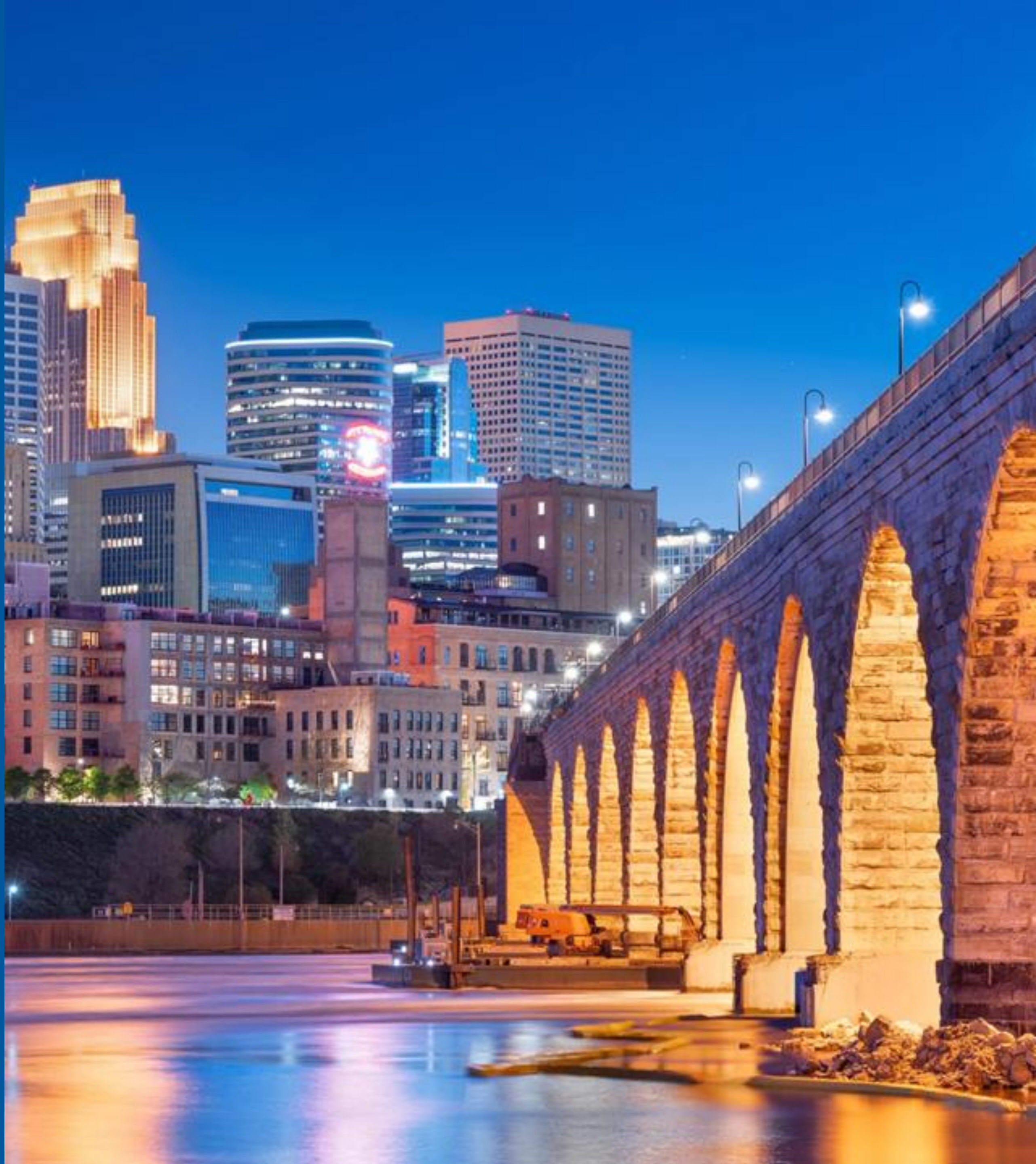
Navigating Employee Benefits

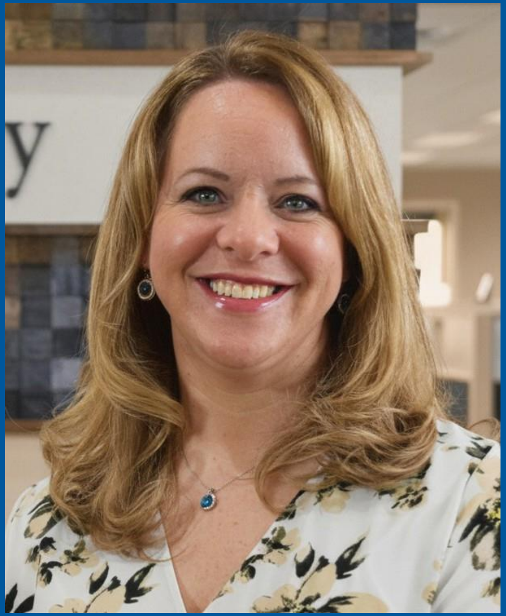
Innovative Strategies to Manage Rising Healthcare Costs



Today's Presenter

Maguire Agency
Roseville
~Since 1928~

Employee Benefits
Business Insurance
Personal Lines



Genevieve Frazier

Maguire Agency
Insurance Advisors since 1928

Employee Benefits Trends Agenda

Medical Rates are on the Rise

What are some “different” ideas your group can do?

