



April 2009

Association-based Health Insurance Update

Since its founding in 2007, the Nonprofit Association of Oregon (NAO) has worked with Gales Creek Insurance Services (Gales Creek) to assess the feasibility of creating an association-based health insurance plan as a benefit for NAO's nonprofit member organizations. There have been five phases to this work:

Phase 1: The Insurance Division of Oregon's Department of Consumer and Business Services is the governing body for association-based health insurance plans. As NAO was forming in the summer of 2007, Gales Creek and TACS began monitoring decisions made by the Insurance Division to insure that we would be in compliance with any rulemaking about association-based health insurance plans.

Phase 2: NAO surveyed its nonprofit members in the winter of 2008 to identify whether there would be sufficient interest in, and numbers for, the creation of a health insurance plan. More than 200 organizations responded to the survey, representing a potential insured pool of nearly 7,000 employees.

Phase 3: NAO asked Gales Creek to develop and present proposals for health insurance from Kaiser and non-Kaiser companies. We chose to work with both in order to offer our nonprofit members multiple options that would create as little disruption as possible for their covered employees. Our goal was to develop proposals for statewide medical, dental, and prescription coverage that would offer a robust range of insurance benefits at an affordable price.

Gales Creek began working with Kaiser, HealthNet, Regence, Providence, and others to develop multiple proposals. Gales Creek also began identifying third party administrators with expertise in small group benefit programs who could manage the online administrative duties of enrollment, billing, and customer service.

Phase 4: In September 2008, the insurance companies asked NAO to request employee demographic information in order to assess actuarial risk and evaluate benefit service needs. Data collection continued through January. One set of data that emerged was the wide range in the cost of insurance paid by NAO member organizations—monthly per employee rates ranged from the low \$200s to the upper \$400s. This range posed a significant challenge to creating a plan pricing that would be attractive to as many NAO nonprofit members as possible.

Phase 5: In February 2009, insurance companies that had been actively engaged in negotiations with NAO withdrew their participation. Several cited NAO's relative newness, the economic downturn, and their belief that the Oregon legislature and/or Congress and the Obama administration will make fundamental changes to America's healthcare system that would adversely impact a new NAO plan. Kaiser felt it would not be able to offer better options than those they already provide to 40% of the NAO's members who responded to the Phase 4 survey.

What's next: NAO remains committed to pursuing the development of substantive benefits that harness group buying power. We recognize that offering an affordable insurance plan to our members would help you attract and retain the best employees. In the coming months NAO's member benefits committee will continue to explore a wide range of benefit options in order to best serve you.

Thank you for your patience and understanding. Please do not hesitate to contact us at naoinfo@tacs.org if you have any questions.