

JOINT MEETING
IFG BOARD/MDA HEALTH PLAN BOARD
February 5, 2021 – 11:30 AM
Via Zoom

- | | | | |
|-------------|--|------------------------|--------------------------|
| I. | CALL TO ORDER | <u>12:00 PM</u> | BOOTH |
| II. | HEALTH INSURANCE | <u>12:05 PM</u> | VOSS |
| | A. Market Report | | |
| | 1. My Blue | | |
| | 2. Federal Exchange | | |
| | 3. BCBS Group | | |
| | 4. Medicare/AmWINS | | |
| | B. Report on MDA Health Plan (Att. 1) | <u>12:15 AM</u> | DITOMASSO/GITTENS |
| | 1. Enrollment and Demographics | | |
| | 2. 2020 Claims | | |
| | 3. 2020 Stop Loss Results | | |
| | C. Association Health Plan Coalition Update (Att. 2) | | |
| | D. AmWINS Medicare Renewal | | |
| | 1. Specialty Drug Coverage Report | | |
| | 2. Conference Call – August 26, 7:00 PM | | |
| III. | PRESIDENT’S REPORT | <u>12:50 PM</u> | START |
| | A. Annual Session – April 23, 11:30 AM – Lansing | | |
| | B. June Board Meeting – June 25, 8:30 AM – Traverse City | | |
| IV. | TRUSTEE COMMENTS | <u>12:55 PM</u> | BOOTH |
| V. | BOARD MEETING DATES – 2021 | | |
| | - Friday, February 5 – Okemos | | |
| | - Friday, April 23 – Lansing | | |
| | - Friday, June 25 – Traverse City | | |
| | - Friday, November 5 - Okemos | | |
| | BOARD MEETING DATES – 2022 | | |
| | - Friday, February 4 – Okemos | | |
| | - Friday, April 29 – Novi | | |
| | - Friday, June 17 – Lansing | | |
| | - Friday, November 4 – Okemos | | |
| VI. | ADJOURNMENT | <u>1:00 PM</u> | |

- 2021 Enrollment
- 2021 Demographics
- 2020 Claims by Place of Service
- 2020 Key Facts
- 2020 Healthcare Trends
- 2020 Year-End Claims

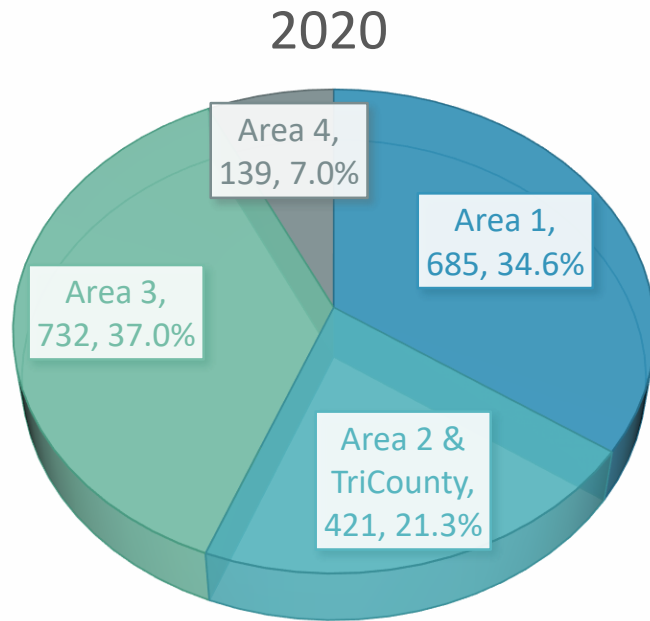
2021 ENROLLMENT

	01/01/20	01/01/21	Change
Groups	854	821	-3.9%
Contracts	2,073	1,977	-4.6%
Members	4,247	4,115	-3.1%

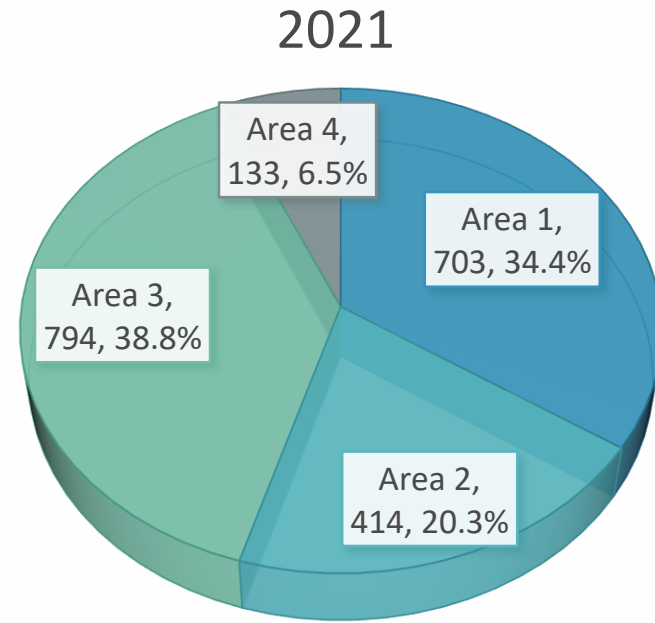
- The number of groups decreased 3.9% in 2021 (-33 groups)
- Contracts decreased 4.6% (-96 contracts)
- Membership decreased 3.1% (-132 members, which includes EEs, spouses and children)

