NIXON BENEFITS

COMPANY PROFILE

- Industry: Manufacturing
- Headquarters: Southern California
- Employees Enrolled on Health Plan: 1,300

CASE STUDY

WHY RENT IF YOU CAN OWN? Fully Insured vs. Self-Funded

SUMMARY //

The company wanted to reduce their health plan spend without reducing plan benefits or increasing employee premium share. By changing the funding model from fully-insured to self-funded with stop loss, the company realized $2M (19%) in savings over prior plan year. This enabled the company to enhance their benefits and increase employee satisfaction.

OUR COMPETITIVE ADVANTAGE //

Nixon Benefits serves both fully-insured and self-funded employers. Through comprehensive and continuous analysis of your company, Nixon Benefits helps you determine the appropriate funding model for your health and welfare plans. Our self-funding experts have proven success in transitioning plans to a self-funded arrangement. Nixon Benefits will present you with the best market options, considering employee disruption, re-pricing analysis, and fixed administrativecosts.

THE CHALLENGE

The company faced rising health insurance premiums year after year. The decision makers were frustrated by the lack of detailed information behind their plan's rising costs. They wanted more control over health plan spend beyond simply shifting the increasing cost onto employees via benefit reductions and increased premium share.

SOLUTION

The company approached Nixon Benefits to perform a feasibility analysis. The analysis determined a self-funded model with stop loss not only improved the company's bottom line, but also addressed the affordability concerns of employees and their family members. Furthermore, self-funding places the employer in control of the health plan instead of a health insurance company. The decision makers could make data-driven decisions to manage the cost of the plan.

RESULTS

The savings realized in the company's first year of self-funding was $2M (19%) over the previous year's fully insured plan. This was achieved despite the mid-year acquisition of a company with unfavorable demographics; an actuary predicted health costs for the newly acquired employees to be 33% greater than their existing employee population. The reduction in health plan spend enabled the employer to improve benefits (lower copays/ deductibles). As a result of the cost savings realized in successive plan years, the company has kept employees cost share constant. Employees once again considered their health plan a valuable and affordable benefit.

2016 Average Annual Medical Plan Cost Per Active Employee