



AUGUST 13 | NOON

# HEALTH INSURANCE COST MANAGEMENT

How a New Solution Helps Employers  
Manage Risk & Maintain Financial Stability



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01

# Introductions





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## Risk Cooperative

- Independent, minority-owned brokerage founded in 2014
- Robust employee benefits practice, including wellness and ancillary programs, alongside claims and compliance support
- Extensive expertise across all classes of insurance including, life, health, property, casualty, specialty risks as well as excess and surplus lines of insurance
- Licensed across the U.S. with global coverage capabilities
- Local presence with offices in Washington D.C. and Maryland







- 85+ year old health insurance provider serving 3.5 million members in MD & DC metro area.
- Carefirst is one of 34 independent licensees of the Blue Cross Blue Shield Association
- One of the nation's largest non-profit healthcare organizations
- Offer individual and group plans with options for medical, dental and prescription drug coverage
- Additional healthy-living programs through WellBeing, Noom and CloseKnit



# 02

## Setting the Stage



# Current Data Points: Healthcare Spending

Healthcare costs in the United States have generally **grown faster than inflation**.

Health spending was **17.4% of the U.S. economy in 2022** and is expected to reach **19.6%** by the end of the decade.

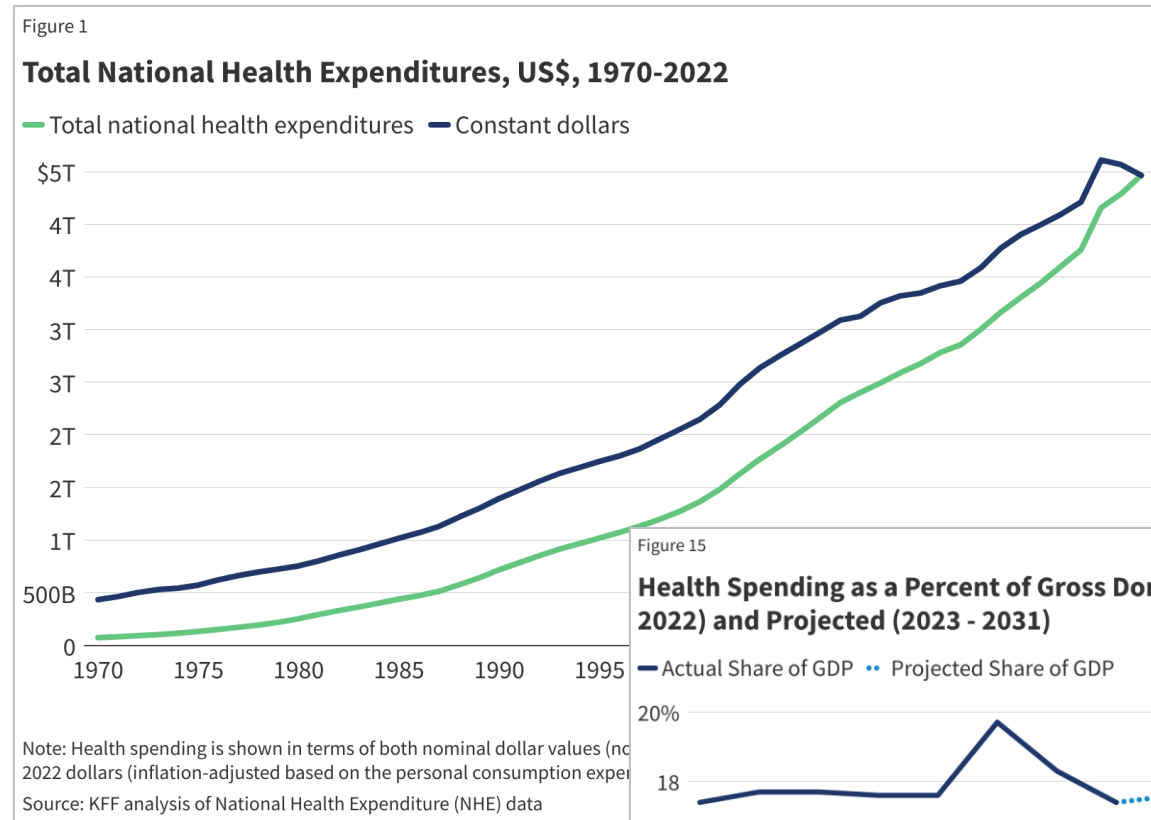
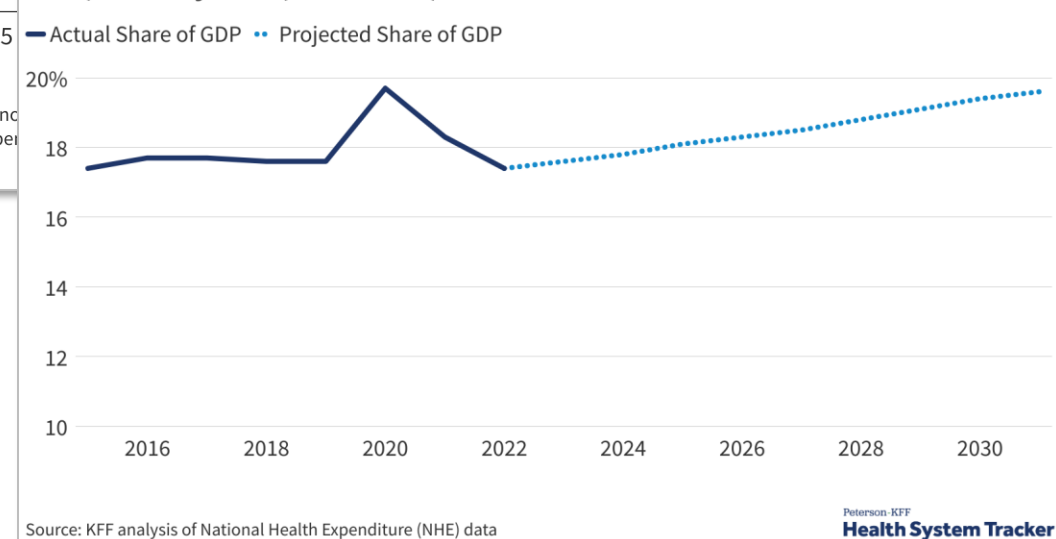


