

# SELF-FUNDED PLATFORM

## CONTROLLING COSTS AT RENEWAL

### THE SITUATION

VIRGINIA

376 EMPLOYEES

One of our broker partners successfully built a block of business by transitioning clients and prospects to a self-funded consortium.

The prior program lacked carrier and network transparency, claims management and cost containment features, leading to significant increases in medical stop-loss premiums for these groups, making self-funding unstable.

Crumdale worked to understand the current suite of vendors serving the group of accounts to identify improvements that could be implemented.

**\$1.7 Million +**

Increased surplus retained from \$0 to \$1.7 million in one year

**47%**

Reduced claims spend by 47% over one year

**\$350k +**

Saved more than \$350,000 in claims through med & Rx intervention

### GOALS

**CLIENT:** Long-term strategy to control costs and stabilize the self-funded consortium.

**BROKER:** Stabilize the self-funded consortium and achieve cost savings for the block.

# BEFORE & AFTER

	Before	After
PROGRAM STRUCTURE	Level Funded (12 equal payments at annual max cost)	Level Funded (12 equal payments at annual max cost)
THIRD-PARTY ADMINISTRATOR (TPA)	Hospital Owned TPA	Independent TPA
NETWORK	Local TPA and Hospital Network	National Network
PHARMACY BENEFIT MANAGER (PBM)	TPA Provided	Transparent PBM Contract
MEDICAL STOP LOSS	Spread between different carriers	Resolute Underwriting Strategies
SURPLUS	None	100% Retained By Group
CLAIM REVIEW & MONITORING	None	Franklin Health
PHARMACY OVERSIGHT	None	Franklin Health
DATA ANALYTICS	None	Franklin Health
PATIENT ASSISTANCE PROGRAMS (RX)	None	Franklin Health
PATIENT ADVOCACY/ ENGAGEMENT	None	Franklin Health
PLAN DOCUMENT REVIEW	None	Franklin Health
ERISA GUIDANCE AND SUPPORT	None	Franklin Health
COMPLIANCE REVIEW	None	Franklin Health

# THE RESULTS

	12 Months Before Crumdale Partners	12 Months With Crumdale Partners
# OF EMPLOYEES	376	361
AGGREGATE CLAIMS	\$2,789,041	\$1,413,071
CLAIMS, PEPY	\$7,418	\$3,912
SURPLUS/(DEFICIT)	(\$5,847)	\$1,779,250

These groups received **\$1.7 Million + in surplus**.

These groups increased the surplus they retained from \$0 to \$1,779,250 in just 1 year – a **47% reduction in claims spend**.

# HOW WE DID IT

THE HOSPITAL-OWNED NETWORK AND TPA PREVIOUSLY IN PLACE WERE NOT PROPERLY ALIGNED WITH THE NEEDS OF EACH EMPLOYER GROUP OR THE BLOCK ITSELF.

- The network was aligned with the TPA's owner, not the underlying employer groups
- A PBM contract with zero transparency towards prescription drug pricing
- No claims management
- Carrier retained all PBM rebates
- No clinical integration
- Little broker or client control

CRUMDALE PARTNERS' DYNAMIC SOLUTIONS ENABLED THE BROKER TO STABILIZE THE SELF-FUNDED PLATFORM, WHILE SAVING THE BLOCK \$1.7M, OFFERING TRANSPARENCY, AND MAINTAINING FLEXIBILITY. SOME OF THE MAJOR CHANGES MADE INCLUDED:

- Implemented coalition/block pricing across program vendors.
- Assigned an independent TPA with no ties to the network or hospital systems.
- Implemented Crumdale's Fiduciary Shield program to closely monitor prior authorizations for medical services and prescription drugs.
- Analyzed case management notes to engage high-cost claims early in the process.
- Created a well-designed and managed health plan partnered with a stop-loss carrier to expertly manage risk.
- Identified an issue with a high-cost drug before the group had to pay for the first prescription fill and secured the brand name drug at zero cost to the group and member without delay through a manufacturer's assistance program.
- Implemented immediate claims review before payment by each group to assure that payments were appropriate for the services provided.
- Implemented a coalition-level PBM contract with alternative sourcing for high-cost specialty drug support integrated within the contract.
- Provided a member-level concierge service to help employees find the best doctors at the most cost-effective price.
- Managed the details involved in moving a block of this size, such as member enrollment, ID cards, network disruption, vendor integration, plan document creation, and on-boarding.
- Identified a processed claim that was scheduled to be paid at charges of \$49,000 with no discount through a TPA error. After review, the claim was re-priced to approximately \$6,000, a group savings of \$43,000.