



CASE STUDY

Business Challenge

Public entities nationwide feel the pressure of growing retiree legacy liabilities (OPEB) from their group retiree health plans, but many are unable or unwilling to change those benefits due to contractual obligations and / or community backlash. Their financial and HR leaders are looking for their broker or consultant to present innovative ideas that can lower or control costs, preserve the current benefit level, and minimize disruption to the retirees' health care.

Solution

Health Insurance Services (HIS) employs its resources and expertise to design and propose an out-of-the-box solution for these entities: Utilizing a high-deductible group Medicare Supplement with an embedded HRA wrap, an entity assumes a limited portion of risk so that monthly premium is drastically reduced. Carrier profits become client savings.

Results

- The employer saves 10-25% over the previous year's retiree health spending on a traditional fully-insured Medicare plan, thus decreasing its legacy liability (OPEB).
- The retirees experience no disruption in coverage and will have the same or improved benefit level with no concerns of higher out-of-network costs.
- The HRA wrap does not require the retirees to submit receipts for reimbursement. And like a traditional fully-insured plan, the sponsoring entity will still have limited administrative responsibilities.
- The new plan has an annual cap for each retiree in which all subsequent costs are shared solely by the insurance carrier and Medicare. This limits the sponsoring entity's risk of having to pay any large catastrophic claims.

OBJECTIVE	BENEFITS ACHIEVED
Lower health insurance spending	The HRA wrap saves the municipality money when it assumes a limited amount of risk. Insurance carriers make money by taking on risk, so sharing a manageable portion of it is a proven way to cut costs.
Maintaining healthcare access	Unlike many Medicare Advantage plans, an HRA Wrap utilizes the broadest national network of Medicare providers, giving retirees access to 94% of doctors and 99% of hospitals including Centers of Excellence (CoE).
Seamless transition	Retirees can see their same doctors and facilities and have the same plan design. The sponsoring entity bears no responsibility in handling claims or reimbursing its retirees.

FOR MORE INFORMATION, PLEASE CONTACT: