



***WELCOME!***



**WHAT DOES YOUR HEALTH  
INSURANCE COMPANY CALL  
YOUR PREMIUM?**

# YOUR PREMIUM = THEIR REVENUE

UnitedHealth Group	237.50	-9.91	-4.01%
Aetna	186.60	-7.14	-3.69%
Cigna	207.88	-16.02	-7.15%
Humana	281.18	-10.05	-3.45%
Anthem	243.36	-13.66	-5.31%



works for  
a BUCAH



OCT 29, 2019 | MORE ON OPERATIONS

## Self-insured employers are playing an increasing role in taking on the status quo to lower costs

The insurance industry will remain but the traditional PPO is beginning to come to an end as costs are outstripping inflation and wages, CEO says.



Susan Morse, *Managing Editor*



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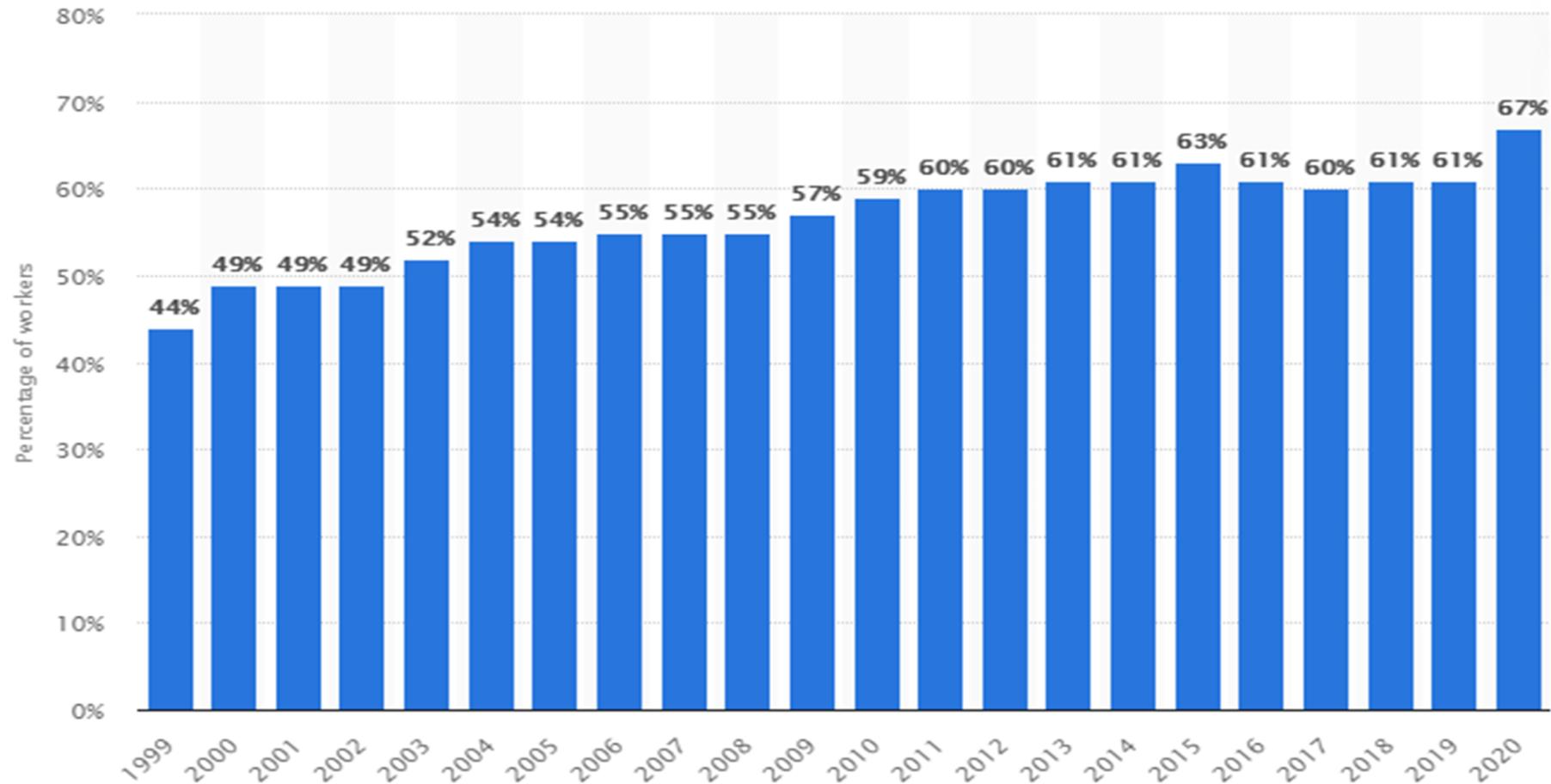
Best Practices

