Choosing the Right Employee Benefit Plan Management Platform

A carefully chosen benefit plan management system can be the hub of a well-run HR department—but choosing which platform is right for a specific company's needs is not a straightforward task. Each company has a unique set of needs and requirements that may not be met by every platform.

The process of assessing a company's needs and then ensuring a specific platform meets those needs should be approached with a great deal of thought and care. In this white paper, we consider how best to go about this process to ensure optimum results for you and your business.

When Is it Time to Change Your Employee Benefit-Management Platform?

Many companies are reluctant to transition to a new employee benefit-management platform. They have a lot of time and data invested in their original system, and the thought of migrating all that information to a new platform can be daunting. For many organizations, the stop-gap to full migration then becomes using two or more systems concurrently.

The typical problem that companies then run into is a difficulty in working with two or more suppliers. The old supplier is now aware that their system is being phased out, so inevitably their customer service standards slip. The new vendor has the opposite reaction: they are hyper-enthusiastic with their new client, setting aggressive deadlines for implementation and working hard to impress. Managing these two entirely opposite reactions can add significantly to the burden of transitioning between systems.

Motivations for Change

When a company wants to change to a new system, it is often as a result of one of these two motivations—or a combination of both.

First, their current platform is simply not integrating with their internal systems as effectively as it has done in the past. Perhaps the broader HR or payroll systems have been updated or new software has been introduced. The systems have diverged and the work that goes on behind the scenes is no longer effective or efficient. HR staff tend to have a low tolerance for inefficiency and inaccuracy as the work they do carries so much responsibility. They want their platforms to work—and when the platforms fail, they want a quick and effective fix.

A change in system is an obvious next move, although it may be an over-reaction. Sometimes systems only need to be adapted, rather than throwing everything out and then starting again.

The second most common agent of change is a new HR executive or manager. Often, a new decision-maker in HR simply prefers their own system, the one that they're most familiar with. If their new department uses a different, unfamiliar system, then this is removed and replaced with the manager's preferred choice. Obviously,

this becomes an issue with the wider workforce as IT has to install and test the new system, while HR personnel need to learn and adapt to this new way of doing things.

Of course, the ideal time to start looking for a new platform is when an HR department has hit a genuine and insurmountable block with their current system. Management platforms, like all technology, have a natural lifespan, beyond which it ceases to be useful. It's not as flexible, as effective, or as useful as it needs to be—when that point approaches, then the search for a new platform should begin.

What to Think About When Looking for a New System

When considering any kind of system upgrade, the first and most important step is always to identify exactly what the platform must achieve and how the intended users will interact with it.

To do this, you must take a step back and look at your current systems and processes by asking the question: what are we doing now? Once this question is satisfactorily answered, you can then decide if your new platform is intended to align with this current process or improve it.

Look for gaps in your current processes that you want to be filled by a new platform. It's possible (indeed, probable) that one platform will not be able to fulfill everything on your new wish list. In this case, it's important to prioritize your wants and needs, and then look for a platform that covers this range of requirements most effectively.

Most importantly, when looking for a new system, it's vital that a company takes its time and makes a considered decision. Create the right kind of checklist to work through, analyzing the most relevant factors and concentrating on the important issues rather than the flashy bells and whistles that many platforms use to try to differentiate themselves from their competitors.

Take a system that has perhaps 15 things that can be accomplished and boil it down to two or three initial elements. These should be high value, easy targets that can become the focus of a strategy for a year or two. The strategy can be phased to achieve the highest degree of implementation possible and the best results in everybody's mind. Time is the key, along with understanding what problems and issues need to be solved.

Functionality

Many businesses don't make full use of a new platform. Instead of using it to its fullest capacity, they look for one or two functions and use those while ignoring everything else the platform can do.

This is obviously a wasteful use of a powerful new tool. All potential stakeholders should have a say in the new platform and how it will be used. HR and payroll must coordinate their functionality requirements; all employees must be able to use it to successfully do their jobs; and it must integrate with all the other systems with which it will be connected.

Integration with a Private Exchange

An employee benefit plan management platform must succeed on many levels, but most importantly, it must have an effective online enrollment process that balances the need for robust functionality with users' desire for simplicity. Integration between a benefit plan management system and a private exchange can help by increasing visibility and streamlining data-management tasks for HR, while facilitating customization of benefit plans for employees. With an integrated system, eligible employees can easily browse the available health plans and find coverage that fits their financial and medical needs.

Employees also need and expect a set of decision-support tools to help them through the process of signing up for specific benefits. Calculators, videos, and relevant help links can be hugely beneficial to someone trying to decide which options are best for them and their family through various stages of life.

