

# Benefits Enrollment

## Technology Marketplace Overview and Strategy



**HRT** TECHNOLOGY  
*ADVISORS*

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## INTRODUCTION

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The benefits technology marketplace is evolving rapidly with insurance brokers expanding their offerings in an effort to win new business while employers are looking to simplify the communication and administration of their benefit plans and expand employee self-service. Recent data suggests that there is an overwhelming preference by employees toward web-based tools for enrollment and adoption of this technology is on the rise. This document is intended to fortify your knowledge of the marketplace to enable you to speak intelligently on this topic, recognize opportunities of demand, and keep the competition away from your clients. Too many brokers are guessing, providing advice without experience, and limiting the way in which they are solving client problems by pushing a single solution. Your clients have unique needs and the benefits enrollment technology marketplace has a wide array of solutions that can satisfy those specific needs.

*“Any company with more than 100 employees should have an automated system in place to effectively manage employee records and people-related processes”*

Source: The Forrester Wave: Human Resource management Systems, Q3 2006” September 28, 2006

## THE PROBLEM FROM YOUR CLIENT'S PERSPECTIVE

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- Too much paper
- Redundant data entry – paper, excel, payroll & hr system, carrier systems
- Incomplete and illegible information
- Employees unaware of current benefits (and value of benefits)
- Information not easily retrievable and difficult to report on
- Not sure who has and has not yet enrolled
- Incorrect payroll deductions
- Overpayment of premiums
- Data not consistent and accurate across all systems



*Every company has unique needs.*

## WHAT IS BENEFITS ENROLLMENT TECHNOLOGY - KEY FEATURES

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- For most, Web Enrollment means providing an employee with access via the Internet to view the benefits in which they currently have and to then select the benefits available to them based on their employee class. Most benefit enrollment vendors have a Wizard approach which guides the employee easily through the process with a few clicks, without any paper changing hands. Through a Web Enrollment solution, employees may be guided through the process of selecting the benefits in which they are eligible for while leveraging existing data in the system to eliminate redundant data entry.
- Typically these Web-based Benefits Enrollment Systems are “smart” allowing HR/Benefits Departments to define the eligibility criteria so employees are only presented with the benefits and plan options they are eligible for. These systems also allow the HR/Benefits staff to track benefits eligibility, monitor the enrollment progress, and more easily get access to critical data about benefits elections and costs.
- Web Enrollment systems may contain Benefit Communication capabilities allowing an employee to view the benefits in which they are currently or historically enrolled in while also providing information about the benefits in which they may enroll in. Sometimes this information is provided by enabling the employee to download plan highlights or an SPD, while other solutions may have built in an easily retrievable means of accessing specific plan highlights.
- Benefits Enrollment Technology may automate New Hire Enrollment, Open Enrollment (Active Employees, COBRA, Retirees) and Qualified Life Event Processing. As an employee completes the process via the web this information is not automatically accepted until an administrator approves the transaction. Administrators may be notified via an email alert or an alert posted on the system.
- Some Benefit Enrollment Technology includes capabilities that will help an employee better understand their plan options and select the plans that best fit their needs. These capabilities are typically personalized by employee and include:
  - Dynamic Plan Comparisons – showing how plans differ on features, coverage cost, with its decision making relative to plan options.
  - Medical Cost Modeling – enables employee to estimate medical costs based on family’s health condition while also helping to estimate impact on overall costs
  - Decision Support Tools - help the employee match personal needs, medical service usage, and financial circumstances to individual health and welfare plan options. These solution may enable employees to rank plan options based on individual preferences, compare plan details and member satisfaction, and estimate out-of-pocket expenses based on predictive utilization data.

- Benefits Enrollment Technology enables data to be moved into an easily accessible format (excel) for a Benefits Administrator to easily update Carriers websites. Alternatively, the data can be automatically fed directly to a Benefit Carrier. This data feed is typically done on a weekly basis, although larger companies may opt to feed data more frequently.
- Benefit Enrollment Technology often includes the ability of an employee to view a Benefit Statement or a Compensation Statement, highlighting the employer contributions and tax savings associated with the benefits or compensation package. These may not only include the core benefits, but some include salary, bonus, paid time off, FICA, unemployment insurance, etc. Sometimes these solutions include a graphical presentation with a pie chart. Some systems allow an employee to view this information online while others allow an administrator to send it to select employees via mail merge functionality.
- Benefits Enrollment Systems may also include billing tools to create consolidated bills for the auditing of carrier bills to ensure employee deductions and carrier payments are accurate. Some of these systems have created an easy way for a broker to access the system to help support the benefits administration process by processing paper-based enrollments, answering eligibility questions and auditing the carrier bills.

