UnitedHealthcare - Vice President Employee Benefits at USI Insurance Services

Interview conducted on October 28, 2022

Topics
Health Insurance Brokerage, Cost Containment, Healthcare Industry, Medicare, Transparency Laws, Employer Benefits, Wellness Strategies

Summary
In a conversation between a Tegus Client and a Vice President Employee Benefits at USI Insurance Services, the expert explains that they are a $2.5 billion privately held company with over 3,000 self-insured groups and between 6,000 and 8,000 clients. They have close to 200 offices across the US and are consistently ranked in the top five insurance companies. The expert also describes the roles of various team members, including account managers, analysts, underwriters, and ERISA attorneys, and explains how they negotiate renewals for their clients. The conversation covers topics such as the roles of the population health specialist and the pharmacy specialist, decrements and how they affect premiums, provisions in contracts that ensure clients won't be charged more than expected, and TPAs and their role in adjudicating medical claims. The expert recommends the Society of Human Resource Managers (SHRM) as a great resource for information on insurance and benefits.

Expert Details
Vice President Employee Benefits at USI Insurance Services, an insurance brokerage and consulting firm.

Vice President Employee Benefits at USI Insurance Services, an insurance brokerage and consulting firm. The expert is responsible for consulting on employer benefits and managing the long-term health strategy for employer groups. The expert works in the enterprise space and consults for employers with 5,000+ employees on a group plan. The expert advises on licensing, health, self-insurance, and claims mitigation focused on pharmacy and pharmacy spend.

Prior to USI Insurance Services, the expert was a Major Account District Manager at Automatic Data Processing, Inc., leaving February 2019. The expert's primary responsibilities were to identify and cultivate new business opportunities by driving strategic HCM initiatives within organizations containing 50-999 employees. The expert also worked with internal and external partners, independently manage a full sales cycle, and accurately forecast sales. The expert was able to sell ADP's entire suite of 40+ solutions and services to C-level Executives without vertical boundaries.

The expert is familiar with specialty pharmacy market trends and drivers, especially related to drug pricing. The expert is very comfortable speaking to the importance of specialty pharmacy as a component of employer benefit design strategy. The expert is familiar with specialty pharmacies like CVS Specialty, AllianceRx/Walgreens, OptumRx, and Humana. The expert can also speak to unmet needs in the specialty pharmacy market. The expert also advises on specialty drugs, wellness, and population health. Finally, the expert has extensive experience in pharmacy contracts and where employers lose on these deals.

Tegus Client
Thank you for taking the time to chat about the health care insurance brokerage landscape. To start, can you tell me a bit about your background?

Vice President Employee Benefits at USI Insurance Services
So I've been in health insurance consulting role for about a handful of years or so and then sort of about ten

years prior to that, working consultant services. Not an unfamiliar process or an industry to me by any means. I work for a company now called USI, USI Insurance Services. I work in the health insurance side.

We have other facets to our business, but I'm solely Group Employee Benefits. That's my specialty. We are a $2.5 billion privately held company. We sit on KKR's balance sheet. We're not an investment for their portfolio. We're an investment of their own dollars. I might have some insight into what we're doing with our money from an investment perspective and KKR is.

But my job is essentially to represent employer groups typically with about 100 lives or more. You can say I live in the 100 to 5,000 space as far as that's employees participating on the plan. My job is to develop the strategy for the current and upcoming years as well as facilitate the relationship between vendors, employees, consumers, my team, anyone and everyone that's involved in the plan, it's my job to appease them all, so to speak.

Tegus Client
When you said, a $2.5 billion company, is that in terms of total revenue dollars? Or what's that metric mean?

Vice President Employee Benefits at USI Insurance Services
Yes. That is our total revenue, $2.5 billion annual.

Tegus Client
And how many clients do you guys have?

Vice President Employee Benefits at USI Insurance Services
Total, I don't know. We have over 3,000 self-insured groups, but how many total? I don't know. I would say last year, we had a little over, I think, a little over 6,800 do our benchmarking. So I'd say somewhere maybe between like 6,000 and 8,000 clients.

Tegus Client
And do you have a rough sense of total number of lives across all your clients? Or is that not a metric that you guys think about it on?

Vice President Employee Benefits at USI Insurance Services
I mean we do on an individual basis holistically. I mean, it's millions.

Tegus Client
And how many employees are at the company?

Vice President Employee Benefits at USI Insurance Services
I think now we're at about 1,800 total across the country. We've got about 100 in my office.

Tegus Client
How many offices do you guys have?

Vice President Employee Benefits at USI Insurance Services
Close to 200. We are in every single major metropolitan city in the U.S., so all the top 50 by population with the exception of Arkansas, but we'll be in there by the end of next year.

Tegus Client
So is USI one of the biggest in the country?

Vice President Employee Benefits at USI Insurance Services

Yes, we consistently rank in the top five. I would tell you we're never number one. I would say we typically fall in that number five, four or three space.

Tegus Client
So are you on the same level as a Willis Towers Watson, Mercer? Or is that different?

Vice President Employee Benefits at USI Insurance Services
We are but they play even further upstream. I would say Mercer, Willis Towers Watson and Aon were probably the three of the biggest. Those three flip-flop here and there depending on who's buying who. And then we typically flip-flop back and forth with Lockton and Gallagher. So like those six firms are almost always in the top five.

Tegus Client
Can you give me a sense quickly, typically, how many of your colleagues are servicing one client?

Vice President Employee Benefits at USI Insurance Services
The answer is nine.

Tegus Client
And typically, what's the breakdown in terms of the key roles?

Vice President Employee Benefits at USI Insurance Services
Yes. I'm on the front end, the producer or the consultant, and then they have an account manager, an account executive, they'll have an analyst, an underwriter, an ERISA attorney, a population health specialist, a communication specialist, a pharmacy specialist. That might be everybody.

Tegus Client
And a lot of those terms, I'm not super familiar with. So what's the difference between an account manager and an account exec?

Vice President Employee Benefits at USI Insurance Services
Account manager is sort of the face of the client service team. So their job is they're interacting on a day-to-day with the client. The account executive is as well, but that's more of a junior role. So account manager would collect the census directly from the employer, the account executive would take that census and manually enter in the data.

So we have an entire pipeline starting from a college intern up until an account executive on our service side. So you start as an intern, you become an AE3, then an AE2, then an AE1 and then you become an account manager and then you can become a senior account manager. But every one of our groups get the manager and an executive.

Tegus Client
And what's an analyst?

Vice President Employee Benefits at USI Insurance Services
An analyst is someone who analyzes the data. We have a proprietary piece of technology that analyzes existing and then predicts future claims. It's the analyst's job to work with our technology as well as verify and even in some cases, question the carrier data. So carriers have underwriters and analysts that will determine the risk of a group.

