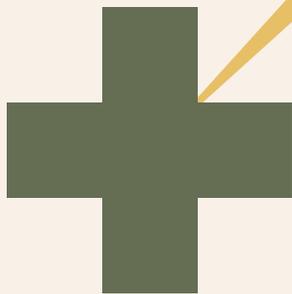


**How to Budget
for Consistent
Employee Benefit
Cost Increases**

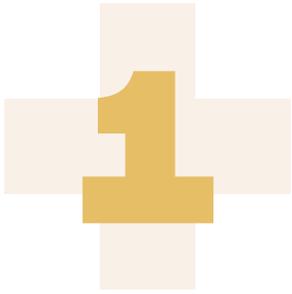




1 INTRODUCTION

Nearly every large Christian employer in America offers their employees a self-funded healthcare program and structures that program as a “Church Plan.” Due to their size, these large employers are able to control their data, leverage advanced analytics and predictive modeling, negotiate bundled pricing on high-cost healthcare claims, and provide holistic clinical support to high-risk members, amongst many other stewardship tools. These advantages result in a paradigm where these Christian organization’s healthcare programs greatly outperform the market.

Unfortunately, in today’s healthcare marketplace, the vast majority of Christian organizations are too small to self-fund their healthcare program or take advantage of the wide array of advantages that come with that model. As a result, these organizations are saddled with costly, cookie-cutter ACA compliant plans that don’t offer any cost controls from the annual increases plaguing their budgets. The market solutions offered by large consulting firms and insurance companies are loaded with expensive line-items and the turbulence from ongoing legislative changes provide groups with very few options. The body of Christ is stuck in a proverbial “valley of dry bones,” accepting 10–20% annual rate increases and continually watered-down plan provisions as an unavoidable reality. As a result, Christian organizations dilute other strategic initiatives, turn to compromised healthcare alternatives, or stop providing healthcare altogether to accommodate the ever-growing financial requirements tied to employee benefits.



So here is the core question: Are we as a faith-based community willing to look at healthcare plan stewardship through a different lens? Are we able to acknowledge that small-group, full-insured ACA plans and the box of stewardship tools we have had access to (the status quo) are not working?

*A prudent person with insight foresees danger coming and prepares himself for it. But the senseless rush blindly forward and suffer the consequences. **Proverbs 22:3***

What if the body of Christ changed its paradigm by coming together for the purpose of procuring and delivering healthcare on a domestic and global basis? What if the average Christian church, school or nonprofit in America could offer their employees a benefits program akin to larger organizations?

The truth is that the Body of Christ has aggregation options and the time has come to objectively consider them.

Here are just a few:

- Association Health Plan (AHP)
- Professional Employer Organization (PEO)
- Multiple Employer Welfare Arrangement (MEWA)

With a different foundation to build upon, a new world of options becomes available to Christian employers. These options change everything.

2

NEW RESOURCES & TECHNOLOGY

Large groups are able to provide the following to their employers as part of their benefits architecture:

BENEFIT ADMINISTRATION SYSTEM:

- Paperless
- Seamless integration with insurance companies/vendors
- Decision support technology
- Instant, real-time reporting

OUTSOURCED SERVICES

- COBRA administration
- HSA/HRA/FSA administration
- ACA reporting/filing
- Billing Reconciliation and Payment
- Dedicated account management
- Dedicated employee benefits call center
- Integrated data warehouse

3

ADVANCED STEWARDSHIP TOOLS

With careful analysis of relevant data, Christian organizations should be pursuing a model of disintermediation in which inefficiencies in healthcare expenditure are identified, removed and reallocated to make programs costs more sustainable. This approach and underlying methodology to healthcare stewardship is unique in that it aligns organizational objectives with a Kingdom mindset by relentlessly working to deliver innovative solutions that:

- Allow your organization to become more effective stewards of your financial resources
- Bridge the gap between employees and employee benefits
- Derive and deliver unique solutions developed via overlooked variables
- Help your organization take care of its most important asset—your staff

We all should be looking at the relationship between healthcare consumption and the families involved. People are people and generate their own medical baselines, but by generating a historical record of the indicative elements of a disease or debilitating condition, we are able to skip the reactive stage and move right to prevention—saving time, money, and livelihoods in the process.

By focusing the right attention on the correct groups of people, we are able to reduce healthcare costs without sacrificing employee well-being. Things like healthcare providers, number of tests/month, and number of medications are strong indicators of high-risk individuals—people who need more attention, but usually are



not receiving it. This econometric approach will become a new economic compass for organizations in mitigating trend-spend and fortifying worksites with true health and productivity recovery. For your reference, below is a sample risk stratification based on how Missio Benefits will both identify and provide resources to high-risk member populations:

	80% of Healthcare Consumption		Traditional Wellness Resources Reduce expense while maintaining culture. Keep healthy population healthy.	
	5%	15%	30%	50%
Medications				
#	130	400	790	1320
Medical Cost	\$40,000	\$6,000	\$1,000	\$200
Drug Cost	\$7,000	\$2,000	\$500	\$50
Annual Cost	\$47,000	\$8,000	\$1,500	\$250
Providers	12	7	4	1
Diagnoses	13	8	5	1
Tests	45	15	7	1
Medications	10	6	4	1
HUI	6.0	2.5	1.0	0.3

