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Use *Key Resources*  
and *Level Funding*  
**to Get Ahead**

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# Table of Contents



<u>Introduction</u> .....	3
<u>Level-Funded Solutions</u> .....	4
<u>Get the Rules of Underwriting and Administration</u> .....	6
<u>Carrier/TPA Plan Design Differences Beyond Pricing</u> .....	7
<u>Relationship Building to Your Advantage</u> .....	8
<u>Level Funding and Your Success</u> .....	9

# Introduction



## Use Key Resources and Level Funding to Get Ahead

If your current sales representative isn't helping you maximize your efforts/potential with offering level-funded health benefits to your smaller clients, then now is your chance to tap them as a key resource.

Seek support from a **level-funding subject matter expert**, such as a sales consultant, who can advise you about the plan flexibilities their carrier/third-party administrator (TPA) has available. This can save you time and effort so you can devote more to prospecting and retaining current clients.

**Consider these four things to get ahead: why level funding, advice on rules of underwriting and administration; understanding the differences of plan designs among carriers/TPAs beyond pricing and relationship building to your advantage.**



# 4 things to consider to get ahead:



Why level funding?



Advice on rules of underwriting and administration



Understanding the differences of plan designs among carriers/TPAs beyond pricing



Relationship building to your advantage



# Level-Funded Solutions



Why consider level funding? *Simply put, costs and flexibility.* Level funding can be a viable solution for some small to mid-size groups.



## High premiums annually

Small firms and their covered employees are paying high premiums annually. ***In 2022, the average premium for single coverage was \$8,012 and family coverage \$22,186.***<sup>1</sup>



## Rising costs

Unfortunately, it doesn't look like costs will decline. ***"Over three-quarters of health insurers (78%) anticipate higher or significantly higher medical trend over the next three years."***<sup>2</sup>



## Attracting and retaining talent

While costs continue to rise, employers are challenged to find affordable health benefits and maintain their workforce. ***In fact, "61% of small business employers are worried about attracting and retaining top talent."***<sup>3</sup>



## Mental health

Additionally, in 2023, ***48% of employees are citing financial concerns as a cause of lower mental health, up from 31% in 2022.***<sup>3</sup>

# Level-Funded Solutions



Level funding a self-funded plan gives employers **predictable (level) monthly payments**, regardless of claim activity, which allows for better budgeting and peace of mind. There are many cost advantages as well, **starting with savings on state premium taxes** as self-funded claim dollars are not subject to state health insurance premium taxes, which helps lower costs.

Employers can **customize their plan to their needs**, with adjustable deductibles, out-of-pocket maximums, copays, coinsurance, and Rx benefits, and more.

**Protection** from the financial impact of many covered claims, an individual catastrophic covered claim, or both is possible when they incorporate stop-loss insurance premium in the level-funded payments.

If the group's claims are lower than expected during the plan year from their expected claims **there is an opportunity for a refund/or credit**.

HIPAA-compliant transparency reports are available periodically, which provide **visibility of how healthcare dollars are spent**. This is valuable to further educate employees on how to reduce costs, such as choosing in-network providers, or selecting lower cost alternative prescription medications. Some reports can also help employers plan what employee benefits and contribution levels they choose the following year.

**38%**

of small firms offering health benefits report that they have a level-funded plan, similar to the percentage in 2021, but much higher than preceding years.<sup>1</sup>

Level funding continues to increase in interest among small businesses, so if you haven't already started offering level funding, consider it as an option.

## Advantages Overview



Provides the employer with **predictable (level), monthly payments**, regardless of claim activity, allowing for better budgeting and peace of mind



**Opportunity for savings** from state premium taxes



**Flexibility** of plan design



**Choice of network** and reference-based pricing options



Incorporating stop-loss insurance premium in the level-funded monthly payments helps **protect against the financial impact** of a large number of covered claims, an individual catastrophic covered claim, or both



Because the group is funding for expected claims each month, there is an **opportunity for a refund** if the group's claims are lower than expected during the plan year



**Transparency** of healthcare dollars with reporting

# Get the Rules of Underwriting and Administration



Save some time up front and ask your sales representative about their carrier's/TPA's participation guidelines. They can vary from company to company.

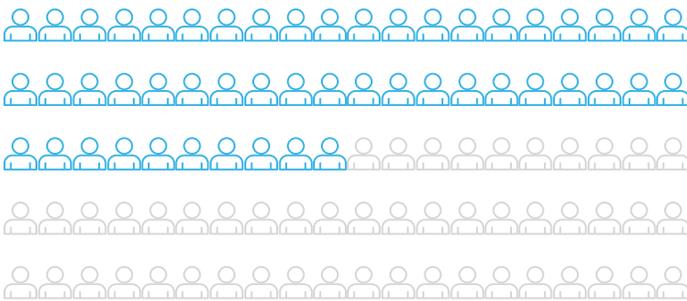
## For Example

One may require 50% total employee population participation, while another may have more flexible options such as 75% of eligible employees after valid waivers of coverage. This would mean a group with 100 total eligible employees with 80 employees having valid waivers would only require 15 out of the remaining 20 to meet participation.

