
Our Health Captive Story

Chris Hobby & Scott Forsyth

Health Insurance Costs for Municipalities

Problem:

Rising health insurance costs that
compound yearly

Solution:

Take a more active role in cost
management.



The “Why”

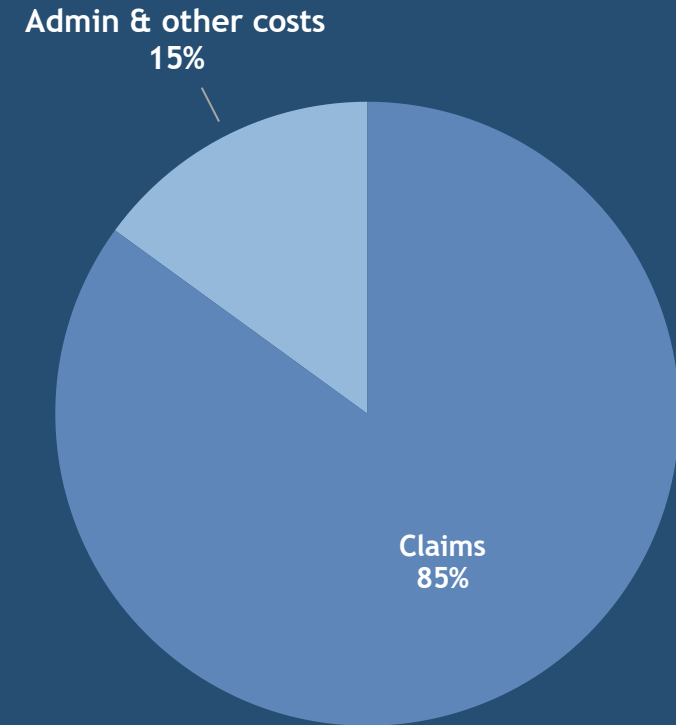
Insurance Cost Increase:

U.S. employers are bracing for the largest increase in health insurance costs in a decade next year, according forecasts from healthcare consultants, but workers may be somewhat spared this time around in a tight labor market. Benefit consultants from Mercer, Aon, and Willis Towers Watson see employer healthcare costs jumping 5.4% to 8.5% in 2024 due to medical inflation, soaring demand for costly weight-loss drugs and wider availability of high-priced gene therapies. (Reuters, 2023).

Medical Loss Ratio (MLR) requirement with ACA:

The ACA requires health insurers in the individual and small group markets to spend at least 80% of their premium revenues on clinical care and quality improvements. For the large group market, the MLR requirement is 85%

Health Insurance Costs



Strategy Timeline



2016: established captive for the city, county, and hospital.

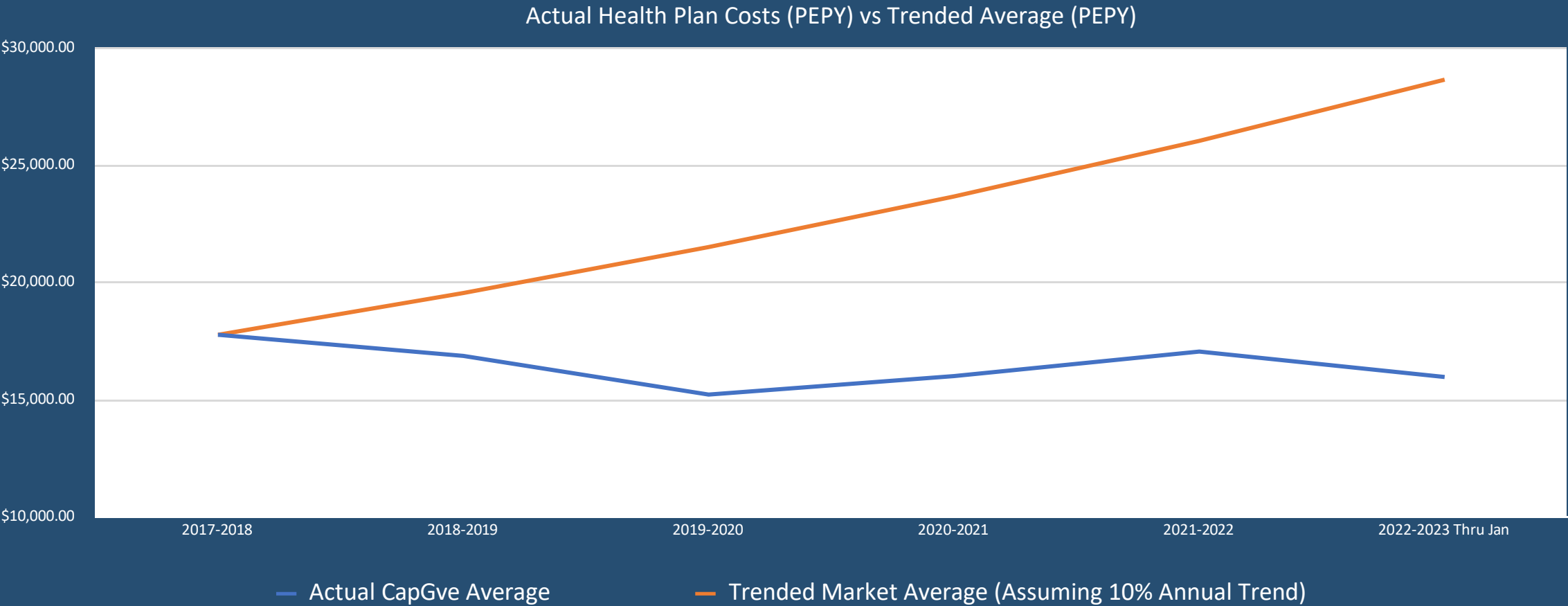
- Shared objectives
- Differing plan contracts with shared captive layered risk
- Combined group met 1000 life threshold for captive, leading to decreasing overall admin & ancillary cost
- Steer healthcare dollars to the local hospital through plan design resulting in a dramatic increase in revenue for the hospital



