MAGNACARE℠
Self-Insured Health Plans

Broker Bulletin

Hello Jessica! Here is the latest news, trends and issues that impact your clients' dollars.

Are Your Clients Managing Their Assets - or Simply Flushing Premium Dollars Down the Drain?

Help your clients seize control of their health plan destiny

Fully insured plans demand high premiums - with no money back for employers who experienced low or well-managed healthcare claims. Employers wind up paying the healthcare freight for other companies in their pool with significantly higher claim costs.

It’s a case of lost premium dollars and high expenses for “off-the-rack” services: same plan design, same managed care services and same analytical expertise serving a large and disparate pool of companies.

Who really benefits from high premiums?

Take a look at the Affordable Care Act's (ACA) impact on fully-insured premiums:

- In 2013, health insurance companies across the country made double-digit increases in premiums. (Click here for article.)
- Premiums are likely to go up over the next few years as the law's various taxes and fees are passed on to employer groups.
- A health insurance provider fee will collect $8 billion in 2014, and is set to increase every year. By 2018 it is expected to collect $14.3 billion. *This fee represents a premium increase of about 2 to 2.5 percent.*
- Check out what **Bernard DiFiore, president and CEO of BenefitMall** learned when he retooled his company's health plan here.
- Listen to **AETNA's CEO** (click here) regarding the Company's plans to pass through to its customers over $1 billion in ACA taxes and fees.

Get the Monkey off Their Backs

Brokers can offer a powerful solution: *self-insurance* -- an ever more popular alternative to commercial insurance because costs are based on actual plan member healthcare usage. If you're not having this conversation with your clients now, it's time.

Self-insured companies who work with an Administrative Services Only (ASO) organization maintain control over their own healthcare dollars and plan options, rather than paying for everyone else's healthcare.

They can use historical data to tailor plans to the specialized care needs of their employer population and maintain control over their assets, allowing them to strategize for the future – rather than being at the mercy of a carrier's financial expectations.

Self-insuring enables employers to:

- Maximize interest income that would be otherwise generated by an insurance carrier through the investment of premium dollars
- Set their own reserves and retain excess reserves, rather than a carrier keeping it

- Eliminate paying for carrier's overhead, excessive profits and risk margins
- Generate as much as three percent immediate savings because state taxes are eliminated on most self-insured plans
- Become exempt from state mandates, and have consistent benefits across multiple locations (in multiple states).

What About Risk?

To avoid losses, self-insured companies often purchase stop-loss insurance to protect against unexpected or catastrophic claims. This serves as a financial buffer for the employer if, for example, an employee needs an organ transplant.

It's up to brokers to help employers understand the benefits of self-insured health plans, including the scope of financial obligations, opportunities to safeguard against catastrophic health events, and other techniques to lower healthcare costs, so that they can take back control over their healthcare dollars.

Here's your elevator pitch to clients: Self-insurers covered by stop-loss reap the benefits of their investment through direct financial return - with limited risk.

Read more:

The Fiscal Times: Insurers on Obamacare: Expect Premium Prices to Soar

EBN: Small Firms Consider Self-funding for Flexibility, better data access

Washington Examiner: Health Insurance Premiums up 39% to 56% under Obamacare, reach $2,604 a month in California

benefitspro: Employers Weigh Private Exchanges and Self-insurance