

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll *SB*
Human Resources Director

DATE: April 9, 2018

SUBJECT: Approval for Benefit Administration System to Support Comprehensive Employee Benefit Program to Provide Improved Employee Benefit Enrollment Experience, Improved Data Integrity, Streamlined Notification to Carriers, Comprehensive Dependent Verification Audit, Affordable Care Act Tracking and Reporting, and Improved Billing Reporting and Processing

BACKGROUND:

The County is self-insured in its group medical insurance and insures over 3600 members. Coverage under the plan is extended to benefit eligible employees of the Sheriff's Office, Clerk of the Court, Property Appraiser, Tax Collector and Supervisor of Elections as well as eligible retirees. In addition to the group medical plan other elective benefits are offered to active employees to include:

- Group Dental Insurance
- Vision Insurance
- Medical and Dependent Care Flexible Spending Accounts
- Life & AD&D Insurance
 - Basic
 - Supplemental
 - Spouse
 - Child
- Long Term Disability
- AFLAC Benefits
 - Short Term Disability
 - Cancer
 - Accident
 - Critical Care
 - Hospital

Information regarding available benefits is provided to employees during the first 30 days of employment, and annually during the open enrollment process. Employees are provided with:

- 27 page benefit highlights booklet explaining available benefit options

- 7 page enrollment packet to complete to make benefit elections
- Life and long term disability rate sheet to calculate employee rates

In addition to the handouts, the Human Resources website is populated with additional documents for employees to access and review. Each new hire is scheduled to attend a three (3) hour benefit orientation and benefit options are further reviewed with employees. Following this, employees complete paper enrollment forms for each benefit. They are required to enter separate employee and dependent data on each benefit form. The majority of employees take the benefit information home for review with family members prior to making elections. Often, employees forget to return the paper enrollment forms or misplace the forms and Human Resources initiates follow up reminders. Although every attempt is made to provide easy to understand information to employees, the information is overwhelming and the majority of new hires have expressed difficulty understanding the benefit offerings and how to complete the various benefit forms.

After employees make benefit elections, Human Resource staff manually review each enrollment form, contact the employee for missing information, and either hand key data in each carrier's website for each employee and dependent or submit the enrollment form via fax for the carrier to enter into their system. The benefit data is then re-keyed into the County's payroll system in order to generate affordable care act reporting information. Often, handwriting is not legible and entry errors are made resulting in enrollment integrity issues. In addition to the data entry issues, required documentation for dependent eligibility is routinely missing from returned benefit packages and employees must be contacted and reminded to turn in the documentation or lose dependent coverage. The employee has to drop off the documentation to the Human Resources Department. In some instances, employees fail to return information in a timely manner and as a result are not enrolled in requested benefits.

This manual data entry process has resulted in carrier data reflecting incorrect social security numbers and/or dates of birth, misspelled names, and incorrect addresses for employee benefits. The current benefit enrollment process is not a positive experience for the new hire employee, is labor intensive, and is prone to errors.

PURSUIING A SOLUTION:

In order to improve the employee benefit enrollment experience and reduce errors associated with the current process, Human Resources requested our benefits consultant/broker Lockton Companies to solicit proposals for a benefit administration system to meet the following scope of services:

- Web Enrollment
- Single Sign on
- Benefit Decision Support Tools
- Carrier File Feeds
- Non-Carrier File Feeds
- Payroll Deduction Files
- Evidence of Insurability Processing
- Dependent Status Initial Audit

- Dependent Status Verification
- ACA Measurement/Eligibility/Data
- ACA Reporting and Filing
- Premium Billing Reporting
- Total Compensation Statements
- Reporting and Training Support for Benefit Administration System

Implementing a benefit administration system will provide the following improvements:

- Professional web-based benefits portal for each constitutional office that is personalized with agency benefits, branding and messaging
- Simplified easy to understand online enrollment experience– no more paper forms
- Accessibility via computer, tablet, or smart phone
- Online information and videos explaining benefit options accessible 24/7 for review with family
- Benefit calculator reflecting employer and employee portion of premiums
- Single entry of data for employee and dependent information reducing data entry errors
- Integration with benefit carriers to transmit enrollment data through data file feeds
- Automatic enrollment reminders for employees to avoid missed deadlines
- Premium billing reports for payment of premiums
- Comprehensive Affordable Care Act tracking, reporting and filing
- Simplified dependent status verification – no more trips to HR to turn in documents
- Delivery of annual notices to employees reducing paper waste
- Total compensation statements reflecting total value of employee benefits
- Online evidence of insurability
- Improved access to information for benefit administration and reporting

ANALYSIS:

Lockton obtained proposals from five (5) vendors. One vendor was eliminated due to cost and four (4) vendors were invited to make presentations to a review committee comprised of twelve (12) representatives from the BOCC, Sheriff's Office, Clerk of Court, Tax Collector, Property Appraiser and Supervisor of Elections. Each presentation was three (3) hours and the vendors were:

- Hodges-Mace
- Explain My Benefits
- BenefitFocus
- BenefitExpress

The committee overwhelmingly ranked Hodges-Mace and BenefitExpress as the top two (2) finalists (rating sheet attached). A second presentation was scheduled with each finalist and Lockton began the reference checking process. Following the finalist presentations, Committee members determined that either vendor would be able to provide benefit administration services.

BOCC Human Resources evaluated the two (2) finalists and obtained additional public sector references. Based on the evaluation of the committee, references, and pricing, Human Resources is recommending BenefitExpress be selected to provide benefit administration services for Indian River County's group medical plan and associated voluntary benefits.

DEPENDENT VERIFICATION AUDIT:

A key component of the benefit administration services will also be to conduct a comprehensive dependent verification audit to confirm that every dependent on the plan is eligible to remain on the plan and receive benefits. This audit will verify that only eligible dependents remain on the plan and will result in savings by removing ineligible dependents from receiving benefits. It is estimated that a 3% – 5% reduction in the 2,025 covered dependents will result from this audit ($3\% \times 2,025 = 60$). Assuming an estimated plan cost of \$3,000 per dependent, this could translate into a substantial savings to the plan ($\$3,000 \times 60 = \$180,000$).

COST:

The total proposed fees for a two year agreement, which includes one-time implementation costs and a first year dependent verification audit totaling \$53,930, is \$213,631. BenefitExpress has agreed to reduce the implementation fee by \$3,995 (web enrollment implementation fee). The adjusted two year cost is projected at \$209,636. The recurring fee of \$79,850 equates to \$4.10 per employee per month (PEPM) or \$49.20 per year per benefit eligible member (active or retiree). BenefitExpress has agreed to a five (5) year term with no rate increase.

FUNDING:

Funding for the benefit administration system will be provided from the health insurance trust fund and will be included as a benefit administration fee. It is expected that savings resulting from the dependent verification audit and the recent pharmacy benefit transition to ExpressScripts will cover the initial implementation cost as well as the first and second year of services. Recurring costs will be budgeted with the other administrative service fees associated with the medical plan. Human Resources in conjunction with our benefit consultant will continue to review plan performance and identify potential cost savings to maintain a plan that is competitive, affordable, and sustainable.

RECOMMENDATION:

Staff respectfully requests the Board of County Commissioners approve the recommendation to select BenefitExpress to provide benefit administration services for the County's comprehensive employee benefit program effective May 1, 2018 to include a dependent verification audit, to authorize staff to enter into a five (5) year agreement, and to authorize the Board Chairman to sign the administrative service agreement after review and approval by the County Attorney.

Attachments: Benefit Administration Scorecard
Finalist Pricing
BenefitExpress Dependent Verification Audit