



2024 MEDICAL CAPTIVE FORUM | MAY 1ST & 2ND | NEW ORLEANS, LA

# THE BIG EASY APPROACH TO BENEFITS

Quality, Affordable Healthcare Made Simple





# Understanding the Finances in a Captive



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Founder & President  
of Roundstone



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Chief Financial Officer  
at Roundstone



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President at Capital Group  
Benefits

*Breakout Session at the 2024 Medical Captive Forum*

# Today's Objectives

1

Funding Options

2

Long Term Strategy

3

Outcomes

# Your Funding Options

## FULLY INSURED

100% Fixed Costs

The insurance carrier keeps all the profits with zero reporting back to the employers.

**In other words...  
the traditional model.**

## LEVEL-FUNDING

~60% Fixed Costs

The employer assumes claims volatility AND the insurance company keeps some of the profits.

**In other words...  
dipping your toe in.**

## SELF-FUNDING

~40% Fixed Costs

The employer pays medical claims and buys stop loss insurance to protect against high-cost claims.

**In other words...  
you're on an island.**

# **Your Funding Options**

## **SELF-FUNDING WITH OUR GROUP MEDICAL CAPTIVE**

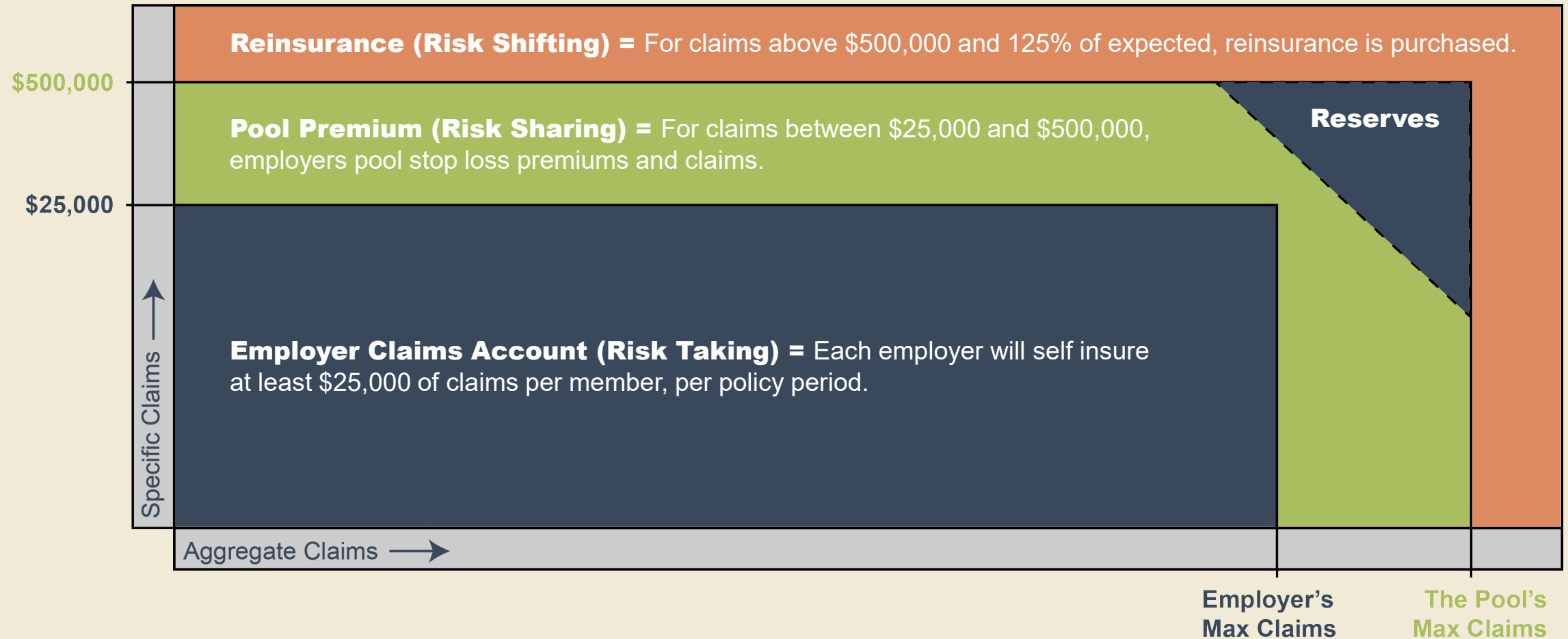
**15% Fixed Costs**

**A health insurance pool formed by companies to reduce the cost of their medical benefit spend where the employers gain information, control, savings, and quality.**

**In other words...**

**THE BETTER ALTERNATIVE!**

# How the Captive Works



# Where Does the Money Go?

**Reinsurance/Stop Loss**

**Administrative Costs**

- TPA Fees -

- Consultant Fees -

**15% OF TOTAL**

**FIXED**

**Pool Premium**

**Collateral**

**25% OF TOTAL**

**VARIABLE**

**Employer Claims Account**

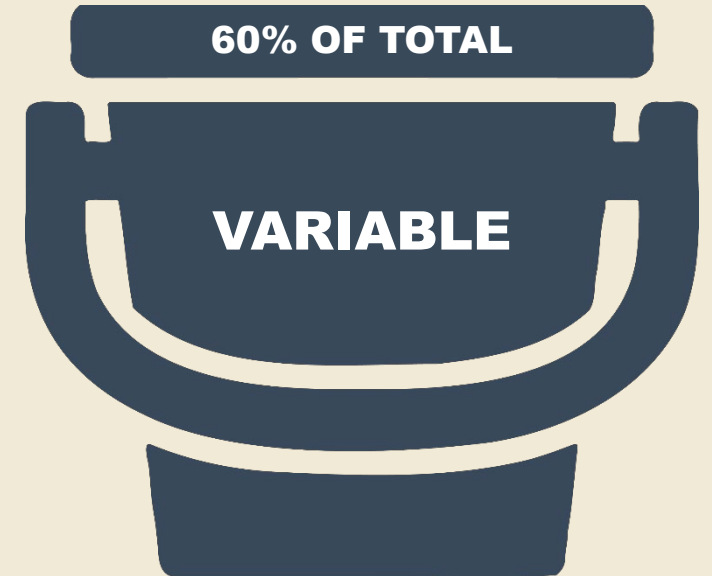
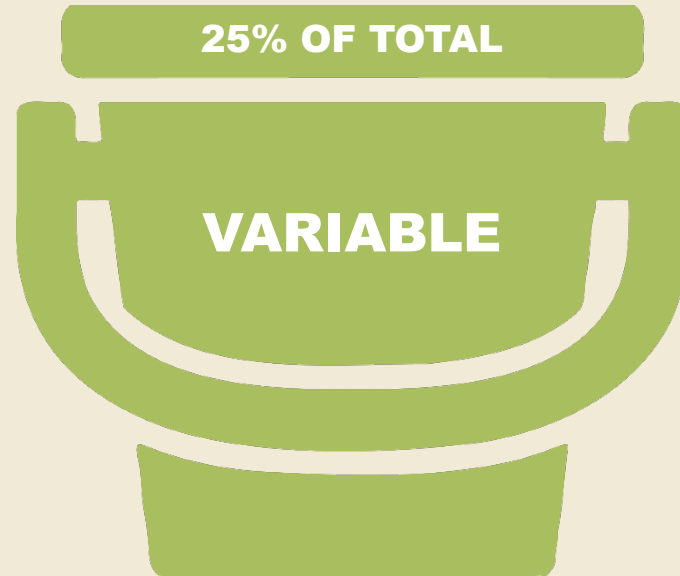
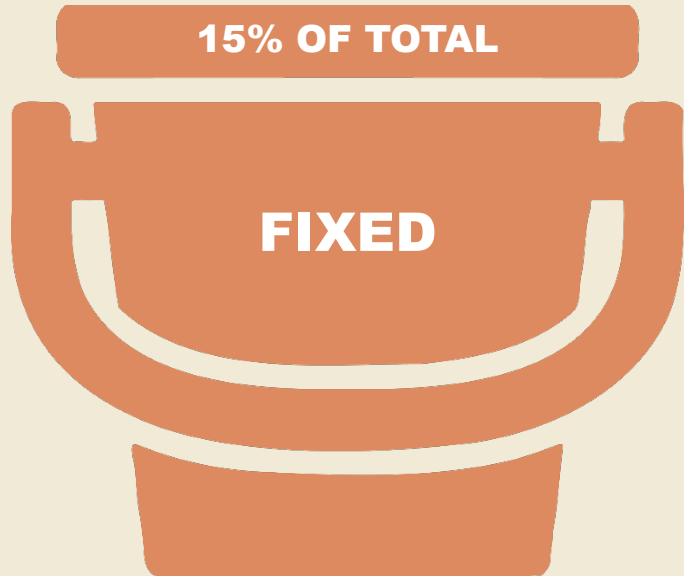
- Fund to Max -

