



WORKING WITH YOUR CAPTIVE STOP LOSS CARRIER TO CONTROL COSTS

Benefit Advisors Network: March 13th, 2019

TRADITIONAL STOP LOSS FUNDING

RISK TAKING

Average employer has 825 employees on plan, will self-insure \$168,000 of claims per member, per policy period (mode \$100K)*

Savings Opportunity with good experience in their expected claims account.

RISK SHIFTING

For claims above \$168,000 and 125% of expected, reinsurance is purchased.

Industry Stop Loss Ratio in 75% range.
Very profitable for Stop Loss carriers.
Stop Loss carriers have much larger profit margins than the Fully Insured carriers.



THE DIFFERENCE FOR THE MID-MARKET EMPLOYERS

GROUP CAPTIVE

Approx. **15%** fixed
cost (full control)

Employer retains
profits on 80-85%
of claim spend

TRADITIONAL STOP LOSS

Approx. **40%** fixed
cost (some control)

Employer assumes
100% of claims volatility

FULLY INSURED

100% fixed cost
(no control)

Insurance company
keeps all profits

Meet the Captive Employer

“My insurance carrier doesn’t give me claims data. We have no visibility into where our money is going.”

85% Variable Cost

Specific Deductible
\$35,000

At least 2 Members of the C-Suite engaged in the healthcare plan.

110 Employees on the plan

“Health benefits is one of my top 3 expenses. We cannot afford to keep doing the same things.”



HOW CAPTIVE FUNDING WORKS

Risk Taking

Each employer will self-insure at least \$10,000 of claims per member, per policy period.

SAVINGS OPPORTUNITY

For claims between \$10,000 and \$500,000, employers POOL stop loss premiums and claims.

UNDERWRITING DISTRIBUTION

For claims above \$500,000 and 125% of expected, reinsurance is purchased.

Risk Sharing

Risk Shifting



UNDERSTANDING RISK SHARING

ABC, Inc.
\$1.2M premium

MNO Co.
\$1M premium

EFG LLP
\$1.75M premium

ANNUAL RECONCILIATION:

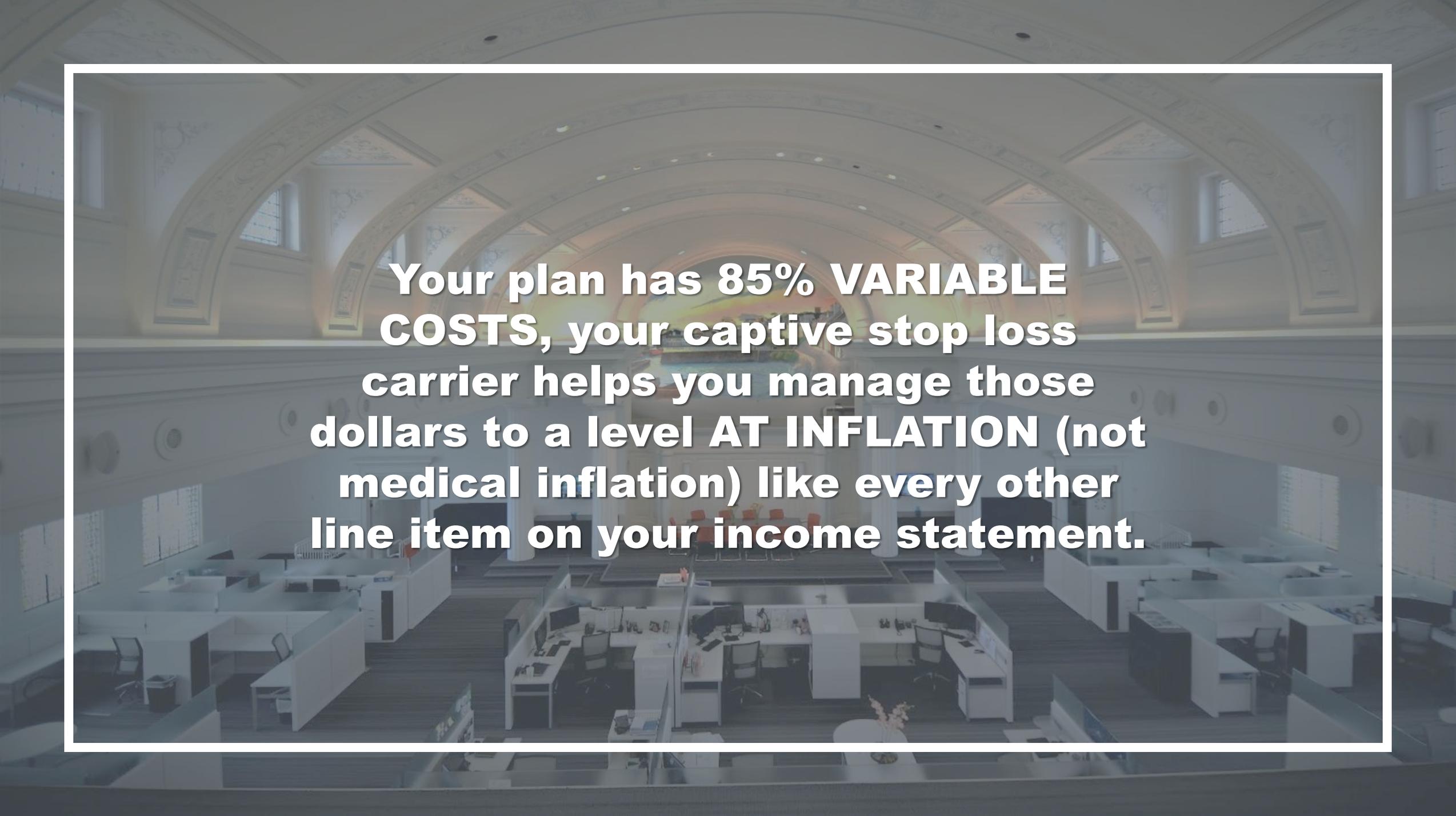
\$7.5MM premium*
\$6.3MM claims
\$1.2MM distribution

