

## Health Insurance - Executive Reimbursement Plans

**"If you like your plan, you can keep it."** All politics aside, this was a gaffe not made out of arrogance, it was made out of ignorance. Every year depending on what is going on inside of an insurance carrier, their loss ratios, the current reinsurance market, etc. health plans always change. Even if you like your plan it is going to change.

This fact about the health insurance market then gets blown out of proportion the other way by fear mongers and scare sellers, "The plan you had isn't available anymore!!". The facts actually are, the plan you had changed, sometimes in subtle ways (increases in cost on rarely used benefits) or dramatic ways (coinsurance, deductible and co-pay changes). These changes subtle or dramatic have an effect on all employees; however, Key People in an organization are often the most vocal and represent the biggest threat to the business if they were to be upset enough with a change in the Health Insurance to leave the company.

Jane Doe has just graduated from the 8A Program, her company JD Systems in Arlington, VA does IT Consulting for the Departments of the Interior, Agriculture & Labor. Don and Juan have worked with Jane since 2004 when she started the company. She currently employs about 40 people and sees herself staying at about 40 employees for the foreseeable future.

In 2014 Jane had to make some changes to her health plan with the advent of The Patient Protection and Affordable Care Act. Specifically to put plans into Metal Levels her carrier made adjustments to her out of pocket maximums and out of network deductibles. Also her premium dramatically increased (20%) with the change to age based pricing in the Small Group Market. Jane absorbed the majority of the cost increase in 2014. In 2015, her renewal was a more reasonable 4% with no plan changes. In 2016 she received 25% increase, and another plan change. In this case many of the co-pays in network and all of the co-insurance out of network in the plan actually went down, which led to increased cost. Unlike 2014, Jane could not absorb this increase and changed her plan offer to her employees from a PPO to an HMO with the option to choose a POS if you were willing to pay the difference.

A day or two after the Open Enrollment Meeting, Don and Juan were in Jane's office. Don's ex-wife who has primary custody of their child that Don covers on his health plan as part of the divorce settlement found out that their child's therapist does not take either of the new plans. Juan also discovered that his wife's OB and the children's pediatrician do not take the plan. Jane, worried, called her orthopedist whom she's been working with since she hurt her knee in a triathlon and is recommending surgery later this year, she does not take the plan either.

Jane can't afford to offer all the employees the richer PPO she used to have; unsure of what to do she mentions this in a meeting with her CPA. The CPA tells her about Executive Health Plans. Completely ACA compliant carve out health reimbursement plans that employers can offer to Executives or others. Specifically, the CPA's firm had Armadacare in place; she told her about how she used her Armadacare plan to cover all of her out of pocket costs for Speech Therapy for her daughter which her health insurance plan did not cover. Armadacare reimbursed her all \$5000 she spent out of pocket for the therapy.

Jane reached out to the CPA firm's insurance broker, got more information and eventually purchased a plan for her, Don and Juan. She is now also considering adding another employee that she is planning to work into a Management position later this year.

The Affordable Care Act changed a lot of things in delivery of health insurance, and some of those things are not well received or understood. However, in terms of Executive Benefits there are still Executive Health Plans that can layer on top of group health plans in order to level Key People's benefits back to where they and their families are used to so you can mean it if you tell them, **"if you like your doctors, you can keep them"**.

