The Secure Plans

Employer Acknowledgement of Disclosures

Congratulation on selecting the Secure Plans, a fixed-cost, self-funded program. The Secure Plans may look a lot like traditional, fully-insured benefit plans, but there are significant differences of which you need to be aware. This Disclosure form covers many, but not all, of those differences. You should consult with your broker and other advisors to make sure you understand all these differences.

Self-Funding: Important Considerations

In traditional fully-insured plans, an insurance company is responsible for reimbursing all eligible claims. In self-funding arrangements, that responsibility shifts to the plan sponsor, which in the case of the Secure Plans is your company. Your exposure to claims is limited by including Excess Loss coverage (commonly called "Stop-Loss coverage") as part of the program. Which means you should know the following:

- **Your Benefit Plans:** There are several health plans in the Secure Plans program. You, as the Plan Sponsor, may allow your employees to choose one or more of these plans, subject to underwriting guidelines.

- **Your Third Party Administrator**: Administrative functions for the Secure Plans are handled by Group Resources, Inc. As your plan administrator (often referred to as a "third party administrator" or "TPA"), Group Resources will, among other services:
    - Maintain proper funds on deposit for claims payment as received from you, the Plan Sponsor
    - Pay claims according to your plan document
    - Provide claim reports and other data to your company as Plan Sponsor and your Excess Loss insurer
    - Provide plan information and assist with filing government-required reports
    - Bill, collect and disperse fees, taxes and Excess Loss insurance premium for your Plan.
    - They do not process ACA fees for which you may be liable

- **Your Plan Document:** Group Resources will provide you with a Summary Plan Document explaining plan eligibility, benefits, limitations, exclusions termination provisions and other aspects of your Secure Plans coverage. Group Resources will also send you employee benefit descriptions, employee and dependent medical coverage cards and other documents related to the administration of your plans.

- **Your Excess Loss Carrier:** The Secure Plans protects your company against unexpected and excessive claims through stop-loss coverage. These insurance policies limit the amount your company, the Plan Sponsor, pay toward eligible medical claims.
    - **Specific Stop-Loss Coverage** protects your company against unexpected, high-dollar medical and prescription claims on any one individual. Your Secure Plan quote identified the per-person "attachment point" or deductible for this coverage This deductible is the amount you are responsible to pay toward eligible medical claims on behalf any individual member of your company's plan. A minimum amount may be required by law. Eligible claims above this attachment point are reimbursed by your excess loss carrier.

- **Aggregate Stop-Loss Coverage** limits the total eligible medical and prescription expenses that your company will pay for all members of your plan during a Contract Period.
- Plan deductibles, co-pays and other payments made by covered individuals do not count towards either the specific or aggregate stop-loss coverage.

- The Secure Plans are a level funded plan designed to set your group's maximum financial responsibility. However, your company can be subject to financial responsibility greater than your final quoted rates under some circumstances. For example, errors by you or the administrator can result in additional financial exposure to you. To minimize exposure, you and the administrator must manage this plan in accordance with the standard plan documents. The stop-loss carrier has the right to audit claim and eligibility information prior to funding claims filed under the stop loss policy.

- **Your Contract Period**: The Secure Plans all feature a 12/18 Contract period. This means that eligible medical claims incurred within the first 12 months of your coverage and paid within 18 months from the start of the Contract Period are covered by the plan or Stop Loss coverage. The plan's total maximum costs for a 12/18 Contract period includes the costs for the six months of run-out claims—claims incurred in the first 12 months of coverage, but not submitted until the 13th month or later. **IMPORTANT NOTE**: Claims incurred during the first 12 months of coverage but submitted after the 18th month of the Contract Period are *not* covered by your stop-loss coverage and are the responsibility of the member or you, the Plan Sponsor.

- **Your Fixed-Costs:** Each month you are responsible for paying one-twelfth of the estimated costs plus monthly stop-loss insurance premiums, and various monthly administrative fees. These costs usually vary by the number of covered individuals in your plan during a month. They do not vary by the claims paid in any given month, however. If eligible claims paid out by Group Resources exceeds the amount you've paid toward claims, the difference will be advanced to you. Future monthly payments will "pay back" this advance. **IMPORTANT NOTE**: Since Aggregate Excess Loss coverage is determined by your Contract Period, if you terminate coverage prior to the end of your Contract Period you will be responsible for all eligible medical claims that would have been covered by the Aggregate Excess Loss coverage.

Referenced Based Pricing (RBP)

Choosing an RBP arrangement can significantly reduce the cost of coverage without reducing the quality of care. However, these reimbursement arrangements do not include a network for hospitals and other facilities providing services and other treatments to your employees and their dependents nor for certain other services such as durable medical equipment. Balance billing can incur when employee and their dependents access these non-network providers. (Balance billing can also incur when employees and their dependents access out-of-network providers under traditional PPO arrangements).

- The Secure Plans mitigate this risk by providing patient advocacy through Payer Compass. Payer Compass works to eliminate or minimize balance billing incidents and amounts. They also help educate patients and providers about RBP reimbursements prior to the claim being incurred.

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- While Payer Compass has a strong track record in reducing and eliminating balance billing issues, there is no guarantee they will be successful in every incident.

Self-Funding Advantages and Disadvantages

Self-funding typically offers you, the Plan Sponsor, several **advantages** including:

- No premium tax on the self-funded claim fund
- You may offer the same health plan in multiple states
- You receive any surplus in your claims fund shortly after the end of your Contract Period. With the Secure Plans, you receive 100% of this surplus.

There also present some **disadvantages**, including:

- You, the employer, assume all risk up to the Excess Loss coverage attachment points. Your monthly payments cover this exposure. And with the Secure Plans, if incurred eligible claims exceed the amount you've paid into the claims fund up to that time, and it's within the Contract Period as outlined in your policy, you are advanced the difference
- Employers' assets are exposed to liability created by legal action against the self-funded plan. This risk is reduced by working with reputable administrators and carriers like those available to you through the Secure Plans
- Your company, working through the Secure Plan underwriters and administrators, are providing services normally provided by an insurance carrier. This calls on you to be disciplined when considering exceptions to coverage eligibility or other discretionary payments issues
- As the Plan Sponsor, you may have additional financial liabilities stemming from mistakes made by you or the administrator. For example, if an employee is allowed to join the plan prior to qualifying for coverage, claims paid prior to actual eligibility may be your responsibility.

Fixed-Cost Self-Funded programs with excess loss protection like the Secure Plans are an innovative way for many employers to maximize their employee benefit dollars. Reference Based Pricing arrangements may further reduce costs. Both offer advantages and disadvantages. By signing, below, you certify that you have read and understand the above information and acknowledge that the Secure Plans are part of a self-funded program and is not fully insured coverage. If you have opted for a RBP arrangement this document also acknowledges your receipt of those disclosures in this document.

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Your Company Name

__________________________________ ____________________

Your Name | Your Title or Position

__________________________________ ____________________

Your Signature | Date Signed