



# THE ULTIMATE EMPLOYER'S GUIDE TO **Benefits Administration Outsourcing**

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# WELCOME TO BENEFITS OUTSOURCING

Do you ever feel overwhelmed by the day-to-day demands of human resources management and benefits administration? Is your organization struggling to navigate the muddy waters of compliance and cost control?

*You are not alone.*

The cost and complexity of modern human capital management and benefits administration have sharply increased the demand for outsourcing services.

## **DID YOU KNOW**

**Over 80% of organizations outsource at least one HR administration activity\***

How do you know if outsourcing benefits is right for your company? How do you decide what benefits activities to outsource? And, how do you go about finding the right benefits outsourcing solution? This guide will outline everything you need to know to pick the ideal benefits outsourcing partner.

\*Data via Employee Benefits News

## What Is Benefits Outsourcing?

Outsourcing benefits involves working with a trusted third-party to administer specified benefits activities. Commonly outsourced benefits administration tasks include COBRA administration, benefits billing and reconciliation, and employee communications - to name a few. Or, a company might choose to fully outsource all benefits administration activities. Another common practice is to outsource work that can be performed within an organization but that does not directly contribute to strategic revenue generating goal.

## Why Outsource?

Cost control and access to industry expertise are the two primary decision drivers for outsourcing benefits administration. Despite common misconceptions, it can actually be quite cost-effective to outsource HR activities. And, outsourcing with an experienced partner in the benefits space will reduce the risk carried by your company and will ensure you maintain compliance with strict industry regulations. Complex administrative activities that involve significant compliance requirements, such as COBRA administration or HSA/FSA management, are prime candidates for outsourcing.

### TOP 2 REASONS FOR OUTSOURCING BENEFITS ADMINISTRATION

**73%**

INDUSTRY EXPERTISE

**52%**

COST CONTROL



## Advantages Of Outsourcing

### **Save Money**

Managing benefits is expensive and partnering with an outsourcing company can save big bucks. Many benefits outsourcing providers have exclusive relationships with carriers and access to discounts and credits. Outsourcing partners are also well-versed in various plan options and can help you structure and manage a benefits program that is both meaningful and affordable.

### **Tapping Specific Expertise**

HR teams often juggle several responsibilities: recruitment and hiring, onboarding, benefits admin and billing - the list goes on and on. Benefits, in particular, are increasingly complex and it can be difficult to keep up with the intricacies of insurance coverage and the expanding options for ancillary benefits. By tapping into industry expertise with outsourcing, HR teams gain access to a wealth of knowledge, best practices and guidance to help keep benefits plans affordable and enticing.

### **Navigate the Changing Compliance Landscape**

Government regulations can change at a moment's notice, and HR managers need to be prepared to not only stay on top of current trends but also to quickly respond to any changes. ACA requirements, IRS regulations, DOL laws... the list of agencies and requirements is exhausting. Take this burden off your HR teams and let someone else worry about keeping up with the regulatory Joneses.

### **Boost Efficiency**

Outsourcing time-consuming or tedious administrative processes can transform your HR department into a lean, mean, people-managing machine. You have worked hard to compile a rockstar lineup of HR professionals; take them off the paperwork and allow them to dedicate more time to more strategic value-added activities, like recruitment and employee engagement.

### **Reduce Liability**

Benefits administration is more complicated than ever. New regulations under the Affordable Care Act are just the tip of the iceberg when it comes to navigating the intricacies of compliance. By outsourcing administration to an experienced partner, you can shift the burden of responsibility to a third-party provider and reduce liability on your organization.

### **Upgrade Technology**

Modern benefits administration software can greatly increase efficiency within your organization. However, fully investing in HR technology might not be feasible or might not make sense for your company right now. By outsourcing benefits administration functions, your organization can take advantage of leading software that will increase the efficiency of administrative tasks and help identify money-saving plan opportunities.