That risk factor, combined with the group's utilization of their health care determines their manual rates. Think of it like this, a carrier looks at two things. How you're currently consuming health care and then how, based upon those interactions, how you will consume them in the future to determine your rate? We hire the same analysts and the same underwriters to do the same thing on our end just to make sure the carriers aren't being a little greedy and hiding any unfair markup, additional profitability in those premiums.

Tegus Client
You said that you guys have proprietary technology. What does it do?

Vice President Employee Benefits at USI Insurance Services
Yes. We have a few proprietary pieces. We have one on large claims. We have a piece of technology that pulls in all of the large claims or claims that would hit the specific deductible, right, on both pharmacy and medical. What it does is, one, it analyzes to make sure the coding used to say the hospital is the correct coding, both to ensure the right price is charged but also to ensure that future indicators are correct. And we do the same thing on pharmacy.

We have a piece of technology that, let's say, you went to the hospital today, and they said, you're a diabetic. We would see that, and that would give us future costs around your diabetic consumption. And then it's the same with your influence. So we have a piece of technology that analyzes that.

Tegus Client
Who's the underwriter? What do they do?

Vice President Employee Benefits at USI Insurance Services
They underwrite the group. So they take in the manual rates, they look at all of the factors, the stop-loss carrier and the medical carrier would use to determine the cost of your group. They look at the claims, they look at utilization, they look at things of that nature, they essentially determine what the rate should be internally.

When we negotiate renewals for our groups, you said you're new. Typically, in my space, what brokers do is they'll take a group's plan that say it's currently with UnitedHealthcare. They'll take their current plan plus the renewal, right, so the renewal of some sort of an increase, say, plus 10%. They take those two bits of information and they send it to all of the UnitedHealthcare's competition.

Anthem Blue Cross Blue Shield, Aetna, Cigna. Then those other carriers look at current cost and future cost and they put together a quote. This is going to probably blow you away, but they never come below current and they never come above renewal. Not the best way to get the best price. Here's my current cost, here's my best price, save me some money.

What we do is we take a look at every single component of health care, there are contracts, the terms and conditions, the reimbursement rates, the guarantees, all of those factors, and we underwrite the group ourselves to say, based upon your group, your consumption and your funding strategy, your cost should be X. That's how we negotiate. We go back to UnitedHealthcare and say, we use your own methodology to underwrite this group, you say they should be a plus 14%. We have them at a plus 7%, match the plus 7%, or we'll go to the market with this data and drive you out of the driver seat.

Tegus Client
How is the underwriter's job different from the analyst's job?

Vice President Employee Benefits at USI Insurance Services
They work in conjunction. It's analyst's job to start the process, gather the data, point out the pieces of the plan that need to be evaluated. And then it's the underwriter's job to take that data that the analyst has aggregated for them and put together the deliverables. Basically, one person is the data in and the other person is the data out.

Tegus Client
Did you say ERISA attorney? What is that?

Vice President Employee Benefits at USI Insurance Services
ERISA is any group that is self-funded whereas the employer is covering the first dollars of the health care. There's some funds at the stop-loss, meaning that the first dollars charged in the full plan that employer covers. They become the fiduciary of the plan. Those plans are governed by ERISA. ERISA is an entity of the federal government. We have a compliance attorney. We call it an ERISA attorney, but she is basically a compliance attorney. We have one in every region and almost in every office. But those folks are there for our clients to review their 5500, look at their exclusions, their decrements.

Anything that they're doing just to make sure they're within compliance with the federal government, ERISA, ACA, the DOL, you name it. It's no different than what you see from a compliance lawyer who provides that service on their own, we just went out and hired them to be a one-stop shop.

Tegus Client
What's the population health specialist?

Vice President Employee Benefits at USI Insurance Services
Wellness. So the way our process works is we use our proprietary technology 3D to look at your data to tell us what's driving health care cost increase for your group? Then we use our population health management contact to put together a strategy around wellness. It's the solution to get every man and woman to go do their well-man and well-woman visit, breast cancer screenings, A1C screenings, blood test, all of that.

So the population health person's job is to put together a strategy that either rewards or penalizes individuals for not keeping up with their regular age required visits and immunizations. Then after we've identified the problem and population health has put together a strategy, then we bring in our communications person.

Their job is to put together a strategy, whether it be through a better admin tool, text messages, e-mails, mailers, whatever it may be, but to put together a message in a form of communication to get those solutions out to the people that need to hear them. So we find the problem, we identify the problem and then we implement a strategy to fix the problem.

Tegus Client
And then the pharmacy specialist?

Vice President Employee Benefits at USI Insurance Services
Their job is twofold. So we have a couple of things that are proprietary on pharmacy. One, we have predetermined terms and conditions for carved-in solutions, meaning, say, a group that's self-funded today to UnitedHealthcare, their PBM, their pharmacy benefit manager is typically ESI, Express Scripts, so that would be carved-in.

We have a national contract with ESI, CVS, Ingenio, that are equal to the top 10 Fortune 100 companies, and we're able to move our groups into those contracts. So they do contract review for both carved-in and carved-out solutions. But we also have a proprietary process called Clear Options, where just like the medical claim process, we're analyzing the pharmacy claims.

We're not just looking at what drugs are being consumed and what claims those will lead to? We're also looking to make sure that the PBM is honoring average wholesale prices, discounts and guarantees across all pharmacies, which they typically don't as well as looking at alternative sourcing.

You can look at a drug like HUMIRA. HUMIRA is popular. It's a drug prescribed to those people who suffer from type 2 diabetes, and we'll look at options for sourcing that, say, out of Canada via mail, international sourcing as opposed to picking up at the local pharmacy. It takes me like five meetings to get through all this with a client. We've gone through it in like 20 minutes.

Tegus Client
So what's your job? So you're not an account manager, what are you?

Vice President Employee Benefits at USI Insurance Services

I'm the producer, I'm the consultant. So everything that we do, the areas that we can do it and the impact, whether it be financially or intrinsic of doing it, and it's my job to convey that message and ultimately convince business owners and decision makers to follow my advice. And I take CFOs and HR people golfing and to lunch.

Tegus Client

So are you the only consultant on a client? Or are there many consultants with you?

Vice President Employee Benefits at USI Insurance Services

It depends. The majority of groups that we could solve for have a single producer, what I do. But it's not uncommon for two producers. Sometimes three, that's really uncommon, but I do know two instances where it happened just based on size and scale, but generally one or tw producers per account.

Tegus Client

And how many clients do you serve? You specifically?

Vice President Employee Benefits at USI Insurance Services

Me specifically, I have six accounts to serve today.

