

IMPLEMENTING OUTSOURCED BENEFITS ADMINISTRATION DURING OFF-CYCLE PERIODS

Smart Strategies to Mitigate Risk



As enterprises continue to seek smarter ways to more effectively manage and administer complex benefit plans, outsourcing strategies are increasingly taking center stage. By outsourcing with experienced partners, HR departments gain new levels of efficiency and expertise in benefits administration that free them to focus on other critical tasks relating to recruiting, retention, and other key issues.

For a variety of reasons—efficiency chief among them—many enterprises seek advantages by deploying outsourced benefits administration in conjunction with their annual open enrollment. After all—that means they can incorporate their new benefit plans and plan design changes into their new benefits administration system and processes from the beginning of the plan year.

The logic of that approach is undeniable—and the attractiveness of that option—the “clean slate”—is compelling. However, there are meaningful advantages to taking a different tack: deploying outsourced benefits at so-called “off-cycle” times—months removed from the very busy open enrollment period. The fact is, companies find they can actually reduce risks and minimize hurdles by scheduling the deployment of an outsourced benefits system at a time when they are not also simultaneously implementing open enrollment plan changes. By rolling out an outsourced benefits system at a different time of year than open enrollment, you can avoid challenges. Here are some important timing and risk considerations to think about as you map out your outsourced benefits administration strategy.

NO. 1 Reduce IT Crunch Time

Virtually every organization offers an annual open enrollment period where employees can freely select from new options and change their insurance coverage choices. Naturally, the preparations for the open enrollment period place considerable demands on the enterprise IT department to code in new plan changes, updated rates, co-payment options, and other new information—whether it’s a new system or an old one.

Adding the need to roll out a new enterprise-wide system that will be used by virtually every employee in the organization can create a greater burden for IT at an already peak period of activity. By staggering the deployment of the new benefits administration system and the open enrollment period, you can smooth the demand on IT resources.

NO. 2 Experience a Smaller Volume of Traffic at Go-Live Time

During an annual open enrollment period, employees need to interact with the benefits administration system if they want to change or update information, which typically results in a large volume of transactions. By contrast, there are far fewer transactions to process during other times of the year—typically only those relating to new hires or employees experiencing a qualified “life event” (e.g. birth

or adoption of a dependent child, marriage, or divorce).

By deploying a new benefits administration system off cycle, the lower volume of transactions gives you greater flexibility to respond to any issues (e.g. clean up any data issues) that arise before they affect a much larger percentage of the employee population. You can fine tune your general daily, weekly, and monthly work procedures such as sending data files or getting paperwork out the door on a smaller scale before the big push and high visibility of open enrollment. It’s easier to deal with a small number of issues over a period of several weeks than respond to many more issues over the shorter timeframe of open enrollment. You can also be confident that your system can comfortably accommodate the expected spikes in processing during the forthcoming open enrollment period.

NO. 3 Integrate the Call Center More Easily

A key component of a thoughtful benefits administration program is the use of a call center to respond to employee concerns and questions. An off-cycle launch gives both employees and the call center a chance to get used to working with one another without some of the stress that can accompany higher call volumes during open enrollment periods. The call center counselors can get better acclimated to your company culture, streamline their escalation processes, and have time to make changes to service knowledge bases.

Then later when open enrollment begins, they'll be far more experienced than if they had just started working with your organization "cold."

NO. 4 Eliminate Dual Year Issues

One of the more challenging aspects of simultaneously implementing outsourced benefits administration and conducting open enrollment is the need to ensure that all covered employees' elections get carried over to the new system. In particular, if an employee completes his annual open enrollment process in the new system—but then subsequently experiences a qualified life-event that gets reflected in the old system before the new plan year, it's imperative that the subsequent change gets carried over to the new benefits administration system. Open enrollment can complicate this because it requires you to manage two systems in parallel during the open enrollment period—a prospect that may give some companies pause.

NO. 5 Leverage Flexible Timeframes

Annual open enrollment, of course, is governed by an extensive set of regulations—and often immovable deadlines. That can sometimes present timing challenges as you implement a benefits administration system—a time when greater flexibility and latitude to proceed deliberately can be very valuable. When you're deploying a system to manage a \$100 million benefits program, some deadline-independence can really help to ensure everything runs smoothly—before the open enrollment period arrives.

**FOR MORE INFORMATION ON STREAMLINING BENEFITS ADMINISTRATION,
VISIT THE WORKSCAPE WEB SITE AT WWW.WORKSCAPE.COM**



Workscope
123 Felton Street
Marlborough, MA 01752

Phone: 508.573.9000
Toll-Free: 877.975.7227
Fax: 508.573.9500

info@workscape.com
www.workscape.com