## Common Outsourcing Misconceptions

What comes to mind when you hear the word 'outsourcing'? There are many misconceptions and negative ideas surrounding outsourcing, most of which stem from a pure lack of understanding about how it actually works. Don't let negative perceptions get in the way of making the decision that's best for your organization.

**Myth #1:** *Outsourcing is expensive*

Many administrators considering outsourcing believe that working with third parties is more expensive than handling services in-house.

**Reality #1:** *Outsourcing can save money*

Outsourcing can save your company money. Many providers have moved away from the one-size-fits-all approach, allowing clients to select the services that make the most sense.

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**Myth #2:** *People will lose jobs if we outsource*

The fear that outsourcing will lead to layoffs or downsizing is real. The decision to outsource can initially lead to uncertainty and agitation across teams.

**Reality #2:** *Outsourcing is an extension of your team*

More often than not, outsourcing can function as an extension of your existing team and be seen as a partner rather than a full replacement.

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**Myth #3:** *Our benefits are too complicated for outsourcing*

Many companies think their benefits are so complex that it would be impossible to outsource.

**Reality #3:** *Outsourcing partners have seen it all*

The intricate nature of benefits administration can actually make outsourcing a great solution. A good outsourcing partner will have extensive experience and will have seen benefits configurations similar to yours.

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**Myth #4:** *We are too large / too small to outsource*

Are we too big? Are we too small? Companies at both ends of the spectrum, from small startups to a large corporations, have doubted the possibility of outsourcing.

**Reality #4:** *Size does not matter*

This is actually one of the most common misconceptions about outsourcing, but rest assured that solutions exist for organizations of any size.

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**Myth #5:** *Our company won't be in control*

How can you trust another company to understand and execute something as complex and personal as benefits administration? This is a common thought, as companies ponder if they will lose that personal touch with employees.

**Reality #5:** *You're in the driver's seat*

By openly and honestly vocalizing your organization's needs and goals during your outsourcing exploration, you can ensure that you are in the driver's seat while your partner steers you in the right direction.

## What Can I Outsource?

The options are essentially limitless when it comes to outsourcing services. For benefits administration specifically, there are several services that are more commonly outsourced than others. Organizations can pick and choose specific services they feel most comfortable outsourcing while managing other activities in-house, or choose to fully outsource all benefits administration services.



### **COBRA Administration**

COBRA involves meticulous monitoring of coverage periods, eligibility tracking, and communication. Outsourcing COBRA will take communications, payment billing and processing, open enrollment, etc. off your hands.



### **Employee Contact Center**

Leave the benefits Q&A sessions to the experts. Support staff can handle inquiries as simple as password resets or as complex as plan selection decision support and advocating for employees with carriers.



### **Employee Communications**

Communicating benefits programs and vying for employees' attention requires a creative eye and a touch of marketing. Partnering with an experienced outsourcing organization will ensure best practices are followed when it comes to all employee communications.



### **HSA/FSA/HRA Administration**

The growth of HDHPs has led more employees to using health-specific savings accounts, often with an accompanying employer match. Outsourcing your HSA/FSA/HRA administration can help your team better navigate the intricacies of HDHPs.



### **Dependent Verification Audit**

Did you know that 4%-8% of dependents on your company's health plan are likely not eligible for benefits? Ineligible dependents cost companies millions of dollars through annual health plans. Outsourcing audits to an objective third party can reduce friction between involved parties.