Tegus Client

So you're kind of the front end point person for each of your clients. But you're not the day-to-day. The day-to-day person is your account manager, so you have a team where you have an account manager and account execs, they're doing the nitty-gritty, they're in the weeds with the client, servicing them, answering questions and e-mails, whatever.

Vice President Employee Benefits at USI Insurance Services

Exactly.

Tegus Client

And then your company probably employs analysts, underwriters, attorneys, population health specialists. And these folks kind of round out the team. For example, you might have account managers and account execs. Each of those people probably have like maybe two clients or three clients because they're doing more of the heavy lifting. But then the analysts, underwriter, all those support roles, they might have many clients because they're kind of servicing a lot of people. Is that right?

Vice President Employee Benefits at USI Insurance Services

Exactly. And those folks are always available for client facing, but they're not in front of clients as often as myself and the account management people are. That was very deep observation.

Tegus Client

The account managers and the execs, they need to know the ins and outs of a specific client's business and their issues. But everyone else, they serve specific roles to address data issues or compliance issues or whatever?

Vice President Employee Benefits at USI Insurance Services

You're right in that part, but you're wrong in that those underwriters and ERISA attorneys still need to know what's going on in the business. They know just as well because if a group is struggling with retention, right, my analysts can't come to the table and say, you need to exclude all these high-cost drugs, that's going to lead to a bunch of disruption and people quitting. Just like if my group is looking to free up cash to make an acquisition, they need to be cognizant of that as well.

Now not to the degree that myself or the account management do, but they do need to be cognizant of what's happening in the business and in the industry. So that is we're uncovering things that need to be changed. It's in a perspective that correlates with their business goals and their business needs.

Tegus Client

If you were to summarize what you do, what your organization does, what your team does, if you were to summarize that in one or two sentences, what would you say is your core job? How would you summarize your team's job? What is it that you guys do?

Vice President Employee Benefits at USI Insurance Services

My team's job is to develop a strategy for employer groups' health insurance that achieve the best quality plans at the most competitive prices by auditing and excluding the fixed fees and additional commissions, carriers and other vendors typically build within premiums and to educate our clients on how to become better consumers of health care in order to drive down cost, improve consumerism and ultimately make everyone a healthier individual.

Tegus Client

What do you mean by auditing and excluding fixed fees and commissions that carriers and vendors build within premiums? What I know is typically for self-insured, self-insured is primarily more like an A La Carte model. Fully-insured, you're buying everything. Self-insured is A La Carte where you can pick your stop loss, you can pick your pharmacy benefit, you pick your network access. You kind of de-bundle. That's all I know.

Vice President Employee Benefits at USI Insurance Services

I'll give you two examples of auditing, one for self-insured and one for fully-insured. For self-insured, to your point, it's A La Carte. The employers determine their carrier and their network and their PBM. I like pharmacy, it's my specialty. When an employer group signs a contract with a pharmacy benefit manager, PBM.

Within that contract, they're typically agreeing to the average wholesale price of generic drugs that the PBM will honor the discounts and the utilization credits that come with consuming those pharmaceuticals. What I mean by that is me, the employee based upon my pharmacy benefit manager, I should be able to go to, say, Walgreens or CVS, pick up a prescription of Zola.

The prescription is $50. The PBM says our discount is 80%. So in theory, it should only cost me $20. What typically happens is there's no one auditing those pharmacy claims to ensure that PBM is adhering to their discounts. Because here's the thing, I could tell you when there's a 20% discount off all the TYLENOL you buy.

What good does that do to you if the TYLENOL you buy at CVS is $5 and the TYLENOL you buy at Walgreens is $200. So we make sure that the average wholesale price is being honored so that the discount applied to it is reputable. We audit those to true up and ensure the PBM is being withheld to their own contractual obligations. It almost is never happening, never.

So that's how we do it on the self-insured side. We're auditing the claims to make sure the pharmacy benefit manager is ultimately doing what it is they agreed to do and most importantly, what they're being paid to do. Fully-insured that's a whole another mechanism. Like you said, everything is bundled together. But what's interesting about a fully-insured plan is when the ACA, when the Affordable Care Act was passed, there was a mandate within ACA that says in a health plan that's fully-insured, 85% of the cost should be driven by claims and utilization, 15% of the cost should be administration.

So if it's $1 million, $150,000 should cover the cost from the carrier to administer the plan. What carriers have done a really good job at is hiding things that should be considered fixed cost in the claim bucket. Things around decrements. I'm getting a bit beyond my scope on the analytical side. But our job on the fully-insured part is to audit the contract or the renewal, whichever way you want to look at it for the fully-insured group to ensure 15% of the premium being paid is going towards admin and 85% is going towards claims. When we audit it and we find the decrement in there, which is typically like a 5% to 10% variance.

Those dollars can be renegotiated back out of the contract and given back to the employer. That's what we do. I don't need to go to your competition to save you money. I just need to pick the phone up and tell your carrier, I caught their hand in the cookie jar. We're a bit different. Us, Aon and Mercer are the only ones that do it this way. The difference between us, Aon and Mercer is Aon and Mercer had their own coalition. They have their own coalition for pharmacy that gives them the ability to procure drugs within their own population.

We believe in having an agnostic approach that people should have the ability to choose whichever vendor in whatever capacity best suites their business. Two different philosophies, same path we take to get there, though.

Tegus Client

What is a decrement?

Vice President Employee Benefits at USI Insurance Services

A decrement is when a company has a health plan in place today, let's just say for this conversation, we have one health plan. That health plan has $1,000 deductible. If I get a renewal back on that plan and let's say it's a 10% increase, and I can't afford or I don't want to take a 10% increase, I can deplete the value of my plan by raising the value of that deductible.

So when I raised that deductible from $1,000 to, say, $2,500, there is a difference in those deductibles in my space, that's called a decrement. Now what happens is when groups go back to their carriers and say, hey, this renewal is too high, we want to raise our deductible to save some money, the carrier applies that decrement to the premium and offset the cost. Very often, they don't apply the correct decrement value for making the change.

We audit those fully-insured plans to say, hey, $1,000 increase on deductible should result in a decrement of 2.5%. You only applied 2%. We want the other half. Half might not sound like a lot, but when you're spending millions of dollars, it quickly becomes a five or a six-figure number. But the decrement is the difference in what the planned value was versus what you're proposing? That could be raising deductibles, decreasing coinsurance, increasing copayments, things of that nature.

Have you ever bought a car before from a car dealership? I'll give you an analogy that I use a lot in this scenario. So remember when you bought your car and you looked at that sticker on the window. And at the bottom of that sticker, there was this big number for MSRP, manufacturer's suggested retail price. What if you knew what the MSRP was on your health insurance? That's what we do.

