or maximized their contributions to a health savings account (HSA), or the number of employees who have requested a pay advance. Armed with data of this type, you'll know just how much effort you should put into promoting your financial well-being benefits and to which employees those communications should be directed. Employee surveys can also be effective, especially when your vendor can support such an effort.

Once you have a firm grasp of your employees' needs and preferences, it's easier to connect with them beyond the limited window of annual enrollment. That's where the right partnership with your benefits administration vendor can make all the difference. As you search for the right fit, ask whether your potential vendors are equipped to help you promote the value of your benefits throughout the year. Consider whether their benefits administration platform and service packages allow you to **communicate with employees using their preferred channels**, such as emails, texts and app messages, with useful tips on how to use their benefits. For those employees who prefer printed materials, make sure your vendor has a robust fulfillment department and the expertise to help you create branded mailings that will impress and inspire. And when it comes to the youngest generation of employees, ask whether your vendor can advise you on the most effective communications to reach and retain this relatively inexperienced portion of the workforce.



**Forward-thinking HR pros know that benefits education is not a one-and-done proposition.**





# Consumer-Directed Accounts

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If you're going to offer an HDHP, you'll almost certainly need a partner to assist with the HSAs that accompany such plans. Even if you still only offer traditional plans, many of your employees will be interested in setting up flexible savings accounts (FSAs) to set aside pre-tax dollars for medical expenses and dependent care. To gain a competitive advantage, you might also **consider offering other consumer-directed accounts that are gaining in popularity**, including commuter accounts to offset travel and parking expenses and savings goal accounts to help your employees set aside money for emergencies, school expenses or their next family vacation.

Empathetic employers who go out of their way to set up these options for their employees and ensure they are maximizing this benefit **demonstrate that they have their employees' best interests at heart**. In fact, 67% of employees say they would be attracted to an employer who cares more about their financial well-being. Just as important, investing in employee financial well-being can also decrease losses in productivity due to financial stressors.

But benefits like these come with certain challenges. With 80% of Americans reporting that they live paycheck to paycheck, the prospect of lower take-home pay is often a non-starter, so making the case can be difficult. Then there's the challenge of managing different vendors for each type of consumer-directed account. As you look for a partner to help you maximize your investment in these benefits, consider how well your vendor will **integrate with your benefits administration platform**. A seamless interface will increase the likelihood that your employees will enroll in these accounts, while requiring them to leave the system will result in higher abandonment rates. Also ask whether your potential partner provides ongoing educational support, such as a recommendation engine, modeling calculators and marketing tools. Finally, aim for a single experience across all accounts. Those who can offer one card, one online and mobile experience, and one support model for both enrollment and ongoing account management will make your job a lot easier while enhancing the employee experience and increasing engagement.



**Aim for a single experience across all accounts—one card, one online and mobile experience and one support model for both enrollment and ongoing account management.**





# Total Rewards

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With 72% of HR professionals concerned about losing talent over the next 12 months, **benefits matter more than ever**. In fact, 55% of employees say they would be open to taking a job with lower compensation if it included a more robust benefits package. And, another survey found that 78% of employees said they're more likely to stay with their current employer because of the benefits program they have.

But, the power of benefits to influence an employee's decision to stay with their employer is limited by one important factor: **the degree to which they understand and appreciate those benefits**.

That's where a total rewards solution comes in—a fully integrated online platform that provides each employee with a complete view of their entire benefits and compensation package. **A total rewards solution can help you reveal your employees' hidden paycheck**, showing them exactly how much you are contributing to their health coverage, retirement accounts, voluntary benefits and tax-advantaged savings accounts, like FSAs. Some of the more robust and flexible total rewards solutions can even allow you to display financial advantages of working for you: the money you're helping each employee save with free on-site parking, fitness center access, regularly catered meals, and other incentives.

When looking for a total rewards solution, consider these attributes:



**Integration with your larger benefits administration platform:** Most total rewards solutions claim to be a one-stop shop. But, look under the hood. If it isn't fully integrated with your larger benefits administration platform, employees may become frustrated or not even use your portal.



**Personalized display:** Make sure your solution allows you to configure the interface to only show content applicable for each employee, such as those benefits that are available to each employee based on their status or tenure. Then, find out whether you have the flexibility to prioritize one type of benefit (e.g., retirement) over another (e.g., tuition reimbursement) based on the demographics of each employee.



**Configurability:** Total rewards solutions that are "customized" require a programmer to write new code to facilitate each change in content or presentation. "Configurable" solutions, on the other hand, allow someone with no technical expertise to edit text, change labels, re-order elements within the interface, and much more. And, they're considerably less expensive in the long run.





# Learn More

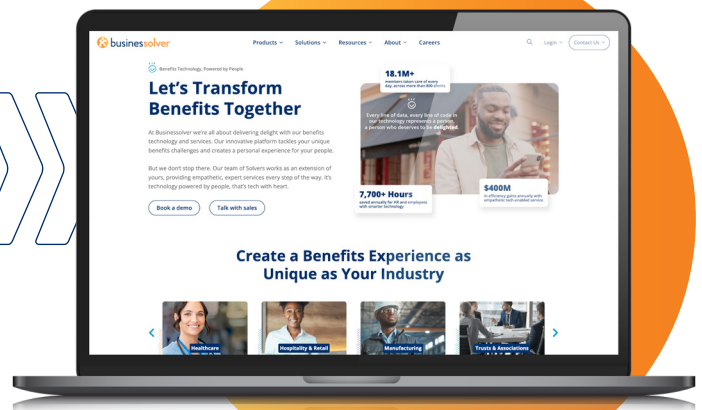
Thanks for your interest in this guide. It covers a lot of ground on a wide variety of topics aimed at helping you find a benefits administration partner that suits your unique needs.

## Want to dive deeper? Check out these resources:

- [Determine Your Needs & Budget](#)
- [Risk Mitigation](#)
- [Artificial Intelligence](#)
- [Decision Guidance Tools](#)
- [Communication Tools](#)
- [Consumer-Directed Accounts](#)
- [Total Rewards](#)

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