## Self-insured employers have more leverage than they think

By Lawrence Thompson | February 19, 2020 at 10:13 AM

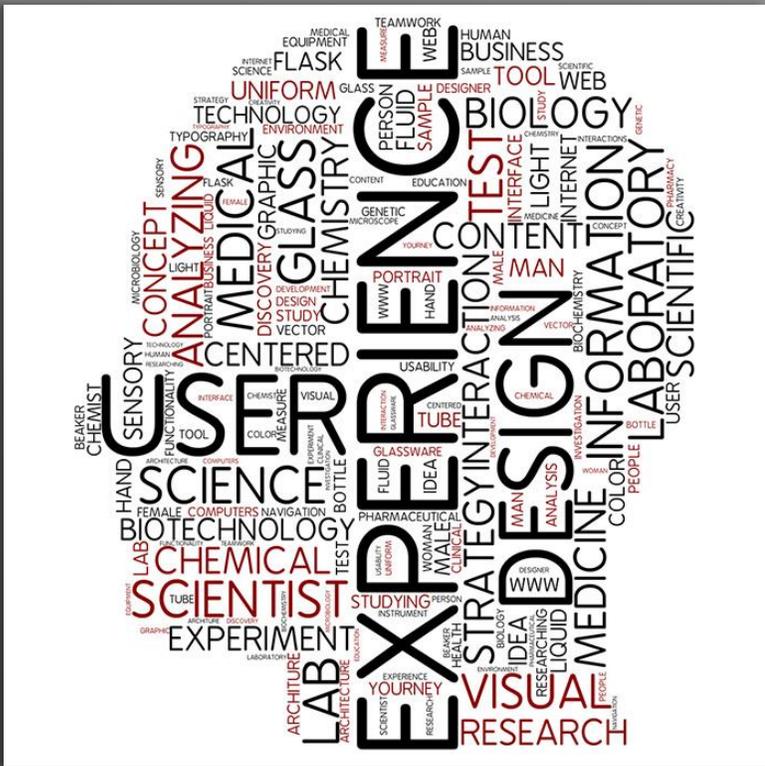


# Percentage of U.S. workers covered by a self-funded health insurance plan





INSURANCE  
**TPA**  
THIRD PARTY ADMINSTRATOR



special section: **SELF-FUNDING**



*the*  
**BASICS**



**LIVE workshop:**  
*You MUST be*  
**SELF-FUNDED**

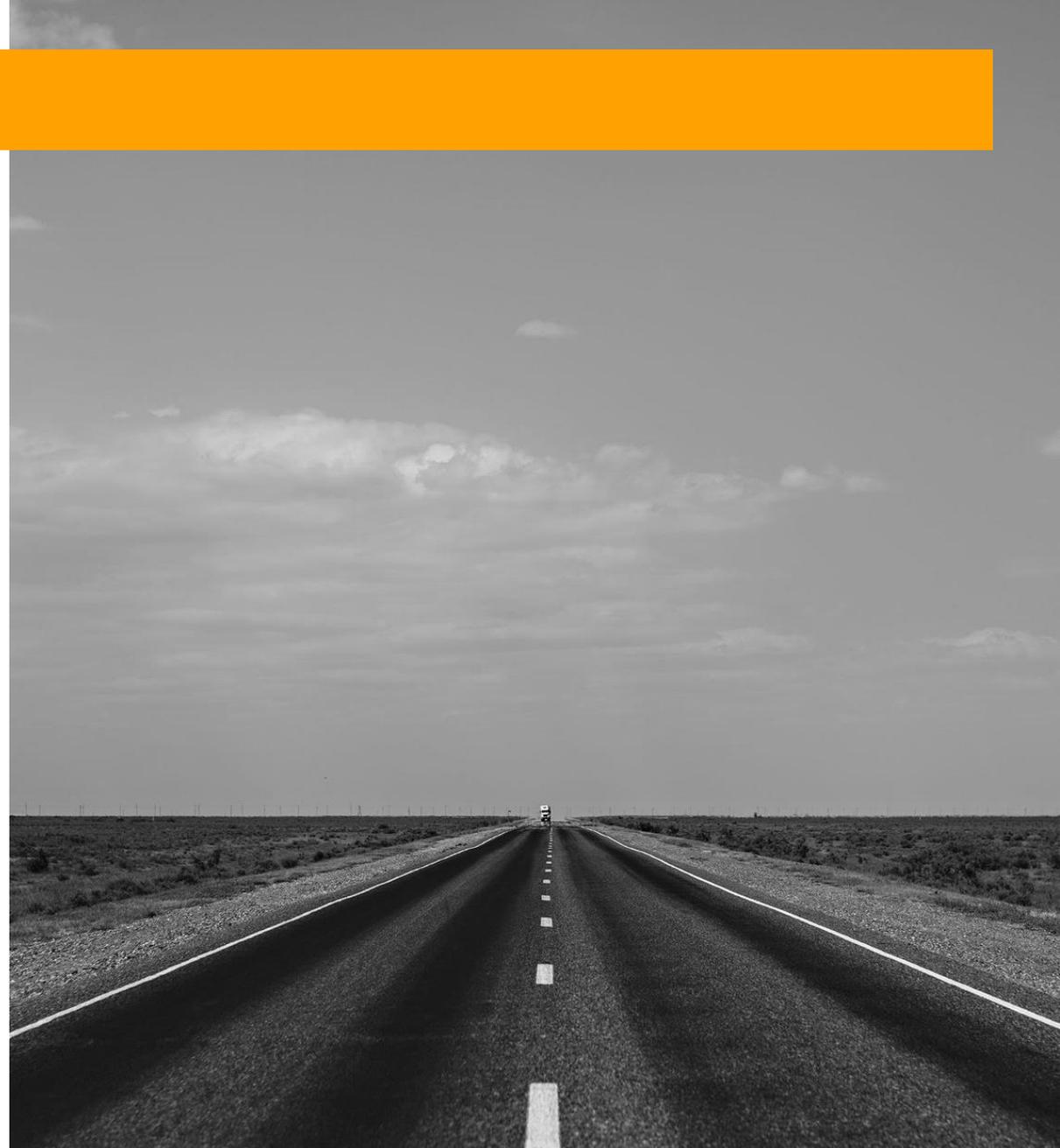
ELIMINATE THE EXCUSES

CHANGE THE STORY

IMPROVE THE QUALITY

# Today's Journey

- ✓ Webinar is being **RECORDED**
- ✓ Questions:
  - ✓ **Q&A section**
- ✓ Your participation will be rewarded
  - ✓ Wait to the end... it will be **WORTH IT**
- ✓ **SAVE THE DATE**
  - ✓ **11/16 = Next Employer Facing Webinar**



# TRANSPARENT HEALTH BENEFITS



- ✓ **19-year** employee benefits professional
- ✓ **12 years** at Willis
- ✓ **\$3.5M+** personal production
- ✓ Chief Growth Officer for **\$350M+** practice
- ✓ Self-funding and health management **expert**
- ✓ Creator of the THB movement and disruptor of the status quo



**LESTER J MORALES**

**Founder & CEO, Next Impact**

**Creator of Transparent Health Benefits**

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# OUR TOPIC

- ✓ What is SELF-FUNDING?
- ✓ Is SELF-FUNDING the way to go?
- ✓ Myths and Truths about SELF-FUNDING
- ✓ Experience with SELF-FUNDING

# OUR SPEAKERS



**Michael Gates**  
*THB Stop Loss Consultant*



**Dylan Phelps**  
*Chief Wellness Officer*

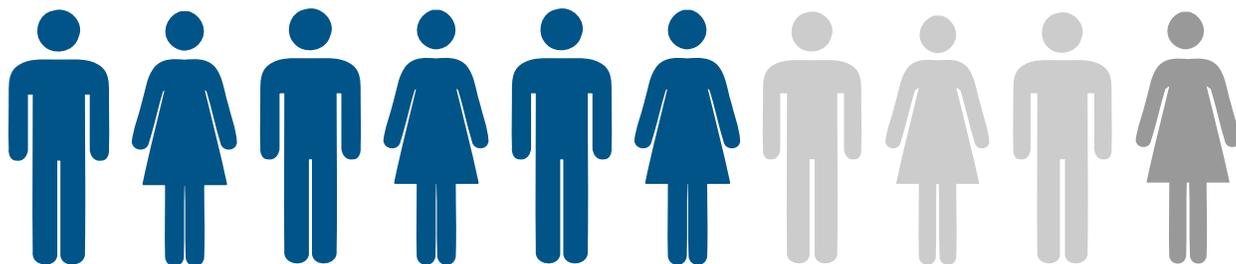


# *WHAT IS SELF-FUNDING & IS IT THE WAY TO GO?*



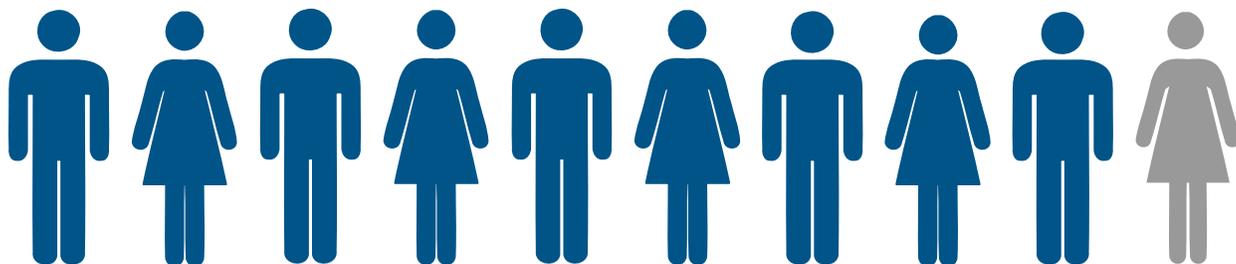
# Healthcare Industry Survey

Self-funding is very popular in the overall market and among companies with more than 1000 employees, but not so much with smaller companies