When you go buy health insurance through USI, it's just like buying a car at a car dealership. You know what the manufacturer's suggested retail price is before you buy the car. And unless you have greensheet or some other negotiating tactic, typically, you're paying a dollar amount above and beyond that MSRP. What the dealership will tell you is, well, that's their profitability.

No, it's not because they get paid off different. They have other revenue streams from the manufacturer, from Ford, from Toyota or from whoever, a dealership could sell all of their cars at the MSRP and still make a profit based upon all of those other revenue streams and cash flow things that they can do. It's the same way on health care. The only difference is when you buy health care with us, you buy greensheet price. With other people, you pay that $100 clearcoat. Why? I don't know, but it's in the contract, so sign and pay it.

Tegus Client

So if you're fully-insured and your deductible goes up, your premium should go down. And what you're saying is the increase in the deductible doesn't necessarily result in the equivalent decrease in the premium because the carrier doesn't have to be transparent. And so they can kind of reduce your premium by a little bit and pocket the rest, right?

Vice President Employee Benefits at USI Insurance Services

Correct.

Tegus Client
So your job is to audit it and figure out and prove how much the equivalent deduction should be. And then you go back to the carrier and say, you got to give that back to me, right?

Vice President Employee Benefits at USI Insurance Services
You got it.

Tegus Client
So going back to your two-sentence summary of what you do. You said auditing and excluding fixed fees and additional commissions, what are the additional commissions? Is it the same thing?

Vice President Employee Benefits at USI Insurance Services
No. For a fully-insured group, when I put some enterprise with Blue Cross Blue Shield as a fully-insured group, they're going to pay me a fixed commission, $25 per employee per month. That's my commission. However, I don't just have that enterprise with Blue Cross Blue Shield. I have another enterprise, I have ABC Manufacturing, I have whoever it is. So I'm getting paid directly from the work that I'm doing for your group on the carrier.

But I'm also getting additional commissions, bonuses and fees from my book of business. Those dollars are also built into your plan. They call that loading the plan. We don't allow carriers to load premiums to pay us bonuses. Why is my employee paying more for the carrier to reward me for the book of business I have with them. It doesn't make sense. The carrier should be paying me out of their profit, not out of my client's premiums.

Tegus Client
So you're saying that normally, the carriers pay you a commission. In addition to that, carriers also pay you a bonus, I don't know, maybe it's based on volume.

Vice President Employee Benefits at USI Insurance Services
Exactly.

Tegus Client
But like totally, if you bring 100 clients to United, they'll give you a nice little kiss. But what you're saying is you want United to pay that. You don't want them to overcharge your client by a bit effectively subsidizing your bonus?

Vice President Employee Benefits at USI Insurance Services
Exactly.

Tegus Client
If I broke down your explanation, there's a couple of components to it. One component of your job is developing a strategy. That's a pretty big statement. We'll dive into what exactly that means. The second thing you said was you want a good quality plan at a competitive price. I interpret that as like cost containment, cost control, i.e., you want to retain the same amount of benefits, but prices tend to go up every year and you're trying to help your client control that cost increase.

Vice President Employee Benefits at USI Insurance Services
Yes.

Tegus Client
The third thing that you said is all around this idea that carriers try to rip you off if you don't catch them. And so you have to do all this auditing and data work and data mining, you have people on your team that help you actually look under the hood and understand what's going on so that the carrier doesn't double charge

and pocket a profit, right?

Vice President Employee Benefits at USI Insurance Services
The only thing I'll say here is, and I didn't expand upon my explanation is that also applies to the provider, which in my terminology, the provider would be the hospital.

Tegus Client
My key question there is, how would you know that? Because the provider sells to the carrier, not to you.

Vice President Employee Benefits at USI Insurance Services
Medicare.

Tegus Client
So walk me through, how does this work?

Vice President Employee Benefits at USI Insurance Services
When you go to the hospital, when someone goes to the hospital and get some X-ray.The federal government through Medicare set what the fair and amicable rate on an X-ray that not only covers the cost but provide additional room for the hospital to make some form of profitability. Typically, when you go to the hospital, you're paying somewhere between 140% to 160% above and beyond what the cost to the hospital was. That's the Medicare rate.

So anyone that goes to the hospital on Medicare, they're paying 140% to 160% no matter what. Now what the hospital does on billing for non-Medicare claims as they markup above and beyond Medicare for their bill charge, which typically fall somewhere between 400% and 600% of cost. So there is a gap between the, call it, 150% and 400% mark where profits just flourish. So it's our job to look at the claim from the provider or from the hospital or what other hospital network you're familiar with. I don't know what part of the world you're in.

You went to the hospital, and they charged you $400 for a box of disposable parchment paper. No, they charged you $400 for a box of tissues. That is not fair. So through our system, we identify that claim. We adjudicate or negotiate that claim direct with the hospital to say, you charged my client $400, which is 600% above Medicare. Medicare is 160%. We will pay this bill today at 200%. You still make an additional 60 and my employer group saves the difference. Medicare sets that. And then the hospital is billed above and beyond. That's how we know.

Tegus Client
What lever of negotiating power do you have against the hospital? On the one hand, if you went to the hospital and said, the government price is X, by law, you cannot charge me more than X, so I'm only going to pay X. That's a really powerful argument. I don't know if that's true.

Vice President Employee Benefits at USI Insurance Services
That proved by law because they can charge me whatever they want. You should do this every time you get a bill. You should call the hospital, every time you go to the hospital and just say, looking at my bill, something doesn't look right. Will you just have them reevaluate and they'll come back with a cheaper bill nine out of ten times.

So the answer to your question is around what leverage or lever do we have? The answer is none. We can threatened to pull our groups and divert them to start utilizing other hospital systems and things of that nature. But at the end of the day, we don't have any real leverage over the hospital. But what ends up happening is hospitals recognize just like every other business, they make mistakes, they're short staffed in the billing department.

At the end of the day, no local hospital wants to tarnish reputation within their community, then becoming an unworkable or overcharging entity. We do it through just negotiating solely off the Medicare rate. But to your point, if we say we're not going to pay over 200% and they wouldn't budge from 400%, the difference there, it's called balance billing. We have some solutions to avoid that. But ultimately, if we didn't come to terms with the hospital, that difference is owed by the employee. If it was $1 million deal, and we were off by $200,000. The employee would be liable for the $200,000 balance difference.

Tegus Client

I don't understand that concept. Can you explain that again?

Vice President Employee Benefits at USI Insurance Services

It's called reference-based pricing. The reference base is Medicare. Whenever we were to negotiate with the hospital, I'll use easy round numbers. The cost was $5, they billed $10. We said we're only going to pay $7. They won't budge from $10. So we pay the $7, and they're missing $3. That $3 in the difference of what they billed versus what we said we would pay, it's still owed, but it's owed by the member.