## WHY DOESN'T EVERYONE USE BENEFITS ENROLLMENT TECHNOLOGY?

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The primary reason why adoption rates of Benefits Enrollment Technology haven't been more widespread is about money. For years, the cost of these solutions was too high to get budgetary approval and a compelling ROI. However, with the advent of more competition vendor pricing has been moved down several dollars PEPM and more options have become available to allow employers to purchase exactly what they want at a more appropriate price point.

In the past smaller employers had fewer options and tended to go to the Carrier Websites thinking this was a great way to automate enrollment. Many employers have found that entering and re-entering data in all of the carrier websites is labor-intensive, does not avoid redundant data entry and limits the ability to run any real reports. This has led to frustration and pushed many employers to look for a better way. In the meantime, more vendors began to build out solutions for specific market segments, making it more appealing both on a price and feature/functionality perspective.

## BUILDING THE BUSINESS CASE FOR BENEFITS ENROLLMENT

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- According to CFO.com, the average cost for an HR staff to manually enroll an employee in benefits is \$109.48; the average cost for an employee to enroll online via self-service is \$21.79 – an 80% savings.
- According to a study by the Cedar Group, which has been studying self-service technology over the past decade, implementation of employee self-service reduces costs by \$9.00 per employee per month by eliminating manual, paper-intensive processes.
- According to Towers Perrin, online employee self-service results in a 15% time savings by HR staff.
- According to Risk & Insurance, manual administration and billing processes can cause a 7% error in premium billing. Some vendors and consultants estimate that \$5.00 - \$15.00 Per Employee per Month can be saved with more accurate insurance premium/claims payments.
- According to a Gantry Group Study of 450 HR professionals deploying an automated Benefits enrollment solution, workforces using a Best-of-Breed enrollment solution rely on manual paper-based Benefits Enrollment processes 88.2% and HR Line Reps 72.8% less than workforces of ERP customers.
- Value levers contributing to the building of an ROI include:
  - Reduced benefit-related calls to HR – using an online enrollment system will result in fewer benefits related calls because employees have access to much more information about historical, current and prospective benefits.
  - Shorter Benefits Enrollment Cycle Times – An online enrollment system can reduce the time required for Open Enrollment from 6-8 weeks to 3-4 weeks allowing HR to have more time for decision making around benefits.
  - Reduce enrollment transaction costs – Paper, printing and postage costs can be eliminated as employees begin to access information via Self-Service.
  - Elimination of duplicate data entry – An online enrollment system that integrates with the HRMS/ERP/Payroll can transfer data without any redundant data entry and can eliminate the need of HR to enter any data into the system.
  - Elimination or reduction of enrollment packets – By moving forms online, the need for paper is reduced or eliminated.
  - Reduction in HR Monitoring and Tracking – At any time during Open Enrollment process, HR can easily access the information they want and be notified via alerts (with some vendors) if employees have not yet completed the enrollment.

- Better information for Analysis – An online enrollment system can improve access to information reducing the need to crunch data in excel but easily creating reports.
- Reduce Billing Errors – An online system can increase the accuracy of benefit elections and eligibility data that is transferred to benefit carriers to ensure that both Company and Carrier are on the same page.
- Improve Employee Satisfaction with the Benefits Enrollment Process – Employees can be assured that Life Event Changes are processed with the right information at the right time and can be instantly notified if additional information is required. Enrollment also becomes personalized allowing employees access anywhere any time facilitating better decision making.

## WHO PROVIDES BENEFITS ENROLLMENT TECHNOLOGY?

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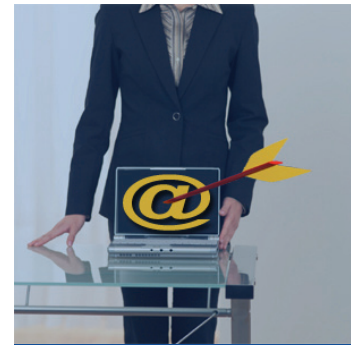
Benefits Enrollment Technology is provided by the following:

1. Benefits Enrollment Software Vendors without Data Transmission
2. Benefits Enrollment Software Vendors with Data Transmission
3. Benefit Outsourcing organizations with Enrollment Technology
4. HRIS Vendors with Benefits Enrollment Capabilities
5. Payroll Vendors with HR Administration & Benefits Enrollment Capabilities
6. TPA's, Brokers, PEO's, ASO's all leasing technology from Technology Vendor
7. Employee Benefit Carriers – Core and Voluntary
8. Data Transfer Companies – moving data from a 3<sup>rd</sup> party system to Carriers

