

Geisinger Funding Alternative:

A smart way for businesses
to self-insure

Geisinger

**Is self-funding the
right choice for
your group?**



Self-funding is best for businesses with:

- Good financial standing
 - Delayed premiums are not an option
 - Binder checks will no longer be an option for the first month's payment
 - Groups are required to have their first month's premiums pulled on the first of the month of their effective date
 - *If the form is received after the first of the month of the effective date, the premium will be pulled on the date the form is received*
- A better-than-average risk profile
- Above average risk tolerance
- An understanding of legal and administrative responsibilities that come with self-funding

Our level-funded plans offer:



Stability

Flexible plans designs,
cost-efficient pricing and
predictable payments



Stop-loss coverage

Protection against
claims that are
larger than funded



Predictability

Monthly payments
based on your
employees' health trends



Savings opportunities

Experience credit return
eligibility if claims paid
are less than claims
funded upon renewal in
a Geisinger product



Access

Gain access to our
network options and
health & wellness
programs



How level-funding works

- Client funds the maximum expected claims, up to the aggregate attachment point
 - Claims that exceed the monthly attachment point are immediately reimbursed by GHP
- Client funds administrative fees, stop loss premium, terminal liability reserve and broker commission
 - Excluded from reimbursement under stop-loss policy
- Client funds will be pulled on 1st of the month for the current month's coverage
- Exposure determined by monthly enrollment
- Configured Standard Benefit – no exceptions allowed

A red background with a white arrow pointing to the right. The arrow is a simple, bold shape that starts from the left edge and points towards the center-right of the frame.

Meet Geisinger Funding Alternative (GFA)



What is GFA?

- A level-funded product for groups with 5-199 enrolled subscribers
 - We also quote ACA renewals for groups with 2-50 enrolled subscribers
- Allows groups to choose from standard benefit designs
- Provides protection against unexpected claims volume (stop-loss coverage)
 - Stop-loss coverage overview:
 - Specific/Aggregate
 - \$30,000 specific for groups 5 to 99
 - \$50,000 specific for groups 100 to 199
 - 110% risk corridor (estimation of expected claims)
 - Monthly and annual specific/aggregate protection
 - Unlimited lifetime policy maximum (after reaching your annual maximum liability)
 - 48 months of claims runout post termination

GFA plan designs

Overview

- HMO, PPO and health savings account options – no referral
- 2x and 1x deductibles
- Two prescription drug plans
- \$0/\$25/\$50/\$70
- \$0/\$20/\$40/\$60

Mandatory riders

- Mental health and substance abuse
- Impacted wisdom teeth
- Chiropractic
- Eye refraction
- Healthy Rewards program
- Domestic partner with dependents

Wellness benefits

- On-site health education
- On-site screenings (flu shots and lab draws are an additional fee)
- Health coaching
- Health fairs
- Online health assessment and other tools

All benefits follow fully-insured benefit changes.

Financial components

Administrative fees

- GHP administrative services
- First Health (out-of-area network access)
- Tel-A-Nurse program
- Teladoc

Stop loss premium

- Specific and aggregate
- 12/12 contract basis year one
- Paid contract basis year two

Broker commissions

- \$30 PEPM standard
- Additional PEPM must be requested in writing

Pre-set monthly payments (claims funding)

- 110% risk corridor
- Five-tier aggregate factors

Terminal Liability Reserve included

- Calculated each plan year and charged monthly
- Given back as if group renews in GFA
- Will run out claims incurred prior to termination
- No additional cost to client when termination occurs at the end of the contract period

Experience credit benefits

- Occurs when actual claims are less than 110% of expected claims
- Remaining experience credit is shared 50/50 and credited to the employer (upon renewal in a GHP product)
- Groups can self-monitor claims experiences and experience credit levels
- For Jan. 2021 renewals, 54% of groups received \$5,396 average experience credit

Product/plan design example

	Option 1
Specific limit	\$30,000 deductible for groups 5-99 \$50,000 deductible for groups 100-199
Specific contract	12/12
Aggregate limit	Unlimited
Aggregate contract	12/12
Aggregate corridor	110%
Terminal liability reserve	Included
Experience credit option	50%

Benefits	Option 1
Plan design	Geisinger PPO
In-network deductible	\$1,000/\$2,000
In-network coinsurance	0%
In-network coinsurance max.	\$0
Office visit/specialty copays	\$20/\$40
Emergency room copay	\$150
Prescription drug copay	\$0/\$20/\$40/\$60
In-network OOP max.	\$8,550/\$17,100
Out-of-network deductible	\$2,000/\$4,000
Out-of-network coinsurance	20%
Out-of-network coinsurance max.	\$4,000/\$8,000

