

Stop Rolling The Dice With Employee Health Benefits

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Benefit Costs Continue to Rise...



Insurance Premiums¹:

	2012 – 2017 Increase	2016 – 2017 Increase
Employee Premiums		4%
Family Premiums	19%	3%

Family Plan Contributions:



	2012 Contribution	2017 Contribution	% Increase
Worker Contribution	\$4,316	\$5,714	32%
Employer Contribution	\$11,429	\$13,049	14%

¹ “Employer Health Benefits – 2017 Annual Survey”, Kaiser Family Foundation and Health Research & Educational Trust



Benefits Continue to Decline



Covered Workers with Single Coverage¹:

	2012	2017
Deductibles Greater than \$1,000	34%	51%
Deductibles Greater than \$2,000	14%	22%



Average Deductibles Continue to Rise¹:

	2012	2017
Single Coverage	\$802	\$1,221



CoPayments¹:

	2012	2017
Greater than \$20	51%	61%

¹ “Employer Health Benefits – 2017 Annual Survey”, Kaiser Family Foundation and Health Research & Educational Trust



Where Are Benefit Costs Going?

- Benefit Cost Growth 2017 – 2018¹:



¹ “National Survey of Employer Sponsored Health Plans, 2017”, Mercer



Market Factors Group Health Premiums

- Increase in Health Care Costs
 - PWC estimates medical costs up 6.5% in 2018
- Affordable Care Act
 - Elimination of pre-existing conditions,
 - Elimination of individual mandate
 - Required coverages
 - Cost Sharing Reduction Payments
 - Etc.



Company Factors Group Health Premiums

- Size and Health of Group
- Average Age of Group
- Claims History



What Do I Do?

Educate Yourself on Your Options!



Some Options

- Fully Funded
- Self Funded
- Level Funded Plan



Fully Funded Insurance

- More traditional way to structure a group health plan
- The company pays a premium to the insurance carrier each month
- Rates are fixed for a year



Components of Fully Funded Plan



Fully Funded Plan Components

- Claims Fund
 - Monies used to pay employee health claims
- Excess Stop Loss
 - Insurance obtained to reimburse company for claims that exceed agreed upon levels
- Administration
 - Cost of processing claims, network access, etc.



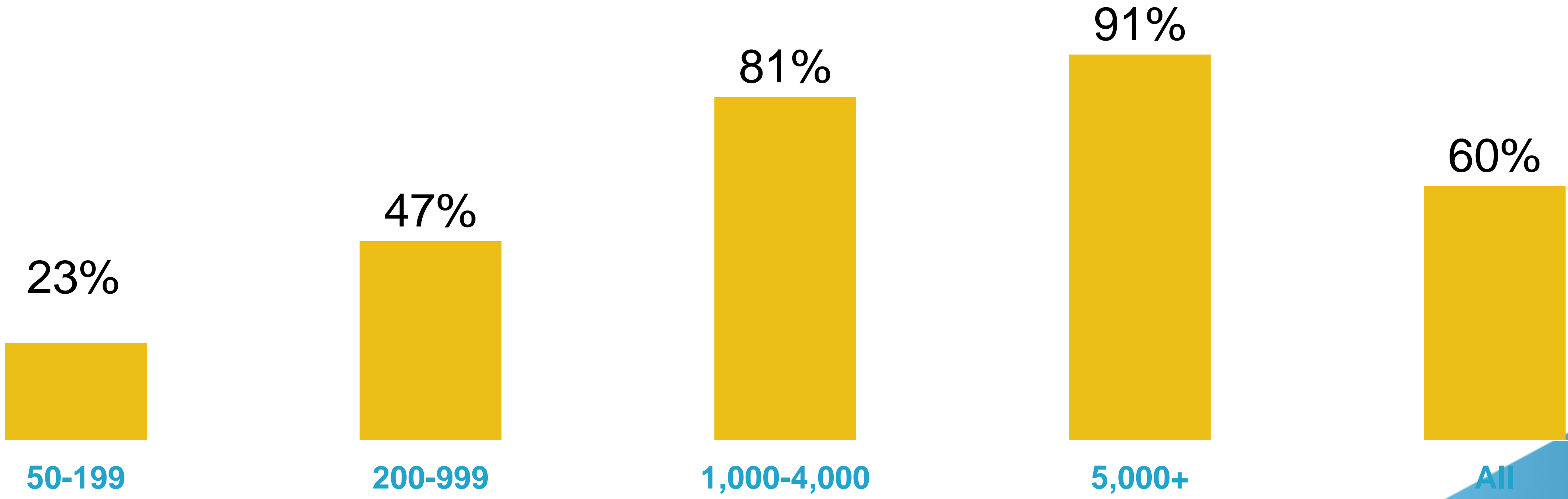
Self-Funded Insurance

- Companies operate their own health plan
- Offers companies opportunity to save money that would otherwise be paid to an insurance company
- Higher risk if claims are more than anticipated



