

Automating Benefits Management for Strategic Success

How process automation increases productivity and allows your workforce management team to invest more time in strategic initiatives for long term success.

Table of Contents

Maximizing the potential of the HR department 3

What to look for in an HRIS 4

Benefits for the entire organization 5

Essential features..... 7

The future of HRIS..... 8

Conclusion 9

Maximizing the potential of the HR department

The majority of an HR department's time and resources is consistently taken up with day-to-day tactical issues - **up to five hours of every eight-hour day** some studies suggest.

HR departments in mid-tier organizations are models of versatility. Their responsibilities include everything from answering employee questions about health benefits and vacation time and sorting out the process of employee reviews, to high level long term planning and organization of training, employee retention plans, management development and other important issues that fundamentally affect the productivity and success of the organization.

Most organizations of this size would agree that they would greatly benefit from their HR professionals having the opportunity to focus more of their energies on strategic issues, as is the case in larger organizations. It is no secret that the top-performing companies in the S&P 500 are the ones that have the strongest focus on employee development.

However, in reality, the majority of their HR department's time and resources is consistently taken up with day-to-day tactical issues—up to five hours of every eight-hour day, some studies suggest.

For larger companies, the technology to automate HR and benefits issues has been available for some time, and is widely used. However the resources and infrastructure required to install and maintain one of these large and complex systems has made the cost of entry prohibitive, both financially and technologically, for companies in the mid tier. As a result, only about 15% of mid-tier companies have yet adopted a Human Resource Information System (HRIS) solution.

Today, software solutions are emerging that can provide a practical answer to organizations of this size. The problem then becomes how to choose the one that is the best fit for their requirements and that is affordable, flexible and agile enough to cope with constant change, whether it comes from within the organization or from legislation such as HIPAA and the E-sign Act.

What to look for in an HRIS

First and foremost, a good HRIS needs to be based on a solid, modern technology foundation.

A quick survey of the marketplace will show that there is a wide range of solutions available today. Further study, however, will reveal that most of them are designed for very large organizations, costly to set up and maintain, based on heavy-duty legacy technology and requiring the services of an army of consultants to keep them operational. Most of the systems designed for smaller organizations concentrate heavily on either HR functions such as attendance and compensation, or on benefits management, but lack the ability to combine the two issues.

To be a practical investment choice for a mid-tier organization, a satisfactory HRIS solution must have its HR and benefits functions highly integrated. It must be both agile and robust in order that it can easily be kept abreast of constant change, and it must be built on a tried and true foundation that is both easy to use and maintain, such as a modern database like SQL Server.

Ease of use is a vitally important feature for an HRIS. The learning curve on any new software is often a challenge for people whose primary function is non-technical, such as the average HR consultant. It is important that if the investment is made in a product, it is accepted to the extent that it becomes part of the fabric of the department. There are three things to look for that will make an HRIS easier to use and more accepted by staff:

Wizards: Wizard-based technology makes it easy for staff to enter or import information and make changes and updates, by following through a set of simple instructional, fill-in the blanks forms on the screen, rather than their having to learn to program or call in the consultants.

Strong HR facilities combined with flexible benefit capabilities: The system should be able to handle compensation, attendance and recruitment, and legal requirements such as FMLA and OSHA, while integrating them with benefits issues such as COBRA.

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Role-based operation: A good HRIS solution should be able to cater to the needs of a wide range of people and functions within the organization, and should appear seamlessly tailored to their requirements. Role based administration is becoming increasingly important in the HRIS marketplace. With this feature, HR administrators can define what an individual can see in the system, allowing managers access to the information they need about their particular team, while locking them out of information that is not pertinent to them. Role based administration can extend further into proactive alerting—a particular manager or management level can be automatically alerted by the system that it is time to conduct a review, for instance, with those alerts being based on the specific managers role and needs within the organization.

Benefits for the entire organization

There are three constituencies whose needs must be addressed in the selection of a new HRIS solution: HR and IT managers, the HR department itself, and the “customers,” i.e., the executives, managers and other employees of the company.

HR and IT managers must be satisfied that they have chosen the best tool for the job—one that is going to offer a good return on their investment of both financial and time resources; the HR department must find that the solution allows them to become strategic thinkers rather than data processors, and employees must find that they are receiving a more efficient service and are able to make better and easier choices.

Unless the chosen solution offers benefits to everyone in the organization, it will not succeed.

For HR and IT managers, the questions are largely fiscal and organizational:

- Will one solution span both benefits and HR requirements, or will it be necessary to integrate products from different vendors to fulfill their requirements?
- Is the system affordable and within the budget of a midsized organization?

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For HR personnel, the issues are more focused on **operations**.

Employees are more likely to be focused on the **end results**.

- Is the system intuitive enough for people with a wide range of different skill levels?
- Is the solution provider a solid and reputable company who will be there in future years to provide upgrades and support as technology changes?
- Will the installation and startup take so long and be so expensive that it won't be possible to configure all of the features?
- What is the total cost of ownership over time? Will consultants be returning repeatedly to reprogram the system for new or different benefit plans, to implement different features, or to train employees?