Valid waivers include: individual; individual Exchange; Medicaid; Medicare; spouse's group plan; Veteran's; parental coverage until 26.

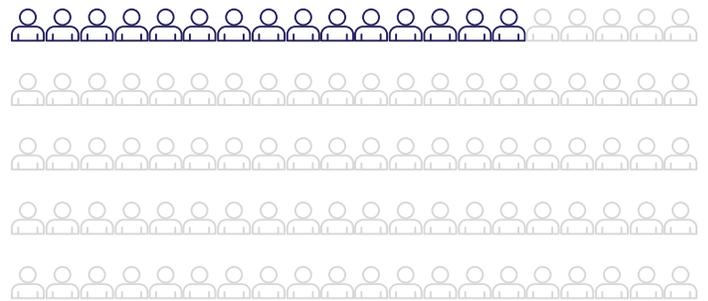
### Example 1

**50 out of 100 (50%)** total employee population participation required.



### Example 2

**15 out of 100** total eligible employees (with valid waivers)



## Ask your representative:



### How the group can be underwritten? Do they recommend:

- Individual underwriting (IMQs or medical applications)?
- Predictive modeling (relies on the employee census)?
- Experience underwriting (typically with two-year claims data)?



### What types of applications/enrollments do they accept?

- Paper enrollment forms
- Electronic enrollment platforms
- Telephonic platforms, etc.

# Carrier/TPA Plan Design Differences Beyond Pricing



From a benefits standpoint, rely on your representative to tell you what plan designs are available and what are the limitations on benefits. Each carrier/TPA can vary the copays, tiers of prescription drugs, or offer different runout period contracts, which can be long or shorter (some may be three, six, nine or 15-month runout meaning longer time for eligible claims to be paid).

## What do they have to offer other than a competitive price?

Some key drivers to consider a carrier/TPA as a worthwhile option include:

- ☑ the provider network the plan offers;
- ☑ their customer service and claims administration escalation process; and
- ☑ ongoing support from a sales representative.

## More things to consider include:

- ☑ Do you know this representative or their colleagues?
- ☑ How many years has the carrier/TPA been in business?
- ☑ Have they been rated by any credit rating agencies such as AM Best Company?
- ☑ Who is their PBM?
- ☑ Who is their stop-loss insurance carrier and do they bundle their claims payment with stop-loss insurance administration for a streamlined process?
- ☑ Can your sales representative give you insights into where some networks work best or non-network plans like reference-based pricing (RBP) are best positioned or competitive?



# Relationship Building to Your Advantage



Working with a sales representative you can rely on and trust is important to your success year after year.

**If your current rep is not asking you these questions, these are the types of questions you should be asking them:**

- Are you working with a representative who is willing to meet with you pre-sale, during the process, and throughout the year whether in person or virtually?
- Are they responsive, stay in touch and call you back timely?
- Are they willing to educate you and your clients as needed with resources and information related to regulatory updates, etc.?

**Responsiveness and trust are key to your success.**

- Do they explain how commissions work?
- Does the carrier/TPA offer flexible commissions?
- Can you adjust to pay a percent of stop-loss premium or per employee per month (PEPM)?
- Be aware of what is out there for compensation, not every carrier/TPA is the same.



# Level Funding and Your Success

**Level funding** is a viable solution to today's **cost and benefit concerns** of small to mid-size businesses. With the support of a **trusted carrier/TPA** and their support staff, you can **find success** and make more time for prospecting and growing your business.



# We offer solutions that help enhance wellbeing and provide greater financial security.



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We are part of the Trustmark companies, which have consolidated assets of **\$2.8 billion** and more than **2 million covered lives or plan participants**.



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**Learn more about self-funded plan designs with stop-loss insurance uniquely designed for small to mid-size groups. Visit [TrustmarkSB.com](https://TrustmarkSB.com) to get a quote today!**

#### Footnotes:

<sup>1</sup> 2022 Employer Health Benefits Survey. Kaiser Family Foundation. Oct. 2022.

<sup>2</sup> 2023 Global Medical Trends Survey. WTW. Oct. 2022.

<sup>3</sup> Small Business Insights: MetLife's Annual Benefit Trends Study Reveals 5 Areas of Opportunity for Employers. MetLife. Oct. 2022.

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