



# *Can I Control My Health Care Costs?*



**8 QUESTIONS YOU NEED TO ASK YOURSELF**

America's small business leaders are facing a relentless stream of annual cost increases that force them to water down their benefits offerings while simultaneously shifting costs to employees who are ill equipped to deal with shouldering that burden. The Affordable Care Act promised lower costs and less complexity and delivered exactly the opposite.

While some organizations continue to be buyers of health care, others have seized control and have become **owners** of health care. Unburdened by plans designed by the rule makers, they are crafting plans that they control – plans that lower costs and deliver world-class benefits to their employees.



*Here are eight critical questions to ask yourself so you can decide to take control and become an owner of your health care plan.*



1

## Are you paying more and getting less?

Over the past 15 years, health insurance premiums have increased by an astonishing 213%. At the same time, workers' earnings have only increased 45% against an overall inflation rate of 39%. That is both irrational and unsustainable. Since 2010, deductibles paid by employees have increased by 67% - more than 9% of that in just the last year and employee family costs have risen by 80%.

If that is your experience, finding a way to gain control by moving from being a traditional buyer of healthcare to becoming an owner of your healthcare is a no brainer. Big companies have been doing it for years, and now you can too.

“ **75%** of businesses surveyed identify managing health care costs as their top priority. ”

- Deloitte Consulting, L.L.P.



2

## Do you know why your plan costs more each year?

Most small employer plans do not share claims cost data or provide any analytics with the person paying the bills – that's you. That is part of the reason that smaller businesses pay as much as 18% more for employee health benefits. It also makes it impossible for to take design plans or wellbeing programs that target specific population level health issues – which is what larger companies do every day.

The insurance company doesn't set your rate based on the health of your employees – they use general information and lump you together with other groups. So even if you have a very healthy population you still pay more than you should. Without that population level data, you lose the opportunity to control your plan and its costs.

“ Small businesses pay as much as **18%** more for the same health benefits provided to larger groups. ”

- National Conference of State Legislatures



### What could you do differently if you had access to your data?

Once you get access to the data you need to make important decisions you have the opportunity to design programs that not only provide protection, but that help you to create a climate of health and wellbeing that help in two important areas. First, the healthier your employees, the more stable – and potentially lower – your claims costs. Second, the data helps to direct your efforts at making knowledge and tools available so your employees can learn to become smarter consumers who make better health care decisions for themselves and their families.

“Americans who make wise decisions on their health care can save enough money over 10 years to **fund college** education for their children.”

- HealthValues Study (2016)



### Can I provide my employees with world-class health insurance and still save money?

The prevailing wisdom was that an employer with fewer than 500 employees was better off in the fully insured marketplace.

A self-insured financing arrangement is used by 82% of employers with more than 500 employees, and by 26% of firms with between 100 and 499 employees. Until recently, there were no real partially self-insured solutions that made sense for most U.S. businesses. A tried and true type of self-insured plan known as a “Captive” helps like businesses come together to enjoy the same flexibility, cost savings and control as those large businesses.

“Smaller businesses can enjoy the same benefits as **82%** of large American businesses.”

- U.S. Department of Health & Human Services



5

Isn't a partially self-insured plan riskier than being fully insured?

In today's market, the extra costs of taxes, adjusted community rating price models, complexity and instability added by the Affordable Care Act are making fully insured plans a risky proposition for all employers. When groups of 50-500 come together under a "Captive" health arrangement, they create a large enough risk pool to accurately predict their claims.

Once that happens, those groups are on a level playing field with larger firms. They gain control over their claims and have the opportunity to help their employees influence claims over time. Additionally, these plans are "partially" self insured because special insurance (stop-loss) covers the big, scary, expensive and unpredictable claims. No more swallowing annual rate increases that make no sense and compound costs over time.

“Captives are widely used by organizations seeking greater control over managing their insurance needs. A.M. Best estimates that there are more than **5,000** captives worldwide.”

- A.M. Best Captive Center



6

How can I create a culture of health and wellbeing?

A partially self-insured financing arrangement is only one third of the recipe for success. The other two are a robust set of risk management strategies and a plan to equip employees with the tools they need to become smarter health care consumers so they can make more informed and relevant decisions for themselves and their families.

Consumer Directed Health Plans begin the process of employees thinking more critically about the choices they make for themselves and their families. To facilitate those decisions a robust set of tools has to be coupled with transparency so they have the data they need to become real consumers and focus on their long term health and wellbeing.

“**66%** of CDHP enrollees were extremely satisfied with the care they received – exactly the same number as those in old-fashioned plan designs.”

- EBRI/Greenwald Study (2015)



## Why should I change from buying my healthcare plan to owning it?

As a **buyer**, you are stuck with a plan that was designed and controlled by rule makers who don't know anything about your company or your employees. They control your claims data so you never really know what is driving your costs – or even if it is *your* costs that are driving those annoying and incomprehensible annual rate increases. Fees, taxes and other costs the insurance company pays are buried in your rate.

When you make the decision to become an **owner**, you take control of your plan design, and all of the plan data is available to you. You see all of the moving parts and you are able to make decisions based on that transparency. Nothing is hidden in one large rate. You know *exactly* what is going on and how to react in the best interest of your budget and your employees.

“**82%** of employers are controlling costs with partially self-insured plans.”

- JD Power 2013 Employer Health Plan Study



## Can I join with others in my industry and still be an owner with control?

One of the challenges small and mid-size businesses face when creating any kind of partially self-insured solution is that they are not large enough to reliably predict their claims. A captive solution solves that problem. Some captive arrangements allow any kind of business to join. Others are limited to only one industry. Experience tells us that those limited, or “homogenous captives” work best since their members all experience similar challenges and share similar goals.

With a homogenous captive you are still an owner of your health plan and all of the owners come together to govern the plan. No more hidden fees, hidden taxes, or hidden agendas. It is your plan and you and your peers direct it.

“In 2010, **58%** of companies in the middle-market segment had self-funded health care programs, up from **44%** a decade earlier.”

- Kaiser Family Foundation/Health Research & Education Trust Survey of Employer-Sponsored Health Benefits (2015)



Now that you know the answers, let us help you learn how a partially self-insured captive financing arrangement can work to help your business control its health care costs.

Captivated Health was designed as an elegant solution that helps to give you control while saving money, creating a climate of wellbeing and empowering your employees with world-class health care that helps them become smarter and more engaged consumers.

*What are you waiting for? The time to take control and get off the fully insured merry go round is today!*