



Jumping into a bigger pool

Small businesses get bargaining power through association health plans

By **Andrew Dowd**, Leader-Telegram staff

With just shy of 100 employees, Charter Bank didn't have the best results when negotiating prices for health insurance.

The Eau Claire-based bank offered solid benefits to provide for its current employees and stay competitive in a tight labor market, but like any business with a smaller workforce, it suffered a higher price for its health plans.

"We had great service with them, but had double-digit increases every year," Paul Kohler, Charter Bank's president and CEO, said of its prior health plan.

But a decision made in mid-2018 by the Trump administration allows business organizations to offer health insurance plans to their members. The Wisconsin Bankers Association was one of the first in the state to jump at that opportunity.

After the association released specifics in October, Charter Bank signed on and both the business and its employees have seen much lower premiums.

"We saw substantial savings by switching over," Kohler said.

Now Charter Bank's 98 employees are counted as part of a group of thousands of other bank workers since their new health plan took effect on Jan. 1.

The key advantage of these new plans is that many businesses can enroll their employees into a

much larger risk pool — a major factor insurers use to set prices for those customers.

Joining up

Business groups see the association health plans as a benefit they can provide to their members and a way to entice more companies to join their ranks.

In addition to the association representing Wisconsin's bankers, the state's chamber of commerce — Wisconsin Manufacturers & Commerce — also created a health plan last year.

"The reason we decided to launch an association health plan is one of the biggest issues our members are facing is the increasing cost of health care," said Nick Novak, director of communications and marketing at WMC.

The state chamber created plans for workplaces with two to 50 employees and businesses that are sole proprietors.

"It's been very popular so far from what I've seen," Novak said of the plans that started Jan. 1.

WMC has health plans available in most of Wisconsin, save for a swath of southeastern Wisconsin that includes Buffalo, Jackson and Trempealeau counties. And the organization is working to offer plans in that territory.

The state chamber is expecting final numbers

at the end of January from insurance provider UnitedHealthcare that will show how many businesses and people are covered by the association's new health plan.

The Wisconsin Bankers Association is not disclosing how many of its 230 members — banks that are headquartered or at least have a brick-and-mortar presence in Wisconsin — signed up for its health plans.

But Daryll Lund, president of the WBA Employee Benefits Corp., indicated that banks of varying sizes and throughout the state are buying in and more are expected to join next year.

"We had a high level of interest from our bankers," he said. "We anticipate a lot more interest this next fall when bankers are getting ready for their renewals for January 1 of 2020."

This isn't the first foray for the business groups into offering benefits to members on behalf of their employees. The bankers association has offered benefits since the 1950s through its trust, which also currently provides dental, life and disability insurance. WMC also has offered different insurance products to members since the 1950s.

Local plan

The largest business group in the Chippewa Valley is working on an association health plan for small employers in the Eau Claire area.

David Minor, president and CEO of the Eau Claire Area Chamber of Commerce, first broached the idea of offering a health plan at a September meeting and word quickly spread.

Less than a month later, he'd gotten calls from members and insurers who were eager to hear more.

"What I thought was going to be on the back burner for a while went to the front burner and on steroids," Minor said.

Members who called were a mix of small employers who currently don't have a health plan and see the need for one and other businesses that want to get more competitive prices from insurers, he said.

The local chamber is surveying members this month to get statistics of those interested in an association health plan. Based on dozens of phone calls he's already gotten and the organization's membership, Minor believes the demand is there.

"The vast majority of our 1,200 members are employers of 50 people or less," Minor said.

And that's the category the chamber is envisioning for its health plan — employers with two to 49 workers.

"This is really for the small businesses," Minor said.

If the surveys do show the anticipated demand for them, the chamber is looking to make health plans available this summer.

Starting out, Minor said he's hoping that a total of

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1,000 to 2,000 people become covered by the plans and that will eventually grow to about 5,000 to get some major bargaining leverage with insurers.

"We'd have a lot of negotiating power," he said.

As this is his first foray into picking a health plan, Minor has tapped the wisdom of several local retirees who worked in the health care industry as advisers in this effort.

Minor already has had preliminary meetings with insurers that have a strong local presence, namely Group Health Cooperative, United Healthcare, Prevea 360 and Security Health Plan.

"Bottom line — this will be who can give us the best plan," he said.

Skippy plan worry

When the Trump administration announced in June that business groups would be allowed to create these new health plans, some news coverage of them included skepticism about how they'd be allowed to skirt requirements of other insurance plans.

Association plans are exempt from providing 10 categories known as "essential health benefits" mandated by the Affordable Care Act for plans on the national insurance marketplace where individuals can sign up for coverage. Those "essentials" include inpatient and outpatient hospital care, prescription drug coverage, pregnancy and childbirth, mental health services and other categories of health care.

Though some associations have used the exemption, neither the state bankers group or WMC opted to.

WMC looked into the possibility, but opted not to take advantage of that based on feedback from those who would be using the plans.

"One of the things from our members' perspectives is not to carve out any of the specific benefits from the ACA," said Robert Baker, director of insurance services for WMC.

In addition to members not wanting "skinny plans," he said that, "believe it or not," removing them would not have made a big reduction in premiums.

The bankers association, which is overseen by a board of its members, said it planned to offer a robust health plan from the start.

"It was never our intention to roll out health insurance plans that are stripped-down, skinny plans," Lund said.

Charter Bank's leader, who is currently vice chairman of the association, attested that switching to the cheaper association plan did not mean a step down in health benefits.

"We were able to match up almost verbatim from what we had before," Kohler said. "We didn't see any material change at all in the benefits."

Charter Bank had 10 health insurance plans on its own and had its pick of 28 different ones in October through the bankers association.

The Eau Claire bank ultimately picked eight plans —

a range in deductibles, ability to have a health savings account and single or family plans — through its association.

The local chamber's plan also will have multiple options, Minor said, and will be designed around benefits employers feel they must have for their employees.

"It will always be driven by our membership — what they can use," he said.

Keeping competitive

For the business groups, association health plans are a way to provide another benefit to members.

Minor anticipates that health insurance savings would offset the price of a chamber membership — creating an enticement for more companies to join the local business organization.

Baker said WMC has already seen more businesses join the organization specifically to qualify for its association health plan.

For the last few years health care costs have been a concern based on surveys the state chamber does every six months with its members.

"Clearly the health care costs are not impacting just one industry or workplace size. It seems to be impacting everyone in Wisconsin," spokesman Novak said.

All employers — big and small and in every sector — deal with the pressures of health care costs, bank president Kohler said. He anticipates the association plans will grow in popularity as a way to deal with that.

Medical costs are a huge expense for businesses, he said, but it is a necessary benefit to offer to be an "employer of choice" that attracts and retains good employees.

Health plans are among the top topics job applicants inquire about along with salary, schedule flexibility and workplace environment, local chamber CEO Minor said.

"That's where small businesses are being hurt," he said. "They don't have everything."

And when competing for employees who are contemplating children or already have them, health care coverage becomes even more important and can be a deal-breaker.

Members have told Minor that candidates have walked away from job opportunities at small firms because health care premiums were double, even triple what they'd paid at their previous workplace.

He hopes that providing a health plan will even the playing field a little so small businesses like "mom-and-pop" stores

and machine shops can become more competitive with large employers.

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