Interactive Medical Systems

Interactive Medical Systems: An Overview

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Interactive Medical Systems

Who We Are

Founded in 1981, Interactive Medical Systems (IMS) is a professional benefits administrator with a long history of providing innovative claims processing, reporting and consulting services for customized employee benefit programs. IMS sets the standard for personalization and flexibility in the benefits planning and administration arena by offering cost-effective, flexible benefit options, backed by innovative claims processing and comprehensive consulting services.

IMS is a leader in the field of health care and human resources consulting, and benefit plan design. IMS is well known for its ability to develop and manage custom benefit programs that meet individual employer needs. Experience and simplified communication and implementation materials make it practical for employers to offer customized, cost-effective benefit options.

Unlike a large insurer or managed care firm, IMS works closely with each employer to determine which services and benefits are needed, then develops a plan tailored to meet exactly those needs and within budget. Benefit offerings do not have to fit into a predefined package. IMS Creates Healthier Benefits by customizing each benefit to the specific needs of the employer and its employees.

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What We Do

IMS works with hundreds of large and small employers, professional associations, and municipal, county and state governments.
IMS's business continues to grow due to the wide variety of service offerings, including:

- **Medical and Dental Self-Funded Benefits Administration**
- **Excess Loss Insurance Placement**
- **Flexible Spending Account (FSA) Administration with Debit Card**
- **Consumer Driven Plan (HRA/HSA) Administration with Debit Card**
- **COBRA/HIPAA Administration**
- **Prescription Drug Plan Management**
- **Benefits Design and Consulting**
- **Human Resources Outsourcing and Consulting**
- **Voluntary Benefits Placement**

Self-Funding

There are two funding approaches for an employer's health benefit plan: conventional funding and self-funding. In conventional funding the employer purchases a fully insured health benefit plan, the premiums are paid monthly in advance, and benefits are generally inflexible. With self-funding the employer, with the assistance of an agent and Third Party Administrator (TPA), controls rising healthcare costs by customizing a health benefit plan that addresses the healthcare needs of it's employees and the financial objectives of the employer; claims are paid directly through the administrative services of IMS.

Everything that is provided in a conventional fully insured program can be duplicated in the selffunded plan. However, with the self-funded plan the employer holds the cash to fund benefits.

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The employer contracts with IMS for administrative services, to investigate and recommend appropriate plans, and for all other functions necessary to establish and maintain a successful self-funded benefit plan.

Advantages of Self-Funding

There are many advantages of operating a self-funded plan. Over 75% of US employers utilize some form of self-funding for employee benefits. Some of the most common advantages that employers may realize through a self-funded benefit plan include:

• **Elimination of most premium tax.** Although the stop loss premium is still subject to state premium tax, the claims fund, the plans largest expense, and the administrative expenses are exempt from this tax; thus, an immediate savings equal to the amount of the premium tax (approximately 2% to 3%) is realized.

• **Lower cost of operation.** The administrative costs for a self-funded program through IMS are significantly lower than those charged by insurance companies.

• **Elimination of carrier profit margin and risk charge.** The profit margin and risk charge of an insurance carrier are eliminated for the bulk of the plan..

• **Efficient claim processing.** IMS consistently provides timely and accurate claim processing.

• **Cost and utilization controls.** IMS offers access to a variety of preferred provider organization (PPO) networks, disease management and medical management vendors, and data mining, predictive modeling and risk stratification tools that help the employer control costs and utilization.

Unlike an insurance company that limits clients to in-house programs, IMS offers programs through a variety of sources, to customize controls to each plan's needs.

• **Improved cash flow.** Cash flow is improved because the employer retains money until claims are actually paid. These funds were formerly held by the insurance company in the form of unreported claims and pending claims reserves.

• **Return on investment of reserves.** The employer controls investment options for the reserve fund. Returns on investments can be used to offset future benefit expenses.

• **Control of plan design.** The employer has flexibility in plan design. Incentives can be built into the plan to discourage inappropriate utilization and control costs.

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• **Avoidance of mandated benefits.** State regulations mandating costly benefits are avoided because self-funded programs are subject only to federal regulation under ERISA.

• **Administration tailored to the employer's needs.** IMS offers a variety of services that are custom tailored to meet the needs of each self-funded plan. Employers do not have to choose a plan "off-the-shelf" and try to make it fit.

