



# Minimizing Risk in HR: How Benefits Administration Technology Can Help



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**Comprehensive benefits management requires continuous attention around your compliance and cost risks. Ever-evolving regulations, shifting complexities, and potential pitfalls from subpar technology can all increase the vulnerabilities you face when protecting your employees.**

Staying ahead of risks is a critical priority for Human Resource teams, but also presents a multitude of challenges, especially given the delicate balance many benefit teams maintain between competing responsibilities. If not kept in check, however, risk concerns can quickly spiral into major issues that are costly and time-consuming to reconcile—derailing this balance and leaving your HR department scrambling to perform damage control.

Employers can prevent these unnecessary struggles by utilizing smarter solutions. Enriching employees' lives through effective benefits administration will not only streamline enrollment and engagement processes, but also enable you to take a proactive approach to managing and minimizing your risk exposure.

This At-A-Glance analyzes five key ways employers can utilize a strong benefits administration platform and partner to address and alleviate many of their most pressing risk factors.

## At-A-Glance Guide *from* Empyrean Benefit Solutions

### Lower your risks & make your job easier

A comprehensive benefits administration solution will enable you to:

1. Stay Up-to-Date With Regulatory Compliance
2. Accurately Automate Processes to Eliminate Errors
3. Easily Manage Participant and Dependent Eligibility
4. Adapt to Change Without Driving Up Costs
5. Drive Communications to Educate and Inform Employees



# Stay Up-to-Date with Regulatory Compliance

Maintaining regulatory compliance is an extremely important task for any benefit team. Penalties for non-compliance can be hefty, and regulations are constantly evolving. For many companies, internally managing this burden on top of other priorities can leave HR resources drained and their organizations vulnerable.

When employers outsource their benefits administration, they expect their provider to streamline processes and enhance employees' benefit experiences—and their solution should not stop there. Your chosen partner should also deliver **effective compliance solutions** to appropriately manage the constantly evolving regulatory risks surrounding benefits administration.

Though this aspect of your administration may not be the most engaging, it is nevertheless a critical component of your team's overall success. Utilizing technology, when supported by in-house compliance experts, can help you take a more proactive approach to managing these risks.

Though compliance may not be the most engaging aspect of your benefits administration, it is nevertheless a critical component of your team's success.



## Stay Up-to-Date with Regulatory Compliance, *Cont'd.*

### **Affordable Care Act (ACA) Requirements:**

Given the uncertainty surrounding this legislation, it is especially important that you are meeting the ACA's employer mandates and reporting responsibilities. **Your benefits administration provider is the key partner that will determine your company's ACA success**—and help you keep costly non-compliance penalties at bay.

The platform you leverage must be capable of timely *and accurately* adapting to ACA regulations *as they shift* to ensure your entire solution remains up-to-date. As many employers learned during the first years of ACA reporting, this task is significantly more complicated than filing employees' household taxes when internally managed.

You will need data from your benefits administration system, as opposed to a payroll or other HRIS system, in order to apply the correct codes to each of your employees for reporting purposes. In addition, large employers (250 returns or more) are required to file using the IRS's ACA Information Returns (AIR) system, which has presented challenges of its own due to complex registration processes and frequent site outages.

The platform you leverage must be capable of timely *and accurately* adapting to ACA regulations *as they shift* to ensure your entire solution remains up-to-date.



## Stay Up-to-Date with Regulatory Compliance, *Cont'd.*

Using fully integrated ACA solutions offered by an experienced benefits administration partner will significantly minimize the time, risks, and headaches associated with this obligation.

Your platform should be designed to appropriately analyze and code your data as needed to provide accurate information as required. A range of reporting and fulfillment options—from full-service to raw data delivery—will enable you to best meet your team’s unique needs and capacity.

ACA non-compliance is a significant and expensive risk that can overwhelm HR teams and lead to heavy penalties and unnecessary financial strains for your organization. With the support of a reliable benefits administration partner, however, HR can confidently deliver on evolving ACA requirements while maintaining overall focus and peace-of-mind.

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## Stay Up-to-Date with Regulatory Compliance, *Cont'd.*

**COBRA Compliance:** COBRA compliance is a year-round concern for benefit leaders, given strict notification requirements and timelines. When managed internally, COBRA duties can easily drain resources, and time-consuming tasks and error-prone manual processes can quickly drive up risks. COBRA requirements leave employers with very little room for error. Distributing compliant communications, coordinating with carriers regarding coverage, managing payments, keeping track of participants, and handling participants' questions can easily sidetrack your team at any time.

