

Reduce Health Care Costs and Improve Employee Benefits

October 31, 2017

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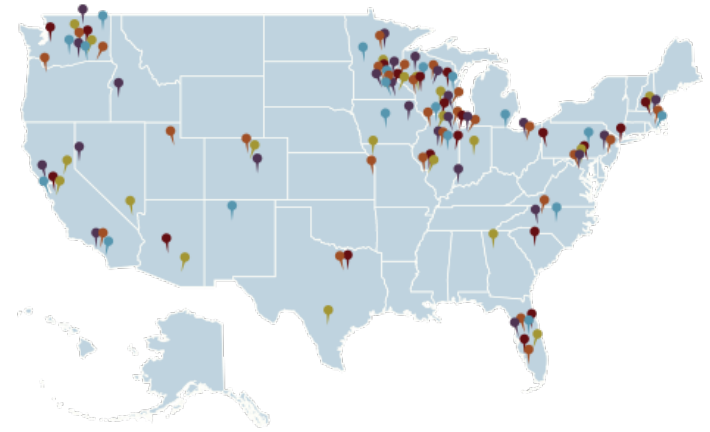
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About CliftonLarsonAllen

- A professional services firm with three distinct business lines
 - Wealth Advisory
 - Outsourcing
 - Audit, Tax, and Consulting
- More than 5,000 employees
- Offices coast to coast
- Providing employee benefit plan audit, tax compliance, and consulting services for more than 60 years.
- CLA is the number one provider of employee benefit plan audits with more than 2,500 plan audits across the country



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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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About LevelFunded Health

- National, direct to employer, tech-enabled commercial benefits distribution platform
- Innovative products delivering **potential savings** of up to 40%, and better benefits
- 35+ A rated national insurance carriers shopped on each case annually; both level funded & traditional carriers
- National strategic relationship with Nationwide



LevelFunded Leadership



Russ Carpel

CEO + FOUNDER



Keith Franklin

INTERIM COO



Alex Horvath

DIRECTOR OF SALES



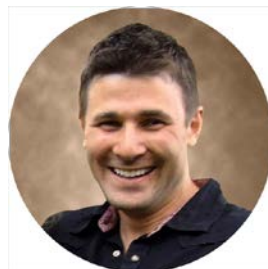
John McDarrah

DIRECTOR OF
OPERATIONS



Vesna Young

COMPLIANCE
DIRECTOR



Jon Reese

MARKETING COMMUNICATIONS
DIRECTOR

Investors / Strategic Partners

Hiscox USA

US subsidiary of \$4Bn UK P&C Insurer
Publicly traded

Trivergance

Private Equity with Strategic Accelerator

CCCC Growth Fund

Insurance Family Office

Insure.VC

Investor in Insurance innovation



Speaker Introductions

Anita Baker



- Managing Principal, Employee Benefit Plans
- Provides assurance, tax, and consulting services to plan sponsors and third-party administrators
- Board of Directors, American Institute of Certified Public Accountants.

Russ Carpel



- CEO, LevelFunded Health, Proud Partner of Nationwide[®]
- LevelFunded Health is a national, is a national distribution platform focused on level and self-insured benefit programs
- Experience in marketing, business development, management and private equity fundraising



Learning Objectives

At the end of this session, you will be able to:

- Discuss the different types of funding options available for health plans
- Determine how moving to a self-funded program can decrease health costs and improve benefit levels
- Identify the reporting requirements for health plans



Types of Health and Welfare Plans

- Fully insured health plan
 - The company pays a premium to the insurance carrier
 - The premium rates are fixed until renewal based on number of employees enrolled
 - The insurance carrier collects premiums and pays the health care claims based on the coverage benefits in the policy
 - The covered persons are responsible to pay deductibles or co-payments



Types of Health and Welfare Plans

- Self-funded health plan
 - Employer operates its own health plan to save the profit margin that an insurance company adds to its premium for fully insured plan
 - May expose company to risk in the event that more claims than expected must be paid
 - Fixed costs include administrative and other fees which are billed monthly by the third party administrator based on enrollment
 - Variable costs include payment of health care claims for individual participants



