



Level Funding: An Alternative to the ACA for Small Groups

Joe Slater, FSA, MAAA
Partner and Consulting Actuary
Axene Health Partners
June 20, 2019

Pricing

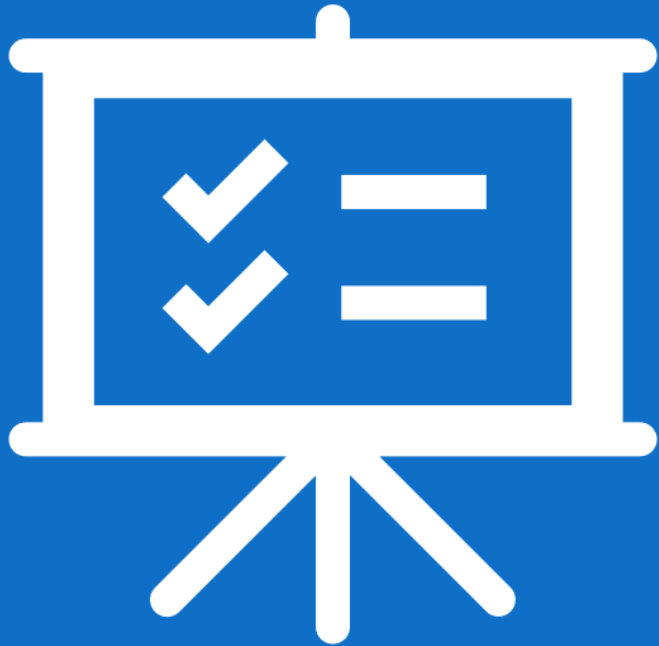
Q&A



Basics

Considerations

Basics



Self-Funding




Level Funding

Self-Funding Basics



Self-Funding Basics

Advantages

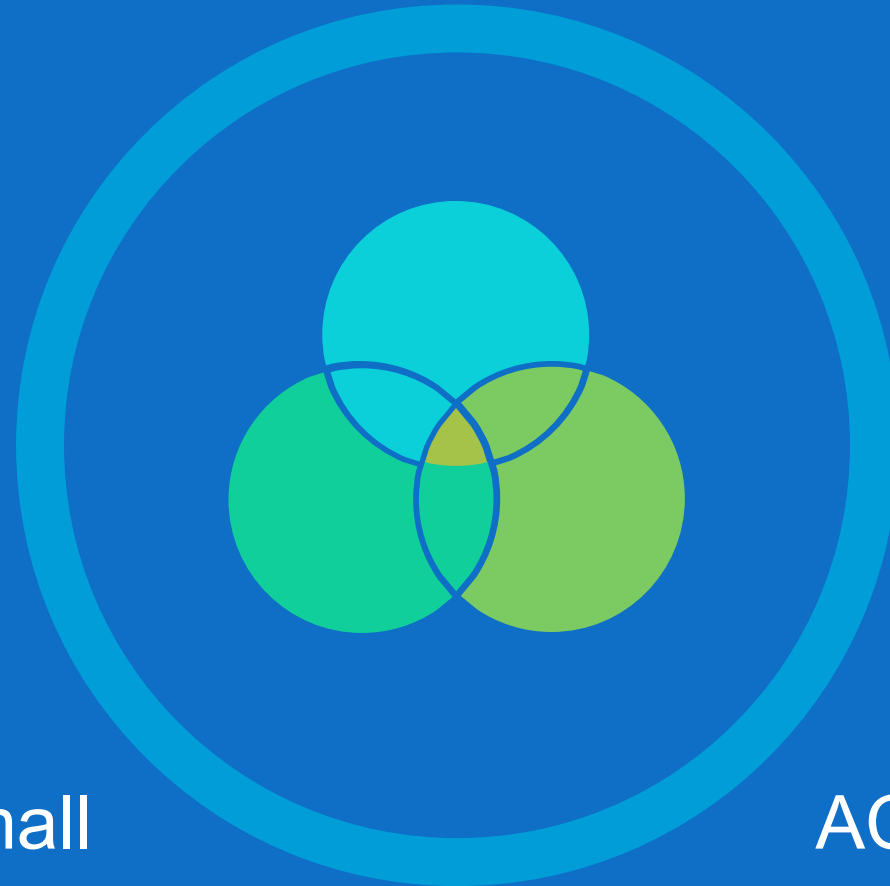
-  Avoid Taxes, Mandates and Fees
-  Benefit from Favorable Experience
-  No Risk Charge

Disadvantages

-  Unpredictable Cash Flows
-  Responsible for Poor Experience
-  Stop Loss Insurance
-  Need Expertise

