

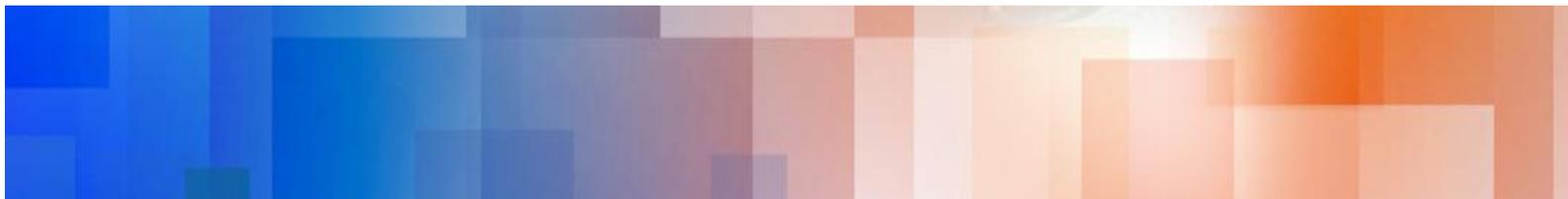


Employer
Health
Solutions



Introducing Mercy Employer Health Solutions for Small Business

A unique health plan solution for
businesses with 10-99 employees



Why Choose Mercy as Your ACO?

ACOs are networks of providers that build care around wellness rather than sickness. Today's movement toward ACOs is driven in part, by the Affordable Care Act (ACA) and its emphasis on quality care and lowering overall health costs. A strong ACO can reduce health plan costs. There is a true correlation between better care and lower premiums; when your employer population is healthier, your health costs go down.

What you need to ask an ACO before making a selection.

- Does the ACO have a proven track record operating as an ACO? How many years?
 - ✓ Yes – In 2008, Mercy participated in a Physician Group Practice Demonstration Project, which was the first pay-for-performance initiative for physicians under the Medicare program. Over a 5 year period, Mercy saved Medicare over 20 Million dollars. On January 1, 2015, Mercy's East Region became one of the largest ACOs in the nation.
- Does the ACO focus more on preventive health and outcomes of care? Is there documentation for measurement?
 - ✓ Yes – Mercy is strongly invested in the promotion of preventative health and measurement of outcomes. Mercy regularly runs reports identifying the preventative care gaps and status of chronic illness for the population of each physician.
- Does the ACO have adequate access to providers in your area? If not, is there a good "wrap" PPO?
 - ✓ Yes – Mercy has 4 acute care hospitals and more than 100 physician locations spread wide throughout the St. Louis and surrounding communities. Within this region, Mercy has multiple outpatient services such as lab, imaging and therapy, as well as urgent care and convenient care locations for their patients. Mercy also provides access to their patients through e-visits and virtual care options.
 - ✓ Yes –The Healthlink network will serve as the wrap network for members who need care outside of the Mercy footprint.
- Does the ACO invest in clinical/ambulatory care ahead of number of hospital beds?
 - ✓ Yes – Our ambulatory care model is key to the success with population management. Our physicians see more than 160,000 patients a month in an outpatient setting.
- Are the ACO physicians compensated and rewarded for the outcomes of patients as opposed to how many patients they see? Importantly, there still is a fee for service – but are the doctors, who adhere to a follow-up protocol, compensated at a higher level for positive outcomes?
 - ✓ Yes – Our physician compensation model has been designed to compensate physicians for success on established quality and patient access measures for their population of patients, not by ordering lab or x-rays.

- Has the ACO completed integration of all its patient clinical care systems into a true “patient centered” model?
 - ✓ Yes – Mercy has one electronic medical record which links all of the 800 integrated physicians, hospitals, outpatient services, labs and imaging to Mercy patients. It is truly one patient, one record.
- Does the ACO have integrated Nurse Coaches to support and carry out the physician-directed care model?
 - ✓ Yes – Mercy has a robust team of care management nurses who supports the physicians with follow up instructions and education for patients. This team of nurses also has access to the electronic medical records.
- Does the ACO offer discounted rates for specially designed health plans?
 - ✓ Yes – This product combines all of the above qualities for an outstanding ACO as well as a special discount on rates.

Mercy Employer Health Solutions is ready to serve your small business with healthier employees and lower costs!

Employer Health Solutions offers a better way to provide health insurance benefits.