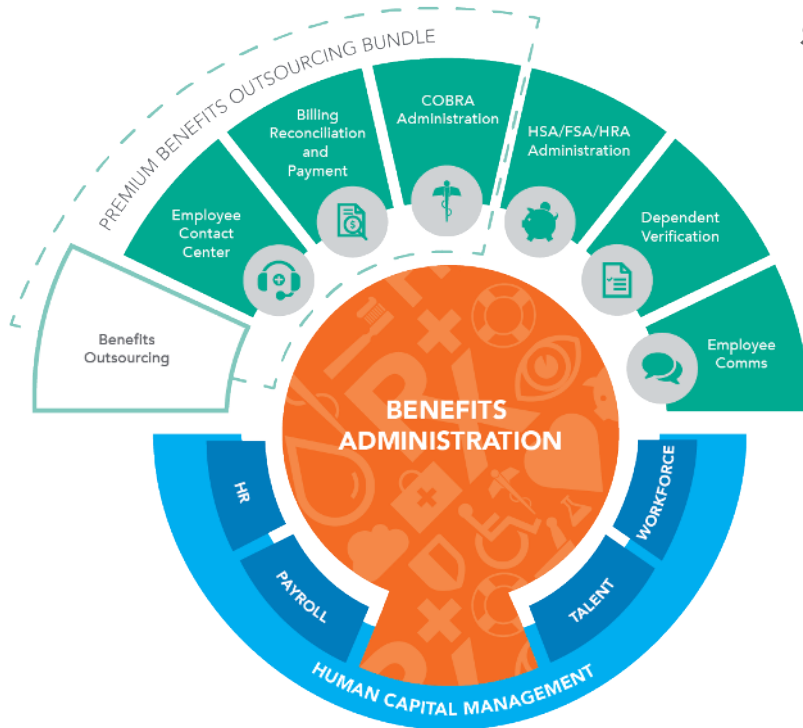


### **Billing Reconciliation and Payment**

Benefits billing takes up valuable HR time, and can lead to costly errors if not done properly. By outsourcing billing, your company can minimize risk, more easily identify and rectify discrepancies, and establish a single point of contact for billing multiple carriers.

## Full Benefits Outsourcing

Though HR teams are free to pick and choose individual services to outsource, sometimes a full outsourcing solution is the best option. By fully outsourcing benefits administration, HR teams will have more time to focus on strategic business initiatives while trusting risk-mitigation, benefits best practices, and customer service to a team of experts.



### The 'Premium Benefits Outsourcing' Solution with PlanSource Includes:

- System Configuration & Maintenance
- New Hire, Life Event & EOI Processing
- Data Exchange Operations, Auditing & Reconciliation
- Eligibility Management & Urgent Coverage Resolution
- Billing Reconciliations & Payment Services
- COBRA Administration
- Branded Employee Contact Center

**Additionally, clients are free to add on additional services to fill in any other gaps:**



Communications and Fulfillment



Retiree Billing



Leave of Absence Billing



Dependent Verification



FSA/HSA/HRA Administration



QMCSO Processing

By partnering with a complete benefits outsourcing provider, your team will maintain control of all of the plan details while your provider handles all the details.



