

Value for Money in Employee Benefit Plans

Stand Alone or Multi-Employer Group Model

Date:

Location

Presenter:

Value for Money

Cost Minimization Strategies:

Economy of Scale

Do more with less

Spread of Risk

The bigger the better

The Fees

Rates = Actuarially Pure Premium + Administration Fees:

Administration Fees:

- ❖ General Administration

The Fees

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- ❖ Profit / Risk Charge
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- ❖ Profit / Risk Charge
- ❖ Broker / Consultant Commission
- ❖ Premium Taxes
- ❖ Reserves
 - IBNR
 - Claims Reserve

Funding Arrangements

ASO

- ❖ Administrative Services Only
- ❖ Self Insured

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Refund Accounting

- ❖ Shared risk through reserves

The Numbers

ASO		
\$ 818, 148		
No Reserves required		

The Numbers

ASO	Insured	
\$ 818, 148	\$ 1,650,645	
No Reserves required	\$ 832,497 / year additional costs	

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The Numbers

ASO	Insured	Refund Accounting
\$ 818, 148	\$ 1,650,645	\$ 1,454,450
No Reserves required	\$ 832,497 / year additional costs plus reserves of \$2,860,032	\$ 636,302 / year additional costs plus reserves of \$2,860,032

Case Studies

We have just concluded plan cost studies for 3 specific school divisions, in each case costing our plan against their own stand alone employee benefit plans:

Case Study A: EBP costs \$93,840 less per year.

Case Study B: EBP costs \$113,140 less per year.

Case Study C: EBP costs \$149,190 less per year.