



Adding Value: Bring Home the Savings for Self-Funded Employers

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It's no secret that employers are continuing to face rising healthcare costs. Even self-funded employers, who are in the best position to keep their costs under control, are struggling to make ends meet. That gives brokers and agents an opportunity to demonstrate the value they can bring customers by identifying strategies that yield savings.

One proven strategy to reduce expenses is to have employers take special measures to manage the costs of kidney disease – one of the most expensive chronic illnesses to treat. The added bonus for this strategy is that patient care can actually be improved through careful management.

How much difference can this one tactic make? With treatments that can cost between \$30,000 and \$50,000 a month for each kidney disease patient, a self-insured company could quickly run through its entire benefits budget. With a careful regimen of thorough bill review, home treatment and prescription discounts, however, self-funded employers can realize significant cost-savings without reducing the level of care their employees receive.

Brokers and agents can make a compelling argument by using statistics and providing an overview of how kidney disease management can make a difference.

A Growing Problem

Today, chronic kidney disease affects more than 26 million people in the United States, according to the National Kidney Foundation. Another 20 million people are considered at high risk for developing kidney disease. The potential for self-funded employers to see one or more kidney disease cases among their worker population is very real.

The number of critical kidney disease cases is climbing upwards. According to the American Society of Nephrology, an organization of physicians and scientists who work to stop kidney disease, the number of people diagnosed with kidney disease has doubled over the last two decades. As it progresses, chronic kidney disease becomes End-Stage Renal Disease.

Currently, more than 526,000 patients are being treated for kidney failure. About 367,000 patients receive regular dialysis treatments and 158,000 have functioning kidney transplants. Kidney dialysis is a \$27 billion market, and it is only expected to grow.

Providing Quality Care and Managing Costs

Self-funded employers have an interest in protecting their benefits budget, not only for the ailing kidney patient and the other workers, but also for the future of the benefits package. Aside from the blow to the current year's budget, the impact of a single dialysis case could increase the renewal cost for stop-loss insurance, which is designed to protect self-funded employers from excessive medical costs.

To prevent this problem, brokers and agents can help self-insured companies target dialysis treatment by bringing in a dialysis management expert who will work in conjunction with their third party administrator to help them manage their costs effectively, while protecting the best interests of the patient and other employees. An experienced dialysis management specialist will use new technology and proven strategies to control kidney dialysis costs.

At least three tactics are available to ensure optimal coverage at a fair price:

1. **Managing the rates.** A dialysis management expert can ensure that invoices are being paid at Usual and Reasonable rates by using current market data. This will reduce unfair prices imposed on the employer and help to maintain healthcare plan assets. Once the proper plan language is in place, the dialysis management team can ensure that the utilization review process withstands appeals and protects members from balance billing.

2. **Transitioning to home dialysis.** Treatment in dialysis centers can be far more expensive than home treatment, but many patients remain unaware of the option or are worried that it is too complex for them to undertake. However, modern equipment is much easier to use than in the past. Far more importantly, studies have shown that because of its greater frequency and ability to clear the body of toxins, home dialysis is better for patients, improves their quality of life, causes fewer complications and leads to longer life expectancy. Because it is also cheaper for self-funded employers, it is a rare opportunity to do well by patients while reducing costs.

3. **Reducing drug costs.** The specialty drug Epogen, which is used to treat anemia in chronic kidney disease patients, is often obtained through the treating physician at a mark-up that can raise costs to more than \$70,000 per year. By taking control of the prescription and arranging for drug discounts, a pharmaceutical benefits manager can reduce the costs – in some cases by up to 90 percent.

In all, partnering with the right dialysis management expert could lead to a savings of roughly 50 percent of billed charges related to the treatment of chronic kidney disease.

Getting Started

Brokers and agents can not only help self-funded employers understand the value of managing chronic kidney disease, but they can also filter through available resources to help employers find the best partner to reduce dialysis costs. Their goal: Finding a qualified partner who can manage related administrative tasks and minimize costs by using innovative strategies like dialysis management.

Further, a broker or agent is also in a good position to convince employers that dialysis management should be on their minds whether a case exists or not in their current workforce. The statistics make it likely that sooner or later they will face a case, and being proactive about dialysis management can lead to significant cost savings.

All self-funded employers want to build the best plan for their employees, but costs have to be controlled to make sure a plan can succeed for everyone's benefit. Exploring dialysis management strategies is a proven way to ensure the best healthcare for employees, while managing the company's healthcare costs. For brokers and agents, dialysis management can be a winning strategy that proves the value they bring to the table.

Sources:

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About the Author



Samuel H. Fleet is President of AmWINS Group Benefits, a leading wholesale broker/TPA of comprehensive group insurance programs and administrative services. With more than 20 years of health and benefit experience, Sam has guided the rapid rise of AmWINS Group Benefits from a small regional organization to one of the most successful wholesalers and group insurance administrators in the country.

In the era of the Patient Protection and Affordable Care Act (PPACA), innovative health benefits strategies and industry-leading products will be more important than ever before – and under Fleet's leadership, AmWINS has proven to be an expert at providing both.

By analyzing the 2,500-page measure signed into law in early 2010 and staying abreast of bureaucratic efforts to build a regulatory framework around PPACA,

AmWINS has determined that the wave of the future is self-funding – an option that gives employers the greatest control over benefits, quality and cost. In fact, AmWINS has already developed responsive products to meet the needs of employers in a post-PPACA environment. These include:

- *The 800 Series Employer Group Waiver Plan (EGWPs, also known as "egg whips") to help employers manage their self-funded retiree drug programs in the wake of the diminished subsidy value.*
- *A creative captive-pool approach to self-funding that will allow companies of all sizes to enjoy the control of self insurance while spreading the risk over a larger base of employees.*
- *AmWINS Specialty Pharmacy Protection protects plan sponsors from the escalating cost and incidence of specialty pharmaceuticals.*
- *Dialysis Management Solutions offers multiple techniques and re-pricing options to help control costs and meet employers' most difficult dialysis claim situations.*

These products join a long list of others that AmWINS has specifically created for the group market. While some industry offerings fall short of meeting customer expectations, AmWINS has focused its group benefits business on

what truly matters by emphasizing solid plan design, unique distribution and flawless administration.

As the founder of the company that became AmWINS Group Benefits, Sam Fleet is frequently sought after for his knowledge and experience as a speaker at conferences of the Council of Insurance Agents and Brokers, the National Association of Life Underwriters and Benefits Selling Expo. His success has been recognized in such prestigious industry publications as Best's Review, Employee Benefit News, Benefits Selling, Business Insurance and Employee Benefit Adviser.