Instead of taking on COBRA's challenges alone, rely on the expertise and coordination offered by your outsourcing vendor to streamline processes and maintain compliance. **A dedicated benefits administration technology provider will have an established partnership with best-in-class COBRA experts, and will enable you to easily keep up with these responsibilities.**

Leveraging the seamless connection between a strong technology partner and highly experienced COBRA services provider ensures your processes remain efficient and effective, while alleviating the burden and simplifying the complexities of this potentially high-risk administrative requirement.

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## Stay Up-to-Date with Regulatory Compliance, *Cont'd.*

**Dedicated Compliance Experts:** Benefits regulations and legislations are constantly evolving. Your compliance success entirely depends on the quality of your tools and the expertise guiding them. In addition to ACA and COBRA compliance, your benefit programs are subject to a vast host of other regulatory requirements, including Section 125 compliance, HIPAA protocols, and more.

Whether outsourced or insourced, it is not enough to have solutions in place that comply with current regulations. Your solutions must also be *continuously monitored* by dedicated compliance experts to make sure they remain viable as changes are handed down.

Your benefits administration outsourcing provider should be supported by an **in-house compliance team**, offering the specialized knowledge necessary to always keep your solutions in line with the latest legislative requirements.

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# Accurately Automate Processes to Eliminate Errors

Clean data is the foundation of your benefits administration success. However, keeping information accurate and up-to-date is extremely challenging without consistent data management and support. And incorrect data will render your solution useless. Expert automation is a huge factor in ensuring data integrity. In-house and paper-based processes often require lots of manual work to manage—which exposes you to significant *error risks*.

Likewise, a technology provider with unreliable or inflexible back-end automation processes will also cause errors and complicate your administration instead of making it easier.

If not quickly recognized and properly addressed, issues within your benefits administration data can become time-consuming and costly to fix. In addition, frequent or repeated errors will begin to undermine the advantages of your offering. Employees that encounter these types of data-related problems can become frustrated and lose confidence in their benefits, correlating to dissatisfaction with their job and employer.

Expert automation is a huge factor in ensuring data integrity. Unreliable processes or technology will expose you to significant error risks that can become time-consuming and costly to fix.



## Accurately Automate Processes to Eliminate Errors, *Cont'd.*

**Consistently reliable automation** is the key to maintaining good data. Fractured or incomplete systems often lack fully automated capabilities, and require a significant amount of behind-the-scenes manual effort and management to meet employers' needs. A competent benefits administration provider, on the other hand will offer a complete technology solution that truly automates processes to minimize the risk of errors and inaccurate data.

Your partner's technology should provide an engaging and easy experience for employees to navigate and interact with their benefits, all the while making your administrative workload more holistically easier to manage.

In addition, a total technology platform will offer powerful and customizable reporting tools, enabling you to leverage your clean data and gain greater strategic insights and successes.

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## Easily Manage Participant & Dependent Eligibility

Adhering to set eligibility rules is a large part of the benefits administration equation. Poor eligibility enforcement presents huge risks that can impact your costs, employee satisfaction, and overall strategic success.

Each employer has their own unique populations, benefits, and eligibility standards. These variables are continuously—and oftentimes rapidly—evolving to respond to business and industry changes. Given this dynamic nature, it is absolutely critical that your benefits administration solution takes a modern approach to eligibility management.

**Fully rules-based processes** should be in place throughout your technology platform, providing eligibility gatekeeping that remains consistently tailored to your unique requirements—regardless of how your benefits or eligibility rules may change over time.

Without proper oversight, eligibility issues can quickly slip by and pile up. This not only severely impacts the integrity of your data, but can also lead to higher benefit expenses for your company.

Your eligibility gatekeeping solution must remain consistently tailored to your unique requirements—regardless of how your benefits or eligibility rules change over time.



## Easily Manage Participant and Dependent Eligibility, *Cont'd.*

Faulty gatekeeping measures may allow employees and their dependents to elect coverage for which they are ineligible—racking up costs and creating a mess of problems for benefit administrators. Employees that elect ineligible coverage can become especially frustrated and dissatisfied to learn their election or dependent is invalid post-enrollment.

