



Digging Deeper At Renewal Time

The Issue

A long time client received a renewal from their medical carrier providing a minimal increase in premiums for the next plan year. Although the client was very pleased with the small increase and didn't feel the need to shop the plans with other carriers, we knew some particulars about this client that we felt prompted a more thorough review. They'd acquired a large number of employees from a recent buyout and the new employee population was statistically (actuarially) better than the one from which the carrier used for their renewal. As a result, the group's renewal rates, although not bad upon first glance, were higher than what they would be if the carrier included the newly acquired population into account when preparing the renewal.

Our Solution

We presented the new demographic information to the incumbent carrier and requested a reconsideration of the renewal. In addition, we decided to shop the plan to other local carriers since the new demographic information would provide competitive bidding from other carriers that in the past were not aggressive in their pricing for this client. We managed a bid process involving four potential vendors in addition to the incumbent carrier. When all final carrier proposals were received and all negotiations ended, the results showed a substantial spread in cost among the different carriers. The incumbent carrier's new renewal rate came in 8 percent lower, but another carrier's rate resulted in a decrease of 14%, which the client decided was worth the transition costs associated with changing carriers.

Impact/Result

With today's employers facing strong upward pressure in their health care plan costs, it is important for the benefit advisor understand a variety of aspects concerning their client's business and to recognize markets and opportunities for improvement in the client's benefit program pricing. It is equally important to make sure clients receive value for their benefit outlays, in terms of policy provisions, service and proper claims administration. In this situation, our approach was able to save this client over \$189,000 in annual health care premiums.

We do more than answer benefit questions and shop plans at renewal. By taking the time to understand our client's philosophies as they pertain to employee benefits and keeping abreast of pertinent developments in any of their major day to day developments, we are better prepared to provide them with the competitive advantages they seek in the benefits marketplace.

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