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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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General Comment

To whom it may concern,

The following are my comments about the proposed rule "Definition of Employer" under Section 3(5) of ERISA-Association Health Plans."

As an industry employee benefit consultant of 34 years, and a thought leader in the Innovation of health care strategies, I provide the following insight.

Association Health Plans (AHP)

This rule will be favorable for the small to mid-market employer who is limited to fully-insured options.

There are limitations to the fully-insured market:

1) Fully-insured - The individual State's Department of Insurance (DOI) has oversight to the financial stability and abilities of the carrier to effectively deliver care to residence of that state.

To meet the objective of the Trump Administration, allowing "purchasing insurance across state lines," would require it to be an ERISA qualified plan. This means it must be self-funded/self-insured.

Over the past 178 years, the U.S. has encouraged and promoted the purchasing of medical/RX benefits through employers. Maintaining consistency in purchasing, allowing employers to purchase via a AHP regardless of individual size of employer would support the 97.5% (Chamber of Commerce - 2016) of employers under 500 EE's.

Risk Mitigation to the American Worker

To avoid the pitfalls of self-funded/self-insured plans for the American worker, I would recommend the requirement to have the AHP be established in a Voluntary Employee Benefit Association (VEBA) framework. A VEBA establishes all the internal controls to protect the American worker in this new purchasing cooperative.

Value Based Benefit Options

If the AHP offers a value based benefit structure, participating employers/employees will be motivated to participate in the incentives and encourage participant healthy lifestyles/behavior.

Through evidence based case studies over the past four (4) years, employers adopting a comprehensive value based framework (including - Direct Primary Care (DPC)/ Direct Contracting with high performance providers) are improving access to employees/dependents, improving quality and decreasing costs. There is both quantitative and qualitative measures being met.

If you have further questions, I may be reached directly at 719.314.3510