

Self Insured Plans Implements TriZetto's Consumer-Directed/  
HRA Module for QicLink™

### Self Insured Plans

"We now have 35 customers and 11,000 employees in consumer-directed programs and, with the QicLink Consumer-Directed/HRA Module, we have yet to find a single thing we can't do for all of them."

*-Stephen Rasnick, president, Self Insured Plans LLC.*

### Reaching the consumer-directed market – and reducing costs

Self Insured Plans LLC (SIP) expects to double its size in the coming year while making significant reductions in administrative labor and costs. The key to the company's strategy: the new Consumer-Directed/HRA software from The TriZetto Group, Inc., that automates the administration of health reimbursement accounts (HRAs).

Stephen Rasnick, president of SIP, sees HRA plans as a valuable opportunity for TPAs to capture additional market share in the midst of a challenging economy. "Offering HRA plans is a way to really grow the business," says Rasnick. "It is the opportunity that third party administrators have been looking for."

The ability to administer HRAs efficiently and cost-effectively is essential to the success of these offerings, Rasnick adds.



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## The market and the challenge

Self Insured Plans is a third party administrator based in Naples, Fla., that provides comprehensive healthcare claims management services to employers who self-fund their benefit plans.

In 2001, an employer group that wished to offer employees a consumer-directed healthcare benefits program approached SIP. Consumer-directed offerings provide a means for employers to contain healthcare costs while giving employees greater control and flexibility in the use of benefits.

Typically, these offerings include a high-deductible medical plan and an HRA that contains funds with which employees can pay eligible out-of-pocket healthcare costs. The employee can also carry-over unused HRA funds from year to year, without adverse tax consequences.

Administering HRAs is complex, not only because account balances must be kept up-to-date, but also because each employer group is free to apply many of its own rules to the administration of these accounts. Some employers cap annual roll-overs at fixed dollar amounts, while others vary the amount with respect to employee seniority. Cut-off dates for use of HRA funds for a given year also vary, as do many other provisions.

Despite these complexities, SIP began offering a consumer-directed program, contracting with an outside firm to ensure that individual accounts were correctly administered and updated, and that annual roll-overs were made in accordance with the employer's rules. While addressing the company's immediate need to administer HRAs, this solution required considerable manual intervention by the SIP staff, which transferred, audited and adjudicated claims received from the vendor. **At a cost of \$2.50 per employee per month for the outside vendor's services, plus the expense of manual processes, SIP was meeting the market demand, but was in need of a more cost-effective, automated solution.**

## The Solution:

With new employers approaching the company each month for similar offerings, each with its own design and administrative requirements, SIP increasingly needed a solution that could reduce the costs and complexities of HRA administration.

The company evaluated several "stand-alone" software solutions, but soon recognized that "to integrate them with our system would have required a significant amount of time and manual intervention," Rasnick says.

TriZetto's QicLink claims processing software has been at the core of SIP's administrative service for many years. The system supports SIP's business with expansive features that enable the company to gather all necessary data from employers and their designated providers, accurately adjudicate claims, and make direct and timely payments. In view of the success achieved with QicLink, SIP talked to TriZetto about building a QicLink module that would automate HRA administration.

## The Result:

TriZetto began working closely with SIP and other QicLink customers to design a software module that would meet the growing market need for an automated solution to accommodate the increasingly complex and diverse HRA arrangements. "The folks at TriZetto were very receptive," Rasnick says. **"What they did in a short time is significant and special."**

With the deep integration of TriZetto's Consumer-Driven/HRA Module with the QicLink product, account balances can be updated automatically and accurately, according to rules established by individual employers. Annual roll-overs also are handled automatically, according to the employer's rules. The module's flexible and easy-to-use architecture ensures that TPAs can quickly set up and administer each employer group, regardless of variations in administrative rules. A high degree of scalability ensures that, as the business grows, the module will continue to meet demand. Tight integration with QicLink speeds implementation and reduces associated costs.

At SIP, the QicLink Consumer-Directed/HRA Module was successfully tested in autumn 2003, and the company expects to have the solution in full operation by the end of the year, in time to automate HRA roll-overs for 2004. Based on the success of the implementation, Rasnick is looking forward to:

- Eliminating the need for an outside vendor to administer HRAs
  - Elimination of the \$2.50 per employee per month fee
  - Reduced labor expense through elimination of manual interaction - saving staff time, costs and headaches
- Faster, more accurate processing of HRA transactions
- Increased auto-adjudication rates

Rasnick, an acknowledged expert who has spoken to many industry groups on the subject of administering HRAs, is pleased with the new product's capabilities and performance.

"We see our processing costs, which are low to start with, going down significantly with the integrated functionality of the QicLink Consumer-Directed/HRA Module," Rasnick says.

For more information about TriZetto, please call 1-800-569-1222 or visit [www.trizetto.com](http://www.trizetto.com).