# Benefitfocus®

## 2024-2025 Buyers Guide

# Strategic Benefits Administration and Engagement

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**It's time to radically simplify the benefits experience** – to help employees navigate and optimize their benefits while reducing costs and administrative burden for HR teams. The right approach to benefits administration – with the right partner – can change the game.

This guide will help you and your technology buying team identify what to look for in a next-generation benefits administration and engagement solution and a partner that can best support – and help drive – your year-round benefits strategy.

# HR Is Leading the Way – and So Is Benefits Administration

With a seat in the C-suite, human resources is tackling top issues on the strategic agenda related to an organization's employer brand, culture and ability to shape ongoing success with an engaged and productive workforce. Specifically, benefits team alignment on business objectives – many of which are people-centric, like talent attraction and retention – and their ability to deliver on them is essential.

Today, employee benefits are in the spotlight. According to Buck's 2024 Wellbeing and Voluntary Benefits Survey, two in three employees would change their jobs for better benefits. A pivotal component of an employee's relationship with their employer, benefits are part of a meaningful, loyalty-building package that helps define the employee value proposition and characterize the employee experience.

> In the next three years, 63% of companies are looking to use employee benefits to signal their company's purpose and values to customers, investors and external stakeholders, as well as its employee value proposition. (WTW's Survey of Priorities for Employee Benefits: a Global HQ Perspective)

Yet for benefits leaders, the pressure is on as benefits become more costly and complex. Your best-intentioned efforts are at risk of failing to reach their strategic potential.

According to the Bureau of Labor Statistics, benefits account for 29.6 percent of total employer compensation costs. And with employer health care benefits costs expected to rise an alarming 5.4 percent to 8.5 percent in 2024, the marketplace is ripe with solutions promising to bend back the cost curve. It's an overwhelming landscape for you and your workforce to navigate – How can we manage it all? What matters most to our employees? Where's the ROI?

**And on top of this, you're likely wrestling with:**

The result is a situation in which there are simply too many barriers in the way of employees unlocking the full value of their benefits. You can't expect to tackle it successfully on your own.
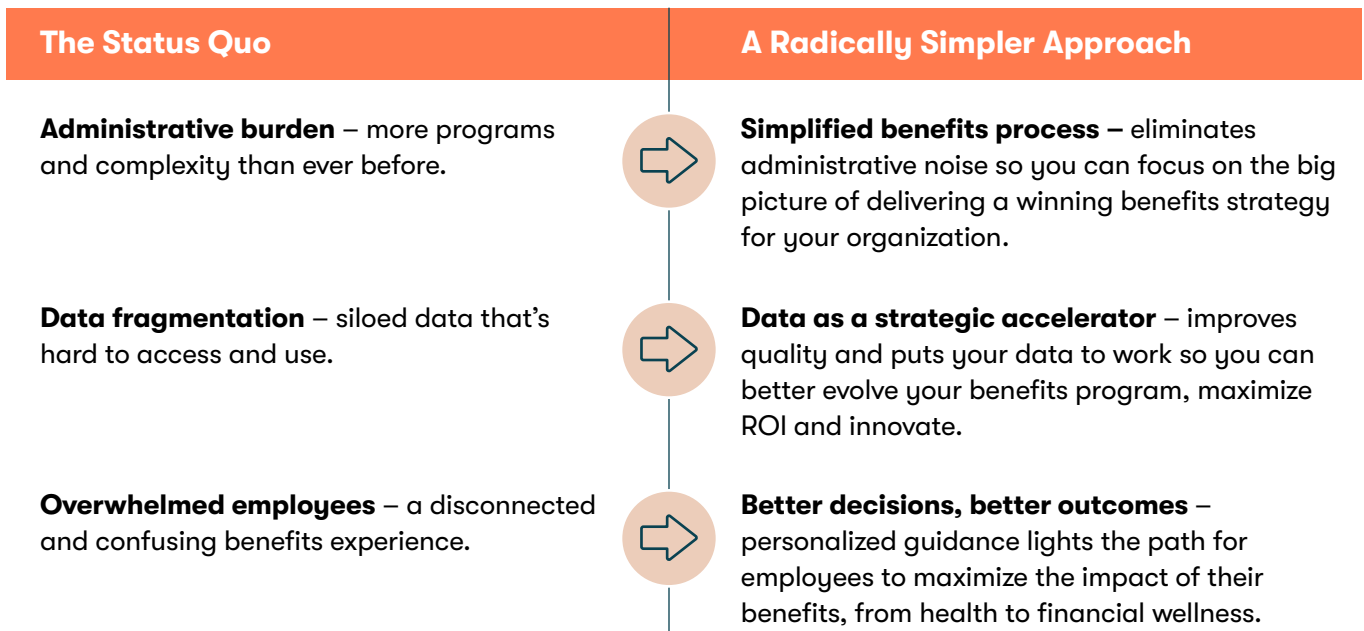
- ✓ Outdated systems and processes.
- ✓ Vendors that underdeliver on service or strategic support.
- ✓ Data that's siloed and hard to access and use in a meaningful way.

