7 Impact Questions:

Basically, Designed to Expose the Current Broker

1. Does this prospect/client suffer from more than 50% turnover in their hourly workforce?
2. Does this prospect/client employ more than 100 hourly or part-time employees working between, 30 – 40 hours per week?
3. Do they currently offer these hourly workers a limited medical plan, MEC (Minimum Essential Coverage) or MVP (Minimum Value Plan)?
4. Do their MEC plans include a supplementary indemnity benefit? Or are they MEC only? (Note: Try to determine if they pay more than $50 per member per month for a MEC only option)
5. Does their MVP plan have any enrolled employees? If yes, <u>this is a red flag for follow-up due to the likelihood the is little or no reinsurance to protect the employer</u>
6. Does their MEC plan return unused claims surplus to the employer? <u>Another red flag</u>
7. Has your prospect/client experienced unusually poor administrative service from the carrier or TPA sponsoring their MEC or MVP programs? *Likely you will find that most service has been anywhere from poor to horrible*

Detail on the Above Questions

Q – 1. You want to lead with the cost of turnover and the use of structured Access Based benefit strategies to retain, reward and recruit.

Q – 2. You want to identify employers who employ hourly workers <u>and</u> are using **skinny options*" to comply with the employer mandate requirement under ACA. Their answer will open the door for inquiry into exactly what they are doing to comply (chances are they are using the wrong strategy)

**Any solution using MVP or MEC only coverage*

We know, for example, that MVP plans are likely **<u>not necessary</u> and carry with them an unacceptable amount of risk to the employer. This should be an opening for you to discuss eliminating the MVP and retaining a MEC plus replacement.

***The reasoning for this is that fewer than 1% of typical hourly employees exercise their rights to subsidized health plans on the exchange. Simply put, <u>the penalty for not meeting Minimum Value is less than the cost (and potential risk to the employer for high claims) of implementing a Minimum Value solution.</u>*

Q – 3. If your prospect is offering a ***MEC ONLY option, chances are it is grossly overpriced. Example: Claims typically run no more than $12 to $15 per covered employee per month. Most MEC Only plans charge an exorbitant administrative fee, compared to the actual claims being paid. This is another opportunity to make the incumbent broker look bad and you look good. The strategy here is to replace the MEC only, with a MEC plus insured indemnity for only a few dollars more.

*** *MEC Only generally includes a small claims fund and a large administrative cost burden to the employer. This administrative cost is often 3 to 4 times larger than the actual claims incurred, making is a very poor value.*

Q – 4. MEC plans can exist by themselves without any insured benefits (Hospital, Accident, ER, Surgery, RX and other common coverage) The problem is that by itself, the MEC plan is very limited and likely to invite employees to seek more coverage through the ACA exchanges, along with a subsidy which would trigger a penalty to the employer

Q – 5. Most MVP plans require a certain percentage of enrollment to validate the reinsurers coverage. We have found that most MVP plans enroll far fewer than the minimums required. We point this out because it could prove to be a critical error that you could get credit for pointing out.

Q – 6. Many, if not most of the MEC plans that we encounter, do not return unused claims dollars to the employer. Due to the predictability and relatively minimal risk, these plans are almost always overfunded. In some cases, no pre-funding is required, so the employer is required to fund claims on “on-call” basis, this can affect cash flow and is disruptive to budgeting and cash flow.

Q – 7. Focus on Service: Many of the TPAs sponsoring MEC/MVP plans have done an exceedingly poor job of handling billing administration. In some cases, we have found that they do not even answer the phone. Many employers assume that poor service comes with the territory in this market segment, this is absolutely not true and is unacceptable. Often, this simple question, “how has your service been” creates an opening to discuss improvement in the plan as well as provider services.