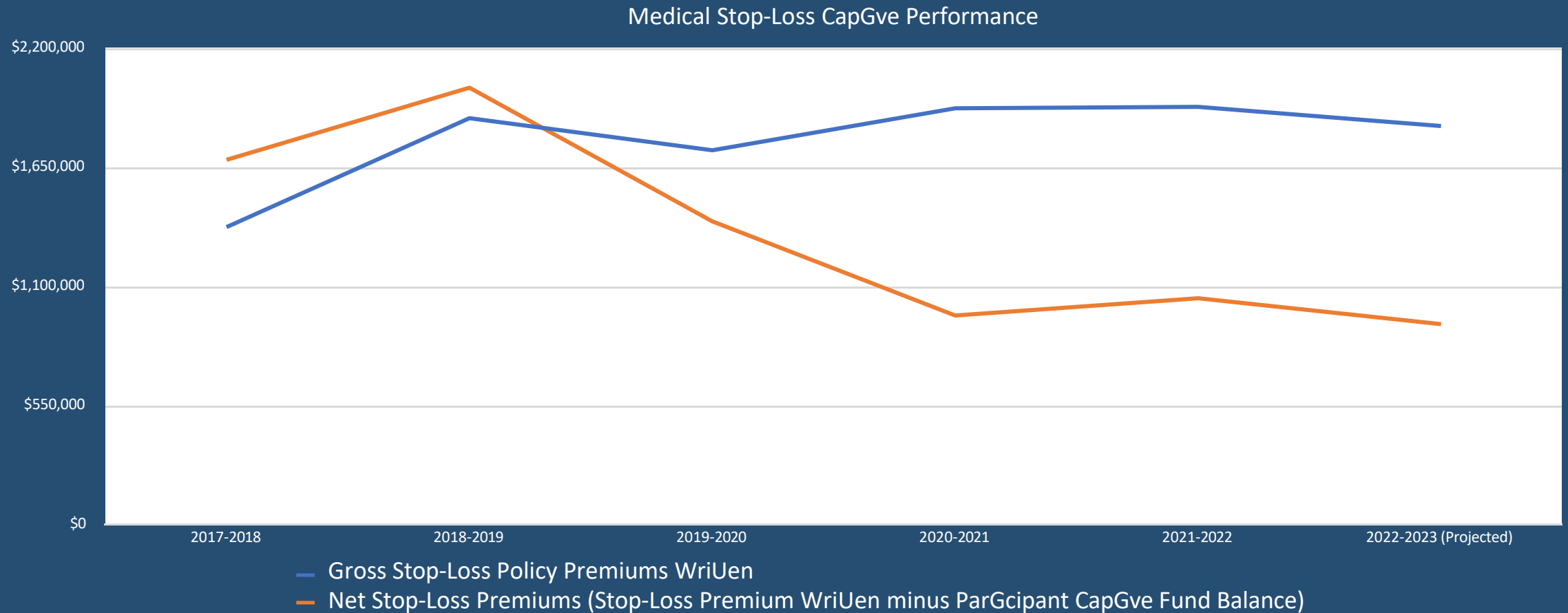
2019-Now

- Direct contracting with facilities locally and regionally (facility focused) at < 150% Medicare
- Negotiate with non-local facilities (prior to service) at < plan allowable (200%) Medicare factor
- Plan design to steer and consult with members for utilization of cooperative providers

