**SELF FUNDED PODCAST**

Kurt: Simply put, a self-funded or partially self-funded employer is usually one that wants to participate in making the greatest impact on their future.

Janet: I think an ideal candidate understands the volatile nature and has already done that gut-check to say I'm willing to accept some volatility in return for a potential reward.

Nina: Self-funded health care is no longer limited to the largest companies. Employers of many different sizes are considering this option. What does it mean to be self-funded and what do you need to know to determine if this is the right choice for you?

I’m Nina Bouphasavanh and this is Get Smart on Stop Loss. Joining us is Kurt Haag, Senior Vice President of Sales and Account Management at Optum and Janet Charpilloz, Regional Vice President of Sales at Optum Health. Welcome.

Kurt: Thanks for having us.

Janet: It’s great to be here Nina, thank you.

Nina: Kurt, Janet Can you explain self-funded health care?

Janet: I think it’s important to understand from the outset that being self-funded means that you’ve chosen to take ownership of the health plan both its risk and its rewards. It means taking control of the benefit design and the ongoing management of that plan rather than handing it over to a carrier to design and manage an insured plan on your behalf. Self-funding means that the employer retains control of his capital until claims are actually presented for payment. So, rather than paying a level insured premium month over month, there's going to be some volatility but that volatility can be managed by using stop loss and other vendor solutions to help control cost.

Kurt: In its definition, self-funding can quite frankly sound pretty daunting to an employer if they haven’t had that much familiarity with it. But the fact is most employer are partially self-funded which means that they are a self-funded employer but they're only taking risk up to a certain amount or an individual claim or the overall utilization of their plan

Nina: Is it a shift on who owns risk and how does that change the way benefits are managed?

Kurt: It is a shift in who owns the risk and as Janet mentioned, that’s both good and bad because there is volatility to consider while considering some cash flow benefit and overall expense reduction. But self-funded employers who believe they can design an employee benefit plan, they’ll have a greater positive impact on the lives of their employees while having their cost stay within their budget long term.

Nina: Why do you think this is becoming such an attractive option from employers of all sizes?

Janet: I think self-funding had historically been viewed as something only the largest employers could take on and then it moved down into the middle market. Today we’re seeing it into smaller group sizes and I think that’s because those smaller groups are asking why and there is a bevy of new vendors out there coming to the market whether it’s the legacy carriers seeing this opportunity. Moving their threshold down, welcoming smaller employers into the conversation and offering them that choice. The technology is enabling the speed of disruption and so smaller employers who have said why not me are more really able to find solutions that fit their needs.

Kurt: Like large employers, small, mid-size employers have a very entrepreneurial spirit. They have to compete for employees, they have to manage cost, they have to put themselves in the best competitive position to compete in the industry that they're in.

Kurt: They have to take control, they have to take responsibility. They’re building their own employee benefits program that when they combine it with their overall compensation structure and the other benefit packages they offer to their employees, the end goal is they want to attract and retain top talent.

Nina: What makes an employer a good candidate for self-funded care or what should he know about their own benefits model before they're considering self-funded care?

Janet: I think everyone in this environment should be asking themselves whether or not they're a good candidate for self-funding. I think a good candidate has a three to five year horizon that they're managing to. Giving them self-time to implement a plan, monitor it and then adjust as necessary to see the results. I think an ideal candidate understands the volatile nature and has already done that gut-check to say I'm willing to accept some volatility in return for a potential reward. I think an ideal candidate also has a process or a strategy in place to manage the plan and the vendors that it’s chosen to hire to maximum efficiency. If this is being implemented as a one year strategy to bridge until the next renewal, it’s probably not a great candidate.

Nina: How can you avoid stumbling blocks that some employers face a few years after becoming self-funded?

Kurt: I think it starts with aligning yourself with great people. Align yourself with a trusted advisor from a broker consultant standpoint, a good third party administrator or payer and ask questions of them of how do they evaluate to stop loss carriers beyond price alone. Personally, I always appreciate it when we have a perspective or current employer who wants to have conversation directly with us and talk to us about our contract. It’s a great opportunity to confirm all the features and benefit that that carrier brings from both a contract coverage standpoint, ask the question, does your contract insure my employee - employer plan document and what are the other features and benefits that you bring to the table from a claim strength and clinical expertise standpoint.

Janet: Employers need to understand that this is a shift and that they are agreeing to own the plan and its risk. There will be volatility, there will be complex claims, there will be questions that they haven’t had to answer before but if they have selected the right vendors to partner with, the right trusted advisor or broker consultant, they can weather those storms very successfully.

Nina: Thank you so much, Kurt and Janet. Thanks for listening to Get Smart on Stop Loss.