

# Patient Engagement, Consumerism & Digital Health



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# HCS Overview

Health Cooperative Strategies (HCS) was founded in 2010 with the purpose of providing market leading healthcare solutions for the small businesses across the United States. HCS works with Professional and Trade Associations and Chambers of Commerce to develop and manage multiple solutions but primarily private benefit trust using the Multiple Employer Welfare Arrangement “MEWA” or “AHP.”



# AHP Basics

- Association Health Plan or “AHP” – Group health plans that are offered by a Bona Fide Association to its members which must be of a common or similar industry or profession
  - Bona Fide Associations are associations which have been in existence for 5 years
  - Provide member benefits outside of the health plan (CE, legislative representation, etc.)
  - Membership in association required in order to purchase insurance
- AHPs are Usually Regulated by Both Federal and State regulations
  - Georgia Department of Insurance Regulates AHPs
  - Federally regulated by US Department of Labor and ERISA



# HCS Overview

- HCS Provides Plan Supervision and Financial Services:
  - Contracts with AHP to oversee and supervise plan operations including state and federal compliance
    - Organize and support AHP Board of Trustees including Board vetting and training
    - Organize and supervise the integration of service providers
    - Monitor and supervise service provider performance
    - Determine and process monthly service provider payments
    - Provide monthly financials to Board
    - Complete and file necessary documents, forms and financials for regulatory authorities
    - Provide financials for regulatory authorities
    - Oversee annual audits
    - Continuously scan market and recommend improvement options to Board of Trustees



# HCS Standards of Excellence

Your Plan, Our Commitment

As a leading AHP Plan Supervisor HCS...

- Requires capital reserves to meet or exceed industry standards
- Does business with Best in Class service providers
- Requires underwriting to meet or exceed industry guidelines
- Requires stop loss coverage from major providers
- Supervises service provider performance
- Supervises regulatory compliance
- Supervises plan's financial performance



# Current Market Options

- Fully insured health insurance programs with rates created by public carriers
- Plans are subject to ACA and governmental requirements for small group
- Premiums are set by community rating rules and are guaranteed issue
- Small groups can no longer obtain preferred rates in fully insured association health plans
- Rates are impacted by the fully insured carriers global book of business
- Long term rate stability is uncertain and out of association membership control



