CHANGEMAKER: STEVE PURKAPILE, BENEFITS ADVISOR

From Insurance Underwriter to Health Plan Changemaker: An Advisor's Case for Reference-Based Pricing

imagine360



Employers would not buy a building, vehicle or major piece of equipment without understanding the price. Yet healthcare—often one of their largest expenses—is routinely purchased with limited visibility into what services should cost. After decades in insurance, Steve Purkapile believes that contradiction demands greater financial rigor.

Purkapile, regional director of financial consulting for the Western Region at HUB International, began his career in underwriting. He brings that mindset to employers facing some of the most difficult renewals of his career, with average increases reaching 20%—and sometimes substantially more. He wants employers and advisors to understand what is driving the price, question whether it reflects value and consider alternatives before another increase becomes impossible to absorb.

The potential is more than theoretical. Purkapile points to one longtime client that held healthcare costs flat for three to four years and, by his estimate, saved at least $10 million over roughly a decade after moving from a fully insured model to self-funding and then reference-based pricing (RBP).

His case is not that every employer should adopt the same model. It is that employers should know what they are paying for, evaluate the alternatives and pair any financial change with the preparation and member support needed to make it work.

A conversation with changemaker Steve Purkapile

Challenging the status quo

Q: You've spent decades in this industry. What do you think employers should be questioning about healthcare today?

A: We were talking about healthcare cost increases even decades ago. And here we are today, with costs way beyond anything I would have imagined back then. After last year's renewals, we saw rate increases higher than we've ever seen before. Healthcare has become a notable expense at most employers, and I don't see any signs that it's going to improve anytime soon.

What has changed is employers' willingness to break out of the norm. Forty years ago, most employers were in traditional, fully insured plans. Today, they are far more interested in learning about the full range of options available to them.

We accept certain things about healthcare that we would never accept in any other situation. Members don't even know what healthcare should cost. They sign a document agreeing to be responsible for the cost of their care without knowing what that cost will be. Who does that? Nobody buys a car that way. They certainly don't buy a house that way, yet that's how people engage with healthcare every day, trusting that they are receiving good care at a fair price.

67%

of chief financial officers rank health benefit costs among their organization's top three operating cost concerns.[1]

Q: You came into this work through underwriting. Is that part of why you focus so heavily on understanding the economics underneath healthcare?

A: Traditional carriers pool employers together and assume the financial risk for the employers' healthcare claims. We watch what's happening with those pools and their loss ratios. When the loss ratios start climbing over 100%, the carriers are spending more dollars on claims than they are taking in as revenue. The high spend has consequences for what employers are going to see at renewal time.

That financial grounding also influences how I look at healthcare pricing itself. That focus extends to reference-based pricing (RBP). It establishes a defined benchmark for what a service should cost, allowing us to examine the gap between that benchmark and what is actually being charged.

That gives us something we have historically been missing in healthcare: a way to assess whether the price an employer is paying is reasonable.

Q: When repeated double-digit increases become unsustainable, how should employers begin thinking differently about their options?

A: What we typically see is that after employers experience two or three years in a row of double-digit increases, they reach a breaking point where they say, "We can't sustain this anymore. We're paying almost twice what we did five years ago. What can we do differently?"

That opens the door to a broader conversation about alternatives. We can look at different funding and pricing models, how much control and transparency each provides and what the change would mean for employees. The decision becomes about more than reducing the next increase. It is also about determining whether a different approach makes financial sense while delivering a healthcare experience employees can understand and navigate.



RBP IN ACTION:

Gunn Automotive Group

Gunn Automotive Group has used Imagine360's RBP model since 2012, and since then, the organization has saved more than $61 million in healthcare costs while maintaining low deductibles and avoiding employee premium increases. The company credits employee education and engagement as important parts of making the model work.

Read the Gunn Automotive Group success story

Evolving the broker's role

Q: If employers must start thinking differently about healthcare, what responsibility do brokers and consultants have regarding challenging the traditional health plan approach?

A: HUB is an interesting organization because we tend to be much more entrepreneurial in our DNA. We embrace alternative models and unique ideas. That was true when I started here 13 years ago, and it was one of the things that drew us to RBP early on.

In my experience, every business out there wants to be a disrupter in its own industry. Whether it's a service company or a product company, businesses are always looking for better ways to operate and differentiate themselves from their competitors. That willingness to challenge the status quo is what leads to disruption.