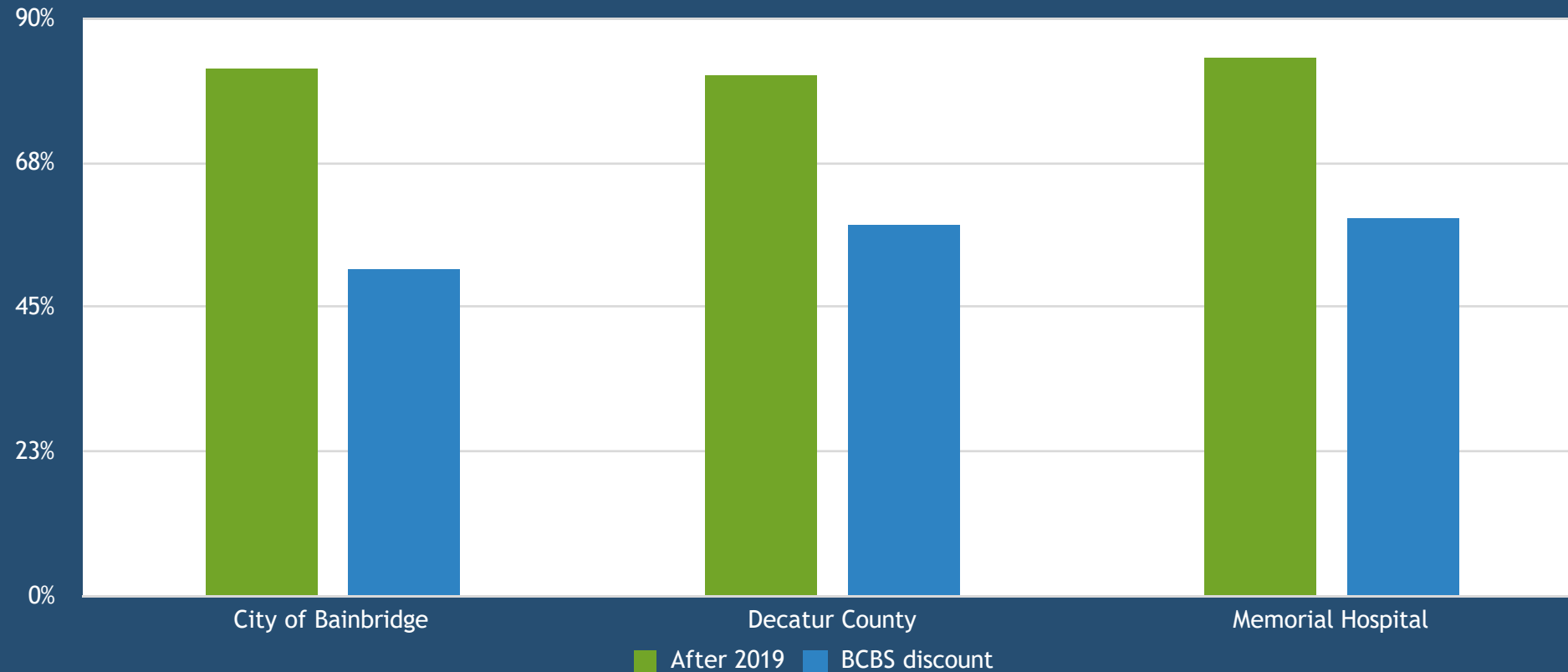
Results - Actual Captive Health Plan Costs (PEPY) vs Trended Average (PEPY)



