



Healthcare Topics

Gary Bender

Founder & CEO - The CFO Solution

Introduction

- We have covered healthcare a number of times because it is one of the most critical cost and human resources issues that we face.
- One third of our CFOs are responsible for HR
- Another third have an HR peer
- All struggle to balance the cost, risk and the hard to quantify human impacts on retention, morale and recruiting

Healthcare

- CFOs have a fiduciary responsibility to manage a good quality, high value plan because the employees are paying high contributions, higher copays and higher deductibles
- ERISA has not identified this responsibility YET but the chance of an complaint are higher for poor HR choices compared to higher 401k fees!
- Hold yourself accountable and engage before the Board or an attorney does!

What should we do?

CFO has to engage in reviews of alternatives, review of the facts for their claims, expenses and drive for complete Understanding!

You get competitive quotes and alternatives on every purchase EXCEPT healthcare.

You delegate that to your broker AND your brokers' goals are incongruent BY DEFINITION!

Thoughts to Ponder

- Healthcare is the only decision that effects the company and every employee and potential employee
- Healthcare is the only expenditure where you give control to your employees, their dependents and the broker!
- It is the only expense that the employee controls without any guidelines, rules, reviews, approvals AND you don't even know what they are spending \$\$ on.
- And most brokers don't provide useful information-ever

Cost of healthcare

- Learn the supply chain, the players and their roles
- Educate yourself on the cost stack-in general and yours in particular
- Start with total compensation to your broker-have them sign a compensation statement-just like your 401k advisor.

Administrative costs

Markups

Rebates-hospitals, prescriptions

Expenses

- Demand quarterly reviews with broker

Best practices exist

- Don't expect your broker to tell you alternatives (because they will likely reduce your broker's compensation!)
- Educate yourself
- Ask more questions than a two year old!

Why-Why-Why not?

- Demand to see the data whether it is your, data, community rated data or hospital data,
- Look at partially or fully self insurance options
- The insurance you have is basically self insurance-it just takes a year or two for them to recoup costs!

Distractions

- Brokers distract you from the cost drivers
- Wellness plans are a fad-ask for the proof and the ROI
- Under pressure to keep the account, brokers will tell you the “market is going up x” and I rebid it and got you a 2% better renewal. And you believe them? Would you or your procurement department believe every supplier with no facts or analyses?
- Broker will cut their admin cost a little to make you believe you won in the renewal! Not even pennies on the dollar! Follow the money!