

Zeroing In on Cost-Effective Employee Health Coverage



*Your guide
to sorting
the options,
understanding
the differences,
and constructing
a customized
group health
benefits plan*

From cars, to computers to flat screen TVs, starting with the lowest price option generally seems a prudent purchasing strategy. Leather interior, robust RAM, or 4K resolution can be cost:benefit analyzed in comparison to other creature comforts.

The same can be true of employee health insurance: start at a baseline and coalesce coverage options incrementally.



“Coverages can be targeted for an optimized return on investment.”

As a Third Party Administrator (TPA) of primary and ancillary health plans, OptiMed holds no vested interest in one type of coverage over another. Our menu covers a full spectrum. Our mission is incomparable service. Our hope is to become your one-stop shop for employee benefits.



Frugality Matters

A logical starting point for sorting the numerous options available to employers is a plan that qualifies as cheapest. Once piecemeal benefits are scrutinized, however, the stopping point may end up far from the least costly plan. The sweet spot of plan selection is optimization of a not so highly technical nor mystifying term: *bang for the buck*.

OptiRater Automation

At a time when “there’s an app for that” applies to just about every activity of life, the complexity of group health insurance is almost app-defying. A software program that can devise and price health insurance is an arduous endeavor that few – but OptiMed – have conquered.

The OptiRater, a self-executed online software platform, removes the drudgery and reduces dramatically the timespan required to generate insurance quotes.



Because policy changes are made with a few keystrokes and clicks, every *what if* scenario can be addressed indefatigably. Applied to the portfolio of products OptiMed administers, coverages can be targeted for an optimized return on investment.

Product Primer

Where to begin?

Self-funded Minimum Essential Coverage (MEC) represents Ground Zero – with caveats as it relates to employers of 50 or more. The monthly MEC premium for employee-only coverage is approximately \$50. That’s a 2021 rough estimate of self-funded MEC premiums in most states.

Because the plan is self-funded, a portion of the monthly premium goes into a claims reserve fund to pay employee medical bills covered by the plan. At year’s end, should total medical claim payments come in under estimate, the fund balance is refunded to



OPTIMED SELF-FUNDED MEC PLANS

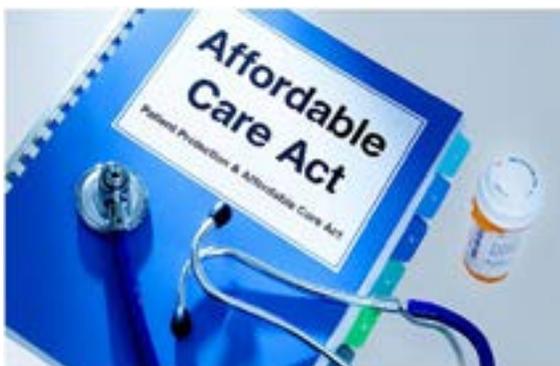
	MEC Basic	MEC Pro	MEC Preferred	MEC Prime	MEC Advantage
Network	PHCS or First Health or similar				
Out of Network Coverage	No	No	90	90	\$2,500
Deductible - Individual	50	50	50	50	\$7,500
Deductible - Family	50	50	50	50	\$5,000
Maximum Out of Pocket - Individual	50	\$400	\$725	\$1,500	\$5,000
Maximum Out of Pocket - Family	50	\$800	\$1,450	\$2,400	\$15,000
* Preventive & Wellness	100%	100%	100%	100%	100%
Physician and Office Visits	Not Included	8 combined visits per year	18 combined visits per year	20 combined visits per year	No limit
• Primary Care Visit	Not Included	\$25 copay	\$25 copay	\$25 copay	\$25 copay
• Specialist Visit	Not Included	\$75 copay	\$75 copay	\$75 copay	\$75 copay
• Urgent Care Visit	Not Included	Not Included	\$25 copay	\$25 copay	\$25 copay
• Maternity Pre/Post Natal	Not Included	Not Included	\$25 copay	\$25 copay	\$25 copay
• Mental/Behavioral Health	Not Included	Not Included	\$25 copay 1/yr	\$25 copay 1/yr	\$25 copay after 1st
X-Rays & Lab	Not Included	Not Included	\$25 copay 1/yr	\$25 copay 1/yr	\$25 copay after 1st
Imaging	Not Included	Not Included	Not Included	\$400 copay 1/yr	\$400 copay 1/yr after 1st
Emergency Room	Not Included				
Outpatient/Inpatient Services Hospital Admissions/Emergency Transport	Not Included	Not Included	Not Included	\$0 copay	\$0 copay
Rx (ACA Pharmacy)	50 copay				

