

# LeadingAge Texas Employee Benefits Prospectus

A Collaborative Effort:  
Voluntary Employee Beneficiary Association  
("VEBA")

**FAQ**

February 2019



# LeadingAge Texas Members

It is in our Core Values to strive to provide programs and services to our members that deliver Outstanding Value through reasonably priced, efficient services.

Our LeadingAge Texas Members have frequently conveyed the struggles they encounter to satisfy the legislative requirements of the Affordable Care Act (ACA) and deliver meaningful, reasonably priced health benefits to their employees. The LeadingAge Texas Board has explored many delivery methods in past years and found limited opportunity for *universal* solutions for significant long-term impact.

In 2018, the LeadingAge Kansas Board developed a single, self-funded health plan under a funding vehicle called a “VEBA” – a Voluntary Employee Beneficiary Association. Using the LeadingAge Kansas *Toolkit*, the VEBA framework will allow us to offer an Employee Benefits platform with specifically designed plans for our LeadingAge Texas members under a collective, managed group.

The LeadingAge Texas Board is forming a Task Force from among our Members to explore this opportunity to offer health and other employee benefits that lowers cost and better fits the needs of LeadingAge Texas Members through unique plan designs, leveraged size and managed health care spend.

This Prospectus provides the scope of the project that the Task Force would evaluate, and if a determination is made to act, the Task Force would serve as the Inaugural Board. We ask for your consideration to serve on the Task Force.



LeadingAge™  
Texas

# EMPLOYEE BENEFITS, INC.

## VEBA Description

The establishment and operation of a VEBA typically entails a significant investment of time and resources. This Prospectus not only provides a mapping of the process, but also highlights the time and resource savings from utilizing the LeadingAge Kansas Employee Benefits Toolkit. Throughout this Prospectus, items **highlighted in blue** are those included in the Toolkit – meaning they would not require development from scratch and only be subject to changes desired by LeadingAge Texas or required by the State of Texas.

- **VEBA Characteristics**
  - Its purpose must be to provide life, sick, accident or other similar benefits
  - The VEBA must be **controlled by its members** or by independent fiduciaries elected by its members
  - The entity must be voluntary
  - The VEBA must be organized as an association
  - The association must be a trust

# EMPLOYEE BENEFITS, INC. VEBA PLAN STRUCTURE

- A Self-Funded Plan – essentially “owned” by the participating Members
  - Contributions paid in monthly from participating Members to cover costs for administration and claims
  - Essentially works as a pooled group – sharing both risk and reward
  - “Rates” / Plan cost determined by actuarial estimation of cost
  - Reinsurance protects the claims fund
  
- Establish a Legal Entity “Employee Benefits, Inc.”
  - EIN and Trust Account
  - *Articles of Incorporation, 501(c)9 Status*
  - Board Formation/*Trustee Acceptance of Appointment*
  - Assign an Executive Director and/or Director of Operations
  - Implement *Bylaws*
  - Filings (M-1, 5500, 990)

# EMPLOYEE BENEFITS, INC.

## VEBA PLAN STRUCTURE

- Develop Administrative Rules to protect the long-term stability of the Plan
  - *Membership & Adoption Agreement (Member contract)*
  - *Member Retention*
  - *Plan selection*
  - *Member contributions and waiting periods*
  - *Employee participation*
  - *Administration and Compliance Guide*
  
- ***Concessions for Charter Members (Guidelines established as part of the Toolkit)***
  - Offered an additional Medical Plan option not available to Non-Chartered Members
  - First year rate structure for Charter Members determined by demographics/census, Gatekeeper App and actuarial projections (no individual underwriting)
  - Non-Charter Members:
    - Charged a Late-entry penalty for 12 months
    - Charged a Trend Load for each month following launch date
    - Must pass Financial and Administrative Screening
    - Must pass full Medical underwriting (Employees must complete full Health Questionnaires)

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## VEBA PLAN ADMINISTRATION

- Plan Process and Administration (*Set-up and Rules established as part of the Toolkit*)
  - The Third-Party Administrator is responsible for administration of the claims and customer service, including:
    - ID Cards, verifications of benefits and eligibility
    - Processes/pays claims, and produces Explanation of Benefits
    - Customer Service
    - Precertification and Utilization Review
    - Billing for “premiums” (including ancillary)
    - COBRA administration
    - Reporting
- The Trust Board carries the fiduciary duties
  - Some of the duties the Board is responsible for:
    - Approval of New (Non-Charter) Members (*Guidelines established as part of the Toolkit*)
    - Review and/or approval of recommendations for Plan modifications
    - Resolution of Member (Employer) disputes or special requests
    - Review Plan Status Reporting
    - Establish banking arrangements and accounting functions for administration fees payments to LeadingAge Texas
    - Secure Line of Credit for Claims Fund Protection
    - Hold scheduled Board Meetings and annual Member Meeting(s) (*Guidelines established as part of the Toolkit*)