# Why Change? It's Radically Simple.

Employers have been grappling with the same benefits administration challenges for years. Benefits are a constant source of confusion and complexity – and judging by ever-changing regulations and an expanding HR tech marketplace (not to mention employees' expanding expectations!), the benefits landscape is likely going to get more confusing and more complex in the years ahead.

In a world where HR teams need to do more with less, benefits leaders need the time and tools to pursue a well-defined strategy that impacts the organizational bottom line – and the traditional approach to benefits administration is falling short. So what does it take to clear a path to easier administration, streamlined benefits experiences and better outcomes?

It takes a new – and radically simpler – approach to benefits administration.

| The Status Quo | A Radically Simpler Approach |
|---|---|
| **Administrative burden** – more programs and complexity than ever before. | **Simplified benefits process** – eliminates administrative noise so you can focus on the big picture of delivering a winning benefits strategy for your organization. |
| **Data fragmentation** – siloed data that's hard to access and use. | **Data as a strategic accelerator** – improves quality and puts your data to work so you can better evolve your benefits program, maximize ROI and innovate. |
| **Overwhelmed employees** – a disconnected and confusing benefits experience. | **Better decisions, better outcomes** – personalized guidance lights the path for employees to maximize the impact of their benefits, from health to financial wellness. |

## Tomorrow's Challenges – and Opportunities – Can't Be Met with Yesterday's Solutions

Like all tools in the HR tech stack, benefits administration solutions have evolved to reflect the changing needs of employers and their employees, to say nothing of advancements in the technology itself. Renowned HR industry analyst Josh Bersin explains it this way:

> 66 Over the last two decades [HR software] systems have radically changed. In the 1980s and 1990s these were mostly back office tools designed for payroll administrators, HR managers, and IT staff. Starting in the mid 2000s these systems all moved to the cloud, opening up their interfaces to employees. And today, as we all interact with dozens of apps from our phones, HR platforms have crossed the line into 'work' tools."

Today, the most innovative solutions are radically simplifying the benefits experience for HR teams and employees, improving and enabling a level of benefits engagement the industry has been working towards for decades.

## Are You Ready to Radically Simplify?

This checklist outlines the top reasons benefits professionals are changing their approach to benefits administration. Use it as a conversation starter with your team. Which pain points can you identify with? Which challenges are holding you back from making a bigger impact?

**Deficiencies with your current benefits administration solution**

- Missing functionality – your needs have grown beyond your team's or solution's capabilities.

  Broken tech – implementation errors or workarounds continually bottleneck progress.

  Difficult to scale – your solution can't keep up with company growth or emerging needs.

  Disjointed experience – HR team and employees lack access to a centralized benefits hub.

  Siloed approach – employees are not guided to optimize benefits across health and savings.

  Poor customer service – the vendor support you receive fails to drive strategy and innovation.

  Other: _____

**Limitations caused by a rapidly changing benefits landscape**

  Tactical overload – your team has too little time to focus on high-impact, strategic initiatives.

