

ARTICLES

Web-Based Reverse Auction

Jan 4, 2018

For Full Service Health System

Risk Strategies leverages knowledge, experience and technology to generate maximum savings on ancillary benefits.

SOLUTION

In today's competitive environment, Requests for Proposal (RFP) are valuable tools in evaluating and selecting the right carrier, but they can become complex and time consuming. Since adopting a proprietary, web-based insurance exchange (IBX), our unique RFP process has become more efficient, accurate, allows for a broader market of carrier participation, identifies gaps between the client's requirements and the vendor's capabilities and delivers maximum savings in a non-disruptive manner for clients. By logging into IBX, our clients can monitor the competition until the bidding is closed.



A major health system was faced with a three year enterprise wide \$100 million cost improvement initiative. A national health care consulting firm familiar with the unique insurance solutions that

Risk Strategies Company delivers to health care organizations introduced our transparent reverse auction process for sourcing Group Life/AD&D, Optional Life, STD and LTD insurance programs. With a spend of \$5.5 million covering nearly 10,000 employees, our firm issued an electronic RFP to more than 18 carriers and received multiple competitive proposals.

A select group of carriers were then invited to participate in a live, secondary phase of pricing– an online reverse auction. During this 48 hour period, competing carriers became aware of their competitive ranking on plan design and price for each line of coverage. Most all carriers elected to revise proposals in this transparent setting and reduced their pricing, triggering overtime bidding. Three finalists were interviewed and evaluated based on product offerings, benefit features, customer service capabilities, disability claims management and cost.

SUMMARY

As experts in the Life/AD&D, STD and LTD marketplace, we were able to leverage our knowledge, experience and unique technology to generate 20% in employer premium savings on a spend of \$5.5 million, with no disruption and no benefit changes. Also, a \$100,000 Performance Guarantee was negotiated putting

the new carrier's money at risk if certain provisions, timing and other objectives were not achieved. The above RFP was completed within 45 days from receipt of required information.

ACTUAL CASE STUDY

CLIENT

Full service health system and associated medical facilities with approximately 10,000 benefit eligible employees.

CHALLENGE

To find meaningful savings on a \$5.5 M spend that had been negotiated and placed in a VHA Collaborative 2 years earlier.

RESULTS

- Duplicated current benefits and services;
- Achieved a 20% reduction in employer paid premiums for Basic Life/AD&D, STD and LTD insurance;
- The resulting savings went to the bottom line and also funded HR initiatives;
- Guaranteed rates for three (3) years;
- Consolidated all coverages with one carrier for ease of administration;
- Negotiated a \$100,000 Performance Agreement putting the carrier's money at risk;
- "True" Open Enrollment allowed with liberal requirements for evidence of insurability;
- Thorough implementation meeting exposed inconsistencies in the previous policy and how plans were being administered;

TAGS:

Employee Benefits