



HOW SELF-INSURED HEALTH PLANS ARE HELPING EMPLOYERS COMPETE IN A CHALLENGING TALENT MARKETPLACE

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rior to joining The Phia Group, LLC, an experienced health care cost-containment company specializing in self-insured plans, my knowledge and experience with the self-insured industry could fit on the tip of my pinky.

My previous work experience was exclusively in the fully-insured sector, where I quickly learned that uttering the words “self-insurance” was considered almost offensive. On a more personal level, I had been covered under various fully-insured health plans since my very first job after graduating law school. From the start, my experience with fully-insured plans jaded my perception of health benefits.

I eventually accepted that medical insurance was a necessary evil that I would have to learn to live with. Although my employers genuinely cared about the well-being of their employees, the ability to offer comprehensive medical benefits became increasingly difficult due to the monumental annual increases in the cost of fully-insured coverage.

As employers who sponsor fully-insured health plans are generally limited to an “off the shelf” one size fits all plan options designed by their respective carriers, the limited ability to design benefits to meet the specific needs of their employees is an additional obstacle.

As a fairly healthy individual who has never broken a bone or required surgery (knock on wood), I have spent most of my adult life stuck paying a premium for benefits that I rarely used. I viewed medical insurance as an unpleasant necessity, expensive but necessary just in case I was hit by a bus. This was especially the case when I experienced the dreaded fully-insured high deductible health plan.

Although high deductible plans have become a popular compromise for employers to keep healthcare premiums at an affordable rate, as a low claims plan participant I struggled with the fact that I was not only paying a high premium, but also paying out of pocket for occasional provider visits and generic medications from my own hard-earned money.

Due to my infrequent need to seek medical services, in all my years covered by a high deductible health plan, I never reached my deductible amount – not once. So, in reality, I was paying for coverage that I never really used. Unfortunately, the astronomical profits that fully-insured carriers were reporting at that time did not help to alleviate what I perceived as an unpleasant necessity.

Then I interviewed with The Phia Group, my current employment, who not only specializes in self-insured health plans, but practices what they preach by sponsoring their own self-insured health plan for their employees.

Where most employers usually avoid describing their health benefits in the interview process, my experience interviewing with The Phia Group was complete the opposite and opened my eyes to not only the beauty of self-insured health plans, but how it can be used as an effective recruiting tool.

“Ummm . . . can you repeat that?”, I exclaimed, as my eyes widened in bewilderment. “Which part?”, the Talent Acquisition Specialist asked, “The part about no co-pay for generic medications, no co-pay if I choose to take part in the Direct Primary Care (“DPC”) program, or the list of incentives that can actually result in extra cash in your pocket for helping the plan contain costs?”

Needless to say, this was the first time ever, in my lengthy professional career that I ever considered healthcare benefits as a factor in making my decision to work for an employer. Since enrolling in our health plan over a year ago, my health plan contributions have been consistent and more affordable than they’ve ever been.



Most importantly, my trauma from paying the full cost for health services under a fully-insured high deductible health plan had finally faded, as the total I have spent on healthcare since I joined The Phia Group has totaled \$0. This is when I first realized how important offering and sponsoring a self-insured plan can be, as self-insurance can be an employer's "secret weapon" for marketability in an ever-increasing competitive market for top talent.

WHY IS THERE A STRUGGLE TO FIND & RETAIN TOP TALENT?

In May 2019, the White House¹ announced that the unemployment rate in United States had dropped to 3.6 percent—the lowest unemployment rate since December 1969, according to a Bureau of Labor Statistics' ("BLS") household survey.

Although this was great news for our economy as a whole, a low unemployment rate can be a challenge for employers seeking to expand their workforce and attract and retain top talent. Although U.S. job growth has been consistently strong, a low unemployment rate indicates there are more jobs than there are job seekers.

Another challenge employers are currently facing is increasingly high turnover rates, or what is generally referred to as high "quit rates" meaning voluntary separations initiated by employees. According to the April 2019 Bureau of Labor Statistics Job Openings and Labor Turnover Survey Highlights², high quit rates are indicative of a robust job market. Therefore, the quit rate can serve as a measure of workers' willingness or ability to leave jobs.

According to the survey, there were 3.5 million quits in the U.S. in April 2019. This number far exceeded the number of discharge or layoffs for April, which was estimated at 1.8 million. Employers who sponsor self-insured plans and who choose to use the services of Third Party Administrators ("TPAs") have been found to save more money on their health plans per enrolled person than they would have with traditional insurance. This is because TPAs work to manage an employer's self-insured plan based on the employer's specifications instead of according to an insurance carrier's policy.

THE RECRUITING & RETENTION ADVANTAGES FOR EMPLOYERS WHO SPONSOR SELF-INSURED HEALTH PLANS

Due to the limited pool of job seekers, and increasingly high quit rates, employers are reviewing their compensation packages, and more importantly, their benefit offerings, to determine what leverage they have to compete in this employee-centered job market.

In a 2017 survey conducted by the Society for Human Resource Managers³ ("SHRM") on the strategic use of benefits, the results yielded that organizations that take a strategic approach to their benefits programs, by leveraging benefits to recruit and retain employees, are nearly twice as likely to have more satisfied employees and to report better business performance compared with organizations that are not strategic with their benefit programs.



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This survey reveals that benefits are a key driver in recruitment and job satisfaction. If an employer's offerings fail to meet employees' health and financial demands, they risk losing top talent to organizations with more complete coverage options.

Employers who sponsor a self-insured health plan have a notable advantage over employers who offer fully-insured coverage, especially when it comes to adjusting their benefits to attract top talent. In order to meet the unique needs of job seekers and candidates as well as current employees, self-insured health plans allow for more flexibility and control over the terms of a plan.

Employers have the opportunity to work directly with their service providers to customize their benefits to fit their needs and adjust them over time as needed. More importantly, plan sponsors have the ability to incorporate cost-containment incentives for their employees that allows the employer to not only save money, but also use those savings to enhance their plan offerings and offer them at a low cost.

On the other hand, employers who offer fully-insured health plans are generally limited to the costly options available from the carriers within their respective states. In this context, budget conscious employers are usually forced to forego the more comprehensive health plan for the most affordable option, which usually has less than favorable coverage and results in employee dissatisfaction.

BOTTOM LINE

According to a survey conducted by America's Health Insurance Plan⁴, 56 percent of U.S. adults with employer-sponsored health benefits said that whether or not they like their health coverage is a key factor in deciding to stay at their current job. In addition, the survey found that 46 percent of U.S. adults said health insurance was either the deciding factor or a positive influence in choosing their current job.

For employers who offer self-insured health coverage, the ability to design and modify their plans and enhance savings can be a valuable resource to attract top talent in this expanding job market. In sum, communicating the value of self-insured health benefits to job-seekers, potential job candidates, and existing employees, can be an employer's secret weapon in competing for talent in this job market as well as employee retention. ■

References:

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Philip Qualo, J.D., joined the The Phia Group, LLC in June 2018. In his current role as a Compliance and Regulatory Affairs Consultant, Philip provides consulting services to employers, third-party administrators, brokers, and vendors on an array of topics focused human resource and employee health benefit plan compliance. He proactively monitors the legal and regulatory environment to identify legal, regulatory and compliance-related gaps and advises internal and external stakeholders on areas of risks.

He earned his J.D. from Villanova University School of Law and his B.A. in both Philosophy and English from Loyola University Maryland. Philip's professional experience has ranged from practicing employment law, specializing in disability litigation, to managing federal grants and advocating for underserved communities on behalf of National Alliance on Mental Illness (NAMI).