*2021 enrollment is as of 12/11/20
Includes COBRA enrollment*

DISTRIBUTION BY AREA



Total 1,977 Employees

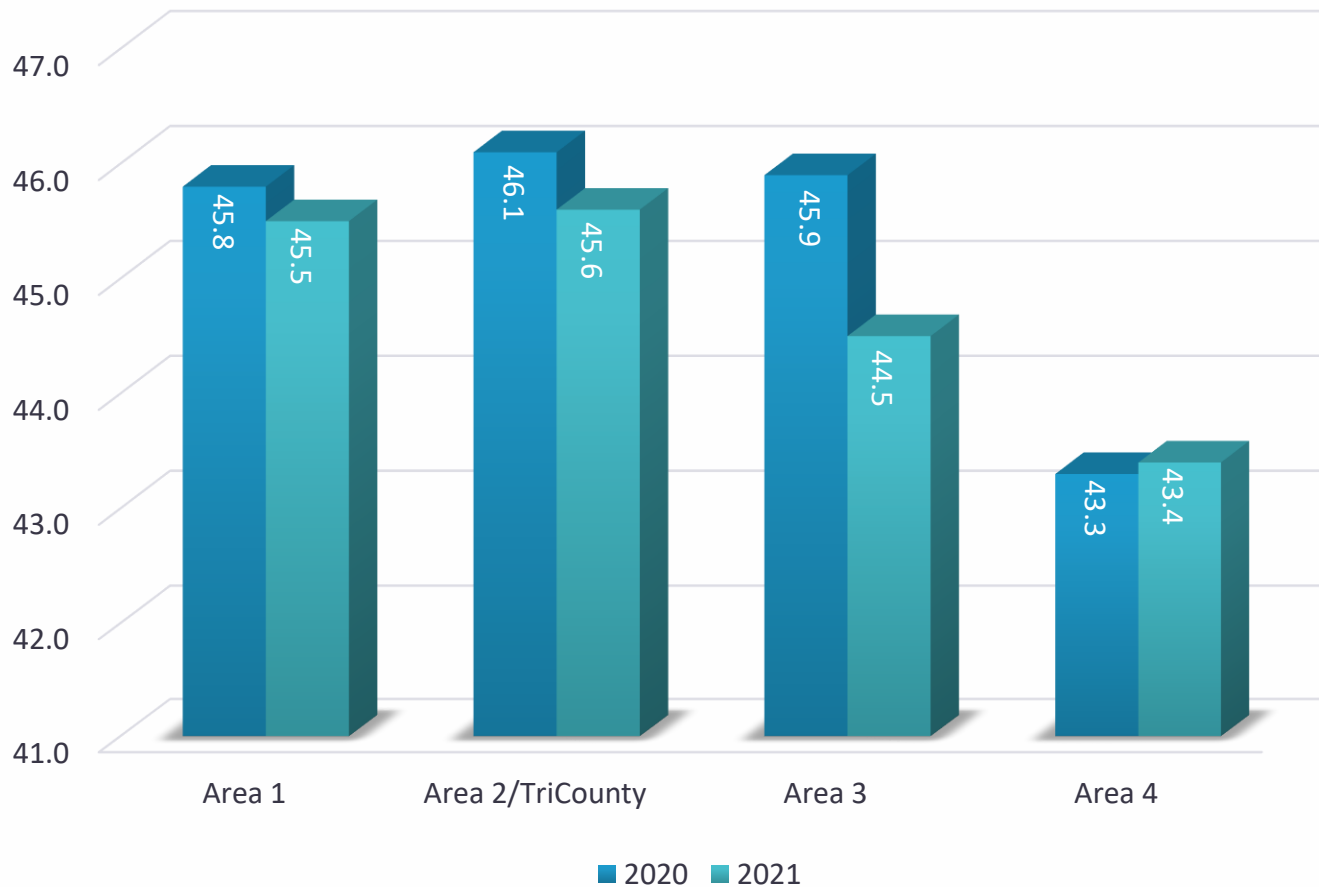


Total 2,044 Employees

- Area 1 increased 2.6% (+18 employees)
- Area 2 decreased 1.7% (-7 employees)
- Area 3 increased 8.5% (+62 employees)
- Area 4 decreased 4.3% (-6 employees)