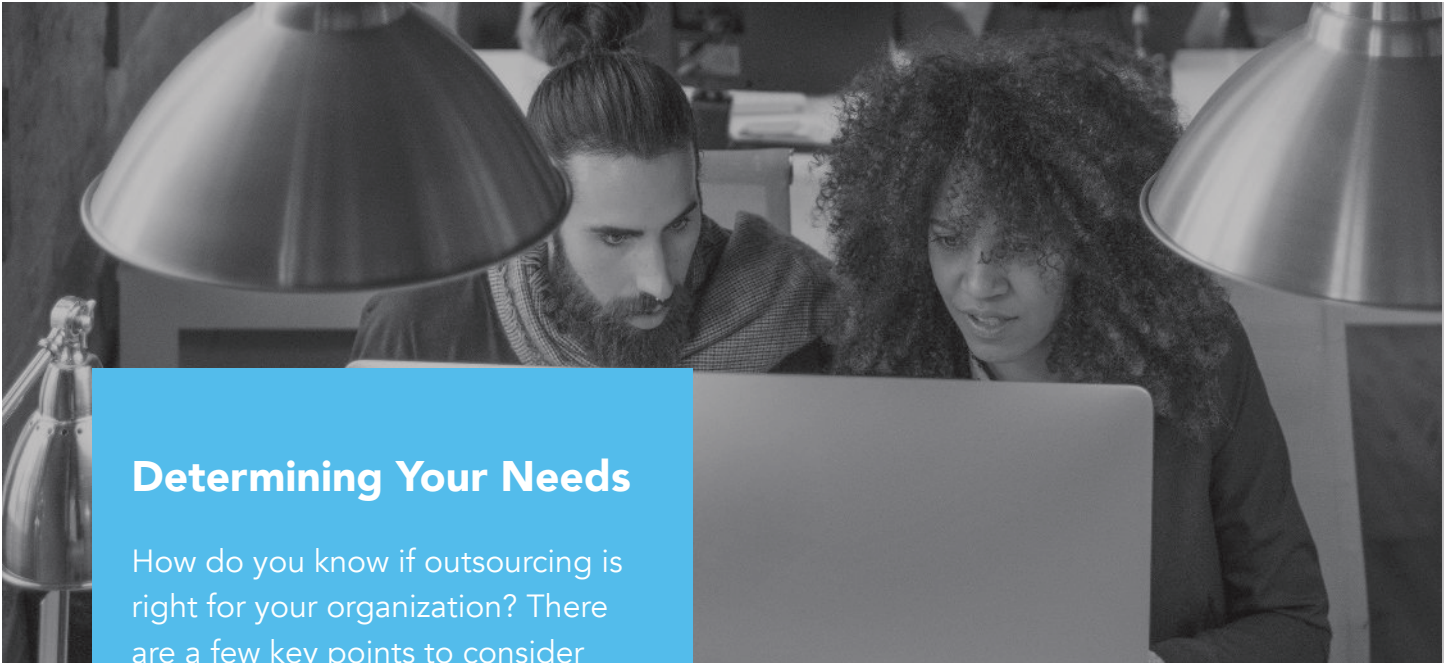


## Questions To Ask

Is benefits outsourcing right for you? Would your organization benefit from select service outsourcing, or is a full benefits outsourcing solution the best route? What services would be most advantageous to outsource?

Here are a few questions to ask when considering benefits administration outsourcing:

- Do we have the right resources and infrastructure to handle benefits administration in-house?
- Do we have the financial support to develop and maintain the skill set and technology needed to manage benefits administration effectively?
- Do we have the in-house expertise to understand today's complex regulatory compliance guidelines?
- Can we continue to manage all of our administrative benefits functions while also supporting the strategic initiatives for our company?
- Does the outsourcing opportunity align with my organization's business needs?



## Determining Your Needs

How do you know if outsourcing is right for your organization? There are a few key points to consider when examining outsourcing options and potential partners.

## Finding The Right Fit

Not all benefits outsourcing companies are alike, and it is important to have a solid understanding of your company's needs and goals. Then, you'll need to review the goals and values of potential partners to assess for a mutual fit. Here are a few things to consider when selecting a benefits outsourcing partner:

- Financial strength & security of the candidate company
- Commitment to customer service
- The breadth of their benefits plan options
- Their service and cost structure
- Industries served and professional services
- Administrative and management expertise and competence
- How employee benefits are tailored
- Technology usage, experiences and innovation
- The fine print

You can also assess more qualitative qualities of potential partners by checking Glassdoor reviews, client forums, social media profiles, etc., to get a better feel for the company culture and employee experience.

## Case Study

### ***PlanSource provides support team to school districts resulting in saved time and costs***

Located in the heart of Galveston County lies the city of Santa Fe, Texas. In addition to low crime rates and a beautiful and historic library, Santa Fe is home to some excellent schools that are served by the Santa Fe Independent School District (ISD). Santa Fe ISD provides work for 610 full-time employees and boasts several academic and fine arts achievements by their students.

#### **CHALLENGE**

A mix of full-time equivalent employees across multiple locations created a challenge for benefits management.

