Captivated Health®
the greatest wealth is health

CASE STUDY: LARGE CLAIMS

Gould Academy is a college preparatory institution founded in 1836.

With more than 240 students and 80 faculty and staff, the school is dedicated to helping students become independent-minded, ethical citizens who will lead lives of purpose, action, excellence and compassion in a dynamic world.

Background:

Despite the often unwarranted annual increases passed along to clients making their way in the fully-insured marketplace, there are occasions where such rate increases are, indeed, based on large claims actually incurred by the school. When Gould Academy came into the Captivated Health program they were one such client.

Enduring rate increases that may be justified in one given year, however, is quite different than permitting next year's rate increase to unnecessarily compound the damage. Had Gould remained in the fully insured marketplace, their rate increase would have been 25% in the first year, and might well have increased dramatically in subsequent years.

Without the ability to access and critically analyze their data, the school would have been unable to understand what was driving renewal rate increases, or to make course corrections to improve performance in subsequent years.

First year Captivated Health rates did not provide immediate savings, but the focus was shifted from a year-by-year reaction to a longer-term strategy of using plan data and tools to stabilize rates.

Significant Actions:

Captivated Health advisors worked closely with the school to identify areas for overall plan improvement. Early retirees who were identified as driving much of the high claims spend were educated about alternative and more appropriate coverage options. Plan data was analyzed to help understand additional cost drivers and risks so that appropriate changes could be made.

Results:

YEAR 1:

As expected, claims costs increased by 25.5% due to several ongoing and unavoidable $250k+ claims the team identified.

YEAR 2:

As anticipated, the late-year claims from year one resolved and the second- year increase was 4%. This was much lower than a fully insured equivalent would have been.

YEAR 3:

While again showing higher than average claims, the school's increase was 18.5%. This is significantly lower than a fully insured increase which would likely have been as much as 60%.

CONCLUSION:

Even with a significant group of high claims coming into Captivated Health and higher than average claims in year two, rate increases have been much better than the corresponding fully-insured rates would have been. A long-term plan to analyze claims drivers will help stabilize the school's experience..

For more information contact

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