



Why Association Health Plans Work for Credit Unions

InterLutions

What is an Association Health Plan?

Association Health Plans (AHP) allow small employers with common interests to form an association and expand access to more affordable health coverage for all individuals within the association. AHP collaborative plans make it easier for smaller employers to band together and be recognized by insurance providers as a singular pooled entity, thus affording them “large company” discounted rates and even more health insurance plan options for their participants.

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Why Choose an AHP?

Medical insurance costs are expected to more than double over the next eight to ten years. To change the course of healthcare costs and flatten that ascending cost curve, credit unions need to do something different and game changing. The power of collaboration among credit unions continues to be a core reason for our success as a movement, so a collaborative healthcare model for credit unions is the best strategy to combat the rising cost of medical insurance and employee benefits.

- ◆ Through the combined buying power of many credit unions collaboratively working together, an AHP can provide not only lower cost healthcare, but often enhanced HR administrative tools and resources normally reserved for larger organizations.
- ◆ Being recognized as an AHP group by health insurance carriers helps the entire group take advantage of less-expensive health plans that have a lower percentage of premiums spent on insurer profit and administrative costs.
- ◆ Additionally, larger AHP groups receive plan benefits designed according to the best practices among large businesses, are offered the value of digital health program innovations, negotiate better rates from healthcare providers and insurers, and may even consider self-insuring to further lower plan administration costs and avoid health insurance tax.





“With an Association Health Plan, we have simplified the process of managing our healthcare benefits.”

- Michele Steien, Chief Talent Officer, Co-op Credit Union

The Proof is in the Data

Washington D.C. based healthcare research firm, Avalere Health Company, recently projected that AHP premiums will experience **meaningful savings advantages** versus alternative, more conventional insurance options. They have predicted that AHP premiums will be “between \$1,900 to \$4,100 lower than the yearly premiums in the small group market and \$8,700 to \$10,800 lower than the yearly premiums in the individual market by 2022.”

“Through collaboration, we can provide healthcare benefits at a lower cost to employees.”

- Melissa Doebert, SVP Talent and Development, Kohler Credit Union

AHPs Help Avoid Expensive and Limited Insurance Options:

- ◆ Many states permit as few as 51 employees within a group health plan to qualify for large group status. Insurance companies are required to **spend less on overhead** and profit than they do on small group health plans.
- ◆ AHPs leverage the collective group’s **buying power** to better negotiate insurance costs and healthcare provider reimbursements compared to smaller single credit unions that have very limited leverage dealing with insurance carriers.
- ◆ If AHPs opt to use self-funding for the group’s health insurance needs, the association can **gain access to medical claims** data which helps to identify and resolve payment issues and reveals which providers charge more for the same services.



- ◆ AHP plans are not sold through government exchanges, so they are not subject to the 'Marketplace User Fees' paid by insurers who distribute their health plans within government exchanges, typically amounting to 3.5% of premiums.
- ◆ AHPs are not restricted by government exchange insurance requirements and, therefore, can design **benefits tailored to specific employee needs**, rather than being mandated to a one-size-fits-all plan solution. AHPs are more flexible than those within the ACA coverage offerings.
- ◆ Aggregation also allows AHPs to contemplate self-funding versus having to pay a third-party insurance company to manage its health benefits and, in turn, **lowers administration costs** normally paid to insurance carriers.



A Credit Union Case Study

In 2019, InterLutions, through its innovative **I-Care: Employee Benefits solution**, successfully launched an AHP for small and mid-sized credit unions. In year one, the I-Care AHP launched with nearly 500 total insured credit union employees and delivered an **average of 12%** in cost savings. In year two, all participating credit unions received a **flat renewal**.

Not only has the I-Care AHP proven to save participating credit unions a significant amount on their employee benefits costs, but the solution is also delivering enhanced technology services with expanded resources to credit union human resources departments.

“The I-Care AHP significantly decreased premiums for our employees and provided my HR team with technology that we wouldn’t have been able to afford on our own.”

- Diane Rieder, CFO, Premier Financial Credit Union





Conclusion

Just as in the very collaborative spirit of the credit union movement itself, AHPs benefit from the strength and unity of their many combined employees. Our data and analytics show that credit union employees are 23% healthier than all other industries when comparing medical insurance claims on a per-employee per-year basis. The bottom line is that credit union employees are among the very healthiest and best individuals to insure, and we need to work collaboratively to give our employees the benefits they deserve.

About InterLutions

InterLutions is a credit union service organization (CUSO) focused on providing innovative business solutions to advance the credit union movement. At its core, InterLutions believes in the idea that collaboration within the credit union industry will provide more reliable and cost-efficient ways to keep credit unions strong and healthy. More educational white papers about collaborative employee benefit solutions can be found on our [publications](#) page. Educational webinars focusing on insurance captives, healthcare technology, and collaborative employee benefits can be found on our [calendar of events](#) page. Please visit InterLutionsCUSO.com to learn more and follow us on [LinkedIn](#).