So the member gets what's called balance billed. Now what we do is we have provisions, whether it be in our hospital direct contracts or with our contracts around the stop-loss carriers, that ensure balance billing won't happen, meaning we go to them, we won't budge from $7. They won't budge from $10. So at the end of the day, we just pay the $10. But we still go to the table on every claim and try to negotiate it down.

Tegus Client

You said provisions in your contracts that ensure it won't happen, can you explain like what does that mean? So if my employer came to me and said, you owe the $3. That sucks. Like I'm not happy with that, right? So how do you handle that?

Vice President Employee Benefits at USI Insurance Services

So we put together terms and conditions within our stop-loss that say, if a claim goes unsettled after the first attempt at negotiations and the member receives a balance bill. Our stop-loss carrier, whomever it may be, again, we're agnostic, but we'll use HCC, Tokio Marine, UMR or whoever. The stop-loss carrier is liable to cover the difference.

When we put together our premium calculations for the year, we put those calculations against maximum expected. At the end of the day, our clients don't lose out on the dollars they were expecting to pay because we've already budgeted and planned for it. But they do lose out on the potential savings that could have been achieved if we could have come to an amicable number between ourselves and the provider. That's a lot. That's why I said it takes a while to get this far.

Think about it like this. I guarantee anyone at your company that gets the knee surgery, won't pay over $200,000. The hospital is going to bill you $200,000. I already know that based upon the network and the utilization that comes from our proprietary technology. So we based what you pay on a month-by-month basis to cover that worst-case scenario.

However, throughout the year, those claims are incurred, we're trying to negotiate down from worst-case scenario, which is also expected scenario. We'll tell you on January 1, over the next 12 months, this plan is going to cost you $1 million and you'll budget to spend $1 million. Our goal is that at the10th and the 11th month to say, we project that this would be $1 million, you consumed $1 million worth of it. However, we negotiated $150,000 out of it. Here's your savings.

Tegus Client

I think that's a different point from the earlier one. Because earlier, you were saying you go to your stop loss carrier who is liable for the balance bill effectively, right?

Vice President Employee Benefits at USI Insurance Services

Yes.

Tegus Client

That's different from this example, right? But what you're saying is if your technology spits out a number that you're expecting for by the end of the year, you're saying that you try to negotiate it down so that you could deliver some savings for your clients, right?

Vice President Employee Benefits at USI Insurance Services
Correct.

Tegus Client
But it's different than having your stop-loss carrier ensure the balance bill.

Vice President Employee Benefits at USI Insurance Services
It's not. Because when the stop loss carrier covers the balance, we budgeted for that. So the stop loss carrier is not losing out. The stop loss carrier is funding that difference with the premium dollars that are already being paid by the employer group. It's the stop loss carrier's job to hold the risk, to hold the contract and to negotiate with the hospital, in this instance, with the provider.

But it's our job to put that contract together, to find the stop loss carrier, to find the PPA that can be better capable of doing it. So we, USI, aren't necessarily the entity that's holding the risk or the liability, the stop loss carrier and the employer are. It's just our job to put together a contract to facilitate a scenario where those two entities can achieve the same results.

Tegus Client
So now we have a new entity in this puzzle. I want to understand how this works. What you're saying is a good stop-loss carrier that doesn't lose money, they price the premium correctly. Let's assume in an efficient market. Your client pays premiums to a stop-loss carrier for that carrier to take on the balance bill, right?

Vice President Employee Benefits at USI Insurance Services
Correct.

Tegus Client
So your group is effectively paying for the balance bill indirectly. They're not directly paying for it. They're paying premiums to a stop-loss carrier, and the stop-loss carrier is the one who's taking on that balance bill risk. But assuming an efficient market, the premiums will be priced such that the stop-loss carrier isn't losing money. Therefore, your client is indirectly paying for the balance bill. If you can do a good job of negotiating the $10 down so that the balance bill difference is lower, then you can deliver savings to the client. Is that what you're saying?

Vice President Employee Benefits at USI Insurance Services
Exactly. And conversely, if we don't deliver savings, you know what we did? We avoided an increase because we priced it appropriately, and you consume the amount of health care in the worst-case scenario that we thought we would. So when you go to renew any increase if there is one, it's just going to be based off trend. It's not going to be based upon overutilization against expected. So it helps us in two ways. At end of the year, worst-case scenario, we deliver a minimal to virtually no increase. Best-case scenario, we deliver real tangible savings.

Tegus Client
So can you explain that again? You said it helps you in two way because at the end of the year you what?

Vice President Employee Benefits at USI Insurance Services
We don't deliver an increase. Let's say the carrier says, it looks like this group is going to cost $1 million. But we want the business and we're going to roll the dice that maybe they'll have one less large claim than what we're predicting. So instead of going in at $1 million, we're going to go in at $900,000.

Group pays the $900,000, the year goes through without a hitch. But what happens at the end of the year when they spent $1 million. The carrier is going to look to recoup those dollars. How they recoup those dollars is by giving a sizable increase at renewal. You didn't get a 20% increase because the carrier thinks you're going to be 20% more expensive to insure next year.

You've got a 20% increase because that 20%, let's say, 8% or 9% for trend in how much you underfunded your premiums and now the carrier needs to recoup those dollars in order to remain in that green profitable, everyone is happy, other side of the fence scenario. The other thing you need to know, is whether you're fully insured, level-funded or self-funded, a group funds their premiums at 120% of expected. You don't fund at 100%. There's a 20% corridor or a buffer there that is an additional process center for the carrier. So I'm telling you, the carrier never loses.

Tegus Client

That's the whole point of an insurance, right?

Vice President Employee Benefits at USI Insurance Services

Exactly. You would think that the employer or the employee never loses. No. The carrier never loses.

Tegus Client

You said at the end of the year, you're either delivering no increase in rates or best case scenario, you're what?

Vice President Employee Benefits at USI Insurance Services

Delivering a savings.

Tegus Client

And what's trend? So you mentioned trends several times. Do you think about your savings? What's the role of that? What does that mean?

Vice President Employee Benefits at USI Insurance Services

Trend is inflation. Right, cost of living.

Tegus Client

So how does your client view health care cost versus trend?

Vice President Employee Benefits at USI Insurance Services

That's billed as a line item. So the carriers will outright say $150,000 for admin, $850,000 for claim cost, $35,000 in trends. Those numbers don't add up, but $35,000 in that scenario would be 8% or 9% of the premium, which is what's factored in for trend, right? Because what's going to happen is I'm going to enter in a 12 or 18-month contract today that isn't going to expire until a year or two.