Level Self Funded Medical

ICHRA: Individual Coverage Health Care Reimbursement Account

Direct Primary Care

Kavira Health

Level Self Funded Medical Insurance

What is it?

Instead of paying a fixed premium to an insurance carrier like a traditional plan, the employer pays a fixed monthly amount that splits into three parts:

1. **Claims Fund**: Money is used to pay employees' medical claims
2. **Stop-Loss Insurance**: Protection that limits the employer's financial risk if claims get very high.
3. **Administrative Fees**: Fees paid to the insurance company or third-party administrator (TPA) to run the plan.

Level Self Funded Medical Insurance

What size employer is eligible?

- All sized groups are eligible
- Very small groups, this is carrier dependent
- Most health carriers prefer 5+ enrolled on the Medical plan.
- 5-99 employee size is the most common
- Some carriers will go from 10 – 250 and a few will go up to 500
- Once the employee count has reached 100-200 employees, many employers move to a traditional self funded plan

What would I want to do a Level Funded Medical Insurance plan?

Potential Cost Savings

If the employees are relatively healthy and claim are low, the employer may save money compared to fully insured premiums.

Possible Refunds

At the end of the plan year, if claims are lower than expected, the employer may receive a surplus refund.

Predictable Monthly Payments

Even though the plan is self-funded, the monthly payment is level and predictable, making budgeting easier.

More Data Transparency

Employers typically get detailed claims reporting, which helps with wellness programs and cost management.

What is bad or what should be I be concerned about when considering Level Funded Medical Insurance?

Renewal Volatility

If your group has high claims, renewal rates can increase significantly the following year.

Risk Exposure

Even with stop-loss protection, the employer is still taking on more financial risk than a fully insured plan.

Coverage Difference

Coverage nuances with the Level Funded plan – preventative dental and/or vision

Not Good for Very Small or High-Risk Groups

Groups with poor health history or very small employee counts may experience unstable renewal or higher cost.

Level Self Funded Medical Insurance

Compliance Considerations

- ERISA Plan Documentation
- ACA Reporting
- PCORI Fees
- Non-Discrimination Testing
- Prescription Drug Data Collection (RxDC) Reporting
- Medical Loss Refunds

Questions on Level Funding?

ICHRA: Individual Coverage Health Care Reimburseme nt Account

What is an ICHRA?

An ICHRA is an employer sponsored health benefit where the employer reimburses employees tax-free for individual health insurance and medical expenses instead of offering a traditional group health.

All sized groups are eligible for an ICHRA. Large groups are still held to affordability and ACA guidelines.

ICHRA: Individual Coverage Health Care Reimbursement Account

How does and ICHRA work?

1. The employer sets a monthly allowance per employee towards the Medical Premium (example $500 per employee)
2. The Employees purchase their own individual health insurance policy through the individual marketplace or broker.
3. The employee submits proof of coverage and payment.
4. The employer reimburses the employee tax-free up to the allowed amount.

Why is an ICHRA a good idea?

Cost Control for Employers

The employer sets a fixed reimbursement amount, so costs are predictable and cannot increase unexpectedly (like group premiums).

Flexible for Different Employee Classes

Employers can offer different allowance to different classes of employees such as full time, part time, salaried, hourly, different locations.

Employees Can Choose Their Own Plan

Employees can pick a plan that fits their needs instead of being limited to the group plan.

Tax Advantages

Reimbursements are generally tax free to the employees and tax deductible for employers.

What is an ICHRA a bad idea?

Employees Must Shop for Their Own Insurance

Employees may find it confusing and overwhelming to compare plans, understand networks and handle enrollment themselves.

Marketplace Plan Can Be Expensive

Individual market premiums can sometimes be higher than group plans, especially for older employees.

Loss of Group Buying Power

Traditional group insurance spreads the risk across employees. With an ICHRA, employees are in the individual market, which may not always be as favorable.

Administrative Compliance Requirements

Employers must follow Strick rules including: formal plan documents, employee notices, verification of individual coverage. Many employers use a Third Party Administrator (TPA) to manage this.

Premium Tax Credit Coordination

Employees who qualify for Marketplace Premium Subsidies may lose those subsidies if the ICHRA is considered affordable. This can create confusion and frustration for employees.

ICHRA: Individual Coverage Health Care Reimbursement Account

Key Considerations

1. Employees must have qualifying individual health insurance (or certain Medicare coverage) to receive reimbursements.
2. An ICHRA may affect an employee's eligibility for Marketplace premium tax credits.
3. Employers must maintain plan documents, employee notices and verification procedures.