* Preventive services covered without limitation or out of pocket expense. Refer to the U.S. Preventive Services Task Force for a complete list at: <https://www.preventiveservices.org/aca-2010>

the employer. Should claims exceed the estimate, excess loss prevention insurance pays the shortfall. This means that an employee – the employee only and not family members – will never cost an employer more than a net \$600 per year approximately, and maybe less. This is a starting point because MEC covers only preventive medical services: items such as physicals, mammograms for women over 40, colonoscopies for those 50 or older, routine immunizations and dozens of other wellness or preventive services. It covers every preventive service specified by the Affordable Care Act -- and nothing else.

Beyond Basic MEC

OptiMed MEC offers four levels of add-ons and/or benefit increases, as indicated in the table at left, which can be downloaded by clicking on it. Added benefits increase the premium, but you can see the granularity of options. OptiRater can zip out rates for ease of price comparison.



Satisfying ACA Mandate

Companies with 50 or more full-time equivalent employees are still subject to either of two penalties imposed by the Affordable Care Act (ACA). This situation could change if the U.S. Supreme Court strikes down all or part of the ACA in a decision expected this Spring, or if the Biden Administration and Congress enact new legislation.



“... self-funding . . . is required to avoid the penalty; it can’t be a fully insured plan.”

For the moment and likely the next year or more, employers of 50 or more pay a per-employee penalty of \$2,700 if they fail to offer coverage, or a penalty of \$4,060 if the coverage they provide is insufficient such that an employee purchases his/her own subsidized policy on the ACA Exchange. Calculation of the failure-to-offer-coverage penalty contains 30 waivers, so it isn’t actually \$2,700 per employee but the total number of employees minus 30 penalty waivers.

Self-Funded MEC, even at \$600 per year, satisfies the ACA stipulation for providing coverage and thus avoids the \$2,700 penalty. Note that self-funding the MEC plan is required to avoid the penalty; it can’t be a fully insured plan. We’ll elaborate after we address the \$4,060 penalty.



Employer Penalty for ACA Subsidized Coverage

Depending upon a company’s wage scale, it’s possible to offer Self-Funded MEC and yet be subject to the \$4,060 penalty. This penalty is imposed only when an employee obtains subsidized coverage on the ACA Exchange. Typically, the cost savings of Self-Funded MEC is so significant an employer could sustain dozens of employees obtaining subsidized coverage.

The calculation to make looks like the following, which is based on a company with 100 full-time-equivalent employees. This employer would have three options:

1. Purchase major medical coverage for 100 Employees, at approximately \$300 per month = \$360,000
2. Purchase OptiMed Self-Funded MEC for 100 Employees at approximately \$50 per month = \$60,000
3. Pay ACA Penalty $\$2,700 \times (100 - 30 \text{ waivers}) = \$189,000$

Selecting Option 2, the Self-Funded MEC, is \$139,000 cheaper than the next lowest option (the penalties) notwithstanding what \$4,060 penalties might be levied. But it would take 35 employees obtaining a subsidy on the Exchange to wipe out the cost savings.

It should also be noted that penalty payments come from after-tax funds while the product purchases would be tax deductible, making the disparity even greater.



Why MEC Needs Self Funding

Call it a loophole in the ACA but a self-funded plan, unlike one fully insured, is required to include only preventive care and not “essential health benefits.” This means that expensive medical charges such as those for hospitalization, emergency room services and prescription drugs are required of fully insured plans but not those that are self-funded.



Hence: Self-Funded MEC is the baseline, the cheapest option. Keep in mind that the plan contains excess loss insurance for both specific medical claims and the aggregate of all claims.