*January enrollment shown
2021 enrollment is as of 12/17*

AVERAGE EMPLOYEE AGE BY AREA

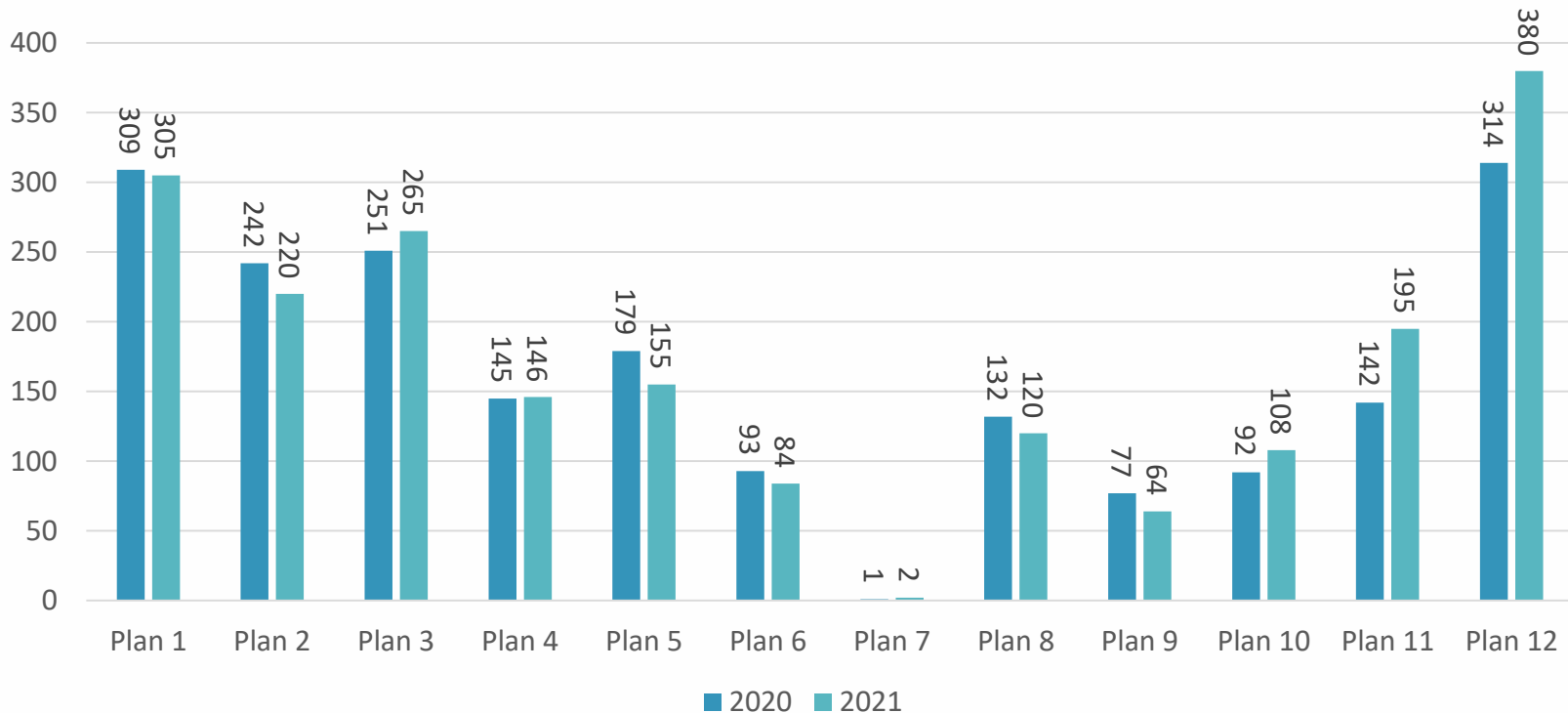


- Average age has continued to decrease in all areas in 2021.
- This should have a positive impact on claim dollars.

January enrollment shown
2021 enrollment is as of 12/17

DISTRIBUTION BY PLAN

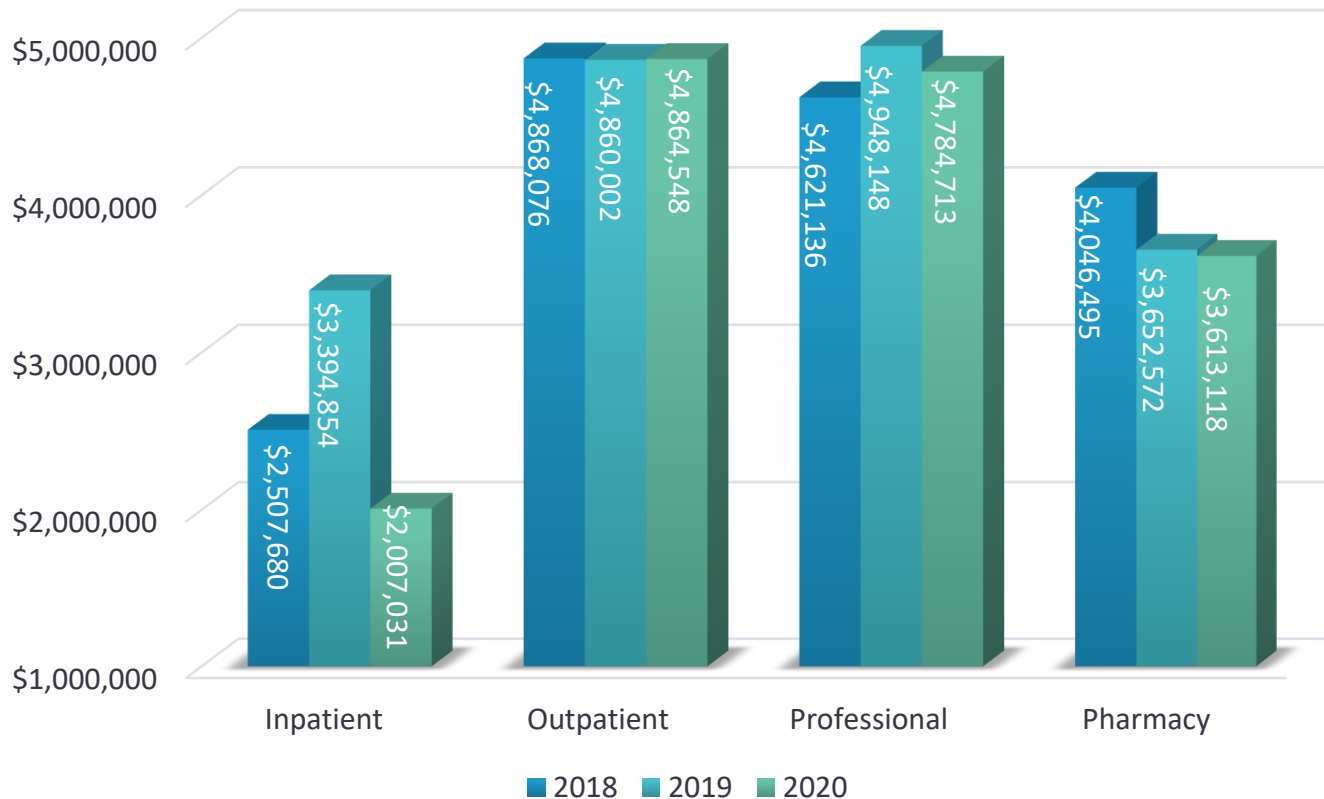
Enrollment by Plan



- Enrollment in Plans 1, 4, and 7 remained constant in 2021.
- Enrollment in Plans 2, 5, 6, 8, and 9 has decreased in 2021.
- Enrollment in Plans 3, 10, 11 and 12 has increased.

January enrollment shown
2021 enrollment is as of 12/17

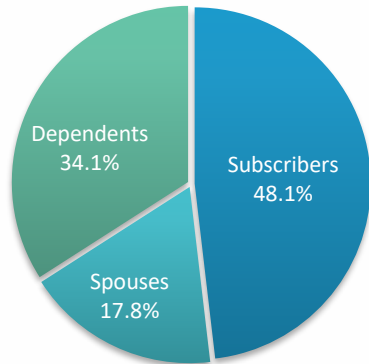
2020 CLAIMS BY PLACE OF SERVICE



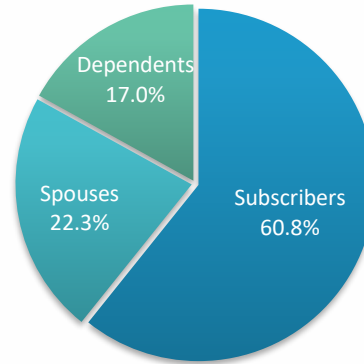
- Inpatient, professional and pharmacy claims decreased from 2019.
- Outpatient claims increased slightly.
- Lower claims are likely due to the postponement of visits and procedures as a result of COVID-19.

