The Eight Questions

BenefitHelp™

Questions you must ask your health insurance broker to see if they're worth keeping.

1. Are you able to provide medical and prescription claims data and insights for my fully insured health plan?
There are opportunities to "take a peek under the hood" and see what's driving your company's healthcare. Technology solutions exist which provide accurate Medical and Rx claims data for fully insured carriers. Better optics makes for better decisions. Transparency is critical, as you can't manage what you can't measure.

2. How do you get paid? Are you paid for activities or outcomes?
Most health insurance brokers are getting paid for activity not outcomes. There is a movement in the industry in which consultants are so confident in their ability to deliver quantifiable and measurable savings, they're putting their compensation at risk. Some put all of their compensation at risk, others put some of their compensation at risk. It makes sense to have aligned interests, as this is an industry plagued with mis-aligned interests.

3. What are the most effective strategies you have implemented to reduce the frequency and severity of healthcare claims?
The four primary drivers of healthcare costs are Inpatient Hospital (30%), Prescription Drugs (27%), Physician Visits (20%), and Outpatient Surgery (20%). Top benefit consultants have solutions that help employers and employees address each of these cost drivers. There are highly effective risk management strategies to incentivize employees to be great consumers of health care, and when thier care costs can be free or near free. These strategies are a win/win for the employee and the health plan.

4. Does working with your firm create any conflicts of interest? Are our interests aligned?
Does your health insurance broker discuss how they're paid? Many insurance carriers pay brokers a percentage of the premium (typically 3% to 5% of the premium). As health insurance premium increase, the broker gets paid more, so there's no financial incentive to introduce alternative health plans as there's a financial conflict of interest. Furthermore, many agencies receive substantial insurance carrier persistency bonuses so there's a huge financial incentive to keep employers in health plans that may not serve their best interests.
Remember, brokers work for whoever signs their paycheck. In many cases, it's the insurance carrier.

5. What is it that you do to manage my company's health insurance renewal?
If your broker is simply shopping fully insured carriers and negotiating a "less bad" renewal, it's time to look for another broker as you're likely grossly overspending. Your broker needs to have effective leverage in order to negotiate with health insurance carriers.

6. Are you showing me both "bundled" and "unbundled" self-insurance solutions?
There are self-funded health plans that are "bundled" which means employers have no choices or flexibility. There are also self-funded health plans that are "unbundled" which gives employers the opportunity to select vendors that are best in class. Employers are typically much better served with an unbundled health plan.

7. What approaches do you recommend to encourage my employees to be great consumers of healthcare?
There is very little price transparency in the healthcare industry. We have seen the cost of an MRI range from $500 to $5000 with the same equipment, same test, and different providers. There is a huge disparity in cost between facilities, hospitals, and diagnostic centers. Top consultants are making available highly effective solutions to incentive employees to be great consumers of healthcare.
When employees choose the best doctors, facilities, and/or hospitals, care can be free. This is a win/win for the employee and the employer sponsored health plan.

8. What are your most effective solutions to incentivize my employees to participate on their spouse's health plan?
The cost of insuring an employee's dependents is very expensive, often significantly more expensive that insuring the employee. There are numerous solutions to motivate dependents to participate on other health plans. These risk transfer strategies can be designed to be an incentive and/or to be penal.

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