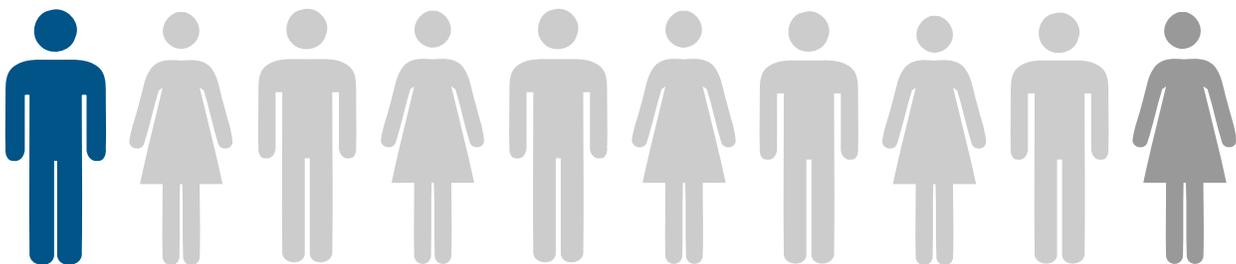
**61%** Of all covered employees participate in self-funded plans

Percentage of all covered employees in a partially or completely self-funded plan regardless of company size



**89%** Of covered employees at Large Employers participate in self-funded plans

Percentage of covered employees in a partially or completely self-funded plan who work for a company with 1000 or more employees

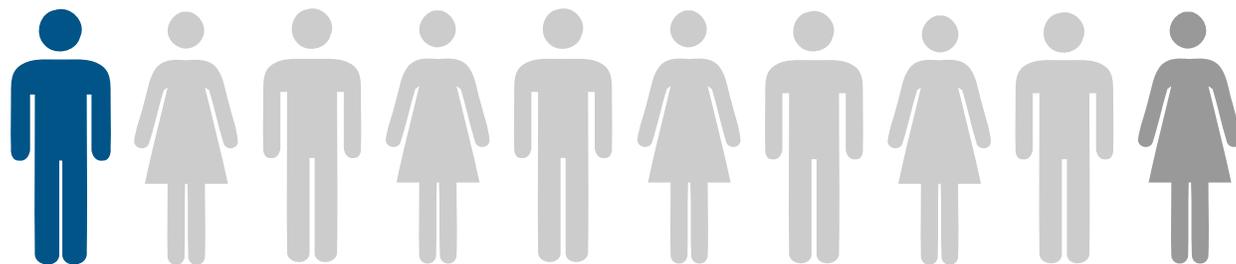


**13%** Of covered employees at Small Employers participate in self-funded plans

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees

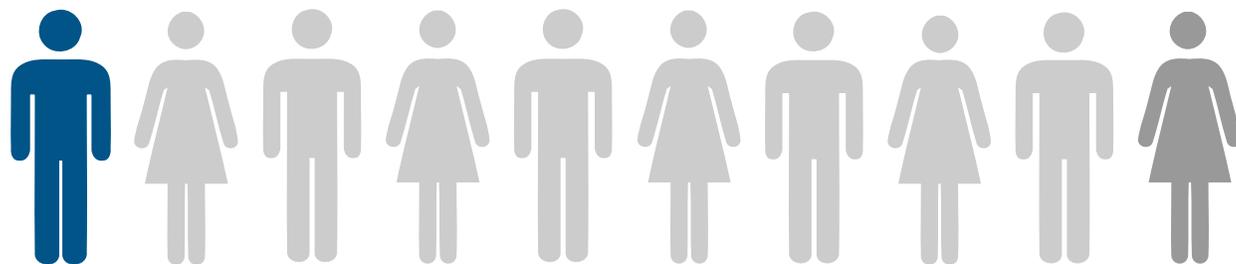
# Healthcare Industry Survey

..... but the participation rate in self-funding remains unchanged for smaller companies



**13%** 1999 Survey Results

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees



**13%** 2016 Survey Results

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees

\*Based on the 2016 Employer Health Benefits Survey by the Kiser Family Foundation:  
<http://www.kff.org>

# FULLY-INSURED VS SELF-FUNDED PERCEPTIONS

- Perception is “Self-Funding” is SCARY!
- Self-Funding has a lot of moving parts... too complicated
- Fully-Insured is less RISKY and less complicated
- “We got a good renewal from our F/I carrier, so my client probably won’t be interested this year!”
- “It’s a good thing we were Fully-Insured this year because our claims were terrible”

# WHY SELF-FUND IN THE FIRST PLACE?

- **Allows The Plan, the employer, to participate in positive claims experience**
- **Provides The Plan control and flexibility on what they want to cover**
- **Can “steer” employees and members on where they seek care through financial incentives**
- **Gives The Plan access to all claims experience to better structure plan and market at renewal**

# DIFFERENT OPTIONS WHEN CONSIDERING “SELF-FUNDING”

Less Control

More Control



Fully-Insured

Level-Funded

Self-Funded  
w/ Stop Loss

Self-Funded  
w/ Captive

True Self-Funded  
w/ No Stop Loss

- Fully-Insured – 100% transfer of medical claims liability to carrier
- Level-Funded – “bundled” self funded program with surplus sharing and enrollment based monthly premiums
- Self-Funded w/ Stop Loss – “unbundled” program, paid as incurred, risk transferring of all high dollar claims through stop loss policy and The Plan retain 100% of surplus
- Self-Funded w/ Captive – “unbundled” program, The Plan retains some of the high dollar claims through participation in the stop loss program and opportunity to reduce stop loss premiums through positive experience