Fixed costs (examples from proposal)

	Administrative Rx	Stop Loss Med/Rx	Terminal Liability Reserve Med/Rx
Employee only	\$32.63	\$197.57	\$32.26
Employee and spouse	\$78.31	\$474.18	\$77.42
Employee and child	\$45.68	\$276.61	\$45.16
Employee and children	\$65.26	\$395.15	\$64.52
Employee and family	\$97.64	\$591.21	\$96.53
Annualized	\$48,727.92	\$295,049.64	\$48,174.24

Claims factors

Pre-set monthly payments (claims funding) with a 110% risk corridor

Claims factors	Med/Rx
Employee only	\$314.29
Employee and spouse	\$754.30
Employee and child	\$440.02
Employee and children	\$628.59
Employee and family	\$940.47
Annualized	\$469,351.80
Annual maximum liability	\$861,303.60

Maximum pre-funded amounts by tier

Maximum pre-funded premium	Maximum pre-funded rates
Employee only	\$576.75
Employee and spouse	\$1,384.21
Employee and child	\$807.47
Employee and children	\$1,153.52
Employee and family	\$1,725.85
Monthly pre-funded premium	\$71,775.30
Estimate maximum annual liability	\$861,303.60

Comparison	Maximum pre-funded rates
Geisinger current	\$875,860.56
% difference	-1.66%
Experience credit return*	50% option
Annual estimate	\$39,150.16

*Upon renewal in a Geisinger product



Annual settlement

- 50% of the total claims that fall under the aggregate attachment point will be returned to the client
 - Experience credit is returned within 60 days of end of contract period provided termination occurs at the end of the contract period.
 - Experience credit is returned to the group's bank account.
- The plan must be in force for the entire contract year and settlement will be returned upon renewal in a GHP product
- All amounts due must be paid in full by the end of the contract year
- Enrollment numbers and claim amounts fixed as of the last day of the contract period
 - Settlement calculation based on the fixed enrollment/claims
 - No retroactivity
- Total claims that exceed the aggregate attachment point will be reimbursed by the stop loss carrier

Terminal Liability Reserve

- Terminal Liability Reserve (TLR) is charged each month as part of the level funded premium and will be used to run out claims incurred prior to termination but received for payment after termination up to 48 months.
 - There is no additional cost to client when termination occurs at the end of the contract period.
- Upon renewal in GFA, the previous contract period Terminal Liability Reserve will be returned when settlement takes place (must be enrolled at time of payment)
- Termination requests require 30 days' notice for on-cycle terminations. Groups will not be permitted to terminate retroactively.





Legal documents

- Administrative Services Agreement
 - Non-negotiable
- Stop-loss policy
- Summary Plan Description
- Three-way non-disclosure agreement, if applicable

Banking arrangement: mandatory ACH (pull)

- GHP opens and manages account with Wells Fargo Bank
- Client can choose banking institution of choice to fund the Wells Fargo account
- Each month GHP provides the client with invoices (mailed approximately 18 days prior to pull) for all financial components (by subscriber and tier)
 - Super user can view invoice through portal
- Client must ensure funds are in the account prior to the pull on the 1st of the month for that month's coverage
- Client is responsible to ensure the account listed on the ACH authorization form will accept ACH withdrawals
- **There is NO grace period**

Important information (1)

- This is the client's health plan; GHP provides administrative services only
- Underwriting reserves the right to re-rate if enrollment changes +/- 15% during the plan year
- The client is responsible for plan administration/ERISA compliance
- The client is responsible for any tax filings. The financial proposal does not include Affordable Care Act (ACA) taxes, fees or any future government assessments.
 - New York State surcharges: group needs to register with the state of NY and we will remit on their behalf and bill to the employer on their billing statement.
 - IRS Form 5500
 - Patient Centered Outcomes Research Institute (PCORI)
 - Fees are not included in the GFA pre-funded rates
 - Groups will be responsible to pay this fee on their own

Important information (2)

- Out-of-area subscribers (enrolled) cannot exceed 30% of the total subscribers electing coverage.
- For groups with 2-9 enrolled, out-of-area employees will not be allowed. The First Health network is available for out-of-area dependents on all size groups
- Groups can elect up to three benefit offerings. Premier plans cannot be offered with Choices plans and the premium variance between plans must be less than 20% calculated by taking the lowest cost to the highest single rate. Premium variance can be found within the proposal
- The insurer has agreed to assist in the process regarding IRS forms 1094B and 1095B filings.

