

KEY FEATURES OF THE Midstate Chamber LEVEL FUNDING PLAN

- **Midstate Chamber** has a unique answer for Employer Groups trying to save money on the cost of group health insurance and brokers who would like to transition their groups to the advantages of a self-funded program.
 - Competitive rates.
 - 12/15 & 12/18 contract basis.
 - Internal pooling point maximizing the potential for employer refunds.
 - All industries eligible with the exception of MEWAs.
 - Group size: 3-500+ lives. (Claims data is preferred for groups over 100 lives).
 - **Unused claim fund is refunded entirely to the employer at the end of the plan year.**
 - Stop Loss insurance offers full protection from larger claims. **Employer will never have to pay more than the maximum monthly cost.**
 - The predictability of a level monthly cost—there are no extra charges if there are high claims.
 - **ERISA plan that is exempt from some of the Affordable Care Act regulations—particularly those parts that may cause fully insured premiums to climb substantially in 2015 and beyond.**

This is a best fit for:

- Employers with good health experience who feel they are paying too much for premium for too little in benefits. Do your employer groups receive money back from their insurance companies for being healthy? If the answer is NO, then the Midstate Chamber's Level Funding Plan underwritten by an A rated insurance company could be the right alternative for them.

How is This Plan Different from a Traditional Fully-Insured Plan?

Under a fully insured plan, the monthly premium costs are locked in. Even if a group is healthy and have no claims, the savings are kept by the insurance company.

With **Midstate Chamber's** Level Funding, and the smart use of Stop Loss Insurance, the employer pays a monthly cost that is the maximum cost. **No matter how many claims in a month, the employer will never pay more than this monthly cost. After all claims are paid for the year, the unused money in the claim fund is returned to the employer, not 25%, 50% or 75% of the surplus - 100%!**

KEY HIGHLIGHTS

- ◆ **Defined and Contained Risk** - The employer's maximum exposure and annual costs are determined up front through the purchase of Stop Loss insurance. Standard provisions include coverage for claims paid after the end of the plan year (no terminal liability exposure).
- ◆ **Stabilized Cash Flow** - Maximum annual claim liability is equally spread over 12 months. If the employer's claim fund does not contain sufficient money to cover claims, the Stop Loss insurance coverage will advance the necessary funds (also referred to as "Accommodation"). No requests for additional money from the employer are made.
- ◆ **Claim Fund** - After the claim run-out period remaining funds are released or rolled over to the next year as credit. This is the essence of alternative funding—money not spent on benefits remains with the employer's benefit plan, not the insurance company.

WHAT ARE THE ADVANTAGES OF THE FUNDING ADVANTAGE PLAN?

Plan Design Flexibility

Freedom to keep the current plan of benefits and implement cost-saving features of the employer's choice.

Claim Fund

Maximum annual claims costs are predetermined and the employer pays 1/12 of this cost each month for the 12 months of the plan year. After this amount, there are no other charges from the claim fund. Once all claims have been paid for the plan year, and unused dollars in the claim fund are returned to the employer.

Monthly Accommodation - If at any time the money necessary to pay smaller claims is not in the claim fund (this is common during the early months of a plan year), the insurer will advance this money to the claim fund to pay these claims. Subsequent monthly payments into the claim fund will be used to repay this advance.

Reporting - Each month, the employer will receive a report on all claims paid during the month and the plan year-to-date. Each quarter, they will receive a detailed report about claims paid (subject to federal and state privacy regulations). This reporting provides the information necessary to fully track the claim fund and to understand where the claim fund dollars are spent such as the doctor's office visits, prescription drugs, outpatient services and hospitalizations. With this information, the plan can be designed to contain costs and target problem areas.

Plan Year & Terminal Liability - The plan year runs for 12 months from the effective date. Claims incurred during the plan year will be paid through either a 3 or 6-month run-out period and any balance remaining in the claims fund is returned to the employer.

RFP SUBMISSION REQUIREMENTS

- Group name, industry and location
- Census
- Current rates
- Renewal rates
- Current plan of benefits
- Claims date, if available. If no claims data is available, we will provide a preliminary proposal that will require individual applications to bind coverage.
- We do accept health questionnaires from other carriers froms.

Contact us for a quote or more information

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