Results – Medical Stop-Loss Captive Performance

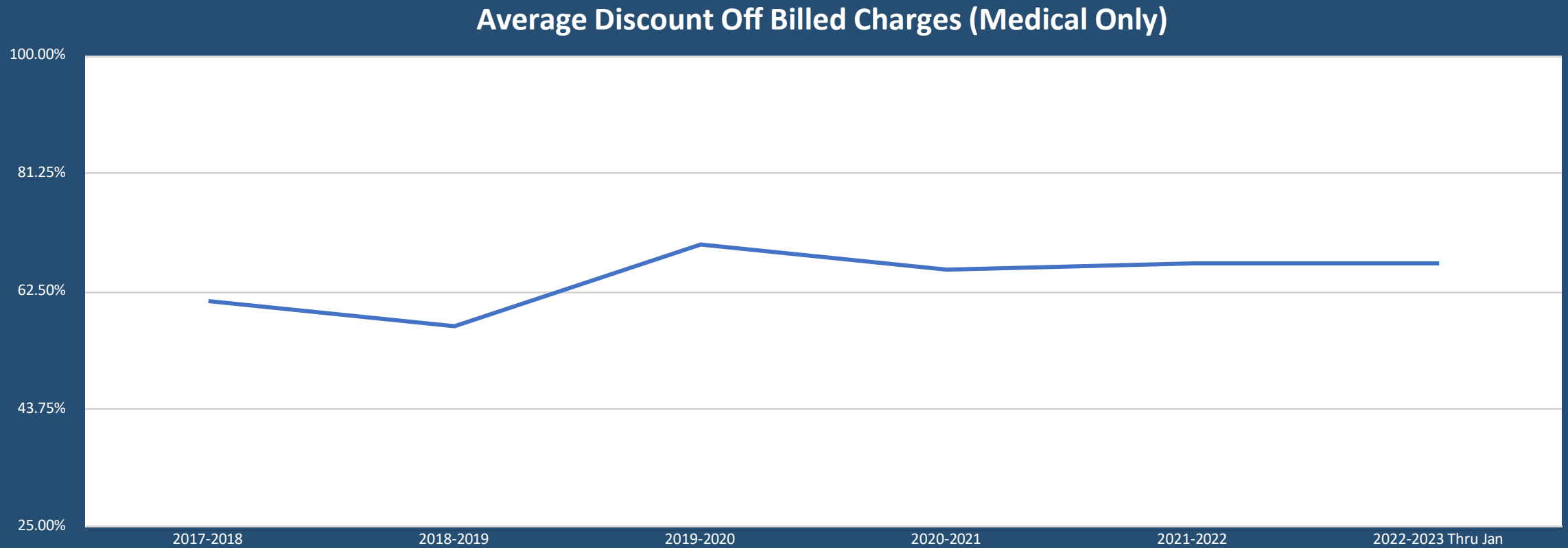


Captive Entities Large Claim (>\$5k) History Average Discount



*BCBS discount includes all medical claims. Large-claim discounts only were unavailable

Results- Average Captive Discount Off Billed Charges (Medical Only)



HealthSmart Benefit Solutions
PO BOX 16327
LUBBOCK TX 79490-6327

20210228083
1072
1072 081

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Explanation of Benefits
RETAIN FOR TAX PURPOSES
THIS IS NOT A BILL

Forwarding Service Requested

BAINBRIDGE GA 39817

Your cooperation is needed to stop fraud!
If these services were not rendered,
please contact HealthSmart immediately at the number above.

Customer Service
If you have questions, please call
customer service at
or 844-522-7029
or visit myhealth.healthsmart.com

Participant Information
Group: CITY OF BAINBRIDGE

Group No.: COB4184
Location No.: 0001
Location: ACTIVE

Enrollee:
Enrollee Id:
Plan No.:
Paid Date: 02/24/2021

Claim#: 19041762-01
Patient: Alice Cooper

Patient#: SHANDS UF
Provider: SHANDS UF

Reference #: 22006060

Dates of Service	Proc. Code	Amount Billed	Not Covered	Rmk Code	Discount Amount	Allowed Amount	Deductible Amount	Co-pay Amount	Covered Amount	Paid At	Payment Amount
12/09-12/10/2020	U0123 (40)	\$3,450.00	\$0.00	uJ	\$2,747.98	\$702.02	\$0.00	\$0.00	\$702.02	100%	\$702.02
		\$1,030.56	\$141.23	+x,pu		\$122.05	\$0.00	\$0.00	\$122.05	100%	\$122.05
							\$0.00	\$0.00	\$0.00		\$0.00
											\$19,638.81

