

Press Release

New Regional Health Insurance Group Captive to Form

Captive Enables Small-Mid Market Employers to More Effectively Self-Insure

Kalamazoo, MI May 1, 2014: Employers with at least 25 employees will now be able to more effectively self-insure their group health insurance under the umbrella of a locally-forming captive. Synergy Health Strategies, L.L.C. is partnering with nationally recognized Roundstone Management, Ltd. of Ohio to manage the group captive. The inclusion of locally provided and robust wellness, disease and case management components, coupled with utilization of participant health data, adds to the captive's ability to better predict and control health care costs.

The Affordable Care Act has prompted many companies in this target market of 50-300 employees to search for alternative means of providing health benefits. Self-insurance allows for greater transparency, flexibility, and control as companies are able to tailor their plans to fit their needs and pay only for actual costs incurred. The captive adds greater risk diversification across a larger pool and the opportunity for an annual return of a portion of the stop-loss premium not otherwise available under traditional self-insurance.

Deb Buchholtz, the driving force behind forming the captive and founder of Synergy Health Strategies, L.L.C., selected Roundstone as the captive manager because "Roundstone has the longest track record of managing group captives in the nation, and has done so very successfully, returning approximately 20% annually to their member companies."

Captives have been utilized by larger U.S. companies for decades to self-insure against multiple risks, but their use for health insurance by mid-sized employers is a relatively new phenomenon. According to Roundstone's David Konrad, "While we've been managing a very successful health insurance captive for 10 years, it wasn't until the last two that interest has soared. We're seeing many companies take advantage of the increased control, transparency, risk sharing, and returns offered by a group captive."

Roundstone's group captive model uses over half of the typical specific stop-loss premium to fund a "captive layer" shared among all members. This added layer of risk protection helps to even out the ups and downs of any one employer and provides greater risk diversification through the larger pool.

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Because each employer is rated and charged accordingly for their individual expected health care expenditures and risks, the “free rider” problem often found in other group plans is avoided. “Employers are rewarded for their individual performance through lower stop loss premiums, and benefit from the group’s performance as any excess remaining in the captive layer at the conclusion of the benefit year is returned to the members,” says Konrad.

Both company and group performance is enhanced through locally provided, face-to-face coaching and other programming tailored to individual employees and companies. According to Buchholtz, “While any captive requires ‘risk mitigation’ through wellness-type programs, a real limitation is the inferior, impersonal programs offered through national companies. Our outcomes-based worksite wellbeing programs will improve employee health and engagement through positive, motivating, and supportive individual and group components that foster personal responsibility through the provision of incentives, information and interventions.” “What’s more,” she adds, “we’ll have unprecedented integration of and availability to data and various program features (including EAP, tele-medicine, coaching, and more) to focus our efforts most effectively.”

In sum, Buchholtz says her goal in creating the health insurance group captive is twofold. “I want to help area businesses be more competitive, and to enable small and mid-sized employers a strong return on investment for best practice health and wellbeing programs.” She adds, “This group captive not only benefits the individual company members through reduced costs and increased productivity, job satisfaction, and morale, but it helps make our entire region more competitive.”

Interested employers are invited to attend a presentation on the captive and its components led by Konrad and Buchholtz on Thursday, May 8 at 7:30AM at Martell’s Restaurant. Required RSVP to deb@synergyhealthstrategies.com or (269) 567-0866 to ensure adequate seating. For more information, go to www.synergyhealthstrategies.com.

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