2020 OTHER KEY FACTS

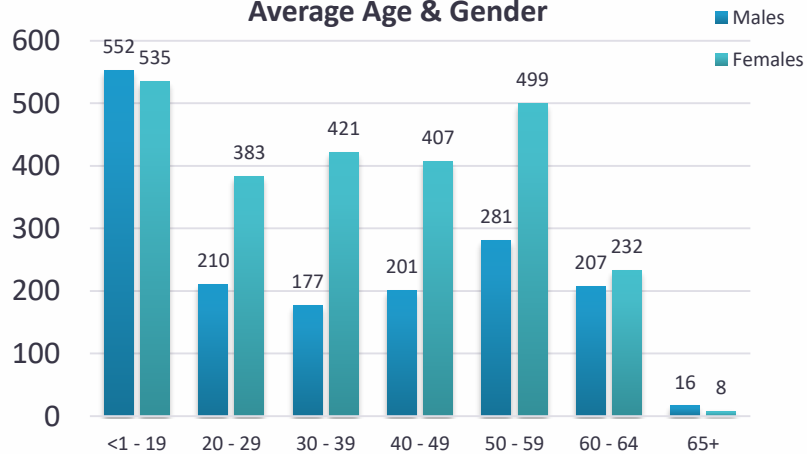
Avg. Distribution of Membership



Distribution of Claims



Average Age & Gender



- Employees accounted for 48.1% of membership and 60.8% of claim costs.
- Spouses made up 17.8% of membership and 22.3% of claim spend.
- Dependent children were responsible for 34.1% of membership and 17.0% of claim dollars.
- Average contract size was 2.1.
- Average membership age was 35.1.

HEALTHCARE TRENDS

- In 2020, the average annual premiums for employer-sponsored health insurance are \$7,470 for single coverage and \$21,342 for family coverage
- PPOs continue to be the most common plan type, enrolling 47% of covered workers in 2020.
 - Thirty-one percent of covered workers are enrolled in a high-deductible plan with a savings option.
- Among covered workers with a general annual deductible, the average deductible amount for single coverage is \$1,644, similar to the average deductible last year.
 - The average single coverage annual deductible among covered workers with a deductible has increased 25% over the last five years and 79% over the last ten years.
- Most large firms and many small firms have programs that help workers identify health issues and manage chronic conditions, including health risk assessments, biometric screenings, and health promotion programs.
- Most firms offering health benefits offer programs to help workers identify and address health risks and unhealthy behaviors.
 - Fifty-three percent of small firms and 81% of large firms offer a program in at least one of these areas: smoking cessation, weight management, and behavioral or lifestyle coaching.
 - Among large firms offering at least one of these programs, 44% offer workers an incentive to participate in or complete the program

HEALTHCARE TRENDS CONT.

- Looking at the metrics Kaiser usually considers, such as premiums, contributions, cost sharing, and coverage rates, they concluded that the marketplace for employer-based health coverage had another stable year in 2020.
 - Premium increases were modest and consistent with recent years, contributions and cost sharing largely did not change, nor did the shares of workers offered coverage or covered at their jobs.

- Because the survey was fielded as the pandemic unfolded, Kaiser was not yet in a position to address how employers responded to the pandemic.
 - Most of the metrics discussed above are fixed at the beginning of the plan year and may not reflect current circumstances.
 - Some other responses may have been affected by the unfolding of the pandemic.

- This data does not capture the pandemic's turbulent impacts on health care costs in 2020.
 - During the spring, employers and plans saw lower health care utilization and correspondingly lower spending.
 - With enrollees skipping some care, insurers reported lower than predicted cost through the first half of the year.
 - As stay-at-home orders lifted, health care utilization started picking up.

HEALTHCARE TRENDS CONT.

- Spending in 2021 remains uncertain as employers and insurers continue to adapt to an evolving situation.

- We do not know how the reduced use of care earlier this year will affect future costs and premiums:
 - In some cases, the need for care will have passed but in others the care will just have been deferred.
 - Missed preventive and diagnostic care may lead to worsening health and higher costs in the future.
 - Beyond any potential pent-up demand, employer-based plans may face higher costs due to new COVID-19 tests, treatments and vaccines.
 - Conversely, we have witnessed a dramatic economic slowdown which may lead to reduced utilization, offsetting some cost on plans.

2020 CLAIMS EXPERIENCE

<u>Month</u>	<u>2019</u>		<u>2020</u>		<u>% Change</u>
	<u>Cost/EE</u>	<u>Cumulative</u>	<u>Cost/EE</u>	<u>Cumulative</u>	
January	\$690.40	\$690.40	\$660.32	\$660.32	-4.4%
February	\$528.71	\$609.89	\$745.96	\$703.26	15.3%
March	\$731.33	\$650.08	\$680.60	\$695.72	7.0%
April	\$600.67	\$637.81	\$526.74	\$653.86	2.5%
May	\$731.73	\$656.52	\$468.90	\$617.05	-6.0%
June	\$969.06	\$708.00	\$472.30	\$593.13	-16.2%
July	\$538.78	\$683.96	\$530.98	\$584.33	-14.6%
August	\$695.57	\$685.39	\$679.20	\$595.93	-13.1%
September	\$655.20	\$682.08	\$654.62	\$602.30	-11.7%
October	\$769.87	\$690.80	\$748.09	\$616.68	-10.7%
November	\$707.19	\$692.28	\$871.51	\$639.45	-7.6%
December	\$767.09	\$698.40	\$753.27	\$648.75	-7.1%

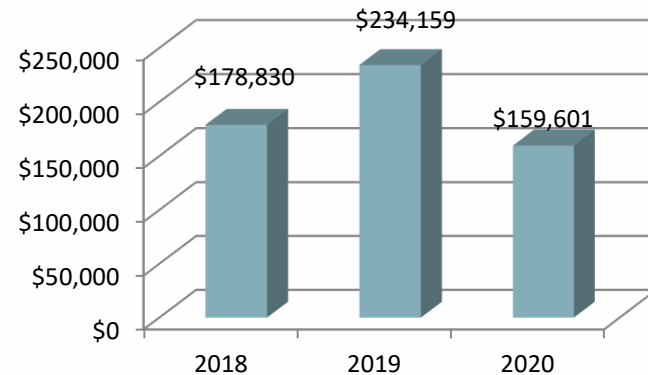
Net Claims after stop-loss reimbursements

- Average per employee claim costs decreased 7.1% from 2019.
- This is due, in part, to claims that were postponed due to COVID-19.