# FULLY-INSURED VS SELF-FUNDING

\$1,200,000

\$1,000,000

\$800,000

\$600,000

\$400,000

\$200,000

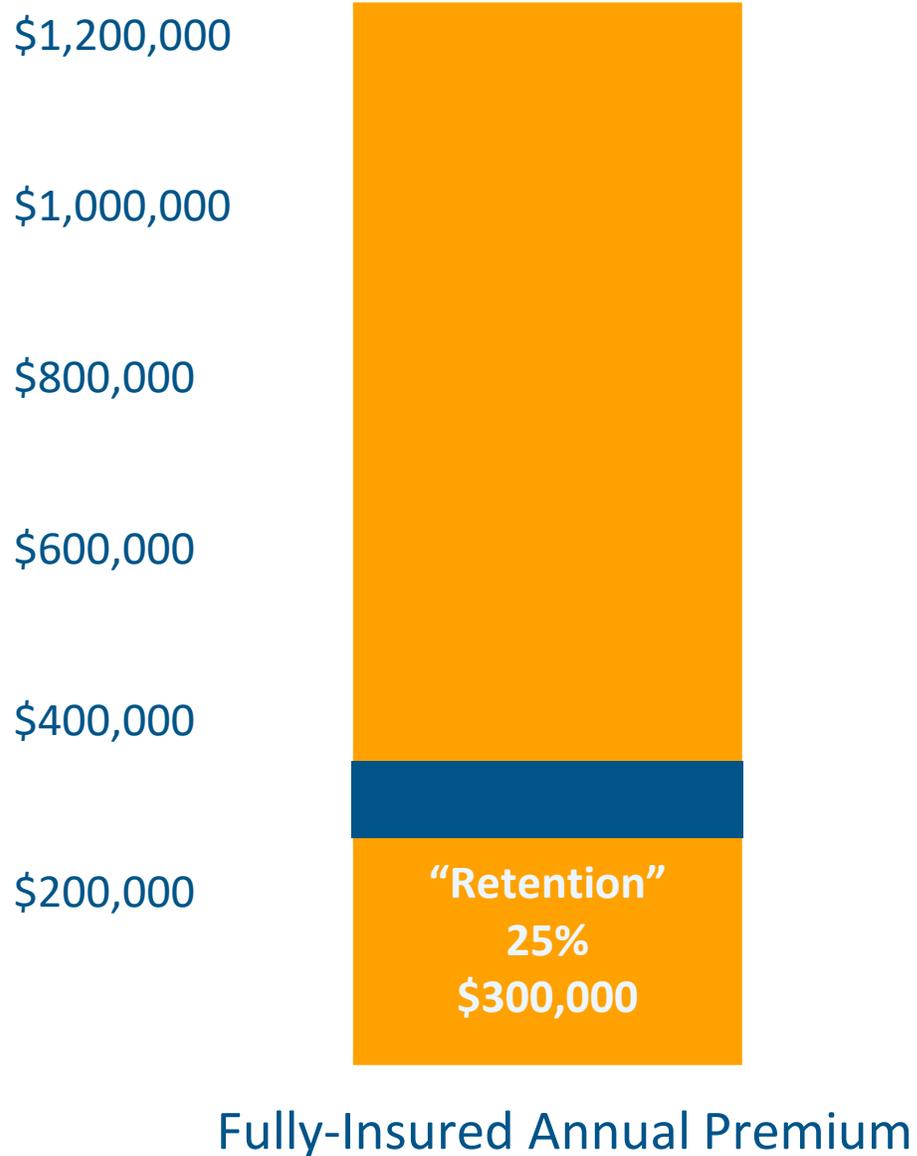


Fully-Insured Annual Premium

## Sample Group:

- 100 Enrolled Employees
- \$1,200,000 Annual Fully-Insured Premium

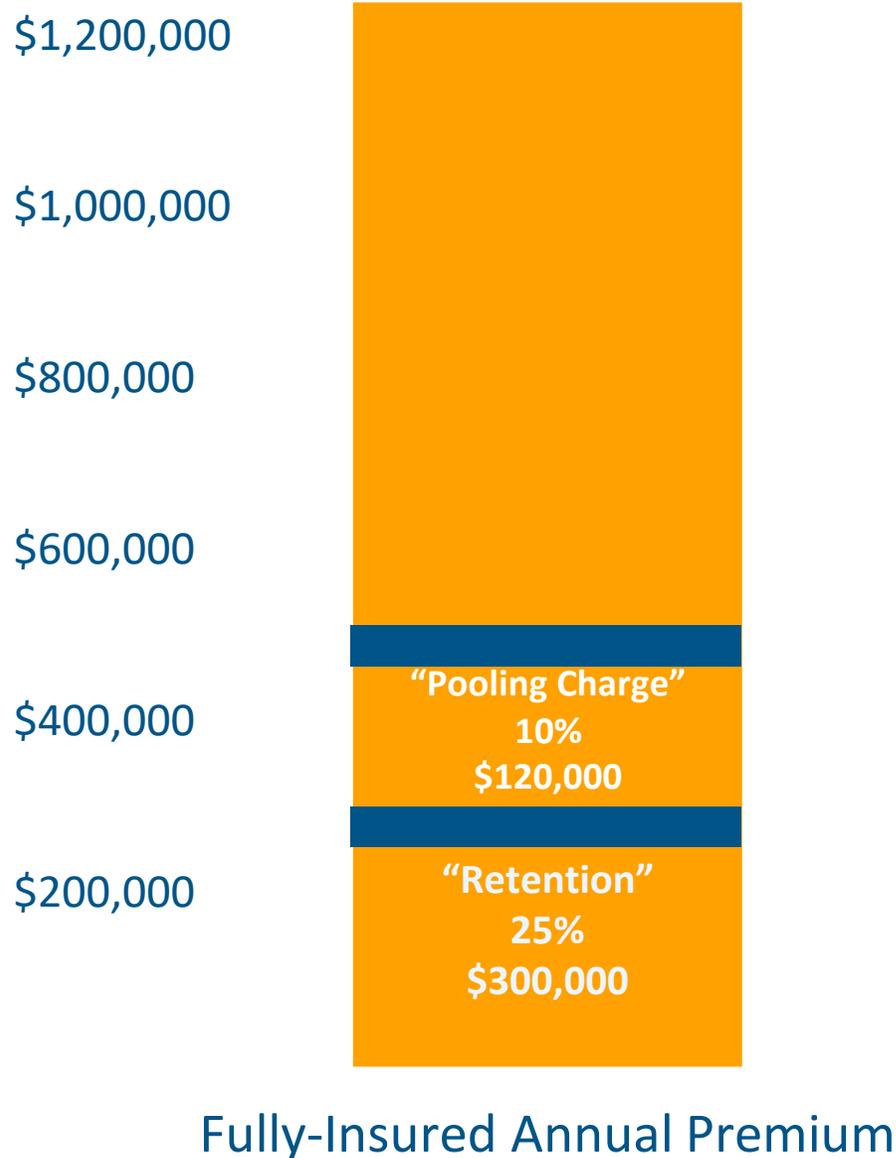
# FULLY-INSURED VS SELF-FUNDING



Sample Group:

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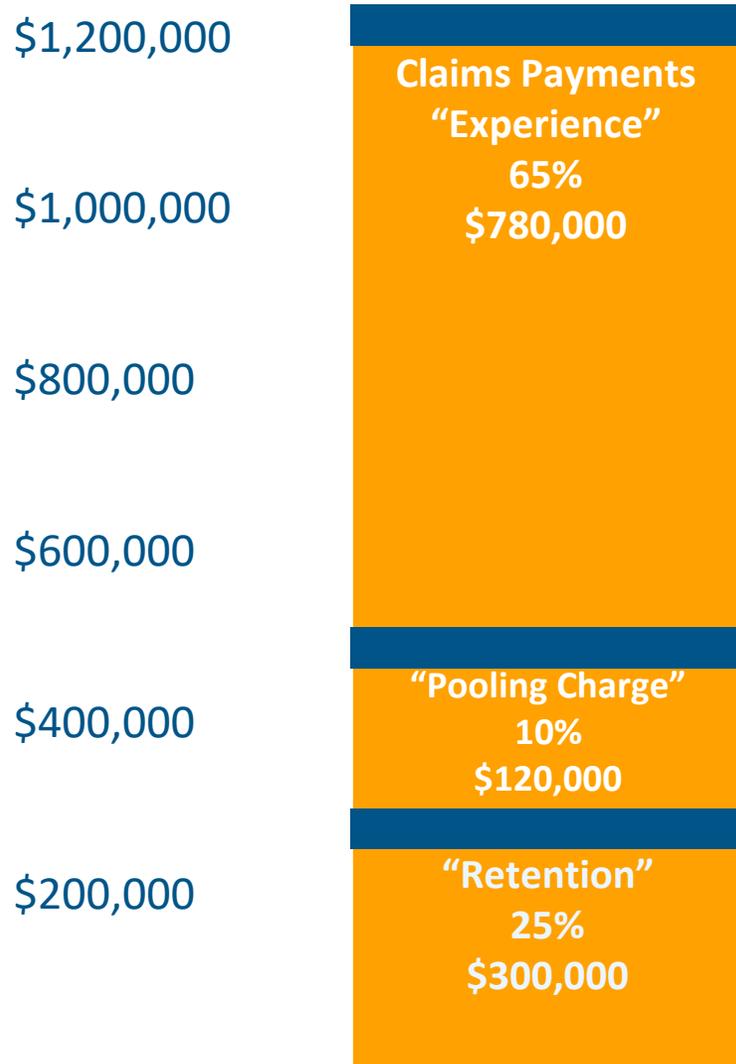
# FULLY-INSURED VS SELF-FUNDING



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# FULLY-INSURED VS SELF-FUNDING