- Fund to Midpoint -

- Pay as You Go -

**60% OF TOTAL**

**VARIABLE**



# Understanding the Shared Layer

**ABC, Inc.**  
**\$2M premium**

**MNO Co.**  
**\$1M premium**

**EFG LLP**  
**\$4M premium**

## **ANNUAL RECONCILIATION:**

**\$15MM premium\***  
**\$12.6MM claims**  
**\$2.4MM distribution**

\*\$15 Million is used to fund ANY claims between \$10,000 and \$500,000 regardless of which employer incurs that claim.

**XYC Corp**  
**\$2M premium**

**123 LLC**  
**\$3M premium**

**CMM, Inc.**  
**\$3M premium**



# Claims & Expense Funding



**Pay as You Go**  
(typical TPA approach)



**Fund to Max**



**Fund to Expected**

# High-Performance Health Plan

Independent TPA with  
Cost Saving Plan  
Document Language

PBM Carve-out

Current Plan Design

Concierge/Telemedicine

Biometric Screening and  
Wellbeing Incentive for  
Employee

Data Analytics and Forum  
Attendance

Plan Reviewed for Customized  
Cost and Risk Management  
Opportunities

Incentive Based Plan Design

Centers of Excellence/ Specialty  
Networks

Data Analytics and Forum Attendance

Plan Review for Customized Cost and Risk  
Management Opportunities

Rx Formulary Review and Revision

Network Strategy Review (RBP, DPC)

**YEAR ONE:**  
The Foundation



**YEAR TWO:**  
The Four Walls



**YEAR THREE:**  
The Roof

# Case Study: Roundstone Insurance

**The Client:** Roundstone Insurance,  
Innovative Health Benefits Company

**Covered Members: 236**



“From the very beginning, we said whatever surpluses we have in the claims account, we were going to put some of it aside for the future and the other half of it back toward the employees and their cost share.”