Figure 15  
**Health Spending as a Percent of Gross Domestic Product (GDP), Actual (2015 - 2022) and Projected (2023 - 2031)**



## Current Data Points: Cost of ESI



According to Mercer, the average per-employee cost of **employer-sponsored health insurance rose by 5.2%** in 2023 to reach \$15,797.



Medical breakthroughs have made drugs the fastest-growing component of plan cost and **pharmacy benefit cost jumped 8.4%**.



Despite rising health plan costs, large **employers mostly avoided shifting additional costs to employees** through higher deductibles or OOP maximums.

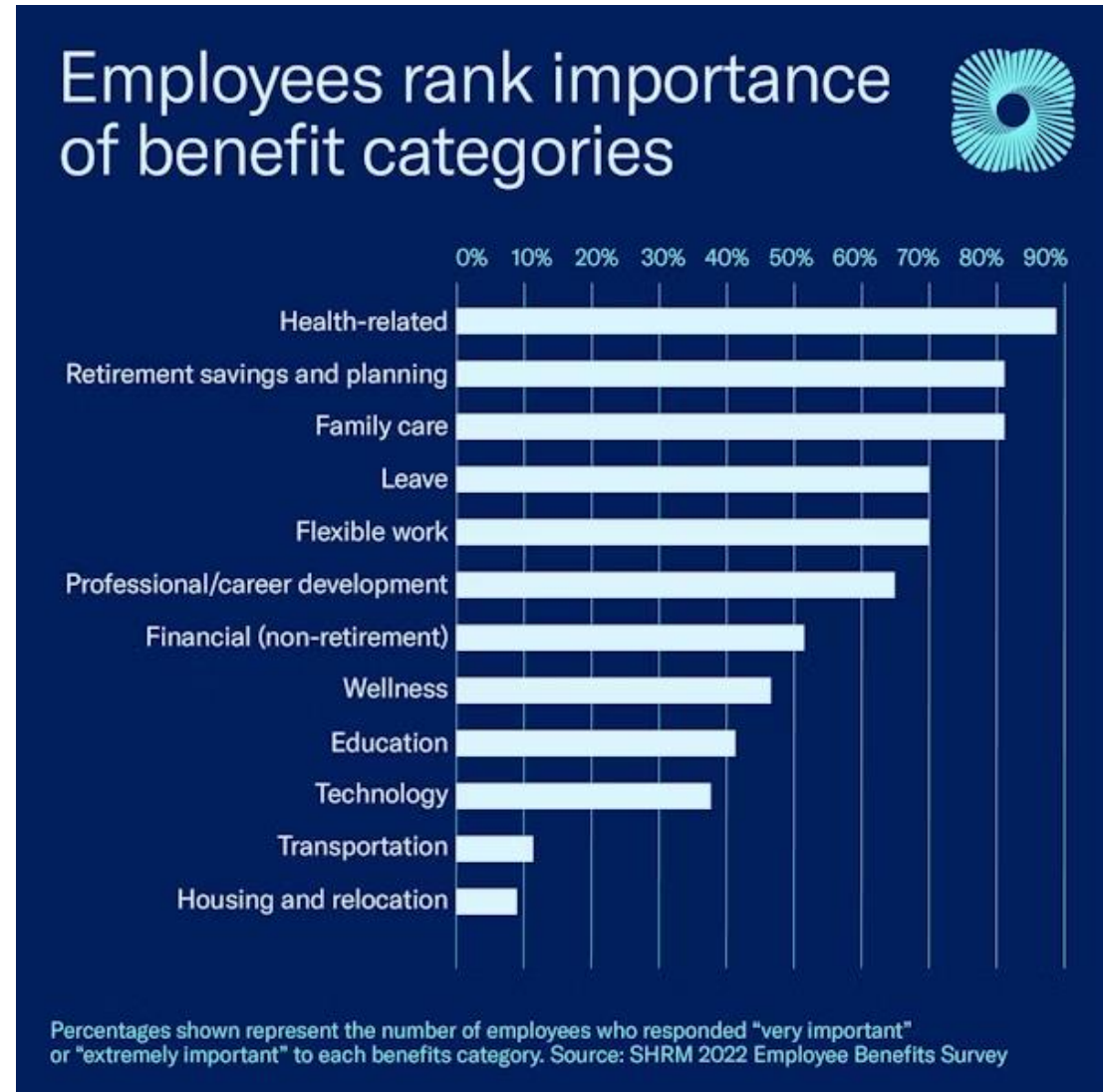




## Current Data Points: Value of ESI

SHRM surveys show employees and employers both rank **health related benefits as the most important** employers have to offer.

An Avalere study indicates, on average, employers who provide health benefits see a **positive ROI of 47%** and this number is expected to rise to 52% by 2026.



## Current Data Points: Conclusion

**The persistent rising costs of healthcare and health insurance mean that businesses need innovative new solutions for providing high-quality health benefits affordably.**



# 03

## A New Solution

Max Performance Plus is a simple and clear fully insured funding arrangement with surplus potential.



# CareFirst Max Performance Plus

## Program Differentiators



**Receive 100% of surplus** up to 15% of net billed premium vs. 50% of the premium surplus with our competitors



**Surplus given as a check/e-transfer**, not as a premium credit



**The ease of fully insured**—no compliance challenges, deferred