Look back at your grocery bill two years ago. Do you think Walmart could have agreed to sell you that gallon of milk at $2 for the next two years and not lost money? No. They have to factor in trend. They have to factor in that, that knee surgery that's $100,000 today, in 12 months with inflation and all of the other things impacting the economy, that it will actually jump to $109,000 by the end of the year.

If your person gets the surgery in the beginning of the year, it's cheaper than if they were to in the last part of the year. But what happens at the end of the year every year, people realize they haven't used their insurance. They haven't done their well-man, well-woman visit, they got prescriptions that need to be filled before this holiday through the end of the year, so you get those high utilization factors at the end of the year as opposed to the beginning and then boom, it's a whole endless cycle of nonsense.

Tegus Client

So January 1, you and your client put together a budget. This is how much we spent last year. This is our estimate of what we're going to spend on health care this year. And at the end of the year, you get the pleasure of saying, we had budgeted a 10% increase, but because of the value that we provided to you, now we're saving you money. I guess what's that conversation at the end of the year?

Vice President Employee Benefits at USI Insurance Services
We're not always delivering a saving, and we're not always delivering a push or a minimal increase. I mean, cancers and catastrophic things happen above and beyond anyone's control. But generally, the way that conversation goes is, hey, when we sat down at our quarterly review and projected this year's cost, we came in at X. Here we are nine months later, and the difference is X-minus whatever.

That conversation goes one of two ways. We were right. yay, we're the best, everyone's happy or we were wrong, and here's what drove to us being wrong. I don't want to say it this way, but the reality is typically unless there's human error, if we're wrong, it's because something that no one could have ever predicted to happen happened.

So and so’s wife who was pregnant and healthy, had a premature baby. The baby didn't make it, the mom didn't make. Nobody predicted that to happen. That's a $2 million, $5 million plan. No one budgeted as it happens. So those things happen. Life does happen and those conversations are uncomfortable and those conversations are difficult. But the other component of it, that gives me solace just like any health care professional is that bad news is driven by force majeure. That's a Latin phrase outside of an act God. Outside of an act of God, we were right. But God stepped in.

Tegus Client
Moving back to what leverage do you have against the hospital? You were saying how you guys go back to the hospital? And well, first of all, you know the Medicare rate. So that's kind of the base rate. And you have the claim, right? So you can see how much your clients being charged.

Vice President Employee Benefits at USI Insurance Services
Correct.

Tegus Client
So you go to the hospital and you say, this is outrageous. How could you be charging me 5x, and you try to lower that hospital bill, right?

Vice President Employee Benefits at USI Insurance Services
Correct.

Tegus Client
How do you do that? That seems like an enormous amount of work. I mean I call my credit card company, and I'm sitting there on the phone for 30 minutes. It's a huge waste of time. So how do you actually go about tactically doing that for every single charge that your client gets?

Vice President Employee Benefits at USI Insurance Services
We hire a TPA to do it, the Third-Party Administrator.

Tegus Client
What do they do?

Vice President Employee Benefits at USI Insurance Services
So whenever someone goes to the hospital, you present your ID card. Whenever the hospital bills, they send the bill out to say UnitedHealthcare. The third-party administrator, the TPA, it's their job to identify which UnitedHealthcare claims go to which employer groups. When that TPA identifies so and so’s claim as a ABC Manufacturing employee on the ABC Manufacturing plan, it's their job to identify whether or not that claim was billed at a fair and amicable percent of Medicare.

If and when the TPA identifies a Medicare or a bill being processed at a percentage above and beyond what we've agreed to in the TPA contract, it's their job to engage directly with the hospital and the TPA has their own claim adjudicators, excuse me.

Their own claim adjudicators who are trained, and it's their sole job to communicate with the hospital's billing department to try to net these costs down. The other lever we have is to just set up a direct-to-consumer contract, a D2C contract with the hospital. So in that case, we take the carrier and the TPA out of the equation. The hospital bills the employer group direct, there's no reason to markup for TPA in admin fees. There's no reason to markup for carrier in network fees.

Everything is quoted out and billed out at the “hospital's cost” and the employer pays those dollars. A great example of that is I have client down in Southern Missouri that has an employee who had one knee surgery and was getting the other knee replaced after the first of the year.

We were able to work with the local hospital and the employer to say, if we put together this direct contract, this knee surgery that would typically be $200,000 through the UnitedHealthcare network, would be $140,000 if you go direct, ultimately netting a $60,000 savings for the employer.

Now in that scenario, the only thing the employer had to do to ensure they got that $60,000 savings outside of signing the contract, was to ensure their employee goes to that hospital for that surgery. My job is to create a strategy and a communication strategy to incentivize that employee to do that.

The way we do it is premium credits and deductible credits, meaning, you go to any hospital you want and get your knee surgery, it's going to cost you your $3,000 deductible or you can go to this specific hospital, it's going to cost you nothing. I will pay your $3,000 deductible from the employer's perspective to save $60,000 by you going to the hospital that I want you to go to. I will gladly give you $3,000 today for $57,000 tomorrow.

Tegus Client

You've now introduced a new character into the story, which is TPA. Who do they work for? Who pays them? How do they make money?

Vice President Employee Benefits at USI Insurance Services

The employer pays the stop-loss carrier on a monthly basis, a percentage of the dollars paid to the stop-loss carrier go to the TPA. The employer pays the stop-loss carrier, the stop-loss carrier pays the TPA.

We put together what's called a wrap document. It's a singular contract that says, these four entities are all going to bill you $2, you just pay us $8 and then we'll pay everybody else their share. The TPA gets paid by the stop-loss carrier. The stop-loss carrier gets paid directly by the employer.

Tegus Client

I think that's bad incentives. Why is it done that way?

Vice President Employee Benefits at USI Insurance Services

So because some incredibly rich and influential old white guy made it that way to his own personal advantage, I don't know, 50 years ago or whenever, healthcare was first invented.

Tegus Client

So if I'm your client, I want the TPA to work for me. I don't want the TPA to work for my insurance carrier because my insurance carrier isn't working for me.

Vice President Employee Benefits at USI Insurance Services

Exactly.

Tegus Client

The insurance carrier is trying to make money off of me. But if I hire the TPA, and I guess the incentives are somewhat aligned because if the TPA does a good job, the carrier can make money, right?

Vice President Employee Benefits at USI Insurance Services
Yes.

Tegus Client
But that doesn't mean the carrier is going to pass along all those savings to me.

Vice President Employee Benefits at USI Insurance Services
They never do. Now you know why we audit it, don't you?

Tegus Client
So I don't want the TPA to work for the carrier. So can you explain why is it done this way? Why don't your clients just hire the TPA for themselves?

Vice President Employee Benefits at USI Insurance Services
They don't have the capacity to go self-insured. They don't have the cash flow. They have to go into a funded solution.

Tegus Client
But your clients are self-insured, right? Most of them?

