



### Issue

New York employers with 100+ full time employees, but fewer than 100 enrolled in a group health plan, are often mispriced into small group **community rated plans**. The result may be inflated premiums as the insurer can be prohibited from using **medical underwriting** to properly rate the groups.

- The problem is compounded as these mispriced employers have limited options as stop-loss coverage is generally prohibited from being sold to employers in the New York State small group market: 1-100 employees.<sup>1</sup>

#### What is community rating?

**Community rating** requires health insurance providers to offer health insurance policies within a given territory at the same price to all persons without medical underwriting, regardless of their health status.

#### What is medical underwriting?

**Medical underwriting** is the use of the group's firmographic and demographic information in the evaluation of the employer's health plan.

### Solution

To solve the community rating mispriced issue, the CGS Health **self-insured** group health plan combines 'major medical' qualified plans (e.g. metallic) with minimum essential coverage (MEC) and the protection of **A-rated medical stop-loss coverage**.

- The employer may qualify and can then be underwritten as **a large group plan sponsor**.

#### MILLIMAN NEW YORK STATE SMALL GROUP STOP LOSS STUDY

**"The estimated average premium savings percentages from self-insuring with stop loss range from about 10% to 30% in our analysis, depending on the demographics of the employer self-insuring and the stop loss attachment point."**<sup>2</sup>

### Opportunity

#### PRODUCERS

Brokers can offer a unified medical administrative platform that supports 'major medical' qualified plans and MEC under a single risk umbrella.

- CGS Health's solution can also support any ancillary or voluntary benefit offering.
- Spreading the risk across the entire group (qualified plan and MEC) results in a favorable risk pool and helps the employer meet the participation thresholds required by the medical stop-loss underwriters.
- **No individual health questionnaires** (IHQs) required with groups with <150 employees.

#### EMPLOYERS

New York groups that have been mispriced as small group can be properly classified as large group, possibly resulting in lower health care costs reflecting their populations firmographics e.g. age, health, and industry classification.

- Offer benefits on the **best-in-class Cigna PPO** and **MultiPlan** networks.
- **Save up to 31%** when compared to a traditionally insured plan.
- ACA & ERISA compliant.

#### TARGET MARKETS

NY-based firms that typically have a concentration of variable hour employees:

- Hospitality
- Manufacturers
- Restaurants
- Retail
- Security Firms
- Staffing Agencies
- Agriculture

### Savings

2016 Estimated Average Premium Savings Percentages for Self-Insured Employers with 51-100 Employees Relative to New York's Small Group Comprehensive Health Insurance Market:

Percentage Transitioning to Self-Insured Plan *	Stop Loss Attachment Points	
	\$25,000	\$40,000
0% - 10%	-29%	-31%
10% - 20%	-23%	-25%
20% - 30%	-14%	-16%
30% - 40%	-13%	-16%
40% - 50%	+7%	+4%

Source: Milliman analysis<sup>2</sup>

\* Percentiles are in ascending order of employer groups with employees from the most to the least favorable demographics (e.g., 0%-10% represents employer groups with employees having the top 10% most favorable demographics in our data, 10%-20% represents the next rung of employer groups with employees reflecting favorable demographics, though not as favorable as the top 10% in our data. etc.).

1. A current small group employer that was permitted to purchase stop-loss coverage, catastrophic insurance or reinsurance coverage because the employer was in the large group market as of January 1, 2015 or June 1, 2015 may continue to purchase such coverage until 2019.  
2. Milliman, *Milliman New York State Small Group Stop Loss Study* (2018): 14. Print.



**1**

**Issue**

Are you a New York employer with **100+ eligible employees, but <100 enrolled** in a group health plan?  
Are you placed into small group **community rated** plans?

Example: 55 EE's on plan with 120 FTE's (Full Time Equivalents)

**2**

**Solution**

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**3**

**Savings**

- **No Individual Health Questionnaires (IHQs)**
- ACA & ERISA compliant
- Offer benefits of the **best-in-class Cigna PPO** and **MultiPlan** networks

**MILLMAN NEW YORK STATE SMALL GROUP STOP LOSS STUDY**

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