



# Market insights and best practices **Switching to self-funding**

April 4, 2017



Life's brighter under the sun



# Agenda



**Introductions**  
2 minutes



**Market insights**  
15 minutes



**Best practices  
discussion**  
40 minutes



**Wrap-up**  
2 minutes

# Today's speakers



**Karin James**

AVP, Stop-Loss Business Development, Sun Life  
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**Doug Gosney**

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**Shay Cowan**

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**William Laughlin**

VP, Manager of Data Analytics, GBDS, Conner Strong & Buckelew  
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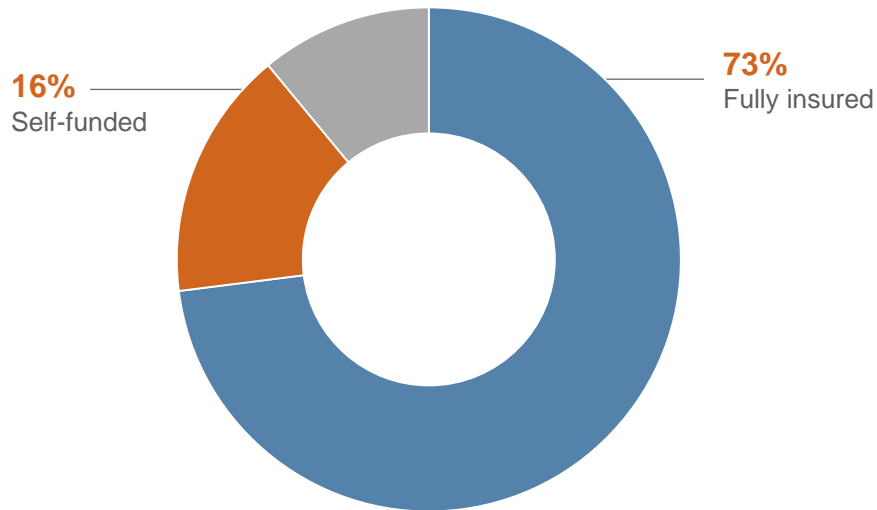


