

# Actuarial Consulting for Self-Insured Employee Health Benefits



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Continually increasing health care costs have recently led many corporations of varying size to consider self-insuring their employee benefits. While self-insurance provides many benefits to employers, including reduced costs, the ability to create a custom designed benefit plan, insulation from some health care reform provisions and a facility for more targeted cost containment, it also introduces many unique challenges.

Now, more than ever before, employers must understand the specific financial and regulatory requirements associated with self-insurance, including the impact of health care reform. Employers must also make important decisions regarding what coverage and limits to self-insure, and then properly fund and reserve for future costs. Perr&Knight's actuarial consultants can help meet these unique challenges.

Perr&Knight's actuarial consultants provide our clients with:

- A comprehensive array of actuarial services
- Extensive industry knowledge and expertise
- Accomplished project management and consulting skills
- Excellent communication skills

Since our founding in 1994, Perr&Knight has worked with hundreds of clients across multiple industries and of varying size who engage in alternative risk financing, including self-insurance. A number of our alternative risk financing clients self-insure their employee benefits.

Perr&Knight provides a complete array of actuarial services for companies who self insure their employee benefits, including:

- **BENEFIT STRATEGY AND PROGRAM DESIGN.** Perr&Knight's actuaries work with companies to design employee and retiree medical, dental, and vision benefit plans that balance attractive benefits and affordable cost. Our actuarial consultants can calculate the impact on employer costs of varying deductibles, coinsurance levels, co-payments, out-of-pocket maximums and employee contribution levels.
- **CLAIM COST PROJECTIONS AND FUNDING ANALYSES.** Once a benefit plan design is established, our actuaries can project future claim cost levels based on historical and/or industry data in order to calculate the funding requirement for an upcoming period at expected value and at various confidence levels. This funding requirement can then be used to calculate necessary employer and employee contributions per month.
- **IBNR VALUATIONS.** Perr&Knight's consultants have extensive experience analyzing reserves for companies who self-insure their employee benefits. We use generally accepted actuarial methods to produce actuarial central estimates and ranges of loss reserves.
- **CALCULATION OF ACTUARIALLY CERTIFIED COBRA RATES.** Perr&Knight's actuaries can calculate applicable COBRA rates based on reasonable actuarial estimates of future costs in order to ensure that premiums are calculated in "good faith compliance and a reasonable interpretation of COBRA".

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- **PLAN DESIGN CHANGE IMPACT ANALYSES.** Our actuaries can review proposed changes to plan design and estimate the associated cost savings or additional costs to the employer. Our analyses are thoughtful and clearly explained in order to provide employers the tools they need to make meaningful, cost effective decisions regarding plan design revisions.
- **ANALYSIS OF THE IMPACT OF STOP-LOSS REINSURANCE.** Perr&Knight can assist employers in the evaluation of reinsurance options by estimating the financial impact of various levels of stop-loss reinsurance on the self-insured.
- **VENDOR SELECTION AND MANAGEMENT.** Perr&Knight helps employers select appropriate medical, dental, vision, pharmacy benefit and care management vendors to administer their employee and retiree benefit plans. Our consultants can develop and distribute comprehensive, customized requests for proposal, evaluate subsequent responses, and assist in contract and service level negotiations. Perr&Knight's actuaries are able to assist companies with key aspects of vendor implementation, including reviewing enrollment materials, eligibility guidelines, and claim practices for consistency with product design and pricing. We can also design meaningful vendor management reports which will allow a company to properly monitor vendor and product performance.

All actuarial analysis is subject to our peer review and technical review processes to ensure that our recommendations and results are based on accurate and thoughtful calculations.

Perr&Knight's accredited consulting actuaries meet the requirements of the American Academy of Actuaries Code of Professional Conduct, in that we annually fulfill the prescribed continuing education requirements and satisfy applicable qualification standards associated with the services we provide. Perr&Knight is committed to the professional education and development of our actuaries, and as a result boasts a team of knowledgeable, well-rounded professionals familiar with cutting edge methods and technologies who are guided by core actuarial standards and principles.

Perr&Knight's actuarial consultants have exclusive access to our extensive in-house database containing hundreds of thousands of insurance carrier rate filings. Our actuaries can obtain premiums charged by health insurance carriers and industry loss statistics from these filings in order to make projections for an employer that has no experience, or to supplement an employer's historical data.

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## ABOUT US

Perr&Knight is a leading provider of insurance support services and a strategic resource that companies utilize to reduce their fixed costs while increasing the efficiency and value of their insurance operations. Perr&Knight's insurance support services include Actuarial Consulting, Competitive Intelligence, Data Services, Insurance Technology and Regulatory Compliance.

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