

The Group Plan Dilemma

Is traditional group coverage working?



Group health benefit challenges

Over 2,000 employers a year come to us with the same issues...

- 1 Premiums are getting too expensive
- 2 Health benefits are too difficult to manage
- 3 It's becoming harder to recruit and retain employees

The Group Plan Dilemma



How to recognize the Group Plan dilemma

High renewal

"How can we get off this death spiral?!"

Low participation

"We just can't meet minimum participation requirements"

Employee dissatisfaction

"I don't like either of the two options I'm given – my provider isn't in network!"

Multi-state footprint

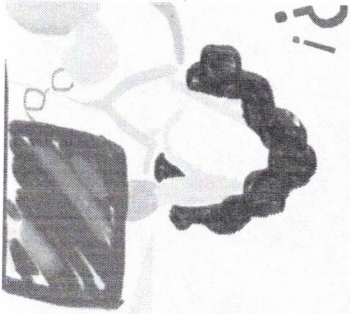
"Our group plan isn't working for out of state employees"

Cost shifting

"We keep shifting cost to the employees. We don't want to but what choice do we have?"

Growth by acquisition

"We are growing fast & need something to scale quickly"



*Can't we just give some ear-marked money to our employees?
– A common CFO refrain*



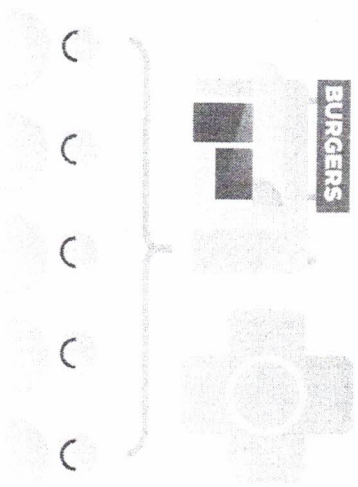
A new way to offer health insurance

ICHRA

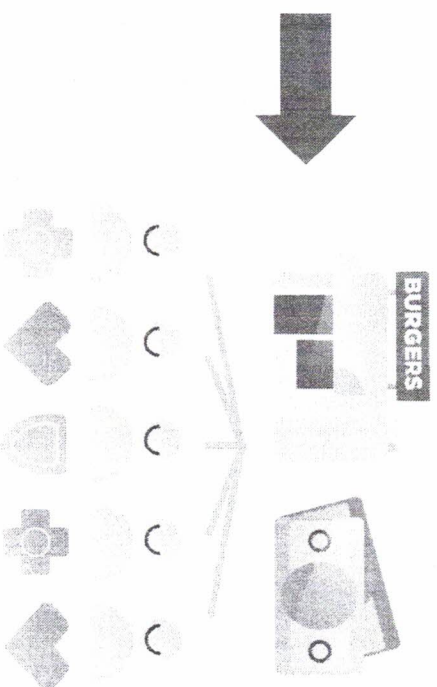
An "Individual Coverage Reimbursement Arrangement" enables employers to reimburse employees tax-free for health insurance premiums, while allowing employees to choose from multiple health plan options from various insurance carriers.



Group Plan Model



ICHRA Model





ICHRA benefits everyone

Control and flexibility across the board

Employers



Savings & cost control

Set your budget and keep any unclaimed reimbursements



Risk removal

Avoid unexpected renewals



No participation requirement

Health plan stays in place no matter who decides to elect

Employees



Quality coverage

ACA compliant, HSA-compatible plans across carriers and tiers



Choice

Choose the level of coverage that meets your needs



Cost control

Determine how much you want to pay for health benefits



The individual market is strong and growing

Comprehensive coverage

All ACA-compliant plans include:

- ✓ Free preventive care
- ✓ Coverage for Essential Health Benefits
- ✓ No medical underwriting (premiums vary by age)
- ✓ HSA compatible options

For employees 65+ years old, Medicare will be reimbursed

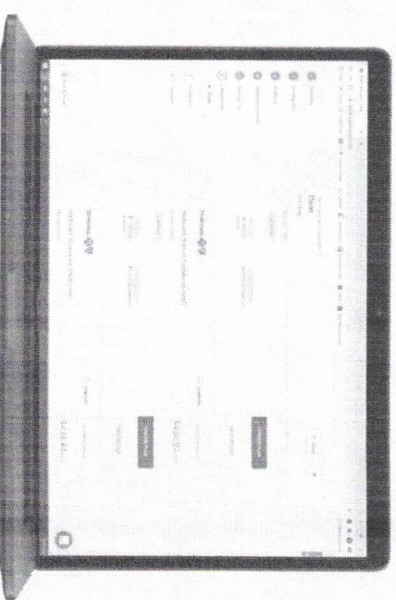
Carrier expansion & stabilization

- ✓ **16M+ people** enrolled in individual market plans
- ✓ Average employee can choose from **88 plans and 5 carriers** in 2023 – mix of bronze, silver, & gold
- ✓ **Premiums have stabilized**
- ✓ State-level reinsurance programs have **lowered premiums** in many states