*\$7.5 Million is used to fund ANY claims between \$30,000 and \$500,000 regardless of which plan sponsor incurs that claim.

XYC Corp
\$1.65M premium

123 Corp
\$1.15M premium

XYZ, Inc.
\$0.75M premium

The background image shows a vast, multi-level office building with a grand, vaulted ceiling. The space is filled with rows of cubicles, each equipped with desks, computers, and office chairs. The architecture is classical, with decorative arches and columns. The lighting is bright, highlighting the intricate details of the ceiling and the organized layout of the workspace.

Your plan has 85% VARIABLE COSTS, your captive stop loss carrier helps you manage those dollars to a level AT INFLATION (not medical inflation) like every other line item on your income statement.

LASERS: TRADITIONAL vs. CAPTIVE STOP LOSS



Traditional

- 11% of Employers have one individual lasered
- The average laser amount is \$286,000 per individual



Captive

- 8% of Employers have one individual lasered
- The average laser amount is \$158,000 per individual
- 32.5% of potential laser amount is actually paid

TRADITIONAL (SUBSIDIARY) vs. INDEPENDENT CAPTIVE



Traditional: Subsidiary

- Pharmacy Benefit Manager
- Utilization Management
- Center of Excellence
- Wellness



Captive: Independent

- PBM, UM, COE, Wellness
- Best-in-class
- Return on Investment

MONTHLY CAPTIVE COST CONTAINMENT

Mode: PROACTIVE

Claims electronically fed into Data Analytics engine and Scrubbed for...

- Trigger Diagnosis
- Prescriptions
- 50% report

Captive Manager will issue a Cost Containment Report with the following:

- Analysis of Situation
- Solutions
- Recommendation on Course of Action
- Financial Impact

ANNUAL CAPTIVE COST CONTAINMENT

Mode: PROACTIVE & REACTIVE

Claims electronically fed into Data Analytics engine and Scrubbed for...

- Trigger Diagnosis
- Prescriptions
- 50% report
- Trend Analysis
- Benchmarking

Inception to Date, Data, & Plan Document reviewed by Underwriters, Nurses, the Cost Savings Investigators, and Plan Design Specialists

20/20 Financial Report & 2019 MCF

C.S.I. CATEGORIES: 150 LEVERS TO PULL

Independent Best-in-Class Vendors

Billing/Claims ♦ Biometric Screening ♦ Cancer Care ♦ Cash Payment ♦ Centers of Excellence ♦ Chronic Kidney Disease Care ♦ Diabetes Care ♦ Dialysis Networks ♦ Employee Assistance Program ♦ Family Services ♦ Financial Wellness ♦ Health Advocacy/Concierge ♦ Medical Tourism ♦ Musculoskeletal Care ♦ OON Negotiations ♦ Pharmacy Benefit Manager ♦ Reference Based Pricing ♦ Second Opinion ♦ Subrogation ♦ Surgery Options ♦ Telemedicine ♦ Third Party Administrators ♦ Transplant Networks ♦ Utilization Management ♦ Weight Management ♦ Wellness

COST SAVINGS INVESTIGATORS: SAMPLE REPORT

SITUATION: The Employer is interested in incorporating a Telemedicine option into the benefit plan design for additional cost savings opportunities.