Coverage type	Group size	Reporting entity	Forms
Geisinger level-funded product	Small group	Geisinger	1094-B (all parts) 1095-B (parts I, II, III, IV)
	Applicable large employer (50+ FTEs)	Plan sponsor	1094-C (Parts I, II, III, IV) 1095-C (Parts I, II, III)

Reporting

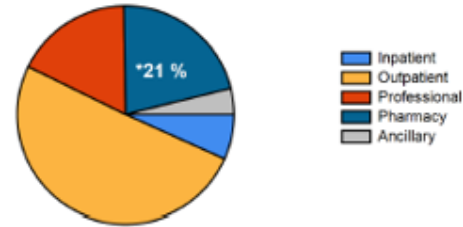
Month-by-month reports

The client and/or broker will be email reporting on a monthly basis:

Month	Contracts	Admin + Stop Loss	Term Liability	Monthly Claims Funding	Cumulative Claims Funding	Monthly Paid Claims	Less Specific Deductible Overages	Cumulative Paid claims	Monthly Claims Account Balance	Cumulative Claims Account Balance
201912	40	\$9,385.34	\$1,784.46	\$14,438.64	\$14,438.64	\$1,292.87	\$0.00	\$1,292.87	\$13,145.77	\$13,145.77
202001	38	\$9,300.00	\$1,768.24	\$14,307.32	\$28,745.96	\$3,812.11	\$0.00	\$5,104.98	\$10,495.21	\$23,640.98
202002	36	\$8,644.78	\$1,643.66	\$13,299.34	\$42,045.30	\$4,588.24	\$0.00	\$9,693.22	\$8,711.10	\$32,352.08
202003	37	\$8,782.43	\$1,669.83	\$13,511.11	\$55,556.41	\$9,546.70	\$0.00	\$19,239.92	\$3,964.41	\$36,316.49
202004	37	\$8,782.43	\$1,669.83	\$13,511.11	\$69,067.52	\$3,075.24	\$0.00	\$22,315.16	\$10,435.87	\$46,752.36
202005	37	\$8,782.43	\$1,669.83	\$13,511.11	\$82,578.63	\$2,089.20	\$0.00	\$24,404.36	\$11,421.91	\$58,174.27
202006	36	\$8,644.78	\$1,643.66	\$13,299.34	\$95,877.97	\$1,843.01	\$0.00	\$26,247.37	\$11,456.33	\$69,630.60
202007	34	\$8,369.48	\$1,591.32	\$12,875.80	\$108,753.77	\$2,001.15	\$0.00	\$28,248.52	\$10,874.65	\$80,505.25
202008	32	\$7,853.65	\$1,493.24	\$12,082.22	\$120,835.99	\$4,722.26	\$0.00	\$32,970.78	\$7,359.96	\$87,865.21
Totals	327	78,545.32	14,934.07	\$120,835.99	\$120,835.99	\$32,970.78	\$0.00	\$32,970.78	\$87,865.21	\$87,865.21
									Experience credit option	\$43,932.61

Quarterly key performance indicator (KPI) report

For 10+ subscribers



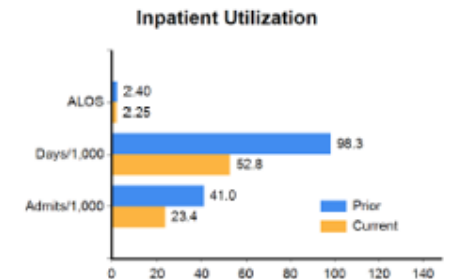
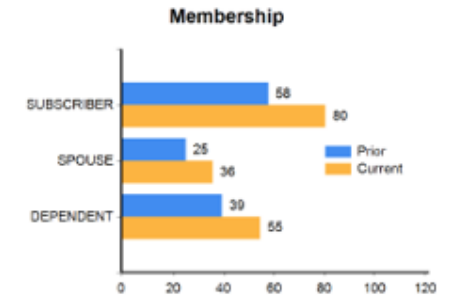
Current Period Costs:	
• Medical:	\$547,613
• Pharmacy:	\$148,957

