

My Benefit Advisor Helps Small Employers Overcome
Benefit Challenges Through

Association Health Plans

By far, one of the most challenging aspects of operating a small business is managing an employee benefit portfolio. For groups with just a few employees, the constantly evolving insurance environment combined with rapidly rising healthcare costs make it difficult for entrepreneurs to provide their employees with competitive benefits at a reasonable cost.

MY BENEFIT
ADVISOR

At My Benefit Advisor we know that healthcare costs can swallow up a substantial portion of operations budget for every small business.

We understand that healthcare costs, tax ramifications and compliance issues combine in making employee benefits one of the most burdensome tasks facing the small business owner today. As an established leader in health insurance and administrative services, we have provided solutions to hundreds of associations and their members and can help your business too.

Healthcare costs for employer groups are expected to top \$15,000 per employee in 2020. Although larger businesses can more easily absorb a majority of this price tag, most small business owners cannot. Of course, choosing not to offer employee insurance at all is not a good option since the absence of employee benefits will make it very difficult to attract and retain needed talent.

The challenge of making all this work for the small business owner is a significant one. With minimal knowledge of the insurance industry, limited resources and a tight budget, dedicating time to finding strategies that work can affect their ability to successfully operate the business.

At MBA, we work with groups in a variety of capacities developing effective benefit strategies, implementing and managing programs, providing targeted resources, initiating consolidated billing and plan administration services and providing back room support for claims and benefit issues.



The Challenge Confronting Small Businesses: Providing Solid Benefits at an Affordable Cost

“Most small business owners know that benefits are a key component of running a successful operation.”

The benefit package presented to employees can be a sizeable boost or major hinderance in their efforts to attract and retain critical talent. Yet a well-rounded, comprehensive benefit portfolio isn't inexpensive or easy to put together, presenting a significant challenge to any small business owner.

Small businesses by themselves are at a disadvantage when it comes to buying insurance compared with much larger companies. First, with a much smaller number of employees they lack the ability to pool significant numbers of insureds to produce predictable health care results, severely restricting funding options. Along the same lines, due to their smaller size, the benefit options they can offer and their negotiating power with insurance carriers is limited. Topping it all off, they don't normally have the luxury of a full-time human resource person, which usually forces the owner or some other designated employee to add “benefit specialist” duties to their existing position responsibilities.

Although many of these issues plague employers with fewer than 50 employees, it is often the smallest of businesses that feel the most pain.

And in spite of local and federal level efforts to reform healthcare and ease some of the burden facing these smaller groups, most employers would say things just get more difficult with the passage of each year.

Compounding the problems for these small employers is that in the face of rising healthcare premiums, many owners lack the expertise and resources to make decisions and develop effective strategies on their own. Those that do often attempt to control their costs by shifting the burden to their employees. This results in many of them simply increasing deductibles and coinsurance, raising employee contribution levels or eliminating dependent coverage. Some have either contemplated discontinuing their group benefit programs altogether or have actually done so.

Fortunately for the small business owner, an approach that faded away in the 90's and early 2000's has gained traction again and holds great promise for groups with less than 50 employees ... the association health plan (AHP).

AHPs are groups of businesses that band together by geography or industry to obtain benefits otherwise only available to larger employers. Many times, the sponsor of these programs can be a regional Chamber of Commerce or Trade Association offering a variety of services to help small businesses grow and become more successful. *This can be a game changer for the small employer.*




A Brief History of Association Health Plans

For over 40 years, business and professional trade associations have been providing a variety of valuable benefits to their members. In their prime, back in the 1970s and early 80s, health insurance benefits were one of the key benefits members were able to obtain among the many other services offered by these associations. Sole proprietors were often able to obtain group coverage, many carriers provided benefits at favorable rates to association groups compared to the public marketplace and benefits that were often available only to larger groups outside an association were made available to smaller dues paying members of an association.

Unfortunately, toward the later 1980s, many carriers began to discontinue offering these advantages to associations and although groups could still turn to their association to obtain health insurance, it was for the most part the same coverage at the same rates that they could obtain if they circumvented the association and went directly to the insurance carrier.

The passage of the Affordable Care Act (ACA) in 2010 did little to expand the role of AHPs, as the Act stated that individuals and small groups enrolled in AHPs were generally subject to the ACA's individual and small-group market rules. There was one exception provided by the ACA, however, whereby any small employers covered through an AHP could collectively be considered a large employer if they were all bound together by a common interest beyond their need to obtain health insurance. Employers who shared a common trade, for instance, would qualify, while members of a local or national Chamber of Commerce would not. AHPs formed through this method are called “pathway 1” AHPs. The exception did not include sole proprietors, however, as they could neither be considered a small employer nor be part of a larger group.

More recently though, in mid-2018, the Department of Labor expanded the ability for small groups to pool together in order to form a single, larger group. Known as “pathway 2” AHPs, it allowed for groups to come together and form a single larger group plan based on the following criteria:

	The association existed for at least one substantial business purpose other than for providing health insurance
	The association membership were either in the same trade or the same geographic locale, even if it spanned more than one state, and
	The employer members at least to some degree controlled the AHP

If this criteria is met, even working owners without any other employees could have coverage.

