ARTICLES

Tailored Stop-Loss Program Reduces Health System's Annual Premium

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SOLUTION

The critical components of a successful self-funded medical plan are ensuring funding rates are adequate, developing the appropriate plan design/incentives, controlling claims costs and managing the financial risk via a carefully structured stop-loss insurance program. As the largest, most experienced broker and consultant in the managed care stop-loss business, Dubraski & Associates, a Division of Risk Strategies, offers unmatched expertise and leverage in the insurance marketplace when structuring protection for self-insured medical programs

One of the nation's leading for-profit providers of health care services, comprised of locally managed facilities and freestanding surgery centers in over 20 states, had been purchasing their stop- loss through a national consulting firm's purchasing coalition. Over the last several years, the loss ratio had been extremely favorable to the insurance company, however, the system continued receiving premium increases and were not receiving any form of premium refund or alternative funding options.

The typical stop-loss solutions of the past are insufficient in today's challenging health care environment. Among the new factors to consider are the rise in claims frequency and severity, elimination of annual and lifetime maximums, the soaring costs of specialty drugs, and the uncontrollable costs on claims occurring outside the hospitals own system.

As experts in health care, Dubraski & Associates uses our knowledge to deliver unique employer stop-loss solutions. Being a leader in managed care, not only do we have access to the traditional carriers, but we also bring health care specialty underwriters into the bidding process. Using historical data, we perform detailed claim analytics and negotiate aggressively on behalf of our clients. We evaluate all options and various funding mechanisms to determine the right structure and level of self-insurance, taking into consideration the specific risk tolerance of our clients.

SUMMARY

Dubraski & Associates used our expertise, analytics and leverage with the traditional and specialty insurance carriers to negotiate a 17% reduction in annual premium along with enhanced coverage provisions. The contract also contains much higher limits of liability and the client has the opportunity to participate in a premium refund provision when their claims experience is favorable. While we had multiple carriers competing for this account, the client did not even have to change carriers – proving once again that our unique approach delivers superior results even have to change carriers – proving once again that our unique approach delivers superior results even vs. the largest purchasing programs in the business.

ACTUAL CASE STUDY

CLIENT

One of the nation's largest for-profit health systems was seeking a comprehensive analysis and restructuring of their stop-loss program protecting their self-funded medical plan against catastrophic claims. The plan insures over 150,000 employees.

CHALLENGE

The Health System had a long-standing relationship with a national insurance brokerage/consulting firm and was obtaining stop-loss through that company's purchasing coalition. The client was unaware of the broader options/funding methods available with regard to employer stop-loss and was convinced we could not improve upon their program. We were given a four-week time frame to execute the bidding process, carry out several rounds of insurance carrier negotiations, select a final carrier and bind stop-loss coverage well in advance of the renewal date.

RESULTS

• Hired due to our unique solutions, analytics, proven approach and recognizable client referrals

• Exposed their program to a broader market of carriers – all traditional carriers and the managed care specialty health care underwriters

• Performed detailed financial analysis to help the client better understand their risk, negotiate with the carriers and make an informed decision on coverage/funding options

• Received proposals from 12 carriers, including the incumbent carrier (vs. coalition approach of 4 carriers)

• Presented several alternative funding arrangements for consideration (premium refunds, retro corridor, aggregating specific, etc.), which the client had never had the opportunity to consider previously

• Secured better coverage and enhanced contract provisions for significantly less than the current rates – 17% reduction on nearly $10 million of annual premium

• Renewed with the incumbent insurance carrier at a much lower cost and improved coverage

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Health Care