Types of Health and Welfare Plans

- Self-funded health plan
 - Stop-loss or excess-loss insurance is used to reimburse the employer for claims that exceed a predetermined level
 - Specific coverage is for catastrophic claims on one covered person
 - Aggregate coverage is for claims that significantly exceed the expected level for the group of covered persons



Challenges for Companies with 50 to 1,000 Full time employees (FTEs)

Excellent benefits are key to hire and retain great employees

Health benefits costs have increased *dramatically*

Insurance innovation is not finding its way to you



Primer on New Alternatives

New Solutions for companies
with 50-1,000 FTEs

Guaranteed Issue
90% of Small Companies

Very Expensive

Level Funded

- Less Expensive
- No Cash Flow Risk
- No Additional Liability

Applicable to 60% of companies

Self-Insurance
90% of Large Companies

Less Expensive
Complex
Cash-flow risk



Level Funding, a hybrid between Fully Insured and Self Insured Funding Model(s)

- Level funding strips out cash flow volatility from traditional self funding
- Level funding removes complexity of administering self funded plans
- Level funding employs fixed monthly payments, same as fully insured
- Level funding still uses medical data to asses/price risk, just as the self funded model does
- Level funding is protected by ERISA, yet compliant with the ACA



Level Funded Benefit Program: KTNA Case Study

Actual Case: KTNA — Novi, Michigan (88 Employees*)

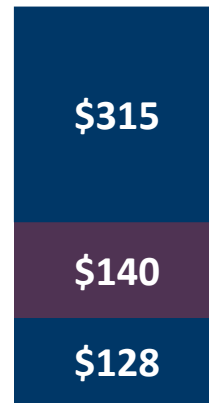
Traditional 'Guaranteed Issue' Plan

- Priced on **Community** Risk
- Affordable Care Act governed
- Premiums rising by up to 100%
- Blue Cross



\$65k monthly

\$194 Savings



\$49k monthly

Level Funded Health Plan

- Priced on granular **Company** Risk
- ERISA governed
- Premiums up to 40% lower
- End of Year Refund potential
- United PPO

*Employees save 53% on their max out-of-pocket



Case Studies

PE Portfolio Company

\$1.8 million in annual savings
versus traditional small group health coverage

620 FTE Marketing Services Co.
New Jersey

Increased Enterprise Value by ~\$20 million

NANCE

\$84K in annual savings
versus traditional small group health coverage

Total potential refund claims fund of \$117K

Employee out-of-pocket expenses reduced 40%

K.T. N.A Mex

88 employees

\$194K annual savings
versus traditional small group health coverage

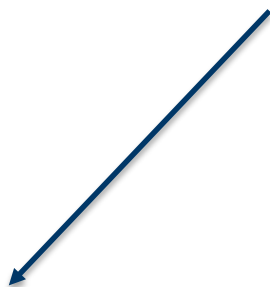
Total potential refund claims fund of \$198K