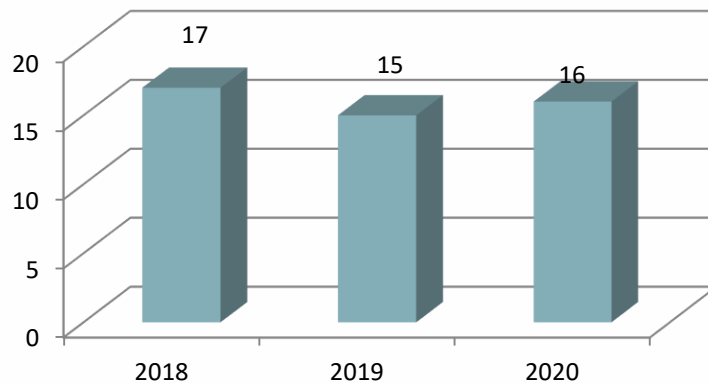
2021 LARGE CLAIMANT EXPERIENCE (OVER \$100K)

- There were 16 large claimants in 2020
 - 10 employees, 4 spouses and 2 dependent children
- Average cost per large claimant was \$159,601
 - This is a 31.8% decrease from 2019
- There was a total of \$2,553,611 paid for these 16 claimants in 2020
 - This is a 27.3% decrease from 2019's large claimant total

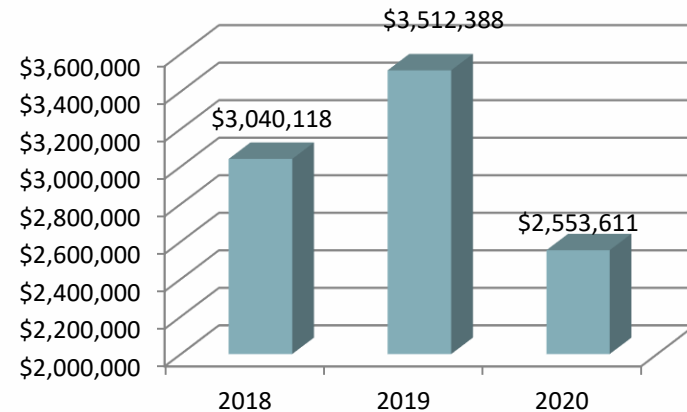
Avg. Cost Per Large Claimant*



Large Claimants (>\$100k) by Number



Large Claimants (>\$100k) by Dollars*



Total claim dollars shown, stop loss reimbursements not included

2020 STOP LOSS EXPERIENCE

- There were 4 stop loss claimants in 2020
 - 9 in 2019
- Stop loss reimbursements totaled \$170,750
 - \$1,241,002 in 2019
- 2 employees, 1 child and 1 spouse in 2020
 - 2 employees, 3 children and 1 spouse in 2019

Claimant	Claimant 1	Claimant 2	Claimant 3	Claimant 4
Enrollment Status	Enrolled	Terminated	Enrolled	Enrolled
Diagnosis	Rx (Respiratory)	Neoplasm	Neoplasm	Rx (Dermatological)

Specific Stop Loss (or Individual Stop Loss): Specific stop loss provides catastrophic protection to a self-funded plan. Medical and prescription drug claims are covered under the stop loss policy. The stop loss deductible is the amount for which the health plan is responsible for each individual employee or dependent claim in the policy year. The Specific Stop Loss level in 2019 was \$200,000.

