Automating the "Last Mile" of Benefits Administration

In the last ten years most employers have invested quite a bit of capital on HRMS infrastructure such as online employee self-service and benefits enrollment software.

Most of the investments have been focused on improving the administration, the efficiency, and productivity of the HR organization and making it easier for employees to communicate with HR and to make the HR information more accurate - an inward focus. But now, especially with health care reform legislation, there are new challenges in the areas of benefits administration that are coming about for employers and for insurance carriers, particularly in the areas of eligibility management and enrollment reporting.

So if you take these new challenges with where employers are today with their HR automation investments, it's more important than ever to automate "The Last Mile" of the benefits admin process, and that's the enrollment communication with the carriers on the back end.

Several Important Points HRMS Execs Are Realizing About the Last Mile

Carrier connections defined:

It is the process of automating the benefit enrollment data management through pre-built secure and fully-managed data integrations between the employer's HR system of record and all benefit insurance carriers and providers. It's an end-to-end communication process from the employer to each of its carriers.

Automating the carrier connection process reaps employer benefits:

- Eliminates or reduces premium cost "leakages" – caused by inaccurate or inefficient reporting with the insurance carriers.

- Simplifies and improves the annual open enrollment process

- Improves the employee benefit experience at the point of service.

- Offers opportunities to reduce HR Department overhead burden associated with benefits admin.

- Better positions HR department to comply with current and evolving legislative and regulatory requirements.

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Key Capabilities Needed

For an answer to enrollment communication with the carriers (carrier connections) the vehicle used must:

- Be simple and reliable.

- Be secure and private.

- Support all benefit carriers.

- Handle special enrollment reporting procedures.

- Catch "missed enrollments".

- Keep the employer's system of record and the carrier's enrollment data base in synch.

The Big Pay Off

All of this reduces HR administration burden. A look at how HR departments report enrollment changes to the carriers today will be a first clue to the increased efficiency a well-designed carrier connection brings to the table. Enrollment <u>without</u> an automated carrier connection process in place includes most of the following:

- A carrier required custom report.

- A multiplicity of benefit forms, paperwork.

- Signing on to a carrier web portal and entering data manually.

 After all that effort, there is still no assurance that the carrier enrollment records are correct unless enrollment audits or data reconciliation reports are regularly completed.

Reduce Costs

Let's frame this as enrollment cost "leaks". An enrollment cost leak is where, for instance, the employer is overpaying premiums for employees or dependents that should have been terminated off of coverage.

Then there is the opposite scenario of dependents that should be covered – the employer thinks they are covered, the employee assumes they are covered, but they haven't been picked

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up on the premiums, and they might even actually be denied service. So in either case, you're paying a price.

With the new 2010 Affordable Care Act legislation it's becoming harder to retro-actively terminate members off of health plans and get premium refunds for them.

A well designed electronic carrier connection system, through its regular and automatic updating capabilities, will plug up these cost leaks so they don't occur.

Are you doing all you can to ensure that employer cost leaks aren't occurring and that the HR staff isn't overburdened with administration work regarding benefits enrollment?

About Sage HRMS Benefits Messenger

Sage HRMS Benefits Messenger simplifies benefits administration processes by securely automating the delivery of employee benefits enrollment data from your Sage HRMS to all your benefit carriers. It helps you provide accurate, timely election information to each benefit carrier and improves communication by automatically reformatting the data already in your Sage HRMS system and sending it to your carriers on your behalf.

For more information:

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Or, contact your authorized Sage HRMS business partner