Show Me the Money: Better Billing Processes Can Create a Better Customer Experience

By Eastbridge Consulting Group

There's good news and bad news when it comes to employers and voluntary billing.

First, the bad news: Billing for voluntary products continues to cause problems for many employers. One in five employers surveyed for Eastbridge's "MarketVision™ — The Employer Viewpoint©" report list billing problems as an administrative pain point.

The good news is, it appears carriers are making progress on this front. The number of employers citing billing as a pain point has dropped steadily in recent years, from 35% in 2020 to 26% in 2022 and 20% in 2024.

This is important because, unlike other tasks such as; getting products set up on their benefits administration system or coordinating the annual enrollment, billing is a task employers deal with all year. Eastbridge research shows the quality and reliability of billing processes is a key capability carriers must get right — in fact, it's one of the most important factors employers consider when choosing a voluntary carrier. Carriers, brokers and employers who work together early in the process are more likely to ensure their preferences, expectations and capabilities for voluntary billing align.

Here are several key findings from our recent research into voluntary billing that carriers, brokers and employers can use to help create the best possible customer experience.

Voluntary Administrative Pain Points for Employers

Administrative Pain Point	2020	2022	2024
Getting products set up on enrollment or benefits admin systems	35%	21%	31%
Billing problems	35%	26%	20%
Claims payment problems	32%	42%	28%
Claims filing problems	—	38%	24%
Other technology problem	14%	8%	9%

Source: MarketVision™ — The Employer Viewpoint© report, Eastbridge Consulting Group, 2024.
Employers could select multiple answers, so totals exceed 100%.

Billing Problem Culprits

Employers with billing problems cite multiple reasons, but the most common cause is evidence of insurability. Carriers may need to bill retroactively or refund premiums, depending on how they handle coverages subject to EOI. Self-billing and list-billing also cause problems for many employers. Self-billing tends to be simpler, but can cause delays in claims payment if carriers don't require a regular eligibility file from their clients. List-billing can create issues if carriers don't include a tolerance allowance for minor payment discrepancies. Employers also name API data exchanges and other electronic data interchanges as the sources of billing problems.

Single Bill or Separate?

Most employers (nearly 80%) work with multiple carriers for different types of coverage, including major medical, core or group, and retirement products. However, employers are split on how they want to be billed for these products: 40% say they prefer the medical and/or core group benefits to be on the same bill as voluntary products, but almost as many (38%) prefer a separate bill for voluntary, while 22% indicate no preference.
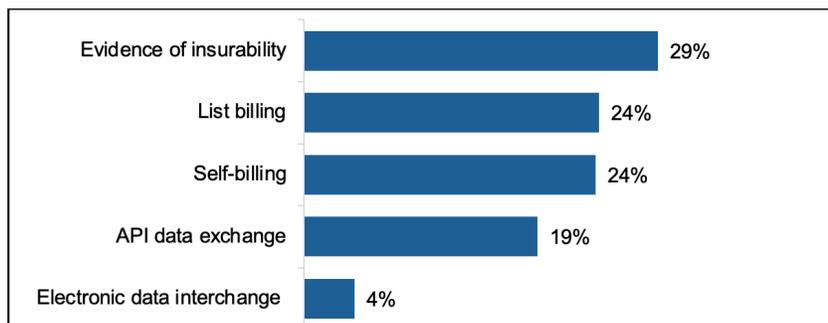
Online Services

Online services are important to virtually all employers: a third won't use a carrier that doesn't offer online administration, and only 4% say online services aren't important. And many of the online capabilities employers consider critical relate to billing, including changing employees' coverage, viewing bills, adjusting and paying bills, and automatic bill payment.

Flexible Options

Despite the demand for online services, most employers still pay their bills by paper check. And all carriers surveyed in Eastbridge's "Billing Practices of Voluntary Carriers" Spotlight™ report will accept that payment method, even though they have a strong preference for electronic methods such as ACH/auto-draft, web/online, electronic funds transfer or wire transfer.
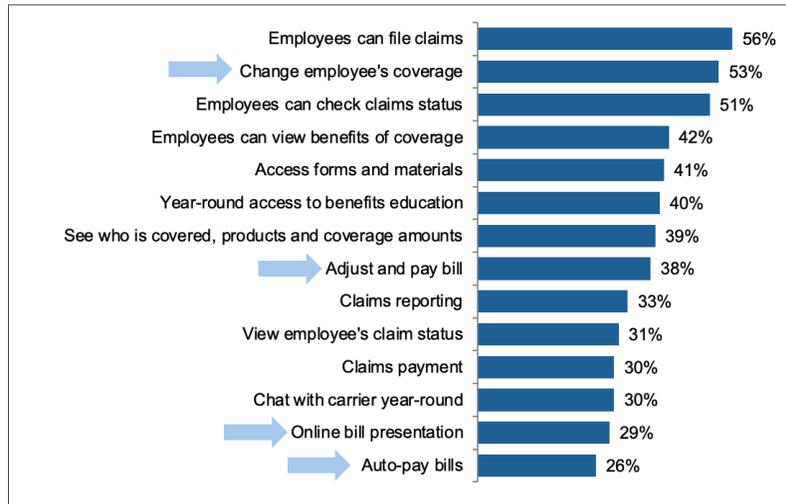
Most carriers also are flexible in bill types by group size, although some require larger groups to use self-billing. The majority of carriers surveyed also allow third-party administrators to bill for their products after completing a due diligence process.

Primary Cause of Billing Problems

Cause	Percentage
Evidence of insurability	29%
List billing	24%
Self-billing	24%
API data exchange	19%
Electronic data interchange	4%

Source: MarketVision™ — The Employer Viewpoint© report, Eastbridge Consulting Group, 2024.

Critical Online Services

Service	Percentage
Employees can file claims	56%
Change employee's coverage	53%
Employees can check claims status	51%
Employees can view benefits of coverage	42%
Access forms and materials	41%
Year-round access to benefits education	40%
See who is covered, products and coverage amounts	39%
Adjust and pay bill	38%
Claims reporting	33%
View employee's claim status	31%
Claims payment	30%
Chat with carrier year-round	30%
Online bill presentation	29%
Auto-pay bills	26%

Source: MarketVision™ — The Employer Viewpoint© report, Eastbridge Consulting Group, 2024

Payroll Deduction Support

Our study shows most carriers leave it up to employers to determine the payroll deduction amounts for their employees' voluntary coverage. Many ben-admin platforms provide this information for employers, but if they don't, carriers can help by providing an electronic payroll deduction file or calculation instructions for employers to determine their payroll deduction amounts. This can improve the billing experience through better accuracy and reduced follow-up when the amounts employers pay don't match the amounts on the bill.

Nick Rockwell
President

Danielle Lehman
Senior Consultant

Eastbridge is the source for research, experience, and advice for companies competing in the voluntary space and for those wishing to enter. For over 25 years, they have built the industry's leading data warehouse and industry-specific consulting practice. Today, 20 of the 25 largest voluntary/worksite carriers are both consulting and research clients of Eastbridge.