



Alternative Qualified Healthcare Plans

Terry Lawrence
Tim Chafins
Joy Spriggs



Thank You

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Healthcare Costs

- Costs have skyrocketed for most
- Insurance companies have gone out of business or withdrawn from markets
- Some say they have been able to afford insurance for the first time
- Some say they have insurance but cannot afford to use it because of high deductibles

Your

Experiences?





21st Century Cures Act

- Final act of the Obama administration in regard to healthcare was the signing into law the “21st Century Cures Act”
- It created new Qualified Small Business Healthcare Reimbursement Arrangements (SBHRA)
- For employers with less than 50 employees
- Cannot be used in conjunction with HCSM



Qualified HRA

- Must have MEC
- Without MEC HRA is taxable
- CHM is not MEC and if used as main source is taxable
- CHM memberships are not payable under an HRA



PPACA

- The Patient Protection and Affordable Care Act
- Known commonly as the Affordable Care Act or the ACA
- Also referred to as Obamacare
- Signed into law in 2010



President Trump

- Signed an Executive Order Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal
- Presidents cannot legislate and the ACA remains the law of the land until it is officially repealed by the legislature



ACA – Core Requirements

1. Affordable - Employee Contribution Limit at 9.69% of Household Income
2. Minimum Essential Coverage (“MEC”)
3. No Pre-Existing Condition Limitations
4. No annual or lifetime maximums
5. The 30 hour 90 day rule



What are our Options?

Traditional health insurance plans

- Local
 - Summa Health, Aultman Health, etc.
- Regional
 - Kaiser Permanenta, CA, OH; etc
- National
 - BCBS, Aetna, United Healthcare, Humana, etc



Advantages of Self-Insured Plans

- Typically reduces insurance cost
- Exemption from certain rating pricing rules
- Reinsurance stop loss protection
- Some ability to change benefit offerings
- Third Party Administrators can share the load



Disadvantages of Self-Insured Plans

- High claims will affect cost and stability of program offering
- Some required intervention in claims
- Potential legal risk on claims is higher
- Limited ability to control religious restrictions
- Run-Out Costs
- Administrative processing limitations



HCSM Self-Funded Advantages

- Employees take more active role in managing their healthcare costs
- Lower costs for everyone
- HCSM shares needs over \$500
- HRA Fills Gaps for MEC / Rx
- Shared Christian Values & Prayer
- Stabilized costs
- Total choice of providers



HCSM Limits

- No contract guaranteed funding
- Must use a fund for payment
- Do not cover all ACA required benefits
- Must be supplemented with HRA and Compliance Fund.
- Nonconforming behavior is not paid by HCSM
- Creates potential additional cash need



HCSM Required Components

- ✓ A “fund” that makes payments
- ✓ No limits
- ✓ Pre-existing conditions waived
- ✓ An identifiable plan to secure benefit promise
- ✓ Prescription Plan
- ✓ Identify religious authority and exceptions
- ✓ Establish deductibles within the plan
- ✓ Meet all preventive care requirements
- ✓ Assess self-insured risks
- ✓ Formalized “Plan Document” by an attorney



Structure and Design

Health Reimbursement Arrangement

Organization's money

Preventive care prescriptions

Anything permitted under IRC § 213

HCSM Fund Subject to the Ministry Guidelines

Compliance Fund – Back-up supplement



An Overview of a Health and Wellness Self-Funded Health Plan

FINANCIAL RESPONSIBILITY CATEGORIES

HRA

Pays for Preventive Care,
Prescriptions
Routine Doctors Visits
Other as determined
by Employer as Permitted
Employer Funded
IRC § 213

Second Payment Source

Compliance Supplement Fund

Required by ACA
Not Shared by CHM
(Page 45 - 47 of Guidelines)
Self Inflicted Injuries any
Preventive Care Not
paid by HRA
Etc.
Employer Funded

Third Payment Source

First Payment Source

Christian Healthcare Ministries

Gold & Brothers Keeper

When a medical event exceeds
\$500, CHM Shares ALL
Eligible Expenses from
\$501 to an unlimited amount.

The Member is responsible
For the first \$500.
One time per year
Per Unit.



Concept Overview

- Three funding sources work in concert.
- Source 3 is subject to a deductible
- Evaluate and consider
 - non-compliant behavior costs
 - other items that are not paid for by HCSM
 - personal responsibility payment
 - ongoing prescriptions etc.