• **Risk management effectiveness.** The employer may choose to purchase stop loss insurance to limit the amount of total plan liability.

Theoretically, a self-funded plan will be more cost-effective than a fully insured plan because many expenses associated with a fully insured plan are eliminated, and gains from better than expected claims experience stay with the employer. In addition, employers do not subsidize unaffiliated employers with bad claims experience.

Disadvantages of Self-Funding

Self-funding isn't appropriate for every employer. To attain the advantages of self-funding, the employer must be willing to exercise discipline over eligibility for benefits, actual payment of claims, and benefit design. Even then, self-funding may not reduce costs every year.

While stop loss insurance limits employer liability, there is some risk that is not transferred to the stop loss carrier. The management of this risk requires more involvement from the employer in return for potential savings.

Through ongoing analysis and creative strategies, IMS helps mitigate these risks for self-funded plans.

Stop Loss Protection

Employers may elect to purchase stop loss insurance to cover abnormal risks. The amount of risk to be insured is a function of the employer's size, nature of business, location, plan of benefits, financial resources, and tolerance of risk. IMS provides expertise in obtaining stop loss quotes and in determining appropriate stop loss levels as well as in evaluating alternate methods of funding. All stop loss insurance carriers used by IMS have an A or A+ Best Rating.

Through IMS, the employer partially self-funds a predictable and manageable portion of health care expenses. Stop loss insurance provides reimbursement for the unpredictable portion. The stop loss premium is generally expressed as a rate per covered employee and dependent unit per month.

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The specific deductible, minimum aggregate deductible, and premiums are established at each contract renewal. Stop loss contracts are generally expressed in the following contract terms:

- **12 /12** – coverage for claims incurred and paid during the policy year (incurred in 12 months, paid in 12 months)
- **24/12, 18/12, 15/12** – coverage for claims incurred during the policy year and the twelve (six or three) month period prior to the effective date of the contract (run-in period) and paid during the policy year (incurred in 24 (18 or 15) months, paid in 12 months)
- **12/ 24, 12/18, 12/15** – coverage for claims incurred during the policy year, and paid during the policy year and within twelve (six or three) months after the end of the policy year (runout period) (incurred in 12 months, paid in 24 (18 or 15) months)

Specific Stop Loss

Specific stop loss limits the employer's exposure to large medical expenses for each covered individual (as opposed to an accumulation of expenses on all covered individuals). If medical expenses on a covered individual exceed the specific deductible, the employer is reimbursed as specified in the contract. Specific stop loss claims are reimbursed throughout the year. The monthly premium is determined by the underlying risk and the level of the specific deductible; the more risk the employer assumes, the lower the monthly premium. The employer can opt to reduce the fixed premium by retaining an additional layer of specific stop-loss claims, called an aggregating specific corridor or split-funding. Once one or more claimants (above the specific deductible) satisfy the amount of the aggregating specific corridor, the losses above that are eligible for reimbursement.

The cost savings is realized through a reduction in the specific premiums (usually dollar for dollar).

Aggregate Stop Loss

Aggregate stop loss limits the employer's overall annual claim expenses for a self-funded plan. This coverage addresses the accumulation of expenses on all individuals (as opposed to large expenses for particular individuals). The aggregate deductible is usually set at 125% of the employer's expected annual claims. When eligible claim expenses paid during a contract period exceed the annual aggregate deductible, the employer is reimbursed as specified in the contract, after the close of the contract period.

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Professional Claims Administration

Implementation

The key to a successful program is good communication, organization, and the flexibility to meet the needs of both the employer and its employees. IMS is committed to a simple and smooth implementation. The client service manager leads the implementation process that includes:

- Assistance in determining equitable rate structures for plan members
- Assistance with enrollment meetings and communications
- Designing and production of forms and identification cards
- Designing and printing of plan documents (SPD)
- Coordination of banking and accounting arrangements
- Coordination of vendor and stop loss insurance placement
- Management of the entire implementation to ensure effective plan integration

Claims Processing and Customer Service

IMS's highly automated, state of the art, flexible claims adjudication system provides the basis for exceptional claims processing and customer service.

