

Ten Questions for Finding the Right Benefits Technology Partner



Welcome to the start of a beautiful friendship.

Today, benefits account for 33% of employers' total compensation spend. That's a pretty big piece of your budget, and an important indicator of how much employers are willing to invest to attract and retain top talent. From the employees' perspective, 88% consider benefits a major factor in selecting a new job.

Clearly, benefits matter.

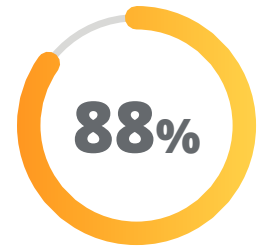
At the same time, 6 in 10 employers say they are overwhelmed with the complexity of managing benefits programs. Fortunately, technology and an ever-expanding array of services are standing by ready to help.

Investing in technology is crucial to the success of HR's benefits program. But in a landscape that's rapidly evolving, evaluation must look beyond cost and surface-level features and dig into long-term strategic outcomes aligned to HR's hierarchy of needs.

The right partner will serve as an extension of your team, providing not only technology and services but also comprehensive solutions that align with your unique needs and goals. While someone else does the heavy lifting, you can concentrate on building benefits strategies that attract, engage and retain top talent—the whole reason for benefits in the first place.

Getting started

In this guide, you'll learn 10 core questions (and a few supplemental questions) to ask yourself and potential vendors that will point you in the right direction based on your unique needs. And if you already outsource your benefits administration, these same questions can be used to evaluate how well your vendor is meeting your current and evolving needs.

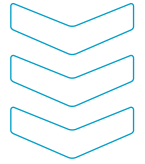


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In this guide, you'll learn **10 CORE QUESTIONS** to ask yourself and potential vendors.





1

What technology and services do I need?

Any search for a benefits administration partner starts by determining what's in-scope. First, **break down your benefits administration processes into their component parts**. Most organizations can identify around 20 separate tasks in health and welfare administration, in addition to ancillary benefits services.

Then, ask yourself whether you want to retain any of those services in-house. For example, some organizations may wish to handle their employee service activities themselves, while outsourcing the technology, especially if they have a robust and secure customer service call center they use for their own business operations. An arrangement like this is commonly referred to as co-sourcing.



Additionally consider

If I wanted to keep everything outsourced in one place, are the following services supported through a single database (single source platform): H&W administration, COBRA, Dependent Verification, ACA, Member Services, decision support, system-generated communications, etc?

2

Can the vendor meet my core requirements?

We've all bought a pair of shoes that looked great in the store only to find out that they weren't the right fit after all. It can be that way with HR technology, too. Today's HR tech is incredibly robust, providing agility, expansive data analysis, mobile experiences, artificial intelligence, and more. That's great. But, your first concern should be on your core requirements.

Try not to be distracted by the latest shiny object that a vendor promises. Doing so could cause you to miss the warning signs that their foundational service model is sub-standard or, perhaps, just not the right fit for you. A benefits technology company that's truly on the leading edge of innovation can offer certain extras because it already has the basics nailed down.



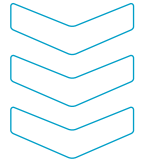
Additionally consider

- What percent of your business is dedicated to client delivery and service?
- What is your system uptime percentage (measured in hours for the most recent 365 days)?
- Are you HIPAA HITRUST certified?



3

How committed is the vendor to health and welfare benefits administration?



In this rapidly changing world of health and welfare benefits, it's important to understand the vendor's level of commitment to this specialty field. If benefits administration is their primary focus, you're probably on the right track. If, on the other hand, their attention is split among other HR functions (e.g., payroll, HRIS) or business operations (e.g., consulting), you can assume that some depth has been lost somewhere along the way.

A good way to determine whether the vendor is committed to H&W administration is to ask them about their technology roadmap. **A strong partner will be planning their next technology innovations several months—if not years—in advance** with the lens of helping you to respond to external influences, such as market forces, evolving generational norms, compliance issues, and more. Ask yourself whether potential vendors are simply copying their competitors or if they are truly innovative. The former won't help you gain an edge on the competition, while the latter will help you see around corners and be ready for what's next.

Additionally consider

- In what year did you (or are you expecting to) introduce AI into your platform?
- How many times has your mobile app been updated in the last 12 months?
- What does your 36-month roadmap entail?

4

What is the vendor's bench strength and growth projection?