Healthcare deserves that same kind of thinking. As advisors, we have to help employers learn about their options, assess what the economics look like and determine what it takes to make a different model work. The effort requires a willingness to introduce new ideas, challenge traditional approaches and help an employer seriously evaluate a different path.

Q: What does it mean for an employer to take a more innovative approach to its healthcare strategy?

A: To me, taking a more innovative approach starts with being willing to question the assumptions built into the traditional carrier model and consider how employers can gain more control over their healthcare strategy. That

is what I like about RBP. It gives employers an opportunity to challenge the traditional carrier model. Instead of simply choosing from the health plan options presented to them, employers have more extensive license to design a benefits program around their own priorities and establish pricing based on what they believe is fair and reasonable.

The traditional carrier model has operated for a long time, with health plans essentially saying, "Here's our product. Use it our way." RBP changes that dynamic by giving employers more control over how the plan is structured and how services are paid for. Part of that control comes from having a benchmark for what a healthcare service should cost. That transparency helps us assess the gap between the benchmark and what is actually being charged.

That situation leads to a much more productive discussion with C-suite leaders, because their frustration is often the same: "We have no idea what healthcare is supposed to cost. We just know we're expected to write a check for whatever it does cost."

When you can deal with that issue, the conversation shifts to what the organization is actually paying and whether there is a better way to spend those healthcare dollars.

About HUB International

HUB International is a large global insurance brokerage and financial services firm serving both businesses and individuals. Its services span insurance and risk management, employee benefits, HR consulting, retirement and wealth management.

1.5M+
clients across the globe

700+
offices across North America

28+
years protecting clients

Leading employers toward change

Q: You've said moving to a fundamentally different health plan can be a multiyear process. Why should employers start exploring options before they are forced to act?

A: In my experience, it usually takes a year for an employer to make the decision—and another several months to prepare for the transition. The first year is all about education. When a broker first introduces an alternative model like RBP, an employer will likely have a multitude of questions. The broker can start by laying out the basic framework: why the model works, how it works, and what makes it possible.

From there, we want an employer to hear directly from a partner like Imagine360. We may understand how RBP works, but the model continues to evolve. Imagine360 can bring employers current information about advocacy, member engagement, emerging best practices and data from its own experience. That depth of information can give employers greater confidence as they consider making a change.

That process takes time, and by the time an employer is ready to decide, the first renewal cycle may have passed. The next six months to a year creates a runway to prepare for the transition. Employers can enter the change understanding how the model works, what employees will experience, and what the organization must do to support them.

Q: What separates an organization that is only considering changing its healthcare model from one that is ready to act?

A: The top decision-makers are all in. If I'm talking to a business leader in human resources [HR] about this, I'm usually going to say we need the finance people at the table too. We need the top decision-makers at the table. They have to understand and embrace everything HR will have to do to prepare employees for how the plan works.

A champion can support the idea of an alternative plan, but without executive alignment and leadership commitment, the organization could struggle to make a successful transition to an alternative plan.

The companies that make good candidates for an alternative health plan understand the importance of being a disrupter. Leadership is engaged—and willing to stay the course based on understanding what they are getting into and what's needed to prepare for it.

Q: You describe RBP as a financial reform. Why isn't a change to the financial model enough?

A: RBP can improve healthcare financing, but members still need help navigating care and making informed choices.

I recognized that early. Imagine360 pairs the financial model with advocacy tools that help members understand their care, know what to expect and avoid provider issues.

When issues arise, advocates work with providers, explain payments and protect members. Financing, engagement and advocacy must work together.

Building a foundation for healthcare change



Start well before the next renewal

A different healthcare strategy requires time to understand its economics, evaluate the model, and prepare the organization. Purkapile typically sees the process unfold through the course of 18 months.



Make healthcare a leadership conversation

Bring HR, finance, and senior decision-makers together early. Leadership alignment gives HR the organizational support it needs to prepare employees for change.



Understand the payment model

Ask what healthcare should cost, and examine the gap between the benchmark and the amount being charged.



Challenge familiar assumptions

Explore the full range of funding and pricing options available to the organization, and determine which approach makes sense for its workforce and its financial objectives.



