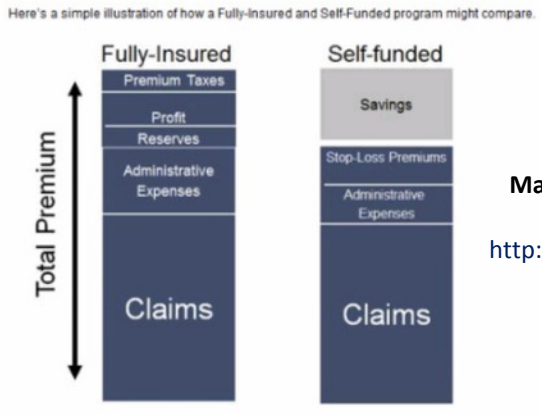
CovenantCare Level Funding Health Insurance Program For TAB

member's choice
health insurance and employee benefits marketplace
exclusively for Texas Association of Builders members



Marketed Exclusively Through the TAB Broker Network
http://www.tabinsurancemarketplace.com

The majority of TAB members today buy a health insurance policy from a carrier. The cost of that average health insurance policy, for a family, has gone up 270% between 2000 and 2015. That plan is called a "fully insured plan," where the employer pays the monthly premium and the carrier bears the risk, with the exception of your deductibles and co-pays. If the employer's payments to the insurance company exceeds the claims of the company - the insurance carrier keeps the surplus. Sound familiar so far? It's what you've been doing for decades.

Now, we can offer you a different type of health insurance, but one where if the employer health benefit payments exceed the claims of the company - the employer gets the surplus BACK. If the claims exceed the health benefit payments - the company is protected.

Working with the TAB Broker Network and TAB's Member's Choice Health Insurance and Employee Benefit marketplace, COVENANT SERVICES GROUP has a unique answer for smaller employers with MORE THAN 10 EMPLOYEES trying to save money on the cost of group health insurance and who would like to transition their groups to the advantages of a partially self-funded program.

PROGRAM ADVANTAGES

- Competitive rates against fully-insured plans; competitive plan choices
- The employer has a 12 month commitment, just as with fully-insured plans
- The reinsurance company establishes an internal pooling point - which is the level of total claims above which your health benefit payments stop paying the claims and reinsurance takes over - for maximizing the potential for employer refunds.
- Stop Loss insurance offers full protection from larger claims. Once we set the pooling point above which reinsurance pays the claims and not your health benefit payments - that "stop-loss" or reinsurance takes over. The employer will never have to pay more than the maximum monthly cost.
- All industries eligible with the exception of law firms and multiple employer welfare arrangements [MEWAs] [not to be concerned - none of our members are MEWAs.
- Group size: 10-200 lives. (We ask for claims data for companies 100 lives and over, under 100 lives we do not ask for claims data).
- Unused claim fund is refunded entirely to the employer at the end of the contract year - if your company benefit costs paid are MORE than the claims to be paid during that contract year - the employer gets the surplus BACK!
- The predictability of a level monthly cost—there are no extra charges if there are high claims.
- We offer fully compliant - ERISA plans that are exempt from some of the Affordable Care Act regulations because this is a partially self-insured program—particularly those parts that may cause fully insured premiums to climb substantially in 2015-16.

The Covenant Services Group

CovenantCare

member's choice
health insurance and employee benefits marketplace
exclusively for Texas Association of Builders members

THIS IS A BEST FIT FOR:

Employers with good health experience who feel they are paying too much for premium for too little in benefits. Do you receive money back from your insurance company for being healthy? If the answer is NO, then CovenantCare's Level Funding Plan underwritten by an A+ insurance company could be the right alternative for you.

HOW IS THIS PLAN DIFFERENT FROM A TRADITIONAL FULLY-INSURED PLAN?

Under a fully insured plan, the monthly premium costs are locked in. Even if a group is healthy and has no claims, the savings are kept by the insurance company. With COVENANTCARE'S LEVEL FUNDING, and the smart use of Stop Loss Insurance, the employer pays a monthly cost that is the **maximum cost**. No matter how many claims in a month, the employer will never pay more than this monthly cost. After all claims are paid for the year, the unused money in the claim fund is returned to the employer, not 25%, 50% or 75% of the surplus - 100%!

