

A doctor in a blue coat is holding a small metal shopping cart filled with blister packs of red pills. The doctor's face is partially visible in the background, looking down at the cart. The cart is held in the doctor's right hand, and the pills are spilling out of it.

Practicing

What's Always Been

Preached

One SIIA member finally plunged into self-insurance for its own employees

For 15 years, Premier Healthcare Exchange provided advanced network and cost management solutions to leading insurance companies, Taft-Hartley funds, HMOs and TPAs. And as a SIIA member, PHX clearly understood and appreciated the purpose and power of self-insurance. But it didn't actual self-fund the health benefits coverage of its own workforce until Jan. 1, 2016.

The carrier's evolution serves as a compelling argument in favor of the self-insured approach not only from a cost standpoint, but also larger strategic considerations involving the workforce. "Once we reached about 300 employees, there was enough scale to consider" switching from a fully insured to self-funded plan from a business perspective, explains Matt Hintz, CHRO of Zelis Healthcare, which earlier in the year acquired PHX and renamed it Claims Integrity.

More than half of roughly 600 employees across the parent company's three divisions are eligible for health insurance benefits. Sister companies include Network Solutions (formerly Stratose/GlobalCare) and Payments (formerly Pay-Plus Solutions) – both of which also this year transitioned from fully insured to self-funded health plans for their employees. The company has a smaller presence in Chicago, New Orleans and other parts of the U.S.

Zelis' technology platform serves the cost-containment and payments needs of more than 500 health care payers for medical, dental and workers' compensation claims. It also delivers electronic payments and explanation of payments to more than 200,000 health care providers and offers patients provider lookups and medical referrals.

Each Zelis unit has a long tradition of investing in their employees in terms of benefits, pay practices, training and a caring corporate culture, as well as career and leadership development. "And so, this is part of an overall compensation and employee-engagement strategy," Hintz says.

The company's primary goal is to fuel the rapid expansion of its various divisions, while at the same time recognizing that employees are the most important asset in that growth. Recruitment and retention are critical to high-growth companies and Hintz considers self-funded benefits an integral part of that talent equation.

While getting a better handle on employee health care costs is a huge motivation to self-insure, Zelis was driven to reinvest any savings in its human capital. And while the Affordable Care Act has lured many smaller and midsize employers to self-insurance as a means of avoiding various fees and wresting control from insurers, it has had virtually had no impact on Zelis. The company would not release information about its fully insured health plan costs, describing the information as confidential.

Hintz says the thinking behind the move to self-insure was *"provide the richest benefits we can and be in the right space to attract, develop and retain people."*

Zelis employees now have a myriad of choices – from a high deductible health plan and comprehensive coverage to ancillary benefits that include dental and vision. Once a full year of expenses under each unit's self-insured health plan can be evaluated, Zelis plans to recalibrate plan design based on usage. However, the immediate expectation is that there will be an overall reduction in plan administrative and utilization costs associated with the new approach.



Matt Hintz

Understanding benefits value

While Zelis employees understand their health benefits far better than the average consumer of employer-provided insurance plans essentially because it's the company's core business, they're still exploring uncharted territory. "We want our employees to understand the value of their benefits, and also to maximize their participation in the benefits, particularly things that keep them healthy," Hintz explains.

He credits a robust, hands-on and frequent communication process over the course of the company integration throughout open enrollment with helping achieve those objectives. The effort includes multiple sessions for employees, an onboarding program and town-hall format.

"I do think that the interchange between the employee and certainly management and HR is pretty robust," he adds. "The key to the employee communications have been the transparency by which we've operated."

As this issue went to press, Zelis was about to hold another town hall meeting where employees would be brought up to speed on the growth of the enterprise's disparate businesses and how they can share in the spoils.

Hintz, who has been administering benefits for more than 25 years, believes the secret to success is when employees are more focused on their benefits than the type of coverage to which they're transitioning. Then again, he lauds the deep knowledge of health care and sophistication of the company's workforce, which certainly makes for an easier time at open enrollment. But it also spills into other aspects of the business.

"We have almost no attrition of accounts, and that's because they're providing great service at the customer level, and they care

about it," according to Hintz. "We have a culture of caring about our clients. And then we take the time to make sure that they're well versed and can explain the products that we sell, and that they can service those."

A recent Forrester Research, Inc. report suggests employee engagement at work and with their benefit plans is "a measurable workforce characteristic" that not only reduces turnover, but also drives customer satisfaction. Researchers analyzed the practices of 20 vendors whose software solutions promote higher employee engagement. Among the key levers: coaching and performance, communication, learning and careers, measurement, rewards and recognition, and health and well-being.

"Our overall people strategy is one of engagement so that we can engage our

clients, and you can't do that without a robust benefits package and investing in your employees," he explains. "We believe that the self-insured model keeps us sharp in terms of how we think about our investment in the benefits and how we care for employees."

The lesson for other employers is that they gain a competitive advantage when employees understand the cost of benefits and make better choices that will keep them healthier and more productive in the workplace. Hintz predicts that self-insurance will continue to trickle down market to smaller businesses because the health care consumerism trend is here to stay.

Bruce Shutan is a Los Angeles freelance writer who has closely covered the employee benefits industry for nearly 30 years.



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