Employee out-of-pocket expenses reduced 53%

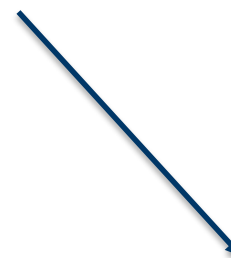


LevelFunded Proprietary Annual Due Diligence Process

50 – 1000 Full Time Employer(s) RFP's



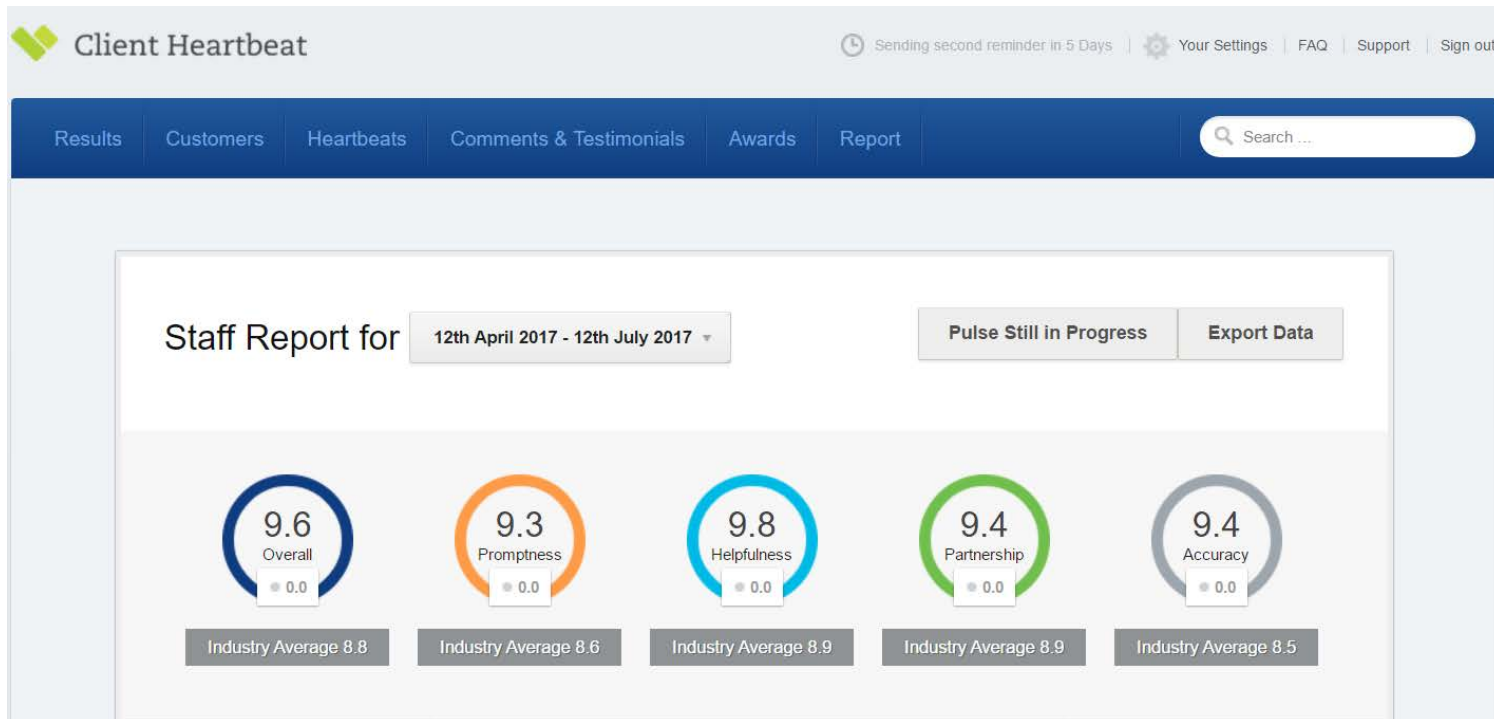
30+ A rated Level Funded Insurance Carriers



5+ A rated Traditional Group Health Insurance Carriers

LevelFunded Health uses proprietary technology, carrier relationships and processes, to commoditize the commercial health and stop-loss insurance market(s). In so doing, providing two screens of due diligence not provided by any other insurance brokerage in the middle market today. Rates can be significantly lower and benefits dramatically improved, via this proven process.

LevelFunded Client Service



LevelFunded Client Service

Client Heartbeat

20th of April 2017

I feel like I stumbled across a great company and I am glad to have had the opportunity to have a relationship with Russ and Alex both professionally and personally. Thank you for helping to make J Solutions' dreams come a reality when it comes to quality health insurance. Jan Marie



Jan Rugg
J. Solutions

12th of April 2017

Level Funded has been really great to work with from day one! Thorough, prompt, courteous and extremely helpful team at every level.