“Good Health is Good Business”

Under the Accountable Care Act (ACA), daunting complexities and new fees imposed on small group, fully insured health plans, are forcing employers and their brokers to look for alternatives.

Today, fully insured small group health plans are being impacted in four primary ways:

- Mandatory coverage of minimum Essential Health Benefits (EHB) defined by federal and state law.
- Charging rates that are governed by new ACA restrictions.
- Elimination of all “risk management” incentives and “risk underwriting.”
- Rising costs due to mandated special ACA fees and taxes.

Small group plans are more expensive and less flexible than ever before.

Mercy's Employer Health Solutions is the right plan for you IF:

- You believe you pay too much for the health “risk” of your employees.
- You believe that “good health” should mean “lower costs.”
- You want better management and control of your health plan costs.
- You want to avoid paying as many of the new ACA fees as possible.
- You want financial rewards and a direct relationship with the health care system taking care of your health plan members.
- You want level and predictable rates that don't change month to month.
- You want to participate financially by getting back dollars not spent.

Mercy Employer Health Solutions for small business now offers employers and their brokers a new medical plan model that integrates our proven healthcare management program with exclusive discounted fees for a lower cost, higher quality health plan.

Mercy's program for small businesses offers:

- Lower rates that reward the true “risk” of the group.
- Employer owned and participating funding -- what is not spent on claims stays in the employer's bank account.
- Avoidance of several ACA-required fees that fully insured plans must pay.
- A relationship with a health care system that is incented to keep members healthy.

Employer Health Solutions for small business is a unique product that is a predictable alternative Level Funded health plan. It functions in many ways like a fully insured program, except that it returns unspent claims funding to the employer at contract year-end. All attributes of an ACA-mandated self-funded plan are included.

Governed by federal law under the Employee Retirement Income Security Act (ERISA), self-funded plans allow employers greater latitude in designing coverage to better fit actual employer needs. Our reinsurance partners attribute their expected savings in claims to Mercy's special fees and overall medical management and proven outcomes.

How does this small business solution work financially?

EHS for small business is a Small Group (10 – 99) Product that is a “Level Funded/Self-Funded” Program.

Employees are billed four tier monthly rates, similar to a fully insured structure.

The rates include the following two primary components:

- A. Claims Account
Funds are deposited into an account set up specifically to fund the group’s covered medical and prescription drug claims. The amount is deposited each month upon receipt of the billed rates.
- B. Fixed Costs
Includes claims administration, enrollment, eligibility, network fees, medical management, customer service and support, stop loss insurance, compliance and broker fees.

The claims account (A) is used to pay a group’s covered medical claims. **The employer’s financial risk is always limited to the single “level” monthly billed rates.** If at any time during the policy month there is not enough money in the claims account to cover member claims, the reinsurance/stop-loss carrier will **advance funds** into the Plan’s bank account. At contract year end, there is a “true up” of Plan funding between the Plan Sponsor (employer) and the Reinsurance Carrier:

For example:

*A group purchases a **Mercy Employer Health Solutions** plan where \$3,000 per month is deposited into the claims account upon receipt of the monthly Plan bill. In a 12-month period, the account would have \$36,000 available to pay claims. Consider these three scenarios on how the bank claims funding works in conjunction with the stop-loss carrier.*

- If covered claims total \$7,000 in month two and only \$6,000 has been deposited to the claims account, the stop-loss carrier would advance \$1,000 to the account to ensure sufficient funds are available.
- If covered claims total \$40,000 for the year, exceeding the required annual contribution to the claims account, the employer’s maximum funding liability is capped at \$36,000. Stop-loss covers the excess.
- If covered claims total \$25,000 for the year, the claims account will have a positive balance of \$11,000 of which 100% belongs to the Plan Sponsor (employer) and can be returned to them or applied to the following year’s program expenses.

Should an employer wish to terminate at contract year end, this product offers a “walk away” termination provision, to avoid additional termination financial requirements.

Easy to Budget Financial Process

- 1.** Your single monthly payment applies to the claims account (A) and plan fixed costs (B).
- 2.** All covered employees and dependents medical expenses are paid from funds deposited into the claims bank account.
- 3.** Stop-loss insurance provides protection if covered claims exceed the employer's monthly funding limit (Monthly Stop-Loss Limit).
- 4.** If claims do not exceed the employer's annual funding limit, (Annual Stop-Loss Limit) at the end of the policy year, the employer may apply these savings to future program costs or request the remaining fund balance.

