

A Roadmap for AI in Employee Benefit Plans

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Some fear AI will replace jobs, while others see it as a tool for greater efficiency and decision making. The authors take a closer look at AI's evolving role in HR and benefits management.

Employee benefit plans have long been a cornerstone of workplace satisfaction, but are they keeping pace with technology? Artificial intelligence (AI) is revolutionizing industries, and employee benefit plans are no exception. Proper AI deployment can drive operational efficiency, automate mundane tasks and reduce costs. While AI may replace some simple job roles, it will also free employees to focus on higher-value work, ultimately upskilling the workforce.

AI is already embedded in our daily lives—Customer service chatbots assess sentiment, physicians use AI for personalized cancer treatments by analyzing vast datasets (including thousands of case studies and research papers), and insurers leverage it for claims processing and enhanced fraud detection. Generative AI, a breakthrough in conversational AI, accelerates solution deployment while reducing the need for technical expertise.

One often overlooked advantage of AI is its ability to create new operational data sources. Employee benefit plans traditionally rely on financial data, which offers limited actionable insights. AI's conversational capabilities enable organizations to extract meaningful insights, leading to more data-driven decision making.

AI enhances benefit plans by improving data integrity, streamlining processes and improving decision making. For example, instead of employees manually reviewing thousands of records, AI can detect and correct errors in member census data shared among plan sponsors, third-party administrators (TPAs), consultants and insurers. Maintaining accurate and up-to-date member information—such as sal-

ary, employee class and dependent details—is a complex but critical task that AI can simplify and optimize.

Looking ahead, AI will analyze vast amounts of benefit plan data to generate recommendations, potentially even redesigning plans and creating tailored employee communication.

If you're excited about the benefits of AI, you're not alone. How do you begin? There's no single roadmap, as we are all near the starting point of this journey. We'll share how we approached AI adoption in our organization.

It Starts With Your Key Data

For plan sponsors and employers, key data is typically tied to participant demographics, enrollment information, claims history, health care utilization and cost data. In an organization, key data is akin to key people, critical assets that drive success and growth.

Understanding employee engagement with benefits programs, wellness initiatives and claims outcomes is also critical. While companies often invest heavily in key people for leadership, innovation and operational excellence, they usually overlook the value of key data. Yet, as key people provide insights and direction, key data informs strategic decisions.

To harness the potential of AI, organizations should centralize their data to ensure consistency, accuracy and accessibility—key enablers of AI-driven solutions.

Assessing Your Data Readiness

At a fundamental level, your organization needs a data infrastructure that provides seamless access to plan member demographics, billing, contact centres, interactions and claims data. Many companies have administrative systems that capture this data, but the focus should be on extracting and utilizing data effectively rather than investing in the system itself.

Instead of trying to load more data into existing systems, prioritize methods for pulling data out. Future enhancements will likely require integrating external sources, and modern IT data infrastructure offers affordable storage and significant computing power to support this.

For employee benefit plans, AI implementation should begin with centralized data such as member census data, claims details and financial premium/claims data. More mature organizations may expand their focus to operational data, such as contact centre or customer relationship management data sets—where insights can drive meaningful actions and outcomes.

Takeaways

- AI is already embedded in our daily lives from chatbots to claims processing; proper deployment can drive operational efficiency, automate mundane tasks and reduce costs.
- Prioritize data accessibility and integration over system expansion to maximize the value of AI and analytics in employee benefit plans.
- Choose a data centralization partner that understands your industry and can translate technical capabilities into business value. A tech-proficient team, even without AI expertise, can effectively drive AI adoption.
- AI adoption raises governance and ethical concerns. Establishing high-level principles can guide responsible use and minimize conflicts, starting with low-risk use cases and exploring privacy-preserving solutions.

Outsourcing

Outsourcing data centralization—ideally cloud-based—can be a strategic move to leverage external expertise and resources and accelerate implementation. However, choosing the right partner is crucial.

The ideal partner should go beyond technology, understanding the broader value of centralized data. They should clearly articulate how centralized data can enhance decision making and improve membership experiences while aligning with your organization's goals. A strong partner translates technical solutions into tangible business benefits.

For employee benefit plans, this can be complex. Start by looking for industry-specific partners, such as third-party administrators or specialized consultants, before considering broader technology providers.

None of our team members had an AI background, but all were proficient with technology. This enabled us to accelerate our AI adoption by effectively communicating specific business needs and understanding the technology landscape when working with our technology partner.

Lessons Learned

Our success in centralizing key data came from key individuals who understood the organization's vision and had decision-making responsibilities across different areas, including actuarial, finances, underwriting and IT operations. This highlights a key point that success isn't based on technology but rather on the value it brings to the organization.

