



Outsourcing Benefits Administration: Are You Ready?



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Making the Right Decision

HR executives face a never-ending variety of evolving and often overwhelming challenges when it comes to their health and welfare benefits administration. As employee benefits become more complex, critical, and increasingly subject to regulatory compliance requirements, employers must accurately assess their team's capacity when it comes to managing this important aspect of their business.

When thinking about benefits administration outsourcing for the first time, consider your current and future responsibilities and goals alongside your internal capabilities. Which route best aligns with your benefit needs and challenges?

Are you prepared to continue handling all tasks internally? Some organizations **insource** these tasks because they are uncomfortable with relying on a third-party to manage their administrative functions. However, insourcing requires a continual investment in technology development, ongoing training in the use of the technology, and constant vigilance regarding regulatory compliance. Over time, these demands can drain resources and drag HR's focus away from other important priorities.

As employee benefits become more complex, critical, and increasingly subject to regulatory compliance requirements, employers must accurately assess their team's capacity when it comes to managing this important aspect of their business.

60% of companies outsource their benefits administration to minimize the administrative burden on internal staff, and **50%** outsource to increase efficiency and lower costs.¹



Making the Right Decision, *Cont'd.*

Co-sourcing provides a middle-ground that enables you to retain some processes in-house (call center services, for example), while outsourcing remaining responsibilities. This approach enables companies to drastically minimize the impact of the most burdensome benefit tasks, such as enrollment and regulatory compliance.

Given the growing difficulties associated with benefits administration, however, more employers are choosing to **fully outsource** their benefits administration. Fully outsourcing can provide the infrastructure, technology, and services you need to confidently handle a myriad of benefits administration tasks as your company grows, as well as help ensure you maintain compliance with regulatory requirements, such as the Affordable Care Act (ACA) and COBRA.

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Is Outsourcing the Right Fit for My Company?

Large employers (10,000 lives or greater) tend to outsource benefits administration due to the size of their workforces, the use of multiple offices or locations, and the complexity of their benefit programs – which can often involve multiple populations such as union workers, retirees, and employees with grandfathered benefit plans.

Mid-sized and smaller organizations (less than 10,000 lives) also find they benefit significantly from outsourcing, which can help solve for a lack of internal resources and expertise.

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Is Outsourcing the Right Fit, *Cont'd.*

As part of your decision-making process, consider which of the following factors and outcomes are most critical to your success:

- Reducing the cost of your benefits administration
- Ensuring ongoing regulatory compliance
- Freeing up internal HR/Benefits resources to focus on core business needs and more strategic initiatives
- Improving the overall employee experience through streamlined enrollment processes
- Increasing employee engagement and communication through web-based technology and robust decision support tools
- Providing competent, consistent administration of services such as COBRA, FSAs, and HSAs
- Reducing internal investments in infrastructure or technology maintenance and development
- Utilizing real-time reporting insights to manage enrollment, support budgeting, and measure carrier and vendor performance

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Making the Move to a New Benefits Administration Provider: What to Consider

Most HR leaders identify closely with one or more of the following five compromises which drive their search for a new benefits administration provider:

1. **Our current solution no longer fits** because something has changed about our business, our strategy or industry regulations.
2. **Our current solution doesn't work** due to non-compliance, data inaccuracies, eligibility rules applied incorrectly, or poor employee experience.
3. **Our HR team is working too hard** and spends too much time researching employee concerns, resolving issues, reconciling data, or redoing work.
4. **Our account service team is not responsive**, changes take too long, they are not proactive, or they don't understand health and welfare benefits or our business.
5. **Our current solution costs too much**, we get charged for every small change, and changes take too long to implement, so we are not seeing the value for the cost of our system and services.

HR and benefits executives with limited resources are realizing the advantage of leveraging a modern benefits administration vendor that can provide the technology and expertise to help them eliminate these compromises and be prepared for future changes.



Determining Your Needs

So, how can you decide if outsourcing your benefits administration is right for your company?

A good place to start is by asking your internal staff and business partners the following questions:

- Do we have the appropriate resources and infrastructure to handle all aspects of our benefits administration in-house?
- Do we have the financial support to develop and maintain the skill sets and technology needed to manage our benefits administration effectively?
- Do we have the in-house expertise to understand and keep up with complex regulatory compliance requirements?
- Can we continue to support the strategic initiatives necessary for our company's growth while also internally managing all of our daily administrative functions?

If you answered “no” to one or more of these questions, now may be a smart time to consider how outsourcing your benefits administration could positively impact your company.

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Determining Your Needs, *Cont'd.*

With the right partner, outsourcing can help increase your team's productivity, increase employee engagement and retention, and lower costly errors and risks.

It's crucial, however, that the benefits administration partner you choose is capable of tailoring to your unique strategy and goals, and can also adapt and scale to changes within your organization and industry over time.

A truly client-adaptive provider will begin building a solid foundation for your partnership on day one, utilizing a cohesive team from the start of implementation and into daily service. Throughout the implementation process, this team will gain valuable expertise regarding your unique solution, which they can then leverage when day-to-day service begins. This eliminates the hassles and risks of unfamiliar service teams, and ensures your partner can provide a consistent level of service quality and responsiveness – no matter what changes may come to your benefits strategy down the road.

Whether outsourcing your benefits administration for the first time or making the move to a new vendor, you'll want to make the most of your investment and ensure long-term success. Focus on finding a partner with the adaptive technology, processes, and team to support your business as it evolves.

Taking the Next Step

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About Empyrean

Empyrean Benefit Solutions is one of the fastest-growing providers of technology and services for managing employee health and welfare benefits programs.

Empyrean provides enrollment, eligibility management, ACA reporting, and other plan administration services to employers, insurance brokers, and healthcare exchanges.

Unlike other providers, Empyrean combines the industry's most client-adaptive and configurable benefits technology platform with expert, responsive service to deliver Hi-Touch benefits administration.

Visit www.GoEmpyrean.com for more information.

Reference

1. "The Guardian Workplace Benefits Study: 4th Annual – Benefits Balancing Act." The Guardian Life Insurance Company of America, New York, NY. Spring 2016.

https://www.guardianlife.com/insights-resources/pdf/Theme3_Guardian__BalancingAct_Book_012317_FINAL.pdf

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VERSION 1.1

