

Saving \$19 Million Through an Innovative Medical Captive And Prudent Risk Management

HoldCo, a holding company with 184 employees on their fully-insured medical plan, was presented with a 23% renewal increase for 2010. Frustrated with their lack of options, and knowing that adding employees through planned acquisitions would only compound future increases, they turned to Veritas for help.

Veritas worked with management to develop a strategy to take control of their health plan. The first step was to transition the company from fully insured to self-funded, so they could gain insight into and control over their actual claims costs. As a result of this move, the company was able to achieve a 4% decrease in medical plan costs in 2010 vs the 23% increase. This was accomplished with no change to the plan designs.

On Veritas' recommendation, HoldCo also joined Everlong Group Medical Captive Services, a member-owned medical Captive for which Veritas is an exclusive broker. Everlong members participate in an innovative insurance and funding solution that takes the profits that health insurance carriers make on individual plans and pays that money back to members as owners of the Captive. Through its membership in Everlong, HoldCo was able to keep future health plan increases far below what they would have been had the company remained fully insured.

Along with the shift to self-funding and the move to Everlong, Veritas worked closely with HoldCo management on analyzing and projecting their claims costs and educating them on prudently managing risk in their health plan. For example, the company added a wellness program for 2012, which temporarily increased costs, but for the right reason—employees were utilizing the benefits to get healthier. Veritas counseled that wellness programs often result in temporary cost spikes, and management reserved for the increase.

Even with the rise in 2012, health plan costs were still below where they would have been had the company remained fully insured.

Snapshot

Problem: Frustrated with a 23% renewal increase on their fully-insured medical plan and a lack of options, a holding company needed better solutions to control their benefits costs.

Solution: Transition the medical plan from fully insured to self-funded and join the innovative Everlong Medical Captive.

Result: The employer saved \$19 million over eight years when compared to remaining fully insured.

[more >](#)

Over eight years, the number of employees in the plan grew to 426. During this time, by self-funding their health plan in the Everlong Captive, HoldCo saved a cumulative total of \$19 million compared to what the company would have spent had they remained fully insured—all without cutting benefits for the employees.

By developing and implementing a benefits strategy tailored to HoldCo’s needs, Veritas helped the company save a significant amount of money on its health plan without shifting costs to the employees, and implement a wellness program that helped improve employee health.

Cumulative savings of \$19 million compared to remaining fully insured.