2020 CONTRACTS AND PREMIUMS

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Contracts												
Plan 1 & 7	298	295	290	284	283	282	280	276	278	282	282	282
Plan 1A & 7A Cofinity	15	15	15	15	15	15	15	15	15	15	16	16
Plan 2	232	232	227	217	215	211	216	207	206	203	204	204
Plan 2A Cofinity	11	11	10	10	10	10	10	9	6	7	6	6
Plan 3	242	241	243	243	245	241	239	233	232	238	238	241
Plan 3A Cofinity	9	9	9	9	9	9	8	8	8	8	8	8
Plan 4, 8 & 10	349	355	355	346	345	346	346	343	336	339	337	337
Plan 4, 8 & 10A Cofinity	15	15	15	15	15	15	15	15	16	16	14	14
Plan 5	156	157	154	155	154	152	149	149	149	160	153	145
Plan 5A Cofinity	24	23	24	24	23	22	22	21	21	20	21	20
Plan 6 & 9	154	151	150	149	149	148	149	146	144	144	143	140
Plan 6 & 9A Cofinity	19	19	19	19	19	19	19	18	18	18	18	18
Plan 11 & 12	417	428	431	435	445	447	445	444	444	444	443	444
Plan 11 & 12A Cofinity	33	34	33	33	33	33	33	32	31	29	29	29
Total	1,974	1,985	1,975	1,954	1,960	1,950	1,946	1,916	1,904	1,923	1,912	1,904
Total YTD	1,974	3,959	5,934	7,888	9,848	11,798	13,744	15,660	17,564	19,487	21,399	23,303
Equivalent Premium												
Plan 1 & 7	\$ 369,192	\$ 363,663	\$ 351,869	\$ 356,909	\$ 355,961	\$ 250,570	\$ 351,246	\$ 342,111	\$ 351,097	\$ 348,716	\$ 350,438	\$ 346,695
Plan 1A & 7A Cofinity	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 11,713	\$ 12,545	\$ 12,129
Plan 2	\$ 224,784	\$ 224,128	\$ 222,308	\$ 210,305	\$ 208,172	\$ 208,682	\$ 217,667	\$ 196,803	\$ 205,084	\$ 200,100	\$ 193,227	\$ 208,425
Plan 2A Cofinity	\$ 7,412	\$ 7,412	\$ 6,309	\$ 7,044	\$ 7,953	\$ 7,250	\$ 7,250	\$ 5,234	\$ 2,784	\$ 9,662	\$ 4,740	\$ 3,758
Plan 3	\$ 210,740	\$ 213,927	\$ 224,707	\$ 214,396	\$ 211,590	\$ 209,564	\$ 210,515	\$ 193,198	\$ 202,260	\$ 205,907	\$ 205,180	\$ 208,257
Plan 3A Cofinity	\$ 8,458	\$ 8,458	\$ 8,458	\$ 8,458	\$ 8,458	\$ 8,458	\$ 7,652	\$ 8,055	\$ 8,055	\$ 8,055	\$ 8,055	\$ 8,055
Plan 4, 8 & 10	\$ 261,122	\$ 259,922	\$ 262,722	\$ 255,272	\$ 256,509	\$ 259,035	\$ 259,811	\$ 262,192	\$ 246,939	\$ 256,919	\$ 257,138	\$ 247,060
Plan 4, 8 & 10A Cofinity	\$ 8,946	\$ 8,583	\$ 9,190	\$ 9,190	\$ 9,190	\$ 9,190	\$ 9,190	\$ 9,860	\$ 13,376	\$ 11,294	\$ 8,704	\$ 9,999
Plan 5	\$ 156,096	\$ 154,869	\$ 148,400	\$ 150,261	\$ 151,615	\$ 147,692	\$ 144,827	\$ 155,425	\$ 144,478	\$ 151,282	\$ 161,335	\$ 140,493
Plan 5A Cofinity	\$ 17,852	\$ 17,799	\$ 19,199	\$ 19,433	\$ 18,560	\$ 15,939	\$ 18,042	\$ 17,105	\$ 16,632	\$ 14,396	\$ 16,780	\$ 13,389
Plan 6 & 9	\$ 133,178	\$ 130,489	\$ 128,966	\$ 128,629	\$ 130,331	\$ 127,356	\$ 127,143	\$ 124,284	\$ 123,982	\$ 126,464	\$ 122,182	\$ 119,696
Plan 6 & 9A Cofinity	\$ 15,118	\$ 15,118	\$ 15,118	\$ 10,942	\$ 14,850	\$ 14,850	\$ 14,850	\$ 14,080	\$ 14,080	\$ 14,080	\$ 14,080	\$ 14,080
Plan 11 & 12	\$ 303,199	\$ 311,039	\$ 304,104	\$ 308,963	\$ 314,413	\$ 313,791	\$ 310,747	\$ 310,965	\$ 314,319	\$ 311,955	\$ 309,778	\$ 314,978
Plan 11 & 12A Cofinity	\$ 24,296	\$ 21,529	\$ 22,590	\$ 22,590	\$ 23,004	\$ 22,176	\$ 22,590	\$ 21,948	\$ 21,128	\$ 18,965	\$ 20,770	\$ 20,241
Total	\$ 1,752,106	\$ 1,748,648	\$ 1,735,653	\$ 1,714,104	\$ 1,722,318	\$ 1,606,265	\$ 1,713,243	\$ 1,672,974	\$ 1,675,926	\$ 1,689,508	\$ 1,684,952	\$ 1,667,255
YTD Premium	\$ 1,752,106	\$ 3,500,754	\$ 5,236,407	\$ 6,950,511	\$ 8,672,829	\$ 10,279,094	\$ 11,992,337	\$ 13,665,311	\$ 15,341,237	\$ 17,030,745	\$ 18,715,697	\$ 20,382,952

- The number of employees enrolled decreased 3.5% (70 employees) from January to December
- Premium decreased \$84,851 (4.8%) from January to December
 - This could indicate that it was older participants, or those from higher cost areas, whose coverage was terminated.

