

# Solving the Group Health Plan Affordability Challenge for Small Employers in Nevada



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1. The Nevada small group market
2. Impact of “trend” on affordability
3. Stop-loss regulations in other states
4. Sample Level Funded Risk Structure
5. Plan options to improve affordability



# State of Nevada Small Group Market

Source: U.S. Bureau of Labor Statistics (2014)

	Category	Businesses	Total FTEs	Payroll (\$1,000)	Avg. Size
Nevada	5-9	7,317	48,023	1,670,335	6.6
Nevada	10-19	4,659	61,234	2,166,245	13.1
Nevada	20-99	4,150	141,263	5,402,441	34.0
<b>Total</b>		<b>16,126</b>	<b>250,520</b>	<b>9,239,021</b>	<b>15.5</b>

**Citizens potentially covered (1.8 x FTE)**

**450,936**

**Nevada Population (2015)**

**2,884,000**

**% Citizens potentially covered**

**15.6%**



# 2016 Milliman Study of “Trend”

<b>Annual Healthcare Cost per US Family</b>				
		<b>2001</b>		<b>2015</b>
<b>Annual</b>		\$ 8,414		\$ 25,826
<b>Rx Costs</b>		\$ 1,111		\$ 4,270
<b>Rx as % of total</b>		9.10%		13.60%
<b>Employer Paid</b>		61%		57%
<b>Employee Paid</b>		39%		43%

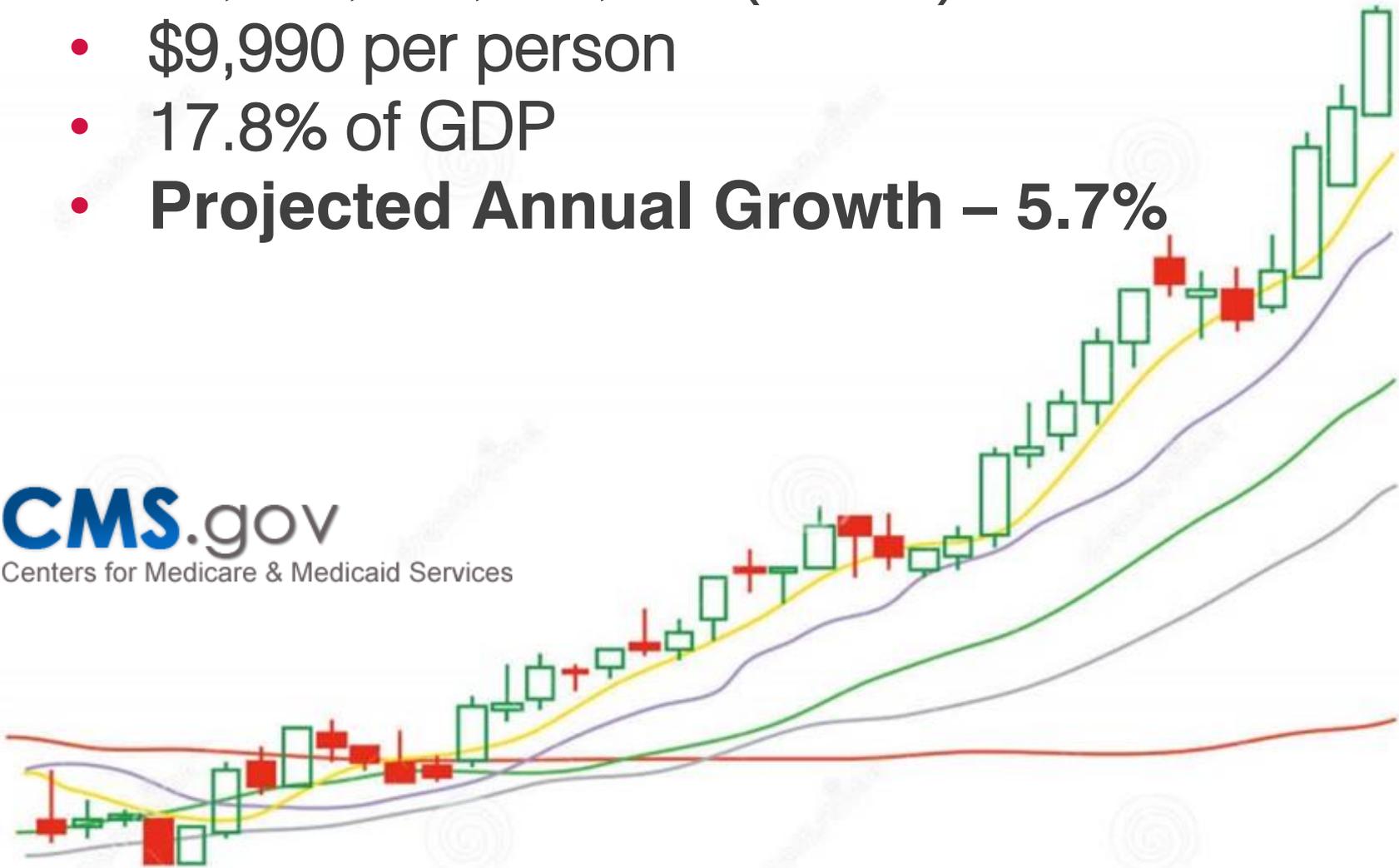
Projected Family Cost by 2020 = \$31,267

# 2016 Health Care Spending

- \$3,300,000,000,000 (Trillion)
- \$9,990 per person
- 17.8% of GDP
- **Projected Annual Growth – 5.7%**