  Lack of internal expertise – managing complex areas like compliance results in excess risk.

  Underperforming comms and programs – resources are untapped, and people are disengaged.

  Difficulty accessing program data – you lack visibility into cost-drivers, risks and opportunities.

  Other: _____

**Resource constraints**

  Lack of insights – without tools to understand program ROI, you can't adjust your strategy.

  Rising benefits costs – more programs to manage and less to invest can reduce business impact.

  Low headcount – benefits complexity increases, but your team can't take on any more work.

  Other: _____

# Anatomy of a Strategic Benefits Administration and Engagement Solution

The work of benefits professionals can no longer be limited to the purely administrative or tactical. While facilitating the transaction of signing up for health care coverage, for example, or ensuring that employees' premiums are deducted from their take-home pay are critical, they can easily be offloaded to a partner. But this is just the tip of the iceberg. And outsourcing is just part of the story.

**A benefits administration solution that's built to radically simplify benefits will provide an expansive scope of functionality and services that do far more than help benefits leaders administer benefits.** When you enter into a consultative relationship with a trusted benefits administration partner and leave the administrative complexity and support-oriented "heavy lifting" to their expert team, you're free to think – and act – more strategically and change the way your people experience and engage with their benefits.

Today, selecting the right benefits administration and engagement solution for your organization requires looking at the technology and vendor partnership in a new way.

## Assess partners across these four dimensions

| Core Administration | Service & Support | Employee Benefits Experience |
|---|---|---|
| The outsourced functionality and end-to-end platform features that help ensure your HR team has the tools, data and insights needed to operate efficiently, optimize resources and remain innovation-ready for ongoing program success. | The level of service and support provided to your HR team and employees that helps drive quality and consistency, cprotect and extend your technology investment and increase your capacity to cimpact business results. | The experience-shaping interface that guides employees to their next best action, streamlining and simplifying each step to help them achieve maximum value across health and financial benefits and engage year-round. |

| Partner Fit |
|---|
| The vendor health and cultural elements that constitute a successful strategic partnership including complementary industry experience and functional expertise; alignment on vision and values; and a shared approach to defining and achieving goals, communicating effectively and resolving issues. |

**The insights on the following pages will help you identify the functionality to look for and use as points of comparison between prospective partners.**

## Core Administration

An end-to-end administrative solution enables HR teams to strategically outsource tedious administrative tasks and processes and free up critical resources for strategic, high-value work.

> **Over half (nearly 54%)**
> of HR leaders say they don't feel their HR department is adequately staffed to handle the demands of the future workforce. (HRE's What's Keeping HR Up at Night? Survey, 2023)

A valuable way to cost effectively manage resource demands, outsourcing is also a way to reduce complexity for an HR team already struggling to do more with less. And when you consider the added value in trusting the work to a team of trained specialists who get the job done accurately and always aligned with compliance requirements, you can feel confident that you're minimizing business risk.

The power behind the next-generation capabilities is a sophisticated approach to data management that enables you to make the most of your data and keep your organization ready to innovate with emerging tech. You should expect your benefits administration vendor to aggregate, organize, transmit and translate data to deliver nothing short of accurate, secure, timely, accessible and usable insights. That way, you'll understand how your benefits program is performing — what's working and what's not, and how you can improve and evolve to maximize value and ROI.

# Administrative Functionality Must-Haves

Here are the functionality categories to consider – and what to look for in a comprehensive solution.

## Comprehensive benefits administration

- **End-to-end solution** – Does the solution help relieve the burden of administrative tasks throughout the benefits process?
- **Electronic eligibility and enrollment** – Is the solution proven to support complex eligibility (employees and dependents) and business rules?

## Billing and payment services

- **Carrier Billing** – Does carrier billing support list bills and self bills, provide consolidation and reconciliation, and remit payment on your behalf?
- **Direct Billing** – Does direct billing provide a simple participant experience, with ability to automatically apply outstanding balances to payroll deductions upon return to work?
- **Closed-loop Payroll** – Is closed-loop payroll available and does it automate payroll reconciliation and adjustments for every payroll cycle, with a proven record of success in recouping uncollected premiums?

