



# case study

## benefits

## administration

### **H** Back to Basics: Diverse Hospital Group Achieves Real Benefits and Cost Reductions Through Outsourced Benefits Administration

**Client:**

MedStar Health, Inc.

**Industry:**

Integrated Health Care

**Covered Employees:**

18,000

**Highlights:**

Community-based, non-profit health care organization serving more than half-a-million patients each year in the Washington D.C./Baltimore metro area.

**SHPS Solutions:**

- Eligibility & Enrollment
- Exchange

**Client:**

MedStar Health, Inc. is a highly respected, not-for-profit, community based health care organization comprised of 25 integrated businesses, including seven major hospitals and 4,000 affiliated physicians. MedStar, the largest health care system in the Baltimore, MD. /Washington D.C metro area, serves more than 500,000 patients each year and is one of the region's largest employers.

Despite incorporation under the MedStar umbrella, the hospitals traditionally operated independently via an informal association comprised of:

- Baltimore Hospitals (Franklin Square, Good Samaritan, Harbor, Union Memorial)
- Washington D.C. Hospitals (National Rehabilitation, Washington Hospital Center)
- Georgetown University Hospital

Each hospital group ran its own HRIS platform to manage employee payroll and benefits data; they maintained separate benefit plans, eligibility rules, and collected employee contributions based on rules for each plan. Each of the three systems independently generated its own carrier feeds, resulting in tremendous benefits election discrepancies across the enterprise. The systems supported varying degrees of scalability and data handling capability, and were not compatible with each other. Consequently, there was no database housing all employee information across the entire organization, making it difficult for management to compile summary data on benefit plans and reap the benefits of MedStar's size and purchasing power.

MedStar executives realized there was a high likelihood they were paying much more for "administrativa" related to incorrect and/or outdated payroll and benefits information, but were not in a position to scrap the existing HRIS systems within each organization and start anew.

"We knew there was an opportunity to improve our benefits administration at MedStar," stated Dave Noe, Assistant Vice President, Corporate Human Resources at MedStar. "But we needed someone to help us look at the bigger picture and focus our efforts in the right direction."



888-421-7477 | [www.shps.com](http://www.shps.com)

In 2001, MedStar went looking for a reliable partner to help them identify leakage and offer solutions, and they looked to eBenX, a SHPS company. After consulting with SHPS, MedStar recognized there was value in creating a consolidated benefits repository across the entire organization and asked SHPS to supply the strategic solution and technical expertise to create a consolidated benefits database that utilized existing HRIS platforms and integrated payroll and benefits data with various carriers supplying services to the MedStar enterprise.

### **Objectives and Actions:**

The overall objective was to dramatically reduce MedStar's costly administrative burden that was needlessly bleeding the organization of time, resources, and money. Given the number of new hires, changes in employee status and family status changes, the level of processing volume creates opportunity for mistakes at the vendor file update and the premium billing stages. SHPS needed to deliver and focus on timely, accurate feeds and audit reports to ensure changes were recorded correctly.

SHPS instituted a strategic plan that incorporated the following action items:

- Institute an administrative enrollment plan to enroll employees and establish an elections benchmark and ensure accuracy of data;
- Establish accuracy and efficiency goals for carrier feeds, payroll reconciliations, and employee census files which were measured via audits;
- Streamline and automate data flow and payments between the internal HRIS systems and carriers by creating a centralized data repository for all hospitals;
- Create a consolidated database for all MedStar benefit-eligible employees providing a single source for participation demographics, reporting and analysis, and financial transactions.

### **Results:**

SHPS' enrollment engine was programmed to accept MedStar employee self-service enrollment based on business and benefit plan rules and contribution rates common to the entire MedStar organization. Current elections were transferred to SHPS' database and managed for ongoing administration to carriers and payroll, thereby eliminating costly, time-consuming reconciliation and overpayments to carriers due to incorrect coverage data.

By consolidating their benefit plan administration and carrier information onto a single, integrated platform, yet still utilizing legacy HRIS systems, MedStar is now able to better manage its employee health expenditures. While audit processes took a number of months to fully resolve certain issues, SHPS ultimately delivered to MedStar a 99.9 percent efficiency rating on carrier file reports, including medical, dental, vision, and prescription drugs, resulting in a total medical cost savings exceeding \$2 million, based on the actuarial cost of benefits.

"Our diverse employee culture and management structure made it very challenging to implement a coordinated benefit program enterprise-wide," said Wendy Marshall, Director of Corporate Benefits, MedStar Health, Inc. "SHPS helped us realize, both strategically and tactically, that despite the short-term difficulties we faced, the long-term payoff was worth the effort."

Bottom line: Once MedStar outsourced its benefit administration and created the foundation for a single data source of benefits data, they were able to achieve system-wide efficiencies. These include consistent enrollment & eligibility and employee contribution methodologies and similar benefit plan offerings for vision, long-term disability, life, and prescription drug plans. MedStar experiences a high volume of transaction processing throughout any single calendar year, so not having to convert benefits administration data at all locations is a huge cost and time savings. As a result of its partnership with SHPS, MedStar is now embarking on additional benefit offerings to further reduce costs while improving employee health and productivity through wellness and disease management programs.