Vice President Employee Benefits at USI Insurance Services
Right. The ones that are self-insured, you still have to hold the TPA accountable. So who's doing that? That's our job. So we work with TPAs all of the time that are taking advantage of our clients and our future clients, we get into the mix, they still continue to do the exact same job. They're just stop taking advantage of them.

A prime example is I have a client in St. Louis. They're one of the top two or three manufacturers. I was hired as a pharmacy consulting we audited their claims through their PBM, the PBM with CVS, and we found that on the generic drugs that were being fulfilled at CVS, the pharmacy that their PBM owned, were being inflated between 100% and 500%.

When we started auditing the pharmacy claims and then holding the PBM accountable for the guarantees and discounts and things that were in their current track, we found savings. What happened by, I call it, by the butterfly effect, if you've ever seen that Ashton Kutcher movie, is the TPA found out, they're auditing the pharmacy claims. Why wouldn't they audit the medical claims?

Then all of a sudden, the TPA fees went less. So the like $2 million of a $10 million pharmacy spend that we projected to find in savings, we actually found like $2.5 million. We found an additional like $2 million in savings that came naturally through attrition of the TPA stopping the additional markups and commissions being built into the plans that were already there. The point of this whole thing, to put it bluntly, is why would I not take advantage of you if you don't even know that I'm doing it. And that's what happens.

Tegus Client
Can you explain what is a TPA and what do they do?

Vice President Employee Benefits at USI Insurance Services
They're an intermediary.

Tegus Client
So you gave me a two sentence summary of what your firm does. What's the two sentence summary of what the TPA does?

Vice President Employee Benefits at USI Insurance Services

The TPA's job is as claims are incurred at providers. For this, I'll say, a provider is either a hospital or a pharmacy. We'll throw primary care physicians and all that other stuff out the window. When a claim happens at one of these facilities, they bill the carrier on the card.

It is the TPA's job to say, okay, you billed UnitedHealthcare. That's not UnitedHealthcare's bill, that is employer group A, employee 123. That claim should be paid by X employer group at X amount. It's the TPA's job to identify when claims incur, who is responsible for paying them and then ensuring that the entity, in this case, say, the carrier or the PBM is made aware so they can apply any discounts that are pre-negotiated. The TPA is just an intermediary that is claims incur, they take it from who build it and give it to whoever should be paying it and entering it in their system that allows said entity to apply the appropriate discounts.

Tegus Client

Hospital bills the TPA, right? And the TPA routes that bill to the right employer group, right?

Vice President Employee Benefits at USI Insurance Services

Yes.

Tegus Client

And in the case of fully insured, it would be the carrier who would pay on my behalf.

Vice President Employee Benefits at USI Insurance Services

Yes, because it's all bundled.

Tegus Client

If it's the case of self-insured then my company, that bill goes straight to me, my company, right?

Vice President Employee Benefits at USI Insurance Services

Yes. And you pay the first, whatever your specific is the first $25,000, $30,000, whatever that is. And then once the claim dollar amount is at or above that dollar amount, then your stop-loss insurance kicks in.

Tegus Client

So the TPA is applying the discounts? Or am I applying the discounts as the employer?

Vice President Employee Benefits at USI Insurance Services

The TPA is routing the claim, if it's a pharmacy claim to the PBM to apply to discounts, and if it's a medical claim to the medical carrier to apply the discounts. They're just the intermediary.

Tegus Client

So the problem I have with this is as the employer, I now need to trust that the carrier and the PBM apply the right discounts. And that's the problem that you're facing?

Vice President Employee Benefits at USI Insurance Services

That's 100% the problem. Do you know that that's the whole point of the new transparency laws that the Biden administration passed at the end of last year. That's because there's no transparency in what's being billed versus what's being paid.

Tegus Client

So you said that the TPA is the one who has employees whose job it is to negotiate those bills with the hospitals.

Vice President Employee Benefits at USI Insurance Services

Yes.

Tegus Client
And why would they do that? Because that sounds like a ton of hard work and a huge pain in the butt. So like what's their incentive to do that?

Vice President Employee Benefits at USI Insurance Services
They're being paid to do that. So they charge an administration fee, right? That administration fee is no different than paying a lawyer to represent you in court. Why would somebody go to court on your behalf and argue you didn't murder your spouse. Because you pay them to.

Tegus Client
And that admin fee is paid for by the stop-loss carrier?

Vice President Employee Benefits at USI Insurance Services
Employer. It's built into the stop loss, but yes.

Tegus Client
And on a scale of one to ten, how good are the TPAs at adjudicating those claims and getting them down?

Vice President Employee Benefits at USI Insurance Services
It varies from TPA. I'm sure you're not surprised to hear that. Some are good. The ones that are very good at negotiating them, settle at dollar amounts greater than the ones that aren't good at it because they're trying to negotiate for a much more aggressive savings. But I would tell you only, on average, only 2% of all medical claims that are adjudicated go to balance billing. They have a 98% success rate.

Tegus Client
So your point is, as long as you just ask, you'd get a lower price, you'd get a lower cost.

Vice President Employee Benefits at USI Insurance Services
Yes, I'm not going to guarantee that, but generally, yes.

Tegus Client
So now let me ask you a more existential question, which is why do TPAs exist?

Vice President Employee Benefits at USI Insurance Services
Because some entity has to ensure the party who is responsible for paying the bill knows that they're responsible to pay the bill. Think about it, there's four major health carriers in the United States. Four, UnitedHealthcare, Cigna, Aetna and Anthem Blue Class Blue Shield. They see hundreds of thousands of claims each and every day.

From a sheer capacity perspective, they don't have the capability to bottleneck all of that information coming in, in a way that they can manage it. So just like the employer needs the TPA, so does the carrier. The TPA is needed by both entities because neither could do it themselves. The employer couldn't do it because they don't have the sheer knowledge and the carrier couldn't do it because of the capacity that they lack to do it.

That's why when you go fully insured, there's additional markups because the TPA is bundled in. But when you unbundle the TPA, that additional 2% or 3% that the fully insured plan has baked into it because they're giving you a bundled solution, that markup is netted out and then that TPA fee is negotiated linearly as opposed to as a bundled number.

Tegus Client

How many TPAs exist in the country?

Vice President Employee Benefits at USI Insurance Services

Hundreds, hundreds. There's probably 13 different versions of Allied and Allied is a singular TPA. If I had to speculate on how many TPAs they are? Hundreds. There are regional TPAs. I think of one in Illinois called Consociate. They're a TPA for a health network called HealthLink. HealthLink is a subsidiary of Blue Cross Blue Shield in Illinois.