# The Association Health Plan Option

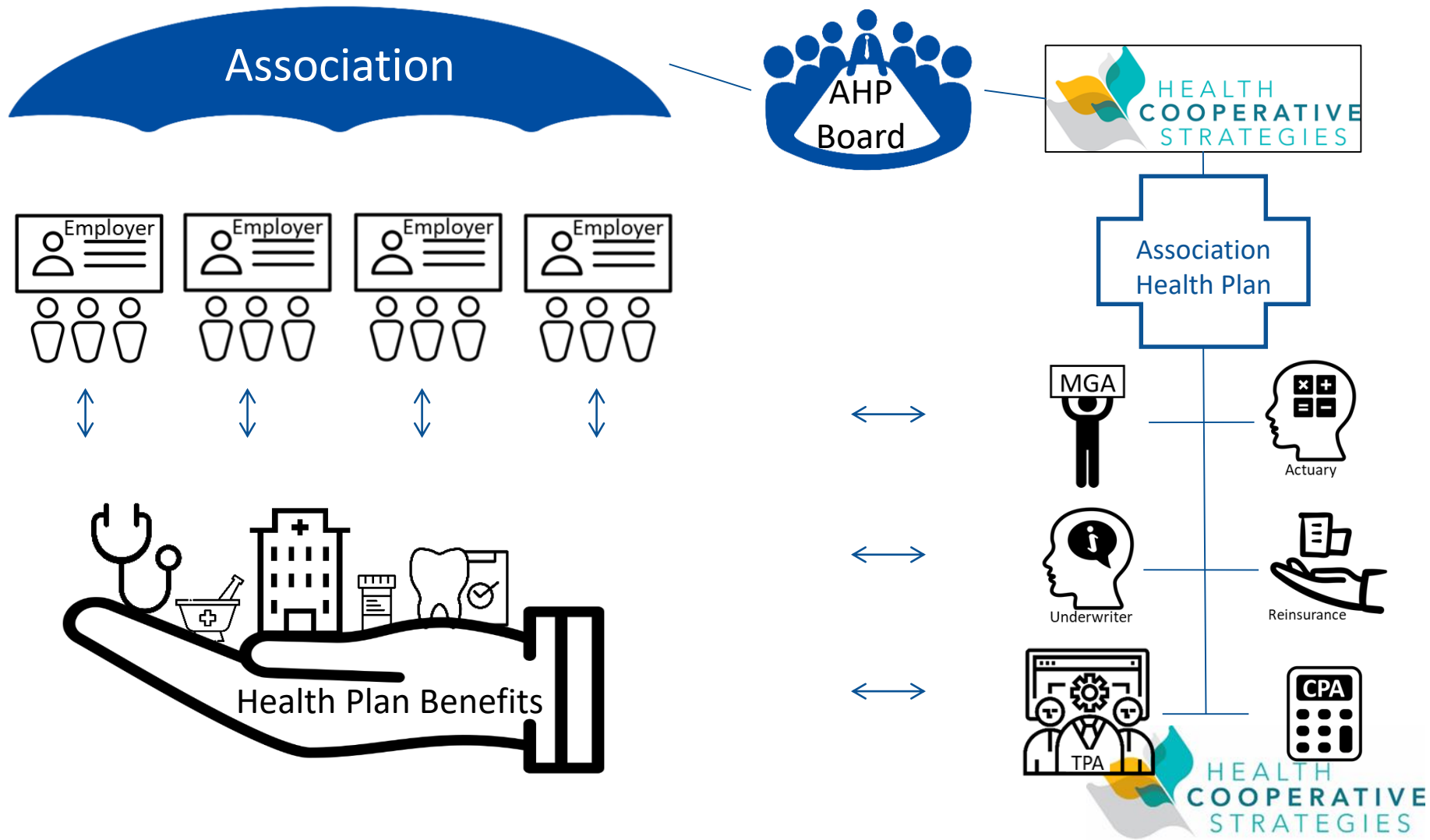
**HCS provides a proven turnkey AHP solution that meets all federal and state requirements for AHP participants**

- An AHP allows the Association membership to control their combined healthcare future
- An AHP is designed to offer a preferred rating structure (lower premiums) and group coverage to a group of one
- Creation of an AHP allows for reserves to support the program on behalf of association members now and into the future
- Groups of all sizes (including Groups of one) are eligible to join the AHP





# Association Health Plan Structure



# AHP Advantages

- All groups are medically reviewed and issued premiums based on their risk profile
- Utilizes a medical underwriting platform to avoid anti-selection as well as monitor anticipated claim trends
- More flexibility with premium structures
- More flexibility with plan designs
- Flexibility of vendor partner selection
- Premiums are not affected by the overall performance of a global carrier's risk pool but by the AHP's performance alone



# AHP Advantages

- Changes the funding mechanism from fully insured to self-insured
- Risk of claims experience is transferred to the covered groups and reinsured by a stop loss carrier
- The Stop loss carrier bears the burden of catastrophic claims, as reinsurance is obtained at both a specific and aggregate basis
- Premium levels are established to pay for anticipated claims as well as allow for the buildup of adequate reserves to cover unanticipated claims.
- Premium levels are established at approximately 110% - 115% of anticipated claims experience
- The AHP trust, the Association and the stop loss carrier are responsible for claims cost that exceeds reserves
- Allows Associations to uniquely Brand and Position themselves



# Advantages to Association

- Be an industry leader (The Sponsoring Association)
- Opportunity to expand AHP scope (Industry Related Associations)
- Provide a valuable health solution
- Exclusively for the Association
- Enhanced membership value proposition that can drive retention
- Commitment to enhance member employee retention and productivity
- Enhance Association image through Association Branding and logo
- Recover costs through marketing and advertising fee
- Assurance on how marketing and positioning will get done
- Customized ancillary benefits for members

