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Benefits Breakdown

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Combating Rising Benefits Costs During Periods of High Inflation

The U.S. inflation rate has increased by 9.1% over the last year, according to the Bureau of Labor Statistics. This has led to significant price increases across various consumer goods and employee benefits such as health insurance. In fact, health insurance costs have already risen for one-third of U.S. employees in the last year, according to a report from the Employee Benefit Research Institute.

This increase in costs presents challenges for employers facing a difficult hiring market. Luckily, employers may be able to mitigate increasing benefits costs without shifting the burden to employees, thus remaining attractive to current and prospective employees. Consider the following strategies:

- Eliminate underutilized benefits and reallocate resources toward more expensive benefits.
- Offer a wellness program or similar benefits to promote and achieve a healthy workforce.
- Encourage telemedicine benefits to help employees seek convenient virtual medical care.

As employers adjust to increasing inflation rates and subsequent rising costs, there are several strategies they can use to help offset the severity of the situation. From providing wellness programs to facilitating the use of telemedicine, employers will need to think carefully about which strategy would work best for their unique circumstances.

How to Select the Right Third-party Administrator

Finding the right third-party administrator (TPA) can be challenging, and organizations often underestimate the time and resources required to select the best candidate for their needs. However, exercising due diligence to find the ideal TPA can pay dividends by ensuring a smooth and cost-effective plan operation and minimizing legal risks. Consider the following strategies:

- **Understand the organization's needs and priorities.** Plans have different needs depending on type, design, asset size and the number of participants. Knowing an organization's needs and setting priorities to meet them can go a long way toward finding a TPA.
- **Determine whether a TPA can meet needs.** TPAs offer various services, which should be reviewed individually to understand a TPA's services and how it administers them.
- **Ensure legal compliance.** The regulatory landscape is constantly changing, so organizations should consider how a TPA remains current on legal developments and how it can help with compliance. The right candidate should be able to guide an organization through legal issues.
- **Compare candidates.** Reliability is critical in a partner. Organizations may review metrics of a TPA's actual claim outcomes and know how fast it pays claims and its error rates.
- **Check references.** Organizations can ask candidates about other clients of similar size and needs. Then, those clients can be contacted to discuss their experience working with the TPA.
- **Know costs.** Organizations should be aware of all TPA-offered services and associated costs.
- **Assess data security.** TPAs should have safeguards in place to handle and protect clients' data.

After making a selection, it's essential to regularly review the TPA's performance to ensure it continues to meet organizational needs.

