



Safe and Simple Fixed-Cost Self-Funded Medical Coverage Plus Refund Assisters

Offering both Standard PPO and Reference Based Pricing Plans

Overview

January 21, 2021

Disclaimer

But first a word from our lawyers:

This presentation summarizes information concerning the benefits, networks, underwriting and other elements of the Defend Plans. It is not a controlling document and does not supersede the most current versions of The Defend Plans Underwriting Guide, Summary of Benefits and Coverage, Summary Plan Description and the stop-loss policies. All information in this presentation is subject to change without notice. It is intended for brokers, not employers or employees.

In other words, we've tried to be accurate.

But if it is wrong, we apologize, but it's not binding.

What Employers Want

Something different ... and better

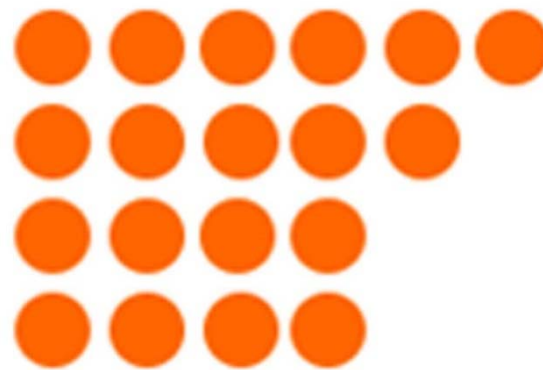
An advantage

Something like fixed-cost, self-funded plans

Like the safe and simple Defend Plans

Self-Funded Made Simple

Self-Funded can be complicated ...



... but it doesn't have to be

Why Consider Self-Funding

Claims lower than expected = refund

Claims higher than expected = stop-loss

Heads clients win. Tails they don't lose



It's that simple

Agenda

1. Self-Funded Basics and Key Terms
2. The Defend Plans Overview
3. Plan Designs and Underwriting
4. The Reference Based Pricing Option
5. Quoting and Enrolling
6. The Team
7. Resources: www.DefendPlans.Info



SELF-FUNDING BASICS **AND** KEY TERMS

Traditional Insurance:

- **State** regulation
- **Insurer** pays claims – keeps surplus

Self-Funded Programs:

- **Federal** regulation
- **Employer** pays claims – keeps surplus



8 Key Terms

Claims Fund ... 1

Claims Surplus ... 2

Stop-Loss or Excess-Loss Coverage ... 3

- Specific Stop-Loss ... 4
- Aggregate Stop-Loss ... 5

Attachment Point ... 6

Contract Period ... 7

Run-Out ... 8



Key Terms

Claims Fund: money set aside by employers to pay claims

Claims Surplus: money remaining in the claims fund after the contract period



Key Terms

Stop-Loss or Excess Loss Coverage: shields plan sponsors (employers) from excessive claims

- **Specific:** caps claims on any one individual
- **Aggregate:** caps overall claims

Attachment Point: the claim amount at which stop-loss coverage kicks-in

- Like a deductible for stop-loss coverage



Key Terms

Contract Period: time period during which eligible claims must be incurred and paid for to be covered by excess loss carrier

- Expressed by two number: aa/bb
 - First defines plan year (usually 12)
 - Second defines claim payment deadline
12/12 12/15 12/18 12/24
- **Run-Out:** the difference between numbers
 - 12/18 has a six month **run-out**
 - 12/24 has a 12 month **run-out**



Traditional Self-Funding: Employer replenishes claim fund as claims are paid out

Fixed-Cost* Self-Funding: Employer pays fixed monthly **payment** regardless of claims paid

Fully-Insured Plans: Employer pays fixed monthly **premium** regardless of claims paid

* Also known as “Level Premium Self-Funding



Self-funding Basics: Part II

Traditional Insurance:

- State-by-state plan design
- Subject to all ACA fees and premium tax

Self-Funded Program:

- Can offer one plan nationwide
- Pay premium tax only on excess-loss coverage



Fixed-Cost Self-Funded

Can look like traditional health plans

	Traditional Fully Insured	Fixed-Cost Self-Funded
Comprehensive Medical Coverage	✓	✓
Fixed Monthly Employer Costs	✓	✓
So far so simple		

The Fixed-Cost Self-Funded Advantage

What makes them different makes them better

	Traditional Fully Insured	Fixed-Cost Self-Funded
Protects Employers When Claims Higher Than Expected	✓	✓
Who Gets Surplus When Claims Less Than Expected	Insurer	Employer

Heads you win. Tails you don't lose.



The Defend Plans

**Safe and Simple
Fixed-Cost Self-Funded Medical Coverage
with Refund Assisters
that improve the health of **employees**
and the bottom line of **employers****

The Defend Plans Position

Self-funding with training wheels

- Safe and comfortable way for clients to start self-funding medical coverage

Mimics traditional insurance while delivering benefits of self-funding

Safe and Simple

Safe	Administrative Services: Acuity Group
	Stop-Loss Coverage: AM Best Rated "A" or higher
Simple	9 PPO plus optional Reference Based Pricing plans
	Standard Plans: 1 Medical Network: Cigna RBP Plans: No Network
	1 Pharmacy Network: Script Care
	1 Contract Period (12/18)

Fixed-Cost, Self-Funded

Fixed-Cost	<ul style="list-style-type: none">• Level premium payments• Composite rates• Claim costs advanced if exceed employer's payments to-date
Self-Funded	<ul style="list-style-type: none">• Employer finances claims• Stop-loss coverage caps employer risk (both specific and aggregate coverage)

Our Plans vs Traditional Level Premium Plans

	Other Level Premium Plans	Defend Plans
Fixed Monthly Costs	✓	✓
Claim Surplus Refund	Partial-to-100%	100%
Offer Refund AssistersSM	?	✓

Why Refund Assisters Matter

Level-funded plans **offer** the chance to earn claim surplus refunds

The Defend Plans help **deliver** them

Refund Assisters: Wellness

- \$100 Wellness rewards for employees and spouses completing annual preventive exam
- Wellness campaign assistance
- Preventive care paid at 100%
- Smoking cessation programs
 - Co-Pay Plans: \$25 co-pay
 - HSA Plans: 80% after deductible

Refund Assisters: Telemedicine

A low-cost, quality alternative to an in-office doctor visit that's convenient, private, and fast using board certified, US-based physicians.