2020 CLAIMS & EXPENSES

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Actual Claims												
Wrap Network Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,618	\$ 3,234	\$ 1,857	\$ 1,587	\$ 4,235
Plan 1 & 7	\$ 434,082	\$ 415,005	\$ 359,091	\$ 355,410	\$ 287,629	\$ 329,160	\$ 360,750	\$ 397,466	\$ 325,345	\$ 367,779	\$ 607,564	\$ 416,218
Plan 1A & 7A Cofinity	\$ 5,705	\$ 13,552	\$ 12,716	\$ 13,540	\$ 9,277	\$ 12,505	\$ 5,769	\$ 4,297	\$ 10,557	\$ 10,635	\$ 16,390	\$ 16,582
Plan 2	\$ 180,715	\$ 145,321	\$ 182,358	\$ 142,708	\$ 98,027	\$ 80,498	\$ 132,492	\$ 128,901	\$ 125,131	\$ 128,824	\$ 146,510	\$ 198,308
Plan 2A Cofinity	\$ 12,056	\$ 11,494	\$ 21,310	\$ 3,765	\$ 7,149	\$ 15,455	\$ 6,236	\$ 1,449	\$ 1,114	\$ 2,596	\$ 7,355	\$ 2,382
Plan 3	\$ 223,478	\$ 196,086	\$ 171,601	\$ 101,330	\$ 169,315	\$ 131,227	\$ 108,487	\$ 138,881	\$ 105,939	\$ 152,288	\$ 158,769	\$ 149,395
Plan 3A Cofinity	\$ 17,841	\$ 1,137	\$ 10,455	\$ 9,538	\$ 733	\$ (3,386)	\$ 7,586	\$ 2,447	\$ 49,935	\$ 29,188	\$ 3,793	\$ 1,278
Plan 4, 8 & 10	\$ 159,042	\$ 241,612	\$ 154,281	\$ 102,418	\$ 100,388	\$ 96,938	\$ 131,849	\$ 228,378	\$ 228,489	\$ 238,757	\$ 219,344	\$ 306,111
Plan 4, 8 & 10A Cofinity	\$ 2,803	\$ 37,024	\$ 4,724	\$ 767	\$ 3,985	\$ 2,108	\$ 6,735	\$ 9,390	\$ 11,495	\$ 7,998	\$ 12,323	\$ 876
Plan 5	\$ 42,685	\$ 90,513	\$ 137,858	\$ 56,530	\$ 56,201	\$ 40,799	\$ 95,572	\$ 90,951	\$ 84,650	\$ 66,028	\$ 120,027	\$ 72,459
Plan 5A Cofinity	\$ 7,736	\$ 1,938	\$ 1,766	\$ 32,241	\$ 3,188	\$ 7,294	\$ 1,575	\$ 4,642	\$ 3,833	\$ 4,849	\$ 15,858	\$ 6,519
Plan 6 & 9	\$ 52,303	\$ 126,845	\$ 86,741	\$ 108,268	\$ 31,729	\$ 23,848	\$ 33,927	\$ 50,389	\$ 39,222	\$ 30,880	\$ 109,737	\$ 51,733
Plan 6 & 9A Cofinity	\$ 26,956	\$ 2,940	\$ 3,405	\$ 15,791	\$ 826	\$ 4,316	\$ 3,128	\$ 7,946	\$ 2,731	\$ 2,424	\$ 16,261	\$ 4,244
Plan 11 & 12	\$ 135,174	\$ 195,488	\$ 194,546	\$ 84,650	\$ 149,774	\$ 179,173	\$ 147,592	\$ 241,635	\$ 249,269	\$ 401,746	\$ 244,554	\$ 259,511
Plan 11 & 12A Cofinity	\$ 2,904	\$ 1,784	\$ 3,334	\$ 2,296	\$ 830	\$ 1,054	\$ 5,516	\$ 11,597	\$ 29,289	\$ 19,339	\$ 12,929	\$ 5,436
Total Claims	\$ 1,303,479	\$ 1,480,738	\$ 1,344,186	\$ 1,029,252	\$ 919,049	\$ 920,987	\$ 1,047,215	\$ 1,319,988	\$ 1,270,234	\$ 1,465,188	\$ 1,693,002	\$ 1,495,287
Pooled Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,929)	\$ (18,638)	\$ (23,835)	\$ (26,620)	\$ (26,667)	\$ (61,062)
Net Monthly	\$ 1,303,479	\$ 1,480,738	\$ 1,344,186	\$ 1,029,252	\$ 919,049	\$ 920,987	\$ 1,033,287	\$ 1,301,350	\$ 1,246,399	\$ 1,438,567	\$ 1,666,335	\$ 1,434,225
Net YTD Total	\$ 1,303,479	\$ 2,784,217	\$ 4,128,403	\$ 5,157,656	\$ 6,076,705	\$ 6,997,692	\$ 8,030,979	\$ 9,332,329	\$ 10,578,728	\$ 12,017,295	\$ 13,683,631	\$ 15,117,856
Average Cost/Contract	\$ 660.32	\$ 745.96	\$ 680.60	\$ 526.74	\$ 468.90	\$ 472.30	\$ 530.98	\$ 679.20	\$ 654.62	\$ 748.09	\$ 871.51	\$ 753.27
Average Cost/Contract YTD	\$ 660.32	\$ 703.26	\$ 695.72	\$ 653.86	\$ 617.05	\$ 593.13	\$ 584.33	\$ 595.93	\$ 602.30	\$ 616.68	\$ 639.45	\$ 648.75
Fixed Expenses (Administration)												
TPA Fees	\$ 100,500	\$ 104,737	\$ 102,134	\$ 102,089	\$ 100,735	\$ 100,780	\$ 100,661	\$ 99,239	\$ 98,774	\$ 101,333	\$ 101,055	\$ 101,148
Individual Stop-loss	\$ 120,863	\$ 123,798	\$ 120,580	\$ 120,694	\$ 117,760	\$ 119,368	\$ 119,736	\$ 119,092	\$ 119,354	\$ 120,098	\$ 120,134	\$ 120,550
Professional & ACA Fees	\$ 135,595	\$ 136,351	\$ 135,664	\$ 134,222	\$ 134,634	\$ 133,947	\$ 133,672	\$ 131,611	\$ 130,787	\$ 132,092	\$ 131,337	\$ 130,787
Other Fees	\$ 1,095	\$ 961	\$ 1,000	\$ 1,000	\$ 1,075	\$ 985	\$ 991	\$ 972	\$ 971	\$ 990	\$ 988	\$ 990
Monthly Total	\$ 358,053	\$ 365,846	\$ 359,378	\$ 358,004	\$ 354,204	\$ 355,080	\$ 355,059	\$ 350,914	\$ 349,887	\$ 354,513	\$ 353,513	\$ 353,475
YTD Administration	\$ 358,053	\$ 723,899	\$ 1,083,277	\$ 1,441,281	\$ 1,795,485	\$ 2,150,565	\$ 2,505,624	\$ 2,856,538	\$ 3,206,425	\$ 3,560,938	\$ 3,914,451	\$ 4,267,926
Actual Claims + Fixed Expenses Totals												
Monthly Total	\$ 1,661,532	\$ 1,846,584	\$ 1,703,564	\$ 1,387,256	\$ 1,273,254	\$ 1,276,067	\$ 1,388,346	\$ 1,652,264	\$ 1,596,286	\$ 1,819,701	\$ 2,046,515	\$ 1,848,762
YTD Total	\$ 1,661,532	\$ 3,508,116	\$ 5,211,680	\$ 6,598,936	\$ 7,872,190	\$ 9,148,257	\$ 10,536,603	\$ 12,188,866	\$ 13,785,152	\$ 15,578,233	\$ 17,598,082	\$ 19,385,782
YTD \$ Variance from Premium	-5%	0%	0%	-5%	-9%	-11%	-12%	-10%	-9%	-6%	-5%	-5%
YTD Cost/Contract	\$ 841.71	\$ 886.11	\$ 878.27	\$ 836.58	\$ 799.37	\$ 775.41	\$ 766.63	\$ 778.34	\$ 784.85	\$ 799.42	\$ 822.38	\$ 831.90
Loss Ratio / Claim Cost Per Employee												
YTD Loss Ratio	94.8%	100.2%	99.5%	94.9%	90.8%	89.0%	87.9%	89.2%	89.9%	91.5%	94.0%	95.1%
Monthly Claim Cost Per Employee	\$ 660.32	\$ 745.96	\$ 680.60	\$ 526.74	\$ 468.90	\$ 472.30	\$ 530.98	\$ 679.20	\$ 654.62	\$ 748.09	\$ 871.51	\$ 753.27

- Actual claims plus fixed expenses were at 95.1% of equivalent premium.
- MDA's true loss ratio is lower due to pharmacy rebates and investment income.
 - \$ 501,905 in rebates were earned through Q3 2020, lowering the loss ratio to 92.6%.
 - Q4 2020 rebate information will not be available until March 2021.