SOLUTION: Telemedicine Service

Teledoc: (Industry standard with appeal to all ages in employer group) \$0 Consult fee, 24/7 access, and guarantee call backs within an hour if a consult was not completed 95% Employee Satisfaction and Teledoc uses a program to identify members who can save money. Provides HR support via campaign literature and marketing materials to increase utilization.

COST TYPE: PEPM COST: \$6.25 UTILIZATION %: 15%

PSC Technology: (Flexible and innovative with appeal to younger group) Unlimited, 24/7 medical care via mobile app for every member of the household PSC engagement campaign can result in utilization for smaller groups that can exceed 80%. Provides Telehealth services for 139 illnesses in comparison to 64 by other telehealth vendors

COST TYPE: PEPM COST: \$6.00 UTILIZATION %: 24%

Freshbenies: (combination of multiple services including Concierge and Telehealth) Utilization is 71% across their core services via phone, online portal, and mobile app. Their utilization can be attributed to a customer relationship score that is on par with Apple and Amazon has add-on savings pack which includes Rx, Dental, Vision, Chiropractic, Radiology, and other savings.

COST TYPE: PEPM COST: \$12.00 UTILIZATION %: 71%

IMPACT: By utilizing a Telemedicine service, the employer has the potential to realize additional savings by having employees utilize the service instead of going to primary care physicians or urgent care centers for non-emergent medical conditions. Furthermore, this service will also reduce absenteeism through the ability to call a physician instead of having to physical go to the care facility.

COST SAVINGS INVESTIGATORS: SUCCESS STORY

Dialysis: Repricing

Situation

An employee of a manufacturing company was receiving weekly dialysis treatments and the associated claims exceeded the specific deductible set for the employer group. Given the high cost of the claims, our CSI team was advised of the situation to determine if better pricing was available.

Solution

As Medicare is the primary payer for approximately 75% of all dialysis patients, providers typically charge very high rates to commercial health plan providers to compensate for lower Medicare reimbursement rates. This, coupled with the consolidation of dialysis providers, has created a cost environment that is exceptionally challenging for group health plans. Our CSI expert worked with the employer, their third-party administrator and a dialysis cost containment provider to remedy the inflated charges while ensuring no disruption to the employee's treatments.

Outcome

With an updated plan document that now includes a dialysis repricing solution, the employer was able to save **\$360,000** annually.

SAMPLE 20/20 REPORT



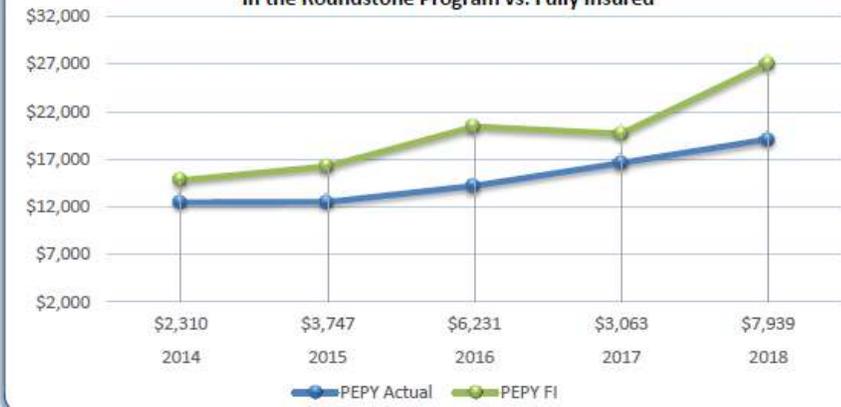
Roundstone Medical Captive Program Savings

\$2,911,202



**Sample Company
saved \$2,911,202
compared to fully
insured**

Savings Generated PEPPY in the Roundstone Program vs. Fully Insured





2019 MEDICAL CAPTIVE FORUM

The Roundstone Medical Captive Forum (MCF) is dedicated to educating employers on how to implement health insurance cost saving strategies just like Fortune 500 companies. Taking the stage will be the cost containment industry's leading innovators and solution providers who will deliver turnkey strategies that can be readily implemented.

