

RISK REDUCTION

ELIMINATING \$800K OF CLAIMS EXPENSE

THE SITUATION

LUMBER COMPANY

NORTHEAST US

54 EMPLOYEES

A lumber company in the Northeast had been offering a fully insured medical and prescription drug program for over 50 years. During that time, they tried to find a balance between price and competitive plan design options.

In the midst of a worldwide pandemic, the company received a 190% renewal increase from their insurance carrier. Absolutely shocked to receive such an increase, they asked their broker to conduct a market survey and contact DOBI.

Not surprisingly, the market was hesitant to provide a quote to an employer receiving such a large increase. The broker contacted Crumdale Partners to see if there was an alternative approach to handling this employer's health plan.

The fully insured carrier was unwilling to provide any de-identified claims information, so the broker partnered with Crumdale to promulgate an Individual Medical Questionnaire process to better understand the employer's risk profile.

GOAL

CLIENT: Allow the broker to have more control over the health plan to continue balancing plan costs with design changes.

BROKER: Obtain the ability to better manage high-cost claimants to avoid significant increases in the future.

190%Initial fully-insured
renewal from carrier**2 Claimants**Identified 2 high-cost
claimants**12%**Crumdale's risk control
brought the group's
renewal to 12%

BEFORE & AFTER

	Before	After
PROGRAM STRUCTURE	Fully Insured (12 equal premium payments)	Self-Funded
THIRD-PARTY ADMINISTRATOR (TPA)	Highmark BCBS	Independent TPA
NETWORK	Highmark BCBS	National Network
PHARMACY BENEFIT MANAGER (PBM)	Highmark BCBS	Transparent PBM Contract
MEDICAL STOP LOSS	Highmark BCBS	Resolute Underwriting Strategies
CLAIM REVIEW & MONITORING	None	Franklin Health
PHARMACY OVERSIGHT	None	Franklin Health
DATA ANALYTICS	None	Franklin Health
PLAN DOCUMENT REVIEW	None	Franklin Health
ERISA GUIDANCE & SUPPORT	None	Franklin Health
COMPLIANCE REVIEW	None	Franklin Health
PATIENT ADVOCACY/ ENGAGEMENT	None	Franklin Health
ALTERNATIVE FUNDING PROGRAMS (RX)	None	Franklin Health
DATA ANALYTICS	None	Crumdale Custom Reporting

THE RESULTS

	Current	Incumbent Renewal	Crumdale Renewal
# OF EMPLOYEES	54	54	54
MAX SPEND	\$461,214.24	\$1,334,515.92	\$519,054.24
DIFFERENTIAL @ MAX		+ 190%	+ 12%

The group saved **\$815,461.80** vs renewal with a **12% increase** from current costs.

HOW WE DID IT

THE CLIENT HAD MANY ISSUES WITH THEIR PRIOR **FULLY INSURED HIGHMARK BCBS PLAN.**

- The fully insured carrier was unwilling to provide any de-identified claims information
- The fully insured renewal saw the employers cost almost triple
- No risk assessment or identification
- No insurance protection for unknown risks
- No supplemental risk insurance
- No access to specialty drug pricing
- No consortium reinsurance options

CRUMDALE PARTNERS IMPLEMENTED RISK CONTROL AND TRANSFER STRATEGIES TO IDENTIFY CAUSES FOR THE RENEWAL INCREASE. WE WERE ABLE TO RE-UNDERWRITE THE PROGRAM TO SAVE THE CLIENT \$800K+ WHILE INCREASING PROTECTION THROUGH:

- **Risk Identification:** Crumdale initiated the risk identification and assessment process with the lumber company. This process involves employees filling out an online HIPAA-protected Individual Medical Questionnaire for themselves and their dependents—which usually takes about five minutes. Once all questionnaires are completed, our risk assessment team works to understand the factors driving the claims spend.

In this case, there was one individual driving the claims spend and one individual with the potential to be a high-cost claimant.
- **Risk Control:** Crumdale identified one member diagnosed with cystic fibrosis who was not currently taking a high-cost medication. However, the possibility of that member needing a high-cost medication existed. The specialty medications used to treat cystic fibrosis can reach price tags of over \$300k per year. In this case, we leveraged a program that allowed Crumdale to source these specialty drugs from a variety of sources. This greatly reduced the cost of the medication, almost eliminating the price tag entirely!
- **Risk Transfer:** Crumdale identified that one of the members had just beaten cancer! All signs indicated that it would be non-reoccurring, but the fully insured carrier charged them as though he was still receiving treatment.

In order to offset this risk, we suggested the group take on a conditional laser in the event that the cancer came back. In that case, we identified supplemental insurance programs to transfer some, or all, of the risk.
- **Insurance Protection:** After identifying the known risks, Crumdale provided insurance protection for unknown risks. Consortium reinsurance is a part of the new program we designed for this employer.

In the event that plan members get sick thereafter, the risk will be transitioned to a reinsurance company. Usually, the reinsurance company transfers the risk back to the employer once it becomes known. However, in this program, we put protection in place to prevent that from happening.