

CASE STUDY: ENHANCING A HEALTHCARE CAPTIVE

The Challenge

A non-profit multi-state health system with 35,000 employees wanted to conduct a feasibility study to determine if captive funding could:

- Generate employee benefit cost savings
- Improve operational performance
- Increase cash flow
- Enhance benefits
- Improve employee participation

The Process

Alera Group assessed basic life, supplemental life (including spouse and dependent child coverage) and long-term disability with identifying fully insured basic life and supplemental life as potential candidates for captive funding (estimated \$1M in savings). Long-term disability was eliminated as a candidate due to current funding and the non-profit status of the company.

Alera Group's Solution

Alera Group proposed using a fronting company arrangement and to re-insure benefits through a captive. Our experts assisted with qualifying and selecting a fronting insurance company, one who is recognized for outstanding plan implementation and administration. Alera Group also worked to establish a captive branch on-shore, as required by the Department of Labor (DOL) and completed the application to submit for approval by the DOL.

The Results

The first-year projected savings were \$500,000. Life insurance claim payments improved from 1 month to 3-5 days, and the company was able to be more responsive to client requests. Additionally, employee participation increased by 8.5%. Benefit enhancement included:

- Doubled life coverage for spouses and children
- Enhanced accelerated health benefits
- Added beneficiary counseling, legal services and travel assistance for emergency medical needs