Beyond MEC

MEC may not be enough to attract or retain quality employees. This is an employer’s judgment call. A next tier to consider is adding Limited Medical Indemnity to one of the MEC plans.

An indemnity is a pre-determined set payment for a specific medical service, regardless of the charge for that service or any other insurance. Limited Med does not have to be a MEC add-on; it can stand alone and is available to part-time employees who work at least 15 hours per week.

OptiMed offers more than a dozen Limited Medical plans, the details of which can be viewed online (<https://OptiMedHealth.com/limited-medical-plans>). Limited Med is a fully insured, not self-funded, program that can have voluntary employee contribution.

“Limited Med . . . can stand alone and is available to part-time employees who work at least 15 hours per week.”



Ancillary Additions

If one of these layered Self-Funded MEC options and a Limited Medical Indemnity added on or standing alone fails to meet the level of coverage desired, OptiMed has several other ancillary products that pinpoint benefits to specific services, such as dental or vision, or events such as accidents or disabilities over the long or short term, or charges within defined areas such as prescription drugs or hospitalization.

The ease of OptiRater makes it feasible to generate illustrative quotes on multiple products. OptiRater even saves quotes for revision at a later date.

Moving To Major Medical

OptiMed offers ACA-compliant comprehensive major medical coverage through Level Funded Health Plans. Level Funded is a self-funded arrangement containing excess loss insurance with monthly premium equivalent payments per employee. This means that the only change in the premium-equivalent each month results from adding or subtracting employees covered by the plan.

As with the Self-Funded MEC, OptiMed's two dozen or more Level Funded plan configurations refund the claims reserve balance following the runout period at year's end. Deductibles on these plans can be as low as \$500 up to \$8,150. Most plans have maximum out of pocket levels twice the deductible amount. About half the plans feature co-pays while others require co-insurance, and



some can include a health savings account (HSA).

All Level Funded plans have network providers for out-patient services. Hospitalization is provided either by network providers or those

hospitals that accept Reference Based Pricing at 150% of Medicare rates, depending on the plan.

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Curb OOP with GAP Supplemental Insurance

To mitigate high deductibles and significant maximum out of pocket expense, there is OptiMed GAP. This insurance is supplemental to a major medical plan, such as OptiMed's Level Funded – or any other major medical policy whether or not issued by OptiMed.

Within its own stipulations and optional selections, GAP covers charges the major medical plan leaves as patient responsibility. Medical offices and facilities consider GAP a secondary insurance, and most will bill OptiMed directly. GAP comes with its own ID card which should be submitted along with the major medical plan card at the time of service.

GAP can have its own deductible, one smaller than that of the major medical plan. GAP benefits can be applied to inpatient services only, outpatient services exclusively, or combine the two. Various policy riders can be added to cover prescription drugs, office visits, mental and nervous disorders, and more.

Plan options vary by state of issue and by insurance carrier. In the rare instances that a doctor or hospital does not accept secondary insurance, plan members can file a claim online or via postal mail, with video instructions for doing so available at OptiMedHealth.com.

“. . . covers charges the major medical plan leaves as patient responsibility.”

Value Added Services

OptiMed's four major products include attractive value-added services, consisting of:

- Telemedicine 24/7/365 unlimited and at no charge
- WorkPlace Wellness through an online app in which members can record a food diary that is reviewed regularly by a registered dietician, along with logging exercise sessions and receiving monthly articles and videos
- Employee Assistance Program providing free counseling on sensitive and important subject matters
- A nurse-staffed Wellness Line for advice on numerous health-related issues
- Section 125 POP Plans and COBRA Administration for employers

The products to which these services are added – automatically – consist of: Self-Funded MEC, Limited Med, Level Funded and GAP.





Getting Your Cost-Effective Coverage

If you weren't sure where to start in configuring a group plan, we trust you found this helpful. But if you still have questions OptiMed has seasoned customer service representatives and a sales staff of licensed health insurance brokers ready to assist.

Email	Call
sales@OptiMedHealth.com	800-482-8770 x 3