Questions on ICHRA?

Direct Primary Care

What is it?

Direct Primary Care is a healthcare model where an employer pays a flat monthly membership fee to a primary care practice on behalf of employees.

1. **Employer contracts with a Direct Primary Care provider.**
2. **Employer Pays a monthly membership fee per employee (commonly $50-$150 pepm)**
3. **Employees receive unlimited or expanded access to primary care services.**
4. **DPC is generally paired with a high-deductible health plan, level funded plan, self funded plan or other major medical coverage for hospilizations, specialists, surgery and large claims.**

Why would I want to do a Direct Primary Care Plan?

Potential Cost Savings

May reduce unnecessary urgent care visits, emergency room utilization.
Greater focus on preventive care and chronic disease management can help reduce future medical claims.

Improved Access to Care

Same-day or next-day appointments
Direct phone, text or telehealth access to physicians.
Longer appointment times and stronger physician relationships.

Improved employee Experience.

Employees spend less time waiting for appointments.
Less frustration with accessing care
More personalized healthcare experience.

Better Care Coordination

DPC physicians often help coordinate specialists, labs, imaging and medications.
Can be valuable for employees managing chronic conditions.

What is Direct Primary Care a bad idea?

Direct Primary Care is NOT Health Insurance

DPC does not cover:
Hospilizations
Surgery
Specialists
Emergency Room Care
Major Medical Claims

Limited Provider Network

Employees must generally use the specific DPC Network. Employees who already have strong relationships with another physician may be reluctant to switch.

Geography Can Be a Challenge

Works best when employees are located near a participating clinic.
Remote or multi-state employers may struggle to provide equal access to all employees.

Employee Education Required

Employees may mistakenly believe DPC replace medical insurance.
Significant communication is needed to explain what is and is not covered.

Additional Employer Cost

If layered on top of an existing medical plan, this is another benefit expense.
Savings are not always immediate and can depend on employee engagement and utilization.

Direct Primary Care

When is it a good fit?

1. Small Employers: struggling with traditional medical costs or organizations wanting a healthcare benefit but needing budget control.
2. Level Funded or Self Funded Employers: seeking ways to reduce claims utilization, groups focused on preventive care and chronic disease management.
3. Employers with Recruiting Challenges: can be a unique benefit that differentiates the organization from competitors.
4. Employers with High Urgent Care or Emergency Room Utilization: DPC provides employees with a lower cost alternative for routine health concerns.

Questions on Direct Primary Care?

Kavira Health

What is it?

Kavira Health is an employer-paid, subscription-based healthcare benefit that provides employees and their families with unlimited access to primary care, urgent care, telehealth and house calls for a monthly fixed fee. Kavira is designed to complement, not replace, traditional medical insurance.

1. **Employer pays a monthly subscription fee per employee.**
2. **Employees and their families receive access to: virtual care, primary care, urgent care, hose visits, prescription management, certain labs and medications.**
3. **Employees access care through the Kavira app, telehealth or home visits.**

Why would I want to do a Kavira Health Plan?

Potential Medical Plan Savings

Kavira's model is intended to divert care away from: ER, Urgent Care and higher cost clinics.
Some carriers offer a savings when pairing your medical plan with Kavira.

Improved Access to Care

Same-day access to care.
Telehealth, texting, messaging and video visits.
House calls eliminate transportation and scheduling barriers.

Improved employee Experience.

No copays for most covered services.
Direct access to providers.
Convenient prescription management and delivery services.

Reduce Employee Time Away from Work.

Employees don't need to spend hours driving, sitting in waiting rooms or taking time off of work for routine healthcare needs.
Care is delivered directly to the employee's home when necessary.

What is Kavira a bad idea?

Kavira is NOT Health Insurance

Kavira does NOT cover:
Hospilizations
Surgery
Specialists

H.S.A. Consideration

Certain first-dollar coverage rules may apply to H.S.A. qualified participants.
Employers should review how the program is structured with their benefit advisor and legal counsel to ensure compliance.

Geography Can Be a Challenge

House-call availability depending on service areas.
Employees outside service areas may primarily use telehealth

Utilization Drive ROI

The value depends on employee engagement. If employees continue using traditional clinics and urgent care instead of Kavira, savings opportunities can be limited.

Additional Benefit Expense

This is another employer-paid benefit. Employers should compare subscription costs against projected medical claim savings.

Kavira

When is it a good fit?

1. Employers with Younger Families: families benefit from pediatric visits, acute illness treatment, convenience of house calls.
2. Level Funded or Self Funded Employers: seeking ways to reduce unnecessary medical claims. Groups interested in lowering ER and urgent care utilization.
3. Employers with Recruiting Challenges: can be a unique benefit, highly visible employee perk, easy for employees to understand and appreciate.
4. Employers with Rural or Hard-to-Access Workforces: telehealth access can improve access where primary care appointments are difficult to obtain.

Questions on Kavira Health?

Thank You