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

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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 \$22,186.¹***



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."²***



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."³***



Mental health

Additionally, in 2023, ***48% of employees are citing financial concerns as a cause of lower mental health, up from 31% in 2022.³***

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.¹

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.

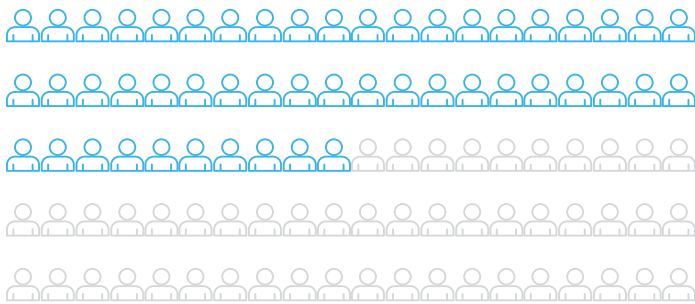
For Example

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.

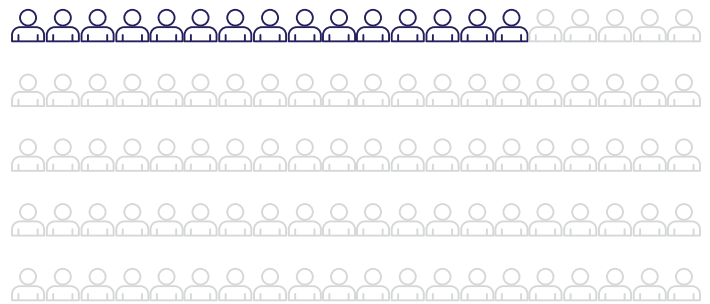
Example 1

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.



The Trustmark family of companies has a history going back more than **110 years** in the employee benefits industry.



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**.



Trustmark Life Insurance Company is **rated A (Excellent)** by AM Best.

Learn more about self-funded plan designs with stop-loss insurance uniquely designed for small to mid-size groups. Visit TrustmarkSB.com to get a quote today!

Footnotes:

¹ 2022 Employer Health Benefits Survey, Kaiser Family Foundation, Oct. 2022.

² 2023 Global Medical Trends Survey, WTW, Oct. 2022.

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

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Plan design availability and/or coverage may vary by state. Self-funded plans are administered by Star Marketing and Administration, Inc., and stop-loss insurance coverage is provided by Trustmark Life Insurance Company.

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