



JANET  
LETOURNEAU

*QPA, CFCI, is the compliance manager at WageWorks. She draws upon more than 20 years of experience with flexible benefits plans and tax laws to perform consulting services and monitor quality control.*

*LeTourneau is a frequent speaker to employer groups and conferences and is on the board of directors and a member of the technical advisory committee for the Employers Council on Flexible Compensation (ECFC). She is the lead instructor for the Section 125 administrators training workshop.*

*LeTourneau was one of the first people in the country to earn the CFCI designation sponsored by the ECFC. She is a certified trainer in the Certified in Flexible Compensation Instructor (CFCI) program.*

*LeTourneau can be reached at WageWorks, 4200 West 115 Street, Suite 300, Leawood, KS 66211. Telephone: 913-498-4157. Email: [Jan.LeTourneau@wageworks.com](mailto:Jan.LeTourneau@wageworks.com).*

# Partners With A Punch

**L**ooking for a partner in the benefits business that can land a solid hit with your clients? These partners “have it all” and maintain consulting powers and innovative ideas to help your employers through the benefits maze. Here are the “big three” requirements to look for when partnering with a third party administrator (TPA): compliance, compliance, compliance.

Okay, that’s only one requirement repeated three times, but you can’t go wrong with a TPA that puts compliance first. I would say that compliance, flexibility and value-added services rank at the top of my list to wow brokers, agents and their clients.

## Compliance

A TPA dedicated to compliance will have far-reaching alliances with different groups and agencies: Are employees of the TPA published on compliance issues? Does the TPA issue compliance briefs and maintain a website with pertinent information for business partners, employers and employees?

**1. Website.** Employers and employees should be provided access to a website that explains the basics of flex plans and how to enroll in those plans. It should educate in words and examples that ordinary people understand, and not talk about taxes and technicalities but about the practical use of flex plans. It should emphasize the versatility, flexibility and accessibility of flex plans.

With a website, family members should

be able to get the same educational assistance as the participant right in their own living room. Knowledge retention is doubled and duplicate coverage and expenses can be avoided.

**2. Discrimination Testing.** Discrimination testing is a must for every size of employer. Using a TPA provides the opportunity for experts to put their eyes on a plan and determine that it is passing or failing the Internal Revenue Service (IRS) nondiscrimination tests. Yes, there is more than one test, and the IRS takes it very seriously.

**3. Form 5500.** What are the rules on who must file a Form 5500 for their flexible benefits plans? When is the Form 5500 due and what schedules must be attached to the filing?

You or your client could sit down and read and interpret all 82 pages of instructions for Form 5500 or rely on a TPA to create filings for the health FSA within the employer’s cafeteria plan and health reimbursement arrangement (HRA). A TPA should have all the information needed to complete these filings; and when finalized, employers should be able to log onto a website to review, print, e-sign and submit the form to the Department of Labor (DOL).

## Flexibility

What does flexibility really mean? Flexibility means a willingness to listen, creating more than one solution to client challenges and offering products and processes that fit a wide range of employer

and employee demographics.

**1. Educational Opportunities.** Everyone does not learn the same way. Some people may hear something one time and remember it forever, others need to see something concrete to help them, while still others need frequent refresher courses. Make sure a TPA has printed materials, electronic files, teleconference capabilities and websites available for employers.

Printed materials are best for people who like to read and absorb information at their own speed. They can readily share the news with their family and keep it for future reference. Electronic files can put an employer's message on employees' desktops or in conference rooms. PowerPoint presentations can literally draw pictures and help to deliver important messages.

The Internet enables TPAs to provide one-stop shops for referral sources, employers and employees. It empowers the user to get just the right amount of information at a time and place that is convenient for them. The Internet makes it possible to give presentations across the country. By just picking up a phone, prospects can be directed to an Internet site and talked through a presentation as they sit back and enjoy the show.

For employees, the interactive tools such as a savings calculator are powerful incentives to participate. Potential participants can estimate how much they will save by using a plan, or view extensive lists of eligible expenses. A website makes information easy to access and can deliver a different message to specified groups.

**2. Technology.** Where would we be today without technology? We'd be waiting for the mail man or tied to the phone on our desk. Today's technology allows TPA service centers to be open 24/7 and participants to virtually submit claims and documentation while standing in line at the grocery store.

Swipe a health care debit card at the doctor's office, snap a picture of the receipt and submit to the TPA at the receptionist's desk. The claim has been paid, submitted and substantiated all before dropping the kids back at school.

**3. Trained professionals.** While some

*“There are the “big three” requirements to look for when partnering with a third party administrator: compliance, compliance, compliance.”*

employers and participants appreciate high tech, others prefer high touch. Give the TPA's phone center a test drive before recommending to employers. Phone specialists should be able to answer common questions and direct the caller to other resources they might find helpful.

#### **Value-Added Services**

Neither you nor your clients have to be experts on all flexible benefit accounts (FSAs), but a basic knowledge of how FSAs work will keep everyone from drowning in information as the benefits discussion commences.

Be certain a TPA can explain tax ramifications, plan documents and eligibility requirements prior to diving into client consulting, setup and enrollment meetings.

**1. Implementation Specialist.** Before being thrown into what may be everyday processes, does a TPA have a special team that is dedicated to implementation? It makes the transition smoother from one TPA to another or at the start of a new plan. How long will a TPA have clients in the implementation status?

A dedicated implementation team should provide hand-holding until enrollment has been entered into the software system, the first contribution and disbursements are posted to accounts, and debit cards are issued. These are some initial milestones that indicate a plan has been set up correctly and is running efficiently.

**2. Plan Documents and Summary Plan Descriptions (SPDs).** Surprisingly, I find some TPAs do not provide plan documents.

Supplying plan documents and SPDs allows the TPA to be able to answer both employer and employee questions faster and more accurately than if the employer uses a plan document that is unfamiliar to the TPA. There is a real disadvantage when a TPA provides a plan document and SPD.

Some of your clients may not be large enough to require their own ERISA attorney to create plan documents and the accompanying SPDs. A TPA should provide some sort of outlet for plan document needs.

**3. Broad Range of Expertise.** TPAs should have extensive knowledge of flex plans, flex credits, parking and transit plans, and discrimination testing. They also need a background in health reimbursement accounts (HRAs) and health savings accounts (HSAs). Plus, knowing how all these accounts work together is imperative.

By using one TPA, there will be no extra setup fees for additional products, similar brochures and websites for education and a one-stop for all things flex.

With a strong, reliable TPA, you can focus on your job and what you do best—and so can your clients. ☺

*Next month's article will focus on employers and what steps they should develop to take charge of their flexible benefits plan.*

*No information contained herein is intended to be legal, accounting or other professional advice. We assume no liability whatsoever in connection with your use or reliance upon this information. This information does not address specific situations. If you have questions about your specific situation, we recommend that you obtain independent professional advice.*