



EMPLOYER GUIDE

Reimagine your self-funded health plan experience.

Four steps to take good care of your employees' health — and your company's, too.



Creating a better self-funded experience is in your hands.



When it comes to their healthcare plan, today's employers want to be in the driver's seat. They need flexibility to innovate and adjust based on plan performance, goals and an evolving workforce. In a nutshell, they require the added control, choices and savings that come with self-funded health plans.

You took an important step by deciding to self-fund. You may envision more opportunity to save money, enhance benefits or elevate employee engagement. Or all of the above. But for most organizations, the biggest motivator is finding a self-funded healthcare plan solution with a better experience – one that puts your people first while preserving plan savings.

Taking good care of employees is fundamental. You can do it by offering a plan that ensures the best possible care at a fair price and supports them on every step of their healthcare journey.

The current world makes choosing a plan that delivers all this more important than ever. The good news is, self-funding gives you greater opportunities. As you search solutions for an improved experience, you can take these steps to make sure you're creating the best self-funded healthcare plan for you and your employees.

STEP ONE

Assess

Review plan utilization

Work with your partners (your broker or health plan consultant) to conduct an annual review of how employees are using your plan. Here's where your partner can be an invaluable resource, working hand-in-hand with you to mine your data for insights.

You'll want to start by getting a full understanding of expenses. The review should identify not only the amount you're spending, but also help you see exactly where your dollars are going and how the components of your plan are driving costs.

Your review should also evaluate which services your employees utilize the most and pinpoint the benefits they're most satisfied with. Don't hesitate to ask your broker to assist with forecasting and provide advice based on your utilization trends.

Consider

- **Types of care.** Are the benefits you offer a match to the needs of your employees? Are you offering the right combination of services, including preventive care, based on their demographics and usage?
- **Utilization trends.** Do you 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 your workers using emergency rooms versus urgent care? Are the most cost-effective facilities available in locations that are convenient for them?
- **Pharmacy.** Do any of your employees need to take expensive specialty drugs?
- **Add-ons.** Do you offer dental, vision or wellness incentives? If yes, assess their monetary value as well as their ability to attract and retain talent. These elements of your self-funded plan can improve employee retention and recruitment efforts.

Armed with this information, you can take action and address areas for improvement.

Plan design

Based on your data and analysis, you may want to fine-tune your plan each year. Your strategy may be to balance costs, to realign benefits for changing employee demographics or a combination of the two.

- Consider the example of a professional services company that had a high percentage of workers whose spouses were also employed. They learned that most of these couples were relying solely on their plan (the spouse was opting out of the plan available through their employer). After a review, the firm adjusted their design to make it more beneficial for their employees to take advantage of both plans.
- In another case, a broker helped a company whose workers were primarily laborers by showing how to save money by adding coverage and incentives for an injury-prevention program.

Telemedicine

Providing remote access to physicians and other practitioners can improve preventive care, thereby reducing claims and costs. And employees often prefer the convenience of connecting with providers whenever and wherever they want. According to an AMA study¹, telehealth is here to stay – 79% of patients were satisfied with care received during their last telehealth visit and 73% will continue to use it in the future.

Compliance and financial considerations

Don't forget to analyze your cash flow management strategy, reserves planning and adherence to federal regulations (ERISA, HIPAA, COBRA, etc.).

These are just a few considerations you can explore. However, no matter what changes you decide to make, it's critical to develop a thoughtful plan for implementing them and a framework for measuring their impact. This way, when next year's review rolls around, you have the data you need for continuous improvement.

Stop loss coverage

Stop loss insurance helps limit your organization's liability in the event of a catastrophic claim or a year with an unusually high number of claims. Your stop loss policy is a prudent backstop since unusually high medical expenses could compromise cash flow or severely deplete your reserve fund. In order to select the right type of policy, you need to know your options.

- **Individual stop loss (ISL):** Provides protection against large claims incurred by individuals by creating a payment threshold or "specific deductible." If total claims for a claimant exceed that determined threshold amount, ISL reimburses the plan for claims paid above the deductible.
- **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 are capped by an attachment point or threshold. Eligible claims above that threshold are reimbursed by the carrier up to a predetermined maximum.