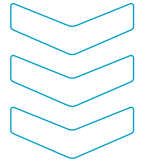
We've all heard of technology startups that began with a great idea but ultimately failed due to poor infrastructure or making the wrong investments in human capital. With most contracts for HR technology extending out to two, three, or even five years, these are not the partners you want. You and your leadership should be focused on the success of your own business, not worrying about the sustainability of your benefits administration partner.

An entrepreneurial mentality is beneficial, but it's the long haul that matters. **Find out about your potential vendors' plans for growing their own business.** Their answer will yield valuable insight into their commitment to you as a customer, but also to their commitment to their chosen field of specialization. Find out how much of their revenue goes back into growing the company.

Additionally consider

- How many times has your leadership changed in the last ten years?
- Who determines your roadmap and innovation?
- What percent of your overall revenue is invested back into your technology?





5

Get a look under the hood.

We all love a good story. Unfortunately, anyone with a decent public relations budget can produce stories that are somewhat compelling, at least on their surface. **The mark of a good benefits administration partner is transparency.**

When reviewing a technology, ask them to show you how the system is configured. Give them examples of changes you need throughout the year and request they show how to make that change during your meeting. Additionally, understand if what they are showing you is current-state or if some of the features they are sharing are future-state. Showcasing a vision and painting a picture of what a technology is building, is great. But only if the demo of that experience is with the understanding of what is currently available and what is to come.



Additionally consider

- Are you demoing from a production environment or are you using a prototype to demonstrate the experience?
- For ___ changes, what is the typical cost to make that change and the turnaround time?

6

How much is the vendor investing in AI and automation?

AI is everywhere! A quick scan of the headlines or tour of an HR-related conference will make it clear that AI is the future of technology, especially within HR.

While there are some who still have trepidation of AI and what it means for the direction of the workplace, one thing is clear: it's not going anywhere. The best HR technology firms are investing in AI to positively impact their customers ability to drive greater efficiency, data collection, service and personalization. As you evaluate vendors, think beyond the PEPM and other fees you are quoted, and consider whether the vendor will be able to help you achieve your long-term efficiency goals. If they've done their homework, they have probably identified opportunities for automation and personalization you haven't even considered.



Additionally consider

- Is the AI leveraged within your platform proprietary to your organization?
- What controls have you put in place to ensure your AI is ethical in nature?
- What differentiates your AI from your competitors?





7 Does the vendor's culture align with my organization's?

When you outsource your benefits administration, two things happen. First, it's like getting a roommate. Good or bad, they're with you throughout your lease. **The last thing you want is bad chemistry.** Fortunately, culture isn't easily faked—you'll know a good fit when you see it. As you evaluate vendors, make sure you are meeting with the full team who will be servicing your account. Meet the service reps who will take your calls and quiz your day-to-day contact on how they support you on a weekly basis.

Second, your vendor immediately becomes an extension of your HR department. Even if you co-source your benefits administration by handling certain processes in-house, your vendor's ability to deliver the right benefits, in the right place and at the right time is a reflection on you. As a factor in retaining top talent, this cannot be underestimated. Make sure you find out as much as you can about how your employees will be treated. If it isn't representative of your organization's culture, look for a partner with whom you're better aligned.

Additionally consider

- Where do you hire talent and are you limited in location that you can bring in the best expertise?
- How do you celebrate each other within the organization and just as importantly give back in your communities?
- Do you have a commitment to DEIB and how is that demonstrated through your actions as a company?



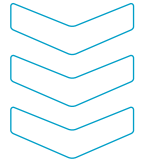
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8

Is the solution “future-proofed” to ensure I meet my long-term strategic goals?

As health care costs continue to increase, utilization trends emerge, and the expectations of your workforce evolve, the biggest wins you can make are in plan design and maintaining a strategic mix of benefits. You certainly don't want to be saddled with technology that doesn't easily support your cost-savings, recruiting, or retention strategies because it lacks flexibility. Vendors who “future proof” their technology will allow you to grow and expand as your needs change. **As you speak to vendors, find out what they are doing to help their clients stay ahead of the curve and how often they upgrade their clients' systems.**

Often times, this comes back to showing that the tools exist to drive the strategies that your organization has laid out. This could be a drive to increase the adoption of an HDHP or perhaps you want to ensure your employees are attaching the proper savings vehicles to their medical plan. Whatever your strategy is, you need to ensure that the technology provider you are entrusting is equipped to meet you in that strategy and drive the service that will get you there.