Shannon Heckman
Advanced Diamond



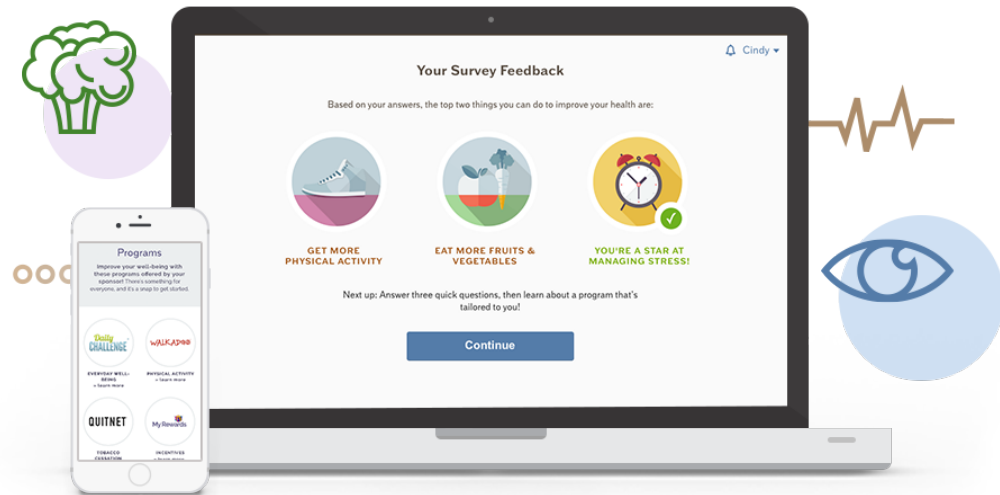
LevelFunded Ancillary Products, Services and Technology

- Ben Admin (enrollment platform)
- Group Dental (Delta Dental/Nationwide – among many others)
- Group Vision (VSP among many others)
- Group Life (various all A rated)
- STD, LTD (various all A rated)
- P and C Insurance (external – partnership with national middle market P and C brokerage)
- Pet Insurance (Nationwide)
- Compliance (external – CLA – benefits compliance practice)
- Telemedicine (various providers)
- MeYouHealth Wellness Software (built into every account 100+ FTEs enrolled)



LevelFunded Innovative, Social/Mobile Wellness Program Included

- A health survey with tailored feedback
- Social programs into which you can invite friends and family members
- Well-being improvement, learning small actions across 45 different areas
- Personalized walking goals and walking team challenges
- Industry leading smoking cessation support
- Optional integrated distribution to participants



LevelFunded Benefit Program Product Summary

- Fixed annual and monthly costs
- Chance for end of year refund
- Financial liability is capped out of the gate
- No need to wait until renewal date
- No coverage and network quality issues
- No run-out related concerns like traditional self-insurance

LevelFunded programs run on the largest national PPO provider networks in the USA



Annual Pro-Bono 40+ A rated Insurance Carrier Due Diligence

Possible savings of 10-40% in
four weeks or less

Under 100 Enrolled Currently

- (FEIN / # of people enrolled / exact address)
- GRX Census Template completed
**Include all eligible employees along with dependents who currently take coverage
- Current Schedule of Benefits
- Renewal Rates and Current Invoice

Over 100 Enrolled Currently

- 2 years Aggregate Claims Data
- 2 years High Cost Claims Data Paid By Month
- Current Census (all eligible employees)
- Current Statement of Benefits
- FEIN #
- Current Invoice
- Renewal Offer



Value For Private Equity Firms

- Higher EBITDA, higher portfolio company Enterprise Value
- Hire and retain with better benefits
- Run-out is a non-issue – i.e. standard contracts covers minimum of 6 months post-contract claims
- Extensive Due Diligence
- CFO Savings Estimator SAAS Tool for Pre-Qualification of Portfolio Co.'s



Medicare Reference Based Pricing For Self-Funded Groups

- For current self-funded groups with 50 or more FTEs enrolled
- Cost savings at least 10%
- Maintain a top PPO network for routine well and preventive visits
- In and out patient procedures – all FTEs access any provider
- LevelFunded works with the “Top RBP TPA” in the U.S.
 - Typically reimburses providers 140% of Medicare. TPA Boasts over 500 Middle Market Current Clients on the RBP model
 - Why providers accept lower pay out?
 - Reimbursed within 2-4 weeks vs. 90-180 days in traditional network model
 - Supply and demand; Most providers want more business at all times



