

Benefit Carrier Billing Reconciliation Case Study



Looking for the “Right” Solution

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Executive Summary

Fleet Landing is a fully accredited, non-profit Continuing Care Retirement Community (CCRC) offering an active and independent lifestyle for adults ages 62 and older.

Contract signed: May 2018

Problem Statement: Monthly reconciliation of carrier invoices against payroll deductions was extremely time consuming and cumbersome. Fleet Landing was looking for the “right” solution.

Challenges

In order to meet their cost accounting requirements, client's monthly benefit invoices from carriers need to be audited and reconciled against the payroll deductions for accuracy, and to determine into which cost center employee and employer contributions should be entered.

Prior to Providence's engagement, the process was completed manually by an internal member of the Fleet Landing team and took close to 50 hours of labor per month to complete.

When this employee resigned from Fleet, the client felt it was the right time to evaluate the process and investigate third party options who could incorporate automation to streamline the process, increase accuracy, and allow the remaining HR team to focus on strategic priorities.

Monthly client benefit invoices from carriers need to be audited and reconciled against the payroll deductions for accuracy and to determine into which cost center employee and employer contributions should be entered. The process was previously completed manually and took approximately 50 hours a month to complete. When this employee left Fleet, they looked externally for help instead of adding additional burden on the HR team.

How Providence Helped

Providence worked with the client to review current processes, gather information about their benefit plans and rates, gain access to carrier sites and payroll system.

- Providence used the legacy manually produced client Excel files as the template for developing our proprietary automated audit reconciliation and voucher output documents for use by client's HR team to validate payroll deductions against carrier enrollment and for client's Finance team to enter costs correctly on the General Ledger and make payment to carriers. The carriers involved are:
 - Medical Carrier = 6 reconciled and output vouchers
 - Dental Carrier = 2 reconciled and output vouchers
 - FSA = 2 reconciled and output vouchers
 - HSA = 1 reconciled and output voucher
 - Voluntary Benefit Carrier = 1 reconciled and output voucher
 - Telemedicine Option = 1 reconciled and output voucher
 - Vision Carrier = 1 reconciled and output voucher

Providence delivered a First Reconciliation and Voucher on June 22 for the June/July 2018 cycle (medical and vision carriers were paid prospectively, and other carriers were paid retroactively).

In order to complete this, Providence:

- Pulled invoices directly from carrier portals;
- Created and pulled payroll deduction reports for each month;
- Processed deduction reports and invoices through Providence's proprietary HCMXpert tool (known lovingly to the client as the "magic plug"), to produce reconciliation and voucher outputs.

Providence's automated solution has delivered the following "value adds":

Reduced time to audit, reconcile and produce vouchers from close to 50 monthly client man-hours pre-automation, to 8 hours (or less) with Providence's refined process and automation.

Added a Processing Log to identify potential errors, including flags for:

- Payroll deductions without enrollment on carrier invoice
- Populate termination date in "Notes" column to expedite HR review of discrepancies

Performed an additional audit at renewal to compare the HSA elections to the medical enrollments, to ensure that any employee with an HSA contribution was enrolled in an HSA eligible plan and level.

Identified with the client through reconciliation variances, an error in the payroll system renewal configuration where LTD rounding rules were not configured in the system correctly and the Voluntary Life plans did not include AD&D rates. This created incorrect payroll deduction amounts for the first month following renewal, resulting in under-collected payroll deductions. Through Providence's **effort**, this was caught quickly and corrected.

Discovered an error on telemedicine invoice post-renewal where the renewal rates were not applied resulting in an underpayment to the carrier.

Q&A with Michele Holley, VP of HR for Fleet Landing:

Q: Like many companies, this process was manpower-driven and dependent on a specific employee. Can you give us a sense of your thinking when this need arose?

A: I knew a technology-based solution was the best approach. But, I was very skeptical – we had just completed a complete HRIS, Rewards & Recognition, and Time implementation. It was not a pleasant experience and I was exhausted by things going wrong. We reached out to our broker at Brown & Brown asking if they had someone who could help them with this problem and were introduced to Providence.

Q: Did you consider any other options to help solve this problem?

A: Yes. We looked at Providence Technology Solutions and another vendor. The other provider simply offered a manpower/hours-based approach. Meanwhile, Providence offered to develop an innovative solution from the ground up with little information. I held my fair share of doubts, and provided basic information, with the expectation that I did not want to invest energy into this initiative. I wanted – needed – a partner that could fix it without having to explain every detail.

Q: What did Providence deliver that stands out from other vendors in the marketplace?

A: Rather than taking a staffing approach and merely recommending someone to fill the employee's place, Providence purposed an alternative solution to review and streamline the process and remove redundancies. They were super competent, unbelievably effective, and delivered on what was promised. They understood our needs and fixed it with their "Magic Plug," exceeding all expectations. The Providence team are a lifesaver for me. Providence's solution gave me and our team critical time back into our day, allowing us to spend it on more strategic initiatives.

Q: Would you recommend Providence to other companies in need of HR-related services?

A: Absolutely. My high expectations are often not met with service providers; however, Providence exceeded my expectations and I am very happy with their partnership approach and solutions. Had I had this experience before, I would have partnered with Providence to implement our HRIS, Time, and Rewards & Recognitions technologies as well.

When IT Matters.