Although stop loss policies can be complex, making sure your coverage pulls its weight by shielding your business against excess risk is essential.



STEP TWO

Evaluate

Take control of your claims strategy

Of course, taking action to hold back the rising tide of annual healthcare cost increases is a major motivation to self-fund. Another underlying benefit is the ability to control the providers in your network and steer employees to high-quality care at the best prices. Either way, to take your plan to the next level, you may want to reexamine where your services are coming from and what you're paying for claims.

For instance, your on-ramp to self-funding may have been a transition to an ASO (Administrative Services Only) arrangement with the large carrier you used for your fully insured plan. With this entry point, you're on your way. But you're still paying a negotiated reimbursement on top of a retail price (that's probably opaque) with costs for the same service differing from one provider to another. Although you're headed in the right direction, as a self-funded business, there are a variety of additional strategies at your disposal.

Traditional ASO versus independent TPA: a side-by-side comparison.

Going with an independent third-party administrator (TPA) can amp up customization, control and flexibility, which are likely the major reasons you committed to self-funding.

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, this may 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
- ✓ Freedom 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 both HR and members
- ✓ Custom reports that can provide more detailed data and insights
- ✓ Ability to guide your employees to high-quality care at favorable, contracted rates

STEP THREE

Elevate

Go beyond the BUCAs. Working with independent TPAs unlocks a world of options that you simply cannot find in a traditional PPO plan from Blue Cross, UnitedHealthcare, Cigna or Aetna (the BUCAs). For employers, these plan alternatives can improve quality and reduce costs when compared to more traditional plans. Yet the plans feel similar, offering a variety of providers while also actively steering employees to the providers that offer preferred rates.

It's important to choose an independent TPA that specializes in working with self-funded companies. These partners can help you evaluate all the options, including plans that can be more efficient, affordable and transparent than the PPO model. For instance, they can offer more innovative reimbursement structures that account for the actual cost of services instead of inflated chargemaster rates. And independent TPAs excel at zeroing-in on cost containment services and tools to lower medical and pharmacy spend.

Experienced independent TPAs can also customize a health plan specifically for your business and workforce. And, unlike ASOs, they're not limited by ties to any single carrier or program. Their personalized approach to client service and plan performance fits the needs of many self-insured customers.

Direct contracting. Does creating a network that actively pursues the highest-quality services at the lowest-possible prices sound right for your company? Then direct contracting may be right for you. In this model, the employer establishes direct contracts with high-performing 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 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 survey² found that 33% of U.S. employers with over 5,000 employees offer general medical worksite clinics, up from 24% in 2012. Another analysis³ revealed employers with on-site clinics experienced a 64% reduction in medical care costs.

Reference-based pricing. The recent RAND Corporation health study⁴ found that U.S. hospitals are charging wildly different prices for the same services, even within the same community. RBP has emerged to address this inconsistency by compensating providers fairly while bringing more transparency to the billing process.

How does RBP work? It typically starts with the amount that Medicare would pay for a service, then adds a percentage — which varies among RBP solutions — to establish a 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, reference-based pricing guards employers and members against potentially inflated or unknown costs for treatments.

RBP is transformative for some self-insured businesses. Besides lowering costs, it can empower employees to make active, informed choices about their care and providers. Just as with your TPA, choosing the best RBP partner for your business is critical. The right company will assist with education, price negotiation and advocacy. Some will work with plan providers to pair direct contracting with RBP for even greater savings.

STEP FOUR

Engage

Bring your employees “under the tent”

Moving away from the traditional PPO and large carrier model and toward an independent TPA requires a shift in both mindset and behavior. However, the transition doesn't happen overnight. For a complete and effective changeover, your team will want to develop an integrated approach that encompasses operations, human resources and communications.

For employees to get on board, they need more than a one-time session that explains how the plan works and how to use it. Clarifying the differences between self-funding and their prior plan and providing precise directions will set the stage for a good experience. But that's just the beginning.

You can also:

- Host regularly scheduled town hall meetings to introduce employees to their new health plan.
- Create videos and one-on-one tutorials that explain plan specifics.
- Use posters, flyers or handouts in high-traffic locations to increase engagement.
- Rely on the company intranet or internal social media for plan updates.