- Extensively trained claims adjusters and customer service representatives
- Three to five day turnaround on most claims
- Reference Based Pricing (Medicare +), Multiple PPO networks, and a national UCR database to control provider charges
- Integrated wellness, medical management, utilization management, case management and disease management
- Continual process audits to ensure accuracy with emphasis on quality and service
- Negotiations and audits of large non-network hospital claims
- Eligibility and cost tracking at the client, location and class level
- Data exchange capabilities for enrollment and eligibility updates in various media
- On-line access for members, employers, and providers

Account Management

The client services manager is an experienced industry professional that acts as the liaison between IMS and the employer, offering responsive service that builds the foundation of IMS's business and ongoing relationship.

- Coordinates all IMS functions
- Develops, implements, and oversees the day-to-day functions of the plan and maintains protocols for processes and procedures
- Tailors review meetings around the specific needs and goals of the employer
- Continually monitors the plan with leading -edge cost management tools and reports
- Keeps the employer informed of regulatory and industry developments

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• Customizes IMS's services by coordinating special requests
• Provides direction for future program enhancements

Benefits Compliance

IMS continually monitors federal legislation including Health Care Reform in order to assist clients with compliant benefit plan administration. The benefits compliance coordinator works closely with the client services manager and each client to provide personalized guidance, education and communication, including:

• Preparation of plan documents and summary plan descriptions
• Day-to-day regulatory compliance research and support with recommendations and hands on assistance
• Resource documents and templates
• Annual compliance checklists
• Open enrollment compliance planning
• Coordination of Form 5500 preparation
• Ongoing compliance updates

COBRA Administration

COBRA administration is becoming increasing complex and time-consuming for employers as changes are made to COBRA, its corresponding regulations, and related court cases. The services IMS offers reach beyond mere legal compliance. IMS offers the peace of mind that COBRA needs and requirements are being met by a knowledgeable staff of trained, certified and caring individuals. IMS provides timely answers to COBRA questions directly to employees and beneficiaries. COBRA clients have the online ability to view COBRA status, add new beneficiaries, edit contact information, and run reports. Qualified Beneficiaries can enroll, enter payments via credit card or bank draft, and edit their own contact information online.

Superior Plan Management

IMS provides seamless integration of associated service providers and internal processes for the management of plan assets. Our coordinated efforts include:

• Case Management which provides guidance and resources and suggests the most appropriate treatment plan to achieve the best outcome for the member and the client
• Stop Loss monitoring and coordination with the client to provide optimum financial solutions
• Claim negotiation and repricing, including non-network claim negotiations, both pre and post service
• Coordination of benefits including aggressive recovery from third parties and other refunds
• Focused and large claim audits with daily management of claims turnaround
• Integrated appeals process which avoids delays and provides accurate reviews for document-supported appeal decisions

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Reporting

IMS offers the ability to manage benefit programs and costs through comprehensive, yet easily understood, reports. IMS has a unique, comprehensive data system that allows an employer to analyze numerous utilization and cost factors. IMS automatically provides an array of standard reports for all clients and brokers, including:

- Check Registers
- Specific and Aggregate Reinsurance Reports
- Inpatient Hospital Admissions Reports
- Amount Paid by Major Diagnosis
- List Bill with Summary
- Claims Turnaround Analysis
- Paid Claims by Type of Service
- Paid Claims by Age Group and Class
- Summary of Charges by Cause & Type of Service

For the most part, insurance carriers and third party administrators are not providing adequate information, and the information being provided is in a standard format for all clients. IMS offers the ability to analyze all aspects of plan data and provides reports unique to each employer's needs. IMS works with PPO networks, medical management companies, and pharmacy benefit managers to provide comprehensive reporting that is effective and helpful in managing plan costs. Together, IMS's analysis of each plan's unique patterns of utilization allows future modification of benefits packages based on individual claims experience.

Banking and Accounting

IMS works closely with each employer to assure that the check printing, funding and reconciliation process is smooth. The employer may establish a separate account in the name of the plan for employee contribution deposits with its local bank or with IMS's bank. The account may be a funded or non-funded trust. The employer may decide not to have a trusteed account if the employer has a Section 125 Plan. The employer may or may not establish a separate account for funding claims. The employer may use its employee contribution deposit account. Checks are printed weekly and held until the employer approves funding and authorizes release. IMS provides a monthly-summarized invoice with a list billing showing all employees by location and class. The billing reflects all services, contributions, and premiums for the month. IMS distributes fees and premiums to the appropriate vendors. This service is especially beneficial to employers with multiple vendors (stop loss, PPO networks, life insurance, and other insurance carriers).

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