Why Join the Credit Union Healthcare Alliance?

THERE IS STRENGTH IN NUMBERS

- Predictability and affordability
- Single, seamless member experience
- ACA-compliant health insurance
- Lower cost insurance for credit union staff
- Enhanced benefits
- Opportunity for return of premiums annually

TRANSPARENCY, FLEXIBILITY, AND CONTROL

The Affordable Care Act has prompted many credit unions 40 – 500 employees to search for alternative means of providing health benefits. Self-insurance allows for greater transparency, flexibility, and control, since companies are now able to tailor their plans to fit their needs and pay only for actual costs incurred. The Credit Union Healthcare Alliance (CUHA) adds one additional component for the credit union industry, leverage. CUHA uniquely uses the captive purchase model to add greater risk diversification across a larger pool of credit unions, plus the opportunity for an annual return of a portion of the stop-loss premium not otherwise available with traditional self-insurance.

The concept of a purchasing alliance (or captive) is very popular and has been widely used for Property & Casualty insurance by companies of all sizes, especially small to mid-sized companies, for many years. Captives are so widely used in the P&C space, many firms may not even be aware of the fact that they are participating in one. For the past decade, captives have been used for health care insurance benefits as well. Currently, over 90% of companies with more than 5,000 employees utilize some type of self-insurance or captive for their health care programs, and a quickly-growing number of small to mid-sized firms are following suit. Specific industries and some national franchise systems have been major benefactors of these health care captive initiatives.

Mid-sized credit unions, who have traditionally been unable to self-insure, can now consider self-insuring their group health insurance under the umbrella of a captive.

PREDICTABLE AND AFFORDABLE

Due to each credit union employer being rated and charged according to their individually expected health care expenditures and risks, the “free rider” problem often found in other group plans is avoided. Credit unions are rewarded for their individual performance through lower stop loss premiums, and benefit from the group’s performance, as any underwriting gains remaining in the captive layer at the conclusion of the benefit year are returned to the members on a pro-rata basis.

STRONG RETURNS

CUHA believes the credit union community represents a good non-traditional insurance risk, and therefore has developed a captive which creates a structure allowing participating credit unions to share claims, experience, and transparency, in addition to providing solid predictability. Unlike traditional insurance, the captive employs several levels of reinsurance to protect both the credit union's plan and the captive itself. Resulting in a captive that is both predictable and affordable for smaller to mid-sized credit unions.

CUHA's goal in using the health insurance captive is threefold:

- Help credit unions become more competitive
- Provide smaller and mid-sized credit unions, who implement best practices, returns of their premiums
- Assist credit unions in remaining compliant with ACA regulations

Our vast amount of credit union employee claims data and long track record of successfully managing credit union groups, enables participating credit unions the opportunity to share in the return of a portion of premiums annually.

THE PATH TO LOWER COST:

Spectrum of Funding Healthcare