



Healthcare Self-Insurance and Consulting Group

"We help you Self-Insure"

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IST654 – ASSIGNMENT 1

Group 6 – Critical Analyzers

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Meetings – 2:30 to 4 PM – Bird Library





Context

A fully-insured health plan is the more traditional way to structure an employer-sponsored health plan.

- The company pays a premium to the insurance carrier.
- The premium rates are fixed for a year, based on the number of employees enrolled in the plan each month.
- The monthly premium only changes during the year if the number of enrolled employees in the plan changes.
- The insurance carrier collects the premiums and pays the health care claims based on the coverage benefits outlined in the policy purchased.
- The covered persons (eg: employees and dependents) are responsible to pay any deductible amounts or co-payments required for covered services under the policy.

Most people assume that their employer purchases insurance plans from an insurance company (Fully-Funded). However, a slight majority of U.S. colleges and universities choose to self-fund the health care coverage they offer their employees. Health care costs are entirely unpredictable. You do find that larger institutions move in the direction of self-insurance where they can save some money because you're not paying profits of a third-party administrator. That's not to say third parties are completely left out. Self-insurers don't form their own network of doctors and hospitals, so they still pay insurance companies to process claims and send out ID cards. In addition, many employers purchase stop-loss coverage in case an employee's costs exceeds their Stop-Loss amount. According to the College and University Professional Association for Human Resources (CUPA-HR) 2012-13 Employee Health Benefits Survey of Higher Education, 51.2 percent of institutions are self-insured.





Self-Insurance

- A self-insurance health plan (or a 'self-funded' plan as it is also called) is one in which the employer assumes the financial risk for providing health care benefits to its employees.
- Institutions like Universities contracts with a third party administrator (TPA), which processes claims and provides additional services for the customer.
- The medical claims are funded by the University, and not by TPA acting as an insurer.
- Self-Insurance helps significantly cut down their costs on insurance by 8% to 12% compared to fully-funded insurance.

Problems

Some of the problems existing in the current insurance types include:

- In a fully-funded insurance, 10 to 20% of the premiums paid are for administrative costs. Similarly, self-insurers will pay TPAs similar amounts for their administrative requirements.
- Healthcare costs are rising faster than inflation. More than one-sixth of the U.S. economy is devoted to health care spending and that percentage continues to rise every year. Regrettably, our system is not delivering value commensurate with the estimated \$2.7 trillion spent annually on health care. Experts agree that about 20 percent to 30 percent of that spending – up to \$800 billion a year – goes to care that is wasteful, redundant, or inefficient.
- The hard part was agreeing on what benefits to offer employees and how to structure the health plans. A committee worked for nearly five months, hashing out such items as a definition for the "full-time employee" who would be eligible for benefits.

We at Healthcare Self-Insurance and Consulting group are aiming at helping universities tackle their administrative challenges and cut down healthcare costs through exceptional Self-Insurance consulting services combined with various IT healthcare and technology products.





Solution

Healthcare Self-Insurance and Consulting Group is the only the only healthcare consulting firm that utilizes different technologies as healthcare products.

We at Healthcare Self-Insurance and Consulting Group offer competitive solutions for the above problems:

- **Volume Based Services:** We will provide you with a software application which can be used both in mobiles and computers, which will help you connect with nearest and best possible doctors and hospitals, who are reliable and give value based and not volume based services. This will significantly reduce your claim costs as they provide value based services. These applications will also help your employees select their hospital and doctors based on their comfort and schedule appointment whenever in need. This will save patient's time and money.
- **Online Customer Care:** In order for any kind of customer support, patients can contact customer care via online customer chat or video call in our application.
- **IT System:** We will help you build an IT system and merge with your existing ID card generation process, which can help you generate insurance cards along with university staff or employee cards.
- **IT Applications:** To provide self-management to customers, we will provide applications, helping them interact with clinicians, keep following up with patients through email, phone, text messaging, or mailings to support them taking good care of themselves.
- **Reduced Costs:** Using the above solutions we and the universities could work together to reduce the administrative costs.
- **Reduced Claims:** Our network of doctors and hospitals, who provide value based care will reduce the claims compared to volume based services, thus negating the effect of rising healthcare costs.
- **Website Application:** We will provide you with an IT software that can help universities be the administrator and employees be the user. Universities can plan and decide benefits that should be enabled for their employees based on their budget and stop-loss amount set by our underwriters. Employees can login to their account and add these benefits to their insurance based on their needs and requirement. This software will ease university's process of deciding benefits for their



employees. These data can help us analyze and optimize the stop loss amount next year.

