
Level Funding:

A Sales and Relationship
Building Tool

Small Business Benefits


Trustmark[®]
benefits beyond benefits

Table of Contents

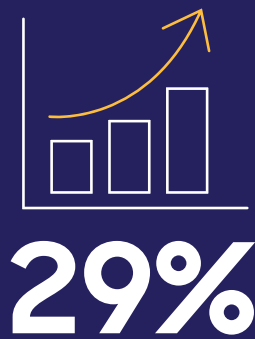


<u>Introduction</u>	3
<u>Level Funding – A Sales and Relationship Building Tool</u>	3
<u>Why Small Employers are Moving to Level Funding</u>	3
<u>Important Considerations When Researching Value, Cost and Provider Access</u>	4
<u>The Different Kinds of Self-Funded Plan Designs</u>	5
<u>Sales Support Makes Prospecting Easier</u>	5
<u>Leverage a Level-Funded Plan Design as a Sales and Relationship Tool</u>	7

Prospecting is a necessity to keep your pipeline growing, especially during demanding times.

While you may know some of the basics of prospecting –being proactive and setting time aside daily for calling prospects – do you have the right mix of health benefit plan designs for your small- to mid-size business clients? Have you considered a change from traditional fully insured to give more control of how dollars are spent?

Level funding can be the answer to your prospecting and retention strategy – an affordable and predictable self-funded solution with a lot of creative options, which we will discuss shortly. Adding level funding to your portfolio paired with a carrier/third-party administrator (TPA) that supports you and your clients will set you up for success.



Self-funding/level funding for small employers (3-199 workers) increased 29% from 2019 to 2020.¹



31% of employees from small firms are in a plan that is either self-funded or level-funded,¹

Why Smaller Employers Are Moving to Level Funding



Why are smaller employers moving to these kinds of plan designs? Perhaps it is the advantages of level funding. Starting with cost, compared to a fully insured plan, a self-funded health benefit plan can be less expensive. Additionally, employers can create a tailored self-funded health benefit plan with level funding to meet their unique needs. Level funding in connection with a self-funded health benefit plan is predictable given it offers level monthly payments regardless of claim activity. Employers fund their maximum liability through 12 equal, monthly payments based on consistent enrollment, which enhances the employer's ability to budget.

Stop-loss insurance premium included in the level-funded monthly payments helps protect against the financial impact of a large number of covered claims, an individual covered catastrophic claim, or both.

Groups fund for their expected claims each month, leaving a potential for a refund at (or after) the end of the contract period if the group's claims are lower than predicted and funded during the plan year.

Important Considerations When Researching Value, Cost and Provider Access

Each carrier/TPA has what they consider their own competitive plan design that stands up to another carrier's/TPA's plan design. Cutting through all the different competitive products can be a challenging task for brokers, but well worth the research. It is best to begin with an open mind and look at the creative options available from each carrier/TPA, carefully evaluating value and cost.

Important things to consider:

- How rich are the benefits?
- Does the plan design provide super low costs, but offer too lean or non-useful benefits, resulting in significant financial exposure to the employee?
- What are your clients getting for their money?
- What does the provider network access look like?
- Is there enough provider access for your clients and their employees?

Other considerations to think about are does this carrier/TPA offer self-funded plan designs that provide value and affordability, such as reference-based pricing plan designs (RBP), PPO plan designs and CDHPs?

Why are these types of plan designs worth considering?

Costs are continuing to rise over the last five years and the average premium for family coverage has increased 22%.¹ According to a 2020 Kaiser Study, the average annual premium for covered workers in small firms is \$7,483 for single coverage and \$20,438 for family coverage.¹

Brokers who aren't looking at these alternatives but sticking with the typical, popular fully insured plans can be missing out on prospects who are looking for something different. Additionally, you can potentially lose current clients to competing brokers who are offering these options. These plan designs can often include more savings, richer benefits and quality provider access.

Costs are continuing to rise over the last five years and the average premium for family coverage has increased **22%¹**



The Different Kinds of Self-Funded Plan Designs

Reference-Based Pricing (RBP) Plan Designs

- Generally lower cost than traditional PPO plans, RBP plan designs use fixed pricing, to calculate claim reimbursement, across providers for healthcare services based on a multiple of Medicare and/or provider costs.
- For most services, covered employees can select the providers they want, so they can keep current provider relationships and/or choose a new physician. No out-of-network penalties or limited network restrictions.
- Some carriers/TPAs offer concierge services such as help with finding providers, making appointments, claim auditing and balance bill education for providers about RBP, and member support in the occurrence of a balance bill.

