

American Health Care Landscape Commercial Market

Employer Based

- Benefits decided by employer and purchased for employees
- Employees select “plan options” from what is provided

Large Group ASO (ERISA)

- Company funded health plan
- Health Plan “administrates” the benefit for the employer
- Company has much more flexibility and control

The Commercial Market is what we think of when we discuss insurance you receive from your employer at a job.

Employer Based insurance is purchased from a Health Plan, with various options such as HMO, PPO; co-pays, co-insurance, deductibles; benefit selection. In many States the benefit selection is heavily mandated. The Federal level law requires “essential health benefits” to be covered, we will discuss this in greater detail on another slide. States can add additional requirements to these health plan “products” that employers purchase.

Large Group ASO means the company “health plan” is paid completely by the employer. They don’t purchase a “product” from the health plan. These self-funded plans CAN administrate their own plans, but many (especially large groups) hire a health plan to administer their plan for them. They will collect anything owed for the plan from the employee, pay claims, provide utilization management and clinical management, etc. Since the financial “risk” is with the company on these plans, they are not regulated the same from a legal perspective. These plans do not have benefit requirements or restrictions, it is all decided by the Company. Most companies cover what other employers do, as a matter of competition in the market they feel it is in their best interest to provide fairly equivalent benefits to prospective employees.