- **Wellness Activities:** We will provide regular wellness activities which will conduct various health related activities and also, provide free diagnostic testing for our customers.

Product Map

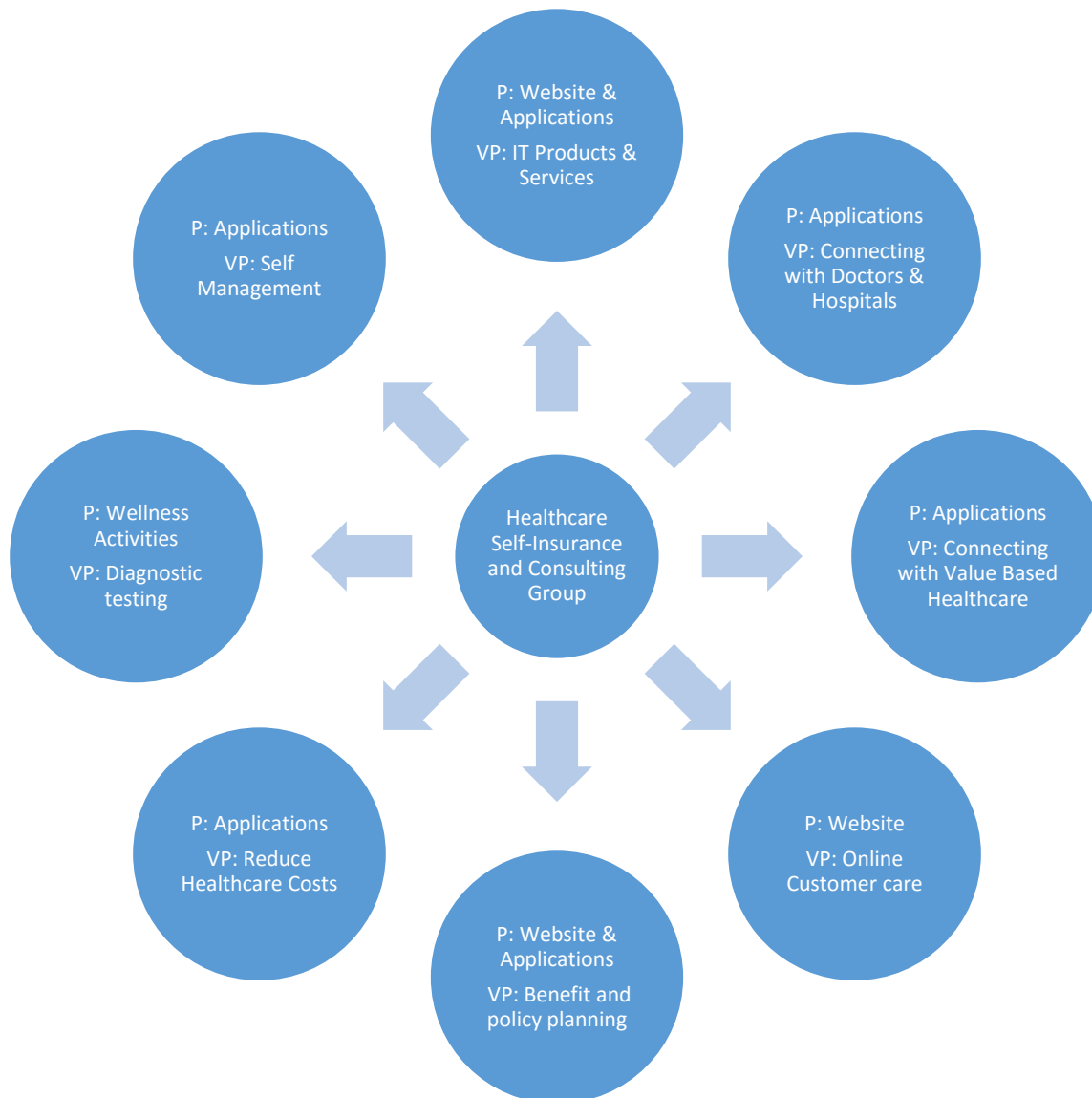


FIGURE 1 HEALTHCARE SELF-INSURANCE AND CONSULTING GROUP PRODUCT MAP

P – Product

