

SMALL BUSINESS ASSOCIATION INSURANCE PLANS

Statement of

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before the

Committee on Health, Education, Labor and Pensions

United States Senate

ROUNDTABLE on SMALL BUSINESS HEALTH PLANS

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- The views expressed are my own and should not be attributed to the Wyoming Chambers Health Benefit Plan, its trustees or sponsoring association(s).

## **BIOGRAPHY**

Brad Johnson is the owner of Covenant Insurance Group, Inc., a Wyoming corporation and licensed insurance consulting and marketing firm located in Casper. Brad provides consulting services to many Wyoming municipalities and many private employers. Brad has been a licensed insurance agent since 1981, and a licensed consultant since 1994. Covenant Insurance Group, Inc. works with over 125 Wyoming employers and their benefit plans', covering over 14,000 Wyoming residents.

As part of the ongoing educational and growth processes, Brad works with the International Foundational Employee Benefit Plans and the Certified Employee Benefits Specialist program. In addition, he achieved the Certified Healthcare Reform Specialist designation during the ongoing changes and implementation of the Patient Protection and Affordable Care Act of 2010.

## OVERVIEW OF COMMENTS

Over the past 20 years, we have worked with 7 different MEWA (Multiple Employer Welfare Arrangement) programs. We have also worked with two that did not succeed, and assisted in either working through the insolvency issues of a shutdown or merging with a "new" program to make sure coverage continued for participants.

### Wyoming Chambers Health Benefit Plan

In early 2002, we were approached by three different small-town Chambers of Commerce to design and implement a benefit program whose goals were:

- Have the same benefit options as large employer plans,
- Have the same funding options as large employer plans,
- Have a benefit program that focuses on "health" rather than just accident and sickness,
- Have a program with multiple plan design options for participating employers (one size does not fit all),
- Be available for Wyoming employers from any industry sector (excepting public entities)

After about eighteen months of setting the stage, establishing a legal entity and laying the groundwork, the program began on July 1, 2005. It started with 18 employers and 183 employees. It grew to over 770 participants, then throughout the economic downturn, receded to 285 participants, and recently has grown back to over 585 participants (11 new employers added since July 2017). There are 15 Chambers in Wyoming involved for their membership.

The success of this program is reflected in:

- The reserves held are at 400% of minimal reserve needs as determined by the underwriters,
- For the last three renewal cycles, the rates have not increased (0% rate change). This means participating employers have had the same rates for 4 years for their plans.
- Has remained ACA compliant offering all Essential Health Benefits as required (e.g.: no pre-existing waiting period, unlimited maximum, full maternity coverage, etc.)

The success of the program has to do with several component factors. These include:

- A privately developed software that handles the eligibility, billing and on-line quoting. This system allows the MEWA to be treated by interested administrators and reinsurance carriers as "one" employer instead of multiple employers.
- A reinsurance carrier, who also provides underwriting and limited actuarial services, who keeps the program stable. All employers are subject to limited medical underwriting and either the entire group is accepted or denied into the Plan.
- Have a "drop box" at a Wyoming Bank, where premiums are deposited directly from employers. The account is reconciled regularly and audited annually from a Wyoming CPA firm. Audit reports and financial reports are available to all employers and submitted monthly to the Board of Directors.
- All employers pay the "same" premium regardless of when they joined the plan. Claim loss-ratios are not tracked or reported by employer. All employers receive the same renewal rate change. Age-based or composite participant rates are available for employer choice.
- The plan encourages wise consumption of services. There are included programs such as:
  - o Centers of Excellence (medical providers that exceed in quality and pricing) where travel costs are covered.
  - o Annual Wellness programs. If 80% of participating adults do the annual blood draw and risk assessment, the employer receives an 8% lower rate.
  - o Telemedicine programs available.
  - o Bill audit features. If a participant audits their bill(s), finds any errors and gets them corrected, the plan shares in the amount saved.
  - o Extensive annual educational opportunities.

The proposed DOL regulations may assist in Association plan development, especially across State lines, but there are provisions which would hinder plans as well. In order to develop accurate and sufficient rates, quality underwriting is important, which the regulations appear to take away. The ability for MEWAs to choose some of the available benefit options would be crucial (similar to Medi-share programs). The regular and ongoing reporting and oversight by an outside party is crucial; there can be no secrets from participating employers and actively involved administrators.