Self-Funded Health Plans:
How Health Analytics Maximize ROI for Employers

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INTRODUCTION

In an ongoing quest to reduce health costs and improve productivity, employers are increasingly turning to self-funded health plans. Two-thirds of the employers responding to the 2016 Healthiest Employers Strategic Assessment report that they’ve already made the switch. This reflects a strong and lasting growth trend among employers of all sizes:

Historically, self-funded plans appealed to employers because they offered immediate savings by eliminating the fully insured risk premium and replacing it with a shared risk model managed through stop-loss policies. Self-funding also gave employers more theoretical control over plan design and costs. In reality, however, limited data access and a lack of analytical tools have severely hindered employers’ ability to make strategic plan decisions that capitalize on the flexibility of self-funded plans.

Innovations in health analytics and data management have unleashed the true potential of the self-funded model for employers of all sizes. In fact, self-funded plan adoption is now growing most rapidly among smaller employers.

At last, companies of all sizes can use strategic health plan design to maximize ROI, tailor strategies and improve health outcomes.

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### WHAT’S FUELING THE RAPID ADOPTION OF SELF-FUNDED PLANS?

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<th>The Affordable Care Act</th>
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<td>The Affordable Care Act (ACA) gives self-funded plans several financial advantages over fully funded plans.</td>
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<td>For example, employers offering self-funded plans are exempt from ACA’s health insurance tax on plan providers. **That difference alone can save 2-3% versus fully funded plans.**³</td>
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<td>Self-funded plans are also exempt from certain ACA pricing and coverage requirements. As the future of ACA unfolds, there may be a continued impact on self-funded options.</td>
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<th>Stop-Loss Innovation</th>
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<td>Self-funded plans allow employers to avoid the risk premium associated with a fully insured plan by accepting partial financial responsibility for claims and reinsuring the remainder with a stop-loss policy.</td>
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<td>Stop-loss coverage protects self-insured employers from unusually large individual and aggregate claims. When claims reach threshold amounts, the reinsurer pays some or all of the claims made thereafter.</td>
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<td>In recent years, reinsurers have expanded the stop-loss options available to smaller employers, offering coverage at lower thresholds and to smaller companies. For example, in 2015 the average stop-loss claims threshold was around $210,000 for companies with fewer than 200 employees versus $340,000 for companies with 5,000+ employees.⁴</td>
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<th>Strategic Health Plan Design</th>
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<td>Powerful analytic tools like Springbuk® have dramatically increased the employer’s ability to make targeted plan design changes that quickly maximize ROI and worker health. Progress is no longer gated by limited data, primitive spreadsheets, and infrequent, after-the-fact reporting.</td>
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<td>Today’s health intelligence platforms integrate vast amounts of information from traditional and new sources, including medical and pharmacy claims, clinical data, biometrics, activity trackers, payroll and more.</td>
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<td>User-friendly analytics provide near-real-time insight into opportunities to engage members, measure performance, and drive a culture of health. Forward-looking predictive modeling lets employers rapidly compare alternative health interventions and plan accordingly for the highest ROI.</td>
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What makes the switch to self-funding successful? Here are four crucial steps that are part of building a strong foundation for employers.
Step 1: Establish Plan Administration

Employers commonly co-source plan administration, keeping functions like enrollment and dependent eligibility verification in-house. Highly technical compliance-intensive tasks like COBRA administration are often outsourced to third-party administrators (TPAs). Exactly where those lines are drawn depends on each employer’s expertise, technology resources, and specific workforce requirements. For example:

- How important is a customized benefits experience for your specific workforce?
- What is your organization’s current capability and capacity for plan administration?
- Does your HRIS include ACA-compliant benefits administration features?

Step 2: Design Initial Self-Funded Plan

The design of your initial self-funded plan is both important and challenging. A key challenge for employers transitioning from fully funded plans is often the access to limited data, like utilization or summary medical and pharmacy claims information. Thorough planning can help overcome these hurdles. Effective planning activities could include:

- Assemble a brain trust to advise on initial plan design, with representatives from HR, Finance, wellness vendors, TPA, broker, and employment attorneys.
- Gather data from as many sources as possible: your fully-funded plan, HRIS reports on lost time, and biometric data and health risk assessments from wellness vendors.
- Thoroughly evaluate all potential provider networks to ensure they offer the right mix of price, expertise and convenient access for your workforce and their dependents.
- Ensure that your company sets aside adequate year one financial reserves, since initial plan cost and risk projections must rely on assumptions made using limited data.

Coordinate with your health analytics provider to ensure that live claims and other new data feeds are available as quickly as possible after the switch.
Step 3: Select Stop-Loss Coverage

Stop-loss policies are not one-size-fits-all. Aligning your policy’s coverage, terms and conditions to your company’s financial strength, risk tolerance, and unique workforce is essential to avoid expensive coverage gaps. For example:

___ Does the policy include disclosure requirements that will be used to exclude or limit coverage for specific conditions or employees, returning liability for these items to you?

___ How does the policy handle claims incurred before your switch date? How does it handle claims incurred during the policy period but paid after it terminates?

___ Are there coverage differences between your health plan and the stop-loss policy?

Evaluate your specific requirements and fully investigate your options, including but not limited to policies provided through TPAs via preferred reinsurers, before making this decision.