On the back end, benefits administration systems linked to private exchanges can work seamlessly with payroll services, removing the need for time-consuming and error-prone double entry of data. Once the employee has completed enrollment, or updated information, then this data should be accessible and usable by the payroll system so it knows what to deduct from the employee's wages.

Although awareness of private exchanges is still growing, employers of all sizes are increasingly recognizing the opportunities available through these marketplaces. A survey conducted by the Private Exchange Evaluation Collaborative found that, at the end of 2014, 47% of employers had already implemented or planned to consider utilizing a private exchange within three years. This represented a slight increase from 45% in 2013. Accenture projects that participation in private exchanges will exceed that of public exchanges by 2018.

As more workers become accustomed to the simplified shopping experience offered by private exchanges, it will be increasingly important for employers to deploy the technology needed to manage eligibility, provide decision support, and ensure smooth administration of benefits plans.

Customization

Each individual customer will have their own specific needs and requirements of the new system. This is why the process must begin with an intense period of need-assessment. Once achieved, this level of self-knowledge can help when it comes to knowing how much customization each stakeholder will require from a new platform.

It is vital to know from the outset how much a specific platform can be customized to meet specialized needs. Many companies want to get down to the granular level of customizing wording or color schemes within a particular platform: it's important to know right from the outset whether the chosen system allows this level of customization.

Support

One final element to consider is what happens after the platform is installed. All systems need support after installation: these are the people who respond to change requests, who update and patch software. This is a vital decision point, and one that companies can often fail to include in their decision-making process.

Purchasing and installing a new employee benefit plan management platform brings with it a new relationship with the supplier. If this is not a good fit, then you will not get the most out of the platform itself. Support must extend beyond installation into more of an ongoing process; every open enrollment period is a fresh implementation process and must be approached with fresh ideas and full cooperation between vendor and client.

Common Mistakes in Platform Choice and Implementation

The most common mistakes companies make when buying a benefits-management system can be narrowed down to:

- Over-buying systems
- Under-buying systems

Over-Buying Systems

Companies can be tempted by high-end systems designed for organizations much larger than their own. They end up spending large amounts of money for a benefits-management system designed for a company with thousands of employees when they actually need something much smaller and less complex.

Buyers often feel they need to buy the latest, highest-rated platform rather than doing their due diligence and making sure the platform does everything they need—and that they're not paying for extras they don't need and won't use.

Larger platforms come with additional training and management costs that can drive the expense of the whole project way beyond what a small company can afford.

Under-Buying Systems

In the opposite scenario, relatively large companies can look to cut corners and save costs by buying a lower-end system.

This is usually a result of not doing their due diligence on what they actually need from a platform, and what their chosen platform can actually provide. The issue may not be how well the platform supports a company's needs today, but how well it will support them in the future. Companies usually plan to expand and grow: their software platforms should be chosen based at least in part on how well they can support and benefit that process.

Companies can seriously underestimate how much growth is going to occur in the future; choosing the wrong system can hamper that growth and require a company to purchase yet another platform to cope with their revised status. Combined with the costs associated with training and supporting staff, this scenario creates a vast amount of additional expense for companies, often at a time when they can afford it the least.

Johnson & Dugan: Partners in Growth

Johnson & Dugan acts as a trusted partner for employers, sharing experience and expertise to help support their clients with the most up-to-date knowledge on everything an HR department must contend with. With our core competencies in plan design, benefits administration, competitive benchmarking, and market review, Johnson & Dugan empowers employers to spend their benefits dollars wisely in the wake of the ACA.

We have years of experience in helping our clients assess their benefit-management needs. We provide expert guidance on how to analyze and assess the different available systems, what each company's individual needs are, and how to manage the process to ensure that those needs are met efficiently and within budget.

We can leverage our experience and expertise into ensuring that all of the vendors involved in the benefit-management process are on track with regard to what they should be doing and when they should be doing it. We are involved with the vendor selection, documentation, and project management phases of platform implementation, helping to keep the whole process running smoothly through each open enrollment period and every upgrade.

At Johnson & Dugan, we help companies like yours look beyond the marketing claims and hype of benefit-management platform sellers to see what is truly possible—and desirable. And then we help to get you there.

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1 Private Exchange Evaluation Collaborative. "Private Exchange Employer Survey Findings." 2014.
   http://www.nebgh.org/resources/Draft%202014%20PEEC%20Survey%20Executive%20Summary%20vfinal.pdf

Johnson & Dugan is a one-stop employee benefits and human resources consulting and support services company. For over thirty-one years, Johnson & Dugan's highest priority has been to make it easy for companies of all sizes to expertly plan and administer employee benefits. A partnership with Johnson & Dugan will help you align your benefits strategy to broader initiatives, reduce your HR workload and improve efficiencies company-wide.

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