

# Protect Your Employee Family



## COST OF HEALTHCARE

- Health Insurance premiums have increased by over 100% in last decade.
- Healthcare expenses are 10% of Americans' income.
- 50% of Americans have \$0.00 in savings for emergencies.

Healthcare has become a major expense within the business community and a source of significant confusion for your employees. We know your employees well-being is a critical concern for you and that providing quality health coverage is a business imperative. Your employees are hard working and protective of your company but experience has taught us that 4-6% of your covered dependents are ineligible. This is frequently an honest mistake and is not intentional abuse by your employees. Despite this reality, the risk to your business and subsequently your employees can be significant. Our services are intended to minimize this risk while still caring for your employees and at the same time, maximize your spend on ever increasing healthcare expenditures.

## BUSINESS CASE EXAMPLE:

Employee John Smith's nephew, Kenny resides in John's home. John pays all Kenny's expenses and considers him a dependent, so he adds Kenny to his healthcare coverage at work. Kenny plays football and breaks his leg requiring surgery, a short stay in the hospital and physical therapy. The total bill exceeds \$200,000. As John's employer, you have no idea Kenny is ineligible based upon your company's benefit plan document. An employer's total claims experience determines the healthcare expense for the next year.

If you are fully insured, the significant claims expense incurred by covering this ineligible dependent will negatively impact future premiums generated by your carrier. Consequently, both the company and employees will pay more for healthcare than they should.

If you are self-insured, the ineligible dependent cited above, will result in your company incurring a significant unbudgeted healthcare expense (also referred to as a "shock claim").

### SAMPLE COMPANY

# of Employees	750
# of Dependents	1,500
Cost	\$16,500
Estimated Ineligibles	75
Estimated Savings	\$300,000
ROI	1718%

## BUSINESS EXAMPLE:

- ✓ Self-Insured Plan
- ✓ Company has 5% Profit Margin
- ✓ Company would have to generate \$6,000,000 in sales to cover the ineligible dependents on the plan.

## Protect Your Plan

Any employer - whether subject to ERISA or not, is obligated to administer their plan according to its terms. Any accommodation for an unforeseen catastrophic claim for an ineligible dependent puts the company at risk for non-coverage in subsequent years. "If you allow exceptions, even unintentionally through failure to monitor, you essentially amend eligibility for other participants, making it difficult or impossible to protect your plan later", says Dennis Fiszer, Chief Compliance Officer for HUB International, Eastern Region.

## Protect Your Business

- Complete an initial Dependent Audit to verify eligibility, mitigate risk, ensure regulatory compliance and reduce unbudgeted benefits expense.
- Subscribe to an ongoing dependent verification service to ensure continuity of protection for life event changes, annual enrollment activities and new hires.
- Maximize your healthcare budget in providing optimal coverage plus protect your employees and your business.