



Group Health Plans

The New Health Insurance Alternative

Brought to you by *Nefouse & Associates, Inc.*

Over the past 30 years, we at Nefouse & Associates have provided health insurance for individuals and groups both small and large.

Our goal is to guide everyone to the right policy for them.

I have always enjoyed working with entrepreneurs, startups and small companies. Over the years, I've noticed that it has been a challenge for business owners to balance out the cost of group health insurance. Small business owners are forced to make many hard decisions on a daily basis. But when making a decision for your employees when it comes to health insurance, you realize that it impacts not only the employees but their families, too. This can be one of the most difficult decisions to make on the behalf of someone else.

Most small business owners feel a moral obligation to provide health insurance and benefits to their employees.

Working in a small company can have a family feel to it, so owners try to take care of their employees the best they can. Providing a full insured group health plan has been part of that solution.

The reason small group health insurance has been the best solution for small companies is because it offers guaranteed issue to the employees. This means an employee can get access to group health coverage without ongoing medical conditions impacting if they get the coverage or not.

Over the last 10 years, small group plans have become less competitive. We have seen small insurance companies completely drop out of the industry. This has created less competition and higher rates.

According to the National Federation of Independent Business, since 1986, the number one concern for small businesses every year has been access to affordable health care.

The introduction of the Health Savings Account offered lower cost options.

These insurance contracts offered health coverage along with tax advantages to both the employers and employees. In 2008, premiums were 27% lower than traditional health plans according to AHIP Center for Policy and Research.

Many small groups found great value in these plans. Employers were open to changing their philosophy to insure their employees while employees could take on more responsibility with their healthcare spending and make informed medical decisions. The theory was that if an employee is spending their own money on health care, they might spend it more wisely.

Business owners and entrepreneurs could help fund employee enrollment accounts on a tax-differed basis. This approach helps keep premiums down, even when medical inflation keeps rising.

Over the years I have worked with over 150 small group health plans and have had a customer retention rate of 98%. Delivering the best option the market has to offer has been one of my strong suits.

With small group clients, costs are the second largest expense.

Sometimes it's a company's largest expense from payroll that the owner has very few options to reduce costs.

Think about the situation. Yes, you can shop the group plan out every year. If you are able to get a 10% decrease you are ecstatic. But then you are faced with a huge rate increase that you have almost no control over. If you have a broker (like myself) then they should be negotiating that rate increase. Even with strong broker relationships in place, you might only get single digit reductions. Then you have a large claim year and you are hit with a crazy rate increase of over 30%. *What can be done?* The employer can't afford the rate increase and neither can the employees!

Now, we have a new law called the Affordable Care Act.

This is, without a doubt, the biggest law to ever impact health insurance in this country!

TODAY, UNDER THE ACA, INSURANCE COMPANIES:



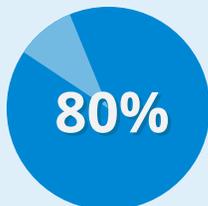
Can't charge higher rates or deny coverage because of a chronic or pre-existing condition.



Can't charge higher rates for women and face limits on charging additional premiums for older employees.



Must offer plans that provide a core package of "Essential Health Benefits" equal to typical employer plans in the state.



Must now spend at least 80% of consumers' premium dollars on actual medical care and disclose/justify rate hikes of 10% or more.

In 2010, the ACA bill passed into law as confusion and misinformation swirled around it. As a broker with lots of small group clients I knew I had to find a way to use the law in the best interest of my clients. This took years of study to become an expert on the ACA. These new options may save the employer and employees money!

With the introduction of the ACA came the Federal Facilitated Marketplace.

This Marketplace, also known as "the exchange," has been viewed as an unfamiliar place to obtain health insurance. Contrary to popular belief, the Marketplace can result in huge savings.

Where do the savings come from?

Tax credits or subsidies.

These tax credits are based on household income. If your household income is under 400% of the federal poverty level, you can receive tax credits to help reduce your monthly premium. If you are under 250% of the federal poverty level you could qualify for cost-sharing reductions. Cost Sharing Reductions reduce out-of-pocket costs.

The federally facilitated Marketplace uses the 2013 guidelines to determine enrollee tax credits amounts as well as cost-sharing reductions (effective for those who enroll in 2014).

If an employer is offering a health plan, an employee is not eligible for tax credits or subsidies.

