

# Boutique VS. Bundled

**WHILE EXPERTS DEBATE THE MERITS OF BEST-OF-BREED SERVICE RELATIVE TO SCALING PACKAGED PROGRAMS, THEY AGREE THAT SOLUTIONS SHOULD BE TAILORED TO INDIVIDUAL CLIENT NEEDS**

— Written By Bruce Shutan

**T**he fate of a self-insured health plan is invariably linked to the quality of partnerships that serve that particular employer. There has been a long-running debate across the industry about the merits of a boutique vs. bundled-services approach.

The former builds a suite of best-in-breed expertise that's both nimble and independent, while latter offers massive scale that streamlines partnerships to close coverage gaps, simplify benefits administration and deepen savings. Experts suggest that whatever approach is ultimately decided upon should be tailored to the unique needs of each plan.

Whether a boutique or bundled approach is chosen will be largely predicated upon the advice that's being dispensed. There are generally two groups of benefit advisers that match up to the strategies of unbundling or bundling for self-funded health plans, according to Bob McCollins, VP of sales with Edison Health Solutions (EHS).

**Bob McCollins**

Roughly 20% of them have the staff support, bandwidth and vendor vetting process to manage an unbundled approach, he observes.

In essence, they're "playing upstream" for a more sophisticated self-funded buyer that also has the staff depth to manage and monitor the various risk management strategies of an unbundled and customized benefits strategy, he adds.

The idea behind this arrangement is about integrating and managing all the bolt-on solutions and strategies with an independent third-party administrator (TPA) acting as the hub and holding those vendors accountable for their service performance and results.

The remaining 80% prefer a bundled approach of best-in-class solutions, as well as centers of excellence, transparent PBMs, medical management, concierge services and data analytics, according to McCollins. He says the bundled approach is a great way to provide benefit advisers alternative financing solutions for their small and midsize employers that feel stuck in a fully insured world.

Initially, the industry seemed to favor a broad-stroke rule that has given

way in recent years to carving out more boutique solutions, even on a high-volume transactional program, says Brian Wroblewski, EVP of sales for ClearHealth. "It's like the adage of as you experience life a little bit, you start to identify, through wisdom, where your specific preferences lie," he observes.

As the marketplace matures and employers become savvy about the benefits they offer, brokers or consultants increasingly want to talk about something special, unique or tailored to the groups they serve, Wroblewski reports. "If a given employer group has maybe more experience than they would prefer to have had in a modality like dialysis or behavioral health, then they may want to be more targeted in their approach on handling those claim types," he explains.

While bundling serves delivers both scale and simplicity to self-insured employers, it's "an easy way out" relative to hiring boutique shops with a deep bench of wise and intelligent experts, notes Nigel Wallbank, a risk management consultant who's also chairman of the Self-Insurance Educational Foundation, Inc.

Expertise is critically important considering that "the biggest waste of money is something not being treated properly" early on from a clinical standpoint, he notes. One such example would be contracting with a cancer specialist whose benchmarks pale to Sloan Kettering or similar clinics or centers of excellence. Wallbank believes the boutique approach ensures that the most qualified people will be in place at all times to prevent any missteps, adding that "the best savings are the ones that you don't have to pay."

Where boutique shops have a competitive advantage is that they can select best-in-class vendors to better meet the needs of self-funded health plan sponsors and participants alike, opines Dorothy Cociu, president of Advanced Benefit Consulting & Insurance Services, Inc. whose 35-plus years in the health insurance business includes running a TPA for 12 of them.

"That's one of the best advantages of self-funding in the first place; being able to creatively design your plan, select vendors to meet your needs and make sure it's working," she explains. "If you just want it simple and packaged maybe you don't want to really self-fund. Maybe you want to go back to that fully-insured arrangement or using one of the big BUCAH providers when you bundle. In my opinion, you're taking away your primary advantage of self-funding, which is that flexibility and that creativity."

**Brian Wroblewski**



Tom Sass

### PLUGGING GAPS

Tom Sass, VP of business development at Gravie who has also worked for a managing general underwriter and large insurance companies, sees value in the integration of various expertise under one roof. His firm serves as both the administrator of services and stop-loss carrier. Streamlining partnerships this way guarantees no gaps in coverage because plan designs are a direct reflection of what the TPA knows will be covered, he explains.

“We’re not out trying to negotiate with four or five different stop-loss carriers or two or three different TPAs, trying to convince them that this program was right and then marry them up to the right risk taker,” Sass says.