Mercy's Employer Health Solutions (EHS) Three Tier Plan Design Example:

Tier 1: This "tier" applies to the benefits paid within the **EHS Mercy Specific Network** www.mercyoptions.net

Tier 2: This "tier" applies to the benefits paid within the **HealthLink PPO (non-EHS) network**, www.healthlink.com

Tier 3: This "tier" applies to the benefits paid for care received outside of either **EHS** and or **HealthLink's** network.

Employer Health Solutions	Tier 1 Mercy Only Network	Tier 2 HealthLink Wrap	Tier 3 Out-of-Network Non-Mercy or HealthLink
Benefits	In-Network	HealthLink Wrap Network	OON
Deductible			
• Single	\$2,000	\$4,000	\$6,000
• Family	\$4,000	\$8,000	\$12,000
Coinsurance	80%/20%	70%/30%	50%/50%
Out of Pocket (includes deductible)			
• Single	\$4,500	\$6,600	unlimited
• Family	\$9,000	\$13,200	
Preventive Services	100%	100%	50% after deductible
Office Visit			
• Primary Care Physician	\$25	30% after deductible	50% after deductible
• Specialist	\$40	30% after deductible	50% after deductible
Other Services			
• Inpatient	20% after deductible	30% after deductible	50% after deductible
• Outpatient	20% after deductible	30% after deductible	50% after deductible
• Emergency Room	20% after deductible	20% after deductible	20% after deductible
• Urgent Care	\$75	30% after deductible	50% after deductible
Pharmacy	<u>31 Day Retail</u>		<u>90 Day Mail Order</u>
Generic	\$15		\$37.50
Formulary Brand Name	\$45		\$112.50
Non- Formulary Brand Name	\$75		\$187.50
Specialty	25% to a max of \$350		N/A

Prescription Drug Copays, Deductibles and Coinsurance costs apply to the Tier 2 Maximum Out of Pocket.

Mercy offers several plan design options for consideration, as listed on the following page.

Employer Health Solutions Plan Options:

Physician Office Visit Options:

If selected, the copay applies to the physician consultation charge per covered visit with a primary care physician, specialist or at an urgent care facility. After the copay, the Plan pays 100 percent of the balance of the office visit consultation charge. Other covered services performed during the visit are subject to the deductible and payment percentage.

Primary Care Physician/Specialist/ Urgent Care copay

\$25/\$40/\$75

\$35/\$55/\$75

No copay (subject to Deductible and Coinsurance)

Emergency Room

Deductible Options

The deductible options listed apply per plan member to covered charges within the Plan year. Covered charges for all covered family members accumulate to satisfy the family deductible within the Plan year. Tier 1 and Tier 2 deductibles accumulate toward each other.

The Plan will give credit for any deductibles satisfied, in whole or in part, under the employer's previous plan of benefits, provided the member submits sufficient evidence of having satisfied them.

Coinsurance Options

After the deductible has been satisfied, the plan member will pay the selected payment percentage of covered charges.

*Tier 2 coinsurance option requires a minimum of 10% differential to Tier 1.

Maximum Out Of Pocket Options

Member paid copays, deductibles and coinsurance amounts throughout the year will accumulate towards satisfaction of their Maximum Out Of Pocket Liability. The Tier 1 and 2 out-of-pocket maximums shall be used to satisfy each other. ACA mandated limits apply where required.

Prescription Drug Options:

31 Day Retail Options

90 Day Mail

Specialty Drugs

\$250, \$350 or no Copay

(subject to Deductible and Coinsurance)

Tier 1

Single	Family
\$1,500	\$3,000
\$2,000	\$4,000
\$2,500	\$5,000
\$3,500	\$7,000
\$5,000	\$10,000

Tier 2

2 times tier 1

Tier 3

3 times tier 2

Tier 1

0%, 10%, 20%, 30%

Tier 2*

20%, 30%, 40%

Tier 3

50%

Tier 1

Single	Family
\$2,500	\$5,000
\$4,500	\$9,000
\$6,600	\$13,200

Tier 2

\$6,600 Single / \$13,200 Family

Tier 3 (out of network)

Unlimited

Option 1: \$10/\$35/\$60

Option 2: \$15/\$45/\$75

Option 3: All drugs apply to deductible and coinsurance

2 ½ times 31 day retail

25% coinsurance to \$350

Prescription Drug copays, deductibles and coinsurance costs will apply to the Tier 2 Maximum Out of Pocket limit.