# Market insights: Defining the market opportunity

# Finding out what employers are thinking

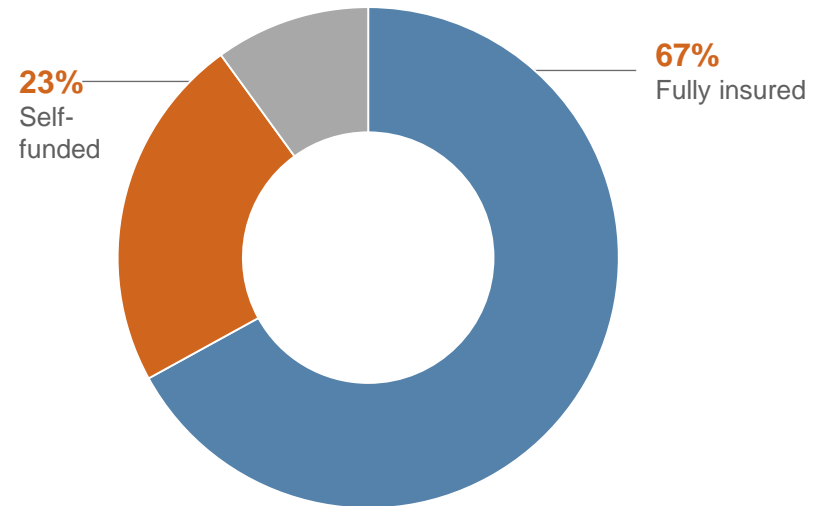
## 50-249 employees

**56%**



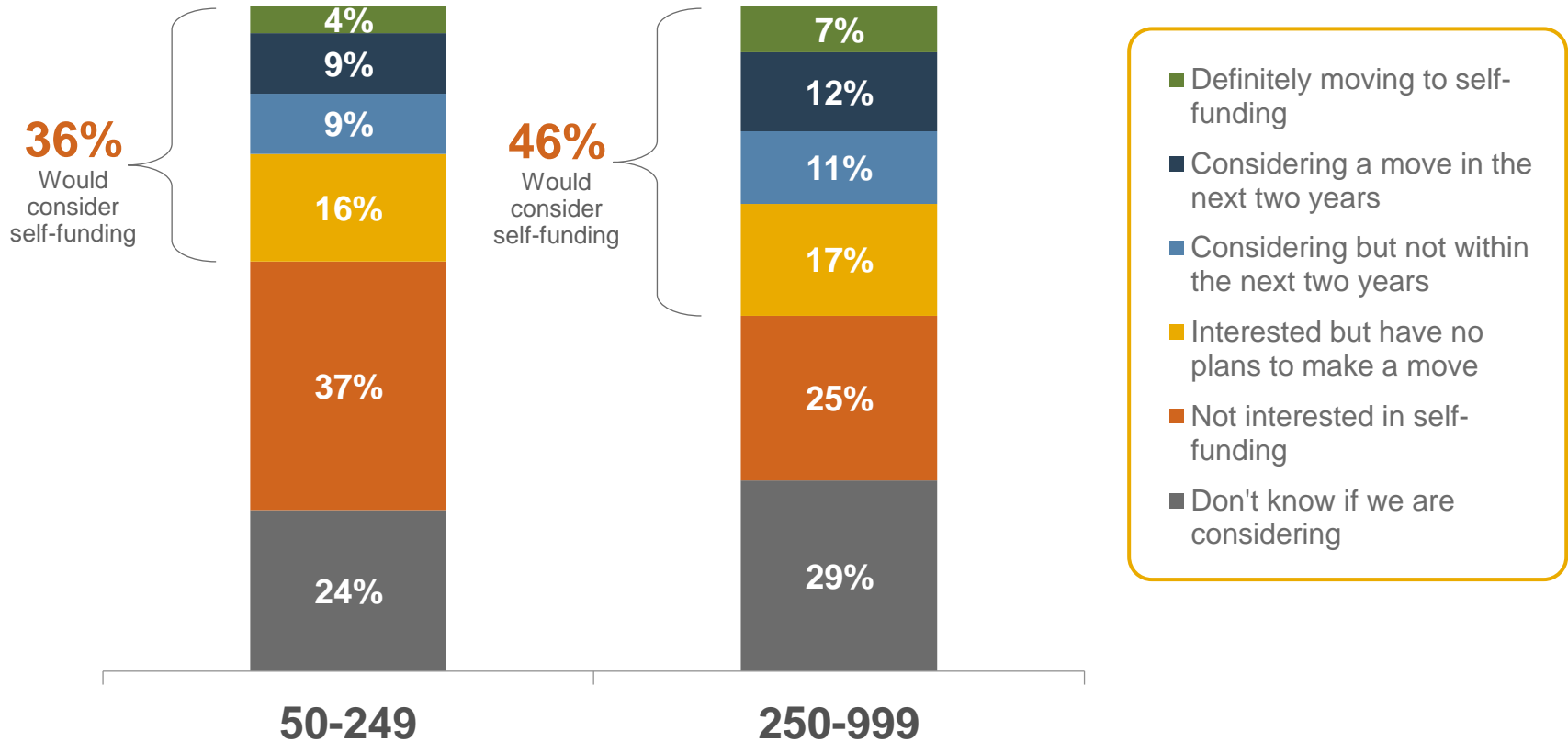
## 250-999 employees

**44%**



This presentation provides information from the 2016 Employer Insights research study sponsored by Sun Life and conducted by Chadwick Martin Bailey. The blind study included decision makers for companies that have between 50 and 999 employees and offer medical benefits to all their full-time employees. Gray respondents were not sure what funding arrangement their company had, so they were not able to complete the survey.

# Would you consider self-funding?



Base: All fully insured respondents; n = 1,934

Q13: Which best describes your company's likelihood to move to a self-funded medical plan?

# How many would consider switching?



Nearly  
35,000

potential new self-funded  
employers by 2020<sup>3</sup>

This is a marketplace estimate based on an assumption that the 40% of fully insured employers that indicated they would consider converting to self-funding actually do convert. We then extrapolated the number of future employers by using corresponding census population estimates and survey data.