# EMPLOYEE BENEFITS, INC. VEBA MEDICAL PLANS

- ***Medical Plan Options for Members (Employers)***
  - *10 Plans are available ranging from very low-cost Minimum Essential Coverage to low-deductible PPO Copay Plans*
  - *Members can choose up to four (4) Plans for employees to select from*
  - *Employees elect the Plan that best fits their coverage and budget*
  
- ***Medical Plans with built-in cost-containment Programs***
  - *PPO Physician-Only Network (with wrap networks)*
  - *All hospital claims are paid In-Network. Claims are audited for reasonable pricing*
  - *Cancer conditions are managed with mandatory compliance*
  - *Chronic kidney disease is managed by early intervention and reduced pricing for dialysis*
  - *Orthopedic injury alternative treatment*
  - *Unlimited telemedicine at zero cost to employees*
  - *Closely managed pharmacy program*

# EMPLOYEE BENEFITS, INC.

## ANCILLARY BENEFITS

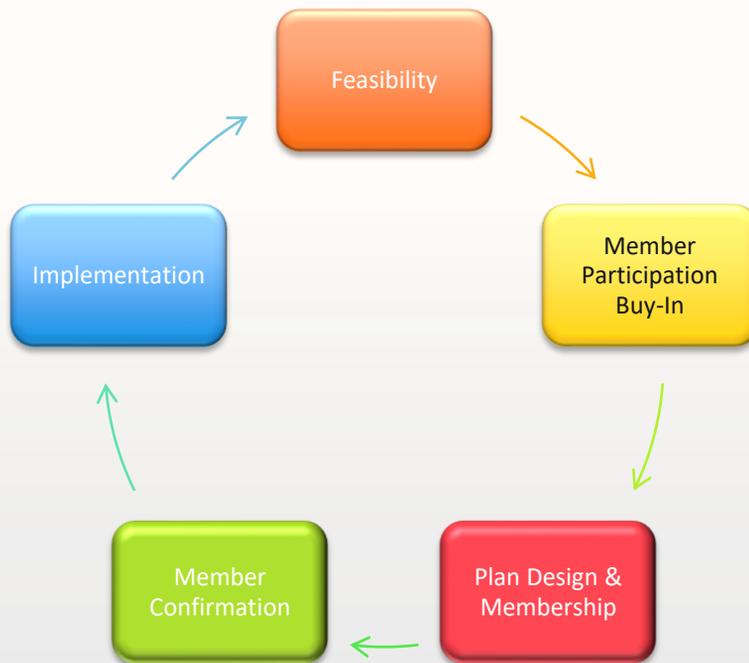
Ancillary Plans are offered to Members as an added election. Members choose which Plans are to be offered, and determine for each if they will be offered as employer-paid or voluntary (employee-paid). Plans and rates are negotiated as a “block” to secure a higher level of benefit offering, lower rates and to stabilize renewals.

### ***Ancillary Benefits include:***

- ***Dental***
- ***Vision***
- ***Life and AD&D***
- ***Short-Term Disability***
- ***Critical Illness***
- ***Accident***
- ***Pet Insurance***

# EMPLOYEE BENEFITS, INC. FORMATION PROCESS

## THE FIVE MAJOR PHASES OF MEWA IMPLEMENTATION



There are Five major phases for implementation to launch. Below is an estimated timeline for each of the Phases to launch. The timeline for each Phase begins once the respective supporting documentation for the various components is received. Therefore, the launch date is largely affected by Member adherence to complete the needed tasks.

### ***Estimated timeline:***

- 1. Feasibility: 4-6 weeks***
- 2. Member Participation Buy-In: 4 weeks***
- 3. Plan Design & Membership (including Marketing, Rate Development and Underwriting): 6 weeks***
- 4. Member Confirmation: 6-8 weeks***
- 5. Implementation (including Open enrollment and Member Administrative Education): 8-10 weeks***