

Rehumanizing Work Alliance Economic Summit 2021

September 21, 2021



Our Goal Today: Determine if Affordability is a Myth

- **What does affordable mean?**
- **What is Peak and how does it tackle affordability?**
- **What can businesses do?**

Defining Affordability

- **Mix of premium and the cost of actually receiving care**
- **Our goal is to make sure the 80% of people who need minimal services in any given year can always afford to see a doctor, get a lab test, access mental health**
- **But we must also serve the person who has a catastrophic diagnosis or has ongoing chronic healthcare needs**

We think we've figured that out!





**Affordability is
More than Just
the Premium**

Individual Market Plan Highlights

- **Lower and even a \$0 deductible Bronze and Silver plan**
- **Unlimited primary care, mental health and specialty care visits – with no deductibles**
- **Free mental health care***
- **Flat dollar costs for services that are not subject to deductible: MRIs, lab, x-rays**

*All but HSA and catastrophic – federal law prohibits

But Premium Matters...

...Peak Rates Dropped by About 35%

	Lowest Cost Catastrophic	Lowest Cost Bronze	Lowest Cost Silver	Lowest Cost Gold
Peak Health	\$ 165.69	\$ 256.74	\$ 283.55	\$ 373.00
Anthem	\$ 283.96	\$ 321.93	\$ 350.10	\$ 513.44
Friday	\$ 183.15	\$ 276.62	\$ 322.99	\$ 418.04
Rocky Mountain	NA	\$ 405.74	\$ 432.90	\$ 630.85

* Premiums based on 40-year-old non-tobacco user

Peak Health Alliance

- **Locally-managed non-profit purchasing alliance**
- **Owned by our members, who include individuals, insured and self-funded groups**
- **Licensed and regulated by but operate independently of the State of Colorado**
- **Peak is not an insurance company, TPA, or medical provider**



An open notebook with a pencil and a cup of coffee on a wooden table. The notebook is open to two pages with horizontal lines. A pencil lies across the pages. In the top left corner, there is a white cup filled with dark coffee. The background is a light-colored wooden surface.

How Do We Do It?

A hefty dose of community organizing combined with subject matter expertise that puts the consumer on a level footing with the industry...

Accountability

- **Hospital and provider fee schedules for local residents and businesses that are fair, transparent, sustainable, and promote local care**
- **Insurance carriers that pass all the hospital and provider reductions along to members in the form of reduced premiums**
- **Benefit designs that promote value and invest in services that promote consumer engagement and proactive health management**

Four Options for Business

- **ICHRA**
- **Traditional Group**
- **Level-Funded**
- **Self-Funded**

ICHRA

- **ICHRA: Individual Coverage Health Reimbursement Arrangement**
- **Allows employers to reimburse their employees pre-tax for premiums and medical expenses**
- **Employers can access the substantially more affordable individual marketplace premiums while retaining control over spending and eligibility**
- **Employer contributions not taxed as employee income**
- **No minimum contribution or participation requirements**

Durango Leads Nation*

- **More ICHRAs per capita in Colorado than any other state in the country**
- **Durango has highest volume of ICHRAs as a percent of population in Colorado (Denver, Boulder, Co Springs)**
- **2021 was really inaugural year for ICHRAs with high expectations for 2022**

*TakeCommand research, September 2021

We're Getting Great Feedback

“I had looked for health insurance for our employees previously and the cost was exorbitant. My plan of paying people enough to buy their own health care I realized wasn't exactly working. I started looking into healthcare and was pleasantly surprised to find the local program. It's been a real value for us in hiring.

With ICHRA, I felt like the time was now. It was the right combination of cost and flexibility. If you looked at health insurance before and thought it was outside of the realm of what you could offer, look again.” – Shaw Solar, Durango

“In the last 10 years, we've seen an average of 8-10% increase each year in premium costs. Healthcare been an increasingly high expense. For our staff of 16, with ICHRA we saved about \$30,000. The difference was so significant, with the same coverage. It was so clear ICHRA was the way to go.” – The Payroll Department, Durango

“We were able to save almost half off premiums which was huge due to the negative impact our business suffered as a result of the pandemic. Also, our employees are getting better benefits such as a lower deductible.” —Ebert Family Clinic, Frisco

ICHRAs: Not Just for Small Business

Local School Districts

- **Transitioned from CEBT to an ICHRA**
- **Covering the full cost of whatever Plan the employee selects (previously covered lowest cost option only)**
- **Approximately 160 employees**
- **Depending on employee selections, will save \$350K to \$425K annually**

Municipalities

- **Using ICHRA to attract and retain seasonal staff**

Some of the ICHRA Restrictions

- **Only W2 employees can participate in ICHRA**
- **Employers set up certain classes of employees based on criteria they set**
 - **For example: employee's role, part-time/full-time, etc**
 - **They cannot offer both traditional group plans and ICHRAs in the same class**
- **Ensure your contribution is considered affordable**
 - **The employee is only eligible for tax credits if net premium after ICHRA is considered unaffordable**
 - **Affordability calculations are offered by platforms to help**



Some Important Details

- **Third-party software “platforms” are where it all starts**
- **Brokers play an important role**
- **Peak is available for guidance and questions on ICHRAs**
- **Peak has training available for brokers and consultants who are new to ICHRAs**

Role of ICHRA Platforms

- **Decision of which platform to use is up to employers and their brokers**
- **Ensures business ICHRA compliance**
 - Platform generates required notices
- **Employee one-stop-shop for ICHRA**
 - Employee shops and enrolls via selected platform
 - Employee proof of coverage submitted through platform
 - Facilitates reimbursement

Peak Preferred Platforms

nexben™

 Take Command

 ICHRASystems
Pinpoint Your Perfect Plan


Peak
HEALTH ALLIANCE

Small Group

- **Traditional small group**
 - 2 – 100 lives
 - Assortment of benefit designs
 - Less savings than ICHRA but what employers and employees are used to
- **Level-funded**
 - Minimum of 10 enrolled lives
 - Funds left in claim account at end of year is returned 100% to employer
 - Attractive for employers who want to a partially self-funded approach
 - Savings depends on each year's utilization

Self-Funded Employers

- **Autonomy to select TPA, stop loss, PBMs etc.**
- **More flexible benefits design**
- **Same awesome fee schedule available to insured products**
- **Local presence advocating for employers**

Self-Funded Employers, Cont'd.

- **Peak advocates and monitors performance**
 - **By intervening with Centura on behalf of an employee, Peak was able to save Town of Breckenridge approximately \$20,000/per month for infusion costs for a single employee**
 - **Peak audit identified contract implementation issues which resulted in over \$85,000 rebated to Summit County for 2020 claims payments to a single provider group**



Thank You.

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