



*Kimball Union Academy
was founded in 1813
and is one of the
oldest boarding
schools in the
United States.*

*More than
340 students and
80 faculty and staff
create an
environment where
students define
the school rather
than the school
defining the students.*

CASE STUDY: UNEXPECTED CLAIMS

Background:

A large annual increase is not always warranted, but when it comes to claims, things can change very quickly. If you are well-positioned and understand your data, that doesn't always have to spell disaster.

Kimball Union Academy was facing a 26% increase in their fully insured plan when they joined Captivated Health. The Captivated team projected first-year claims at a significant savings.

The school performed well during most of the first year but in the last month of the plan year there were three unexpected knee and hip surgeries that pushed claims to 110% of what was expected.

Significant Actions:

In consultation with the risk managers at Captivated Health, the school had predicted their expected claims costs on a very conservative basis. That action provided a hedge that kept those unexpected high claims from financially impacting the school.

While the ultimate decision is up to each member school, the Captivated team always counsels clients to be conservative in their first-year projections. In this case, the unexpected late-year surgeries did not have a damaging effect on the overall plan and permitted some amazing results in year two.

It is all about planning carefully, analyzing the data and making intelligent decisions for moving forward each year.

Results:

YEAR 1:

If the team had been aware of the possibility of those unexpected surgeries, the plan's 6.1% might have been higher, although still significantly less than the 26% increase they were facing.

YEAR 2:

Due in large measure to the conservative planning employed in the first year, the plan enjoyed a decrease of -7.1% in year two.

YEAR 3:

The plan's increase of 7.9% was still well below medical trend, the baseline used as a starting point for fully insured plans when setting renewal rates.

CONCLUSION:

With proper analysis and planning, even unexpected claims can be handled within the framework of targeted projections and careful claims management.

For more information contact

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