Refund Assisters: Expense Review

Review of claim payments including:

- Payment timeliness review
- Subrogation
- Pharmacy data review
- Medicare-primary claims
- Claim audit monitoring

INSURGENCY
benefits



PLAN DESIGNS AND UNDERWRITING

Defend Co-Pay Plans

	Co-Pay 500	Co-Pay 1000	Co-Pay 2000	Co-Pay 3000	Co-Pay 4000	Co-Pay 5000
Deductibles	\$500	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
Annual Max	\$1,500	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000
Family	2x					
Co-Insurance	90/10	80/20				
Office Visit	Primary Care: \$25 / Specialty: \$50 / Telemedicine: \$10					
Prescriptions	In-Network Only Apply to medical deductible and out-of-pocket maximums					
Generic	\$10					
Brand	\$35					
Non-Formulary	50%					
Specialty	35% up to \$300 co-pay per prescription					

Contract Period: 12/18

Lifetime Benefit: Unlimited

Defend HSA-Compatible Plans

	HSA 3000	HSA 4000	HSA 5000
Deductibles	\$3,000	\$4,000	\$5,000
Annual Max	\$5,000	\$5,500	\$6,000
Family	2x		
Co-Insurance	80/20		
Office Visits	20% after deductible / Telemedicine: \$10 after deductible		
Prescriptions	In-Network Only Apply to medical deductible and out-of-pocket maximums		
Generic	\$10		
Brand	\$35		
Non-Formulary	50%		
Specialty	35% up to \$300 co-pay per prescription		

Contract Period: 12/18

Lifetime Benefit: Unlimited

Optional Reference Based Pricing

- Facilities and specified services: no network
 - Applies to durable equipment
 - Reimbursed at a cost schedule
- Physicians and specialists: employer may select to access through a PPO network or use the RBP program.
- Patient education and advocacy through 6 Degrees to defend against balance billing

Participation Requirements

Participation	Defend Plans
Groups 25-to-50 employees	75%
Groups 51+ employees	60%
Factors	51% with proof of spousal waivers
HMO Combination	
Available	Yes
Factors	Employees enrolling in HMO are considered eligible
Employee Choice	
Plans available	25-to-40 employees: Up to four plans 40 or more employees: Up to eight plans
Cigna Takeover	
Prior Approval Required	Prior to quoting

Underwriting: Availability

Geography	Defend Plans
States	All States Except NY and DC
Group Size	
Minimum	25 or more employees or State law
Maximum	No limit
Retirees	
Eligible groups	25+ employees
Maximum percent retirees	10% of all retirees 10% non-Medicare retirees
Eligible as employee class	NA
Disclosure	Prior to underwriting



QUOTING AND ENROLLING

Getting Quotes, Submitting Sales

Quotes: manual rates or

- Claims history* preferred
- Current and renewal rates

Enrollment: individual health questions or

- Claims history
- Current or renewal rates
- Applications from other carriers usually acceptable

Methods:

- Interactive PDF, telephonic or online (EasyApp Online)
- Telephonic enrollment and underwriting available at no cost

** Prefer prior two years of claims, coverage, enrollment and shock claims*

A Word About ACA Fees

ACA Fees are not included in monthly payments

- Patient-Centered Outcomes Research Institute (PCORI) Fees
- Employer is responsible for funding this fee outside of the fixed monthly payments



THE TEAM

Acuity Group

- The Defend Plan third party administrator
- Handles operational aspects including
 - Enrollment
 - Billing
 - Customer services
 - Claims
 - Compensation

Broad, Strong Networks

Standard PPO Medical: Cigna Choice Fund PPO

- Need approval for existing Cigna groups

RBP Medical: No Network

Prescriptions: Script Care

Dependable Stop-Loss Coverage

Stable and proven excess-loss carriers

- Carrier varies by group size and/or state
 - All are A.M. Best “A” rated carriers or better unless otherwise noted
 - All with deep experience providing excess-loss coverage

Experienced, Fair Underwriting

- Underwriters assure fair and appropriate pricing.
- Their relationship with leading stop-loss carriers results in a seamless experience for employers
- The underwriters are responsible for:
 - Quoting
 - Underwriting
 - Policy issuance
 - Stop-loss claim services

Reference Based Pricing Done Right

- Reference Based Pricing (RBP) support through 6 Degrees Health
 - Works with employers, employees and providers to eliminate surprises
 - Provides line-by-line claims auditing
 - Member Advocacy relieves members of engaging in disputes

Insurgency Benefits

Insurgency Benefits is responsible for plan design, program oversight and coordination, sales support, marketing, training, and expense review



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RESOURCES

Defend Plans: Resources

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Fixed-Cost Self-Funded Medical Coverage Plus
Refund Assisters