

AUTOMATION OF RFPs, RENEWALS SAVES LARGE MANUFACTURING ORGANIZATION MILLIONS

CASE STUDY: LARGE MANUFACTURING ORGANIZATION

THE CHALLENGE

Human Resources departments spend extraordinary sums of money managing the annual benefits life cycle. Although large organizations spend hundreds of millions of dollars each year on benefits they have not invested in tools to control the costs of tasks such as document management, contracting, employee and employer communications, supplier performance, RFPs and renewals.

Some of the most common administrative tasks that drive up costs for these events include and pasting of data from spreadsheet to spreadsheet; manually proofing all the numbers a formulas entered into various spreadsheets; gathering, collating, and distributing all of the information required for bidding.

Two years ago, a large manufacturing organization sought to streamline their benefits manage and increase efficiency, starting with the processes surrounding sourcing benefit plans. Given the company's HR executives manage hundreds of plans overall (over 100 of which are for me benefits) and maintain over 300 summary plan descriptions (SPDs), improving efficiency in an aspect of plan management would ensure significant cost savings.

This client works with consultants for several ongoing benefits tasks (in day to day operations dozens of users from several different organizations require access to the company's benefits data). However, analysis revealed that the majority of the internal and external time was on strategy and other consulting tasks, but on administrative items such as data collection manipulation.

Additionally, the organization did not own its own data: when seeking information relating to benefits, executives often

took days to locate something as basic as an SPD or design, adding unnecessary time and expense to their benefits management costs.

Given that efforts expended on those administrative items meant large amounts of time were spent pushing documents back and forth, the organization's HR executives felt that there m opportunities to streamline and improve their processes around these items, allowing all par focus on analysis and strategy.

In fact, in seeking a partner to help manage their benefits data, the company had one primary goal: to decrease their ballooning benefits spend.

THE HIGHROADS SOLUTION

RENEWALS AND RFPs

The organization approached HighRoads to seek means of leveraging technology in order to improve processes surrounding benefits data management. The first task was to renew 100 plans for 2004: the automation of the process brought immediate cost savings. Additionally, it allowed easy and efficient gathering of much important benefits data, such as plan designs, contracts, and premiums, among other items. The company was then able to transport this information into a centralized electronic repository known as the Plan Manager. This centralization allowed the benefits team immediate access too much of their own data which, previously, had been maintained externally.

CENTRALIZED DATABASE

As the Plan Manager continued to be populated, the users set customized attributes to ensure that each person could quickly and easily find the appropriate data. The organization was soon

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able to load all relevant plan information into the system, and set up all users with appropriate tiered permissions, ensuring that, from that point onward, all data could be accessed at no cost to the company.

External users also benefited from the centralization of data, as they also had easy, password-protected access to the appropriate information. Additionally, the transfer of plan and pricing data to the organization's third-party administrator was streamlined, as all data could be customized the appropriate format from the beginning. This allowed significant cost savings as reduction of benefits management tasks continued. Furthermore, the data is available for automating downstream action items such as call center enrollment and populating eligibility systems.

MONITORING VENDOR PERFORMANCE

The organization is continuing to leverage the technology in preparation for 2005, as it begins to run renewals and RFPs for all plans. Not only will the company see additional cost savings, but process of health plan renewing and sourcing is taking considerably less time as well, as all data located in one central repository and is easily accessed for the creation of such market events. Thanks to the elimination of time spent gathering, collating, and preparing data, the company and its consultants are much more focused on strategic tasks such as market strategy, plan and price benchmarking, and plan consolidations, among others.

Upon the completion of all health plan renewing and sourcing for 2005, the collected data will be used to automatically track vendors' performances. This will allow the benefits team to proactively monitor performance throughout

the year, and leverage the results to affect improved service, reduced costs, and increased efficiencies. All the data and reports necessary to manage these vendor relationships will be available at the HR executives' fingertips, without requiring a consultant to gather, analyze, and report on the carriers' performances.

VISIBLE VALUE

After adopting the HighRoads technology for use in 2003, this client saw immediate savings in their benefits spend. In that first year, the automation of its data management and RFPs/renewals allowed a significant cost reduction in the multimillion dollar benefits management budget, for some consulting and administrative services they had received previously.

As the company continues to leverage the tool, reusing data that had been gathered earlier while broadening the scope and users of the system, its cost savings increase dramatically. Estimated spend for 2004 is equal to a 40% benefits management fee reduction.

Over the course of just three years, this HighRoads customer will see a reduction in benefits management costs of multiple millions of dollars in excess of 45% in total. As it continues to leverage the technological solution provided by HighRoads, costs will continue to decrease and efficiency will improve.

By implementing technology to manage information, automate transactions, and increase collaboration, this company enjoys lower costs and higher quality benefits.