

BOCC Group Health Plan

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What is Self-funding

- Method of financing health care benefits
- Typical Structure includes
 - Third-party administrator (TPA)
 - Management of daily transactional activity of processing, paying and adjudicating claims
 - Many TPA's are also traditional insurers (BlueCross BlueShield (BCBS), Aetna, United etc.)
 - Stop-loss insurer
 - Protects from extraordinary financial risks
 - Specific Stop Loss (for large claims per participant per contract year)
 - Aggregate Stop Loss (combined claims for all participants per contract year)

Fully Insured vs. Self-Funded

- Fully Insured
 - Insurance provider and plan chosen (BCBS, Aetna, United etc.) with premium rates fixed for a year
 - County pays monthly premiums to insurer
 - Insurer pays claims according to policy chosen and assumes claim risks
- Self-funded
 - Plan designed/selected
 - Contracts negotiated w/vendors (TPA's, stop-loss carriers etc.)
 - TPA processes claims and bills County for claims
 - County assumes claim risks

Self-Funding Considerations

- Self-funding treats predictable claim costs as expenses rather than as an insurable risk
- Stop-loss insurance is purchased to protect against catastrophic claims
- Risk charges, insurance company reserves, and most premium taxes are avoided
- Self-funded plans are governed by Employee Retirement Income Security Act (ERISA) instead of state insurance law

Sumter County Group Health Plan

- Self-funded since 1988
- Consolidated plan of 7 employers; approx. 850 employees and retirees
- Core Plan Contracts
 - Health TPA: *BCBS (also provides network of providers)*
 - Dental TPA: *Florida Combined Life*
 - Stop-loss: *Symetra*
 - Term life and Accidental Death & Dismemberment (AD&D) Insurance (fully insured): *Florida Combined Life*
 - Wellness provision/Employee Assistance Program (EAP): *Horizon*
 - Employee Benefit Broker: *Brown and Brown (compensated through BCBS contract)*
 - Benewise Automation Program: *Infinity Software*
 - Actuary Reporting: *Wakeley Consulting and Gabriel Roeder Smith & Company*

Sumter County Health Plan

- **Additional Benefits**
 - Fully Insured Short and Long-term Disability – *SunLife*
- **Voluntary Benefits**
 - Life Insurance – *Florida Combined Life*
 - Various Supplementary Insurance - *Allstate*
 - Flexible Spending Plan – *Professional Benefit Administrators (PBA)*
 - Dependent Care Assistance - *PBA*

Automation Project

- **Benewise software and data hosting contract: *Infinity Software***
 - Provides a web portal for self-service and information acquisition
 - Electronic enrollment
 - Employees enroll or make changes via web connection
 - Distributed input
 - Payroll staff in various offices enter terminations
 - Electronic billing
 - Internally to each employer
 - Externally to various plan vendors
 - Provides basic HR data for employers
 - Provides audit mechanism for budget review of positions

Health Care Cost Containment Tactics Recommended by The Segal Company (HR Consulting Firm)

- **Plan Management**
 - Establishing cost-sharing measures
 - ✓ Deductibles
 - ✓ Co-pays
 - ✓ Co-insurance
 - ✓ Contributions toward premiums
 - Cost differentials to encourage use of:
 - ✓ In-network provider
 - ✓ Care from a primary physician versus specialist
 - ✓ Generic drugs v branded drugs (or preferred band drugs in a formulary v non-preferred drugs
 - ✓ Non-emergency care v care delivered in Emergency Room
 - Fine-tuning cost-sharing approaches to steer participants toward more efficient treatments or prescriptions
 - Enforcing important managed care techniques such as pre-certification and utilization review

Health Care Cost Containment Tactics continued

- **Vendor Management**
 - ✓ Establishing efficient and effective relationships with insurance carriers and/or third part administrators as well as brokers in the procurement process
 - ✓ Auditing claims processing
 - ✓ Require positive re-enrollment
 - ✓ Re-bidding vendor contracts periodically

Tactics Recommended by The Segal Company (HR Consulting Firm)

- **Individual Health Management**
 - ✓ Promoting participant compliance with prescription drug intake
 - ✓ Disease management effort
 - ✓ Wellness programs
 - ✓ Health fairs
 - ✓ Education about providers