

## HEALTH INSURANCE PURCHASING GROUP OPTIONS

As an employer, you are always looking for ways to meet the challenge of balancing your budget with the need to attract and retain a talented workforce. For public entities this can be particularly challenging due to budget constraints and a workforce which has become more mobile than ever.

One of the recent trends in the health insurance market is joining a purchasing group to meet your need for high quality health insurance while achieving your financial goals. This approach isn't for every employer, but for those whom it does make sense, there are a few ways you can accomplish that. Here are a few of the ways that employers are implementing or discussing:

- **Cooperative:** A cooperative or “co-op” is a legal entity that is owned and operated by its members. The purpose of a co-op is to purchase insurance on behalf of its members. The entities involved in the co-op are able to increase the size of their shared risk pool and maximize their leverage when negotiating contracts with insurance carriers. In Wisconsin, such an entity has specific legal requirements and must be approved by the state Office of the Commissioner of Insurance prior to going to market.
- **Association Health Plan (AHP):** A new potential solution could be an Association Health Plan. An AHP is a new mechanism which allows for an insurance carrier to create a risk pool for like-groups (ownership, industry, etc.) to purchase health insurance. AHPs are new, so new in fact that we are waiting for insurance carriers to determine their approach in the market. We are awaiting direction from our carrier partners and look forward to reviewing the products they offer.
- **Consortiums:** A consortium often takes the form of an informal group which forms together with the purpose of identifying best practices when purchasing health coverage. Since consortiums are a not a legal entity, their appeal to insurance carriers can be limited. The greatest value is often found in helping decision makers understand the market so they can make the right decisions to meet their goals.

Any employer looking at joining or forming a purchasing group should understand that they are not “one-size-fits-all” solutions. You should understand the pros and cons of such entities prior to joining them so to maximize their value to you as an employer.

At their best, a purchasing group is a stable entity which is driven by shared goals, market leverage and stable membership. Joining such a group isn't always a cut-and-dry decision, but one that employing an experienced insurance advisor can simplify. Our experts have been working with group purchasing entities for over two decades and have experience in determining if a purchasing group is a good fit for the unique needs of your organization.

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