**CARVE OUT CARVE IN PODCAST**

Janet: I think the future is bright for carve out strategies. The health care market is evolving at a furious space and we just as natural consumers ourselves, we appreciate that demand for more customization, accountability, price competitiveness and technology will make all those possible.

I’m Nina Bouphasavanh and this Get Smart on Stop Loss. We are talking about how to choose between carve out and carve in options with Kurt Haag, Senior Vice President of Sales and Account Management at Optum, and Janet Charpilloz Regional Vice President of Sales at Optum Health. Kurt and Janet, what does it mean to carve out or carve in benefits?

Kurt: Carve in typically means working with a payer who has pre-selected programs or vendor partners such as Stop Loss, wellness, employee system program, care behavioral program and disease management programs. Whereas carve out means an employer choosing someone else to administer a program other than what that payer offers.

Janet: Carve in is synonymous with saying bundled solution, prepackage by the network or the administrator and sold as a bundle of services to an employer group. Is the opposite of carving out. In other words unbundling those services to shop to competitive market for the most robust and price competitive solution for the employer group.

Nina: Janet- what type of services that can be at carve out?

Janet: Pharmacy benefit management is probably the most frequently carved out benefit. Self-funded plans chose to unbundle that and shop the competitive market for standalone pharmacy benefit management vendor. Other examples might be wellness vendors, health saving account vendor, cobra administration, any number of different service provider that can be broken off from the underlying administration or network and shopped as a plug and play model for the self-funded employer.

Nina: Kurt, what type of employer might want to consider this options or who might benefit from carve out option?

Kurt: I think it start with employer who is engaged. One who sees the employer benefit offering as a key pillar to attracting and retaining those employees by offering what is unique in the market. One who has identified the bundled solution as it meet the needs of their employees and one who does not want to disrupt all benefit when they move from one payer to another in the future. Stop loss is an example. An employer who carves out their PBM may also need to carve out their Stop loss solution because many of the carriers who offer a bundled solution do not cover that carve out pharmacy manager from the underlying medical plan.

Nina: Janet what questions should you ask about your overall business strategy to choose the best option for your company?   
Janet: Is access data critical to the management of your plan, do you have a plan to take that information in and integrate it with other elements in order to take action for it for future management of the plan design? Do you have partners in place that you can rely on to help you manage those multiple vendors effectively? Choosing to carve out as aware of complexity but it will introduce a layer of competition and both have their risk and rewards.

Nina: Janet, can you explain why there is no blanket advice for employers considering carve out or carve in benefits plans?

Janet: Every employer is different. They have different needs, different internal resources, different benefit designs, different tolerance and risk and volatility within the self-funded plan. It’s key to appreciate those differences before considering what option might be best suited to suit their needs. Bundled or carve in solutions will always be part of the conversation. They will always have a place on the shelf because of their convenience and the ease of the administration. But more and more self-funded employers are considering carve out options to address their unique needs.

Kurt: There are benefits to both carve in and carve out. Often times when carve in solutions are discussed - these are offered by national payers. Sometimes they are limited customization but require little involvement or coordination by the broker of the employer. Carve out options are gaining and popularity because they are carrier agnostic, payer agnostic they can work with any payer, any carrier. But they move with the employer as does the history and the outcome measurement as they change who their underlying payer is. Unbundled solutions also have a holistic view of the market. Is not just a single payer view, again is designed to allow that employer to maintain these programs for long term even when they change who their underlying carrier, payer is.

Nina: What do you see as current of future trends in carve out plans?

Kurt: They are growing. We see more and more employers having a more sophisticated work force that want to have best in class product across the stable not just the underlying medical plan. This combine with a number of payer and network option is shrinking. Employers are looking at building employee benefit programs their specific to needs of employees, their industry and equally important their region.

Nina: Janet?

Janet: There will always be a place on the shelf for prepackage bundles of solutions because of their convenience, but the future is bright for those employers and consumers who embrace a carve out strategy and are willing to shop competitive market to find the best solutions.

Nina: Thanks so much to Kurt and Janet and thanks to you for joining us for Get Smart on Stop Loss.