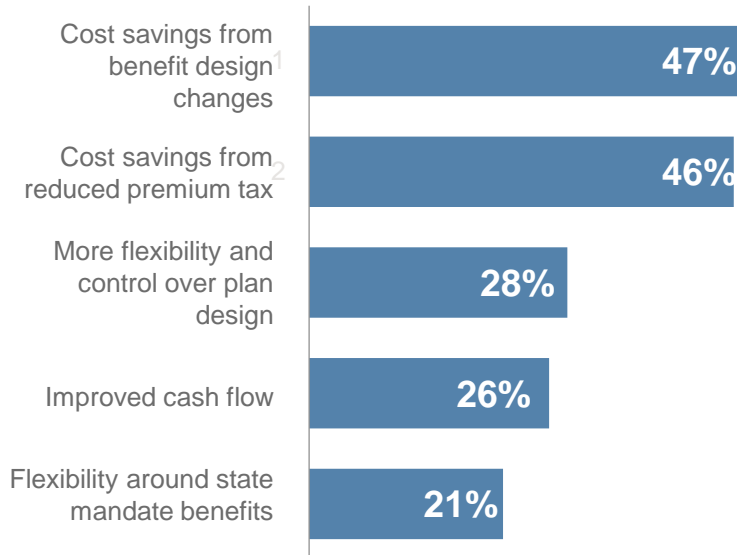


# Market insights: Drivers and barriers



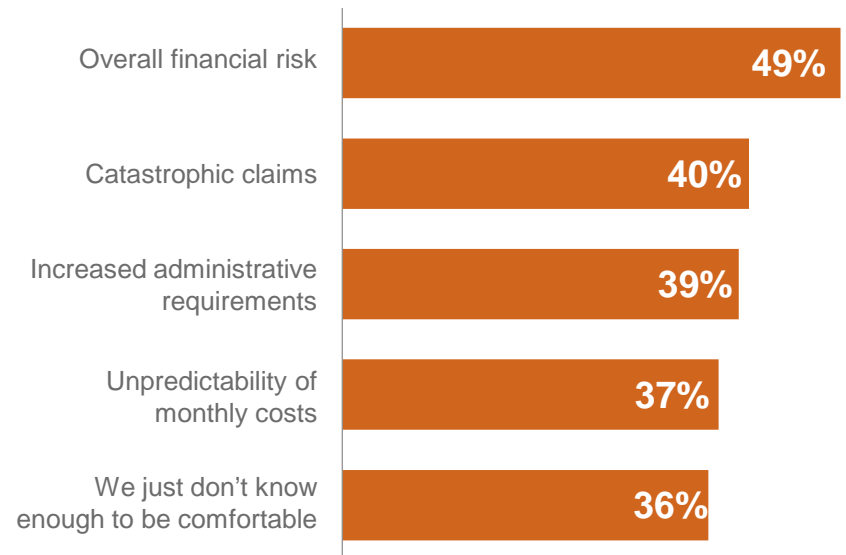
# What we heard from fully insured employers

## Top 5 employer reasons for considering self-funding



## Financial reward

## Top 5 employer concerns about self-funding



## Financial risk

VS.

Base: Fully insured considerers who are actively considering switching to self-funding, n=76.  
Q46: Why specifically is your company considering switching to self-funding? (Select all that apply.)  
Base: Fully insured interested/considering self-funding, n= 158  
Q47: What concerns do you have about converting to a self-funded plan? (Select all that apply.)

**36%** of employers say a secondary barrier to conversion is that they **don't know enough about self-funding** to feel comfortable making the switch.

# Illuminating comments

Dissatisfaction with the fully insured carrier is **not driving the interest** in self-funding.



**88%**

Satisfaction with fully insured plan



“ Employers **are listening to all types of cost saving strategies**, from self-funding to telemedicine, HRA, HSA, it's all on the table. ”

In fact, according to brokers, interest in self-funding is part of a larger effort to **explore several cost savings** solutions.

As a result, more than half of employers are **still interested in learning more** about self-funding.