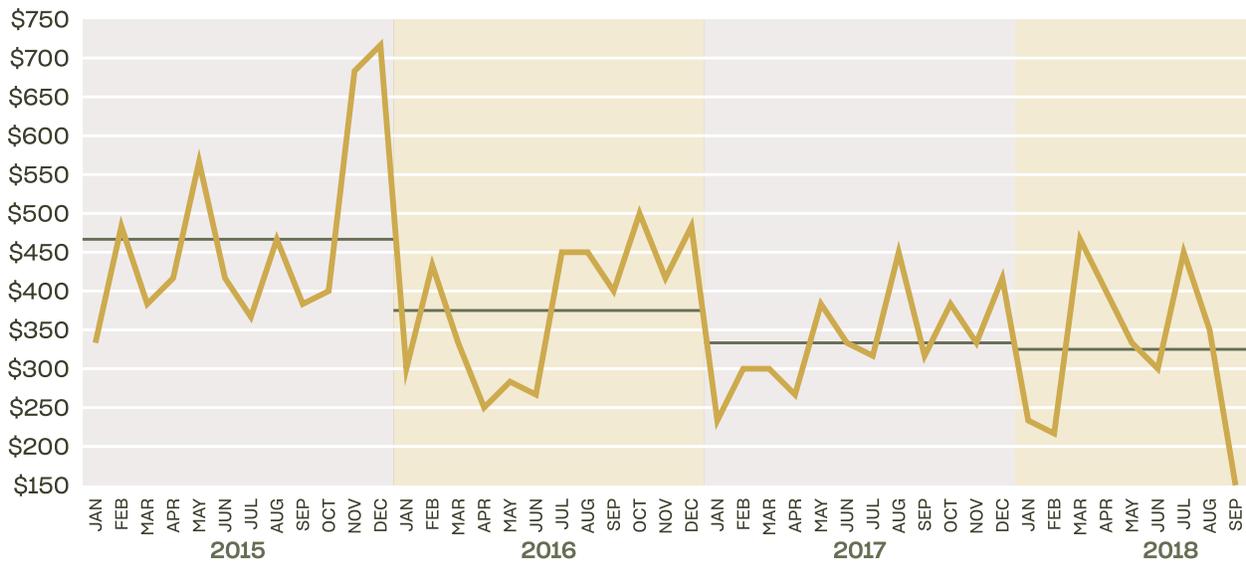
High-Risk
Clinical Intervention

Additionally, one of the most challenging factors facing organizations in the quest to offer sustainable healthcare programs is lack of access to integrated worksite information. While nearly all employers engage with vendors that deliver aggregate claim and performance reporting, this data is generally two-dimensional as it fails to extract simple behavioral relationships (the why behind the what in benefit consumption) related to the analysis of indicators

3

like absence, health, and prescription drug consumption (among others that are just as important).

We believe that you can best serve your staff by offering a fundamental re-conceptualization of employee benefits—one that does not treat one program in isolation of other programs—and further, that this view is necessary to provide insurance that promotes human capital while reducing workplace risk. This is for the betterment of all. This philosophy impacts everything from policy and plan redesign to holistic wellness, stop-loss attachment points to clinical intervention and consumerism, and allows a special emphasis to be placed on long-term strategic planning initiatives. To illustrate just how impactful this unique approach can be for your organization, below is a four-year PMPM (per member per month) integrated, incurred medical/pharmacy expense graph from one of the largest Christian nonprofits in the nation that adopted this methodology in 2015:





It is through this person-centric lens that we should track and measure operational results, clinical outcomes, financial controls, claim/member services, and best practices/quality of services among other key areas. The outcome measurements from the program's financial analysis will provide evidence against baseline trends, costs, outcomes and other indicators to compare improvements. Project outcomes should have a targeted effect that can be measured and adjusted as needed. Additionally, all self-funded Christian organizations/plans should seek independent actuarial assessment of healthcare premiums which enables us to individually determine appropriate plan funding and pricing.



AUTHOR

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Louis has spent over a decade helping employers steward their Health & Welfare programs. Knowing that creating meaningful solutions in the health & welfare space means challenging and redefining traditional marketing constructs, Louis joined a handful of partners in 2014 to start Enterprise Risk Strategies, LLC (ERS)—a benefits consulting firm rooted in paradigm-change. He studied agricultural business at California Polytechnic University, San Luis Obispo. In his free time, Louis enjoys spending time with his wife and three children, advancing the unity of non-profit organizations and serving the local church.

ABOUT MISSIO BENEFITS

At the foundation of the Missio Benefits program are like-minded ministries who seek to work together to enhance the ability of their organizations to procure competitive, objective, and transparent employee benefits programs that exemplify quality, stewardship, integrity and unity. The participating members will benefit from meaningful financial savings derived from great lifestyle decisions and innovative solutions through global aggregation and unity.

LEARN MORE

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People First: HR Podcast for Churches and Ministries.