

Group Benefits Providers Prepare for 2021

INTRODUCTION

In 2020, group benefit providers responded to the pandemic by further digitizing and modernizing their operations, providing more enhanced digital and virtual experiences for members to perform more self-service transactions. They also accelerated implementations of emerging new technologies for security, data collection, and collaboration, after recognizing that enhanced systems are essential to help them withstand a prolonged and unpredictable market environment. These ongoing, widespread platform upgrades will mark 2021 as the year when benefits processing modernization makes a significant difference in a time of profound industry disruption.

THE TECHNOLOGY IMPERATIVE

At the start of the pandemic, the priority of most group benefit providers was to quickly establish both a public and private response. Publicly, to reassure customers that their data was secure, with enhanced bandwidth to support virtual customer engagement and increased online demand. Privately, to ensure that their systems had the necessary resources and capabilities to support these assertions, and to deliver technological upgrades as soon as possible, instead of what may have originally been a three-to-five-year timeline.¹

Providers have recognized that enhanced technology is essential to help them survive and even thrive during these prolonged, uncertain times, and are rapidly instituting innovations to streamline and improve different facets of benefits processing. This trend is expected to continue into 2021, with the following technologies most in demand:

- **Automation.** Group insurance companies want to continue to reduce unit costs and improve net promoter scores. Overall straight-through processing initiatives to make it as easy as possible for brokers, employers, and employees to receive information updates or transact will continue. Expect significant progress in 2021 with digital signatures, broker-related process automation, and detailed claims alerts to employees through their preferred channels.
- **External Integration.** Automation initiatives need to extend to providers' external partners. Significant progress can be expected in 2021 with simplified integration between enrollment, payroll, human resource system providers, and administration platforms to streamline enrollment processing.

- **Cybersecurity.** With more provider employees working from home, it becomes even more important to maximize process automation and to use digital signatures to prevent sensitive data and documents from being compromised. While providers often view the move to the public cloud as a way to increase information security for server data, they really want to further protect information security in the areas that they more directly control through multi-factor authentication for high-risk transactions.
- **Software as a Service (SaaS).** SaaS can be used to further increase information security and increase speed to market for new products and services. SaaS can also more easily provide value with big data and predictive analytics for operational improvements and risk management.
- **Data-Driven Insurance.** To become as price competitive as possible while avoiding adverse selection, providers want more granular pricing for the groups they underwrite. They want pricing assumptions that go beyond the standard SIC industry codes and operational analytics that associate different industry and group types with likely volumes of contact center calls and overall servicing demands.
- **Adaptive Artificial Intelligence/Machine Learning.** In 2021, expect experimentation with artificial intelligence/machine learning to learn optimized patterns for high-volume dental and disability claims, and recommend rule changes to increase auto-adjudication rates. In addition, artificial intelligence/machine learning may be used to find patterns in claims experience with groups and improve pricing and underwriting accuracy. Accelerating advances in quantum computing will enable these advances with adaptive artificial intelligence/machine learning for providers over the next few years.
- **Collaboration Tools.** Providers will continue to refine how they use collaboration tools like Zoom and Microsoft Teams to accommodate the established trend toward remote work by employees and to help with enrollment processing and education, particularly for smaller employers. The rollout of domestic 5G wireless networks, up to 100 times faster for data transfer than 4G, will make it possible to offer a new generation of collaboration and digital applications to improve customer experience.

CONCLUSION

As the coronavirus developed into a prolonged global health crisis in 2020, group benefit providers quickly responded to the increase in user self-service with more sophisticated digital and virtual experiences. These companies have since further expanded these accelerated upgrades to include enhanced data collection, cybersecurity, collaboration tools, and more streamlined benefits processing enhancements overall. This trend of stronger, more robust technology foundations will continue well into 2021, as companies continue to prepare for what may be an extended period of market instability.

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¹ "2021 Insurance Outlook: Accelerating Recovery from the Pandemic While Pivoting to Thrive," <https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/insurance-industry-outlook.html>.