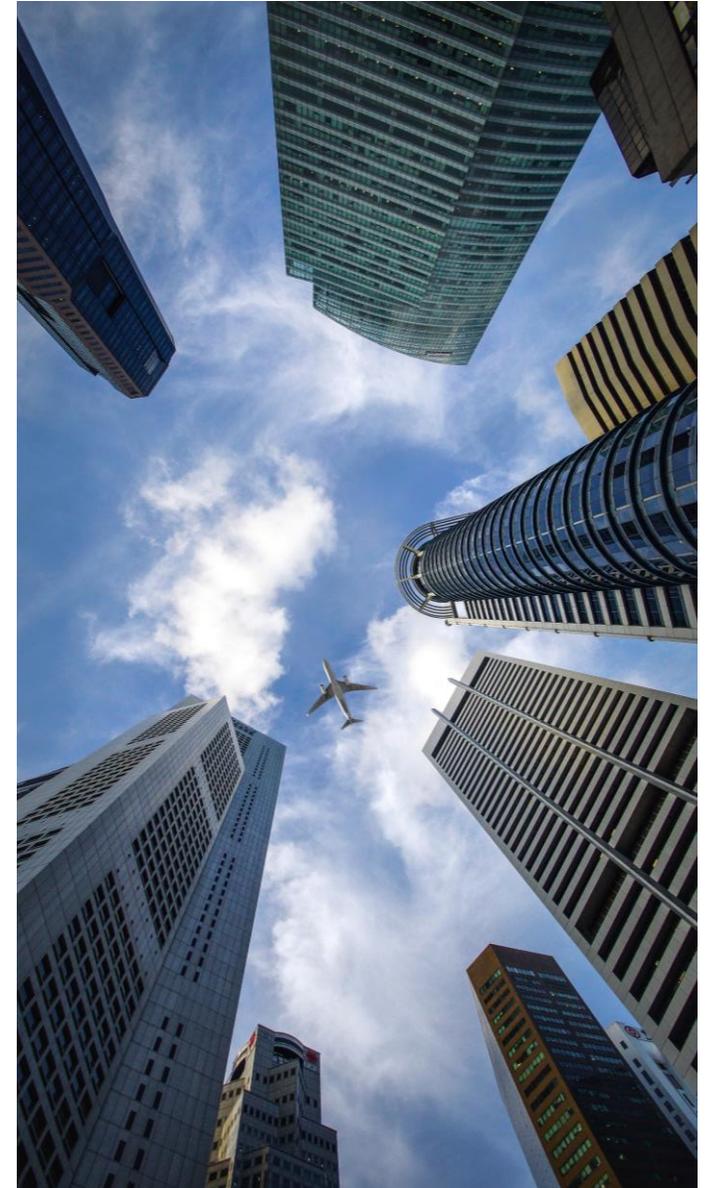
BUY LIKE A FORTUNE 500

98% of employers with more than **1,000** employees self-fund using a traditional **ERISA** plan.

Large employers manage their health benefits spend to **inflation levels**, not medical trend which can be **3-4 times** inflation.

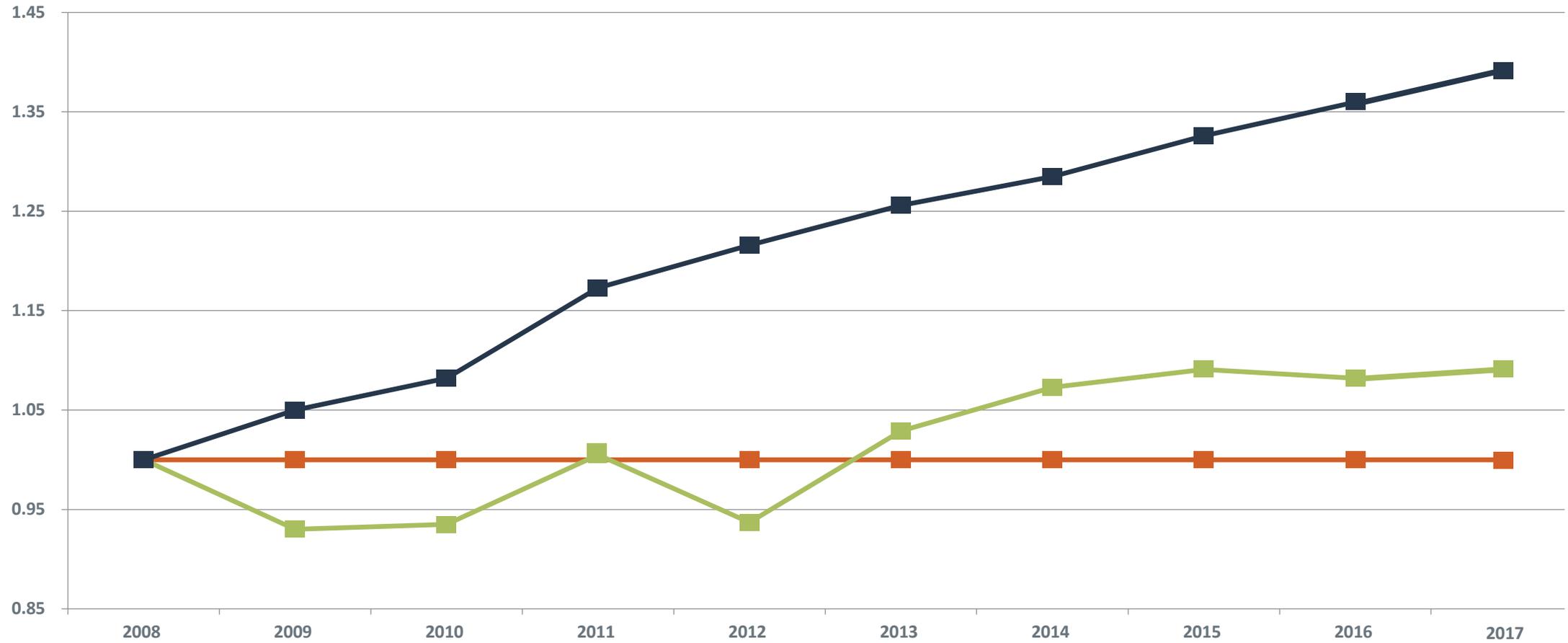
Best in class **provider networks**, carve-out PBMs, specialized centers of excellence, and population management tools are used to **control costs**.

