

# How Middle Market Employers CAN Purchase Healthcare Like a

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*It has been said that for Small to Mid-size companies, self-funding is not a practical option... We Disagree.*

*Learn how the pooling of many employers together can achieve the same efficiency a*

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*organization realizes.*

*Review cost savings opportunities that create affordable health benefit plans and improve employee satisfaction.*



# Agenda

**Definitions**

**How to**

**Case Studies**

**Summary**





# What is a



# Employer

## Official Definition:

- The Fortune 500 is an annual list of the 500 largest public and private companies in the United States as compiled by Fortune magazine. Average number of Employees is approximately 50,000

## Our Definition:

- A Company large enough to enter into Direct contracts with Provider Systems (eg. Hospitals), as well as purchase all fixed expenses (eg. vendor services) at a discount from retail pricing
- Utilize large actuarial consulting firms to analyze their health care spend and strategically design and implement cost containment measures specific to their organization...*"there is no magic bullet to contain healthcare costs"*
- Self Fund with a long term strategy. Consistently keep their health care spend trending with normal inflation. Fixed costs in the single digits to teens.



# What is Middle Market Employer

## Official Definition:

- A public or private firm with sizeable annual revenues that straddles the middle market between the smaller companies and the billion-dollar giants.

## Our definition:

- Employers with 20 -1,000 Employees on the plan.
- Use the Three-Headed Monster to manage their healthcare spend with a short term strategy and consistently have fixed costs from 40 – 100%.



# How do I Purchase Healthcare like a



- Escape from the fully insured “**BLACK BOX**”
- Band together with dozens of Employers and...
  - Group purchase the catastrophic insurance
  - Group purchase approach to Networks or Direct Primary Care
  - Group purchase of ALL vendor services
    - Wellness, Telemedicine, Pharmacy, Centers of Excellence, etc...
  - Review plan Cost-Drivers with Data Analytics and Consultants
  - Customize plan to gain control over the cost drivers
  - Realize the benefits of high variable plan costs



# How do we band together with other Employers?

## group medical captive

/gr̄oop /'medək(ə)l/ 'kaptiv/

*Noun*

1. A health insurance pool formed by companies joining together to reduce the cost of their medical benefit spend.



## THE DIFFERENCE FOR THE MID-MARKET EMPLOYERS

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### GROUP CAPTIVE

### FULLY INSURED

Approx. **<10%** fixed cost (full control and claim transparency)

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Approx. **15%** fixed cost (full control and claim transparency)

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**100%** fixed cost (no control, no claims transparency)

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Opportunity to save > 90% of health care spend

Opportunity to save up to 85% of health care spend

Insurance company keeps all profits



# Meet the “Average Joe” Captive Employer

*“My insurance carrier doesn’t give me claims data. We have no visibility into where our money is going.”*

**85%** Variable  
Cost

Specific Deductible  
**\$35,000**

At least 2 Members of the C-Suite engaged  
in the healthcare plan.

**103** Employees  
on the plan

*“Health benefits is one of my top 3  
expenses. We cannot afford to keep  
doing the same things.”*





## Case Study: Single Employer

Manufacturer, OH  
Third Party Administrator: Meritain  
Network: Aetna  
Enrolled: 25

Fully Insured Cost as of Jan 2013 to Dec 2019:

6 Year Approximate Savings:

**\$625,000**

***“We had a rough second quarter in year #1, however we are in it for the long haul. I’m glad we did it!”***

### IMPACT:

- ✓ Improved Cash Flow
- ✓ \$4,946 Per Employee Avg. Annual Savings
- ✓ Annual On-Site Screening
- ✓ Wellness Initiative
- ✓ No Increase for out-of-pocket to Employees

# Case Study: Pool of Employers

## Fully Insured Premium

2013	\$ 9,778	<i>(Actual Cost)</i>	
2014	\$11,245	<i>(Renewal Proposal)</i>	+15%

## Self-Funded Captive Total Cost

2014	\$10,408		<b>-7.9%</b> <i>(vs. Renewal Proposal)</i>
2015	\$10,735		+3.1% <i>(Mature Renewal)</i>
2016	\$10,980		+2.3%
2017	\$11,025		+0.4%
2018	\$11,551		+4.8%
2019	\$11,885		+2.9%

