



By: Todd R. Salansky
April 12, 2004

Practical Tips On Buying Benefits Enrollment Software

Originally, only large employers with more than 25,000 employees had the resources and capability of using an automated benefits enrollment program. Often, these programs were built as an add-on to their existing enterprise resource planning systems and required large investments in technology and personnel to manage.

Today, the world of benefits enrollment has changed dramatically. In 2003, 12% of employers offered an automated enrollment program, according to a survey by Mercer Consulting, New York. Employers with 500 to 999 employees had a 22% electronic enrollment rate.

There are currently several vendors offering outsourced enrollment solutions to employers with as few as 200 and as many as 300,000 employees. An outsourced enrollment solution combines efficiency and scalability unavailable 10 years ago.

Adding Value	
WHAT ENROLLMENT SOFTWARE DOES FOR THE AGENCY	
For the agency or advisor selling voluntary benefits, an automated benefits enrollment product will provide your firm with:	
➡	A value-added product and service for your clients
➡	A competitive advantage when prospecting
➡	The ability to earn additional revenue by reselling the technology
➡	The power to reduce client, broker, and carrier administration costs
➡	Improved reporting capabilities, putting information such as number of lives, benefit elections and enrollment status at your fingertips

alone. Beware of the impulse buy, and follow this basic procedure when comparing vendors:

The most important question you should ask is: Who owns the data? It is crucial to have either the broker or client own the data. Providers who offer enrollment solutions also try to own your data, keeping you from moving the business from them easily. Data ownership provides your clients with the ability to change vendors and bring their existing data with them in the event they are not satisfied or need to change.

In addition, the data should have a live backup at a remote site in the event of Internet connectivity, hardware failures, or other disasters and should carry 128-bit data encryption.

It also is imperative that the software be able to capture enrollment data for multiple carriers and transfer them easily. It must be flexible enough to change, especially when dealing with clients who may make minor changes on short notice.

Choosing a benefits enrollment vendor is a big decision and should not be taken lightly. There are several successful vendors that have the ability to sell you based upon their marketing collaterals the impulse this basic procedure when comparing

NATIONAL UNDERWRITER

Life & Health / Financial Services Edition Online

While price is definitely important, it should not be the decision-maker. Ownership and neutrality are crucial for brokers to provide service in the best interest of their clients. Price structures typically are based on an annual license fee with a per member, per month fee. Also, frequently written into contracts is a minimum number of employees enrolled, which is used to discourage the smaller brokers.

There are a number of pricing strategies in use by benefits vendors in offering the software to clients. The most common is to pass the cost directly to the client, marking up the price 10% to 20% or offering the service at no charge. The agency or broker will have to determine the pricing strategy each is comfortable with. They may determine the strategy on a per-client basis if necessary.

Because most brokers do not have the resources of an information technology professional with a benefits background, it is important to determine who actually builds each application and the fees associated with each, if done by

the enrollment vendor. The application is the actual set of screens (Web-based) and voice prompts (telephone-based) the employee sees or hears when enrolling.

Build fees can easily become a major obstacle when launching your enrollment product to clients.

Many providers offer Internet-only enrollment. This is only a solution if 100% of your clients' employees have the skills needed to gain access to the Internet. Because there is still a high percentage of people without Internet access from home, your client would have the additional expense of employees enrolling during work time at the office.

There are a few providers that offer both Web and telephone enrollment. By offering both as alternative access methods, you ensure 100% participation. According to another Mercer study, large employers can expect 63% of their employees to enroll online and must provide another form of enrollment for the remainder.

After you have narrowed your list to 3 to 5 vendors and fully reviewed their products, contact each vendor to schedule demonstrations and review their references, which should include both brokers and end users. Online demonstrations will give you the ability to see what the employer and employee will see when using the product. Pay close attention to ease of use, as that will drive client satisfaction.

Once you have successfully chosen a provider, it is time to enjoy the rewards of being able to offer an automated enrollment program: increased sales for your voluntary benefits and happier clients.

Todd R. Salansky is marketing director of Niagara Insurance Group, Buffalo, N.Y., a unit of Brown & Brown Inc., Daytona Beach, Fla. His e-mail address is tsalansky@niagarainsurance.com.

Reproduced with permission of the copyright owner. Further distribution or reproduction without permission is prohibited. National Underwriter, Hoboken, NJ; April 12, 2004. Todd R. Salansky