Dates of Service	Proc. Code	Amount Billed	Not Covered	Rmk Code	Discount Amount	Allowed Amount	Deductible Amount	Co-pay Amount	Covered Amount	Paid At	Payment Amount
Column Totals		\$102,950.52	\$1,309.98		\$82,001.73	\$19,638.81	\$0.00	\$0.00	\$19,638.81		\$19,638.81
Patient's Responsibility:										Other Credits or Adjustments	
										Total Payment	

Patient's Responsibility: \$0.00

Procedure Code Description

40 HOSPITAL ROOM AND BOARD

ck HOSPITAL MISC-INPATIENT

Remark Code Description

uJ T0073 NEGOTIATED AGREEMENT

+x ZELIS CODE EDITING REDUCTION.**APPEALS GO TO ZELIS 2 CROSSROADS DR. SUITE 101-B, BEDMINSTER, NJ. 07921 OR 866-489-9444

pu ZELIS 00504: Incidental or packaged procedure/ service; no separate payment warranted.

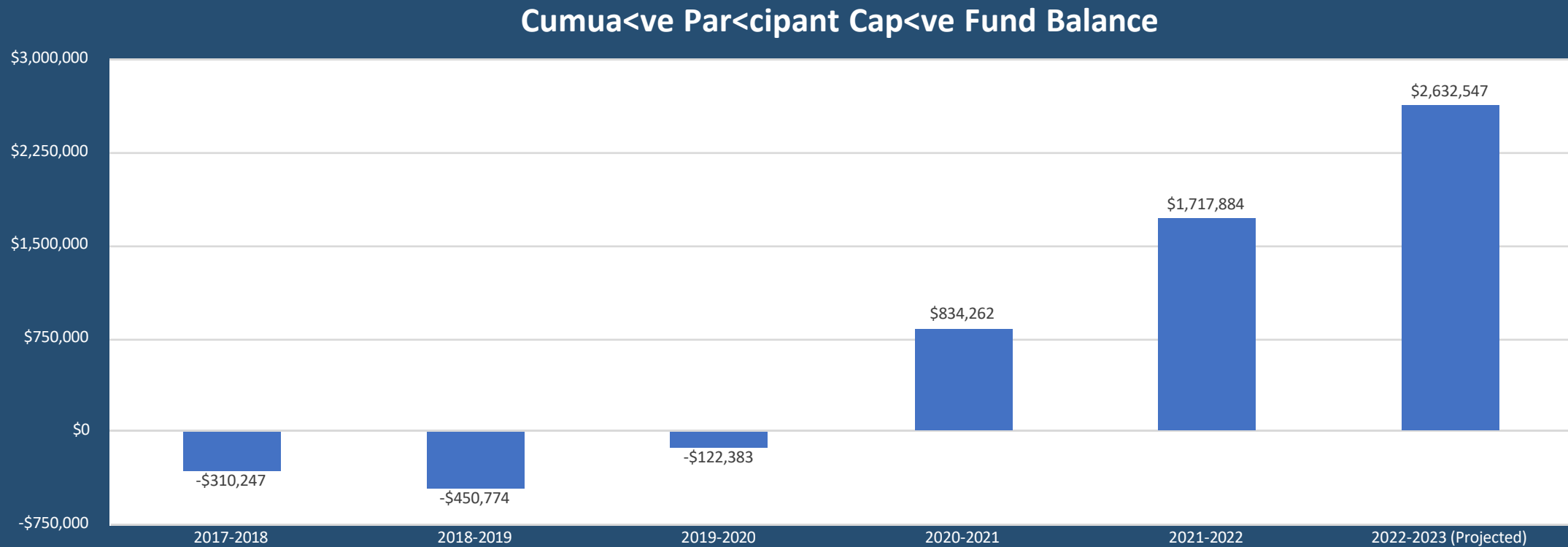
Pd PACKAGED ITEM/SERVICE, SEPERATE PAYMENT NOT ALLOWED

Plan Status

\$96.92 of your \$3000.00 Individual TIER 1 OUT OF POCKET has been met for 2020

\$814.65 of your \$9000.00 Family TIER 1 OUT OF POCKET has been met for 2020

Results – Medical Stop-Loss Captive Surplus Balance



Thank You

The strategies we've discussed here can be tailored to fit your specific needs, whether that entails adopting some or all of the approaches covered.

We're eager to assist you in evaluating your unique situation and exploring how we can work together to achieve greater financial stability in healthcare management. Please don't hesitate to reach out if you'd like us to review your circumstances and help pave the way for a more secure healthcare future.

FORSYTH
INSURANCE

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