VP – Value Proposition



Value Proposition

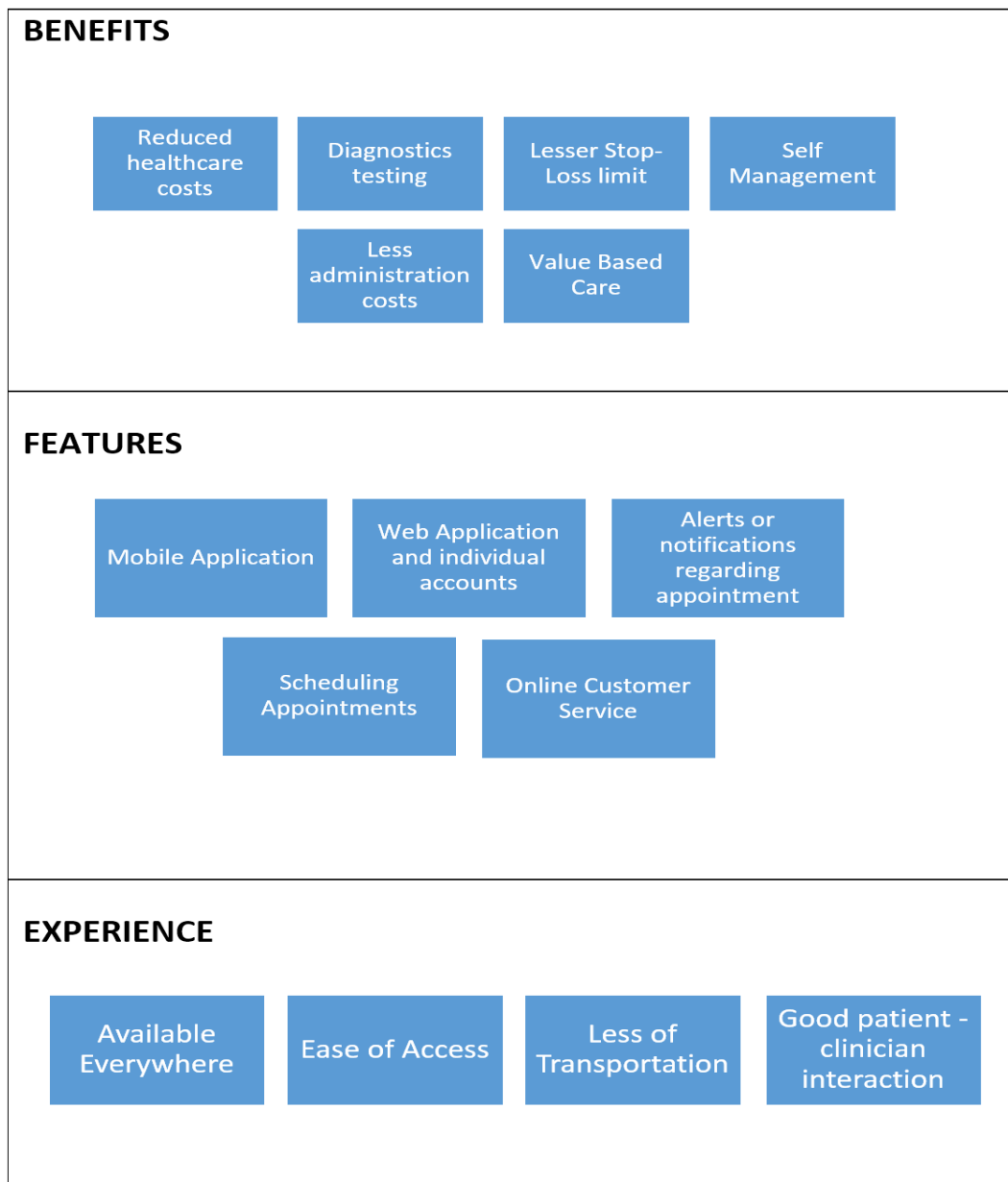


FIGURE 2: HEALTHCARE SELF-INSURANCE AND CONSULTING GROUP VALUE PROPOSITION

Business Model

Customer Segmentation: We target customers with large employee base a minimum of 1000+. Universities will be one of our main targets.