## Compliance services

- **ACA compliance and reporting** – Is it a comprehensive and proven solution that will analyze your data, proactively identify issues, calculate eligibility and affordability, prepare and send forms, and assist with any penalty notices?
- **COBRA administration** – Does the service include automated notifications, intuitive participant experience and experienced in-house support with comprehensive reporting?
- **QMCSO** – Can they take on QMCSO qualification, processing, communication and monitoring on your behalf?
- **Dependent verification services** – Can they take on one-time dependent eligibility audits and ongoing verification processes?
- **Retiree administration** – Do they offer support for initial, annual and qualifying event enrollment (including connection to retiree exchange), with ability to handle complex eligibility rules and cost structures?
- **Consumer accounts administration** – Do they offer an integrated, intuitive experience for employees to manage consumer account contributions and balances, with flexibility to support complex plan designs, business rules and data exchange requirements?

### Benefits program reporting and insights

- **Standard and adhoc reports** – Do they offer comprehensive and flexible reporting tools that are easy to use, offer strong data visualization and deliver actionable insight?
- **Health care data analytics** – Can they integrate medical and Rx claims data for analytics to help shape, manage and measure benefit strategy, supported by consultative health care data experts?

### Technology

- **User-focused design** –  Is the platform simple and intuitive?
- **Expansive integrations and data exchange** – Do they offer expansive integration capabilities across HR, payroll and benefit carrier systems with proven record of success in delivering data on time with accuracy?
- **Emerging tech** – Do they take a responsible approach to exploring AI, data and other tech to improve the customer experience with their solutions?
- **Enterprise-level security** – Are they focused year-round on keeping your data safe including audits or attestation reports on the vendor, data encryption, proven backup and disaster recovery capabilities, and use of multi-factor authentication methods?

### Value-added administration services

- **Dependent verification services** – Can they take on one-time dependent eligibility audits and ongoing verification processes?
- **Retiree administration** – Do they offer support for initial, annual and qualifying event enrollment (including connection to retiree exchange), with ability to handle complex eligibility rules and cost structures?
- **Consumer accounts administration** – Do they offer an integrated, intuitive experience for employees to manage consumer account contributions and balances, with flexibility to support complex plan designs, business rules and data exchange requirements?

## Service & Support

Implementing a benefits technology platform is not a simple buyer-seller transaction – it's the beginning of a relationship that can be defined by the service and support you receive. A partner that is committed to nurturing your relationship for the long-term will emphasize collaboration, communication and transparency in their service to your HR team and employees.

**47% of customers** feel less valued when they face difficulty reaching or talking to unsupportive customer service agents. (Accenture Life Trends 2024)

"Customer obsession" may be a buzzword, but customer service is something to consider carefully when selecting a benefits administration partner. After all, their team is an extension of your team, making your life easier and your employees' benefits experiences better. Their people – everyone from administration specialists to client service executives – should consistently demonstrate their dedication to helping you implement, deliver and iterate on a successful benefits strategy.

Service excellence matters. Set off on the right foot with a partner that's devoted to exceptional end-to-end service and follow-through – and whose people are as passionate about a strong service culture as you are.

## Service and Support Model Must-Haves

Here are the support and service categories to consider – and what to look for in a partner.

### Client support

- **Smooth Implementation** – Do they have a clear implementation process with timelines and involve the client manager from day one?
- **Industry expertise** – Do their service and support team members have deep benefits administration experience?
- **Service philosophy** – Is their service grounded in the principles of predictability, proactivity and partnership — do they take feedback well?
- **Single point of contact** – Do they offer an experienced single point of contact, backed by a team of subject matter experts?
- **Comprehensive metrics** – Are performance metrics and scorecards shared regularly?
- **Low team turnover** – What is the average tenure of the team that supports you and your employees?

