

New health product answers the call of Affordable Care

Our U.S. health clients, especially those setting up Medicare Accountable Care Organizations (ACOs), were concerned about the assumption of significant risk arising from the Affordable Care Act (ACA). We worked in partnership with our clients and brokers to create a new, cost-effective ACO insurance product. This capacity enabled our clients to assume extra risk without having to tie up their own capital, which would have stifled investment in important cost-saving initiatives.

Understand

We listened carefully to our clients' concerns regarding the ACA and shared our perspective on the act with clients and brokers. We heard that the assumption of significant risk, including the mandated risk collateralization, was a major concern, and that letters of credit (LOCs) were their preferred solution for risk collateralization - a decision based on price.

Partner

As we investigated the solutions for our clients, we identified a hidden downside to LOCs: As their operations grew, ACOs would have limited access to capital tied up in this arrangement. Without the ability to invest, ACOs would be hard-pressed to build on cost-saving innovations, one of the primary directives under the ACA.

Act

As the largest writer of managed-care reinsurance in the U.S., we developed a cost-effective ACO insurance product utilizing our accumulated healthcare provider experience data. Recognizing that well-managed ACOs would apply managed-care principles to reduce cost and utilization, thereby reducing our risk, we were also able to offer ACOs performance-based premium incentives. This was the first product of its kind, and it allowed our clients to capture significant market share.

Can our Health team help you?

Contact us at www.partnerre.com/risk-solutions/health

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