Eligibility errors can proliferate as a result of both an insufficient in-house solution as well as a subpar technology system. And while a particular solution may initially uphold your current eligibility constraints, the system you choose should also smartly and swiftly adapt to new benefits, carriers, populations, and rules as necessary.

A truly effective benefits administration platform must also ensure participants and dependents receive access to appropriate plans and coverage as designated by their individual employee population, elections, and applicable regulations. During enrollment, plan visibility should be limited to only those options for which the employee or dependent is actually eligible.

For example, some employees residing in a specific geographic location, or who are part of a group or union, may require access to unique plans that are not available to your entire workforce.

A truly effective benefits administration platform will ensure participants and dependents receive access to appropriate plans and coverage as designated by their individual employee population, real-time elections, and applicable regulations.



## Easily Manage Participant and Dependent Eligibility, *Cont'd.*

Employees belonging to these populations should be able to see and elect these options within their enrollment experience while all ineligible employees should not.

Likewise, your platform's gatekeeping rules should follow employee elections in real-time. For instance, employees that elect a high deductible health plan (HDHP) may also see an option to contribute to a Health Savings Account (HSA) during enrollment. Should an employee select an HSA-ineligible plan (such as a preferred provider organization (PPO)) the option to contribute to an HSA should be automatically removed from their election choices.

If you are including eligibility or dependent verification as part of your administrative strategy, your outsourcing partner should offer capabilities that streamline these steps. Utilizing your benefits administration provider for verification will ensure a smooth process for employees, minimize verification-related risks and issues, and lessen the overall burden to help to keep your team focused on your priorities.

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## Adapt to Change Without Driving Up Costs

Employee benefits move fast. As an HR leader, you must ensure you have the flexibility to proactively meet your company's evolving needs, as well as rapidly adapt to quick shifts and organizational changes alike.

Your benefits administration partner has a big impact on your strategic agility. It's imperative that your technology solution can keep up with your needs year over year.

Though a system's front-end functionality is important, user interface is not the most accurate indicator when it comes to determining the sophistication and flexibility of the processes actually running your platform. It is your solution's *back-end technology* that will determine its ability to scale and adapt to changes, both small and large.

Legacy platforms are often comprised of several standalone systems that have been patched together, sometimes with pertinent data being housed in disparate databases. These platforms may appear to be a cohesive system on the surface, but the data structure underneath is not a complete or coordinated single solution, which can lead to a multitude of errors.

**Your benefits administration partner has a big impact on your strategic agility. A solution's *back-end technology* will determine its ability to scale and adapt to changes, both small and large.**



## Adapt to Change Without Driving Up Costs, *Cont'd.*

Poorly architected platforms can mismanage data or break when presented with changing requirements. Resolving these issues can mean long wait times and heavy change fees for your team to struggle around, particularly because these legacy systems require significant patching and coding to meet each new need.

Limitations can be difficult to predict, and will drive up unexpected costs along with administrative headaches. The result is a benefits administration system that is unable to tailor to your business, and which effectively freezes your strategy at the expense of your team, employees, and bottom line.

To minimize this risk, employers should look to leverage a benefits administration solution that is architected to keep pace with your needs. The more modern and better designed your technology, the more streamlined, nimble, and faster it will be at addressing changes in your requirements and strategy.

An **adaptive platform** is designed to deliver the speed demanded by today's businesses, and features comprehensive back-end technology allowing for rapid changes and enhanced scalability with lower and more predictable change costs.

Poorly architected platforms can mismanage data or break when presented with changing requirements—effectively freezing your strategy at the expense of your team, employees, and bottom line.



## Adapt to Change Without Driving Up Costs, *Cont'd.*

To ensure full strategic flexibility, your solution must also include *strategy-agnostic* and *carrier-agnostic* capabilities. These capabilities allow you to administer *any strategy* (be it traditional benefits administration, a private exchange or marketplace, or a hybrid of these two approaches) as well as *any plan* or combination of plans from *any carrier*.

To gain perspective on the quality of a provider's technology without diving into technical specifics, be sure to discuss adaptability with potential partners. In particular, ask how they have handled changes that your organization may be anticipating or has experienced, especially for clients of similar size, complexity, or within a similar industry.

The support of a truly adaptable partner and platform will enable you to continuously evolve and improve your benefits offering, while minimizing the risk of lost time, surprise modification costs, and hassles over outdated, inflexible, or hard-to-scale systems.

