

MedicalBridge™

**Save your business money  
without compromising your medical plan.**

( CAUTION: USE OF THIS PLAN CAN CAUSE BOUTS OF RELIEF )



**Gulf Guaranty Employee  
Benefit Services, Inc.**



CREATIVE SELF-FUNDED SOLUTIONS FOR EMPLOYERS

## Does it work? Yes.

### Why should a business owner or manager consider this?

The Medical Bridge™ Program, in conjunction with a high deductible fully insured policy, is attractive for many reasons including:

- ▶ Low claims utilization directly lowers the employer's cost
- ▶ The high deductible insured policy limits the employer's claims exposure
- ▶ There are no state premium taxes due on the self-funded benefits
- ▶ Lower overhead costs compared to group insurance companies or gap insurance
- ▶ Credible claims history is compiled so that the overall program can be properly evaluated in future years
- ▶ The self-funded plan takes advantage of provider discounts negotiated by the insured plan
- ▶ The employer has flexibility in benefit design
- ▶ Plan administration is handled by Gulf Guaranty Employee Benefit Services, Inc., a trusted, service-minded administrator

Health insurance is now one of the major expense items for most businesses. Premiums are at an all-time high for most employers. Not only have costs increased, but the number of companies in the insured market has decreased significantly over the past few years leaving employers with few choices. Obtaining competitive proposals and evaluating alternatives has become even more difficult because many insurance companies no longer provide claims experience. Employers with ongoing catastrophic claims can be trapped, unable to change insurance carriers, forced to accept whatever renewal is offered.

In an effort to save premium dollars, some employers have increased the deductible on their group health policy and purchased supplemental or "gap" insurance. However, gap insurance often has limits or exclusions resulting in a loss of benefits to employees.

Gulf Guaranty Employee Benefit Services has developed a special program designed to meet this challenge. Employers who are unable to change insurance carriers due to on-going catastrophic claims or lack of claims information from their in-force carrier now have an alternative. Our program involves increasing the deductible on the in-force fully insured policy and then establishing a self-funded plan to fund a portion of the claims that are not being covered by the fully insured policy because of the high deductible.

### The Medical Bridge™ Program:

Self-Funding with a High Deductible Fully Insured Policy

Self-Funding is simply a method an employer can use to pay for their employee's health care expenses.

The employer assumes claims risk, but that risk is limited by two levels of protection. First, the high-deductible fully insured policy limits the employer risk of a high-dollar claim. Second, aggregate reinsurance protection limits the employer risk of a large volume of small claims. Medium size and even smaller employers can take advantage of this method of self-funding.

Under this self-funded program, the employer:

- Raises the deductible (and possibly the out of pocket limits) on the in-force fully insured group policy
- Establishes a self-funded plan by executing a legal document
- Contracts the services of Gulf Guaranty Employee Benefit Services, a third party administrator (TPA), to assist in plan design and to handle the day to day administration of the plan
- Establishes a claims account from which claims are paid.
- Optional Stop-Loss Agreement Available - 1st dollar coverage available with no risk to Employer
- Includes Optional Prescription Drug Benefit Reimbursement

### Does this really work?

Yes, it does. The rationale for self-funding health benefits is straightforward. Health benefits, as opposed to other types of insurance risks, can be separated into two categories, predictable claims exposure and unpredictable claims exposure. Predictable claims are those claims that can be reasonably estimated based on the demographics of the employer such as group size (i.e. number of employees), age/sex make-up, prior claims experience, and the schedule of benefits. An employer does not need to purchase “insurance” to cover predictable claims exposure. Rather, it is more economical to fund the predictable claims dollar for dollar.

Unpredictable claims are those claims that occur when a catastrophe strikes or when claims exceed what was predicted for a given year for any reason. Insurance is needed to protect the employer against unpredictable claims exposure. This is accomplished with the high-deductible fully insured policy and aggregate reinsurance protection.

### What are the typical savings?

The potential dollar savings to the employer by implementing the Medical Bridge™ Program will depend on several factors such as benefit design, premium rates (current and renewal), demographics of the group, etc. The dollar savings for some employers will be significant, even for businesses with as few as 25 employees.

### Bridge vs. Gap: A Comparison

What makes the MedicalBridge™ program better than a traditional insurance company gap plan? Here's how they stack up:

	Medical Bridge™	Traditional Gap Plan
Retain control of claim fund	<b>YES</b>	<b>NO</b>
High overhead costs, administrative costs, commissions, etc.	<b>NO</b>	<b>YES</b>
Employer's exposure is limited	<b>YES</b>	<b>YES</b>
Policy mirrors the fully insured plan, covering everything the same, with no exclusions	<b>YES</b>	<b>NO</b>
Obtaining claims experience made easier, helping in getting more competitive future quotes on health insurance	<b>YES</b>	<b>NO</b>
Required to change present carrier	<b>NO</b>	<b>NO</b>
Optional dental and visions can be included in the same plan	<b>YES</b>	<b>NO</b>

Medical Bridge™ is a trademark of Gulf Guaranty Employee Benefit Services, Inc. Creative Self-Funded Solutions for Employers.

## *The Gulf Guaranty Difference*

Gulf Guaranty Employee Benefit Services provides complete, in-house administration of self-funded group health plans as well as other related employee benefits. Our services include:

- Self-funded medical plan administration
- Self-funded dental and vision plan administration
- Pharmacy benefit programs
- Cafeteria plan administration
- Health Savings Account (HSA) Administration
- Group Life and Disability insurance

Gulf Guarantee Employee Benefit Services helps put you, the employer, in control of your employee health plan. First, we work with you to design a tailor-made program of benefits that meets the needs and cost requirements of your company and your employees. Then we administer that program efficiently and effectively providing you and your employees with personal "hands-on" service.

When designing your employee health plan, Gulf Guaranty will help you focus on the most critical success factors such as:

- Determining benefit levels to offer employees
- Including cost control measures to prevent abuse
- Determining employee contribution levels
- Taking advantage of Federal laws that allow for employer and employee tax savings such as cafeteria plans and health savings accounts (HSA's)

When administering your employee health plan, you and your employees will be provided personal "hands on" customer service. The principal owners have direct involvement in the day to day operations of the company and we

experience very little employee turnover. We are members of the Society of Professional Benefit Administrators (SPBA), the most respected and well known national trade group of TPAs in the country.

Claims operations is the heart and soul of any TPA. Each of our claims examiners has several years' experience in the industry. The development of our claims methodology and procedures is an on-going process with strong emphasis on quality assurance and internal audit, but we don't stop there. We have developed partnerships with a network of industry specialists to assist us with the complex issues related to employee benefits such as compliance with new laws and regulations, stop loss insurance, on-going training, and specialized claims audit-ing.

### **The Proposal Process**

The proposal process is initiated by the employer providing certain information to Gulf Guaranty including a current census (i.e. employee name, date of birth, gender, coverage status whether single or family), current rates and benefits, and renewal information. If claims experience is available from the current carrier, it is important that this information also be provided. Based on the information provided, a proposal is prepared which includes proposed benefits and projected claims. As a part of the final underwriting and approval, the employer must agree to fund the claims account monthly to at least the group's projected claims.

### **Conclusion**

We would appreciate the opportunity to visit with you in person and discuss the self-funding concept as it relates to your company. Please contact us to discuss your specific needs.

## **Gulf Guaranty Employee Benefit Services, Inc.**

4785 I-55 North, Suite 210, Jackson, MS 39206

**Phone: (601) 981-9505 • Fax: (601) 981-6805**

**1-800-890-7337**

**www.ggebs.com**

