

SPECIAL FEATURE: 2016 RISING STARS IN ADVISING

Employee Benefit Adviser

February 2016 • employeebenefitadviser.com

COMPLIANCE CHALLENGE

HOW LESLIE STRAUS AND THE BENEFIT COMPANIES ARE HELPING EMPLOYERS – AND FELLOW ADVISERS – STAY ON TOP OF ACA REPORTING REQUIREMENTS



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Leslie Straus and The Benefit Companies Inc. offer employers and advisers an ACA reporting requirements compliance solution



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Employee Benefit Adviser (ISSN 1545-3839) Vol 14 No 1 is published monthly. \$89.00 in US and \$119 a year in all other countries by SourceMedia, Inc., One State Street Plaza, 27th Floor, New York, NY 10004, 212-803-8200. Change of Address: Notice should include both old and new address, including ZIP code. Postmaster: Please send all address changes to *Employee Benefit Adviser*/P.O. Box 530 Congers, NY 10920. Periodicals postage paid at New York, NY, and additional mailing offices. © 2016 *Employee Benefit Adviser* and SourceMedia, Inc. All rights reserved.

COMMODITIZING



Left to Right: Leslie Straus, Kathy
Tunney, Denise Chambers

COMPLIANCE

When the shock of the ACA's passage wore off, The Benefit Companies Inc. got to work, creating a new company within its family of benefit and HR-related companies that aimed to help employers and other advisers tackle the monumental task of ACA compliance and reporting.

BY MELISSA A. WINN | PHOTOGRAPHY BY DAVID JACKSON

The Affordable Care Act has forced benefit brokerages to reinvent the way they do business over the past six years. But one brokerage, Brookfield, Wis.-based The Benefit Companies Inc., has been preparing for this moment since it opened its doors in 1974.

The brokerage is a group of companies, each one providing services related to employee benefits or HR needs, such as payroll and time and attendance. While these services typically operated independent of each other pre-ACA, the employer shared responsibility rule and ACA reporting requirements now call for an unprecedented amount of integration between these systems.

Recognizing the brokerage's unique position to understand all the HR and benefit aspects required for ACA reporting and compliance, a new member of the Benefit Companies was born in 2013, Affordable Care Act and Compliance Services Inc. (ACACS). The company offers such ACA reporting-related services as tracking and monitoring of employees, ACA analysis of an employer's data, ACA compliance reports to help employers manage their budget, IRS reporting 1094-C and 1095-C, and certain ACA legal services.

"We had a product model that was already established that really helped us build this ACA model," says Leslie Straus, president of the Benefit Companies' ACACS. "That's because we already work in payroll and know the technical aspects of payroll; we know time and attendance; we have a health insurance division with a background in health; we have an HR consulting firm; and we have a technology company. When you think about it, all of that was being built almost in anticipation of this law coming out. That has provided us with a lot of satisfaction."

Straus has been with The Benefit Companies since 1988. The firm was formed in 1974 in response to the Pension Reform Act of 1974 known as ERISA. Since its inception, the Benefit Companies has grown to a group of 10 companies, including Benefits Inc. and BeneCo, both of which specialize in employee benefits. The company's BeneTrak provides retirement plan services; BenHR Inc. provides HR services such as policy and procedure consulting, hiring assessments and background screenings, HR staffing support, and training and Bene-Chex Inc. provides employers payroll processing and solutions, including W-2 reporting, workers' compensation audit reports, tax payment and filing, state new hire reporting, etc.

Responding to regulation

In 2010, when the Affordable Care Act was signed into law, Straus says, "We kind of paused. The whole industry paused a little bit, because we understood there was a big implication here for us, but we weren't sure how to handle it. We knew it was going to literally transform our industry."

Straus says she and her colleagues at The Benefit Companies went about reviewing how it was going to dramatically change the landscape. “We knew the health insurance industry was going to be affected. We knew that employers were going to be affected. And we ultimately knew that it was going to change the employer’s relationship potentially to their adviser and change the adviser role with their client,” she says.

