



BROKER GUIDE

Your client wants a better self-funding experience. Now what?

Three steps to improving your strategy – plus a helpful client conversation checklist.

Today's best self-funded solutions are reimagining your clients' health plan experience.



The move to self-funded health plans used to be a mostly behind-the-scenes accounting determination. Now it's a strategic and deliberate decision with operational impacts across a company. And today, experience is front and center.

Clients demand a self-funded health plan solution that is customized, delivers cost savings and provides a fully supportive experience. They want to know that their self-funded plan will put caring for their business – and the health of their employees and their families – first.

Brokers know how much effort goes into the self-funding decision. You're beside your clients every step of the way: providing careful analysis, extensive planning, exhaustive evaluation and thoughtful guidance. Getting them across the finish line is followed by a prudent cycle of assessments, evaluations and adjustments.

As their broker, you've earned your client's trust and you've got the industry know-how. Now's the time to draw on those advantages. These recommendations can help your customer move forward and reimagine their self-funded healthcare plan experience.

STEP ONE

Assess

Activate periodic review sessions

Keep the vision for the self-funding plan in plain view by taking stock on a regular basis. A proactive, robust assessment can amplify your client's understanding of cost drivers by painting a clear picture of plan performance and usage.

Work with your client to schedule quarterly reviews. That said, timing may differ based on the size of the group, their demographics, plan financials and appetite for this activity.

As soon as the session is on the calendar, confirm which information will be gathered and analyzed. Your clients may have varying degrees of visibility into utilization and spend, depending on the structure of their plan. Regardless, let your problem-solving and consultative skills take center stage. Brokers who display their ability to convert information into specific strategies will shine.

The Review Agenda

A strong list of review topics will include:

- **Types of care.** Do their benefits match the needs of their employees? Are they offering the right combination of services, including preventive care, based on their demographics and usage?
- **Utilization trends.** Do they have a high frequency of chronic condition relapses? Looking at utilization can offer insight into high-cost medical trends and help identify solutions.
- **Site of care.** How are workers using emergency rooms versus urgent care? Are the most cost-effective facilities available in locations that are convenient for them?
- **Pharmacy.** Are expensive specialty drugs an issue for your client's employees?
- **Add-ons.** Does the client offer dental, vision, telemedicine and wellness incentives? Beyond their monetary value, these benefits can help them attract talent in a highly competitive job market, improve employee retention and even enhance their brand positioning.
- **Plan design.** Most clients will welcome your suggestions for fine-tuning their plan. Make sure to tie each proposal to a priority, such as balancing costs, realigning benefits to changing employee demographics or a combination of the two.
- **Compliance and financial considerations.** Clients may be interested in your experienced advice on cash flow management, reserves planning and compliance with federal regulations (ERISA, HIPAA, COBRA, etc.).
- **Stop loss.** Stop loss policies help limit your client's business liability in the event of a catastrophic claim or a year with an unusually high number of claims. They're essential backdrops that protect against severely compromised cash flow or depleted reserve funds. Clients may ask for your thoughts about these policies during your review — specifically regarding premium, adequacy of coverage and cash flow considerations. Be prepared to discuss different stop loss options.
 - **Individual stop loss (ISL):** Provides protection against large claims incurred by individuals by creating a payment threshold or "specific deductible." If any single claim goes over that determined threshold amount, ISL reimburses the plan for claims subsequently paid beyond that deductible amount.
 - **Aggregate stop loss (ASL):** This coverage caps your liability for claims that fall below the deductible and that are therefore not eligible for reimbursement under the ISL coverage. The total of these claims over the contract period is capped by an attachment point or threshold. Eligible claims above that threshold are reimbursed by the carrier up to a predetermined maximum.

STEP TWO

Evaluate

Consider findings and client needs

Each review will result in new discoveries.

As companies advance, their goals change and their members evolve. At this step, make sure their plan serves their current needs.

The path to self-funding often starts when a client moves to an ASO (Administrative Services Only) arrangement with the same large carrier they used for their fully insured plan. That's because all major insurance carriers offer a self-funded solution.