– Mike Schroeder,  
President and Founder of Roundstone



**The Challenge:** Double-digit premium increases that made a fully-insured plan unsustainable.

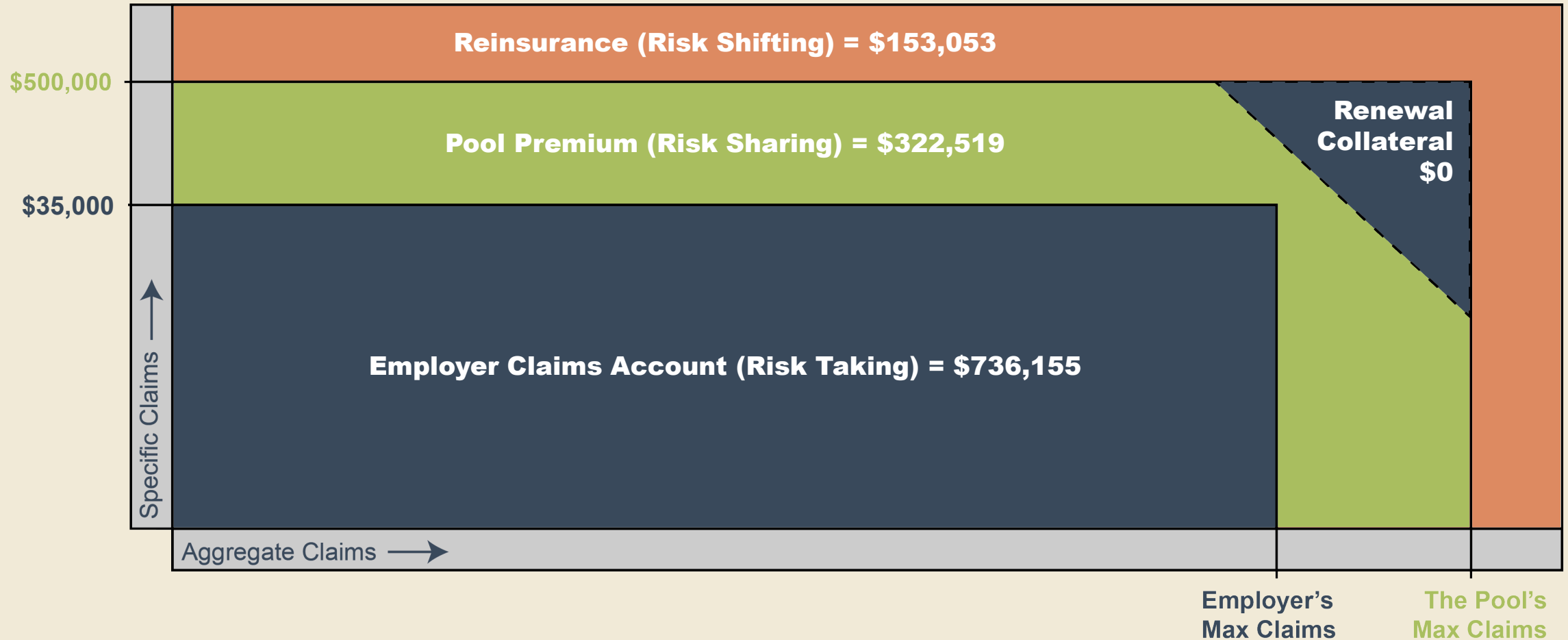


**The Solution:** By joining the Captive, Roundstone teamed up with hundreds of other employers to share risk and save money.



**The Results:** (1) 5-year cumulative savings of \$1,132,950. (2) 5-year surplus actual vs. expected costs. (3) 8 straight years of no increases in employee costs. (4) Employees keeping raises in their pockets rather than covering premium increases.

# The Captive in Action



# The Captive in Action

Annual Cost				
	CURRENT RATES	RENEWAL RATES	CHANGE FROM CURRENT	
Projected Cost	\$1,142,489	\$1,159,012	1.4%	\$16,524
Administrative	\$122,167	\$125,872	3.0%	\$3,705
Specific Premium	\$442,625	\$447,049	1.0%	\$4,424
Aggregate Premium	\$28,523	\$28,523	0.0%	\$0
Max Employer Claims	\$727,275	\$736,155	1.5%	\$10,880
<b>20/20 Savings Since Inception</b>				
<b>SAVINGS</b>			<b>COMPARISON TO RENEWAL MAX</b>	
\$1,752,608			31.0%	

# **Our Guarantee to You**

**By participating in our group medical captive, with its focus on cost containment and control, we guarantee that you will save money in the first five years or we'll make up the difference.**



**Q&A**

**Thank you.**