An adaptive platform features comprehensive back-end technology allowing for rapid changes and enhanced scalability with lower and more predictable change costs.



## Drive Communications to Educate and Inform Employees

At the center of your benefits success is your employees, but they may also be a source of risk when not properly educated around their options.

Unfortunately, three in four employees say they do not fully understand their benefits.<sup>1</sup> This lack of understanding has major consequences: 55% of employees that make uninformed benefits decisions waste up to an estimated \$750 a year because of these choices. Meanwhile, 67% of employees consider the benefits selection process to be stressful.<sup>1</sup> High frustration and low confidence can take a high toll on the effectiveness of your benefit program.

Central to every successful benefits strategy is a strong communications plan, which enables you to efficiently develop a workforce of more informed benefits consumers. Participants require consistent communications that go beyond ad hoc annual enrollment messages, in order to fully recognize and leverage the advantages of your offering.

Your technology partner should empower a year-round communication strategy with capabilities to achieve maximum reach and impact.

Employees may be a source of risk when not properly educated around their options: Unfortunately, three in four employees say they do not fully understand their benefits.<sup>1</sup>



## Drive Communications to Educate and Inform Employees, *Cont'd.*

Your benefits administration platform is the central channel through which participants engage and learn about their coverage options.

Placing **tailored messages** within your employee benefits portal can help drive relevant, targeted content to your participants throughout the year. Messages that are designed to cater to specific employee population segments can be especially powerful communication tools.

During annual enrollment you may choose to direct benefits information to the most relevant populations—similar to the way product suggestions are displayed on online marketplaces such as Amazon.com. For example, younger employees may be greeted with information regarding an HDHP or other cost-effective plan, while older workers and retirees may receive messaging focused on retirement savings options.

Including relevant videos as part of your communications is another easy and engaging way to educate employees about their options and boost your overall communications visibility.

Central to every successful benefits strategy is a strong communications plan. Your technology partner should empower your communications with tailored capabilities to achieve maximum reach and impact.



## Drive Communications to Educate and Inform Employees, *Cont'd.*

Once enrollment is over, you can leverage your platform to further promote engagement and keep employees in touch with all their benefits have to offer. Year-round messages can include information regarding savings accounts, wellness programs, plans that feature anytime enrollment (such as pet insurance), or other applicable options and programs depending on your unique offering and communications strategy.

Targeting your workforce with tailored messages enables you to further personalize employees' benefits experiences, and keep your workforce well-versed in the advantages offered by your coverage options. In fact, 87% of employers say the use of technology during enrollment has improved benefits comprehension among their employees.<sup>2</sup>

A strong communications strategy will not only keep your employees engaged and educated, but will also minimize the risks of uninformed participants. In addition to streamlining enrollment and administrative processes, a supportive partner will ensure that the communications aspect of your strategy is made easier to execute.

**87% of employers say the use of technology during enrollment has improved benefits comprehension among their employees.<sup>2</sup>**



# Conclusion

Effective benefits management requires benefit professionals to also manage risks among many other competing priorities. Strict regulations, surprise fees and fines, data inaccuracies, and employee uncertainty can be cause for concern if left unchecked – but you *do not* have to juggle these responsibilities alone.

A strong platform will include a range of solutions to make these risks much easier to handle. Obtaining knowledgeable and reliable support from a proven benefits administration technology partner will empower you to take control of your risk factors, while simultaneously providing an enhanced experience for both employees and administrators.

With modern and adaptable solutions, you and your team will avoid headaches, lower costs, and gain greater peace of mind around your benefit programs—no matter what your business takes on next.

**Obtaining knowledgeable and reliable support from a proven benefits administration technology partner will empower you to take control of your risk factors, while simultaneously providing an enhanced experience for both employees and administrators.**



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## About Empyrean

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Empyrean Benefit Solutions manages employee health and welfare benefits programs, combining the industry's most modern, client-adaptive, and configurable benefits technology platform with expert, responsive service to deliver Hi-Touch Benefits Administration. Empyrean provides market-leading enrollment, eligibility management, ACA reporting, and other plan administration services that empower employers, insurance brokers, and healthcare exchanges to meet ever-evolving benefit challenges. Founded in 2006, Empyrean's integrated platform serves over three million annual participants across a wide spectrum of sizes, industries, and complexities.

**Visit [www.GoEmpyrean.com](http://www.GoEmpyrean.com) for more information.**

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