



STERLING SIA™
SELF INSURANCE ADMINISTRATION

Contact: Nancy Brumfield
nancy.brumfield@sterlinghsa.com
Mobile: 206-310-4900

FOR IMMEDIATE RELEASE

Sterling Health Services Administration Launches Sterling Self Insurance Administration to Deliver Wellness-Based Healthcare Benefit Solutions

- Engaging Employees, Driving Down the Cost of Healthcare -

Oakland, CA, August 4, 2011– Sterling Health Services Administration (Sterling HSA), a pioneer in the health savings account industry and among the top consumer directed health plan administrators in the country, has announced the launch of Sterling Self Insurance Administration (Sterling SIA) to offer wellness based self insured health benefit solutions to employers nationwide.

Sterling's self insurance solution is unique in that it combines the company's expertise in administering consumer directed health plans – health savings accounts (HSAs), health reimbursement arrangements (HRAs), flexible benefit plans (FSAs) and premium only plans (POPs) – with wellness based financial incentives. The Sterling solution engages employees in making healthy choices and cost conscious decisions, thus driving down the cost of providing health benefits.

“As healthcare costs continue to rise and employers consider the future under healthcare reform, the number of employees in the U.S. covered under self insured health plans has increased from 44% in 1999 to nearly 60% today,” said Cora M. Tellez, CEO of Sterling HSA and Sterling SIA. “Self insurance isn't just for big companies anymore. The fastest growing market segment is employer-sponsored groups with fewer than 1,000 employees. We're making it more attractive for employers to adopt self insurance plans because we're combining self insurance with benefits like HSAs and HRAs that work to involve employees in paying for healthcare.”

Under self insured plans, the employer provides health benefits to employees using its own funds, rather than pay fixed premiums per employee per month to a health insurance carrier. The employer is responsible for funding payments needed to pay for plan benefits and pays for claims as they are incurred. An essential principle of self insurance is the concept that health insurance protects against two areas of exposure: predictable costs and unpredictable costs. Self insured employers assume the risks associated with predictable claims costs. Unpredictable costs, such as shock claims or catastrophic losses, are generally covered under stop loss contracts issued by an insurance carrier. Self insurance provides a proven and effective way for employers to control the flow of money, gain investment income, and gain control of the health benefits plan design.

Sterling SIA integrates “best-in-class” partners with expertise in their respective fields. Medical, dental and vision claims management is provided by Capitol Administrators, pharmacy benefit and medication therapy management through Ventegra®, and wellness program management by Viridian Health Management. Sterling SIA works directly with health insurance brokers, general agents, and employer clients to develop custom self insurance plans, provide a proprietary excess medical stop loss program through American Fidelity Assurance Co., administer the HSA or HRA component of the plan, and manage a proprietary Sterling HealthAssets™ program to reward healthy behavior. The combination gives employers healthcare benefit solutions that are disciplined, sustainable, and controllable.

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“What makes Sterling different is how the company has put together self insurance plans with HSAs, HRAs, wellness programs, and financial incentives for employees,” said Dave Reynolds, CEO of Capitol Administrators. “We’ve specialized in administering health benefit plans for a long time and this is a very innovative approach delivered at the right time in the industry. We’re very pleased to be one of Sterling SIA’s partners.” Capitol Administrators was founded in 1999 and serves over 150,000 members throughout the U.S., specializing in third party administrator (TPA) services for self insured employer groups.

Ventegra, the pharmacy benefit management (PBM) partner for Sterling SIA, was founded in 2005 to change the way pharmacy benefits are delivered and improve the overall quality of care for members by encouraging appropriate medication use. Three key differences in the Ventegra model are the elimination of “spread pricing” so that all payments made to pharmacies are the same as the amount billed to the client, pass-back of a large percentage of pharmacy rebates to employers and employees, and the company’s Medication Therapy Management program to focus on appropriate medication use and patient education on medication therapy for chronic diseases.

Viridian Health Management, a national leader committed to changing employee behavior with interactive and targeted education and programs, manages Sterling’s comprehensive, integrated wellness program. Viridian’s health improvement programs creatively maximize employee engagement and drive sustainable behavior change, resulting in measurable risk reduction and healthcare cost savings. Like Sterling and its many partners, healthcare cost management through employee engagement is a key objective in the Viridian wellness model.

Sterling SIA’s proprietary stop loss component is designed to appropriately recognize the underwriting value for the complete array of integrated programs in the Sterling disciplined approach. American Fidelity Assurance Company is the stop loss carrier. Since 1982, American Fidelity has been rated “A+” (Superior)¹ by A.M. Best Company – one of the nation’s leading insurance company rating services – because of American Fidelity’s strong financial condition and operating performance.

“We tie everything together with something also unique to Sterling,” added Tellez. “After years in the industry, I know that healthy choices and consumer engagement lower healthcare costs. So we’ve created Sterling HealthAssets™ as a way to reward health plan subscribers for doing the right thing. Sterling SIA deposits money into the account when employees complete an annual wellness goal determined by the employer and Sterling. The account is also funded with drug rebates for prescription drugs purchased by employees. Employers can also choose to fund the account to reward employees for specific health related goals. I’ve run very large health insurance companies and I know that having the right health plan design and investing in programs to engage and reward employees pays off.”

¹www.ambest.com/consumers
(March 25, 2011)
(A+ is the 2nd out of 16 with 1 being the highest)

About Sterling SIA & Sterling HSA

Founded in 2004, Sterling Health Services Administration was a pioneer in the HSA industry and is among the top consumer directed health plan services administrators in the country. Sterling is led by experts in the health benefits and financial industries for one purpose - to put employers and consumers in control of healthcare spending and in touch with resources to manage their money and their health. We administer HSAs, HRAs, FSAs, POPs, and COBRA. Through our subsidiary company, Sterling Self Insurance Administration, we provide an integrated health benefits design solution to employers who want the flexibility and cost management of self insurance options, combined with a comprehensive wellness program and proprietary rewards program called Sterling HealthAssets™. Visit www.sterlingsia.com and www.sterlinghsa.com for more information.