Fully-Insured Annual Premium

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# FULLY-INSURED VS SELF-FUNDING

\$1,200,000

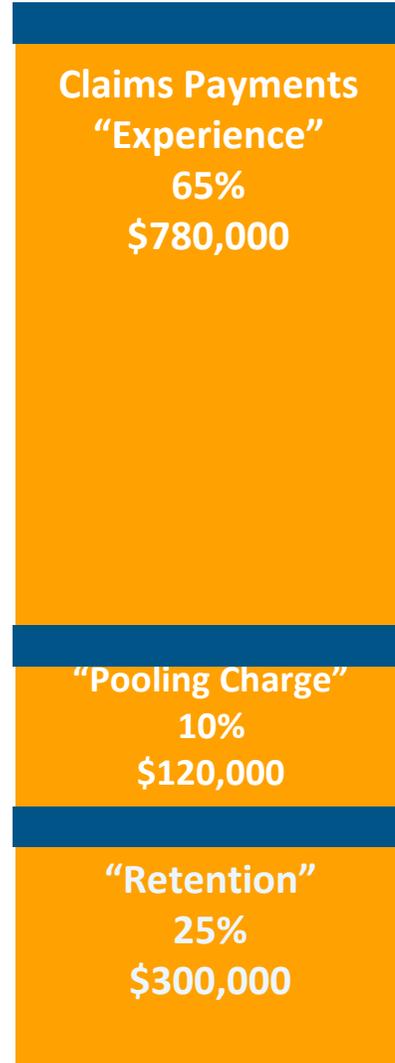
\$1,000,000

\$800,000

\$600,000

\$400,000

\$200,000

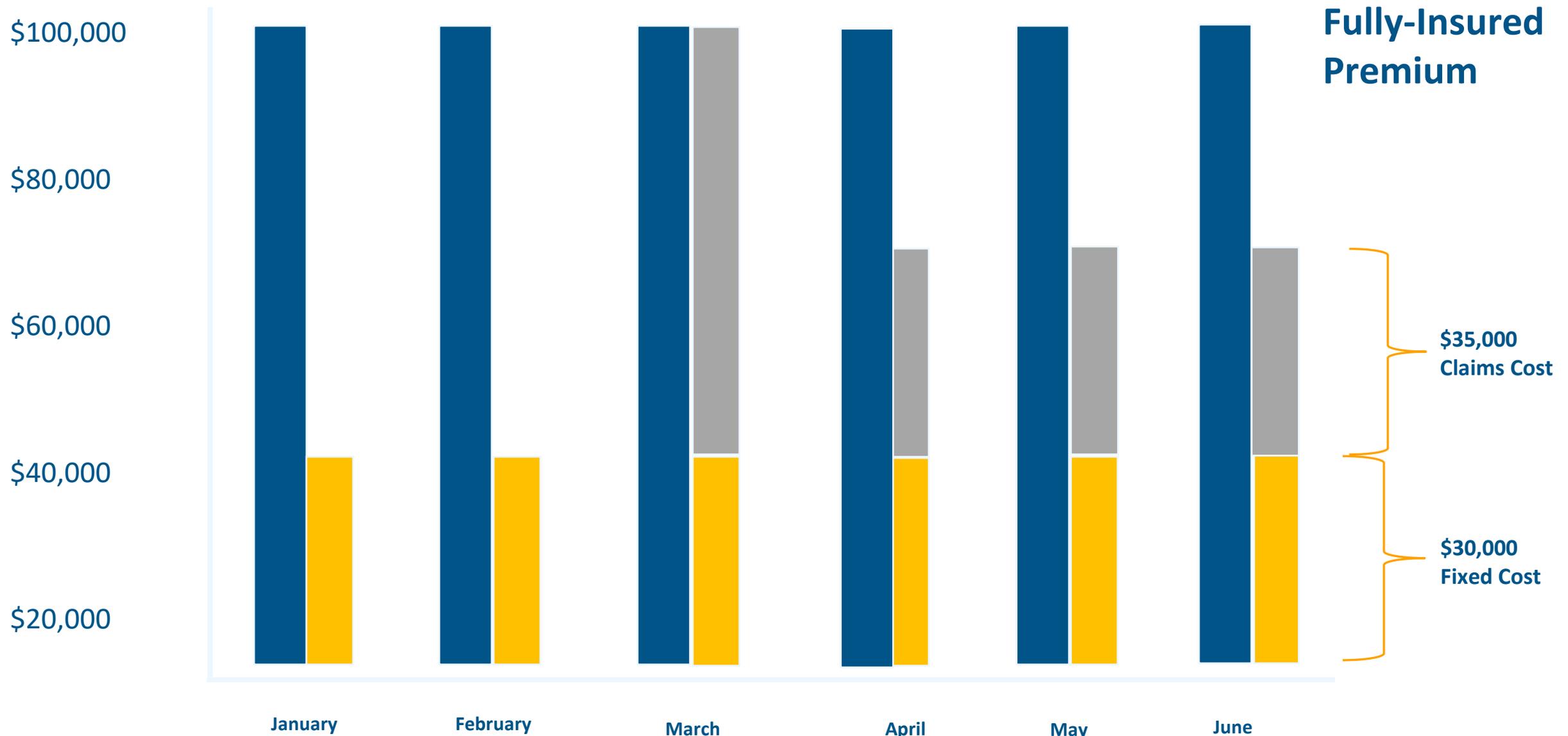


Fully-Insured Annual Premium

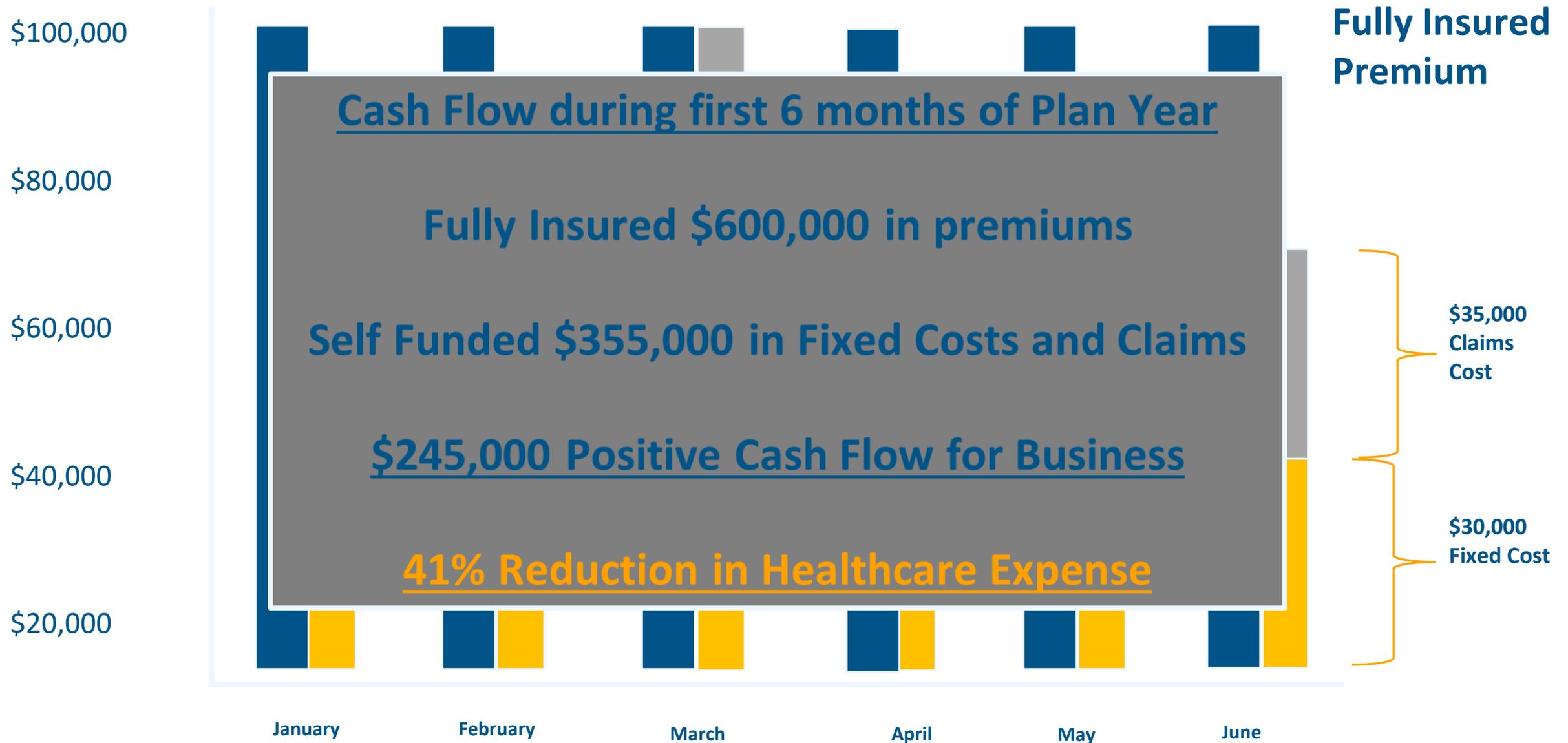


Self-Funded  
Total Plan Cost

# FULLY-INSURED VS SELF-FUNDING



# FULLY INSURED VS SELF FUNDING



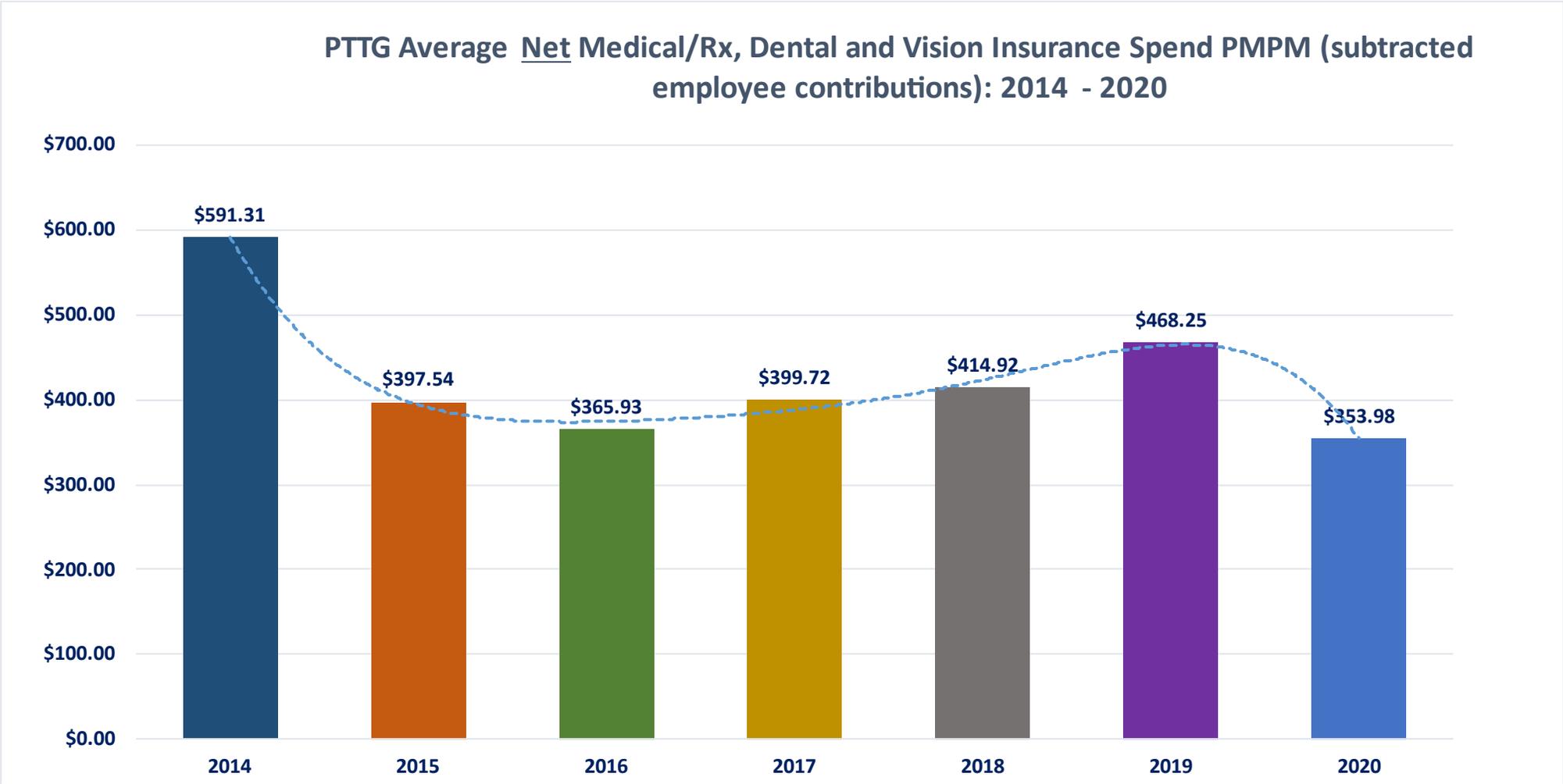
# THE PROOF

**PITTSBURG  
TANK & TOWER  
GROUP**



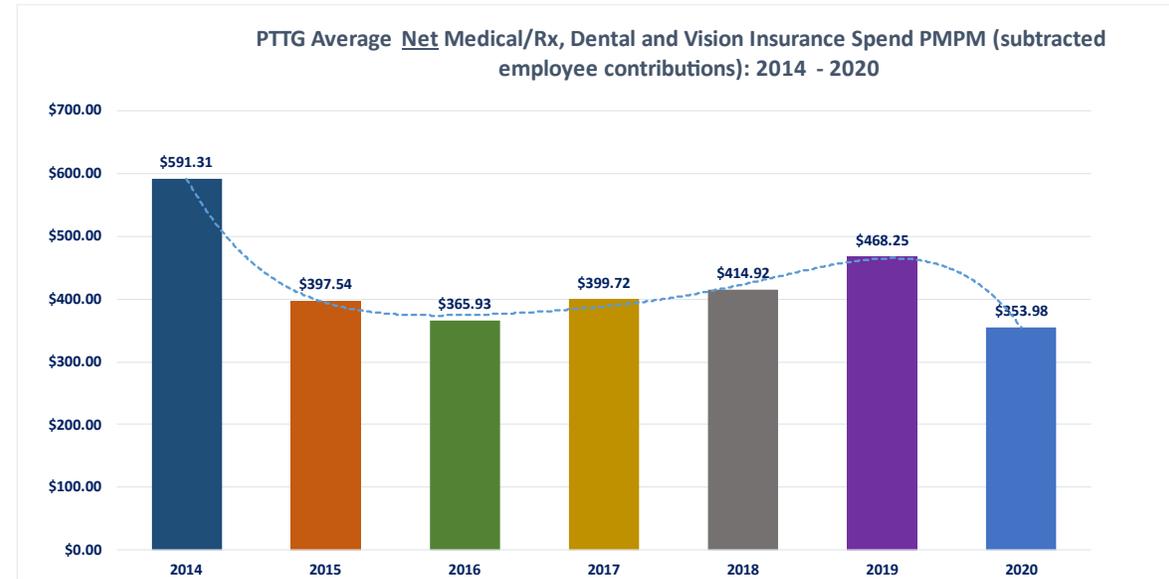
*"100 years and still climbing"*

# SAVINGS AND STRATEGIES TAKEN

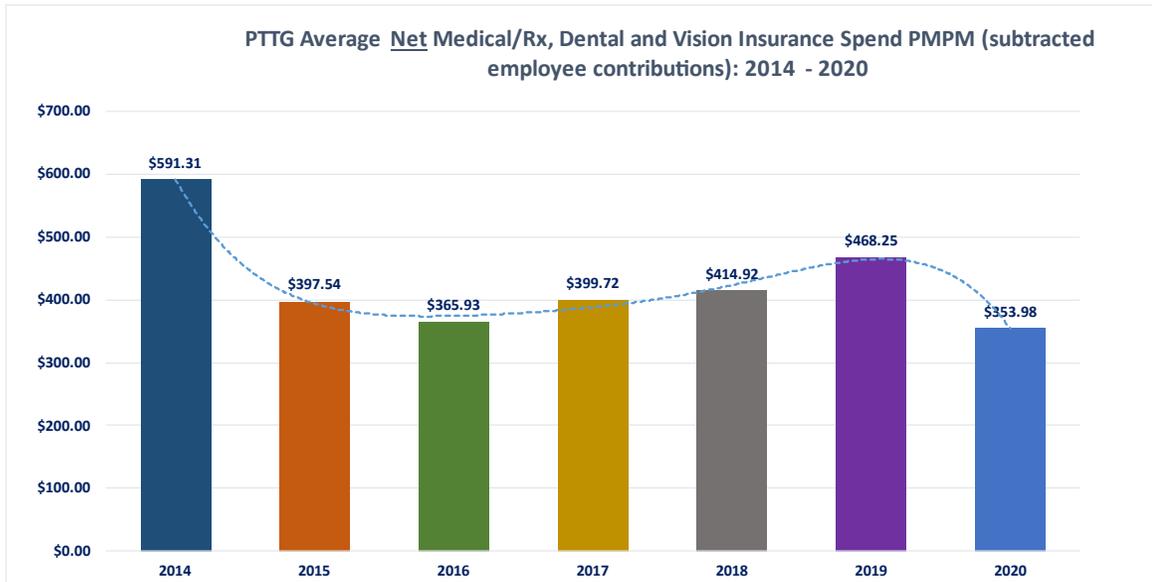


# SAVINGS AND STRATEGIES TAKEN

- ✓ **1/1/2015 - Switched from fully-insured plan to self-funded plan**