Current Period: 05/01/2018 through 04/30/2019
 Prior Period: 05/01/2017 through 04/30/2018
 Paid through 06/30/2019

Paid PMPM	Prior	Current	Benchmark	Change
Total	\$331.38	\$340.29		2.7%
Medical	\$261.68	\$267.52		2.2%
Inpatient	\$27.29	\$22.88		-16.1%
Outpatient	\$148.51	\$171.97		15.8%
Professional	\$82.70	\$59.51		-28.0%
Ancillary	\$3.17	\$13.16		315.5%
Pharmacy	\$69.72	\$72.77		4.4%

Membership and Utilization

Membership	Prior	Current	Benchmark	Change
Average Membership	122	171	N/A	39.73%
Subscriber	58	80	N/A	39.25%
Spouse	25	36	N/A	42.67%
Dependent	39	55	N/A	38.56%
Average Family Size	2.1	2.1	N/A	0.34%
Average Age	32.80	33.35	N/A	1.66%
Percent Female	39.3%	37.5%	N/A	-4.58%
Inpatient Facility				
Admissions/1,000	41.0	23.4		-42.7%
Days/1,000	98.3	52.8		-46.3%
Average Length of Stay (ALOS)	2.40	2.25		-6.3%
Average Paid/Admission	\$7,995	\$11,708		46.5%
Outpatient Facility				
Outpatient Surgery/1,000	262.1	158.3		-39.6%
Average Paid/Surgery	\$3,946	\$6,895		74.7%
Emergency Dept (ED) Visits/1,000	221.2	129.0		-41.7%
Average Paid/ED Visit	\$1,584	\$1,909		20.5%
Professional				
Office Visits/1,000	3,178.2	2,778.7		-12.6%
PCP Visits/1,000	1,605.5	1,565.2		-2.5%
Specialist Visits/1,000	1,572.7	1,213.5		-22.8%
Average Paid/Office Visit	\$74	\$79		7.0%
Average Paid/PCP Visit	\$68	\$81		18.2%
Average Paid/Specialist Visit	\$80	\$78		-3.0%
Urgent Care Visits/1,000	204.8	181.7		-11.3%
Average Paid/Urgent Care Visit	\$83	\$89		6.7%
Pharmacy				
Scripts/1,000	11,918.1	11,015.1		-7.6%
Average Paid/Script	\$70	\$79		12.9%



* All benchmarks are 50% Moderately Managed (Well / Loose Managed Midpoint).

GFA 100+ MedInsight Reporting Access

https://clients.medinsight.milliman.com/sites/GEI_EXT_EGR/Home

View the following summary reports in your report library:

- Census (redacted zip code)
- Employer Group Report
- High Claimant Report
- Key Performance Indicators

This access is in addition to the monthly report on slide 21.

Underwriting requirements



New Business: 5 – 9 contracts

Illustrative

- Member level census
- Employer group application
- Group size certification form
- If currently self-funded
 - Two consecutive years of aggregate reports
 - Two corresponding high claimant or specific reports
- Medical disclosure forms; supplemental forms if using competitor medical disclosure forms
- Current rates
- Renewal rates and benefits
- Quote request form (optional)

Final

- Final member level census
- Other requirements requested by underwriting
- Valid waiver forms if not meeting participation requirements



New Business: 10 – 99 contracts

Illustrative

- Member level census
- Employer group application
- Group size certification form
- If currently self-funded
 - Two consecutive years of aggregate reports
 - Two corresponding high claimant or specific reports
- Current rates and benefits
- Renewal rates and benefits
- Quote request form (optional)

Final

- Final member level census
- Valid waiver forms if not meeting participation requirements
- Other requirements as requested by underwriting



New Business: 100 – 199 contracts

Illustrative

- Member level census
- Employer group application
- Claims data required for all groups
 - Two consecutive years of aggregate reports
 - Two corresponding high claimant or specific reports
- Current rates and benefits
- Renewal rates and benefits
- Quote request form (optional)

Final

- Final member level census
- Valid waiver forms if not meeting participation requirements
- Other requirements as requested by underwriting



Non-ACA GHP fully insured

Illustrative

- Quote request form (optional)

Final

- Valid waiver forms if not meeting participation requirements
- Signed proposal
- Other requirements as requested by underwriting



GFA renewal

Illustrative

- Quote request form (optional)

Final

- Valid waiver forms if not meeting participation requirements
- Signed proposal
- Other requirements as requested by underwriting

Thank you

Geisinger