

Benefits Insights

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National Insurance Services

A Monthly Reconciliation Guide for Employers



For many fully insured employers, carrier invoices arrive monthly with little scrutiny and a lot of trust. That trust can be costly. Industry data shows that roughly 5% of monthly premium spend is due to billing errors. Left unchecked, these errors compound month after month and become difficult to recover. This article walks through a practical, repeatable process for reconciling carrier invoices.

What Is Carrier Invoice Reconciliation?

Reconciliation is the monthly process of comparing each carrier's invoice against your enrollment records and payroll deductions to confirm every employee is billed at the correct amount for the correct plan.

Carrier invoice reconciliation is important for the following reasons:

- **Financial protection**—Undetected billing errors can cost an organization thousands of dollars in overpayment annually. A single terminated employee left on an invoice for several months, multiplied across a workforce, adds up quickly, and most of that cost is fully avoidable with a routine review.
- **Compliance**—The Employee Retirement Income Security Act, the Affordable Care Act, and the Consolidated Omnibus Budget Reconciliation Act (COBRA) each impose specific recordkeeping and notification obligations on plan sponsors. Inaccurate enrollment data can expose an employer to compliance liability, including potential penalties, audit findings and claims-related discrepancies.
- **Employee trust**—Billing errors don't just cost money; they erode employee confidence in the benefits program. An employee who discovers they were never properly enrolled, or whose dependent was dropped without notice, may reasonably question whether the organization is managing its benefits responsibly.

Common Billing Errors to Watch For

Most reconciliation issues fall into a handful of recurring categories. Knowing what each one looks like on an invoice makes them faster to spot. With a consistent monthly review, these errors are preventable, and the process doesn't have to be complicated.

The most common errors include:

- **Terminations**—Terminated employees still appearing on the invoice is the most common and costly error since it generates ongoing overpayments until caught.
- **New hires**—Newly hired employees missing from the invoice leave a coverage gap and can delay claims processing for an otherwise eligible employee.

- **Qualifying life events**—Some common life changes can lead to billing errors when new dependents are added or removed. Check invoices to confirm any plan or tier changes.
- **Evidence of insurability (EOI) gaps**—Supplemental coverages, whether approved or declined, should always be reflected accurately on the invoice. A pending or declined EOI billed as approved is one of the more frequent errors in this category and one of the easiest to miss.
- **Duplicate enrollments**—Name mismatches or duplicated information can occur during data entry across payroll and carrier systems. Reviewing each employee's record individually is the most reliable way to catch these before they result in overpayment.
- **COBRA discrepancies**—COBRA coverage operates on a distinct set of billing rules, often carrying longer grace periods. Confirming that each participant is accurately reflected on the invoice according to their specific effective dates will help prevent these differences from becoming costly oversights.
- **Voluntary line mismatches**—Voluntary lines are especially prone to errors given the volume of products, carriers and elected amounts involved. Confirm that payroll deductions match billed premiums and that enrollment was properly reported.

The Reconciliation Process

The basic steps for reconciliation can be applied to both manual and automated processes. Check your systems to determine which options best serve your programs. The following steps are a general guide for monthly reconciliation:

Step 1: Pull Your Enrollment Records

Your enrollment census will be the source of truth for comparison. You can either export a copy directly from your benefits administration system or pull your most up-to-date enrollment spreadsheet.

Step 2: Confirm Accurate Carrier Data

If you have an automated system in place, run any built-in reports that track enrollment data exchanged with your carriers to confirm the date of the last successful transmission and verify all recent changes are in sync. If on a manual system, request line-item and member-detailed invoices from the appropriate carriers.

Step 3: Compare Records

Focus first on recent new hires, terminations and qualifying life events, since these are the most common sources of discrepancies. Flag any employee whose status, plan tier or rate does not match between the invoicing and enrollment records.

Step 4: Log Discrepancies

Keep a running record of any identified discrepancies, including what was found, who was contacted and any resolution timelines. Without proper documentation, the same issues are likely to resurface and become harder to dispute over time.

Step 5: Resolve and Follow Up

Many resolutions are simple and can be resolved with a quick phone call or email. Once a correction is submitted, confirm it appears on the following month's invoice to ensure the issue is fully closed.

Conclusion

Consistent reconciliation is one of the most straightforward ways for employers to protect their benefits spend and their employees. Your broker and carrier partners can help you build a reconciliation routine that fits your team's workflow.

Contact us today for more benefits-related resources.