They only adjudicate claims that are applicable to the HealthLink network in Southern Illinois. That's pretty specific. There are dozens, if not hundreds of those types of TPAs. Then you look at the ones that come bundled with the health carriers, the UMRs of the world, those exist. So to answer your question on how many, I don't know, I would say a couple hundred would be my guess.

Tegus Client

What's the name of the one in your area?

Vice President Employee Benefits at USI Insurance Services

Consociate. And they're actually owned by a brokerage firm called Dansig. There is some talk of clients suspecting something nefarious is happening between the broker, the PBM and the TPA and guess what's happening.

The TPA is adjudicating pharmacy claims below the paid amount by the employer and the PBM and the TPA are splitting the difference and taking a portion or a percentage of those savings and paying it back to the broker as a per pill commission. Dansig makes a small amount per pill on every prescription filled on this medical point. How is that fair? I got into this because health care is absolutely gimmick with endless rabbit hole in every direction on where and whose hides the money.

Tegus Client

You mentioned briefly the Biden transparency bills. And then you mentioned something about no transparency between what's billed and what's paid. So what's the story there?

Vice President Employee Benefits at USI Insurance Services

So prior to December of last year, December of '21 employers who are self-insured because they are the fiduciary of their health plans were required to fill out what's called a 5500 form. And on that form, the employer and the broker or the consultant, what I do for a living, are liable to communicate what carriers are in place for what lines.

Then the premiums that are being paid on those lines as a function of the 5500 filing. That allows the federal government to validate the amount of dollars the employer is offsetting because those dollars spent are tax deduction. Prior to the transparency law, the broker was not required to also communicate on that 5500 form what the commissions and fees that are being generated from those plans are.

Now as a change for this year, brokers are now required to deliver what's called a compensation disclosure form 60 days prior to delivering the renewal. We now have to tell our clients everywhere within the medical plan, that's the medical, stop loss, dental, vision, everything about worksite products. We now have to communicate on that 5500 form as well as the compensation disclosure, all of the dollars that we're making from the carriers. So not just the per employee commission. We got to communicate the fees, the bonuses, the overrides.

All of those dollars that are associated to that plan now have to be put out on "front street" and the employer has to sign off 60 days before they renew on saying, you know what, I know we're paying you a $50,000 consulting fee. I had no idea you were also making $100,000 in revenue on the premiums that my employees are paying. So why are we paying you $50,000 when you're making another $100,000?

Tegus Client

So that makes sense on the broker side, but I think that the real meat of those transparency bills is on what's happening with drugs and medical care, right? So what's that?

Vice President Employee Benefits at USI Insurance Services

So what's happening there is now what's happening is we're starting to be able to identify what are called wasteful drugs I think there's a drug out there called DUEXIS. DUEXIS is the chemical composition of ibuprofen and the Antacid pill turned on its head. I'm not a pharmacist. So I don't know exactly what that means.

But essentially, what it means is if I am an individual prescribed DUEXIS, I will pay, I think, it's $260 of prescription for DUEXIS. I can buy an entire bottle of ibuprofen and Antacid for less than $10. That's a wasteful drug.

So through the transparency law, we're starting to identify those drugs that their chemical compositions are just purposely manipulated to where now they're no longer defined as a generic drug. They are instead a brand and/or a specialty drug that don't fall underneath the same pricing guidelines as the top 100 generic drugs do.

Tegus Client

What about on the medical services side, like the surgeries and tests and all that stuff?

Vice President Employee Benefits at USI Insurance Services

Not really a whole lot of impact there because they're already transparent in what they're billing for and what the dollars they're billing are. I can't think of a specific example where his transparency laws are really going to impact the hospitals outside of just making members, people like you and I, consumers of health care, more aware of, we should be looking at what those bills are and questioning whether or not they're legitimate. Because you're already getting the itemized bill from the hospital. That's not changing.

Tegus Client

But I think the difference now is I'm getting the bill from the hospital, but the hospital might have charged another carrier double like a different price for the same thing.

Vice President Employee Benefits at USI Insurance Services

Yes, that's a good point.

Tegus Client

So like now the TPA claim adjudicator person can go back and say, hey, how did you charge me $20,000 for a knee surgery, but the data that you released to the public now shows that for the same exact thing, you charge somebody else across the street who's using United or whatever $10,000 dollars. Is that right?

Vice President Employee Benefits at USI Insurance Services

Yes. If you look at it from the vendor perspective, yes, that's exactly how all this started. I mean what you just said, that process you just described is exactly what started this entire process of how is it that I can go into the same facility on two different days to the same doctor, had the same procedure, but be billed two different amounts. How does that make sense?

Tegus Client

And then I think what you can do with that is you can say, well, now that I have this data, I can map out what the cost of certain procedures is at different providers in my area. So then I can do what you described earlier, which is if I have an employee who needs to get a surgery.

Vice President Employee Benefits at USI Insurance Services

Yes.

Tegus Client
I can tell him, go to this place because I know that they can give you a good outcome for the lowest price. And by the way, I'll pay for your entire deductible myself. Like you can incentivize people to change behavior and lower your net cost a lot, right?

Vice President Employee Benefits at USI Insurance Services
You're exactly right in your summarization.

Tegus Client
Is there a trade journal or a publication or kind of like what do brokers like yourself look at? What do you guys read all the time? And what website you typically get your news from? Anything like that? Usually for different industries, there's like a trade journal or some industry publication or some industry thing that you use to get your news, you know what I mean?

Vice President Employee Benefits at USI Insurance Services
You know that's an excellent point. There should be a resource like that. I do my research on the Internet. But typically, it's driven by news articles from various sources, local, national news, more so than a singular source. But I would tell you that if you really wanted to get the insurance for dummies 101 type of read. There's an organization called SHRM, it stands for Society of Human Resource Managers. SHRM is an entity, it's a conglomerate of all human resource professionals, and they provide each other with a ton of education and insight in all things, human capital management. A big component of that is insurance and benefits.

I can't think of any one specific article or discussion topic. But SHRM will have an endless supply of information around how to administer benefits, how to consume them, how billing works, written to better inform and educate the employer. I would think the SHRM would be a great place to sort of find yourself going down a rabbit hole.

Just so you know to give you some clarity on that. I've used SHRM articles with HR professionals to quantify or qualify what it is that I'm saying. Because I would hope I sound inherently different than most brokers. And when you've been buying what I sell for 15 or 20 years, and I walk in and tell you you're doing it backwards.

There's a bit of skepticism. I've used SHRM articles where they're coming out on a national scale saying, here are the dos and don'ts or the needs, the knows types of things. If I find anything, send me your information on LinkedIn, I know I've got a few articles I've used in the past on like how to evaluate your broker and how to set expectations with your medical carrier, things of that nature.

Tegus Client
Great. Well, thanks for your time and insight. Have a wonderful rest of your day.
