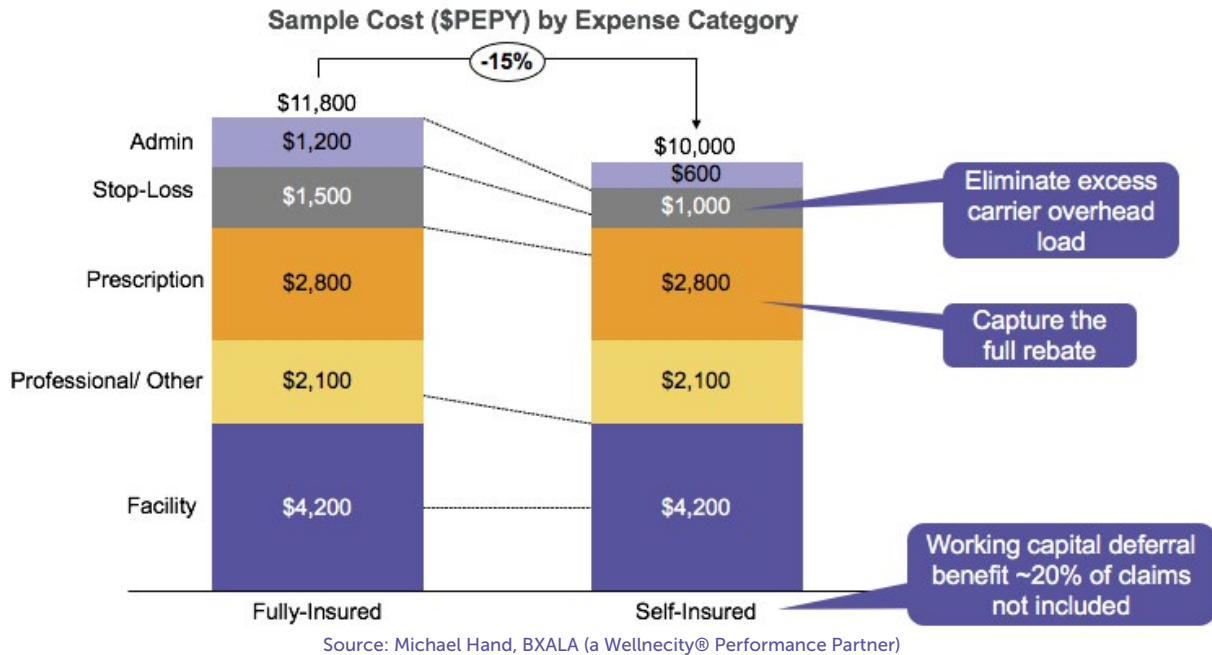


Selecting the Best Health Plan

Why Your Health Plan Should Shift to Self-Funding

Self-Funded vs. Fully Insured Health Plan Savings Potential



ISSUES

- Fully insured, 'traditional' health plans are an outdated and expensive way to provide employer groups with health coverage
- Fully insured plans lack transparency, quality metrics, and flexibility given their bundled nature
- Costs of fully insured plans are often inflated, especially for key cost centers, like pharmacy

SOLUTION

- Shift from a fully insured to a self-insured health plan and tailor the components to the needs of your firm with best-in-class solutions

IMPACT

- By shopping each component part, secure best-in-class solutions for network, administration, care management, and employee communication
- Realize savings of ~15% for similar or better levels of coverage/financial risk, network quality, and admin load
- Achieve cost and quality transparency

DEFINING THE SELF-INSURED HEALTH PLAN

In a traditional, fully insured health plan, the employer and employees pay premiums for coverage when healthcare services/charges occur. Thus, in a traditional plan, when a covered employee or dependent breaks an arm, the carrier controls payment for the claims to have it x-rayed, set, and other ancillary services. With a self-insured plan, the employer 'plan sponsor' pays claims on a 'pay as you go' basis and a series of fixed costs (e.g., administrative fees, stop-loss premiums for catastrophic cases, etc.) with employee off-sets through deductibles, co-pays, and co-insurance. Self-insurance is common, especially in larger firms, with 61% of firms in the U.S. offering self-funded plans and 84% of workers in large firms enrolled in such plans. The benefits of self-funded plans are as applicable to firms with 500+ employees as they are to larger firms.

BENEFITS OF MOVING TO SELF-INSURED

Key benefits of moving to a self-insured plan are performance, savings, and transparency. A self-insured plan can improve performance by selecting best-in-class, third-party administrator for medical claims (TPA), pharmacy benefits manager (PBM), and innovative solutions such as a center of excellence for complex conditions/procedures. Savings of ~15% are generated by eliminating excess carrier overhead in the form of administrative fees and capturing full rebates via the PBM, as well as working capital deferral benefits. Lastly, gaining transparency means that costs and quality are more easily measured, and what is measured can be managed.

ACTIVE MANAGEMENT WITHOUT EXTRA WORKLOAD

Ok, so there are benefits, but isn't it a lot more work? The short answer is 'no', especially with Wellnecity® managing and integrating the component parts. Our experience shows that the ongoing client workload associated with self-insured health benefits is no different than that of higher-cost, fully insured plans. In addition to the savings achieved from switching, clients can more than double their savings from on-going active plan management. With access to claims data and additional innovative programs, self-insured Wellnecity® clients often generate an incremental 20% in savings on their health plan spend while also gaining access to higher-quality care for their members. A new definition of win, win: win on the transition to self-insured, and win on the additional benefits of active management.

Self-insuring results in material value for employers. We are continually surprised to find mid-size firms that still have fully insured health plans given their size and the value potential from moving to a self-insured plan. Firms with 500+ employees (and in some cases even less) can drive substantial increases in transparency, flexibility, and savings.

Contact us today to help your health plan reach peak performance

Wellnecity®