Customer Relationships: Interaction with customers will be done over online customer service, online video customer service, support over calls,

Channels: We reach our customers through Advertising in Social media, Sales team, Online Healthcare Self-Insurance and Consulting Group website

Value Propositions: We provide the following advantages to customers:

Benefits:

- Reduced healthcare costs
- Lesser Stop-Loss limit
- Software for better administration
- Less administration costs
- Value based administration

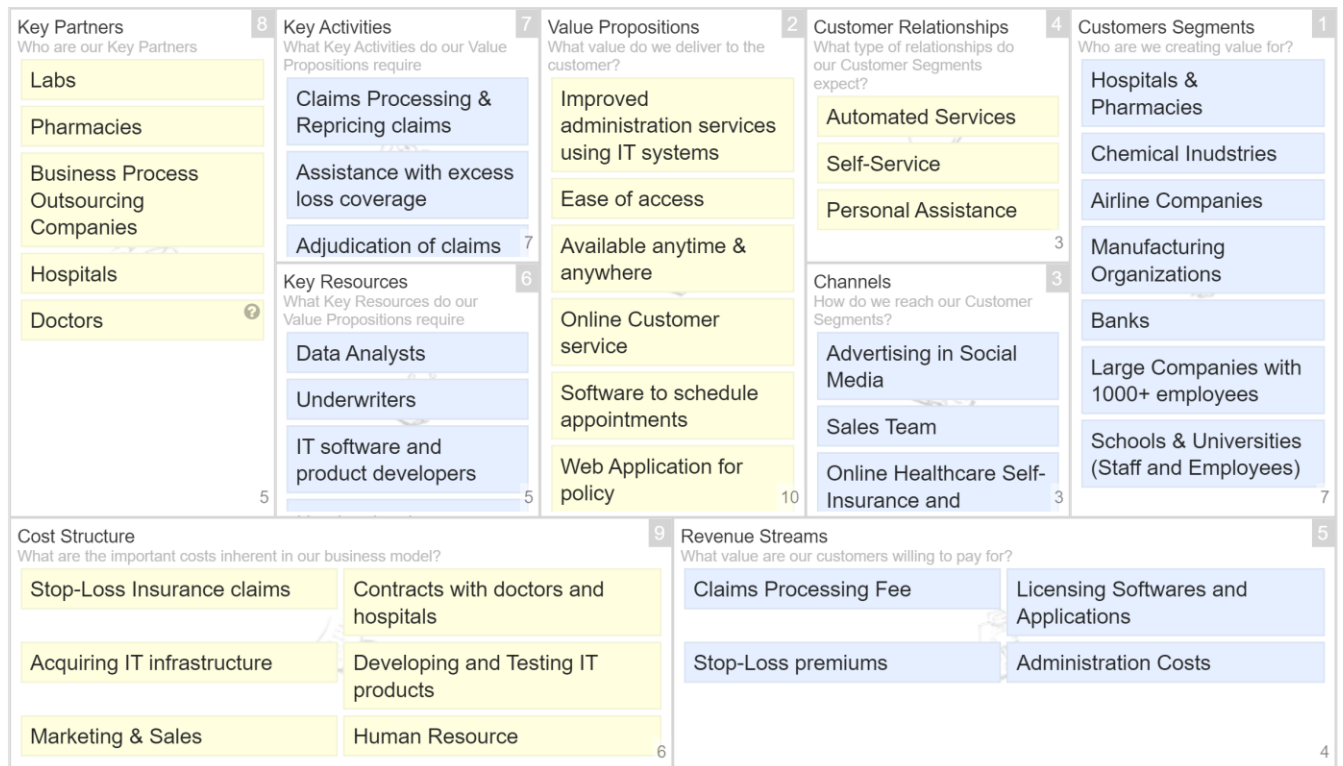



FIGURE 3 HEALTHCARE SELF-INSURANCE AND CONSULTING GROUP BUSINESS MODEL CANVAS

Features:

- Mobile Application
- Web Application and Individual Accounts for benefits and policy



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- Alerts/Notifications regarding scheduled appointment with hospitals/doctors
 - Online scheduling appointments
 - Online customer support

Experience:

- Facilities available anytime
- Ease of access
- Less travel for patients to doctors/hospitals
- Less patient-clinician interaction due to value based system approach

Key Activities: Our key activities include:

- Assistance with excess loss coverage
- Claims Processing & Repricing claims
- Administrative services
- Adjudication of claims
- Help customers connect with value based service providing doctors and hospitals
- Marketing
- Underwriting

Key Resources: Our key resources are:

- Human Resource
- Underwriters
- IT Software and Product developers
- IT Infrastructure

Key Partners: Key partners are following:

- Business Process Outsourcing Companies
- Hospitals
- Doctors

Cost Structure: Important costs inherent in our model include:

