

**Minimizing the
Cost of Group
Employee Benefits**

■ **ARE YOU
PAYING
TOO MUCH?**



www.RiskStrategies.com/healthcare

Case Study: Minimizing the Cost of Group Employee Benefits

Reducing Benefits Cost Through An Online Auction



The typical Request for Proposal (RFP) used to evaluate and select an insurance carrier for group benefits such as Group Life/AD&D, Optional Life and Disability coverages is often complicated, time-consuming and overwhelming. Risk Strategies simplifies the purchasing of group benefits using a web-based transparent auction whereby multiple (up to 20) carriers receive an RFP and create competitive proposals.

Here's how it works:

- Working with your Human Resources team, Risk Strategies creates an online RFP that is sent to the chosen carriers.
- After receiving responses to the RFP, a select group of carriers is then invited to participate in a live, secondary phase of pricing, which we call an online reverse auction.
- During a 48-hour period, competing carriers become aware of their competitive ranking on plan design and price for each line of coverage. Carriers have the opportunity to revise their proposals in this transparent setting and reduce their pricing, triggering overtime bidding. You can monitor the competitive bidding process online until the bidding is closed.
- Typically three finalists are then interviewed and evaluated based on product offerings, benefit features, customer service capabilities, disability claims management, reporting, cost and more.

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Why Use The Online Reverse Auction Over The Typical RFP Process?

Employee Benefits Covered by the Online Reverse Auction

- Group Life
 - Group AD&D
 - Short Term Disability
 - Long Term Disability
 - Optional Life
-



The online reverse auction:

1. Allows you to obtain quotes from a broader list of carriers than the typical RFP process allows for – up to 20 carriers are included in the auction.
2. Identifies gaps between your requirements and the insurance carriers' capabilities.
3. Is much more efficient, accurate and non-disruptive for your Human Resources team and your employees than the typical RFP process. In fact, 30% of the time, there is no carrier change – just rate reductions, enhanced provisions and longer rate guarantees. The entire auction process typically takes less than two hours of HR's time.
4. Averaged **24% savings**.

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CASE STUDY: Health System Saves \$1M In Premium



Our full service health system client was faced with a three-year enterprise wide \$100 million cost improvement initiative. The health system and its associated medical facilities had 10,000 benefit eligible employees and were spending \$5,500,000 annually on their Group Life/AD&D, Optional Life, and Short and Long Term Disability insurance programs which had been placed in a VHA Collaborative two years earlier.

Risk Strategies issued an electronic RFP to 18 carriers and received multiple competitive proposals. During the live 48-hour online reverse auction phase, most carriers revised their proposals and reduced their pricing, which triggered overtime bidding. Three finalists were then interviewed and evaluated based on product offerings, benefit features, customer service capabilities, disability claims management and cost.

Leveraging our knowledge, experience and technology, Risk Strategies achieved:

- A 20% reduction in employer paid premiums – a saving of over \$1,000,000 which was used to fund HR initiatives and bolster the bottom line.
- Guaranteed rates for three years.
- No change in current benefits and services.
- All coverages consolidated with one carrier for ease of administration.
- A \$100,000 performance agreement putting the carrier's money at risk if certain provisions, timing and other objectives were not achieved.
- True open enrollment allowed with liberal requirements for evidence of insurability.

These results were achieved within 45 days of receipt of the required information.

A thorough implementation meeting also exposed inconsistencies in the previous policy and how the insurance programs were being administered.

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About Risk Strategies

[Risk Strategies](#) is a privately held, national brokerage and consulting firm. Ranked in the top 20 brokers in the country, we offer risk management advice and insurance and reinsurance placement for health care, property and casualty, and employee benefits risks.

The Risk Strategies National Health Care Practice incorporates the experience and expertise of [Dubraski & Associates](#), a national health care specialty broker, [Re-Solutions](#), one of the largest A&H reinsurance intermediaries in the United States, and [Cornerstone](#), a medical malpractice specialist broker.

By bringing together one of the largest teams of dedicated health care insurance and reinsurance professionals operating across the country, Risk Strategies is able to bring its health care clients a focused, integrated and responsive liability and risk management service that is best in class.

Our National Health Care Practice comprises four divisions:

- 1. Managed Care** - providing managed care stop loss coverage for hospitals, health plans, physicians, ACO's and others in the health care industry
- 2. Reinsurance** - providing reinsurance protection across the entire spectrum of health care risk including the self-funded community, as well as to the life, accident and disability markets
- 3. Property & Casualty** - providing Property & Casualty coverage for a variety of health care organizations, such as hospitals, physicians, ACOs, long-term care organizations, behavioral health, miscellaneous medical facilities, life sciences, medical products, and managed care organizations
- 4. Employee Benefits** - providing health care organizations with customized solutions for their employee benefits plans

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