Old Question New Twist:
Is Self-Funding Right for Group Health Plans?

Presenters:
Si Nahra, President, Health Decisions, Inc.
Michael Edwards, President, Matrix Group Benefits LLC

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HEALTH DECISIONS, INC.

Pioneering Specialists in Group Health Care Post-Payment Administration for 25 Years

Unblemished track record – no HIPAA violations or employee issues

- First with 100% claim audits
- Introduced the use of claim audits for recovery
- Originated linking of enrollment reconciliation with claim audits
- Started dependent eligibility audits 15 years ago
- Revolutionized data intake with payer-defined data – always successful
- Re-defining competitive bidding
- Extending control of data to self-funded plans of all sizes
- Putting meaning into fiduciary oversight via Routine Plan Monitoring

Should Your Group Health Plan Self-fund?

- In vogue in the 1970's
- Not so much so for many years – Until lately

WHY?

- Pay-or-Play under Affordable Care Act
- Unending cost increases
- Technology
- Interest

Two Markets

- Groups 100+ Old Question
- Groups <100 New Opportunity

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Is self-funding right for you?

Pick the Answer in Each Pair That Best Fits Your View.	
It is important that we be able to monitor and impact claim costs. ☐	Dealing with claim costs is not a priority for our business. ☐
I want to be able to control all company expenses. ☐	I am willing to delegate control of company expenses. ☐
Our company is able to tolerate risk and monthly costs variability. ☐	Our company is risk averse and values stable, predictable expenses. ☐
We have enrollees in multiple states but we want one set of regulatory requirements. ☐	All our enrollees are in one state or we are willing to deal with multiple state regulatory requirements, ☐

Which side did you check most?

Guest Presenter

Michael M. Edwards,
President, MATRIX Group Benefits LLC

- 1984-1986: Risk Manager for 4,000 employee self-funded plan with Adelphia.
- 1986-1988: VP at large national TPA, Group Administration Services
- 1988-1994: Several positions at Manulife Financial related to group life, LTD and stop/loss
- 1994-Present: Experiences lead to the founding of MATRIX Group Benefits LLC as MGU for stop loss

Three Eras of Self-Funding

- PAST 1974 through 1999: the age of transparency
  - Dominated by TPA’s and sold as essential information reports on how dollars are spent over plan years. Reports lead to strategic action versus pure short term price decisions.
  - Plan Design and TPA, Medical Risk Management/Services viewed as more important than a promise from providers to discount care via networks.
  - Managing General Underwriters and entrepreneurs at both the MGU and TPA level rule the sector not direct carriers and ASO vendors.

Three Eras of Self-Funding

- PRESENT 2000-2014: the age of consolidation and the loss of transparency
  - The rise of second party administration with no reporting structural conflicts of interest.
  - Network viewed as the most important aspect of a group health plan, a network that is secretive and proprietary between the provider and the adjudicator (to JUDGE) of claims the provider generates, ASO second party administrators. Transparency is gone even though it is a legal right and obligation of plan sponsors.
  - Consolidation at both the TPA and MGU levels now dominated by carriers not entrepreneurs.

Three Eras of Self-Funding

- FUTURE 2014: the age of uncertainty
  - Will employers pay the tax and throw the employees into the exchanges? Will employees pay the tax and only elect coverage when they are sick (no preexisting)?
  - Will regulators attack self-funding as a threat to the exchanges on the smaller level (Yes they can and are) Will regulation refocus on the reimbursement fact of self-funding compromised by many second party administration platforms?
  - Will employers think strategically and long term, demanding transparency, making self-funding a high growth space? Will they push out of group platform and their employees into private exchanges that are individual based?
  - What will Brokers and consultants do? Some are entering captive arrangements to become risk bearing entities with brings conflicts of interest, many may be be phased out, some grow providing the independent counsel and focus on the non- price issues, such as transparency and compliance as well as short term price?

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