

# JOURNEY TO GOOD HEALTH: LEADINGAGE KANSAS DEVELOPS ASSOCIATION-BASED HEALTH PLAN

By Debra Harmon Zehr, president/CEO, LeadingAge Kansas

It's no secret that association members today are facing long-standing challenges, including issues related to recruitment and retention of staff, and, if they are healthcare providers, chronically inadequate government reimbursement for many of the service they provide. These realities, coupled with the ongoing escalation of employee health insurance costs in the traditional, fully-insured market, has made it more and more difficult for association members to offer employees affordable insurance with decent benefits. However, LeadingAge Kansas has recently developed a plan to do just that.

## Focusing on priorities

One of LeadingAge Kansas' strategic priorities is to assist members to support and develop a competent and committed workforce. Another priority is to help members be good financial stewards. With members including 160 faith-based and other nonprofit retirement communities, nursing homes, post-acute rehabilitation programs, assisted living residences, hospital long-term care units, affordable housing and community-based service providers, LeadingAge Kansas has a responsibility to provide members and employees with the best resources possible.

The employee health insurance crisis lands squarely at the intersection of these two priorities as an unmet need begging for an association-based solution. This propelled LeadingAge Kansas into its two-year journey of legal due diligence, development and ultimate launch of LeadingAge Kansas Employee Benefits, Inc (EBI), the association's self-funded multiple-employer health plan.

## Getting started

After initial board and senior leadership discussion, followed by a request for proposal (RFP) process, a partner was identified to explore development of a self-funded, multiple employer plan for LeadingAge Kansas members. Legal due diligence revealed that this model was legally feasible. The change to KSA 40-4222 in 2014 cleared the state regulatory



path to move ahead with formation of a MEWA – multiple employer welfare arrangement. Employee Benefits, Inc (EBI) was organized as a 501(c)9 under the IRS and subject to comprehensive rules and regulations of the US Department of Labor and ERISA.

The next steps came in a flurry – or, more aptly, an avalanche – over the next 18 months. LeadingAge Kansas held multiple webinars and in-person meetings to educate members about what it was up to and to determine interest. A task force of seriously interested members was formed, which later became the inaugural board. The trust was formed, and other legal documents were filed to set up the legal entity. Work began in earnest to design the plan, as well as to evaluate and select the third-party administrator and other vendor partners. The association's actuary provided guidance on rate development, stop loss insurance, capitalization and other matters. LeadingAge Kansas continues to work very closely with the actuary and its legal counsel. An employee benefits consultant helped the association and EBI members

conform to ACA requirements in their plan design and other matters. Finally, LeadingAge Kansas talked with the Kansas Insurance Department about the work it was doing.

The LeadingAge Kansas board agreed to front the costs for EBI development so that EBI members were not hit with a significant entry fee. EBI Members will repay the association over time according to a detailed per employee per month covered formula. The association also agreed to allow some of its investments to be used as a line of credit should it be needed – though it currently hasn't been. EBI pays the association a structured fee as reimbursement for expenses associated with the ongoing operation of the plan.

Once rates were determined, seriously interested members were required to sign an agreement laying out their responsibilities as an EBI Member. After much work, open enrollment occurred in January and February 2018. Initially, 17 LeadingAge Kansas members signed on as EBI Members. Today, there are 22 members and 1,000 participants. The first year of operation has performed very close to actuarial expectations. The second plan year began March 1, 2019.

### Challenges and benefits

Getting the plan built from the ground up was a challenge, and it requires continued diligence by the EBI board, staff and partners to keep it on firm footing and to address glitches that inevitably come along with the start-up of a major new program. However, LeadingAge Kansas members have seen many benefits. Prior to EBI, 10% of EBI member employees were uninsured; today 100% are insured. Employers can choose two to four plan options to offer employees, giving employers and employees maximum flexibility. Premiums are 20 to 25% lower than what was experienced under prior arrangements. Many employees find that they have richer benefits for less cost to them. Employee health outcomes are being improved through care management, telemedicine and other innovative features.

### Looking ahead

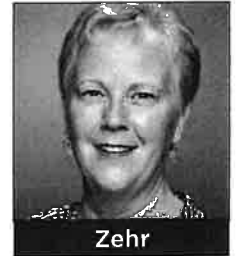
LeadingAge Kansas wants – and anticipates – slow, steady growth. It needs to continually keep a close eye on claims and actuarial projections. Data analytics will become increasingly important to determine the insured population's health and improvements in the program.

The association believes that the due diligence, hard work and time put toward development of EBI will be helpful to

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other associations that want to pursue a health insurance solution for their members. LeadingAge Kansas has been approached by other associations to learn about what it is doing, and the resources it has developed to help others set up their own plan at less upfront cost and within a shorter timeframe. Right now, another association in another "MEWA-friendly" state is using LeadingAge Kansas' tools and vendors as a basis to develop and launch their own plan later this year. ♦

*Debra Harmon Zehr is LeadingAge Kansas' president and CEO. She leads the overall affairs of the association and is responsible for the implementation of the strategic plan and oversight of financial resources. Additionally, she's the primary spokesperson for the association, the liaison to LeadingAge National and serves as the president and CEO of the association's sister organizations: the LeadingAge Kansas Foundation and LeadingAge Kansas Employee Benefits, Inc. For more information, visit [www.leadingagekansas.org](http://www.leadingagekansas.org).*



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