PPO

"A preferred provider organization (PPO) is a medical care arrangement in which medical professionals and facilities provide services to subscribed clients at reduced rates. PPO medical and healthcare providers are called preferred providers."² This type of plan design offers in- and out-of-network benefits.

CDHP

Consumer-Directed/Driven Health Plan designs are a high-deductible health plan that are often paired with a health reimbursement account (HRA) or health savings account (HSA) to reimburse eligible healthcare expenses not paid under the health benefit plan, such as deductibles and coinsurance.

HRA

"A health reimbursement arrangement (HRA) is an employer-funded plan that reimburses employees for qualified medical expenses and, in some cases, insurance premiums."³

Sales Support Makes Prospecting Easier

Let's take a look at some insights about health plan evaluation criteria from small- to mid-size employers and brokers who support them, which was gathered from a survey conducted by C+R Research.

In Regard to Service:

In addition to cost, the most important determinant [motivators to switching health plan] is service. I think if there is another company that can provide better service, maybe I will consider that.⁴

In Regard to the Sales Representative Role:

When it comes to providing outstanding account management and administrative support, Brokers are looking for the rep to be responsive when helping with tasks, like claims and enrollment.⁴

Consistency is most important with a single point of contact. Reaching out with a question and not hearing back in a timely manner is a concern. Knowing that the sales rep is knowledgeable and can help quickly is a must.⁴

What is the main takeaway? When choosing a carrier or TPA, look for the **sales support to help make your prospecting easier**. A dedicated sales representative who asks questions to understand you and your client's needs to provide a quality solution is key. Look for someone who isn't an order taker and will think outside of the box for each of your unique clients to identify the best fitting plan design.

Work with a representative who:

- **Is a trusted advisor** who provides expertise and quality tools to educate on self-funding and level-funded plan administration.
- **Provides creative and affordable plan solutions** and many plan design options.
- **Guides you** during the underwriting & enrollment process so you know what to expect.
- **Ensures a smooth transition** for your client with in-depth knowledge on the carrier/TPA requirements so there are no surprises.
- **Always is available and accessible** to help along the way and assist with the new plan design for you and your clients.
- **Continues to support you, the employer and employees** during the onboarding process, can help simplify plan administration, and provide post-sale support as well.

And, most importantly, find the carrier/TPA that has exemplary customer service to support your employer and employee clients with health plan administration and the administration of claims, questions and education on how to best utilize their plan. Research the company's financials, years of experience and reputation.

And finally, don't forget to look whether they have value-added services such as telehealth, medical second opinions, health and wellness education, and quality and cost transparency services. These valuable additions can also help keep costs down/deliver additional savings and especially with telehealth, provide more access to healthcare.

The pandemic has increased employee use of virtual health care, which has opened new ways to care. In particular, low income employees are **over 40% more likely** to say they got the care they needed when using virtual care.⁵



Leverage a Level-Funded Plan Design as a Sales and Relationship Tool

Set aside time to start looking at carriers/TPAs that offer budget-friendly, creative plan designs, such as level funding solutions with predictable payments, to consider presenting to your small- to mid-size clients. Then, identify which will support you and your clients for the long haul. Finally, take this information and determine how it fits your current client base as well as allows your business to grow as you expand to new clients.

Footnotes:

¹2020 KFF Health Benefits Survey. Summary of Findings. 8/2020.

²Investopedia Health Insurance Basics. Mitchell Grant. 7/7/2020.

³Investopedia Health Reimbursement Arrangement (HRA). Alexandra Twin. 3/3/2021.

⁴Survey administered by C+R Research, December 2019.

⁵Willis Towers Watson 2020 Global Benefits Attitudes Survey. 2021.

We offer self-funded plan designs with stop-loss insurance uniquely designed for small to mid-size groups. For more information or a quote, visit TrustmarkSB.com.

Trustmark® and Trustmark Small Business Benefits® are trademarks of Trustmark Insurance Company.

Trustmark Small Business Benefits®

Plan design availability and/or coverage may vary by state. Self-funded plans are administered by Star Marketing and Administration, Inc., and stop-loss insurance coverage is provided by Trustmark Life Insurance Company.

400 Field Drive
Lake Forest, IL 60045
TrustmarkSB.com