service fees, terminal liability funding, additional administration, and other reporting responsibilities required by level funding and other self-insured plans



# CareFirst Max Performance Plus

## Program Overview

### Effective June 1, 2024:

- Groups have the potential to receive 100% of their surplus, up to 15% of their net premium, at the end of the contract period if they renew
- Groups will pay a slightly higher risk charge (retention item) to participate in this funding arrangement (varies by group size)
- Can be sold with any of our Medical and Rx plans in all 3 jurisdictions for new and renewing groups (dental and vision will not be included in the calculation)
- Groups will receive monthly claims reporting





# CareFirst Max Performance Plus

## Continuum of Funding Arrangements

Metric	Fully Insured		Self Insured	
	Fully Insured	Max Performance Plus	Balanced Funding	Self Insured
Group size	51+	51+	51+	100+
Surplus potential		100% up to 15% of net premium as a check	50% as an administrative credit	
Reporting		Yes	Yes	Yes
Benefit customization	100+	100+	All	All
Mandates required	Yes	Yes		



# CareFirst Max Performance Plus

## Quoting & Contract Settlement

- Work with your CareFirst Account Consultant to request a quote
- The surplus will be given as a check or electronic transfer 110 days after the end of the contract year
  - Surplus is only paid if the group is still in force with medical and Rx coverage and has paid their premium in full.
- Surplus payment is not contingent upon the recovery of a prior period deficit. Deficits do not carry forward.