Pool members are  
27% below the  
National Average  
\$15,200 PEPY

AND

\$640 above their  
2014 Fully Insured  
Renewal

## Case Study: The COVID 19 Self Funded Employer

*“At Roundstone, we are seeing approximately a 30% drop in costs”*

Mike Schroeder, Roundstone President

*“University Hospitals is an 18-hospital network with over 40 outpatient health centers and 200 physician offices throughout northern Ohio. The state’s governor Mike DeWine ordered all Ohio providers to postpone elective surgeries on March 17”*

Jacqueline LaPointe, Practice Management News

### IMPACT:

- ✓ Improved Cash Flow
- ✓ Reduction in costs
- ✓ These elective surgeries make up about 50% or more of hospital revenue



## BUY LIKE A FORTUNE 500

**98%** of employers with more than **1,000** employees self-fund using a traditional **ERISA** plan

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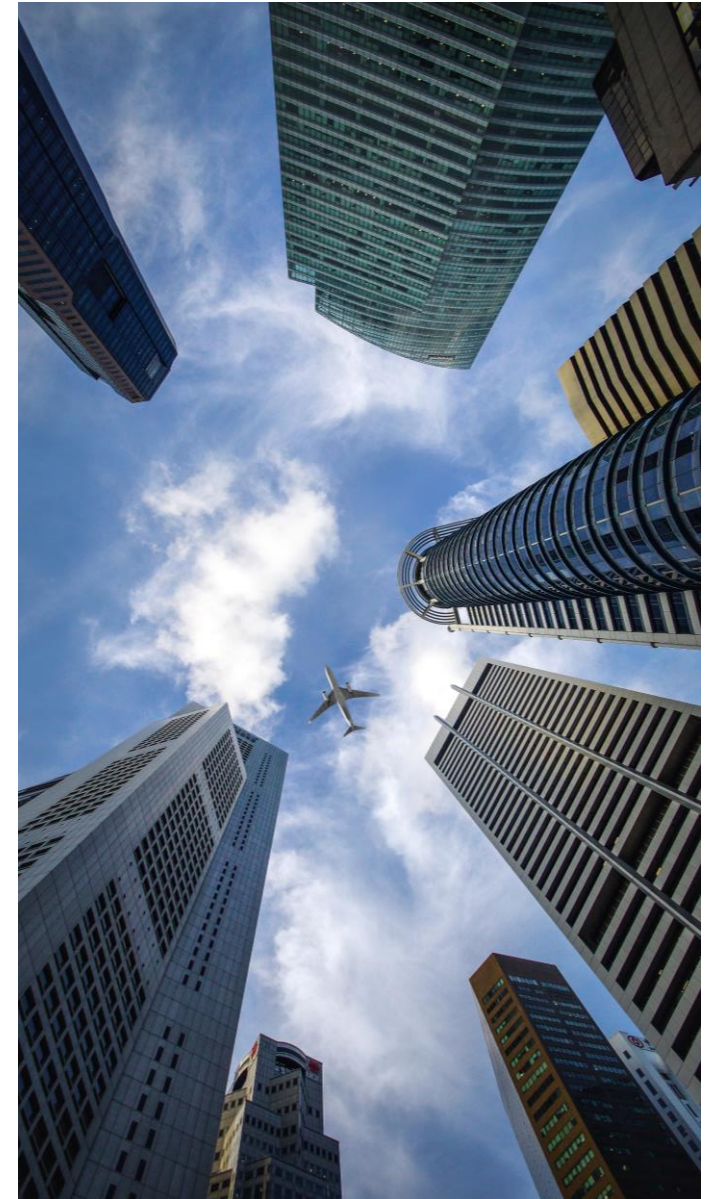
Use **data analytics** to determine cost drivers and return on investment

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Best in class **networks**, carve-out pharmacy management, specialized centers of excellence, and population management tools

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Large employers manage their health benefits spend to **inflation levels**, not medical trend which can be 3-4 times inflation



# Why is Self-Funding the Trend?

Simply put: It saves you money. Health insurance premiums continue to rise, information as to why is limited and you may feel like you do not have any choice or control. Roundstone understands the challenge, and has gathered some key information so you can start to think about your healthcare as an opportunity to reduce waste and realize significant savings over the long term.





**CONTACT US TODAY TO LEARN MORE**



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**Thank you.**