



# Enhancing a Healthcare Captive

## THE CHALLENGE

A non-profit multi-state health system with 35,000 employees wanted to conduct a feasibility study to determine if captive funding could generate employee benefit cost savings, enhance benefits, improve operational performance and increase employee participation.

## THE SOLUTION

Alera Group identified basic life and supplemental life benefit plans (including spouse and dependent child coverage) as candidates for captive funding that could yield an estimated \$1M in savings; long-term disability was eliminated as a candidate due to the non-profit status of the company. Alera Group experts proposed using a fronting company arrangement for the captive and assisted with qualifying and selecting a fronting insurance company that was recognized for outstanding plan implementation and administration. As required by the Department of Labor, Alera Group also helped the non-profit establish their captive branch onshore.

## THE RESULT

After implementation, employees enjoyed doubled life coverage for their spouses and children and enhanced accelerated health benefits. With their new plan, employees also received added beneficiary counseling, legal services and travel assistance for emergency medical needs. The projected savings for the first year was \$500,000, life insurance claim payments improved from 1 month to 3-5 days, the company saw markedly improved responsiveness to client requests and employee participation increased by 8.5%.



## DID YOU KNOW

A healthcare captive insurance program can save a company 5% to 9% in administrative costs and over 2% in premium taxes. Captive funding can be a great, cost-effective alternative to traditional insurance.