Form 5500 - Health & Welfare Plans

- ERISA Welfare Benefit Plan Reporting
 - ERISA Welfare Benefit Plans required to file Form 5500 if:
 - Self-insured plans that are funded (separate account or VEBA)
 - > 100 plan participants and
 - Unfunded plan (benefits paid from employer's general assets), or
 - Fully insured (benefits are through insurance contracts or policies), or
 - Both unfunded & fully insured
 - Welfare benefits provided under plan include:
 - Medical, dental, life, disability, etc.
- Delinquent Filer Voluntary Compliance (DFVC) program available for late filers for \$2000/year up to \$4,000



Affordable Care Act Reporting

- Applicable Large Employers (ALEs)
 - An ALE is an employer that, together with the other employers in their controlled group, employed 50 or more full-time and full-time equivalent employees in the prior calendar year
 - Required to report to the Internal Revenue Service (IRS) whether they offered their full-time employees and their full-time employees' dependent children the opportunity to enroll in an affordable minimum essential coverage (MEC) under an eligible employer-sponsored plan
- These requirements started in 2015 with the first tax filings due in early 2016



Affordable Care Act Reporting

- ALEs need to file Forms 1094-C and 1095-C with the IRS, and furnish Forms 1095-C to their full-time employees (and any non-full-time employees enrolled in their self-insured plan).
- Forms are due to employees by January 31st and filed with IRS by February 28th of following year (unless extended)
- Penalties for failure to timely and accurately file and furnish these forms are significant
- Any employer filing 250 or more information returns during the calendar year must file these returns electronically. For employers with fewer than 250 returns, electronic filing is voluntary



Resources



Affordable Care Act Resources

Topic	Details	Source
ACA Tax Law	IRS ACA Homepage	irs.gov/aca
	6056 Information Reporting Overview	http://www.irs.gov/Affordable-Care-Act/Employers/Information-Reporting-by-Applicable-Large-Employers
	6056 Information Reporting Q&As	http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Reporting-of-Offers-of-Health-Insurance-Coverage-by-Employers-Section-6056
	Legal Guidance and Other Resources	irs.gov/Affordable-Care-Act/Affordable-Care-Act-of-2010-News-Releases-Multimedia-and-Legal-Guidance
Final Regulations	6056 Final Regulations	http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/pdf/2014-05050.pdf
Forms and Instructions	Form 1094-C	http://www.irs.gov/pub/irs-pdf/f1094c.pdf
	Form 1095-C	http://www.irs.gov/pub/irs-pdf/f1095c.pdf
	Instructions 1094-C & 1095-C	www.irs.gov/pub/irs-pdf/i109495c.pdf
Other Health Care Information	HHS	HealthCare.gov
	SBA	SBA.gov/healthcare
	DOL	DOL.gov/ebsa/healthreform



Where to Go for More Information



I'm thinking about: Issues My business or industry

Connect with CLA

Ask a question
Find a person
Subscribe **Go**

Recommended for you

- CLA Benefit Plan Wins the 2015 Best in Class 401(k) Award
- How Health Coverage Providers Can Prepare for ACA Reports Due in 2016
- Multiple Triggers Prompt Dealers to Assess Their Benefit Plans
- New CMS Code Allows Reimbursement for Non-Face-to-Face Care Coordination

Find resources

- Articles
- Event calendar
- Presentation slides
- Tools
- Videos
- Webinar recordings
- White papers and reports

ACA Reporting and Compliance Guidance

Is your organization prepared? Meet the ACA's annual reporting requirements and manage risk with tailored guidance from CLA industry professionals.

Effective for 2015, applicable large employers must file annual reports and monitor measurement periods to comply with the ACA's employer mandate. We understand the complexity of the health care law and can provide you with easy-to-understand solutions to help reduce your compliance and penalty risk.

Our customizable approach can include everything from preparing Forms 1095 and 1094, assisting with tracking employee status and offerings, IRS penalty assistance, and ACA modeling as needed.

Submit Your Information to Get Started

For additional information, [contact us](#).

<http://www.claconnect.com/resources/tools/aca-reading-room>



Questions?

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