- Open enrollment was a challenge
- Data discrepancies were costing time and money
- The efficiency of a reliable support team was needed to handle ongoing issues

#### **SOLUTION**

Santa Fe ISD hired PlanSource after a recommendation from the Texas Association of School Boards. The PlanSource solution offered:

- A total benefits outsourcing package
- Open enrollment expertise geared specifically for school districts
- A support team to resolve issues and discrepancies quickly and efficiently

#### **RESULTS**

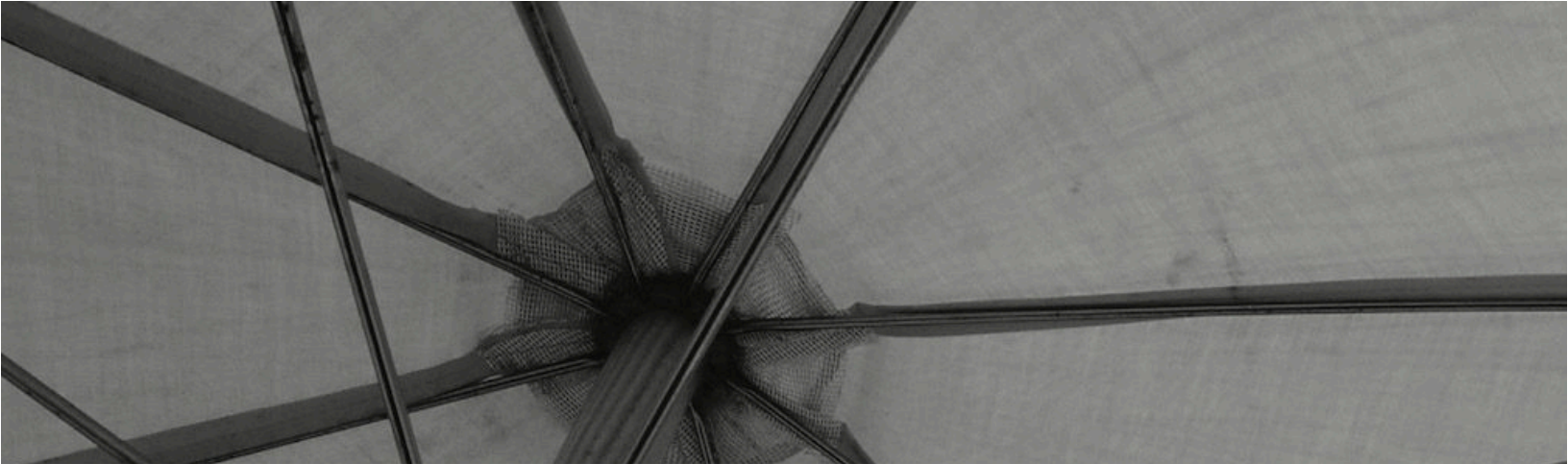
PlanSource assisted Santa Fe ISD in improving their processes which resulted in:

- A successful open enrollment period
- Time and money saved by solving issues quickly and efficiently
- Improvement in overall data accuracies
- Confidence in the support they're receiving

#### **Becky Wright**

*Coordinator of Benefits and Risk Management, Santa Fe ISD*

***"PlanSource was great. They communicated persistently and helped me resolve issues quickly and efficiently. I felt supported and that they were a great advocate for our employees."***



## About PlanSource

PlanSource is proud to offer better technology for a better benefits experience. We provide cloud-based solutions for benefits administration and human capital management that are affordable, intuitive and highly customizable. Combined with a range of complementary benefits services, PlanSource is an employer's single and complete source for human resources software. Our high-touch benefits services are offered a la carte or via our premium outsourcing bundle and include options for COBRA administration, billing payments and reconciliation, HSA/FSA administration, and more. You can learn more about our benefits outsourcing services at [plansource.com/experience/services/](https://plansource.com/experience/services/).

## READY TO TAKE THE BURDEN OFF HR?

*Contact us today for your complimentary benefits outsourcing consultation!*

*Fill out a [contact form online](#) or call us at (877) 549-8549.*

