

## Health Care Premium Audits

NEGOTIATE PREMIUMS

REVIEW UNDERLYING FORMULAS

# Fact Sheet

UNCOVER INCORRECT ASSUMPTIONS

HEALTHCARE RENEWALS

## What is a Health Care Premium Audit?

A Health Care Premium Audit is a thorough review of the underwriting formulas and underlying assumptions of risk made by an insurance carrier to set a company's health care premium rates. The audit process is designed to scrutinize and deconstruct these assumptions and formulas.

## Why conduct a Health Care Premium Audit?

The most important first step in controlling health care premium costs is to scrutinize the derivation of rates.

- Often times your Agent or Broker does not have skills necessary to effectively negotiate premium rates.
- It's your fiscal responsibility and shows company diligence, responsibility and attention to the bottom line.
- Deliver savings; our experience has shown that more often than not an audit will reduce your premium rates.

## Why use an independent third party audit firm?

In the current corporate environment, HR departments are often overtaxed and understaffed. Not only do they lack the time, but often times, they lack the experience, technology and tools to re-underwrite insurance risk. A third party audit firm, like **Conrad Siegel Actuaries**, is infinitely better suited to get an exemplary result.

## What is the cost of an audit?

**Conrad Siegel Actuaries** charges an hourly rate to conduct a Health Care Premium Audit. Typically, a Health Care Premium Audit costs between \$5,000 and \$10,000, depending on the complexity of your health plan.

## How long does it take to conduct an audit?

An audit typically takes about two weeks to conduct, once we receive the needed data.

## Conclusion

Assuming that underwriting formulas and risk assumptions are un-biased and error-free is a risk most companies cannot afford to make. A Health Care Premium Audit provides a financially sound method of insuring the best possible benefit plans at the best possible prices.

## A sampling of 2008/2009 Conrad Siegel Actuaries Health Care Premium Audit/Negotiation Results

	# of Employees	Original Renewal Increase	Final Renewal %	\$ Savings	% Saved
Client 1	95	0.00%	-5.00%	\$39,450	5.00%
Client 2	180	9.84%	0.82%	\$103,571	8.21%
Client 3	198	18.67%	12.23%	\$88,099	5.44%
Client 4	231	22.85%	13.28%	\$130,560	7.79%
Client 5	242	4.53%	0.82%	\$77,516	3.55%
Client 6	259	56.76%	31.82%	\$474,789	15.91%
Client 7	649	12.00%	-3.19%	\$873,036	15.19%
Client 8	701	8.11%	2.86%	\$355,319	5.02%
Client 9	1846	25.89%	9.00%	\$1,915,921	13.42%



## About Conrad Siegel *Actuaries*

**Conrad Siegel *Actuaries*** offers high-quality client-focused solutions to businesses seeking stronger performing, value-added employee benefits programs. For nearly half a century, **Conrad Siegel *Actuaries*** has been recognized as both an industry leader and a trusted advisor for its expertise in all facets of employee benefits. We have a strong tradition of providing impartial, numbers-driven advice, customized solutions and unparalleled service.

As one of the nation's largest, independent actuarial firms, we are owned by the professionals who work directly with their clients. We adhere to the highest professional standards, providing services on a fee-only basis. We do not receive commissions or sell insurance. Personalized service and long-term relationships are the foundation of all our consulting assignments. As a result, clients trust our advice will always be in their best interests.

We offer a broad array of actuarial consulting and administrative services for defined benefit retirement plans, defined contribution retirement plans, health and welfare consulting, and investment advisory services through our wholly owned subsidiary **Conrad Siegel *Investment Advisors, Inc.***

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