Workers Covered in Self-Funded Plan, 2017¹

¹ “Employer Health Benefits – 2017 Annual Survey”, Kaiser Family Foundation and Health Research & Educational Trust



Components of Self Funded Plan



Advantages of Self Insurance

- Potential Costs Savings
- Flexible Plan Design
- Company Assumes Carrier Profits
- Potential Increase in Cash Flow



Disadvantages of Self Insurance

- Risk of Poor Claims Experience
- Potential Detriment to Cash Flow
- Additional Management Resources



Level Funded Plan

- Self Insured plan that looks and feels like a fully funded product
- Monthly premiums based on employee elections that is similar to fully funded plan
- Offers reimbursement of claims costs if claims come in under estimate



Level Funded Plan – Who Is It For?

- Groups from 5 to 250 employees
- Groups with a healthy employee base



Components of Level Funded Plan

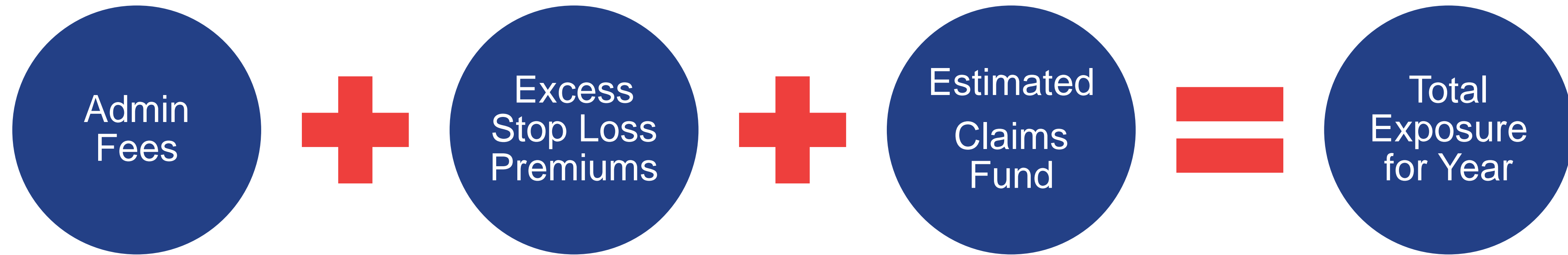


Level Funded Plan

- Excess Stop Loss Policy protects the plan against individual catastrophic or their total claim expenses exceeding annual claims reserve
- Employer utilizes a Third Party Administrator to:
 - Process and pay the claims
 - Provide professional customer service
 - Manage the plan on behalf of the employer



Level Funded – How It Works



Level Funded – How It Works



Level Funded Plan

- Allows employers to directly fund claims costs while limiting their risk with purchase of excess stop-loss policy
- Level Funded Plan allows a predetermined claims fund reserve that is limited to the monthly employer contribution
- There is never a need for further claims contributions to the fund
- Offers the security of traditional insurance with savings of self-funding



Benefits of Level Funded Plan

- **Evening Out Cash Flow Requirements:** Unlike traditional self-funded insurance, cash flow needs are consistent
- **Limits Risk:** Excess Stop Loss Policy protects against individual and total claims exceeding annual claims projection
- **Lower Costs:** If claims are lower than expected, you would enjoy even greater savings



Plan Designs To Reduce Costs

- Health Savings Accounts
 - Combined with qualified High Deductible Health Plan (HDHP)
 - Provides tax advantaged savings account
 - Employee and employer can contribute
 - Has annual contribution limits
- Health Reimbursement Accounts
 - Offered alongside group health insurance
 - Employer-funded tax advantaged employer health benefit plan
 - Only reimburses costs as the are incurred
 - No annual contribution limit on integrated HRA



Plan Designs To Reduce Costs

- Qualified Small Employer HRA (QSEHRA)
 - Allows business with less than 50 employees to reimburse employee insurance premiums outside a group plan
 - Employer funded
 - Employer can not offer group insurance and have a QSEHRA



Other Ways To Reduce Costs

- Telemedicine
 - Allows employee to contact doctor via phone, video conference, etc. versus making in person appointment
 - Lowers claims due to lower cost of virtual visit versus in-person visit
 - Typically used for common ailments such as flu, sinusitis, strep throat, etc.
- Wellness Plans
 - Focus on changing employee behavior
 - Inactive individuals have \$1,313 more health costs per year than active individuals¹

¹ Per Center for Disease Control



Moving Forward

Take control of your insurance costs. Make sure to perform due diligence to determine the right type of plan for you and your employees.





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