Commit to the decision

Prepare leaders for issues that can arise during a transition so that the organization can remedy them and stay the course.

Q: What should employers look for when choosing a partner to support a different healthcare model?

A: How the healthcare services get administered and delivered is where you begin to see the differences. We met Imagine360 probably 12 years ago, and we liked the firm's clarity of the methodology, its approach to determining a fair price and the support we'd get around administering the plan.

What has been equally important is how Imagine360 has evolved with the market while staying true to the core RBP model. Early on, the approach centered largely on paying what was determined to be a fair price. Today employers have more flexibility. Imagine360 can negotiate in certain situations, and employers that want to ease into the model can even offer RBP alongside a traditional plan option.

We've found that when employers offer both RBP and a traditional plan option, employees may initially split between the two. But over time, they usually migrate toward the RBP option—particularly when they see that their contribution costs aren't increasing every year the way they may under the traditional model.

That evolution is one reason we recommend Imagine360 as our RBP solution. Other organizations offer RBP, and their payment methodologies may be similar. The difference is how the model is administered and delivered and how engagement and advocacy surround it. That is where Imagine360 has set itself apart for us.

Q: What have your experiences taught you about what is possible?

A: Lesson one: preparation is key. One of my favorite success stories involves a fairly large employer we started working with about 10 years ago. They moved from a fully insured model to a self-funded model and then to RBP.

They did everything right. Early on, they hired an internal champion—someone employees trusted, who understood the program and could explain what was happening. Their healthcare costs stayed flat for the first three or four years before they saw any increase. I estimate they have saved at least $10 million over roughly 10 years through RBP. Their members understand the plan, know what to expect, and are educated on how to use it. The plan works because the organization prepared for it and stayed committed.

Defining what's possible

Q: Is controlling the next cost increase enough, or should employers expect more from their healthcare strategies?

A: Controlling costs is important, but employers should also think about what they can do for employees when those costs come down or stabilize. What we typically hear first from employers that have moved to RBP is that they are no longer facing the same double-digit increases. If their costs go up at all, the costs typically move more like inflation than like the traditional healthcare trend. Employers are sometimes astonished to see their healthcare costs stay flat or increase only minimally through time.

When that happens, one of our best practices is to tell employers: "Give something back to your employees. They are helping make the plan work because they are engaged in it. Improve the benefits. Lower their contributions. Give employees a reason to keep embracing and using the plan."

46%

is the increase in frequency of $1M+ claims from 2022 to 2026 among self-funded employers nationwide.[2]

Q: As healthcare costs keep rising, what needs to change in how employers and their advisors respond?

A: Healthcare cost pressures are not temporary. It used to be rare to see a $2-million claim in a year. Now we hear about $19-million and $20-million claims. Those numbers are hard to fathom.

Shortages of nurses, physicians and other healthcare professionals are driving labor costs higher, while carrier loss ratios continue to climb. Those pressures eventually reach employers. They need to understand what they are paying for, why they are paying it and what alternatives exist.

Employers have more options today, and I think they are increasingly willing to explore them, which I highly encourage. At the same time, advisors must bring new ideas forward, involve finance and leadership, understand the pricing and closely evaluate the partners that will support employees.

Changemaker takeaway

After decades in insurance, Purkapile still thinks like an underwriter. He wants to understand the risk, follow the numbers and identify what is driving the price. His message is not that every employer should adopt the same model. It is that no employer should accept rising healthcare costs without understanding what drives them—and no advisor should wait for a crisis before bringing forward a different path.

"Once brokers start the conversations, they'll be surprised at how quickly employers embrace alternative models and jump on board," he says. The goal is informed action—a strategy that controls costs while giving employees a plan they can understand and use.

References

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About Imagine360

Imagine360 is a leading healthcare solutions provider that helps self-funded employers take control of their healthcare costs while delivering better experiences for members. With more than 18 years of expertise in reference-based pricing (RBP) and health plan administration, Imagine360 develops fully integrated solutions that combine deep industry knowledge, data-driven strategies and concierge-level support for employers.

The company partners with employers, brokers and consultants to design and manage customized health plans that lower costs, increase transparency and improve outcomes — without compromising quality or access.

Backed by dedicated advocacy, legal protection and proven results, Imagine360 is reimagining what smarter healthcare can look like for organizations and their employees.

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