**CMS.gov**

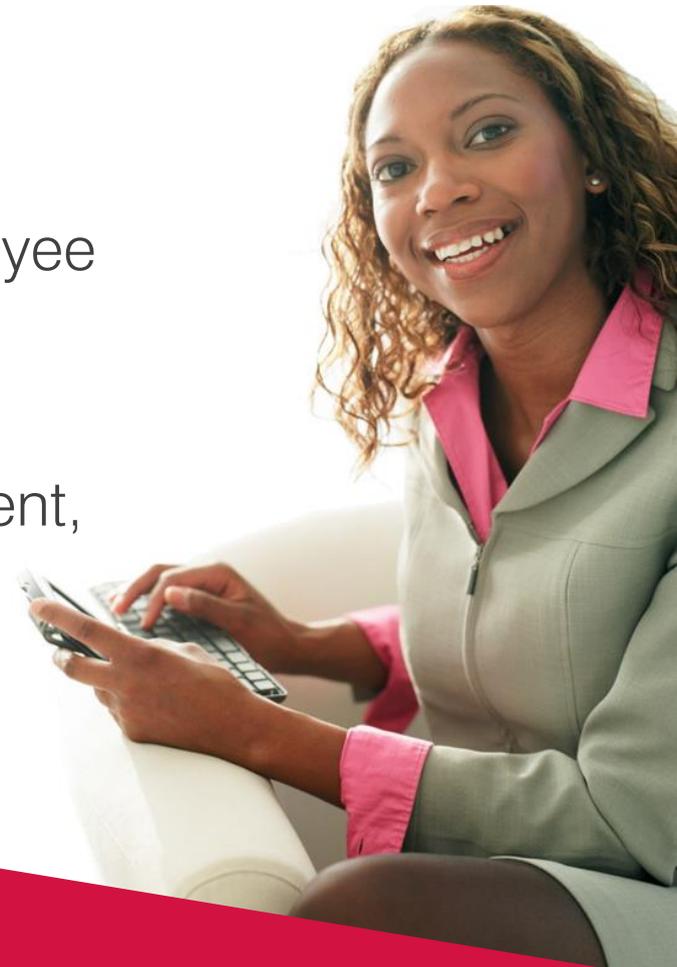
Centers for Medicare & Medicaid Services



# Small Group Plans – The Real Challenge

## ***Affordability!!!***

- At what point does the Nevada small employer say *“No more plan!?”*
- At what point does the Nevada employee say *“Take me off the plan?”*
- At what point will the broker run out of affordable solutions for their client, the small employer?



Arizona, New Mexico, Wyoming, Idaho,  
Nebraska, Oklahoma, Kansas, Texas, Missouri, Iowa,  
Illinois, Indiana, Ohio, Tennessee, Alabama, Virginia,  
South Carolina, Georgia

## **Small group stop loss regulations:**

- Groups 2 lives or more
- Spec attachment \$10,000
- No aggregate (selected states)
- 115% or 120% aggregate (selected states)
- No “Stop Loss Disclosure” required

# Sample Level-Funded Plan Risk Structure



## Annual Employer Costs

Administration and Sales	\$22,072
Stop-Loss Insurance	\$46,868
Claims Fund	\$53,681
<b>Maximum Total Costs</b>	<b>\$122,621</b>

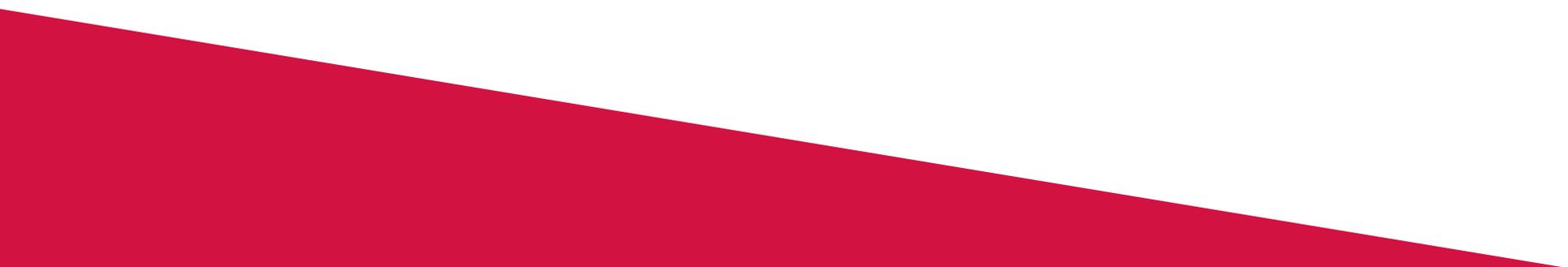
## Claims Fund

Claims paid by you from Claims Fund	\$43,000
Claims paid by Specific Stop-Loss	\$50,000
Aggregate Stop-Loss pays all Claims in excess of Claims Fund	\$0
<b>Money Back from Claims Fund</b>	<b>\$10,681</b>

# Sample States – Small Group Level Funded Plans

<b>State</b>	<b>Spec</b>	<b>Agg Applied</b>	<b>Average Participants per Allied case</b>
<b>Wy</b>	<b>10,000</b>	<b>115%</b>	<b>8.1</b>
<b>Ne</b>	<b>10,000</b>	<b>115%</b>	<b>8.9</b>
<b>Ks</b>	<b>10,000</b>	<b>120%</b>	<b>9.2</b>

# Options with Level-Funded Health Plans for Small Employers to improve affordability

- Customized plan designs
  - Improved employer communications
  - Detailed claims data for employer
  - Reference-based pricing options
  - Direct Primary Care plan integration
  - Wellness with real financial incentives
  - Long-term cost control
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# Thank you

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