- ✓ **Administration and network remained the same (Anthem)**
- ✓ **2015 to 2018 - Pharmacy cost trend demonstrated 20%+ average cost increase year-over-year**
- ✓ **1/1/2019 - Self-funded status allowed us to carve out PBM**
  - ✓ **Used Cigna as the PBM for the year**
- ✓ **1/1/2021- Moved to more Transparency**

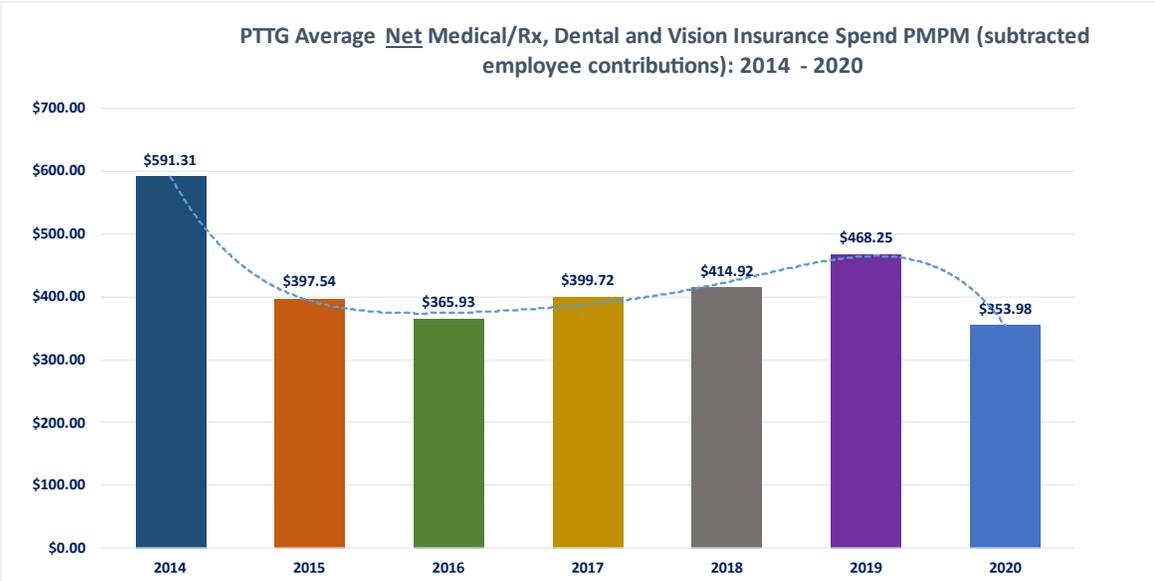


# SAVINGS AND STRATEGIES TAKEN



- ✓ Pharmacy costs stabilized according to the five-year trend
- ✓ \$940,000 actual spend whereas trend-based projections demonstrated a \$1.16M spend
- ✓ 1/1/2020 - Switched to EHIM PBM
- ✓ 2020 actual pharmacy spend: \$380,691
- ✓ \$559,309 or 60% decrease in costs from the prior year

# SAVINGS AND STRATEGIES TAKEN



- ✓ 2020 actual self-funded PMPM employer cost: \$353.98
