



# Alternative Funding Strategies in the New Health Care Reality

Presented by:

Brian Zidek, Excess Re

Bernie Tillotson, NFP P&C



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# **OPPORTUNITIES ABOUND: SELF FUNDING POST ACA**

# Self Funding Advantages

## Traditional Advantages

1. Flexible plan designs
2. No profit load on 85% of the claim costs
3. Opportunities to profit
4. Premium tax advantages

# Self Funding Advantages



## Post ACA Advantages

1. Not subject to essential health benefits
2. Not subject to health insurance tax (HIT)
3. Ability to offer minimum essential coverage

# Fully Insured Disadvantages

In addition to the aforementioned self-funding advantages, fully insured carriers face some daunting headwinds post-ACA.

1. Guaranteed issue requirements
2. Modified community rating limitations for individuals and small groups
3. Age band compression



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# **NFP COMPETITIVE SOLUTION: ALTERNATIVE RISK STRATEGIES**

# Alternative Risk Strategies

## **NFP COMPETITIVE SOLUTION**

- What is an alternative risk strategy?
- Why consider an alternative risk strategy?
- Why don't more employers self-insure?
- How should I "pitch-it?"
- How do I get started?

# What is an Alternative Risk Strategy Approach?

- Non-traditional vs traditional approach
- Risk management approach
- **NFP COMPETITIVE SOLUTION** program



# Why consider an Alternative Risk Strategy approach?

- All Fortune 100 companies self-insure health care costs
- Most Fortune 500 companies self-insure health care costs
- This leaves tens of thousands of companies as a potential market

# Why Don't More Employers Self-insure Health Care Costs?

- Volatility of claim costs
- Cost of stop-loss insurance policy

The value of the **NFP COMPETITIVE SOLUTION** over traditional approaches

# How do I pitch the **NFP COMPETITIVE SOLUTION**?

- Unique branded program
- Total control over health care spend
- Lower overhead or fixed costs
- Bend health care trend of double-digit inflation

# How Do I Get Started?

- Who is a good prospect?
- What information do I need?
- To whom do I send the information?

Bernie.tillotson@nfp.com

160 W. Santa Clara Street

San Jose, California 95113

408-792-5441



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Brian Zidek, Excess Re

# **NEW DEVELOPMENTS IN SELF-FUNDING**

# New Developments in Self-funding

In addition to relatively significant growth in self-funding captives, the self-funded industry is rapidly evolving.

1. Aggregate only policies
2. Minimum essential coverage
3. Reference-based pricing