



*An Article by  
Roundstone*



# **A Cash Flow Solution You Might Not Have Thought Of**

**Written by Roundstone Mgmt.**



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Many businesses are focused on cash flow right now. There are numerous options for loans, including the Payroll Protection Program (PPP loan) from the government, which is obviously receiving a great deal of attention. What if there was another way to improve cash flow without jumping through hoops to apply?

A group self-funded health benefits program can provide significant cash flow benefits in as few as 30 days. Would that give your business some relief? Would it allow you to retain resources and continue to provide great service to your customers?

Self-funded health benefits provide **two short-term cash flow advantages**:

1. During your first couple of months of self-funding, claims costs are always extremely low. This is caused by the time lag between when a claim is incurred to when the claim is actually presented to you for payment. In a self-insured program, **this translates to cash right now, when you need it most.**
2. Because many individuals are avoiding doctor's offices and hospitals, we're seeing a significant reduction in costs right now. Big insurance companies will treat these savings as profit (they're actually talking about raising rates). In a self-insured program, **if your employees use fewer healthcare services, you spend less and retain the savings.**

Right now, traditional insurance companies have all the power- **and the cash**- while hospitals and employers suffer. Would it surprise you to find out that as a result of decreased procedures, surgeries, and tests at hospital systems from COVID-19, fully-insured health insurance carriers are actually retaining large amounts in premium? Check out this video as Dr. Bricker from AHealthcareZ.com walks through the calculations step by step to arrive at an excess of \$9.5 Billion in premiums from an estimated 30% drop in medical claims.

What if those fully insured carriers were also talking about raising rates by as much as 40%? We're looking at the data, and we think that's absolutely backwards. Similar to Dr. Bricker's estimates, we are seeing a 30%



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reduction in costs. And with Roundstone, when costs are lowered, your business sees an immediate cashflow benefit.

According to the [EBN](#), ([BenefitsNews.com](#)) the trend toward self-funded health plans continues, and improved cash flow is one of the biggest reasons employers are making the switch. Unlike traditional health insurance plans that require employers to pre-pay for potential claims through monthly premiums, a self-funded health insurance policy provides businesses with more flexibility. As employers are only required to pay claims as services are rendered, they have more control over their cash flow.

What do you know about the costs of a self-funded health benefit plan? It might surprise you to find out that a self-funded health benefit plan can mean less expensive coverage for employees and employers. When coupling a self-funded health benefit plan with stop-loss insurance, employers of all sizes have access to an affordable way to offer desirable health benefits to employees through lower employee contributions. So, employees are happy because they're saving money. And employers are happy, because they're offering more coverage to more employees.

So, you will have more cash flow now, when you need it most. You'll also have happy employees and, in the long run, most of our customers save 20%.

If you have a July 1 open enrollment, don't accept another huge rate increase. 61% of covered workers are now enrolled in self-funded plans. It's a better alternative that puts businesses back in control of this top line-item expense.