- ✓ Lowest seen since going self-funded, despite inflation factors over a six-year period



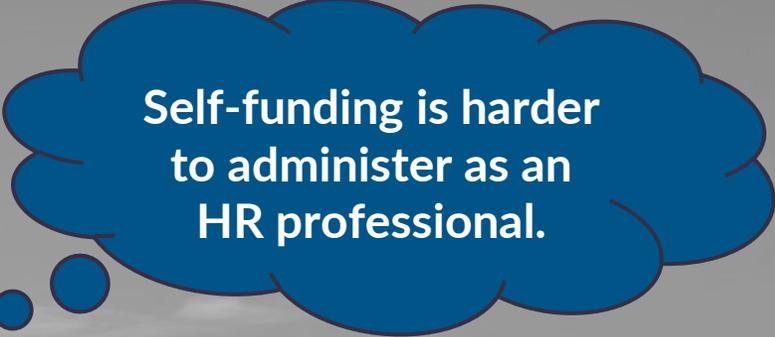
# MYTHS & TRUTHS

*Let's Chat ...*

# TOP MYTHS



Self-funding is only for large employers (500+ employees).



Self-funding is harder to administer as an HR professional.



It's too complicated for my employees to understand.



# TOP QUESTIONS EMPLOYERS SHOULD ASK ???



Please show me a comparison of the total claims vs the total premium paid over the last 3 years. Where did all the money go that wasn't spent on claims?



How much of it is fully-insured vs self-funded?



Do you make more money when we pay more premium?



Show me a company similar to mine that you've implemented what you're showing me. What is their contact info so I can call them? Has to be an actual client of the broker.