Unfortunately, in early 2019, these new rules concerning pathway 2 AHPs were invalidated in Federal Court. Pathway 1 AHPs are not affected. The DOL has appealed this ruling, however, and as of this writing, there has been no ruling on the appeal.



Benefits of Participation in an Association Health Plan Still Strong in Spite of the Federal Court Ruling

Although the Federal court has ruled the Trump Administration's expansion of AHPs invalid, association members have still found substantial advantages for participating in a benefit portfolio sponsored by their local trade association or chamber of commerce. Depending on the benefit programs included, the management of the program and the administrative and supplemental services provided, the value of choosing to insure an employer program through an association can be significantly more advantageous than going directly to an insurance carrier, especially for small groups with less than 50 employees. One of the most important factors determining the success of such a program is the experience and expertise of the benefit professionals supporting the arrangement.

Generally speaking, without the Federal Court's approval of the current Administration's expansion of AHPs, insurance carriers cannot view the block of employers within an association collectively as one group for the purpose of obtaining health insurance. However, this does not mean that the association benefit portfolio cannot include other products and services otherwise unavailable to smaller groups or individuals. In fact, a well-designed association benefit portfolio can offer significant advantages to the small business owner, bringing them technology, administrative products and services and cost discounts typically only reserved for large group employers.

Advantages of a Program Through MBA

In this next section we'll take a look at some of the key elements My Benefit Advisor brings to membership in an association partnership. As a member of one of our partner associations, you can expect expert guidance from MBA, leaders on the small group marketplace in areas of:



Benefits Management

For most small businesses, the employee benefit portfolio represents one of the most significant expenses in their budget. Effectively managing the programs and costs that comprise the portfolio often means the difference between success or failure of the company's business plan. A benefit plan review and financial analysis can provide a clearer picture of just how well a portfolio stacks up.

Today's workplace is more distinctly segmented and multigenerational than ever before, demanding that today's benefit programs appeal to all demographics and cover a wide variety of needs and expectations. Of course, the challenge is to accomplish this within the budgetary guidelines set forth by ownership.

The benefit specialists at MBA have years of experience working with association members, tailoring programs to fit the specific needs of each employer group while providing many of the benefits employees desire at price points small groups can afford.

“MBA takes pride in developing results-oriented strategies specifically tailored to small groups.

MBA staff guides employers through the complexity of planning, communicating and managing a successful employee benefit program. With over 2,500 employer groups spread across more than 100 Associations, MBA brings an unparalleled level of knowledge and time-tested experience to the association marketplace. Although our partner associations contain many large groups with over 100 employees, our staff provides many of the same large-group services to groups with as little as 2 employees, providing valuable resources and personal assistance in the following areas:

Assistance Navigating ACA and Compliance Issues

Modifications of the Affordable Care Act continues to unfold at what seems to be a continuous pace and business owners often have a difficult time keeping up with all the changes. Smaller groups are at a disadvantage since many lack the ability to invest in the time, technology and resources necessary to wade through all of the regulations and jargon.

The team at MBA provides assistance with compliance related matters, including employer reporting, insurance regulations and more. Our objective is to make complex issues more understandable, providing you and your staff with interpretation, education and guidance.

Our in-house benefits counsel actively monitors pending local and national legislation and provides an ongoing interpretation of all legislative issues to help ensure that our staff and clients are aware, educated and prepared to make sound, informed decisions.

We provide groups with updates, guidance and interpretation, helping employers understand how the legislation affects their business and what they might expect down the road. Through use of our analytic tools and diagnostic technology, we can bring large group resources to small groups to help forecast the impact that reform regulations will have on a business and then develop and implement cost-effective strategies for building a tailored benefit program while meeting ACA requirements.

In short, by taking on the lead role of helping our association employers understand their business options and responsibilities concerning health care reform and legislative issues, we work tirelessly to provide the tools and resources needed to maintain compliance and avoid costly penalties.

Large Group Technology

MyBenefitBilling(MBB) is our full-scale, proprietary, cloud-based benefit administration system designed to make all employer oriented benefits administration and enrollment processes efficient, accurate and timely. Custom designed and tailored for the specific needs of our association members, it brings a wealth of administrative functionality normally only reserved for larger groups down to even the smallest of groups.

By facilitating the repetitive, time-consuming and often complex processes that burden employers, the MBB portal creates efficiencies through a rules-based, easy-to-use system. The MBB system includes the following employer targeted functionality:

- Activity Log Tracking
- Pre-formatted Reporting
- Communication of all Renewal Plan and Rate Information for January 1 Renewal Groups
- Open Enrollment Management
- Consolidated Billing, including medical, dental, vision and life insurance coverages
- Carrier Audits Performed by MBB

Dedicated Call Center

Employers have access to the MBA Call Center, staffed by professionals with deep and extensive knowledge in all aspects of benefits, eligibility, claims and related customer service issues.

