



Manufacturers Association of Maine

Association Health Plan (AHP) FAQ: Discussion of Common Concerns

I am concerned about joint & several liability, what are the practical risks?

The financial risk associated with joint & several liability is largely mitigated from a practical standpoint due to our “fully-funded” approach to premium setting. Specifically, we maintain aggregate stop loss protection which is an insurance policy that caps our claims exposure in any year, and we set our premiums to fully fund that claim risk. This approach has been approved by the Maine Bureau of Insurance and has a proven track record with other association health plans.

Does that take the risk to \$0?

No, there are three potential areas of exposure, though each represents a small risk. First, aggregate stop loss coverage is not unlimited, though there are many decades of historical claims experience in the stop loss market and almost no history of claims exceeding policy limits. Second, it is possible a claim could fall outside of the coverage definitions. We have all seen exclusions in insurance contracts. We take a very thorough approach to contract reviews with multiple layers of legal review including ultimate review and approval by the Maine Bureau of Insurance. Lastly, claims could be filed by health care providers after the contract year and thus not be covered by our stop loss policy. To mitigate this risk, we purchase coverage with claim run out protection.

Are there risks that management practices will vary among employers and someone could be enrolled in the plan that is not eligible for coverage?

That is a risk with any health plan; however, we believe the trust does a better job of ensuring good management practices than many single employers on their own. This is because in the trust the employer-members get the compliance support and administrative infrastructure they need to be successful.

Is there risk that the actuarial analysis that produces the rates will not accurately reflect our claims and fall short?

That risk is always present in pricing any health plan whether it is a single employer plan, association, fully insured, or self-funded. As a result, underwriters build into their rates the effects of poor and inaccurate claims data. In addition, the stop loss carriers bear the risk of inaccurate pricing, not the trust. We also employ multiple practical strategies to reduce claim costs, strategies not available and utilized in the vast majority of health plans.

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“The Manufacturers Association of Maine is dedicated to promoting and growing manufacturing.”

Can individuals with higher expected claims create a larger exposure for the plan? For instance, I have heard of stop loss carriers including “lasers” that increase the stop loss deductible for certain enrollees.

Stop loss “lasers” are a common practice in self-insured plans including an association plan. It is important to understand that lasers are an effective tool for keeping overall cost down that insurers and health plans utilize. The employee remains covered and there is no additional risk to the participating employers as we know about lasering in advance and ensure the premiums are sufficient to cover it. It is important to look at the overall costs of the program and not single out any one claim.

Does the more aggressive approach to managing hospital bills create additional risk of disruption for my employees?

It can, but we have effective support for employees and 100% track record of successfully managing any disruption or balance billing. The key is education, employees need to understand what we are doing, why, the benefits, and how to access the resources they need if they ever encounter disruption or balance billing. Managing expectations goes a very long way toward member satisfaction. Remember that this approach is a choice to tolerate some disruption to lower costs for both employers and employees and their families.

I am worried about my employees accepting and growing accustomed to the hospital payment approach, should I be?

The program relies on employee education to help employees get over the hump. Employer-members must go in with eyes open that there will be some discomfort, but the program is designed to protect employees and hold them harmless.

I don’t mind taking risks, but I like taking risk on things I understand like new products or new markets. I don’t understand healthcare, therefore I worry about being first. Can I wait and join once the program has been operating and proven?

Health care is consistently the second highest expense for businesses—after salaries and wages. Unless something is done, hospital networks and insurers have the market power to continue increasing this expense indefinitely into the future. The way to change it is with market power—banding together to get a better result. It’s really a choice: remain unknowledgeable and passive or take control.

This program is not new or untested; it is working today for other companies in Maine with very positive results. We need leaders to join together and create this same opportunity for the manufacturing industry.

How can I learn more about the MAMe AHP?

Simply request a meeting and we can discuss with you directly.

FMI: contact Lisa@mainemfg.com or call 207-747-4406

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