

The Financial Benefits of a Data-Driven Benefits Program

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As a CFO or finance leader, you're undoubtedly aware that healthcare costs continue to rise, with another significant premium increase expected in 2024 and 2025. This comes on the heels of escalating healthcare expenses in 2023, driven by inflation, the lingering effects of the COVID-19 pandemic, and soaring pharmaceutical costs. With healthcare being one of your top three expenses, it must be strategically managed to maintain a healthy budget. So, what can you do to control these expenses? The answer lies in leveraging data to make informed decisions about your benefits program.

At its core, controlling healthcare costs boils down to two key steps:

1. Identifying the cost drivers within your plan
2. Targeting those areas with specific programs and strategies

Everything else is a reaction to your understanding—or lack thereof—of your organization's strengths and weaknesses. Your data offers a unique window into your employees' needs and the financial pressures affecting your organization. However, it's crucial to recognize that small groups face different situations than large groups, and self-insured groups encounter distinct challenges compared to fully insured groups. Understanding what information is available to you—and what's not—has never been more important.

The level of detail and access to this data can vary significantly depending on your group size, your state, and your current funding structure. For instance, different carriers have different thresholds for providing detailed claims information. Some require 150 enrolled employees, while others only require 100.

If you've been told that your organization is too small to receive claims information, you've been misguided. Every organization has access to claims data; it's just a matter of putting yourself on the right platform. Alternative funding methods, including MERP (Medical Expense Reimbursement Programs), level funding, and self-insuring, are all different methods of receiving at least some level of claims data. Aside from that, there are a number of other benefits to these funding methods. This insight is critical to making informed decisions that can drive long-term savings rather than just chasing a marginal reduction in premiums.

It's essential to be aware of the various options available to you—between fully insuring and self-insuring, there are numerous programs that might better suit your organization's needs.

The adage "data is gold" rings true in the realm of benefits management. The more data you have on your actual claims and employee needs, the more precise and tailored your decisions can be. Even demographic studies, for example, can provide a baseline for risk assessment. Understanding the age, race, gender, and socioeconomic profile of your workforce can offer significant insights into where you can make cost-effective adjustments to meet employee needs while controlling expenses.

Other Considerations:

- Do you have employees eligible for Medicare? Maybe implement targeted education programs around the benefits of Medicare.
- Are your employees going out-of-network? Can they be steered elsewhere in-network?
- How do your benefits compare to competitors in your area? Consider benchmarking your program against industry peers.

A good broker will provide guidance based on carrier claims data at renewal. However, a great broker will take a proactive approach, helping you manage your benefits program year-round to find the best solutions before renewal season even begins. At Corporate Synergies, we emphasize a data-driven approach to benefits management because numbers are facts, and facts don't lie. If the data doesn't support a decision, it's a risk—and we're in the business of mitigating risk.

By adopting a data-driven approach to benefits programming, you can take control of healthcare costs and turn a significant budgetary challenge into a strategic advantage. ■

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