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# NEWS YOU CAN USE

## Are Smaller Companies Poised to Self-Fund Health Care?

Between 1999 and 2014, there has been a steady increase in U.S. workers at least partially self-funded by their employers. These numbers have increased by 17% over the 12-year period to reach 61%. This trend isn't projected to change in the future, but due to the already large numbers of companies taking advantage of self-funding, the growth will mostly affect midsize to small employer groups with 100 to 1,000 covered lives.



While in the past small to midsize companies have feared the potential costs of self-funding, the imposed Affordable Care Act (ACA) tax that will affect premiums for fully insured has made self-funding a more viable option. Also, because the pricing for self-funding builds in a risk premium and the insurer's profit margin, large companies typically see a savings of 5% to 8%, and often even more for others. These factors, combined with the fact that stop loss providers are becoming increasingly comfortable insuring smaller groups, have all attributed to the present and future movement of small to midsize companies switching to self-funded health care.

SOURCE: CFO

## Health Benefit Cost Trends in 2016: Key Findings

Segal Consulting has published an infographic illustrating the results of its 2016 Health Plan Cost Trend survey. The findings showed "health benefit plan cost trend rates for 2016 will increase for most medical plan options and increase substantially for prescription drug coverage to double-digit rates."

Even though the study showed prescription drug costs to be a major cost driver, TPSC has processes in place to combat this issue, including a PBM analysis and overview to highlight possible savings opportunities. To learn more about these processes and avoid potentially high prescription drug costs, clients should call their Account Manager.

SOURCE: The Segal Group