## HOW DO BENEFITS ENROLLMENT VENDORS DIFFER?

HRT strongly believes a single solution will not satisfy all of your client's unique needs. Vendors not only differ based on type of solution provider (as noted above), but also based on:

- **Experience** - What's their tenure in the business? There are a great number of vendors who have been around a long time but haven't really done many enrollment transactions on their system. Without the time-tested experience, your client may be at risk of the system simply not being able to handle the volume load during an Open Enrollment period or handling some specific eligibility rules or benefit plans. Focus should be on both the duration and number of transactions.
- **Target Market** – Most vendors have a specific target market albeit, small, mid-size or large employers; or under 500 EE's, 500 – 2,500 Employees, or over 2,500 Employees. Don't fall into the trap of a vendor who says they can offer this solution to any size organization. That may be true but their technology and service capabilities have been built for a specific market segment.
- **Carrier Connection Capabilities** – Not all vendors have the ability to feed data electronically to carriers. Some that typically support Open and New Hire Enrollment either map data to a form or to an excel spreadsheet. And for those that actually move the data electronically to the Carriers, there are substantial differences between the depth of their team and the experience they have actually with this task.
- **Ongoing Support** – Some vendors simply provide the software and train you or your client to administer the solution and provide very little ongoing support other than hearing feedback on feature enhancements
- **Pricing** – Most vendors price on a Per Employee per Month basis. Most vendors market their solution in the \$3.00 - \$4.00 PEPM range although some vendors are substantially more aggressive. Pricing for those vendors not feeding data to carriers can be either a PEPM or a Per Transaction Fee. Setup fees can also vary substantially with the Connection to a Carrier typically between \$1,500 - \$3,000. Again, some vendors are both more aggressive and/or wrap the price into the PEPM.
- **Core vs. Voluntary Benefits** – Some solutions are only set up to handle the most basic benefit plans while an emerging trend with some vendors is enabling the enrollment of voluntary products.



*No single solution  
can accommodate  
every size employer.*

- **Features/Functionality** – On the surface, many vendors will answer questions asked about capabilities very similarly. However, the following features do differ among select vendors:
  - Multi-lingual Capabilities
  - Active or Passive Enrollment
  - Qualified Life Events Approved by Administrator
  - Consolidated Billing
  - HR Alerts and Approvals
  - Compensation Statements
  - Call Center Support
  - Paper fulfillment
  - Complexity of Eligibility Rules
  - Customization vs. Personalization
  - Plan Comparisons
  - Portal Integration
  - Decision Support Tools
  - Historical Reporting
  - Blast Emails
  - Benefit Enrollment Surveys
  - On boarding
- **Services Wrapped around the Technology** – Some vendors include in the technology other services such as paper-based fulfillment, Call Center Support (benefit-related calls) , and Carrier Billing Administration and Reconciliation. These services typically required an incremental increase in the PEPM although some vendors are including this in a competitive PEPM.