### Employee support

- **Multichannel support** – Do they offer support via phone, email and chat and have high resolution rates?
- **Sophisticated chatbot** – Do they offer an AI virtual assistant that continually improves?
- **Clear approach to workforce management** – Do they use a thoughtful, clearly articulated approach to workforce management (e.g., customer service representative training, capacity planning, etc.)?
- **Proven success** – Can they demonstrate their success with metrics such as first-call resolution, average speed to answer and customer satisfaction score?
- **Telephonic enrollment** – Can customer service representatives help employees enroll over the phone?
- **Availability** – What hours is employee support available and are they extended during open enrollment?
- **Multi-language support** – Can employees chat with an agent in 20+ languages?

### Enhancements & Training

- **Product releases** – What is the frequency of product releases, how are they communicated, and is there flexibility in adopting new features?
- **Enhancement feedback** – How can you share thoughts on current and suggestions on future functionality?
- **Multi-channel training** – Do they offer a variety of customer training options?
- **Professional development** – Do they offer educational content and training that provides the latest on industry updates? What about opportunities for professional development?

## Employee Benefits Experience

While benefits education is important, employers know that it's unrealistic to expect employees to be benefits experts; rather, the path to making the right benefits decisions needs to be more experiential, guided and interactive. Employees today need a hyper-personalized, hyper-connected experience that directs them to their next best action – and that minimizes the potential for "bad" decisions and removes barriers to making the most out of their benefits for maximum personal impact.

A pulse survey report from Cornell University's School of Industrial Labor Relations Center for Advanced Human Resource Studies revealed that **employee experience** is a top-of-mind concern for 44% of CHROs and HR leaders. Rounding out the top five topics were transformation and evolution (67%), talent management (56%), technology (50%) and leadership and succession planning (44%).

When assessing benefits administration solutions, you'll want to be sure to consider how each vendor approaches their digital platform's design and UX. Consumer-grade experiences are the name of the game, as employees are accustomed to seamlessly swiping and tapping their way through their favorite shopping, entertainment and social media apps.

This means your objective is to leverage your benefits administration solution to deliver benefits in a way that increasingly mirrors the consumer experience – one that's on-demand, highly personalized, and almost anticipatory in its ability to meet the employee "where they're at" at the time they need to access, choose or use their benefits.

# Employee Benefits Experience Capability Must-Haves

Here are the employee engagement capabilities to consider – and what to look for in a solution.

## Benefits in one place

- **Centralized, online benefits hub** – Is there a single, personalized source to access integrated account balances, total compensation and pre-enrollment communication, education and resources?

- **Mobile app** – Do they offer an app for year-round access to benefits information (e.g., coverage details, claims history, account balances) on their mobile devices while providing an additional communication channel for just-in-time education?

## Streamlined enrollment and guidance

- **Step-by-step navigation** – Does the solution guide employees through enrollment with an intuitive, personalized experience based on the enforcement of business and eligibility rules that present employees only with information and tasks that apply to them at an individual level?

- **Eligibility management and plan packaging** – Is the enrollment experience easy to navigate and comprehensive, enabling employees to enroll in all their benefits from one place, with options thoughtfully categorized to aid in optimal selection?

- **Enrollment guidance** – Is decision support available and does it sort plans and packages based on an employee's profile and preferences to simplify the decision-making process, helping to optimize their enrollment and savings decisions by connecting health and financial wellness?

## Engagement and communication

- **Care navigation and advocacy** – Is an integrated care navigation solution, using leading data science, available to guide employees to in-network doctors that are more likely to produce improved health outcomes and, in turn, lower total claim costs?

- **Integrated point solutions** – Do they offer key point solutions within their platform to support employee health and wellness?

- **Year-round education** – Do they offer administration tools that include the ability to provide employees with personalized nudges and integrate rewards and incentives?

- **Communications design and fulfillment services** – Do they offer sophisticated technology that supports multichannel, highly personalized, year-round approach to employee communication - with consultative services available to plan, design and execute on your behalf?

## Partner Fit

The right benefits administration partner will provide your HR team and employees with the tools, support and insights you need to optimize resources and achieve ongoing success – however you define it. This means they'll meet your needs across the parameters of technology, functionality and service. But your vendor assessment shouldn't stop there.

