Welcome to the Big Easy!
Organizing and Managing Association Health Programs: “It’s Yours/Marketing “Sell the Sizzle, not the Steak”

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Program Alternatives: Risk Retention or Endorsed?

Benefits and Negatives of Program Type

Creating Flexibility in the LPJA Group Health Program

Key Marketing Aspects

Questions
Program Alternatives
**Risk Retention Program**

“Group self-insurance fund" means a pool of public monies established by an interlocal risk management agency from contributions of its members in order to pool any one or more of the following risks: accident and health protection, public liability, or worker's compensation and those risks defined in R.S. 22:47(3), (6), (7), and (10); or to purchase a joint policy or policies of insurance providing protection against said risks.

Operational/Administrative duties required to run the GH Pool:

- Underwriting new and renewal groups
- Conduct enrollment meetings and process enrollment
- Benefit Administration
- Claim determination
- Updating plan according to Health Care Reform changes/guidelines
- Maintaining contracts with: Utilization Review organization, PPO Networks, PBM and analyzing/assessing to ensure those contracts continue to be cost effective for the program
- Monthly reporting to the association, excess carrier and actuary
- Updates to Executive Board and Insurance committee of status of plan
Numerous public entity programs have opted to not assume the risk associated with the self-funded group health program. The group health market has seen dramatic increases in medical cost associated with numerous factors.

- Utilization
- Prescription Drugs
- Medical Technology
- Insurance Cost for Providers – Hospitals, Physicians, Manufacturers and Pharmaceutical
Endorsed (Fully Insured) Program

Fully insured health carriers and/or plans can be partnered with on an endorsed program to provide associations with a product to meet member needs.

Three primary types of endorsed programs –
- Association/carrier designed program that works with the association to develop a specific benefits plan/plans to meet the membership needs.
- Association uses carrier designed programs and offers all or selected programs to its members
- Associations develops agency to offer multiple
Benefits & Negatives of Program Type
Risk Retention

Benefits:
- Underwriting practices – Closely monitored to ensure member premium is sufficient for claims experience
- Dedicated team members for claims processing and customer service
- Multiple PPO networks offered – Provides for higher discounts
- Plan Design – Control over plan/payment of claims
- Cost Effectiveness – Less overhead for administrative functions and marketing

Negatives:
- Limited resources/staff
- Smaller marketing resources as compared to larger companies
- Loss of resources to assist with new government compliance
- Philosophical struggle – premium rate/structure for profitability vs membership demand for plan design and cost affordability
**Endorsed Program**

**Benefits:**
- Carrier brand recognition
- Carrier backed marketing via larger network of agents/brokers
- Depth of benefit program experience
- Faster compliance with regulatory changes due to broader resources

**Negatives:**
- Loss of control over underwriting
- Little or no choice of PPO selection
- Carrier overhead – less dollars for claim cost
- Lack of plan control due to carrier making most critical decisions
- Client/Customer Service does not meet member expectations
- Potential run out claim issues
- Lack of long-term vision for association program and its members
Creating Flexibility: LPJA Group Health
Formation of the Louisiana Policy Jury Association Group Health Program: PGRMA

A 1979 State Statute created the “Local Governmental Subdivision Self Insurance Act of 1979”. This law provided for governmental subdivisions to form, join and participate in an Interlocal Risk Management Agency.

To govern this new agency, state law was passed declaring that the state executive board of the Police Jury Association shall constitute the board of trustees of the Interlocal Risk Management Agency.

The Police Jury Association created the “Parish Government Risk Management Agency” (PGRMA) as an “Interlocal Risk Management Agency”. The Administrator of this its program is also the Policy Jury Association’s State Executive Director.
**Formation of the PGRMA Group SIF**

In 1980, the PGRMA created the “Group Self-Insurance Fund” and at the same time started the state Workers’ Compensation Program.

In December 1983, the state board voted to establish the Group Health Program effective January 1, 1984.

The PGRMA Board of Trustees also established a seven member Insurance Committee to oversee detailed accountability of the program. The committee works closely with their Third Party Administrator, CCMSI.
Benefits of the PGRMA Group SIF

- Offers Multiple Preferred Provider Plans (PPO's)
- Non-Network Claims Review
- Development of a Multiple Benefit Plan
- PGRMA Corporate Wellness Program
- PGRMA Diabetes Management Program
- PGRMA Prescription (Rx) Program
Marketing – What Creates the “Sizzle”

- Claims Administration
  - 5 to 7 day claim turnaround time
  - 98% accuracy of audited claims
  - Manager approval / review of all claims over $5K
  - Review / reduction applied to out of network claims

- Case Management
  - Provided to ensure cost containment and appropriateness of care
  - Strict pre-certification requirements

- Program Specific Products – Wellness, Diabetic, Rx, Etc.
Marketing – What Creates the “Sizzle”

- Customer Service - Communication
  - 90% of calls are resolved at point of call
  - 24 hour turnaround on returned calls
  - Annual Benefit Education meetings

- Eligibility/Enrollment
  - Proper enrollment of members
  - All enrollment entered by CCMSI to take burden off HR departments

- Satisfaction Survey Results
  - For the past 5 years, 90% - 100% responders gave a rating of “Excellent”
Questions