Employer groups looking for higher levels of customization and a variety of cost-containment programs also have the option to outsource to an independent Third-Party Administrator (TPA). These TPAs help design, build and manage their health plans.

ASO or TPA?

While large-carrier ASO divisions and independent TPAs may appear to offer the same services and value to employers, there are key differences. If your self-funded client is considering a move to an independent TPA, it's especially important to evaluate the benefits:

- **Plan customization.** Independent TPAs (those not affiliated with large carriers such as Blue Cross, UnitedHealthcare, Cigna or Aetna) focus on providing alternatives and are not tied to any single carrier or program. They've spent many years building innovative plans to address the specific needs and interests of different employer groups. An independent TPA's ability to customize a plan allows employers to choose a program specifically designed for their needs. On the other hand, most ASO plans are limited to their carrier's offerings and can be restricted to a bundled package.
- **Flexibility.** Here, once again, ASOs are primarily limited to the providers and networks contracted by their specific carriers. Therefore, a client's plan performance and member satisfaction depend on the networks, providers and benefits they offer. TPAs have the flexibility to build plans that incorporate those providers and networks that best support the geographic, cost and quality needs of the employer and members.
- **Reimbursement options.** Today, how providers are paid really matters. Typically, ASO offerings reimburse providers at network rates contracted by their parent organization (with discounts that may be based on an inflated pricing structure). Rates often reflect profit margins built in for the insurance

carrier. Independent TPAs can offer a solution to address this by providing reimbursement structures that start with the actual cost of the service rather than the inflated chargemaster rates, which ultimately helps reduce costs.

- **Transparency.** Plan data is essential to uncover high-cost claims and understand facility utilization, frequency of chronic conditions and high-cost prescription spend. When you have this information, you can glean insights to recommend plan adjustments and special programs for employees. Many ASOs aren't able to share significant plan and member utilization trends, leaving clients in the dark. With an independent TPA, employers typically receive plan performance metrics as a key component of the offering.
- **Service.** We don't have to tell you that no two employer groups are alike. That means a TPA's more personalized approach to client service and plan performance can appeal to customers over an ASO's standardized products and services. In addition, ASOs are responsible to their parent company as well as to the needs of their employer clients, so potential conflicts of interest could arise.

Client conversation checklist – evaluating self-funding models

When clients evaluate their self-funded insurance plan, they may turn to you for a discussion about which structure best fits their requirements. These points highlight differences between the two major options.

Carrier ASO

- ✓ Broad access to a recognized network
- ✓ Bundled solution, often including plan administration, standard PPO network, stop loss insurance and pharmacy benefit manager (PBM)
- ✓ Because of bundling and/or single partner, can require less employer planning and oversight, less employee education
- ✓ With access to the carrier's network, employees often feel they have a traditional PPO plan

Independent TPA

- ✓ Ability to offer a customized plan design and employer-specific service level agreements (SLAs) in areas that are more meaningful to you and your employees
- ✓ Flexibility to introduce innovative ideas, such as reference-based pricing (RBP), that you won't get with a large carrier
- ✓ More focused attention and personalized service for HR and members
- ✓ Custom reports can provide more detailed data and insights
- ✓ Ability to guide members to high-quality care at favorable, contracted rates

STEP THREE

Elevate

Propose options to improve plan performance

One of the major advantages of self-insurance is that it enables agility and establishes a platform for attractive healthcare options. Going self-funded is a significant hurdle that, once achieved, makes your client's health plan more customizable for their workforce and business needs. The motivations and attitudes that led your client to this important decision are the same ones that can make them receptive to your suggestions and open to considering new ideas.

With self-funding, they've set a foundation for creative and cost-saving solutions. Let's look at enhanced options at your disposal for elevating the benefits of your customer's health plan.

- **Direct contracting.** In this scenario, the employer establishes direct contracts with select high-quality health systems, hospitals and doctors along with rates that are cost competitive. Members within the plan are guided to those partner providers to see that they receive high-

quality care at a fair, reasonable cost. The providers enjoy increased patient volume and employers and their employees save money on quality care. It's a win-win for everyone.