- Stop-Loss insurance claims
- Acquiring IT infrastructure
- Marketing & Sales
- Contracts with Doctors and Hospitals
- Developing and Testing IT products
- Human Resource



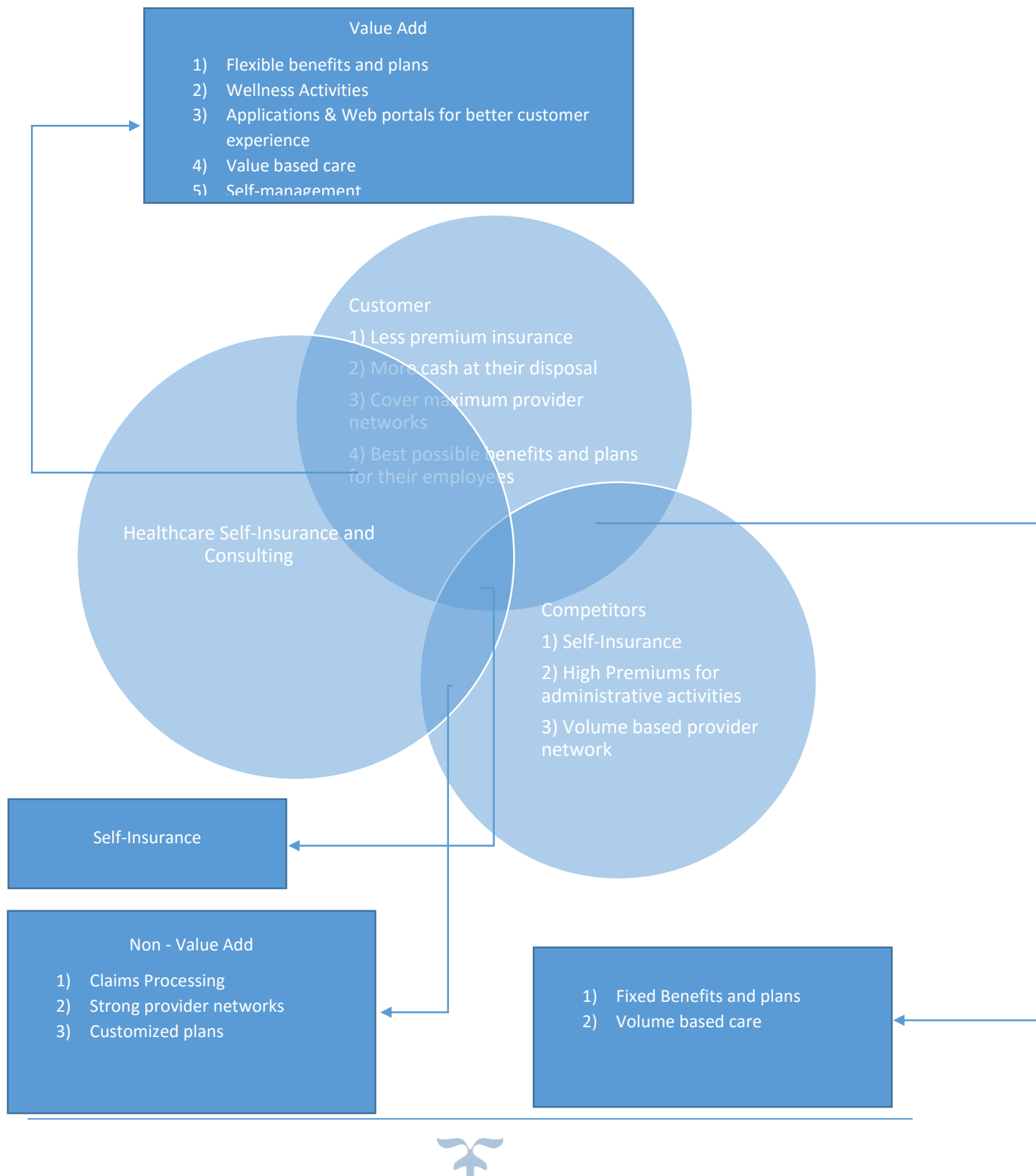


Revenue Streams: Customers will pay for the following:

- Stop-Loss premiums
- Administration Costs
- Licensing software and applications
- Claims processing fee



Competitive Advantage:





Conclusion: Our above mentioned solutions will significantly help companies and universities to move from fully-funded to self-insurance with reduced financial risk on the employers, based on some of our strong solutions such as our network with value based healthcare providers, online customer service and scheduling appointments online and IT systems to reduce costs on administrative process.

