Self Funded Stop-Loss Captives

It takes more than books and computers to educate children. A great team of teachers, administrators and staff are key to creating an optimal learning environment in which children thrive. First, the school must attract the right people, then it must keep them healthy and happy with a quality benefits package at a cost-effective price. It's a delicate balancing act but there is a solution.

The Independent School Benefits Consortium (ISBC) was created for and by independent school leaders. It delivers an employee benefit program that is flexible and transparent, while enabling schools to keep 100% of the unused claims dollars.

Through ISBC, independent schools can take control of their health insurance spend. All you need is an innovative funding arrangement and the willingness to lift the hood and understand what drives your employee health insurance cost.

Over the last nine years, ISBC schools' average annual medical and prescription costs have risen **only 3.2%**.

This program has enabled ISBC to control costs for its 70+ schools, who collectively have seen their average annual medical and prescription costs rise by only 3.2% over the last nine years. By comparison, average marketplace inflation for medical and prescription costs have risen by double digits.

Times may be turbulent for health insurance, but by joining ISBC, you gain a partner – and a program – with proven results and a plan of protection for the challenging road ahead.

BACK UP A SELF FUNDED PLAN WITH STOP-LOSS INSURANCE

Self funded plans work with stop-loss insurance to turn the typical way of funding health care on its head. Organizations typically buy insurance for health-related expenses such as office visits, office procedures and maintenance medication. With a self funded plan, the organization pays these predictable claims as a business expense and buys stop-loss insurance for unpredictable claims. Stop-loss coverage protects self funded plans from overall high frequency of claims in any one plan year and provides protection from high individual or catastrophic claims. The deductible is determined based on the size of the group and the level of risk a school is willing to accept.

isbc Independent School Benefits Consortium

HOW WE POOL & SHARE RISK IN THE CAPTIVE

EMPLOYER LAYER
Each school will self-fund paid claims up to their specific deductible per member, per policy period.

CAPTIVE LAYER
Schools pool stop-loss premium and share claims between their specific deductible and $500,000.

REINSURANCE LAYER
Claims above $500,000 are paid by a reinsurance carrier.

WHAT IS A SELF FUNDED STOP-LOSS CAPTIVE?

As health insurance costs continue to escalate and uncertainty in the marketplace persists, self funded stop-loss captives offer a cost-effective method for schools to better manage their group health insurance plans.

Self funding can be attractive to independent schools with as few as **25 covered employees**.

The ISBC captive is an insurance arrangement that insulates self funded schools from adverse market renewals by sharing risk with other schools of similar size and risk profile.

SELF FUNDING TURNS FIXED COST INTO VARIABLE COSTS

Whether fully-insured or self funded, cost components in a group health plan are the same, comprised of administrative fees, risk premium and claims. All fully-insured plan costs are fixed and 100% of the risk is transferred to a commercial insurance company. In a self funded plan, the school assumes some of the risk, significantly reducing fixed cost. This allows more of the total health insurance spend to fund claims, if and when they occur. Premium dividends (profit) are retained by a self funded school rather than by an insurance carrier.

Schools that perform well financially are **rewarded**, and those that do not perform as well are **protected**.

To learn more, connect with us today.

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