



PremierSource
Strategic Employer Solutions

Strategic HR Solutions for Maximizing the Bottom Line in 2009



In most companies, payroll and benefits comprise the single largest line item on the balance sheet. So it only makes sense that strategic efforts targeting these areas can have a significant impact on a company's bottom line. In these tough economic times when every dollar counts, it's more important than ever that employee benefits and human resources professionals equip themselves with the information and resources they need to strategically achieve:

- **Cost savings**
- **Increased Efficiency**
- **Reduced liability exposure**

PremierSource 2009 Insights and "Best Practices" Recommendations

The widespread effects of the recent economic downturn have spurred increased interest by employers to seek out new (and often creative) ways to improve the bottom line. To that end, we have developed complimentary, no-obligation Employer Outreach Programs which capitalize on the intellectual capital and resources of "best in class" specialists and incorporate the recognized best practices in the industry.

Internal Underwriting Audits of Fully Insured or Self Funded Health Plans

- Now more than ever, employers are looking for ways to negotiate away excessive costs within their health plans — preferably without sacrificing quality or coverage.

Our internal underwriting assessment lets you know what your renewal or expected and maximum liability should be before you even receive it from your broker or TPA. We can provide this evaluation off-anniversary or prior to an upcoming renewal. This process helps identify the underwriting factors behind your renewal and determine exactly what is driving your cost increases. Oftentimes, unnecessary

premiums or liability are driven by errors or oversights in the negotiation process alone. This internal underwriting process helps you identify underwriter “sandbagging” and uncovers any current or past underwriter errors or oversights in the renewal negotiations. This approach is very unique and distinct from the standard industry approach of taking your data to several markets to competitively bid and letting the markets dictate what your renewal will be. Our process does the homework for the underwriter and creates an environment of greater awareness for the employer for identifying any errors or oversights on the part of the market underwriters. Our internal underwriting process gives you the documentation and tools you need for much stronger health plan negotiations.

Comprehensive Health Plan Network Assessments

- For self-funded plans, approximately 80% of the total cost is tied to claims spend. Today more than ever, the analysis of the network efficiencies is critical to managing costs within your health program. Our teams not only provide a comparison of networks and efficiencies within those networks, but also a review of the accessibility of providers within the network compared with the geography of your plan participants. This process helps you identify potential vulnerabilities or areas for increased efficiency within your networks.

Health Plan Contract Reviews

- All too often health plan contracts are written in favor of the provider and not the employer. Even so, as an employer, you don't have to be held hostage to standard agreements. Oftentimes, contracts and agreements are negotiable. Recent trends for self-funded plans include carrier contracts that retain 100% of the pharmacy rebates that belong to the plan. Many contracts also allow providers to retain up to 50% of subrogation settlements. Both can add up to substantial dollars to an employer if these components of the contracts are overlooked. Identifying which components of your contracts are negotiable can be a real added value in difficult economic times.

Assessing the Fees within Your Retirement Plans

- Full disclosure of all fees related to retirement plans continues to be a rising focus within the benefits industry. This push for full disclosure has many benefits, yet many plan sponsors still aren't getting the full picture. In order to assess reasonableness, it is imperative to fully understand what the true costs of the plan are and how they are determined. This quest can create confusion and frustration as the industry is still wrestling with a moving target with regards to disclosure standards and protocol. Oftentimes it behooves the plan sponsor to retain an independent party that is familiar with the industry to provide an objective and thorough assessment of plan costs — including compensation schedules to all related service providers. Coupling full fee disclosure with full compensation disclosure results in full transparency — which should be every fiduciary's ultimate objective.

Documenting Your Fiduciary Due Diligence on Investments in Your Retirement Plans

- The selection and monitoring of investment options within a retirement plan is an extremely important fiduciary responsibility. The documentation of this process is critical to prudently managing fiduciary liability and claims prevention. A resource that can aid in this cause is a statement of investment policy. Such a document should spell out key parties, purposes, and processes related to the plan. It shows that standards and criteria have been set and are used to carry out ongoing fiduciary duties. But with an investment policy statement comes an important aspect — adherence. Though having an investment policy is best practice, not following it could prove worse than not having one at all! Many plan sponsors have taken comfort in retaining independent investment counsel from firms that can serve alongside the investment committee and has a vested interest

Helping Your Employees Assess and Reposition to Prepare for Retirement

- Participant engagement to personal retirement readiness is becoming more critical on all fronts. This is evidenced from things such as uncertainty regarding Social Security, longer mortality, discontinuance of traditional pension plans, and prominence of 401(k) accounts within individual financial assets. This creates a need and desire among participants to become more involved with how their 401(k) accounts are managed and funded. Providing tools and resources to participants that allow them to measure retirement needs, assess funding gaps, and understand investment principles such as diversification and risk, is a growing theme within the industry. Service providers have recognized this and are developing these very things in order to make available to your participants. Oftentimes plan sponsors don't have the time to stay abreast of these developments and capitalize on these types of tools and resources. This is where advisors and consultants that specialize in retirement benefits can partner with the plan sponsor to really enhance the overall participant experience and promote appreciation for an increasingly important employee benefit.

Performing Fiduciary Due Diligence by Assessing Competitive Retirement Provider Options

- Deciding to survey the marketplace for a new provider can be a daunting task. Which service providers to include and what roles they can play (i.e., custodians, recordkeepers, third-party administrators, trustees, and advisors) seem to be one of the first issues that can quickly create confusion and uncertainty. Then the task of developing the Request for Proposal (RFP), what information to request, how much is too much or not enough? And then there is the evaluation and comparison of the responses. Trying to make apples-to-apples comparisons can be the most overwhelming aspect as cost disclosures are anything but uniform and investment menu restrictions and caveats can be vastly different. To reduce the stress of the process and also enhance the quality

of the data received, plan sponsors often seek to retain an outside party that is familiar with such matters. This can aide tremendously in the final evaluation efforts so that the GIGO (garbage in garbage out) factor is eliminated.

Performing Gap and Overlap Analyses in Your Risk Management Programs

- In difficult economic times, it is not uncommon to see an increase in litigation for employers. Identifying potential risk exposures and making informed decisions about which exposures to retain and which to transfer is an important step to protecting your bottom line. A comprehensive risk management assessment can help employers identify any potential vulnerabilities or unknown exposures in their risk management programs. Oftentimes, within the fine print of policies and riders, there may be certain limits or exclusions that go unnoticed by employers. In addition to identifying unknown exposures and helping employers benchmark their limits to others in their industry, our teams can help you evaluate any areas where unnecessary overlaps in coverage, and thus, unnecessary additional costs exist.

Evaluation of Alternative Risk Strategies

- When looking for cost savings opportunities, it is often easy to overlook the evaluation of funding alternatives in risk management programs. Our teams help employers “try on” alternative risk structures and strategies to determine the best fit, and identify potential trigger points for changing their risk funding in the future. From high-deductible programs to the evaluation of captives and/or rent-a-captives, our risk management evaluations can help employers identify and evaluate many different funding alternatives. Our evaluations further outline the pros and cons of each option and help employers make fully informed financial decisions.

Human Resources Needs Assessments

- In times like these, many employers have frozen the investment in human capital, leaving human resources and benefits departments to fend for themselves with increasing responsibilities and decreasing resources. PremierSource is happy to help employers perform internal needs assessments to determine creative ways for HR executives to leverage their resources and obtain additional human resources and compliance support without increasing their costs. In an economic climate such as this, it isn't about spending more, it's about thinking bigger, being creative and leveraging little-known resources that already exist around you.