## SAMPLE BENEFITS ENROLLMENT VENDORS

### – More than 150 with Enrollment

- Abra
- Benefit Harbor
- CheckPoint HR
- Cyquest
- HR Simplified
- Mercer
- ADAM
- Benefit Headquarters
- Choicelinx
- Discovery Benefits
- HR Total
- Meritain Health
- Admin American
- Benefits Online
- CKS Employee Benefit Systems
- Easy Benefits
- HR-ease
- Mid American Admin
- Administaff
- Benefits Outsourcing
- Clear Benefits
- Eflex group
- HreXcel
- MNIS
- Aliquant
- Benefit Resource, Inc.
- CoVantage
- eGroup Benefits
- HRMS
- Mpay
- Alliance Benefit Group
- Benefit Service Group
- Cobra Administrative Services
- Electronic Commerce
- Humanic
- MyCafeteria Plan
- Alphastaff
- Benefit Services Group
- COBRA Connection
- Emcentrix
- iEmployee
- MyPaperless Office
- Ameriflex
- Benefit Software
- COBRA Direct
- Empagio
- i-enroller
- National Benefit Services
- AON
- Benefit Vision
- CobraGuard
- Emplliant
- iHourse
- NavitechHR
- Aprize Technology
- Benefits Online
- CobraPoint
- Employee Based Systems
- InfiniSource
- Next Generation Enrollment
- AscentisHR
- Benefits XML
- COLT Express
- Employee Benefit Specialists
- InfinityHR
- NOW Solutions
- Asparity
- Beneflex
- Common Census
- Employee Online
- Infor
- NuView Systems
- Auxilliam West
- BeneLink
- Communication Partners
- Empoint
- IPA
- Odyssey Onesource
- BAS
- Benelogic
- Conexis
- Empowered Benefits
- Instant Benefits
- Optimum Solutions
- BEA
- Benetrac
- Convergys
- Gen4 Systems
- IBN
- Oracle
- Beacon Global
- Benesyst
- Corban OneSource
- Genesys
- Insurix
- OutsourceOne
- Benefit & Risk Management
- Betterway Technology
- CoreSource
- Get-Benefits
- Kronos
- Pacific Benefit Consultants
- Benefit Concepts
- Bisnet
- Creative Benefit Strategies
- GevityHR
- Lawson
- ParenteHR
- Benefit Coordinators
- Brokersuite
- Creative Benefits
- Group Benefit Services
- Lighthouse1
- PayFlex
- Benefit Decisions
- bSwift
- Crosby Benefits
- Hewitt
- Logical Designs
- Paylogix
- Benefit Express
- Business Solver
- Cyber TPA
- High Line Corporation
- Marsh
- PDS
- Benefit Focus
- Ceredian
- Cyborg
- HourGlass Systems
- MBH
- People-Trak
- Perfect Software
- PrimePay
- Process Works
- ProView Benefits
- RAMCO Systems
- SAP
- SCI Companies
- Secova
- Selerix
- Sentinel Benfits
- SHPS
- SilverPlume
- SinglePoint
- SmartBen
- SpectrumHR
- Stone Partners
- Strategic Resource Group
- Stroud Associates
- TALX
- Towers Perrin
- Transcend Technologies
- TriNet
- Trion
- Ultimate Software
- WageWorks
- Workday
- Workforce
- Workscape
- Workstream
- Zywave

## SAMPLE FEATURE COMPARISON

	Benetrac	bSwift	Clear Benefits	IPA	ADP HRB
<b>Feature Capability</b>					
<b>Web-based Open Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based New Hire Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Life Event Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Cobra Elections</b>	Current	Current	Current	Current	Current
<b>Web-based enrollment for all Core Benefits</b>	Current	Current	Current	Current	Current
<b>Web-based FSA Elections</b>	Current	Current	Current	Current	Current
<b>Web-based HRA, HAS Elections</b>	Current	Current	Current	Current	Current
<b>Web-based EAP Elections</b>	Current	Current	Current	Current	Current
<b>Web-based Spousal or Dependent Life Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Retiree Elections</b>	Current	Current	Current	Current	Current
<b>Web-based Critical Illness Elections</b>	Current	Current	Current	Current	Current
<b>Web-based Individual DI Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based UL enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Individual Life Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Long-term Care Enrollment</b>	Current	Current	Current	Current	Current
<b>Web-based Pre-paid Legal</b>	Current	Current	Current	Current	Current
<b>Web-based Group Auto/Home</b>	Current	No	Soon	Current	No
<b>IVR Enrollment</b>	No	No	Soon	Current	No
<b>Call Center Enrollment</b>	No	Current	Current	No	No
<b>Call Center Support during Enrollment (Employee)</b>	No	Current	Current	No	No
<b>Multi-lingual Enrollment via the web</b>	No	Current	Current	No	No
<b>Configurable Workflow</b>	Current	Current	Current	Limited	No
<b>Passive Enrollment</b>	Current	Current	Current	Current	Current
<b>Benefit Plan Comparisons - benefit by Benefit</b>	Current	Current	Current	Attach	Attach.
<b>Forms Posting</b>	Current	Current	Current	Current	Current

