

ALTERNATIVE FUNDING CASE STUDY

- PROBLEM:** Employer receives a 12.3 percent increase on Group Health Plan premium, the fourth year of double-digit increases.
- DILEMMA:** In the past, Employer has made the choice of cutting benefits and/or charging employees for a portion of the increase. The Employer acknowledges this is not a solution.
- ANALYSIS:** After a detailed review of Group Health Plan and survey of employees, it was determined that the majority of the plan usage was office visit and prescription related.
- SOLUTION:** Alternative Funding...the Employer contracts with an insurance carrier for a high deductible health plan, and then offers a lower deductible to the employees. The difference between those two deductibles, the employer reimburses eligible expenses to the employee and/or their dependents.
- RESULTS:** Employer reduces first year cost by 16.8%, continues to offer a Group Health Plan the employees and their dependents appreciate, and, for the first time, has a long-term answer.

MONTHLY PLAN COMPARISON		OLD PLAN \$500 Deductible	NEW PLAN \$2000 Deductible	SAVINGS
Employee	4	\$351.98	\$292.55	\$59.43
Employee + Spouse	2	\$703.98	\$585.10	\$118.88
Employee + Family	3	\$985.54	\$819.14	\$166.40
Employee + Child(ren)	1	\$633.56	\$526.59	\$106.97
		\$6,406.05	\$5,324.41	\$1,081.64
MONTHLY PREMIUM SAVINGS VERSUS RENEWAL				16.88%
ANNUAL PREMIUM SAVINGS				\$12,979.70
ANNUAL UTILIZATION vs. SAVINGS				
Utilization	Deductibles		Savings	
10%	2		\$	11,681.73
25%	5		\$	9,734.78
44% (Breakeven)	9		\$	-
Total Deductibles= 19.5 (EE Only=1, EE+Spouse=2, EE+Family=3, EE+Child(ren)=2.5)				

WHAT YOU SHOULD KNOW... ON AVERAGE 70% OF YOUR EMPLOYEES' ANNUAL MEDICAL PLAN DEDUCTIBLE EXPENSES WILL BE **LESS THAN \$500**. LET US SHOW YOU HOW ALTERNATIVE FUNDING CAN BENEFIT YOUR COMPANY!