2013 Federal Poverty Guidelines

HOUSEHOLD SIZE	100%	133%	150%	200%	300%	400%
1	\$11,490	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	\$15,510	\$20,628	\$23,265	\$31,020	\$46,530	\$62,040
3	\$19,530	\$25,975	\$29,295	\$39,060	\$58,590	\$78,120
4	\$23,550	\$31,322	\$35,325	\$47,100	\$70,650	\$94,200
5	\$27,570	\$36,668	\$41,355	\$55,140	\$82,710	\$110,280
6	\$31,590	\$42,015	\$47,385	\$63,180	\$94,770	\$126,360
7	\$35,610	\$47,361	\$53,415	\$71,220	\$106,830	\$142,440
8	\$39,630	\$52,708	\$59,445	\$79,260	\$118,890	\$158,520
<i>For each additional person, add</i>	\$4,020	\$5,347	\$6,030	\$8,040	\$12,060	\$16,080

Let me give you an example to help explain the situation more clearly. Take a family of four that has an annual household income of \$58,000/year. The estimated tax credit would be \$7,870 per year, which is a lot of money! That might be more money than you (as an employer) are able to give that employee towards health insurance. Many small groups are unable to contribute towards the employees' dependents, but keep in mind that to qualify for a tax credit on the marketplace, one cannot have access to a group health insurance plan.

Are you still with me? Good!

PPO

A PPO plan, other wise known as Preferred Provider Organization, means that you get your medical care from doctors and hospitals on the insurance company's list of preferred providers.

HMO

An HMO plan, otherwise known as Health Maintenance Organization, offers a wide range of health care services through a network of providers that contract exclusively with the HMO. If you sign up for an HMO plan, you are encouraged to choose a primary care physician to provide the majority of your health care.

HSA - Eligible

If you're young and healthy (you don't visit the doctor often), this is simply a cheaper PPO plan with a higher deductible that is designed to use alongside an HSA (health savings account).

Indemnity

For optimal freedom, indemnity plans allow you to visit almost any doctor or hospital that you choose. The insurance company will pay a set portion of the bill. Keep in mind that you might need to pay for some services up front and get reimbursed later, and these plans tend to be the most expensive.

Let's go back to the topic of small group guaranteed issue.

In the past, guaranteed issue was only available in group plans. Guaranteed issue means that no matter your health status, health insurers have to accept anyone in the group that applies for coverage. When the ACA passed, this all changed. Anyone is eligible for guaranteed issue. The new law states that no one can be turned down for health insurance.

Wait... no one?

Yes, you read that correctly. No one can be turned down for health insurance. This new aspect of the health care law opens up new opportunities. Now, you have an option that is outside of traditional group health coverage, and you could actually save 40% or more!

FOR EXAMPLE...

- A group with **5 employees** saved **\$10,000 per year**.
- A group with **11 employees** saved **\$20,000 per year**.
- A group with **27 employees** saved **\$74,000 per year**.

This is real life!

One factor in group health insurance that we can't forget is you, the owner.

According to Modern Healthcare, 25% of business owners were uninsured before the ACA came into effect. Now, everyone can secure coverage for their family. Guaranteed issue now allows you to choose a policy from the exchange that will cover your family's needs.

With a health savings account, there may be tax advantages for you as a business owner. With an HSA-eligible plan, you could pay for health care expenses with pre-tax dollars and you'll have a lower monthly premium. By pairing a high-deductible health plan with an HSA, you could save money on health care, gain tax benefits and save for the future.

This concept is not a difficult one. The key is me! With my health insurance background that includes claims management, I am able to provide solid advice on plan options. This is a vital knowledge when it comes to choosing the right health plan.

Now imagine that your employees are able to choose the best plan for their health care needs. Employees are making the decision that impacts their family's health care. With my guidance, the employee will be able to make an informed decision that is the best option for their situation. You (the owner) are now allowing employees to choose. Your only decision is to you take advantage of the knowledge and skills that I bring with no consulting fees.

So you might be wondering, if you have the ability to save me this much money, how come no one else is talking about it?

Only independent brokers are tapping this market.

This change leads to additional work, but the majority of the broker community does not want to change with the times. They would simply rather not deal with the small group market, so it comes down to finding a broker like myself that has decided to change. This change has come with a price tag of long hours. At times, I felt like I was the musician on the Titanic saying, "let's play one more song."

Ready to take the plunge?

Here are some of the perks of working with Nefouse & Associates for your health care strategy:

- You remove yourself from making health care decisions for employees.
- Employees are in control of their health care needs.
- Employees are able to elect the best plan for their situation
- No group yearly rate increases.
- No administration of employee benefits.
- Employees may have more take-home pay.
- The company could see significant savings.

This strategy involves you making one decision: to speak with me.

When we discuss a health insurance strategy, you will know if it will work for your company in only one conversation. This one conversation could lead to a happy work force with more disposable income. We will find the right choice for both your budget and personal needs.

You might be thinking to yourself that working with Nefouse & Associates is another expense coming out of your pocket, but the good news is that you don't have to pay me any consultant fee. My 16 years of experience come to you at no cost. As an insurance broker, I am compensated by the insurance companies, not by you.

Working with Nefouse & Associates means:

- Personalized quotes that are designed around your needs and specifications.
- Options based on the best price for coverage.
- Ongoing support to help manage your policy.

Visit us online at www.indianahealthinsurance.com
or contact us by phone at **(317) 803-4220**.
