A Broker's
Handbook

From Lucent Health

How to Be a Hero

5 Health Benefit Must-Haves for Self-insured Companies

What's Inside

Lucent Health

The Challenge for Brokers Who Serve Self-Insured Employers

This e-book is for health benefits brokers who analyze the major concerns of and serve self-insured employers. It also shares the five must-have components of a health benefits solution. This is your guide to being a

HERO

In an environment where the cost of healthcare continues at an unsustainable pace of growth, employers and employees need improved health benefits “solutions.”

They are looking for business partners to deliver innovative benefit solutions and cost control opportunities.

Health benefits brokers can be the hero, delivering solutions that address key employer concerns.

Employers need a hero. And you need a partner that can help you be the hero.

THE CHALLENGE

Your Pain Points

There may be days where you don't feel like a hero. Building your own successful business by meeting the needs of employers is hard work.

But if you can deliver employers a solution that addresses these four key needs, you will set yourself up as a hero in their eyes:

- **Assurance** that employees are taken care of
- **Confidence** in lower bottom-line cost of healthcare benefits spend
- **Trust** that risk is properly assessed and mitigated
- **Reliance** that plan administration doesn't overwhelm staff

In surveys from our annual Lucent Health university, brokers tell us they have three expectations of a TPA partner. They need a solution to be:

Innovative

You want to deliver the best and most cutting-edge cost control and service model in the industry. Your reputation depends on bringing the best solution.

Integrated

It has to be easy for employers to administer and seamless to the membership.If it doesn't work smoothly, it reflects poorly back on you.

Human

If healthcare isn't focused on the concerns of employees, it's not providing the compassion that's required.

5.1%

The estimated average annual increase in cost of health benefits to employers through 2027

51%

The increase in spending by large employers for employee health benefits since 2008

Today, brokers need to be confident in a partner that can deliver an innovative, integrated and human solution that meets employer needs for a health benefits solution.

THE CHALLENGE

Employer Pain Points

The cost of insurance for employers continues to rise, with the Centers for Medicare and Medicaid Services (CMS) estimating 5.1% cost increases through 2027.

But, even with self-insured options, large employers (those with more than 1,000 employees) have seen their spending on employee health costs rise dramatically in the past decade, increasing from $10,008 in 2008, to $15,159 in 2018, or 51%.

One of the key solutions to help self-insured employers address the high cost of healthcare is reference-based pricing (RBP). Starting in 2004, the first generation of RBP plans were based on inpatient and outpatient service, with pricing set at 120% of Medicare. Bills were adjusted at the time of claims payment. Fees for services were collected up to 12% of billed charges.

Today's RBP plans are typically priced at **140%** of Medicare.

What is Reference-Based Pricing?

Reference-based (RBP) pricing starts by building a price on top of Medicare to ensure a provider has an adequate profit. RBP pricing may be 140% or 150% the cost of Medicare. This is different than a traditional insurance approach of a discounted network rate, which may be a 10% or 20% discount off of an artificially inflated rate of 200% or 300% of Medicare.

Employers used to save an average of 35% before fees. But fees were high, and the customer experience for members was confusing both at the point of service and when they received high balance bills after service was delivered. Balance bills are bills for the difference between provider charges and allowed charges.

The second generation of RBP plans were rolled out in 2015, and they had better fee structures and user experiences for members. But those plans lacked member education programs, balanced billing solutions and online tools—and employers were experiencing high costs with the stop-loss insurance plans.

Today, employers are looking for solutions that not only bring together the best pricing advantages of RBP, but also help their employees make informed decisions about care.

Research shows that when employees have more information about cost and quality, they will search out the least invasive and least expensive option.

THE CHALLENGE

Employee Pain Points

Healthcare costs cause Americans a tremendous amount of anxiety—and that's even when they have insurance! In one survey of American adults, 85% cite their worry about medical costs. The rise of high-deductible health plans and more out-of-pocket costs are hitting employees hard. And those employees are expected to act like consumers, even though they may not have the training or tools to make good consumer decisions, such as selecting the right doctor for an elective procedure or finding where to get a flu shot.

Patients want mobile devices to play a role in making their experience easier and are looking for tools that compare cost and quality. Patients—especially those who suffer from chronic conditions—value care coordination, and expect that all information they've shared with healthcare providers is current.