As the company began to list the changes out, she says, they realized The Benefit Companies Inc. was uniquely positioned to solve this and create a service for employers and advisers.

It was a big undertaking, she says, noting that one of the biggest challenges is that the ACA is more than 20,000 pages worth of rules and regulations for employers to follow. The regulations were new to everybody and still continue to change, posing challenges for all industry stakeholders.

“We had to create administration and tracking tools that would be the foundation of how we would deliver our service,” she adds. “We had to go out and find partnerships with leading technology firms to assist us with building that technology foundation, and they were just getting their arms around the regulation and trying to understand what they needed to do, too. That was rather daunting on their part.”

“All of that was going on while the law was unfolding and the regulations were coming out about how to deal with it and all of it was changing on the fly,” she says. “In the midst of all that, we had to assemble a team of people here that embraces change and has a background that works in the area of this expertise, which is truly unique because it crosses over and reaches into many areas, not just employee benefits.”

Straus says the process of creating the ACACS service model and solution was akin to “building the plane while you’re flying it.”

Starting this year, applicable large employers must report whether an individual is covered by minimum essential coverage and that an offer of minimum essential coverage

that provides minimum value was made to each full-time employee.

“The ACA has really opened up an administrative need within the health insurance marketplace and that’s where we saw the role of the adviser begin to change,” says Kathy Tunney, a director at ACACS. “Our clients and the clients of advisers needed guidance, not only technical, but they also needed administrative help. That’s where our services were born.”

Tracking and monitoring

ACACS’ services, she says, center around a piece of proprietary software that allows the firm to track and monitor employees at a company and apply ACA regulations to that tracking and monitoring. This allows for the employer to “get out ahead of any potential financial surprise under the ACA.”

The data needed to ensure compliance doesn’t fit within one system, Tunney says. “It’s in a multitude of systems, including time and attendance, benefits, payroll and human resources. We work with clients to determine

base. While not just an important tool for employers, Tunney says this service allows their adviser partners and their employer clients to have a “very important discussion about how to set a strategic employer contribution strategy.”

“Our services are not only helping employers to get ahead of any issues that potentially could affect them with penalties, but it’s also allowing the adviser to perform the role they have always performed, but at a higher level,” adds Straus.

‘Game plan change’

When the reality of ACA reporting became apparent, Maggie Kusch, president and general manager of the New Berlin, Wis.-based Regency Janitorial Service Inc. said she originally thought the company’s thorough tracking of employee hours and labor would be sufficient for the company to hire some part-time administrative help and handle ACA compliance and reporting requirements “by ourselves.”

The Benefit Companies had been a for-

There are different rules and regulations that apply to different industries. Having that technical expertise and being able to offer that is filling a very important need and gap in the industry right now.

where that data is and pull it into the software so the software can develop management compliance reports.”

ACACS produces several management compliance reports, including:

- Data quality management reports: “We know with the ACA that accuracy is key,” Tunney says. “We work with clients to make sure their source system has accurate information and I can tell you that every single client we have had to date has had some type of data quality issue.”
- Health insurance eligibility: The software tracks and reports on employee eligibility for health insurance benefits.
- Analysis on affordability: With this service, ACACS has the ability to model for an employer what affordability looks like or is projected to look like for an employee

mer cleaning client of the company’s, so after some consideration about the task at hand and mounting regulations, Kusch and her HR manager decided to consult with Straus and The Benefit Companies “just to see if we could pick their brains and see if we could do this ourselves.”

The more they learned about the ever-changing regulations, the data required to track and monitor the company’s 400 variable hour employees and the ACA reporting process, Kusch says, her HR manager looked at her and said, “game plan change.”

“We said, ‘Give us a cost,’” Kusch says. “They had attorneys. They had their own core group, plus all the support that would be needed in any area we might need. I have a labor attorney, I have a tax attorney, but I don’t have an ACA attorney.”

The cost, she says, was similar to hiring a part-time staff person to do just the administrative work, but that wouldn't have freed Kusch from having to stay abreast of all the regulations and reporting deadlines herself.