Don't have the time or resources to develop materials from scratch? Ask your broker if they have content you can use. Chances are they'll be eager to share their materials, so you can improve member engagement and boost plan performance.

Start with the why

It's important to continuously articulate the value of the plan and make it relevant to each person. Employees buy in when given an opportunity to contribute to the economics of their company. The connection deepens when workers link the cost-saving principles of self-funding to its potential to enhance not just the company's objectives, but theirs as well. If workers know that seeing their in-network doctor for preventive care, working out at the company-sponsored gym and refilling their medications with generics could result in a year-end bonus, they're more likely to embrace self-funding. Smartly constructed benefit programs help employees feel in control, and they incentivize behavior that saves everyone money.

There's no such thing as overcommunication

Your company should develop tactics to see that the right messages get to workers in the right formats at the right times. Try periodic emails with healthcare success stories, a “state of our healthcare” presentation with a report-out on plan performance, and companywide, all-hands meetings whenever there's an announcement that affects everyone.

People lead busy lives; keeping opportunities for participating in your plan on their radar screens is vital.

Share the wealth

When your business realizes savings from your self-funded health insurance, you can pass them along to your plan members. This is a golden opportunity to make the advantages of self-funding clear – and a reason for celebration. You may declare a “deduction holiday”, when employees get a reprieve from their monthly contribution, or you can hand out a health plan bonus.

Brokers are ready resources

In today's competitive environment, brokers realize they need to earn your business. Sourcing the most effective health plan that takes advantage of the latest cost-containment and provider strategies – then working alongside you to optimize it – should be their primary objectives.

Great brokers are eager to foster their relationship with your company and pride themselves on their knowledge of industry trends and news. This can come in handy when you're in forecasting mode or planning next year's budget. If you want to explore leading-edge tactics, they can offer the latest thought leadership as well as their experienced advice. Or if you've already identified a new approach, ask your broker to help flesh out your plans for implementation. As subject matter experts, they should be ready to share ideas that have worked for others (or pitfalls to avoid).

Tap into your TPA

If your self-funded plan relies on a BUCA PPO, your TPA services are likely a part of the deal: The plan administrates your claims. However, if you're moving to the next phase by setting up a self-funded plan with an independent TPA, you have more options.

As mentioned above, independent TPAs are different. They're more integrated and act as your HR department's partner in day-to-day operations. They can make or break the efficiency of your plan and have a positive impact on the happiness of your employees. Besides basic services (onboarding, claims management and reporting), be on the lookout for other differentiators, such as:

- Advanced expertise for customized plan design and administration.
- Access to high-performing, high-quality providers through direct contracting with prominent systems and individual providers.
- Price protection with reference-based pricing.
- 360-degree supportive services from member advocates and care navigators.
- Stop loss insurance options.

When it comes to your partners, you'll know you've got the right ones on your team when they're improving your efficiency, simplifying your experience and saving you money. Your self-funded healthcare insurance plan is not something you should DIY – and you don't have to. There are partners who make it easy because they offer the standard services plus additional benefits like reference-based pricing for a better, comprehensive solution.



Make your next step your best step.



Becoming self-funded is an important decision to take the best possible care of your employees and your business.

It can provide high-quality healthcare while you take charge of costs and bring long-term value to your business. If you've already started, you should be noticing cost savings and a new level of control.

Or you may be ready to take bolder action. New solutions that leave PPO networks behind and take advantage of integrated TPAs, direct contracting and reference-based pricing await. They offer a new kind of self-funding solution that can help you save from 15% to as much as 30% in yearly costs, making a big difference in your bottom line. These self-funded plan solutions are customized to better fit the many demands you face today. And provide a better, people-first experience.

Meet a new kind of health plan solution partner.

One founded on a powerful idea: Health plans can do better. At Imagine360, we're delivering customized solutions that completely reimagine the healthcare experience for employers and their members. Our full-service, all-in-one health plan solution takes a different approach. With administration and cost-saving strategies built in, self-funded employers minimize the clutter and chaos of healthcare, protect the well-being of employees and deliver deep savings of up to 30%. It's more than a health plan. It's a promise.

Contact us today to learn more.



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