For groups with 10 or more employees, the call centers are made available to employees as well. All calls are recorded and issues are usually resolved promptly and accurately.

Voluntary Benefits for Specific Employee Healthcare Needs

Voluntary benefits are a great way for employees to personalize their benefits to accommodate their unique personal needs. Business owners can help employees target specific needs by providing a carefully planned portfolio of voluntary benefits. Through MBA's exclusive contracts with many of today's best benefit and service vendors, you have access to worksite benefits often reserved for large groups. By using any available experience data and input from the workforce, a worksite benefit program can be formulated to fill the gaps left by employer paid coverage.

Utilization of Alternative Funding Options

Although self-funding has historically been reserved for larger firms, current trends continue to see more and more smaller companies involved in some type of nominally self-funded plan, providing added protection by incorporating lower attachment points for the program's stop loss insurance.

With these programs, typically referred to as "level-premium" plans, the insurer calculates the expected monthly expense for the employer which is comprised of a share of the estimated annual expense for benefits, the premiums for stop loss protection and an administrative services fee. This established "premium" level eliminates the unplanned, unpredictable and many times, budget breaking cost spikes due to large claim incidents that have caused many small groups to avoid self-funding in the past.

While this option may not be a good fit for every group, MBA has had great success evaluating this funding option and determining appropriateness for each specific association group.



A Thought on Wellness: The Importance of Establishing a Culture of Health Within an Organization

From our experience, establishing a culture of health in the workplace can reap great rewards for a small group benefit program.

To establish a culture of health in the workplace is to create an atmosphere that values health and supports health improvement among employees. And to do so requires a substantial effort from ownership and management which, if done properly, permeates throughout the organization from top to bottom. Developing a strategy to affect this change is critical and the overall process could take several months or more to implement.

But the results can be dramatic. By creating the proper environment and then carefully structuring wellness programs to complement the culture of health, meaningful change in employee behaviors can occur. This, of course, can have a significant impact on the organization's health care costs and improve the company's overall bottom line.

A Heightened Focus on Wellness

Wellness is no longer just for large groups. it's becoming popular even among small to mid-size businesses. A properly structured wellness program can improve the physical and mental health of an employee and their family, translating into lower healthcare utilization costs for the employer. Additionally, the presence of wellness initiatives tends to boost employee morale and productivity and enable the company to attract and retain key talent. Among the programs many employers are using to help workers identify health issues and manage chronic conditions are:



Health Risk Assessments — Including questions about the person's medical history, health status and lifestyle. Some firms tie the completion of an assessment to an incentive of some type.



Biometric Screenings — An in-person health examination that measures a person's risk factors, such as body mass index (BMI), blood pressure, blood cholesterol levels, nutrition and stress levels.



Health and Wellness Promotion Programs — Aided in many situations by incentives to increase participation, these programs are designed to help employees identify risks and unhealthy behaviors and improve their lifestyle. Programs offered here include smoking cessation, weight management and behavioral/lifestyle coaching.

Incorporation of Wearables

Business owners have learned that happy and healthy employees increase the company's level of productivity and chance for success. And by incorporating wearable technology into their workplace benefit programs, companies not only create an engaging environment for their office staff, but also help maximize the efficiency of their healthcare budget, reduce potential safety hazards and monitor the health and wellness of their employees. By wearing these devices, employees are more apt to become consistently and constantly motivated to maintain an active and healthy lifestyle.

Case Study: Switching to an MBA Program Saved This Small Business Big Dollars

The Issue

After an insurance symposium MBA sponsored for one of our partner associations a new member approached an MBA account executive, lamenting about the constantly rising insurance costs for his small business. The company had only 7 employees and were tired of seeing double digit increases in their health insurance premiums. He felt frustrated that the company's existing broker wasn't able to come up with any effective cost control strategies which he surmised was due to the small size of his company

Our Solution

Our account executives explained that as a result of the partnership between MBA and the association, MBA was able to offer all groups, regardless of size, the service and many benefits that would be traditionally reserved for larger businesses. Additionally, MBA's experience working with thousands of groups within various associations and the relationship MBA enjoyed with best-in-class insurance carriers and vendors provided them with a unique ability to provide effective strategies to maximize each company's return on investment dollars.

The MBA rep subsequently met the business owner for a review and strategy session where they discussed the owner's benefits philosophy, budgetary guidelines, current benefits and rates along with the employee demographics of the group. The MBA account executive recommended a new carrier and changes to the group's plan structure, a new employee contribution schedule and a small voluntary coverage portfolio. The AE described the benefit administration package with consolidated billing and employer call center and discussed gradually implementing a culture of health within the organization.

Impact/Result

The business owner was impressed with the package being offered and decided to join the MBA program through the association. First year savings for the company totaled just over \$6000 but just as important, the employees were pleased with the added benefits they were able to elect for themselves and their dependents.



About My Benefit Advisor

My Benefit Advisor (MBA) is an employee benefits platform designed to guide employers through the complexity of planning, communicating and managing a successful employee benefits program.

To learn more about My Benefit Advisor, visit us online at

www.mybenefitadvisor.com

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