Concept Considerations

- Build appropriate reserves
- Evaluate economics of other coverages
- Consider HCSM approach and objectives
- Be prepared and thoughtful about strategy
- Train and prepare your staff and employees



HOW CHM WORKS WITH YOU

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Tim Chafins
Joy Spriggs



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Self-funded Plan with CHM Gold level and BK

\$0 to \$500	\$501 to \$125,000	\$125,000 and beyond
Personal Responsibility	Gold Service Level	Brothers Keeper
Member Group funded HRA	\$150 per mo / per unit	Savings Account – Pay as needed
<p style="text-align: center;">Health Reimbursement Arrangement</p> <hr/> <p>Includes ALL Well care or Minimum Essential Coverage (MEC) such as routine:</p> <ul style="list-style-type: none"> • Doctor visits • Prescription meds <p>Optional Items can be added:</p> <ul style="list-style-type: none"> • Eye, dental, etc. <p>Administration:</p> <ul style="list-style-type: none"> • Self-administered • 3rd Party 	<p>Dr's visits leading to diagnostic procedures above \$500</p> <p>Diagnosis requiring treatment or surgery above \$500</p> <p>Includes inpatient and outpatient services</p> <p>Emergency Room visits above \$500</p> <p>Comprehensive maternity services</p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Individual Budget Summary</p> <p style="text-align: center;">\$ 40 Annual Fee + \$100 annual budgeted amnt p/unit \$140 divided by 12 = \$12 p/mo</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Couple Budget Summary</p> <p style="text-align: center;">+ \$100 annual budgeted amnt p/unit \$240 divided by 12 = \$20 p/mo</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Family Budget Summary</p> <p style="text-align: center;">+ \$100 annual budgeted amnt p/unit \$340 divided by 12 = \$28 p/mo</p> </div> <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>Nearly 36 Years of Sharing Needs.</p> <p>NO UNMET NEEDS AMONG US!</p> </div>

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Self-funded Group Health Plan Budget Estimator

	HRA Estimate	Gold Plan Monthly Amount	Brother's Keeper Budgetary Monthly Amount	Totals
FAMILY	\$400	\$450	\$28	\$878
COUPLE	\$300	\$300	\$20	\$620
SINGLE	\$200	\$150	\$12	\$362

Budget **\$4,000** for the upfront cost to establish a Self-Funded Health Plan



Example 1

Covered Employee is insured from a fall and injures arm.
Assume charges are \$12,000.

Total Charges:	\$12,000
HCSM:	\$11,500
Health Reimbursement Account:	\$ 500*

Payments Satisfied.

(*HCSM Personal Responsibility Payment)



Example 2

Covered Employee abuses alcohol and in a drunken stupor, falls and gets medical attention. Assume charges are \$12,000.

Total Charges:	\$12,000
HCSM:	\$ 0
Health Reimbursement Account:	\$ 2,400
Net balance:	\$ 9,600
Health Plan Deductible (2017)	\$ 7,125
Compliance Fund Payments	\$ 2,475



Compatibility Checklist for Self-funded Plan

1. Willing to take a more active role in your organizations healthcare costs
2. Are currently experiencing discomfort with ever increasing healthcare costs
3. If you are paying more than \$1200 per family with more than a \$2000 household deductible
4. Possess the courage to lead your group into new territory.
5. Currently have an ACA qualified plan and want healthcare benefits to be untaxed



PLAN ESTIMATOR

- Your current health plan information:
 - Couples with children _____ x \$878 = _____
 - Couples with no children _____ x \$620 = _____
 - Singles with children _____ x \$620 = _____
 - Singles with no children _____ x \$362 = _____
 - Sub – Total \$ _____
 - Current plan cost per month \$ _____
 - MONTHLY VARIANCE \$ _____
 - Current plan deductibles \$ _____
 - Deductible Variance \$ _____



Third Party Resource Options

- Zimon LLC - Legal
A Benefit Law Firm
 - Jeffrey D. Zimon, Esq.
 - www.zimonlaw.com
 - jzimon@zimonlaw.com
- Pharmacy Management
 - Envision Rx
 - Request further details
- Third Party Administrators
 - Matt Kapalin, CFC
 - Benefit Advantage
 - 800.686.6829 x125
 - Matt.kapalin@benadvan.com
 - www.benefitadvantage.com
 - Erin Martin
 - Enterprise Group Planning
 - 800 229 2210 ext. 130
 - erinmartin@egp-inc.com
 - www.egp-inc.com

Your Questions





Thank You

Questions/Comments:

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OPTIONAL SLIDES

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Improper HRA's

- Under the guidance, employers who continued to offer HRAs would be subject to a \$100 per day, per employee penalty totaling up to \$36,500 per year. These penalties went into effect on July 1, 2015.



What are our Options?

Traditional Self-Funded Plans:

1. Collect data for Consultant and TPA
2. Choose Vendors
3. Provide Underwriting Information
4. Formalize your plan in a “Plan Document”
5. Adopt a HIPPA Privacy Policy
6. Set up banking relationship
7. Establish Open Enrollment Period
8. Create an employee “Health Plan” handbook and communicate it to them and train them
9. Select on ongoing management team.