McCollins spots power in numbers that trickle down market. “I believe in the bundled, plug and play for employers with between 25 and 250 to 300 employee lives,” he says. “Very simply, it’s kind of a one-call easy button approach. You’ve got all of the solutions and people in place that the independent TPA has assembled for a seamless health plan replacement the employer is used to in a fully insured plan. But now it’s with the added benefit of having access to data and control of their second or third-largest business expense after payroll.”

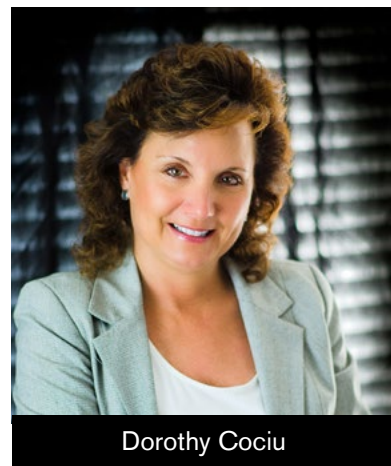
All of the services that EHS offers – admin, care navigation, centers of excellence, ancillary services and custom network design, virtual medicine and an Rx pharmacy benefit solution – can be bundled for self-insured health plans that want to pursue that approach.

But they also can be cherry picked for customers who prefer to work with several solutions partners with one scenario being that EHS serves as the TPA hub that manages the implementation and ongoing service of those relationships.

Whatever approach is taken, personalization of service is becoming increasingly important. Working with independent suppliers offers employers more of an option to converse with actual case managers and review their notes to determine exactly what’s needed, Cociu believes.

Another benefit for her is that it’s easier to use data analytics and predictive modeling on utilization trends with boutiques. Moreover, she says that when services are tied to a package, customers don’t have the flexibility to replace a bad component in the service bundle.

Direct access to the owner of an organization is also possible with boutique shops. “You certainly can’t do that with Amazon or Google or even at a big insurance agency,” she notes. “With boutique vendors, you have that ability to pick the brains of the people who helped you make that decision to go with self-insurance in the first place.”



Dorothy Cociu

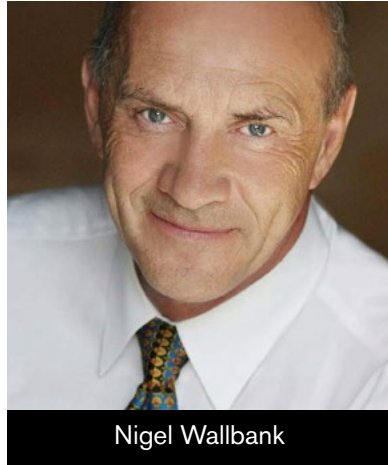
In handicapping the ever-changing vendor landscape, Cociu predicts that many of the smaller boutiques will continue to be gobbled up by bigger players. “If you’re working with good vendors that still have their own large blocks to work with,” she surmises, “then you probably will still be able to get a lot of that scalability.”

### PUTTING THE MEMBER FIRST

The bottom line is that no matter how self-insurance is structured the focus always should be on the health plan member, according to Sass. As part of that mission, Gravie created a plan design that covers 85% of services at no cost in the face of rising deductibles and copays.

Another program rolling out this fall will actually help finance out-of-pocket expenses with an interest-free loan over 12 months, he reports. These efforts address mounting concern across the marketplace about the affordability of health insurance among working Americans who are struggling to make ends meet, especially in the face of inflationary pressures.

This issue is what ClearHealth built its business around. "When somebody goes outside of their network and a \$4,000 or \$5,000 MRI is billed to the health plan, we price and manage that claim so that the member doesn't end up bearing the brunt of an inflated charge and the health plan can offer an affordable product," Wroblewski explains. He points to the emergence of an important megatrend that's driving this activity. Since the pandemic, more people are working remotely or moving to a different geographic area. "Now all of a sudden, we live in and traverse the country and maybe the world," he says, "so we need to be able to administer plans where somebody could feasibly be anywhere."




Nigel Wallbank

Membership in an organization like SIIA helps industry experts forge strategic partnerships and refer business, Wallbank observes.

"It's like walking into a library or speed dating with professionals whose expertise complements your own offering," he says. "It really is a relationship business. I truly built my business going to SIIA and being part of committees because I got to know people who, once they trusted you, would actually send you business. I was with Lloyds of London on a risk management basis from the other side of the Pond who truly didn't understand a thing about medical insurance when I arrived in the United States." ■




Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 30 years.




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