HDHP (HSA): ACA approved "Preventive" prescription drugs can be offered with copays in a qualified HDHP plan.

This is an option offered as an alternative to being subject to Plan Deductible. All copays will be applied to Plan Maximum Out of Pocket prescriptions, not on the "Preventive" list.

Important Information

The information included in this brochure is a summary outline of the features, plan provisions, benefits, exclusions, limitations and other information about the medical coverage provided under EHS employer self-funded health plans and a brief introduction to the employer stop-loss insurance policy. This brochure is not a contract and it is not intended to serve as legal interpretation of the self-funded Plan Document. Any provisions of the self-funded Plan Document or stop-loss policy or policies that are in conflict with federal laws, or any applicable state law, are amended to meet the minimum requirements of the law. More details are provided in the self-funded plan document, which is the prevailing document and the basis for payment under the Plan. Plan designs are subject to change to comply with federal law, as necessary. Plan design availability and/or stop-loss coverage may vary by state.

Self-funded health plans are not right for every group. In some instances, a fully insured plan may be a better option. Stop-loss underwriting is a key to determining which groups may be a fit for EHS. Medical history is taken on all employees and their dependents for the carrier to assess and rate its risk. It is important that each employee provide truthful, complete and accurate information. **Should a plan participant's serious medical condition not be disclosed, the stop-loss carrier may re-rate the policy with added exclusions or requirements.**

A stop-loss carrier cannot advise a policyholder with respect to the policyholder's rights to rescind or cancel a participant's coverage for fraud or misrepresentation. The policyholder should consult with the TPA or its attorney concerning this issue.

Included in the EHS Product:

- Online consolidated (all benefits) enrollment
- Consolidated Billing
- Compliance Oversight and Management
- Option of Integrated Flexible Benefits
- Customized Employee Communication Materials



EHS Administrative Partner

EBSO, Inc. www.ebsobenefits.com

Benefit claims, billing, customer service and other administrative services for EHS Simplified Funding Concepts are provided by EBSO, Inc. of St. Paul, MN and Milwaukee, WI. EBSO is a licensed third-party administrator which specializes in employer group health plan administration and small employer self-funded plans. EBSO administers benefits nationwide.

- Preferred proprietary stop loss, PBM and medical management
- Integrated with Mercy a robust Population Health Management program
- HR and Finance custom reporting
- Predictive plan and cost modeling

The Accountable Care Act (ACA) Impact on Health Plans:

Assumptions:

- 50 Covered Employees with 25 dependents = 75 total covered lives
- \$390,000 Annual Fully Insured Premium

	Fully Insured ACA Fees	Self-Funded ACA Fees
Health Insurance Tax: ($\$390K \times 2\%$)	\$ 7,800	\$ 0
Reinsurance Assessment Fee: ($\$44 \times 75$)	\$ 3,300	\$3,300
PCORI Fee: ($\$2.08 \times 75$)	\$ 156	\$ 156
Exchange User Fee: ($.035\% \times \$390K$)	\$13,650	\$ 0
Risk Fee: ($\$.96 \times 75$)	\$ 72	\$ 0
Total Rate Assessment:	\$24,978	\$3,456

Clearly, a review of a “self-funded” model, such as EHS deserves consideration.

For Quoting Process and Requirements contact:

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Who says healthcare has to be complicated?

When it comes to meeting their employee's health needs, business owners need a reliable partner. That's particularly true with small businesses, where the margin between success and trouble can be razor thin.

With Mercy's **Employer Health Solutions for small business** program, you can trust that your employees will find expert, convenient care available when and where they need it.

Mercy, one of the country's largest **Accountable Care Organization's (ACO)**, focuses on accountability, quality of care and patient outcomes, rather than boosting patient volume and collection of fees. While it may seem strange to hear a health system talking about keeping patients out of the hospital, Mercy believes that the future of health care is just that.

And through our **Employer Health Solutions for small business**, Mercy now has preferred fees that reinsurance carriers are crediting with lower rates.



High Performing ACO Delivering High Quality,
Integrated-Cost Effective Care with
Preferred Discounted Pricing



What is Necessary
for a Successful ACO
Strategy with
Employers?

Employer



Brokers looking for the
"Missing Piece" to
lower cost health plans



Administrative Partner securing
preferred rates and connecting all the
DOTS





Employer
Health
Solutions