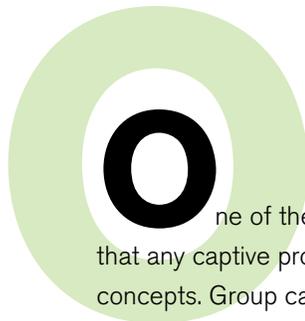




# CAPTIVE MANAGERS BRING ADDED VALUE TO THEIR GROUP CAPTIVES

Written By Karrie Hyatt

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One of the most important aspects of joining a group captive is the benefit that any captive provides—access to risk management and cost containment concepts. Group captive managers are taking that idea a step further adding educational opportunities for captive members to learn about the latest developments and best practices in insurance management, as well as by fostering communication and idea sharing among group owners and across groups.

“Something that’s really driving the growth of group stop loss captives is employers recognizing when they join, they are opening a toolbox of all kinds of cost containment strategies that the traditional market does not offer them,” said Michael A. Schroeder, president of Roundstone. “Captive funding strategies allows middle market companies to get access to risk management cost containment ideas that the Fortune 500 companies are applying.”

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For captive managers that manage group captives, promoting risk management techniques among the companies in the group captive is the key to growing a well-managed captive. Often there are cost-saving techniques that they offer members right away. Many companies, including Roundstone, work to develop techniques and data to help the captive members take the best possible advantage of the captive funding mechanism.

## CONFERENCES, FORUMS, AND SYMPOSIUMS

One of the most important ways that captive managers can provide value added service is through conferences, symposiums, and meetings. These get-togethers are organized outside captive Board meetings and are attended by owners, advisory committees, and brokers. Some captive managers have one large conference a year with select meetings organized two or three times a year, some focus on smaller meetings just among captive owners. The thing they all have in common is education.

“Once a year, Roundstone brings together our captive participant employers, prospective customers, and benefits advisors for our Roundstone Medical Captive Forum,” said Schroeder. “At this educational event, we engage attendees and help teach them how to implement health insurance strategies like a Fortune 500 company. This target is to focus on solutions with high engagement, low fixed cost, and high ROI [return on investment] that are simple to implement.”

Roundstone also offers an annual meeting, called the Captive Participant Meeting, for employers and advisors that are currently a member in one of their group medical captives. In this meeting, said Schroeder, “Participants share overall group performance, success stories, and cost-saving tools and tactics. Furthermore, breakout sessions are included that focus on topics pertaining to continuous healthcare spend improvements. While there is employer anonymity when metrics are presented, attendees are able to learn cost containment solutions from one another.”

Twice a year, Roundstone also brings together its top performing benefits advisors for the Roundstone Advisors Council. There they discuss value-added services and openly discuss ways to improve Roundstone offerings to the advisors' employer clients.

Collaboration and sharing is the driving force behind the educational opportunities that Berkley Accident and Health provides its group captive members. According to Jim Hoitt, senior vice president, “Collaboration is a foundational attribute of these group captive programs, it's really what sets participation in a group captive apart from just managing your self-funded plan on your own. We don't need to do much encouraging [of members]. These employers understand that the more positive influence they can have on their fellow members—via the sharing of ideas—the better their potential results will be.”





“We host an annual collaborative risk management symposium that a number of our programs utilize to conduct member meetings,” continued Hoitt. “Some hold their member meetings just after our symposium so they can formulate action plans based on the information gathered from that event.”

During their annual symposium, Berkley Accident and Health fosters an additional form of sharing. To fill short gaps between programming, they ask different group captive members to present case studies about their own successes. “What makes our symposiums cool is that nobody is there to keep secrets, everybody has their proprietary approach, but the idea is to share as much as you can because it makes the whole community better,” said Hoitt.

## KEEPING IN TOUCH ALL YEAR LONG

Group captive managers also foster communications within captive programs throughout the year. At Berkley Accident and Health, their captives schedule additional meetings several times a year. “With over 30 group captive programs in our portfolio, there is a great amount of diversity in the member meeting schedules,” said Hoitt. “In general, outside of board meetings, we see programs meeting in person one to two times per year for risk management focus. Additional meetings might be conducted via teleconference for smaller ad-hoc committees or advisory groups throughout the year.”

Roundstone keeps in touch with their group captive members through email newsletters that feature risk management and cost containment best practices. Reaching out via newsletter opens a two-way street. According to Schroeder, “Roundstone encourages employers to provide us with any additional comments or concerns through our monthly e-newsletters.”

Schroeder continued, “We encourage our captive members to provide us with feedback through digital surveys as well as through personal interviews. Sometimes, we even capture opinions through video and use them in our marketing materials. Roundstone also creates success stories in collaboration with our CSI [Cost Saving Investigators] team and our Regional Practice Leaders.”

## VALUE ADDED SUCCESS STORIES

Group captive managers are going above and beyond to create the best possible scenario for their clients. Whether it's fostering cooperation among group members or coming up with focused ideas to help individuals within the group, captive managers doing all they can to ensure the success of the group captives they manage.

Roundstone offers cost-savings recommendations on a quarterly basis based on a group's performance. The recommendations come from the company's Cost Saving Investigators (CSI). “The CSI Team is not a single department, but rather a collection

of professionals across several of Roundstone's departments. They use their expertise to deliver the value of transparency and control to our captive participants," said Schroeder.

Here is an example of how Roundstone's CSI Team works to help group captives and their individual members. According to Schroeder, "This past year, an educational services organization enrolled in one of Roundstone's medical group captives experienced reoccurring high cost claims. One individual in particular had amassed over \$60K in claims related to their prescription drugs alone. The Roundstone CSI Team quickly identified this claimant's specialty drug costs as an area for improvement and recommended the employer switch their pharmacy benefits manager (PBM).

"A PBM is an intermediary between insurers and drug manufacturers. This organizations work towards reducing pharmacy spend and providing greater access to medications. If a company's employer-sponsored healthcare benefits are covered by a full-insured plan, they may not realize the potential for cost saving with an independent PBM. Being self-funded means employers have the ability to work with an independent PBM where prescription drug cost savings may be realized.

"After closely investigating the claimant data of the educational organization, the Roundstone CSI Team recommended the company switch to an independent PBM with 100% pass-through savings to the group. This switch allowed the high claimant to decrease their annual claims on prescription drugs by nearly 47%. In fact, this company is expected to realize cost-savings of \$28K just from this one employee."



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While the CSI Team is unique to Roundstone, many captive managers use practical means to test out cost containment strategies. For Berkley Accident and Health, they will test approaches developed during their symposium and meetings on a small scale before launching it group-wide. According to Hoitt, “One common approach is to have a few employer members volunteer to “pilot” or test out a new cost solution or plan strategy and then report back to the remaining membership of implementation, service, and overall results.”

The approach has helped their group captives find efficient strategies for things like changing benefit language to steer procedures to more cost-effective facilities or to replace their PBM with a more transparent model.

In the spirit of sharing that is a key function for Berkley Accident and Health, they encourage collaboration among group captive programs.

“We’ve also seen a tremendous amount of sharing across programs, where the strategic sponsor of one program provides another program with vendor solutions that have worked effectively for them,” said Hoitt. “We have referred to this openness for collaboration amongst members, brokers, and captive programs as an ecosystem for health risk management.” ■

Karrie Hyatt is a freelance writer who has been involved in the captive industry for more than ten years. More information about her work can be found at: [www.karriehyatt.com](http://www.karriehyatt.com).