- **On-site clinics.** On-site health clinics offer another way to improve outcomes, manage costs and increase productivity. A 2018 survey¹ found that 33% of U.S. employers with over 5,000 employees offer general medical worksite clinics, up from 24% in 2012. Another analysis² revealed employers with on-site clinics experienced a 64% reduction in medical care costs.

- **Reference-based pricing.** Many employers like RBP because it can amplify their ability to offer quality healthcare with more control over expenses.

As a broker, it's important to make sure your customers understand how RBP works. Simply put, most RBP solutions start with the amount that Medicare would pay for a service, then add a percentage – which varies among RBP solutions – to establish the reference price.

This reference price is what's paid to the provider. Since this costing method pays more than Medicare reimbursement for the same procedure, it's a plus for many providers. Most importantly, RBP guards employers and members against potentially inflated or unknown costs for treatments.

Brokers who recommend this model often use case studies and interactive calculators to run different savings scenarios with their clients. These illustrations go far to demonstrate its potential to reach revenue targets and positively impact their organization.

RBP can be transformative for some self-insured businesses. Besides lowering costs, it can empower employees to make active, informed choices about their care and providers. The right RBP partner can work alongside you and your client's specialized TPA to design a customized solution as well as perform the critical functions of education, price negotiation and advocacy. Some organizations are now pairing direct contracting with local providers with RBP for even greater flexibility.

Client conversation checklist – relationship-building for brokers

As part of their quest for a better health plan experience, employers are asking brokers to bring more to the table too. Fortunately, you've already established a relationship. Try these topics to optimize their results, and yours.

✓ Let them know you're on their team.

Be direct. Healthcare is just one of the many complicated issues your clients are dealing with every day. Position yourself as a knowledgeable expert who's eager to help them reach their self-funding goals. Provide business value, and they'll take notice.

✓ Support employee education initiatives.

You can play a vital role in helping clients create dynamic educational efforts. Beyond the periodic review session, suggest regularly scheduled town hall meetings, standard office hours for open communication or one-on-one tutorials, and handouts or flyers posted in central locations backed up by a current website.

✓ Be a go-to resource.

Besides your regular check-ins, be clear that you're available for consultation when they're forecasting, creating budgets or revising their plan design. Reach out with relevant news and trend reports to earn a reputation as a source of pertinent industry information.

✓ Communicate and connect.

Always encourage collaboration with your clients' TPA partners or ASO contacts. Recommend and introduce reputable, aligned professionals such as TPAs, healthcare plan providers, insurance agencies or consultants.

✓ Inspire by pushing yourself and your clients.

Healthcare costs are an increasing burden for your customers and the decisions they make are critical to their bottom line. Some of them may be just getting started with self-funding; others may be settled in. Whatever their situation, it's always the right time to bring forward new ideas and game-changing strategies that can take their plan to the next level.

Leap ahead

Be that outstanding broker who applies passion, professionalism and these tips to help your clients maximize their cost savings, customize their self-funded health plan and get the better experience they want.

It's not an easy feat in today's competitive marketplace, but the brokers who develop their expertise and deliver will come out ahead of the competition.



Experience true partnership with Imagine360

It's our mission to offer a reimagined health plan experience that's better for you and your clients. We'll be at your side to help bring them a full-service, all-in-one health plan with administration and cost-saving strategies built in. A solution that helps to minimize the clutter and chaos of healthcare, protect the well-being of employees and deliver deep savings of up to 30%. Your clients will feel surrounded by comprehensive support from day one and throughout their healthcare journey. And so will you.

Contact us today to learn more.



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1. <https://www.mercer.us/what-we-do/health-and-benefits/strategy-and-transformation/mercero-worksites-clinic-survey.html>

2. <https://www.johnshopkinssolutions.com/better-than-a-coffee-break-onsite-clinics-reduce-health-costs/>