Many of the healthcare issues patients face are actually barriers to accessing care, often known as social determinants of health (SDOH). Problems with childcare, transportation or finances may prevent patients from keeping an appointment or remaining compliant with a prescription.

Lucent Health knows that patients would be more satisfied if they could get help and answers at all times of day from people with high degrees of compassion, support and coordination.

Worry About Medical Costs Top of Mind for Employees

85%

of Americans cite worry about medical costs as No. 1 concern above other key expenses

73%

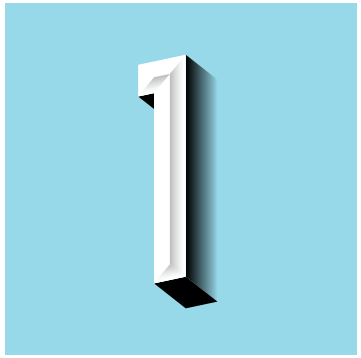
Report worry about costs of retirement and higher education

66%

Report worry about the cost of their housing

Five Components of a Superior Solution To Meet Employer Needs

Superior Solution



Powered By Daily Data

One of the advantages third-party administrators (TPAs) can provide to employers is the ability to gather data, and more important, use that data to solve problems. All data isn't created equally. If an employer has an insurance plan with a carrier or is using an Administrative Services Only (ASO) partner, data feeds may come in monthly. But the better solution relies on data feeds that come in nightly.

Consider the following: An employee visits an oncologist a few days before Thanksgiving. At that appointment, the patient is diagnosed with stage 3 cancer, but she can't get a follow-up appointment until January.

A carrier might not see that employee's claims data until the end of December or the end of January—at least 30 or 60 days after the diagnosis. At least two problems result. First, the patient doesn't get access to care coordination or help navigating the system. Second, the high costs of that care haven't been optimally managed.

With the right TPA solution, nightly claims data would provide visibility to that oncology visit. The TPA and their care management team would be able to enroll that patient in a care coordination program immediately, support her care journey on the clinical and administrative side, and help her find the best solution for her care—both clinically and financially.

When it comes to partnering with employees and employers, daily data is crucial.

Superior Solution

Aimed at Helping Employees Become Better Consumers

Everyone talks about taking care of employees. But that doesn't mean anything if you don't provide real solutions.

Employees want help navigating episodes of care. They desire guidance in working through the complex administrative layer of the healthcare experience, and they expect a quality customer experience similar to other areas of their life.

While they may prefer using their smartphones to access services, they don't want to engage with an interactive voice response (IVR) system. They want to be treated like a human being.

Employees want access to care on nights and weekends because that's when the worry starts, and that's when families have time to open up the big envelopes stuffed with explanations of benefits (EOB) forms.

When they are dealing with a complex condition or a scary diagnosis, they want to understand their treatments, medications and options. And they want your help making wise financial choices in choosing care.

Superior Solution

Customized, Integrated Solutions

Brokers fear bringing solutions to employers that can't be integrated successfully. The right health benefits solution needs to be well integrated with existing people, processes and platforms. Two areas, in particular, are musts for successful integration:

› **The ability to blend a new solution with existing systems that are working.** Employers may need a new health benefits solution, but they want to hold on to a pharmacy benefits or telemedicine program that's already working.

Custom solutions should benefit the employer, not require the employer to adapt to a one-size-fits-all approach.

› **The ability to harness data to inform decisions.** It's important that the data is gathered. But that's only the first step. How is the data being used to inform better decision making? For example, how does claims data equip your care team to help the employee recently diagnosed with a chronic illness? How does historical claims data help you design a better plan next year, or make better decisions about how much stop-loss coverage is needed?

Superior Solution

Focused on the Bottom-Line Spend

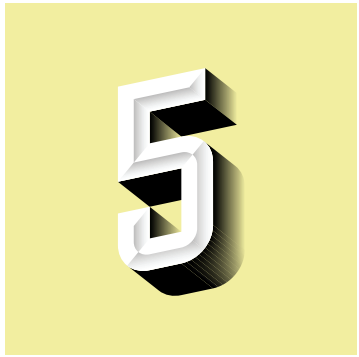
A good TPA has visibility into financials—and the profit and loss statement (P&L)—that few executives in that company have. It's a responsibility that requires financial stewardship from your benefits solution providers. Brokers need to trust that the provider has a track record of balancing a variety of concerns and delivering results.

