Dealing with the Dual Year Enrollment Dilemma

Enrolling employees in a wide variety of benefit plans, e.g., medical, dental, Rx, life, disability and reimbursement account plans, with multiple insurance companies has never been easy. Many companies still do this by hand, completing multiple paper forms for each employee. This is time consuming and there are opportunities for errors both by the employer and insurance company.

Automation Solutions

Insurance companies and third party administrators (TPA's) have attempted to provide more automated solutions to support the enrollment process. Some insurance companies have provided their customers with a data entry module that enables the customer to enter participant demographic data as well as benefit election information. While this is touted as "online" enrollment, it is still a manual process for customers with consequent opportunity for error. Also, with multiple carriers, multiple data entry sessions, i.e., one per carrier, are still required. Finally, not all such systems connect directly to the insurance company database and rekeying by the insurance company is still required.

Entering information accurately is key

TPA's generally offer a more universal and automated approach. Most TPA's establish an electronic data connection with the employer's payroll or Human Resource Information System (HRIS) and this system sends recurring, normally weekly, electronic files that update the TPA's database with new hire information, as well as data for terminated employees and those with status changes that affect benefit eligibility. The TPA's benefit administration system then sends communications to employees with an enrollment opportunity that provides enrollment instructions. The employee is directed to the TPA's website, where he/she is able to enroll in all benefits for all carriers in one place at one time (available systems have widely

About the Author

F. Jay Hoder has over 30 years experience in the insurance and employee benefit fields. He is a Certified Pension Consultant (CPC) and Chartered Life Underwriter (CLU).

He founded Benefit Concepts, a leader in the health and welfare administration outsourcing business.

varying degrees of sophistication in handling complex plan and benefit eligibility rules, but that discussion is beyond the scope of this paper). After the employee completes the online enrollment process, the TPA's system now contains benefit enrollment information for all plans and carriers. Most systems are able to distribute this information via electronic file to carriers and to the payroll/HRIS system. This "end-to-end" process is more accurate and less time consuming than the array of manual processes.

Open Enrollment Season

The above TPA electronic process normally runs quite smoothly until the approach of the end of the year. At that time, a number of potential complexities are introduced into the normal, relatively straightforward process. The system has to be set up to permit elections for the next year. This annual enrollment (AE) opportunity allows employees to change plans, benefit levels and to add or delete dependents from certain coverages. Most employers establish a two to three week window during which time employees may change their benefit elections for the next year. This annual enrollment window normally occurs during October and November (for calendar-based plans).

The Dreaded Dual Year Enrollment Problem

Complexities arise when an employee has a "current year" enrollment opportunity during and/or after the period that the "annual enrollment window" is open. This is the dreaded "dual year" enrollment opportunity. Among the situations that can occur are the following:

- New hire or status change occurs while Annual Enrollment (AE) window is open;
- New hire or status change occurs after AE window is closed but before year-end.

Many systems are able to deal with the complexities generated in the above situations. Some are not. The difficulties that can be encountered include the following:

"The system has to be set up to permit elections for the next year.

- In the first situation above, AE windows are opened for those employees in the TPA's database as of or even one week before the window opens. Therefore, for a new hire there may be no AE window opened. One result is that the current year election may be carried over to the new year and this may not reflect the employee's intention.

- The second situation is similar in outcome in that employee data reaches the TPA system after the window is closed. A current year window is opened but often no AE window is opened, and consequently no explicit elections are made for the new year.

The above results can be especially problematic if there are new or different plans in the new year. The TPA may have to manually identify these "dual window" employees and develop a manual enrollment workaround in cases where a "comprehensive" solution is not available.

> "Enrollment windows for both years should be displayed on the participant's computer screen simultaneously."

The Solution

A comprehensive solution exists when the TPA's system automatically creates annual enrollment windows in the "dual window" situations. These windows should clearly depict the year of coverage for the benefits and the specific benefits available in each year. Further, enrollment windows for both years should be displayed on the participant's computer screen simultaneously. Also, elections for both years should be required for either to be accepted. Having learned lessons the hard way, we have seen situations in which dual window employees enroll in one year and not the other. That is, they enroll in the new year but not in the current, or vice versa. This can create great confusion and many errors. It is not easy to design a "comprehensive" system to deal with the dual window issue, but it is extremely important functionality in the benefit administration world.

www.benefitconcepts.com