From: Christopher Condeluci [<mailto:chris@cclawandpolicy.com>]

Sent: Friday, December 18, 2020 4:00 PM

Subject: Hi There - AHP Coalition - Update

Hi there. I hope everyone is having a good month of December so far. I hope those of you in the Mid-Atlantic/Northeast are enjoying the snow!!

I wanted to circle back with everyone with a quick update, and to lay out an idea I would like to present to incoming Biden Administration folks. Also, I wanted to give you a heads up about scheduling a Steering Committee call the second week of January (after we know the results of the Georgia run-offs), and provide some last comments as we inch toward the end of the year.

First on the update:

As I mentioned, I approached CMS, suggesting that CMS consider changing the “look-through” rule guidance over the months of November and December, with issuance of the revised guidance by mid-January. We knew this was a tall-order, but we had no reason not to make the ask.

CMS policy leaders were supportive of the idea. However, once the idea was presented to the CMS Administrator, the Administrator felt that the DOL would need to give CMS permission to move forward on changing the “look-through” rule guidance (even though this guidance falls under CMS’s authority!).

Efforts were made to inform the DOL of CMS’s interest in changing the guidance, but the DOL did not respond, and the fact that this effort was not jump-started after the Thanksgiving holiday, there was no time to get anything done by mid-January. As a result, no efforts to change the “look-through” rule guidance were undertaken.

Second on the proposal:

Even though efforts were not undertaken to change the “look-through” rule guidance by the current Administration, I would like to package our suggested change into a formal proposal that we can present to the Biden Administration (e.g., the “politicals” who will be populating CMS, the DOL, and the White House next year). The proposal is this:

- Create a new exception to the “look-through” rule (in addition to the current exception for ERISA-defined “bona fide groups”).
- This new exception would say: If a State enacts a law that allows an AHP to cover (1) employers in different industries and (2) self-employed individuals with no employees, the “look-through” rule would NOT apply, provided the State law:
 - Requires the coverage of the ACA’s “essential health benefits”
 - The plan complies with ALL of the ACA’s “group health plan” requirements
 - The plan complies with the State’s “large group” benefit mandates

- Premiums cannot vary by employer member based on health status, but premiums can vary based on a 5 to 1 age band.
- We would argue that: Currently, States are allowed to enact their own law saying that the State will NOT follow the “look-through” rule’s existing “bona fide group” exception. States should similarly be permitted to enact their own State law that would allow AHPs to cover (1) employers in different industries and (2) self-employed individuals with no employees, provided the above stated requirements are met.
- We would further argue that if these requirements are met, the State would be deemed to be “substantially enforcing ACA” because these AHPs would be in compliance with the ACA’s and the State’s “large group” market rules, plus additional consumer protections that core aspects of the ACA itself.
- Note, even if a State does NOT enact a law like this, the State can still follow the “look-through” rule’s existing “bona fide group” exception, as is currently allowed under the law. No changes would be made to the Pathway #1 rules.

There is a timing issue that we have to consider here. For example, should we wait, for the Circuit Court ruling to finally come out, and then present this idea to the Biden Administration?? At this point, I am not expecting a Circuit Court ruling until AFTER the Supreme Court rules on the future of the ACA, and we won’t get that Supreme Court ruling until Spring, probably Summer 2021. Soooo, we will likely still be waiting for a Circuit Court ruling until either early or late Summer, depending on the timing of the Supreme Court ruling.

Alternatively, by February, many of the Biden “politicals” will have made their way into CMS, and it may be worthwhile to engage CMS at that point and say to CMS: If the DOL regulations are struck down, we would like for you to consider this proposal.

We can ALSO say: If the Circuit Court upholds the DOL’s regulations, instead of undertaking efforts to rescind those regulations, why not keep them and attach the various consumer protections that ACA supporters/AHP opponents have been saying that the DOL regs lack. This way, you (CMS) can get some things that you want (which is the consumer protections), and we (our Coalition and other AHP supporters) can get some things that we want (the ability to offer both Pathway #1 and Pathway #2 AHPs). We would also engage the DOL “politicals” at the same time, and possibly the White House.

At this point, I am leaning toward engaging CMS in February (and maybe even earlier depending on who is named as CCIIO Director and when). That way, we can start a dialogue with CMS prior to the Circuit Court ruling, and we can lay some groundwork and hopefully soften CMS’s reaction to a final Circuit Court ruling (whatever that may be), instead of CMS having a knee-jerk reaction to whatever the final ruling may say. In other words, I would like to fill the vacuum around AHPs before that vacuum gets filled by an over-reaction by people who are generally OPPOSED to AHPs.

I would love to hear your thoughts on all of this, especially my last point here.

I will note, if the Biden DOL undertakes efforts to rescind the DOL’s AHP regs as early as February, I think we should present this same idea to the DOL as an alternative to rescinding the regs. These particular

changes could be incorporated by the DOL into the DOL's AHP regulations themselves, or by CMS into the "look-through" rule guidance.

Third on the Steering Committee call:

I am looking at Monday January 11th or Tuesday January 12th for a Steering Committee call. 2 or 3 pm EST. Feel free to let me know of a preferred date/time.

On our call, we will discuss the Georgia run-offs and the latest on the "politicals" moving into the Biden Administration. We can also talk about everything I stated above, as well as some State-related work.

Last comments:

Words cannot describe how crazy 2020 has been for all of us from a personal perspective, a business perspective, and with respect to our fighting for the legal clarity that we all want on AHPs. I do believe that better days are around the corner in each of these areas, including our work on AHPs.

I hope everyone enjoys the Holidays with their family and friends. I wish everyone a Merry Christmas. And I hope you have a fun and safe New Year!!

I will be available if anyone needs anything from me between now and 12/31, so feel free to reach out. 703-209-0690. Otherwise, I very much looking forward to talking with you in 2021.