### RFQ Documentation Needed

- ✓ Member level census
- ✓ Current plan design details
- ✓ Current and renewal rates
- ✓ Monthly claims experience
- ✓ Large claims information
- ✓ Group risk screener (if claims experience is not available)



# CareFirst Max Performance Plus

## Program Renewals in Year 2

- Groups with Max Performance Plus will see an “as is” renewal with their existing plan option(s) and Max Performance Plus continuing
- No change to how they are rated for their renewal—business as usual
- If you request to move out of Max Performance Plus, tell your CareFirst Account Consultant the group wants to make a switch at renewal
- If eligible for a surplus settlement, the group will receive the surplus payment if the Medical/Rx renews with CareFirst and remains fully-insured (under the Max Performance Plus approach or moves back to prospectively rated). The same timing for when they will get the settlement applies.



03

SOLUTION

# CareFirst Max Performance Plus Reporting Overview

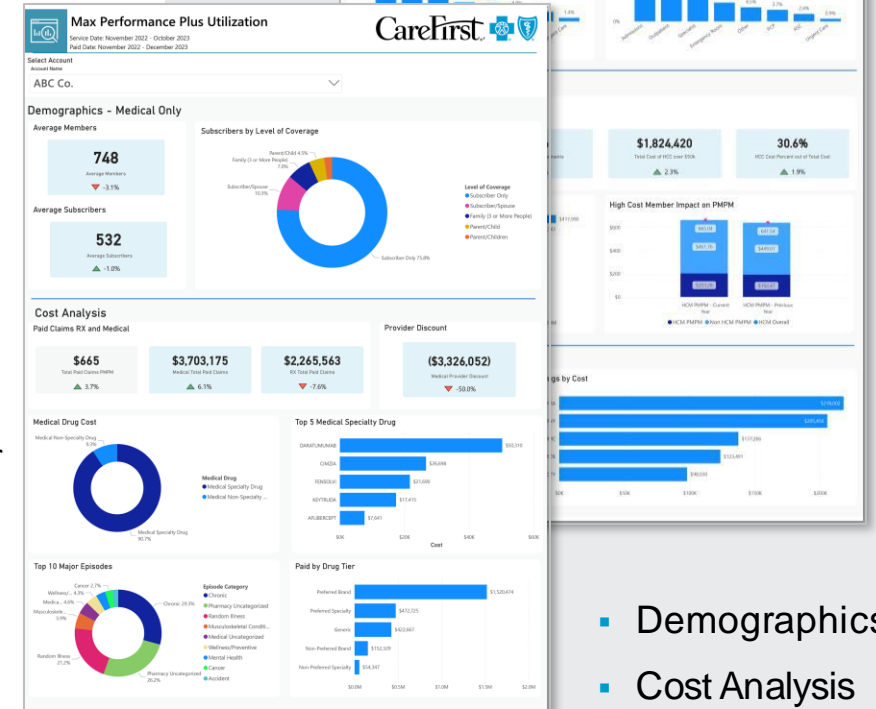
All reporting available monthly, around the 15th of the month

## 51–99 Groups

- Executive Summary PDF\*
- Account Experience Report
- Select reports through Account Insights on the Employer Portal:
  - Enrollment
  - Financial Performance
  - Site of Care
  - High-Cost Members
  - Pharmacy
- Time period will begin with Max Performance Plus start date and continue to incurred 12 months/paid 14 months

## 100+ Groups

- Executive Summary PDF\*
- Account Experience Report
- Full access to Claims, Utilization and Enrollment reports through Account Insights on the Employer Portal
- Time period will include months prior to Max Performance Plus start date (if applicable) to incurred 12 months/paid 14 months



- Demographics
- Cost Analysis
- Utilization
- Site of Care
- High-Cost Claimants
- Pharmacy



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04

Q&A







Risk  
Cooperative



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