	Benetrac	bSwift	Clear Benefits	IPA	ADP HRB
<b>Screen Customization Capabilities</b>	Current	Current	Current	Some	Some
<b>View Current Elections</b>	Current	Current	Current	Current	Current
<b>Access Benefit Plan History</b>	Current	Current	Current	Soon	Current
<b>Select PCP</b>	Current	Current	Current	Current	Current
<b>Change Beneficiary</b>	Current	Current	Current	Current	Current
<b>Add Dependents</b>	Current	Current	Current	Current	Current
<b>Participant Modeling</b>	Current	Current	Current	No	No
<b>Decision Support Tools</b>	No	Current	Current	No	No
<b>Automated Alerts - to Employees</b>	No	Current	Current	Current	No
<b>Automated Alerts - to Administrator(s)</b>	Current	Current	Current	Current	Current
<b>Blast Emails</b>	Current	Current	Current	Current	No
<b>Benefit Enrollment Surveys</b>	No	Current	Current	Current	No
<b>Confirmation Statements</b>	Current	Current	Current	Current	Current
<b>Benefit Statements</b>	Current	Current	Current	Current	Current
<b>EOI Tracking and notification</b>	Current	Current	Current	Current	Current
<b>Prefilled EOI forms</b>	No	Current	Soon	Current	No
<b>Consolidated billing reports</b>	Current	Current	Current	Current	Current
<b>Benefit Carrier Premium Reconciliation</b>	Current	Current	Current	Current	Current
<b>Generation of completed Enrollment Forms via PDF</b>	Current	Current	Current	Current	No
<b>Historical Reporting</b>	Current	Current	Current	Soon	Current
<b>Point-in-time Reporting</b>	Current	Current	Current	Soon	Current
<b># of Standard Reports</b>	10	150	30	Current	40
<b>Ad hoc Report Building</b>	Current	Current	Current	Soon	Current
<b>Fulfillment Services</b>	No	Current	Current	Current	No
<b>Post Enrollment Employee Surveys</b>	Current	Current	Current	Soon	No
<b>Carrier Data Feeds</b>	Current	Current	Current	Current	Current
<b>Payroll Data Feeds</b>	Current	Current	Current	Current	Current
<b>Other HRIS Features</b>	N/A	Yes	Current	Soon	Current

**SAMPLE PRICE COMPARISON**

500 EE'ss (reflects pricing through HRT)

	Benetrac	bSwift	Clear Benefits	IPA	ADP HRB
<b>Ongoing Per Employee Per Month</b>	\$4.00	\$3.75	\$4.00	\$2.25	\$2.75 - \$3.50 Enrollment Only
<b>One-time Implementation</b>	\$8,000	\$12,000	\$10,000	\$6,000	\$3,500

## BENEFIT BROKER STRATEGIES

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HRT believes many brokers are making mistakes in their approach to the benefits enrollment technology marketplace. These mistakes include:

1. **Focusing on the wrong vendors**. – Until recently, most brokers were only focused on solutions deployed by Benefits Enrollment niche vendors while ignoring the HRIS and Payroll vendors. This is a mistake. These vendors are building out or acquiring benefits enrollment capabilities that compare extremely favorable to any Enrollment Only vendor simplifying the data connectivity and reducing the overall cost.
2. **Representing Only One Vendor** – Most brokers are contracting with a single enrollment vendor to meet all of their client needs. These brokers have essentially become agents for that company at the exclusion of all other technology providers. Your clients want options and want an objective third-party to help find them the right solution. Any broker that thinks one Enrollment technology can fit all clients is making a big mistake.
3. **Shying away from Technology** – On many occasions brokers have said, “that’s not what I do, I am a broker”. Ultimately the client drives the demand and if you want to help your clients with the administration of benefits, it’s difficult to ignore the best way to simplify benefits administration – through benefits enrollment technology.
4. **Owning the Technology** – With an increasing trend toward integration between HR, Benefits and Payroll, employers are putting more at stake with this technology. While the strategy is understandable for a broker to want to own the software license as a hook, this is not in the best interest of the client as too much labor and information would be at risk. Selling against this strategy should be easy.
5. **Most are paying too much** – Technology costs have come way down since many brokers cut deals with specific vendors. Being tied with a select vendor with an outdated price may put you at a competitive disadvantage.
6. **Deploying Technology is Risky** – Some brokerage firms believe they can have a huge advantage from both a price-point and service level by administering and implementing the solution on their own. Most brokers completely underestimate the time and expertise it takes to deploy the technology. Take a look at the staff of any market-leading benefits enrollment vendor. They have benefits administration experts who have been deeply trained in the system and routinely setup and administer this system. Repetitions build expertise and without that you’ll be in trouble.

## HRT'S RECOMMENDED APPROACH

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There are many technology solutions that will simplify the administration of employee benefit programs and enable employee self-service. HRT firmly believes that your clients have unique needs and that solutions should not be deployed without taking into consideration other technology solutions an employer may already have. Additionally, a clear understanding of your client's requirements, both current and future, will help you and HRT recommend the most appropriate vendor. HRT studies this marketplace every day and has since 2001. Not only do we know the vendors and the intricate differences between their capabilities, but HRT has also negotiated pricing advantages with select vendors providing you with access to a broader set of solutions at more favorable pricing.

Bottom line - focus on understanding the problem first before recommending a solution, and recognize you have a broad set of solutions to meet your client's unique needs. Whether your client's needs are very simple or complex or their budget is substantial or limited, there is a solution available to meet their need and achieve their objectives. Benefits Enrollment Technology will help you simplify the administration of benefits for your client – further differentiating your capabilities.