NIXON BENEFITS

COMPANY PROFILE

- Industry: Retail
- Headquarters: Northern California
- Employees Enrolled on Health Plan: 2,600

CASE STUDY

Breaking ties with the Health Insurer

SUMMARY //

The company wanted to gain control over their self-funded health plan and expenditures. By changing Plan Administrators from a Health Insurer to a Third-Party Administrator, the Employer would gain control and flexibility over their plan by contracting directly with Provider Networks, Stop Loss Insurers, and Prescription Benefit Managers best suited to meet their specific health care needs. Nixon Benefits outlined potential savings of $1.7M (23%) over the prior year's drug spend through contracting directly with the same Prescription Benefit Manager they had under the Health Insurer.

OUR COMPETITIVE ADVANTAGE //

Nixon Benefits works closely with insurance carriers and vendors to determine the right fit for you. Our team of risk management experts will help uncover the opportunity cost to your plan. Nixon Benefits is well positioned in the market when negotiating your pricing because we don't have any financial ties or accept any bonuses or overrides from insurers or vendors. Only transparent market practices yield competition among insurers and other vendors. We don't limit our partnerships so we don't limit your choices. Let Nixon Benefits provide you with the decision support to help you manage the rising costs of health care.

THE CHALLENGE

The company faced a lack of transparency and control surrounding their health plan and associated costs. Their health plan was self-funded and "bundled" with a health insurer. Specifically, their insurer controlled the components of the self-funded health plan: Plan Administration, Stop Loss Insurance, Prescription Benefit Management. The goal was to deliver cost savings, accruing to both the plan and plan participants, while maintaining current benefit levels and network.

SOLUTION

After educating the company on the pros and cons of "bundling" and "unbundling," Nixon Benefits was contracted to perform a cost benefit analysis. Since this Employer's desire was to have more control over their plan and expenditures, we analyzed the cost vs. benefit of an unbundled self-funded arrangement in comparison to their current bundled self-funded arrangement. After analyzing each component of their plan, Nixon Benefits concluded that an unbundled arrangement would more easily allow integration of cost-containment measures.

RESULTS

Changing Plan Administrators from a Health Insurer to a Third-Party Administrator not only uncovered potential savings by eliminating the insurer's profit margins but also provided the company with more control over their plan with access to integrated programs specifically designed to target their populations health management. Furthermore, we had multiple Prescription Benefit Managers perform a claims-repricing based on the company's Rx claims data from the prior year. Without any disruption to plan members or copayments, we illustrated potential annual net savings of $1.7M (23%) by contracting directly with their current Prescription Benefit Manager. By moving the Prescription Benefit Management contract from the Health Insurer to the Employer, the parameters of the Health Insurer's contract no longer constrained the company. For example, since this company owned their own pharmacy, we identified an additional revenue stream on which they could capitalize.