A common pitfall is approaching data centralization too linearly—attempting to centralize all key data at once. This extends timelines, and the value it provides will be pushed out to a longer time horizon. Instead, set milestones that deliver organizational wins, not technological achievements. Aligning efforts with business priorities sustains momentum and prevents enthusiasm from fading.

Establish a Game Plan for AI Adoption

Adopting AI prepares organizations for future expectations from members and clients. Budgets, resources and timelines are flexible, and many organizations can leverage existing enterprise tools—such as Microsoft Power Automate—making AI adoption more cost-effective.

For industry-specific AI applications, be prepared to invest in development. While current AI technology is gen-

eralized, most technology partners act as service providers rather than offering ready-made products. They are open to collaborating on AI use cases tailored to your organization's specific needs, resulting in a higher return on investment.

Explore AI With the Right Person/Team and AI Vendor

Consider adding a dedicated individual or team to exploring AI technologies, as it is exploratory work and there are no universal AI adoption frameworks. The focus should be on automating entire processes rather than solving isolated tactical issues. Generative AI, in particular, offers transformative potential when applied strategically.

To save time and money, start with AI tools like ChatGPT rather than developing your models (e.g., Azure OpenAI). Established vendors like Amazon and Microsoft often provide support and resources to help implement AI.

AI adoption blends science and art components—Let the technologist handle the science while your team focuses on strategic application.

Our Experience With Microsoft AI

Since our IT infrastructure is built on Microsoft products, we chose Microsoft as our AI vendor. This allowed seamless integration with Power Automate and enabled us to deploy AI solutions through Microsoft Teams, our internal chat application, providing a highly scalable platform. Microsoft's built-in security layers are also aligned with our IT infrastructure, minimizing technical challenges and allowing us to focus on business-driven AI applications.

AI Is Not Able to Solve Your Hour Bank Issues

Having domain experts is crucial for AI adoption, as they fine-tune models to address your organization's specific needs. However, balancing domain expertise with operational roles can lead to status quo bias. Ultimately, the returns of AI emerge when it solves domain-specific problems, but this requires investment in development. While current AI tools can answer general questions about employee benefit plans, customizing AI for industry-specific issues—like hour bank management for your multi-employer trust—demands dedicated effort in developing that solution.

Visibility of AI in Your Organization

An important consideration is how your organization wants to interact with AI. Should AI engage directly with

your members and clients, or should it be used internally first? We started with internal deployment to build our expertise before expanding AI's role.

Consider the experience you want your employees to have with AI. Should it:

- Provide insights via a chatbot?
- Be proactive in identifying issues?
- Offer recommendations?
- Make decisions?

Defining your goals will help shape your AI roadmap.

AI Deployment and Integration

When integrating AI, we used ChatGPT and Microsoft Teams, leveraging an existing company-wide platform for a relatively smooth integration. An important design consideration was capturing AI-user interactions to assess effectiveness and usage patterns. Our current focus is developing proactive chatbots to enhance data integrity and governance.

AI and Governance/Ethics

AI adoption raises governance and ethical concerns. Establishing high-level principles can guide responsible use, such as defining how ChatGPT interacts with sensitive data. To minimize conflicts, start with low-risk use cases and explore privacy-preserving solutions—like keeping personal data within your network while using AI for descriptive analysis.

If there's concern about AI generating false or misleading information, also known as an *AI hallucination*, start with internal applications before deploying external-facing solutions.

The best use in this early stage is to experiment with AI's capabilities while allowing AI governance and ethics frameworks to evolve.

AI and Change Management

Generative AI introduces a new way to interact with technology, significantly reducing barriers to adoption compared to traditional AI models, which require extensive change management.

Most organizations already use internal chat applications, making AI adoption smoother by embedding capabilities into familiar tools. This approach improves productivity and decision making while requiring minimal operation chang-

BIOS

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Blake Rowe-Sleeman brings over 15 years of experience in the benefits and analytics sectors, having worked in various roles focused on optimizing business processes and leveraging data-driven solutions. In his current role, he has spearheaded the integration of AI tools to improve real-time data access for business users, showcasing his ability to drive innovation within organizations.



es. AI updates and new models can be rolled out seamlessly in the background.

While easing internal integration through a chat application was practical and ideal for us, external engagement with members and clients would require alternative communication channels—such as phone calls or SMS—when members work in non-office settings like job sites or on the road.

Every organization's adoption of AI is different, and change management is crucial to success.

Conclusion

Should companies consider adopting AI? We are at the beginning of a transformative journey, and organizations need to learn and adapt. AI presents limitless opportunities, but success requires strategic planning. As industries evolve, the question isn't whether AI will disrupt your business—but how you can harness it to drive innovation and stay competitive. Now is the time to start your AI journey. 🌐