Additionally consider

- Does your decision support tool include all H&W electable benefits including medical, dental, vision, life, disability, and supplemental medical?
- Are claims submissions for HRA, HSA, FSA made within the same platform as the benefits administration portal and mobile app?
- What percentage of members who enroll in an HSA-qualified HDHP open an HSA account when using your decision support tool?

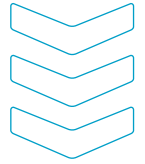


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9

Should I ask for SLAs, or expect something more?



Short answer: expect something more (while knowing that SLAs are fine). Whether they're proposed by your consultant, your IT department, or another stakeholder, service level agreements (SLAs) or performance guarantees are just one part of the equation to superior service and performance with your benefits administration technology.

How to avoid them? Don't let your SLAs be rooted in poor experiences with a previous vendor. **The value each vendor brings to the equation should be evaluated based on its own merits, not those of their predecessor.** If you propose a set of very defined SLAs, you run the risk of the vendor focusing more on the specific requests (that may be outdated) instead of the holistic benefits goals and strategies.

Secondly, don't forget in all of this the reason you offer benefits in the first place. Benefits matter. And, they're very, very personal. Your employees don't care whether their benefits are delivered according to a set of minimum requirements in which they had no say. They want to know that they and their loved ones are covered. They expect their benefits to be ready at a moment's notice. And they demand that the right benefits are delivered at the right time and in the right place.

So when looking at performance guarantees, go beyond the measure of standard SLAs and ask yourself how you will ensure you are bringing forward the best possible benefits experience for you and your people.

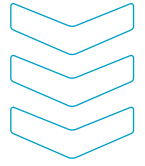
Additionally consider

- Do I have real-time access to recordings, chats, and interactions of my employees with the call center?
- Can I see in real-time how the system is performing?
- Is my vendor proactively looking for risk and proactively providing my recommendations on how we can continue to improve our experience?



10

What is the projected total cost of ownership throughout the contract?



When leveraging a benefits technology, you will likely find that you have a more predictable cost structure and lower overall cost of ownership, especially for organizations with large populations or complex benefits. That said, the total cost of ownership also varies widely among outsourced benefits administration vendors. **This is most evident in change requests, where you can feel like you're getting nickel-and-dimed to death.**

This is where it helps to understand the difference between software that is "customized" vs. software that is "configurable." The former is a feature, extension, or modification that requires custom coding and/or some form of special implementation. Configuration, on the other hand, is when you use native tools in the system to change its behavior or features. So-called "big-box" providers tend to design solutions that are highly customized—so customized, in fact, they can become enemies of themselves, causing the developers to wonder whether it would be better to start from scratch, making updates very difficult and often expensive for all parties. By contrast, **those that are single-source SaaS (software as a service) platforms tend to be more configurable and are therefore less costly** should you decide to add plans, process active vs. passive enrollment, change rates, etc.

Providers who build customized solutions do so based on an understanding of what the client needs now and what they will need throughout the contract period. So, if your year-to-year changes stay within the confines of these initial assumptions, you won't have to pay for an entire system rebuild, but you will have to pay for change requests. Stray outside these lines, and it's a very different story. SaaS-based products, on the other hand, are configurable and are therefore much less costly to manage. Annual or even mid-year changes are easily managed, your provider may not even charge you for adding plans, changing rates or processing an active open enrollment.

Additionally consider

- Would you charge a change order for Annual Enrollment plan and rate changes?
- Can you provide me a breakdown of savings you expect with moving to your platform based on like clients?
- Do you provide technology offsets when using preferred vendors or carriers?



Next Steps

Especially in this competitive hiring environment, benefits are front and center because of their power to support recruitment, engagement, and retention. At the same time, HR budgets continue to be stretched. This means benefits pros are under increased pressure to find solutions that not only work for their unique needs, but that are cost effective as well.

When introducing a possible change in your benefits administration partner to your internal stakeholders, remember that not everyone has a direct line of sight into the work you do every day to help achieve your organization's business goals. For example, **you may have to spend additional time educating your CFO and CIO about the downstream impact to your team of selecting one solution over another**, especially if you sense they would like you to consider insourcing all or part of your benefits administration. Start by focusing on your core needs, the importance of finding a vendor that can grow with you, the potential that AI and machine learning holds to make you more efficient, and the factors that influence your total cost of ownership throughout the length of the contract.

When you're ready to dig a little deeper, visit businessolver.com/benefitsinsights for even more actionable data to drive your decisions.



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