# TOP QUESTIONS EMPLOYERS SHOULD ASK ???



How do you price your services for your clients and why?



I had a million dollar plus ongoing claim for a drug called Strensiq. What would be your solution?



What do you think of aggregate specific stop-loss?



# *QUESTIONS?*

MY MOM SAYS THE ONLY STUPID QUESTION  
IS THE ONE NEVER ASKED



# *CALL to ACTION*

action is the key to all success

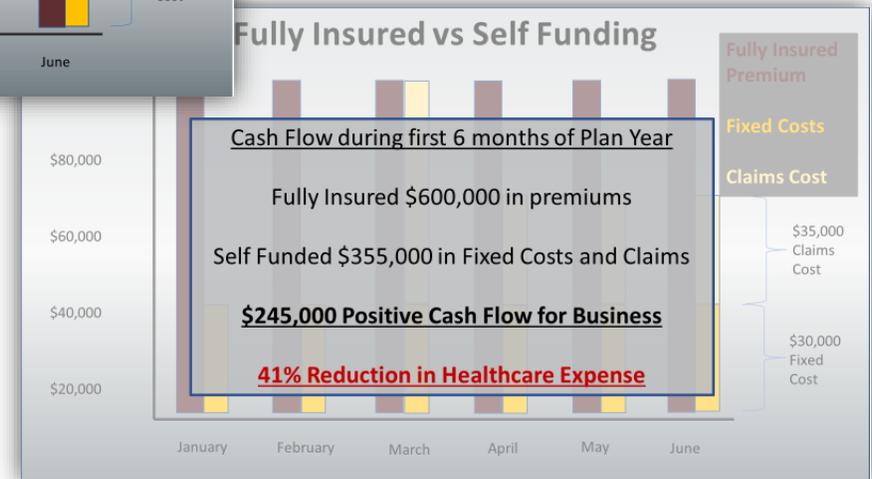
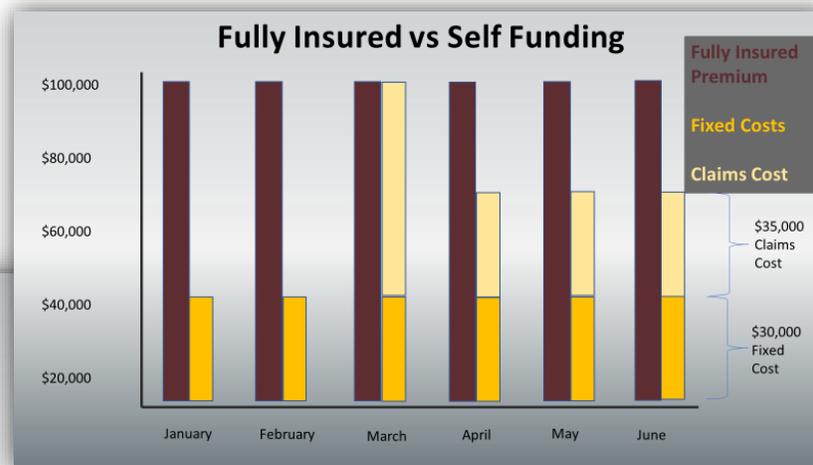
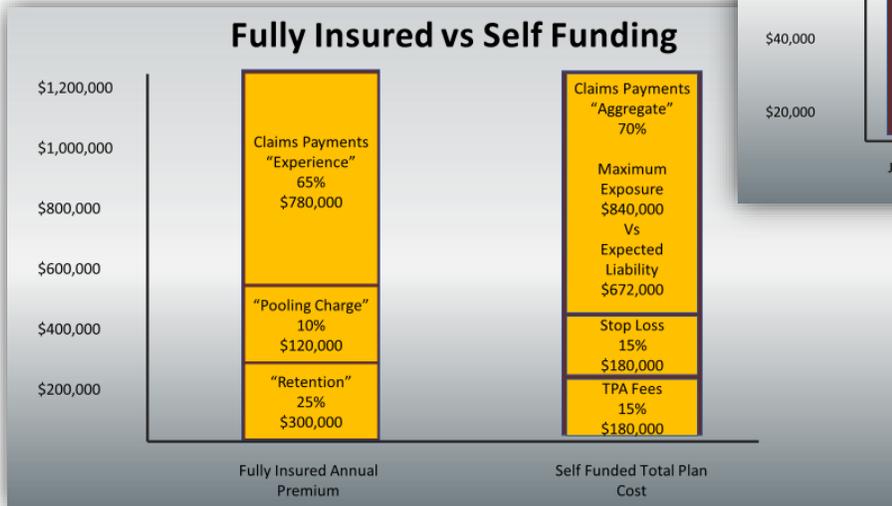
# TRANSPARENT HEALTH BENEFITS - CALL TO ACTION

Create Value,  
Add Clients

FI → SI Analysis

Numbers Don't Lie

EXCLUSIVE  
FOR YOU



You MUST be SELF-FUNDED

# TRANSPARENT HEALTH BENEFITS - CALL TO ACTION



Numbers Don't Lie

**EXCLUSIVE  
FOR YOU**

Create Value,  
Add Clients

**ACTUAL  
RESULTS**

**PLAN PRICING SUMMARY**

CATEGORY	CURRENT (Fully Insured)	RENEWAL (Fully Insured)	Cigna ASO (Self-Funded)	Independent TPA Cigna PPO Transparent PBM
THIRD-PARTY ADMINISTRATION	n/a	n/a	<b>\$239,857.92 total</b> \$141.76 pepm	<b>\$171,721.08 total</b> \$101.49 pepm
SPECIFIC STOP-LOSS	n/a	n/a	\$100,000 ded. \$190.11 pepm <b>\$322,596.72 ann.</b>	\$75,000 ded. \$242.72 pepm <b>\$410,689.32 ann.</b>
AGGREGATE STOP-LOSS	n/a	n/a	Att. Pnt. \$2,245,284 \$14.60 pepm <b>\$24,703.20 ann.</b>	Att. Pnt. \$1,575,947 \$10.87 pepm <b>\$18,392.04</b>
EXPECTED COST	n/a	n/a	\$2,383,385	\$2,176,749
MAXIMUM COST	\$2,634,156	\$2,686,797	\$2,832,442	\$2,570,736
POTENTIAL CHANGE (exp/max) \$\$\$	Current	2% ↑ <b>\$52,641</b>	7% ↓ <b>\$250,771</b> 10% ↑ <b>\$198,286</b>	17% ↓ <b>\$457,407</b> 2% ↓ <b>\$63,420</b>

A person in a dark suit is holding a glowing yellow lightbulb in their hands. The background is dark, and the lightbulb is the central focus, emitting a warm glow. The text is overlaid on this image.

# PARTING SHOTS

if you only do 1 thing...

# SELF-FUNDING: WHAT IS IT & IS IT RIGHT FOR YOU?



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*THB Stop Loss Consultant*

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# EXPERIENCE WITH SELF-FUNDING



**Dylan Phelps**

*Chief Wellness Officer*

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dphelps@pttg.com

**PITTSBURGH  
TANK & TOWER  
GROUP**   
Since 1919

*"100 years and still climbing"*

# STAY TUNED

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# STAY TUNED



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✓ **SAVE THE DATE**

- ✓ 11/16 = Next Employer Facing Webinar
- ✓ **Immediate Impact:** 3 strategies that breakdown Rx spending. The characteristics, questions, and expectations you should be asking to save \$\$\$ on Rx

# Thank You



CHANGE STARTS WITH YOU