Your health benefits solution should be able to hold costs to below expected growth. One rule of thumb is the 85–15 rule, with 85% of your costs being variable and 15% being fixed costs and fees.

If overall fixed costs are growing by 2% or more, then you may not have the right health benefits solution. At the same time, the variable costs from managing episodes of care is where the real savings opportunities exist.

A strong solution should also be able to drive costs down by 25% or more in the first year and then level out to no new growth. How are these savings accomplished? The best new benefits plans marry what's been learned over 15 years of reference-based pricing plans with white-glove service to members. Supporting employees in making better care decisions and helping employers manage cost creates a sustainable cost management model.

Superior Solution

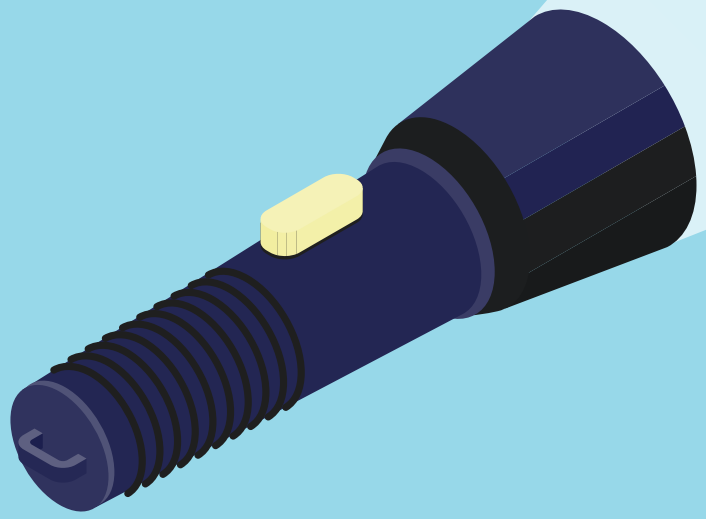


Designed to Mitigate Risk

Brokers and their employers shouldn't think about risk mitigation and stop-loss coverage as being one and the same. Risk mitigation starts with the design of a benefits plan, and a superior solution starts with good data to inform that design. Data can be used to make judgments about the levels of stop-loss insurance to mitigate the risk of each employee and the overall plan.

For employers new to being self-insured or right on the cusp of self-insuring, concerns about risk are paramount. The good news is that stop-loss insurance is no longer priced out of reach for smaller employers that might self-insure.

Are You Ready to Be the Hero?



Lucent Health

Lucent Health was founded by Brett Rodewald in 2014 because he felt powerless to control the healthcare coverage and experience for his employees. At the time, Rodewald was the CEO of a company in the payments industry. Instead of signing up for another year of increasing costs and horrible member experiences, he created a better way.

Lucent Health

Lucent Health is comprised of the top independent TPAs in the country (Capitol Administrators, North American Administrators and Cypress Benefit Administrators). In 2019, Lucent Health acquired the leading care coordination solution (Narus Health) and integrated its data-driven Compassion platform and care team into their solution. Lucent Health's difference is that it uses nightly data to power its compassionate approach to serving members, quickly identifying opportunities to intervene and help.

Narus Health

A 2019 partnership with Zelis enables Lucent Health to boost its ability to deliver the largest number of RBP contracts (more than 1.4 million) and a team of 30 handling back-end balanced billing resolution.

Its value-based purchasing plans evolved from earlier generation RBP plans, with improved employee experience. Backed by a data-driven platform, its care teams are experienced at helping members manage their episodes of care and holding down employer spend. Lucent Health drives savings of 25% to 30% in year one, then stabilizes the cost of care year over year. Lucent Health's track record is holding member costs at 53% below the national average.

Lucent Health delivers the most innovative platform in the industry with:

1. ePayment portal
2. HR Web portal
3. Mobile app
4. Care team, proven process
5. Telemedicine
6. Complex care management
7. Cancer care, dialysis management
8. Transplant carve out

Lucent Health has decades of combined experience working with brokers, helping them be the hero to their self-insured company clients. To see how we can help you be a hero, please reach out today.

Lucent Health's

435
employees serve more than
800
employers and
250,000
members nationwide.

Lucent Health
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25% to 30%
in year one, then stabilizes the cost of care year over year. Lucent Health's track record is holding member costs at 53% below the national average.

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