For HR personnel, the issues are more focused on operational matters:

- Will it reduce their workload, for instance, by allowing them to offload some of the burden of managing employee data to departmental managers?
- Will it automate mundane tasks such as notification of events (management reviews, etc.,) in order to allow them to work on more important issues for the organization, such as employee retention policies, workforce optimization programs, or training and education aimed at improving productivity?
- Will the system be user-friendly enough so average HR administrators and employees can and will use it?
- Will this increase employee satisfaction and productivity, and enable better choices for employees?

Employees are more likely to be focused on the end results:

- Will it enable them to access HR information, such as how many vacation days they have available or when their next salary review is due, quickly and easily?
- Will it ensure that personal information, such as dependents, addresses and emergency contacts stay up to date?
- Will it increase the range of benefit plan choices available to them and make it easier for them to choose the correct benefit plan?

There are **five** key features that an HRIS needs to address. These features will make it easy to manage a range of HR issues, employee benefit plans, and benefits enrollment matters.

- Will it provide easy access for them to information such as lists of approved doctors and explanations of benefit coverage?
- Will it reduce the number of errors in medical claims?

Employees are also seeking easier access to information about their own organization, other employees and how to reach them, as well as better communication from management about critical corporate issues that could directly affect them.

Essential features

There are five key features that an HRIS needs to address. These features will make it easy to manage a range of HR issues, employee benefit plans, and benefits enrollment matters:

- **Integration of all HR management functions.** Information about compensation, attendance, FMLA and other HR functions should be readily accessible to appropriate employees.
- **Ease of use.** The program should be easily configurable by HR and benefits managers. Importing data and configuration of HR policies, benefit plans, leave types, etc., should all be easily done without requiring formula-building or the programming services of expensive consultants. In addition, ease of use should extend to the system's reporting capabilities — commonly-used reports should be preformatted so the user doesn't have to learn a complicated report writer.
- **Support for all plan types.** This includes offering the flexibility to include non-traditional voluntary benefits such as prepaid legal, AFLAC, dental coverage, parking or even membership of a local health club.
- **Distribution of workload across the organization.** Managers should have access to the information and tools they need to effectively manage their own staffs.
- **A powerful and flexible benefits engine for full benefits management.** This must be able to calculate eligibility, volumes and costs. Reporting features should include facilities to alert managers of any issues in reconciliation or differences in bills received from plan providers.

Leading vendors of HRIS solutions are ensuring that their software is fully Internet enabled and **able to transfer data electronically to carriers.**

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The Future of HRIS

In looking at HRIS solutions, it is important to look at the longer-term prospects for the technology. The HR industry is in a state of flux, and any product that a company installs today must be based on a platform that can readily and rapidly adapt to change, and must offer concrete plans for coping with the future.

In an ideal world, widespread, electronically enabled end-to-end HR management and benefits enrollment would be the norm. Employees themselves would be able to perform many operations such as online benefits enrollment and selection, the updating of personal information, and other tasks such as viewing compensation and benefits information that are currently performed for them by an HR professional. Relevant data would be routed based on business processes, allowing role-based task assignment and monitoring, allowing team leaders to manage their own staff without the constant need for the services of the HR department.

Two things are helping turn this concept of complete end-to-end benefits enrollment into a reality. First of all, the advent of the HIPAA Administrative Simplification laws. By making the acceptance of standard electronic data formats mandatory for all carriers and benefit vendors across the country, HIPAA makes it possible for software vendors to create a common interface using these new data standards, allowing enrollment information to be transferred to the insurance carriers and TPA's electronically, eliminating the error prone manual system that exists today.

Secondly, leading vendors of HRIS solutions are ensuring that their software is fully Internet enabled and able to transfer data electronically to benefits carriers. This is a key concept in making complete end-to-end benefits enrollment a viable proposition. It enables the user through employee self-service to access and use their HR and benefits information from just about anywhere. It makes electronic benefits enrollment possible and will also allow online premium remittance, whether via the Internet, a Virtual Private Network, or through a standard modem connection.

Automation must be brought about in such a way that the HR department can truly become more **productive**, rather than simply exchanging one set of tactical tasks for another, and it must be done cost-effectively.

Conclusion

In today's rapidly changing business environment, the need for the HR department to be freed to be a more of a strategic force in the organization has become apparent. In order for this to happen, it is essential that mundane, day-to-day tasks be automated.

This automation must be brought about in such a way that the HR department can truly become more productive, rather than simply exchanging one set of tactical tasks for another, and it must be done cost-effectively. The solution chosen has to be easily usable and configurable by regular HR staff. In a constantly and rapidly changing environment such as HR, it isn't practical for every minor change in policy to require precious resource be spent on employing outside consultants to reconfigure systems.

The chosen solution also has to offer significant benefits to end user employees, whether they will use it in a "self-service" fashion, or still receive their answers through the HR department. These benefits include immediately apparent advantages such as faster and more accurate responses and less reporting errors, but also more important and long-term features such as a broader range of benefit choices.

Lastly, the chosen solution has to offer a solid return on investment. Not only through greater employee satisfaction and the freeing of the HR department for more important strategic functions, but in actual terms of reduced benefit costs through greater efficiency in plan administration, less errors and faster pick-up of problems and issues.



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