Source: McKinsey Individual market study 2023



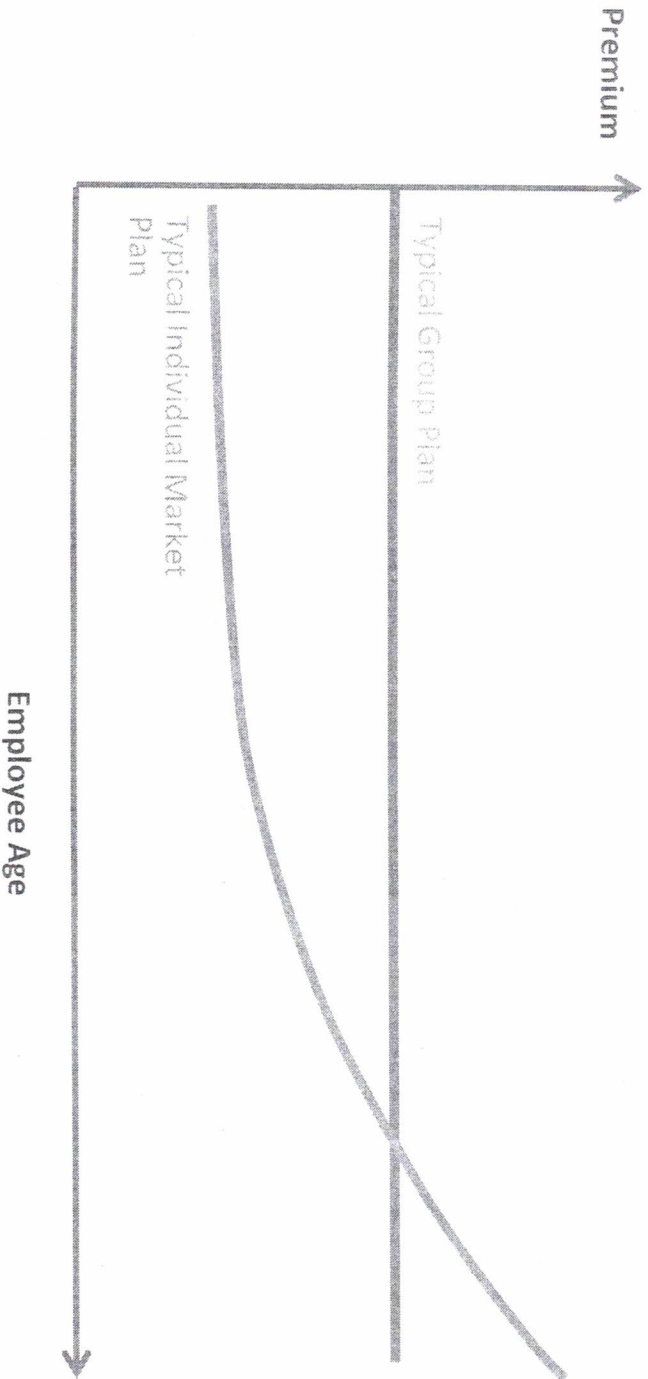
...and more, varies by geography





On the individual market, premiums vary by age
We recommend designing ICHRA contributions to reflect this

Example Premium Age Curve



Note that exact age curve may vary by state. All states except NY and VT price individual plans by age.



Key questions for designing your ICHRA

1. How much money should I give my employees?

- What is my budget?
- Do we setup different employee classes?
- Do we reimburse “all the same” or vary by age?
- What about the employer mandate and “affordability”?
- Should I reimburse premiums only or medical expenses too?

2. What can my employees purchase?

- How many carriers? How many plan options?
- What are the rates like compared to my group plan?
- What provider networks are available?



Example Launch Plan

90 Day ICHRA Launch Checklist

Let's make this a great experience for you and your employees!

Next Steps	Date
<input checked="" type="checkbox"/> Finalize ICHRA Plan Design Let's make any final revisions before we do a compliance check	10/1
<input type="checkbox"/> Complete Forms + Employee Roster We'll need accuracy information and eligibility roster with employees email addresses	10/15
<input type="checkbox"/> Implementation Call We'll join through a live demo of your platform and design a roll-out plan for your employees.	10/15
<input type="checkbox"/> Review Legal Documents We'll provide all necessary legal documents for ICHRA.	10/1 – 11/1
<input type="checkbox"/> Launch Communication Strategy Finalize internal employee communications for 2024.	10/15 – 10/31
<input type="checkbox"/> Introduce Benefit to Employees We'll equip you with collateral and talking points to minimize any confusion.	10/15
<input type="checkbox"/> Employee Educational Webinars Recorded or live, we'll equip employees shopping for individual coverage.	11/1 – 12/1
<input type="checkbox"/> Employee Open Enrollment Our Enrollment Team will work directly with your employees to setup for the plan that's best for them.	11/15 – 12/1
<input type="checkbox"/> ICHRA Start Date As soon as your HRAs goes into effect, we'll provide monthly reporting so you can quickly process in payroll.	1/1/24

Customized with each Employer based on their business and employee needs