**Gartner** suggests that when assessing potential technology partners, enterprise tech buying teams should also consider vendor health, a category of criteria that includes vendor stability, references, product or vendor roadmap, and culture alignment to your team's organization.

Most components of vendor health are fairly straightforward and can be uncovered through research before and during the sales process. Cultural fit, however, is nuanced and can be a little more difficult to evaluate. While you'll see cultural alignment demonstrated in your partner's approach to developing solutions for your organization and delivering service to your people, it's also a feeling, or a sense of "They really get us" or "We work really well together."

## Partner Fit Must-Haves

Every organization is unique, and there's no one "right" definition of a right-fit vendor. As a starting point to help you consider what partner fit means to your technology buying team, you may want to look for these organizational health and culture markers from your preferred benefits administration and engagement partner:

### Core values

- Is their organization guided by principles (e.g., innovation, accountability, transparency) that resonate with what matters most to your organization?
- Are their core values evidenced in your interactions with their people before, during and after the sales process?
- Do you share the same organizational commitments (e.g., sustainability, ethical conduct, diversity and inclusion)?

### Leadership approach

- Does your partner's leadership team have deep experience and expertise in your industry?
- Are your leadership teams aligned on a commitment to improving employees' lives with benefits – and what it takes to get there?
- Do your partner's leaders (and their sales and service teams) instill a sense of confidence and trust in your team?

### Strategic vision

- Do you share an approach to defining, pursuing and iterating on success?
- Does your partner seek to help employees connect benefits across health and financial wellness by optimizing enrollment decisions and utilization behaviors?
- Does your partner help educate your team on best practices to keep you on top of industry trends and ready for innovation?
- Do they incorporate feedback from clients and end-users into solution and service development roadmaps?

### Track record of success

- Does your partner have experience working with organizations in your industry and companies who are overcoming similar challenges?
- Can your partner provide statistics detailing results and client experiences, such as successful open enrollment seasons?
- Does your partner have a history of technology investments and innovation focused on improving service delivery, solution and data quality, and customer and end-user experiences?
- Does your partner have successful relationships with industry players including carriers, technology consultants, benefits brokers, TPAs and health plans?

# Key Takeaways

**Benefits teams have an opportunity to change their approach to benefits administration.** Employee benefits are more important to the workforce than ever, making a successful benefits strategy essential for organizations. Yet as benefits become more costly and complex, administrating benefits and driving impactful employee engagement with them is increasingly challenging for HR teams. Modern benefits administration and engagement solutions offer the functionality and support that benefits teams need to simplify and optimize the benefits experience, for everyone.

**Selecting the right-fit benefits administration and engagement solution partner is more than a check-the-boxes exercise.** While an end-to-end benefits administration solution needs to provide an expansive list of capabilities, it's important to consider what your organization and benefits team expect by way of service and support, partner experience and expertise, approach to data management and emerging tech, product development, culture fit and more. The decision can be made easier by coming to the table with a clear understanding of your needs – and high expectations for your preferred partner.

**Strategic benefits success requires a consultative partnership that clears the path for innovation.** The work of benefits professionals today can no longer be limited to the purely administrative or tactical. Tasked with driving better outcomes and lowering costs for the organization and employees, benefits teams need the resources and data insights to focus on strategic initiatives. That's why selecting the right benefits administration and engagement solution requires looking at technology and vendor partnership in a new way that emphasizes strategic outsourcing, smart data management and a shared commitment to improving employees' benefits experience.

## Next Steps

Explore benefitfocus.com/resources for more insights and tools to help inspire your technology buying team.

Book a demo to experience Benefitfocus in action – and learn how we can help radically simplify benefits for your organization.
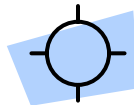
# Benefitfocus Can Help

Benefitfocus is committed to helping organizations and the individuals they serve get the most value out of their health care and benefit programs.

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## We are helping to clear the path to

Easier
administration

Higher benefits
engagement

Optimized benefits
decisions

# Benefitfocus®