The **captive** enables the same results for middle market employers.



THE ROUNDSTONE TREND

MEDICAL TREND --- **ROUNDSTONE CAPTIVE** --- **2017 ACTUAL**



Meet Roundstone

Founded in 2003

Our **mission** is to create and manage turnkey insurance solutions which are transparent, flexible and cost-effective, delivered in partnership with our clients and their trusted advisors.

30+

Number of private and public captives

Total healthcare spend covered
\$600,000,000+

Average distribution to captive participants

6.2%

300+

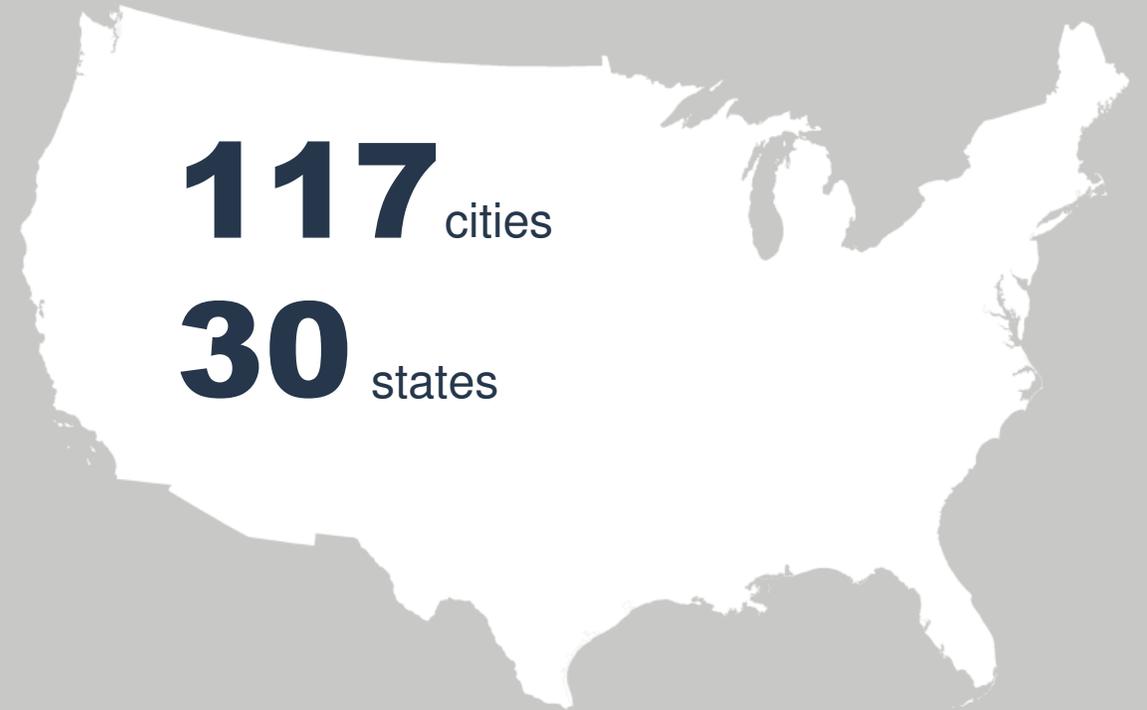
Number of employers

117 cities

30 states

Number of lives covered

62,500+



Approved in all **50** states.

CONTACT ROUNDSTONE



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Thank you.