

Increasing Benefits Offerings While Minimizing Risk for a Healthcare Industry Employer

An Alera Group company that serves as a multidisciplinary employee benefits and risk management consultancy was approached by a company in the healthcare industry to determine ways to increase its product offerings while minimizing risk to its parent company. The company was particularly interested in creative solutions that might not be common in the typical insurance captive.

Process

Alera Group began with an in-depth assessment of the company's current employee benefit offerings and brainstormed a variety of additional traditional and non-traditional benefits that could be added.

Alera Group analyzed these options and their inherent risks, as well as any potential benefits the company and its employees could realize. The team then conducted a long-term feasibility study for each potential new coverage offering, ultimately recommending a variety of new lines of coverage the company could add to its captive. In addition, the team recommended that the benefits currently enjoyed by the company's employees also be moved into the captive in order to decrease the financial overhead and increase the variety of available coverage options.

Challenges

Because the company has a fiduciary responsibility to its employees within the captive, Alera Group had to work with the United States Department of Labor (DOL) on the company's behalf to ensure that the new offerings would be granted a Prohibited Transaction Exemption.

In addition, because the company has 12,000 employees across multiple states, the scope of work required was very complex. The healthcare industry in general is very highly regulated by national, state and local governments. Thus, it requires a great amount of experience and attention to detail to ensure compliance with all governing bodies.

Results

As a result of Alera Group's diligence and expertise, the Prohibited Transaction Exemption was approved by the DOL and the company was able to move forward with its new offerings. Because of the creative solution to fund employee benefits through a captive, the company realized significant financial savings, which were then passed along to employees in the form of richer benefits offerings, including:

- The elimination of gaps in long-term disability insurance
- Improved coverage for employees on disability
- Enhanced voluntary benefits offerings
- The addition of life insurance for dependents
- Improvements to the leave management process

The client continues to rely on Alera Group's expertise and guidance for its complex insurance and benefits needs.