PLAN DESIGN FLEXIBILITY

The employer has the freedom to keep his/her current plan of benefits and implement cost-saving features of the employer's choice. Plan documents can be customized to meet the employer's needs and goals. Additionally, the health care reform rules that do not apply to self-funded plans do not apply to level-funded plans either, so level-funded employers are free from certain taxes and restraints.

This is a significant advantage for the employer and the employee. The employer can keep benefits that the employees like and want, while at the same time designing options that provide choices for employees in your marketplace where the employees make their benefit choices. The cost savings from not paying certain Affordable Care Act fees and taxes lowers the employer and employee costs versus a fully insured plan.

LET'S MAKE YOUR LIFE EASIER

For the past 14 years employers have been crushed by 270% of increases in health insurance costs and very few small employers have gotten any attention to try to lessen that burden. Your TAB health insurance and employee benefits marketplace is the beginning of trying to get small employers together to leverage their buying power - rather than each small business trying to fend for themselves.

This CovenantCare Level-Funded plan is another option for health insurance in your association marketplace. With CovenantCare, employers have the opportunity to truly manage their healthcare program;

- The reinsurer sets the pooling point, after which the reinsurance pays claims that limit the employer's risk;
- The employer picks the plans to offer employees, and works with us on plan designs if the employer wants to make changes, or leaves existing plans in place if he/she wishes;
- The employer still has all of the other ancillary and voluntary benefits [life, dental, etc] available from other carriers in the marketplace for employees to choose from;
- If employer health benefit cost payments exceed claims - the employer gets the surplus back.

member's choice
health insurance and employee benefits marketplace
exclusively for Texas Association of Builders members

KEY HIGHLIGHTS

- **DEFINED AND CONTAINED RISK** - The employer's maximum exposure and annual costs are determined up front through the purchase of Stop Loss insurance - and that cost is included in the employer's cost and is known to the employer up front. Standard provisions include coverage for claims paid after the end of the plan year (no terminal liability exposure - which means no exposure to the employer for paying claims during the run-out period at the end of the plan year). There are no surprises - the employer can compare a fully-insured plan versus this level funded option, and with a review of the company claims history judge whether he/she wants to continue to give money to an insurance company that he/she will never get back - or not.
- **STABILIZED CASH FLOW** - Maximum annual claim liability is equally spread over 12 months. If the employer's claim fund does not contain sufficient money to cover claims, the Stop Loss insurance coverage will advance the necessary funds (also referred to as "Accommodation"). No requests for additional money from the employer are made.
- **CLAIM FUND** - After the claim run-out period remaining funds are released or rolled over to the next year as credit. This is the essence of alternative funding—money not spent on benefits remains with the employer's benefit plan, not the insurance company.

CLAIM FUND

Maximum annual claims costs are predetermined and the employer pays 1/12 of this cost each month for the 12 months of the plan year. After this amount, there are no other charges from the claim fund. Once all claims have been paid for the plan year, and unused dollars in the claim fund are returned to the employer. When was the last time you received money back from your health insurance carrier?

- **MONTHLY ACCOMMODATION** - If at any time the money necessary to pay smaller claims is not in the claim fund (this is common during the early months of a plan year), the insurer will advance this money to the claim fund to pay these claims. Subsequent monthly payments into the claim fund will be used to repay this advance.
- **REPORTING** - Each month, the employer will receive a report on all claims paid during the month and the plan year-to-date. Each quarter, they will receive a detailed report about claims paid (subject to federal and state privacy regulations). This reporting provides the information necessary to fully track the claim fund and to understand where the claim fund dollars are spent such as the doctor's office visits, prescription drugs, outpatient services and hospitalizations. With this information, the plan can be designed to contain costs and target problem areas.
- **PLAN YEAR & TERMINAL LIABILITY** - The plan year runs for 12 months from the effective date. Claims incurred during the plan year will be paid through a 9-month run-out period and any balance remaining in the claims fund is returned to the employer. Terminal Liability coverage is built into the plan by providing the 9-month run-out period.