

RU Masterclass for Advisors

Title of Webinar: Overcoming Objections to Self-Funding Health Insurance

Q: You gave an example of the captive deductible at 500K and the client ISL of 25K - that ISL seems pretty low unless it is a small group of around 50 lives. Why is that ISL example so low, as it seems to yield very high fixed costs?

A: We chose 25k because it is on the lower end of the specific deductibles we typically quote. We certainly have many clients with 25k specs that are under 50 enrolled, but fortunately the captive premium being a variable cost helps reduce the overall fixed expenses in the program. The level of the specific deductible is chosen by the employer with consultation from its advisor. Our average specific deductible is \$40k.

Q: Are there administrative differences for the employer coming from a PEO to self-funding?

A: Anytime a group leaves a PEO for another health insurance program, there is going to be some differences as to what they are used to in the PEO. We find that many of our clients that leave a PEO for the captive enjoy the ability to realize greater control over their health plan. They also enjoy the data and insight the Roundstone program delivers.

Q: How do you provide competitive quotes when no claims experience or large claim information is available?

A: Over 80% of our new clients each year come from a fully insured environment, and many are under 100 enrolled with no claims information. In these cases, we rely on our manuals and other underwriting AI tools to properly gauge the risk.

Q: How soon can we obtain quotes for a 1/1 renewal?

A: We can begin quoting 1/1's now.

Q: Does an NNL adversely impact the captive layer?

A: Yes, it certainly does. Generally, it means that captive distributions are non-existent and fixed cost will increase for clients.

Q: How does this program account for the push towards preventative care?

It's cheaper to address problems proactively before they balloon into bigger and usually more expensive issues that could be critical to a patient's health. If a patient can't afford insulin, for example, the employer could consider taking on this cost to avoid the patient going into the hospital and incurring an even greater expense. Roundstone advocates employers manage their health plan with a long terms perspective.

Encouraging preventative care in the long run is healthier for the patient and also less expensive for the employer. Roundstone strongly encourages employers embrace preventative care to save money over the long term.

Q: How do you address Gene Therapy and how it can affect the Captive?

A: Regarding Gene Therapy, the captive's retention layer is 500k so the captive is protected in some regards. Most of our efforts revolve in the excess reinsurance markets to better manage the cost. Roundstone's plans can exclude Gene Therapy and we provide a discount for doing so, but groups are free to include it if they choose.

Q: How do you address the objection that there is a lack of flexibility in a long-term self-funding strategy?

A: In actuality, employers lack flexibility when they're fully insured. Advisors have few options when it comes to health plans and pharmacy costs. But under a self-funded plan, employers can leverage partners and cost containment strategies to adjust the plan when needed, based on how the plan is performing and what the data is telling them. Self-funding actually provides flexibility compared to being fixed into a 12 month fully insured contract where service provider solutions are outside the control of the employer.

Q: What are some cost containment strategies to use if a group is running hot?

It depends on the data and what is running hot. We find the greatest cost saving opportunities are in prescription drug costs. Savings can be had, for example, by finding a PBM who imports certain drugs from Canada to limit costs, or exploring generic or biosimilar opportunities. Employers can also cover costs of generic prescription drugs to reduce hospitalizations. Mental health needs can be addressed through virtual doctor visits. Focusing on preventative care by introducing employee incentives for an annual physical or primary care visit can also reduce costs.

At Roundstone, we make cost containment simple and easy to implement. Our Cost Containment Team will evaluate your data and suggest effective cost saving strategies. Whether or not you implement these choices is up to you. We'll never force you to do anything.

Q: What training or resources can I access to ramp up my knowledge and understanding of self-funded insurance with a captive solution?

A: Roundstone University is a great tool to get started! <https://roundstoneuniversity.org/>