**53%**

Interested in learning more about self-funding



# Market insights: The employer experience

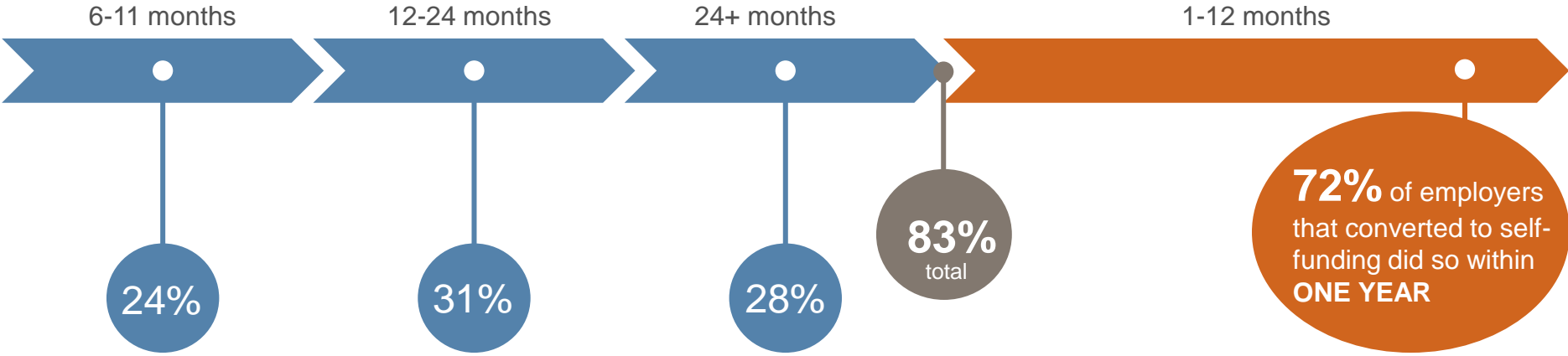
# Employer talk about switching

## Talking in house

Time spent considering self-funding without broker

## Talking to broker

Time it took to convert after first broker conversation



Base: Recent self-funded converts, n=54

Q19: Please think back to when your company first started to have internal discussions about converting to self-funding. How long had you been considering converting to self-funding before speaking with a broker?

Base: Recent self-funded converts who used a broker, n=54

Q20: And about how long after your first discussion with a broker about self-funding did you actually convert to self-funding?