Self-Funding Basics

Domain of Large Groups



SG Market Very Small

ACA Premium Rates

Level Funding Basics



Level Funding Basics

Projected Incurred
Claims Cost

ASO Fee

Reserve Fund

Specific Stop Loss





Paid Claims Fund

Aggregate Stop Loss



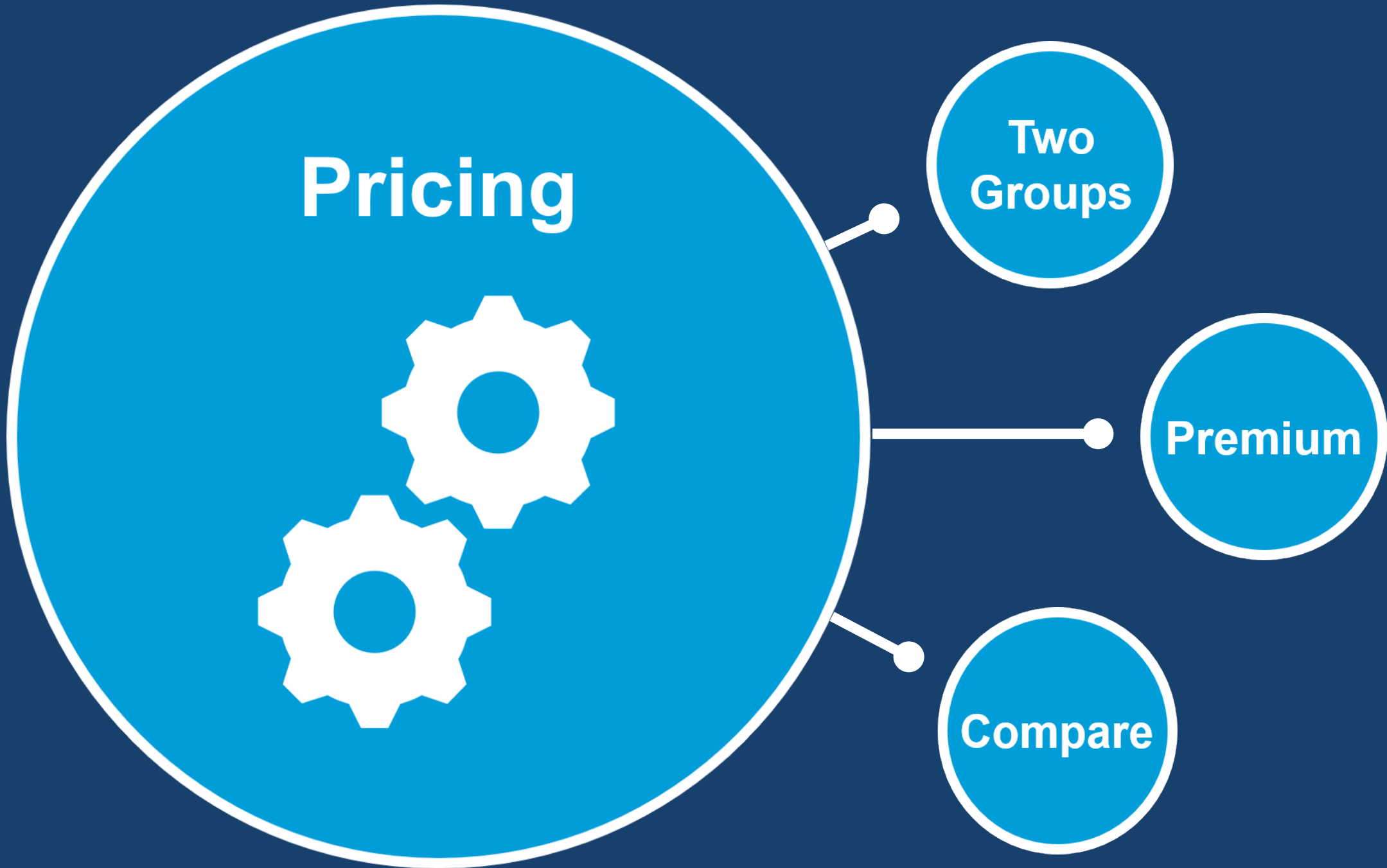
Level Funding Basics

Advantages

-  Predictable Cash Flows
-  Benefit from Favorable Experience
-  Lower Premiums for Low Risk Groups
-  Taxes, ACA Fees, Margins, and Mandates

Disadvantages

-  Bad Deal for Higher Risk Groups
-  Complex Product
-  Savings Delayed



A Tale of Two Small Groups



Small Group Transitional Premium

SG Transitional Premium Calculation Item	Live Well	Classic Cabs
Projected Inc Clms Cost	\$280.48	\$962.00
Fixed PMPM Retention	\$45.00	\$45.00
% of Premium Retention	8.5%	8.5%
Transitional Premium	\$355.71	\$1,100.55