Kusch says she researched other compliance solutions and companies, but nobody was offering the comprehensive package of services The Benefit Companies and ACACS was.

"There is nobody doing it the way they are," she says. "They are very progressive and thoughtful in all the different services they offer."

Kusch says her company ultimately decided to have The Benefit Companies process its payroll as well, because it offered a cost-savings to the company and made the data transfer that much easier.

Her HR manager meets regularly with ACACS and works hand in hand on any discrepancies with the payroll data that in turn could lead to discrepancies with ACA reporting.

"They get our payroll every two weeks and any kinds of red flags or discrepancies, Leslie and her folks are in touch with my HR manager and talk through the gapping information — sometimes it's the Social Security number or an employee that typically works four hours a day and is suddenly marked on a timesheet for 16. It's almost like an audit for us. You're not as apt to catch your own mistakes," Kusch says.

At The Benefit Companies, she adds, "there are four different people doing the ACA work. If we were doing this all ourselves it would be one part-time person and I would have had to stay on top of all the regulations and reporting deadlines. It would have been an almost full-time job for me to learn it all and oversee it, and I don't want to do that. This has freed us to be able to do what we want to do."

"A reporting-only solution will only take the data and spit it out. One of the things we do is help clients identify data that may be incorrect or anomalies of data," says Denise Chambers, a director with ACACS. "We work with the client to make sure the data is accurate first."

Adviser partners

"We knew we had to help the employers, but we also had to help advisers almost reinvent

themselves with their clients," Straus says. "As a brokerage/agency ourselves, we knew it was going to impact our own clients, but we understood there were independent adviser relationships out there and this would give us an opportunity to also work with them."

"We work with independent advisers all over the country and work with many well-known large national agencies as well," Tunney says.

Typically, she says, an adviser will reach out to the company and "basically vet us. We'll

to them," Pickering says.

For prospective clients, he says, it has also been a value-add to have access to such a service. "We had a presentation yesterday and we let this new prospective client know that we have the source to do all their ACA administration and their eyes just sort of lit up, because I don't think their current broker has told them anything about it that a service like this even exists."

Services are fee-based and paid for by the employer. The fee-based service has several

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have preliminary conversations and ask questions about their client. We'll share with the adviser what our services are and why that's important. We've had a lot of conversations about why it's important to hire us to do that for them, rather than do it themselves or have their adviser try to do it. Typically, from there, we are introduced to the client and we ultimately direct contract with the client for liability reasons. Advisers don't want to be in the middle of that. They are always welcome to participate in our presentations and our meetings and sharing of information, but they don't want to be in the middle of trying to receive files and running analysis."

Randy Pickering of Vista, Calif.-based Pickering Insurance Services says he brought one of his clients to ACACS last June and has several other clients currently working on proposals with them.

"They made the client feel totally comfortable," he says, adding that the service is great for the employer, but also for him, as the adviser, especially since they direct contract with the employer.

"It's huge for a broker trying to deal day to day with all the issues an employer has. I don't want to be involved in ACA compliance. I don't want to be involved in that day to day. [ACACS] takes that whole heavy anchor out of my wheelhouse and shifts it over

components, which include an implementation fee based on an hourly rate to set up the client, a per employee monthly tracking and concierge service fee, and a reporting fee, not only for providing the reporting but also the printing and mailings of the 1095s to the employees and the 1094s to the IRS.

The ACA concierge service includes a team of compliance and technical experts to assist with questions regarding day to day ACA administration, provide preliminary research that can be confirmed by legal counsel, educate employers on the ACA regulations, analyze the employer's data and help create an ACA action plan.

"The benefit of creating ACACS has not only been to the employer, advisers, but also to us as well and that's because we know the data is accurate. It has given us new opportunities to work across state lines and given us an opportunity to learn about clients in different industries and regions of the country," Straus says.

"It has also strengthened each of the companies within our family of companies," Tunney adds. "We're able to walk across the hall to our payroll company and talk to them about what information in the payroll system needs to get pulled, what reports need to get developed. That has been able to strengthen our services in other areas as well." **EBA**