# Employers relied on brokers



## Brokers



Answered questions that arose

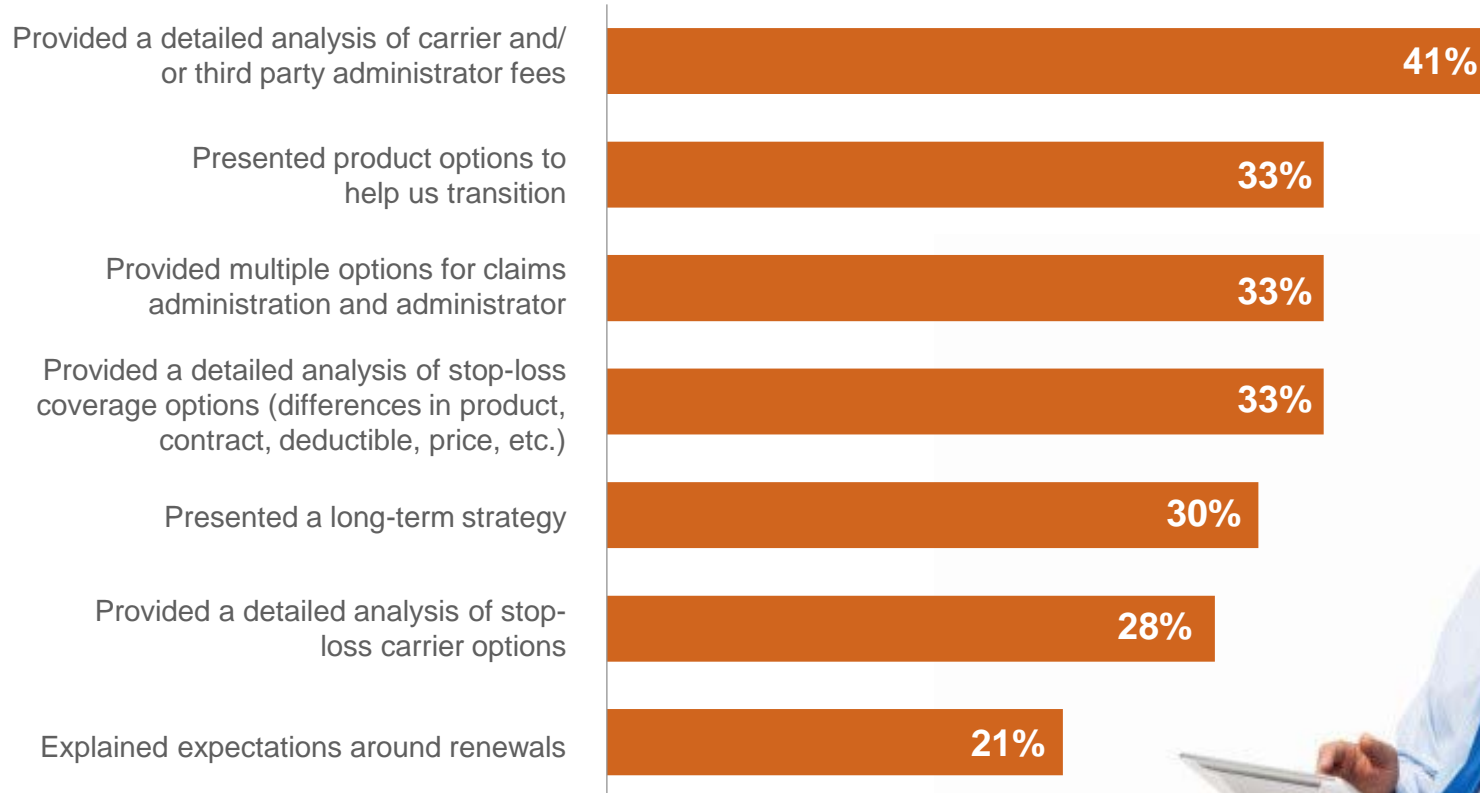


Helped make the final decision on claim administrator and stop-loss carrier



Negotiated with administrators and stop-loss carriers

# Additional opportunities for brokers





# Best practices discussion

# Join in



To submit a question

1. In the **Ask a Question** field, type in your question
2. Click **Submit**



# Experts



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# Moderator



**Doug Gosney**

AVP, Stop-Loss Market  
Manager Sun Life  
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# Brokers share best practices



→ 1. Identify the right candidates



→ 2. Start the discussion



→ 3. Use financial modeling



→ 4. Select the right plans and features

# Brokers share best practices



→ 1. Identify the right candidates



→ 2. Start the discussion



→ 3. Use financial modeling



→ 4. Select the right plans and features

# 1. Identify the right candidates



““ The goals were really to provide the best possible coverage at the lowest cost to employees. ””

““ We are a company that is comfortable with controlled risk. ””

““ The potential for cost savings while maintaining the same level of coverage. ””

““ We evaluated the needs of our employees and the needs of our companies’ fiscal business and came to the decision that this was the best for all parties. ””

““ Employers are looking for ways to have more control over their medical plans and premium. ””

# Brokers share best practices



→ 1. Identify the right candidates



→ 2. Start the discussion



→ 3. Use financial modeling



→ 4. Select the right plans and features

## 2. Start the discussion



““ We could not afford any other option, and to be competitive we needed to continue to offer those benefits that our larger competitors offered. ””

““ The broker is really an integral part and so you want to make sure you’re partnering with someone that really has your best interests in mind. ””

““ Expected it to save money in conjunction with employee wellness program and onsite clinic facility; also allowed for flexibility in changing medical benefit plan features. ””

““ If we were to pay the fully insured amount, we would be spending hundreds of thousands of dollars more. ””

““ Employers are looking for ways to have more control over their medical plans and premium. ””

# Brokers share best practices



→ 1. Identify the right candidates



→ 2. Start the discussion



→ 3. Use financial modeling



→ 4. Select the right plans and features

### 3. Use financial modeling



““ Showed them their history of being fully insured over the past five years and what they would have saved if self-funded. ””

““ Run all the scenarios that you can for your organization—consider all factors when making your decision. ””

““ We had access to the underwriting calculations already from prior clients. Proprietary modeling software for discount percentage. ””

““ Retrospective cost comparison. Prospective modeling with statistics for expected stop-loss claim, likelihood of hitting aggregate, expected costs, etcetera. ””



# Brokers share best practices



→ 1. Identify the right candidates



→ 2. Start the discussion



→ 3. Use financial modeling



→ 4. Select the right plans and features

## 4. Select the right plans and features



“73% of self-funding converts stay with the same carrier that previously handled their fully insured plan.”

“Planning and actuarial evaluation of rates. Stayed with same network and administrator so no surprises. Low specific deductible.”

“We definitely wanted someone that we knew. Someone who had a strong reputation in the space.”

“When making the switch to self-funding, review the organization's trends the past three to four years to determine what the stop-loss policy needs to cover.”

“Fund at 100% of expected until you have history.”

# Brokers share best practices



→ 1. Identify the right candidates



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# Wrap-up

# Market insights



Research **Data** experts  
**Client-focused**  
Analytics **Discussion** Communication

# More ways to connect



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**Switching to self-funding**  
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Sun Life Financial®

## Coming soon

- E-mail with links to on-demand webinar and Broker Voices sign-up
- E-vite to Sun Life Summit, May 16 at 1:00 p.m. ET



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