



## FAQ

### **Q: Is Bernard Health an insurance broker?**

**A:** Yes, we can work as a broker, but we do not have to. It is up to the client.

When it comes to helping groups: Bernard Health is licensed so that clients can pay us via group benefit insurance commissions, and we can also be paid directly by the client. Most of our clients elect to pay us with insurance commissions, but we have clients who prefer to pay us a direct fee. When we are paid via group benefit commissions, we perform all of the functions that a traditional broker would on top of the HSA services we provide. When we are paid a flat fee, we do not perform those “traditional broker” functions, but rather are hired as a boutique HSA firm and only provide those HSA services.

In our retail model: when it comes to helping individuals all Bernard team members have their insurance license, and can assist clients through the sign-up and set-up process for any health insurance plan or product a client may elect to buy. Retail store team members, however, are not paid commissions and so they are only incentivized to help clients select the right strategy for them.

### **Q: In the group business, how is Bernard averaging more than 80% employee HSA participation?**

**A:** Pretend that for the next five years, you are going to think every day about the best way to explain and support a complex topic. You would probably very carefully choose every word, the order of every PowerPoint slide, the layout of each worksheet, and the development of every customizable web-based tool you were going to use. Bernard did all of these things.

We also started out in a different position and with a different cost structure than the traditional health insurance broker. The traditional broker, generally, makes roughly 40% less money if their client transitions from a traditional plan to a Health Savings Account – based strategy. Why? Because the premiums are so much lower and brokers are paid commissions based on a percentage of the premiums they generate. Such a transition would also mean a lot more work for that broker. From that perspective, one can imagine it would be difficult to get excited about Health Savings Accounts.

At Bernard, we built our entire company around the process of helping companies transition to HSAs. Because we had zero clients when we started, every time we helped a client transition meant incremental revenue to Bernard, not less revenue. We built our cost structure and processes around HSA's, when no traditional broker could afford to do so. Therefore, an HSA transition that would mean a lot of work for a traditional broker is not so difficult for us because it is what we do every day. We've taken the friction out of the process. For that reason, while we may get paid less for each client than a traditional broker would, we have earned the trust of many more new clients than we would have had we tried to just “sell” traditional plans.



## **Q: What led to the idea for the retail store?**

**A:** In helping employees understand how the HSA-based plan would work, we quickly saw that while companies may not get great advice in this area, individuals and families get almost zero help.

We wanted to help them, too. Based on our experience, we felt that the majority of individuals would really like to be helped by someone they were sitting down and speaking with, face-to-face. With that in mind, we analyzed the potential revenue stream based on how people in insurance are generally paid—commissions. We found that commissions paid on individual health policies were too low to support a business that would help, support, and advise individuals and families the way we wanted to do so.

Observing that H&R Block has 14,000 retail stores where they help individuals face-to-face with their taxes, we decided we would give people a place where they could come and get the health insurance help they need, and that they would be able to just pay for it directly. There are not too many places in healthcare where one can just pay directly for the help or advice they seek. We opened the Bernard retail store to provide such a place.

## **Q: Once you made the decision to do it, how long did it take to get the store open?**

**A:** While we had the idea early on, it took two years to get set up with the carriers that offer individual and Medicare-related products, evaluate the marketplace, and build our own knowledge to a point where we felt qualified to give excellent advice. We were also busy during this time helping our group clients, which was actually helpful for the store because it made us more important to the insurance companies, whose participation and support were critical in making the retail store happen.

The first store opened in October 2010 on Thompson Lane in Nashville in the 100 Oaks neighborhood. The store offers four products that are designed to help individuals and families with Medicare, COBRA, individual health plan strategies, and medical bills.

## **Q: So is Bernard Health not paid commissions on any product a retail store client might buy?**

The Bernard team members in the store are not paid commissions. So, it does not mean anything to them financially whether a client buys a certain insurance product or not.

Bernard Health as a company, though, does accept the commission payments that insurance companies pay when an individual retail store client ends up buying something. This allows us to subsidize the fee we have to charge to help our clients, while also maintaining the independence and objectivity of our team member advisors.