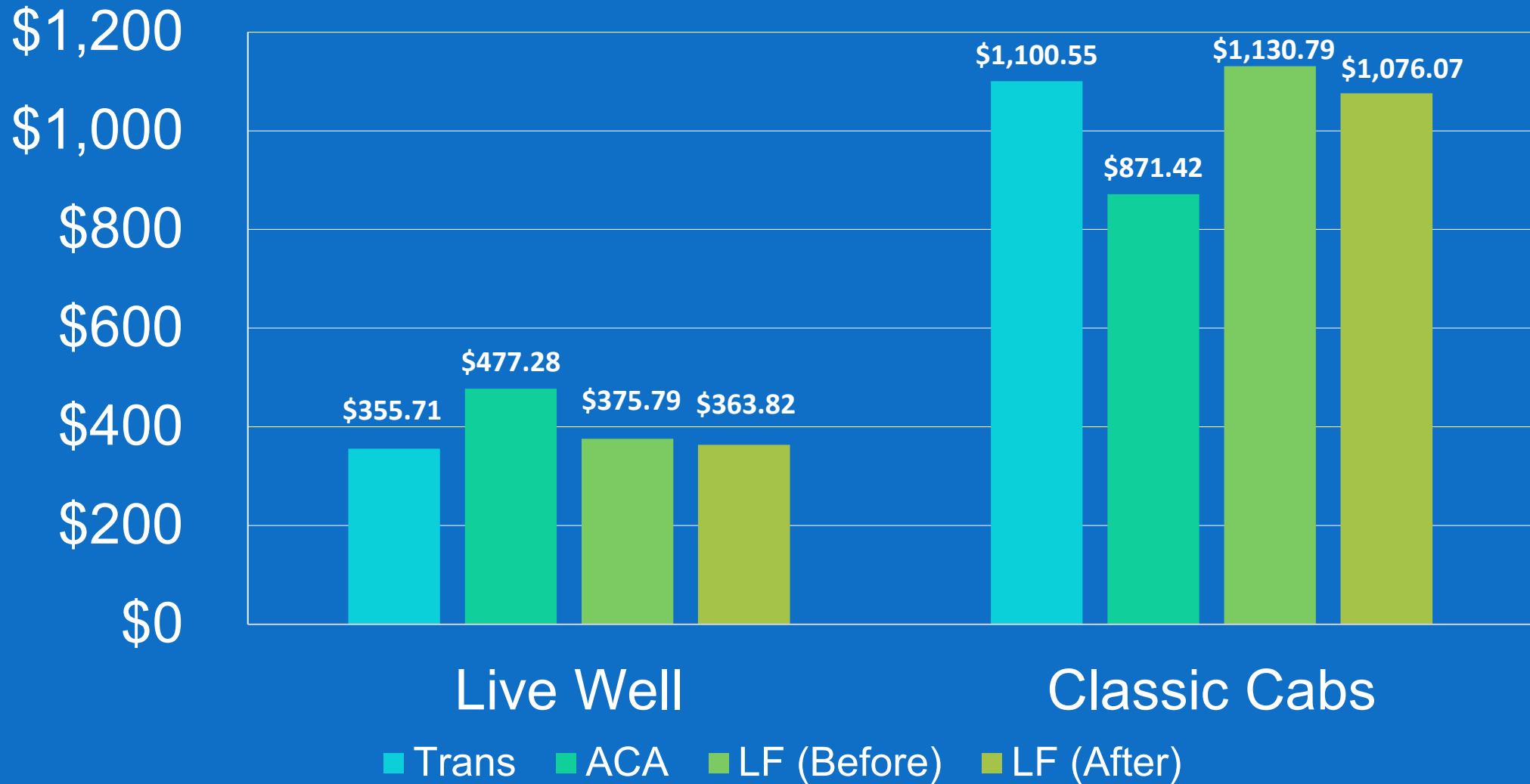
Small Group ACA Premium

SG Transitional Premium Calculation Item	Live Well	Classic Cabs
Calibrated PAIR	\$500.00	\$500.00
Average Age Factor	0.955	1.652
Average Area Factor	1.000	1.000
Average Tobacco Factor	1.000	1.055
ACA Premium	\$477.28	\$871.42

Level Funding Premium Equivalent

	Live Well	Classic Cab
ASO Fee	\$45.00	\$45.00
Specific Stop Loss	\$119.08	\$189.62
Aggregate Stop Loss	\$12.26	\$29.64
Paid Claims Fund	\$197.53	\$859.92
Reserve Fund	\$1.93	\$6.61
LF Prem Equiv (Before)	\$375.79	\$1,130.79
LF Prem Equiv (After)	\$363.82	\$1,076.07

Premium Comparison



Considerations



Product

Pricing

Performance

Product Considerations



Pricing Considerations



Level Funding Product Performance



PACE Act

**Level
Funding
Enrollment**



**Future
Considerations**

Level Funding Enrollment

Transitional Availability	LF % of Total SG
Yes	<0.5%
No	~2.5%
Total	~0.5%

Questions?



Thank You

Contact Information

- Email: joe.slater@axenehp.com
- Phone: (704) 209-9564