Step 4: Implement Health Analytics

To maximize cost savings and improve employee health, work with your Springbuk team to begin workforce health analytics implementation prior to your cutover. Some key tasks could include:

___ Identify currently available data sources like claims, payroll, clinic, and wellness vendor(s).

___ Establish measurement goals for your population health program.

___ Define reporting requirements and frequency from internal team and outside partners/vendors.

___ Identify new claims and utilization feeds so that this data can be integrated into your analytics platform as soon as you go live.

If you have access to detailed historical medical and pharmacy claims data from your fully funded plan, consider integrating this data into your health analytics platform prior to cutover. This data can be helpful in fueling forward-looking predictive modeling to guide your initial self-funded plan design.
MAXIMIZE YOUR SELF-FUNDED PLAN’S ROI

The strategic advantage of the self-funded plan lies in your ability to tailor plan changes and adjust health interventions to your unique workforce. Near real-time data and insights mean there’s no need to wait until year-end to evaluate results.

Once your self-funded plan is live, analytics become the conduit to capture, prioritize and act on strategic opportunities to improve cost and worker health.

“The Springbuk health intelligence platform helps you control your medical and prescription drug spend and utilization.”
Optimize Medical & RX Spend

The Springbuk health intelligence platform helps you control your medical and prescription drug spend and utilization. **For example:**

___ How are employees utilizing office visits, urgent care centers, and emergency rooms?

___ How would shifting more primary care to an on-site clinic affect costs and productivity over the next twelve months?

___ What are the predicted financial, productivity and health benefits of closing employee gaps in care for conditions like Type 2 diabetes?

___ Which providers are most – or least – compliant with standards of care for specific chronic health conditions?

Improve Employee Wellness Outcomes

Historically, employers have relied on employee participation and satisfaction metrics to judge the effectiveness of wellness initiatives. The focus on participatory measures is changing with the rapid adoption of employer-facing health analytics.

**These platforms uncover the linkages between wellness and downstream claims, costs, and health, answering questions like these:**

___ Do departmental weight loss challenges lead to sustained improvements in longer-term clinical health outcomes?

___ Which location/geography presents the best opportunity for an on-site or near-site clinic for the workforce?

___ Which gaps in care present the biggest cost reduction opportunities?

___ What wellness initiative is driving the largest financial and health impact?

___ Which incentives are most effective in improving health risk status and improved self-management of chronic health issues?

“The focus on participatory measures is changing with the rapid adoption of employer-facing health analytics.”
Target Interventions with Cohort Analysis

Health analytics pinpoint the most effective health intervention for a specific employee sub-group, which is the crux of targeted engagement. For example, Springbuk’s cohort analysis capabilities revealed cost savings of nearly $1,300 for each participant of a fitness tracker program.5

Cohort analysis helps you make comparisons like these:

- Did telephonic and online health coaching benefit warehouse employees and headquarters office workers equally?

- Did exercise interventions or diet interventions help improve clinical outcomes for employees with chronic back pain?

- Did members who engage with the on-site clinic demonstrate improved health and lowered costs?

- Did strength training, yoga, weight loss, or injury prevention classes do a better job of reducing injury rates among factory floor workers?

- Which disease management interventions would deliver the highest ROI for your specific workforce?

Assess Vendor & Provider Performance

The ability to measure performance against benchmarks, clinical outcomes or other goals makes it possible to determine which vendors and providers are top performers.

With your data in a single place, you can now discover insights into:

- Which wellness providers were most successful at improving health risk scores?

- Which providers are achieving the best A1C results for employees with Type 2 diabetes?

- Did Vendor A’s weight loss challenge help participants maintain weight loss for more than 18 months?

- Did high engagement and satisfaction metrics translate to lower health risk scores among participants in a healthy lifestyle program?

“Springbuk’s cohort analysis revealed cost savings of nearly $1,300 for each participant of a fitness tracker program.”

Dial in Your Self-Funded Plan

As you evaluate plan performance throughout the year and consider changes for subsequent years, use Springbuk’s predictive modeling to answer workforce-specific questions and make strategic plan decisions, such as:

- How would premium differentials affect clinical outcomes in your workforce?
- Which stop-loss policy offers the right balance of cost and risk, based on future workforce health trends?
- Which provider network produced the strongest clinical outcomes at the lowest cost, while minimizing the impact on worker productivity?
- Which combination of wellness initiatives and clinical interventions was most effective for employees at risk for diabetes and cardiovascular disease?
- Which disease management providers are best matched to our workforce health profile?
- Which strategy offers the greatest ROI: subsidized gym memberships for all hourly workers, expanded healthy food choices in company cafeterias, or improved primary care access through elimination of co-pays and deductibles?
CONCLUSION

Self-funded plans yield control over health costs to the most highly motivated stakeholder at the table: the employer.

Armed with easy-to-use health analytics and integrated claims, cost, and biometrics, employers can achieve far more than simply trimming the dollars of their previous plan.

They can dial in their health plan to their specific workforce, target proven engagement strategies to high-risk employees, zero in on wasted spending and redirect it to clinically meaningful actions, and pinpoint the most valuable health interventions for those who will actually benefit.

Ready to Optimize your Healthcare Dollars?

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info@springbuk.com

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