

**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: Medical Group Sees 27% Savings



Our preferred multi-specialty medical group client has over 350 physicians and mid-level providers representing 40 specialties in 36 clinic locations. The current arrangements were with a national provider of insurance products designed specifically for physicians.

Risk Strategies identified the following critical components of the required physician benefit program:

- True 'own occupation' coverage - more liberal definitions of disability for physicians providing superior protection for the general specialty or sub-specialty in which a physician is practicing
- Higher benefit levels and monthly maximums - allowing physicians to maintain their living standards in the event of injury or sudden illness
- Superior contracts - adding assisted living benefits, return to work incentive, rehabilitation plan, business overhead expense benefit

Risk Strategies issued an electronic RFP to 17 carriers for specialized life and disability protection and received multiple competitive proposals. During the live 48-hour online reverse auction phase, several carriers revised their proposals and reduced their pricing. Together with our client we interviewed the finalists and evaluated them based on their product offerings, benefit features, customer service capabilities, management, reporting and cost.

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

- A 27% reduction in employer paid premiums - putting to rest the medical group's skepticism that we could improve upon their current arrangement.
- Contracting with a highly-rated, national carrier with a reputation for providing superior service.
- Guaranteed rates for three years.
- A transition from a manual HR process to electronic enrollment, billing and administration.

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

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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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