



Advancing Aging Services & Quality of Care for Pennsylvania Seniors

Healthcare costs are surging due to factors like increased provider expenses and pandemic-related care delays. Exploring solutions like RCHP can provide organizations with long-term financial protections and flexible options.

What is causing healthcare costs to go up at this high rate?

Healthcare has not been spared by the rising costs we see elsewhere and generally serves as a lagging indicator of inflation. The main cost drivers include provider contracting resulting in higher reimbursement amounts from carriers due to increased provider expenses during the pandemic, spreading popularity of GLP-1's for weight loss, missed preventive and delayed care during the pandemic causing more intensive/higher cost treatments today, innovative new gene/cell therapies, and overall worsening morbidity within the U.S. adult population.

What benefits and cost control measures am I receiving from RCHP?

Advantages of RCHP Over Fully Insured:

- Reduced premium taxes
- Flexibility in plan designs
- Access to claim data
- Retain surplus

Advantages of RCHP Over Stand-Alone Self-Funding:

- Protection in bad years – long-term pricing perspective with overall funding increase rate cap
- Ability to leverage group purchasing power (no new lasers, etc.)
Independent pricing of stop loss by Benecon actuaries
- Price transparency

Why is RCHP better than a captive stop loss arrangement such as Pareto?

RCHP	Captive
Stop loss is priced independently by the Benecon actuarial team who has no stake in how the risk performs	Operate as small insurance companies with members directly sharing in the performance of the risk
No possibility of an end of year assessment in RCHP	Have reserve requirements (as they operate as an insurance company), so there's always the possibility of a member assessment at the end of the year to replenish the reserve
Offers renewal caps on overall funding increase	Does not offer renewal caps on overall funding increases
Does not have capital requirements associated with startup and operational costs	Has capital requirements associated with startup and operational costs

Are there benefits to LeadingAge if RCHP is retained, and how does this help my organization?

In addition to education and advocacy initiatives, LeadingAge PA is consistently looking for vendors and programs to help our members. Another goal of LeadingAge PA is to keep membership dues to our members at the most affordable rates as possible. RCHP is a member benefit that the Association sponsors that helps to accomplish both goals—a health care funding solution that offers the best long-term protections to our members and a source of revenue from the RCHP partners. Finally, RCHP provides a tremendous opportunity for those in the program to share best practices on health plan design, contributions and cost saving initiatives.

I am large enough to move to an independent stop loss carrier. Why is RCHP better if I can sometimes get a better stop loss price than RCHP?

RCHP provides a more efficient way of funding your healthcare over the long-term. There may be years when you can get a lower price in the stand-alone stop loss market, but that pricing will not include the overall protections of RCHP (no new lasers at renewal, rate cap on overall renewal funding increase, guaranteed renewable).

Why can't we get more members into RCHP?

There are several factors that seem to be hindering the growth of RCHP. The primary reasons we have observed are as follows:

- Self-funding is a foreign concept to many of our members, and it is not something that they want to rush into—nor should they! Based on the complexities involved and the limited time that many of our communities must spend on understanding the RCHP approach, it has been a challenge.
- We have seen an uptick in the number of mergers and acquisitions, and members are not eager to investigate new solutions while working through an organizational restructure.
- Insurance carriers don't want groups to self-fund their health insurance as this eats into their profits. Therefore, they will lower renewal rates or in some instances “buy the business” if they don't already have it. This provides short-term relief for that renewal year, but it is not a long-term strategy. With limited time and understanding, many members take the relief for that year.

Some organizations are in a self-funded arrangement already, and they don't feel the need to meet and understand the differences in their existing program as compared to RCHP. RCHP provides solid protections that not all programs provide.

Is RCHP sustainable if we don't see it grow?

The RCHP program is on solid footing given Benecon's volume of stop-loss being purchased in RCHPP and in other Benecon consortiums.

Is the latest healthcare renewal going up so much because we have fewer lives/homes in RCHP?

No, healthcare increases for MANY organizations were up this year. This is due to many of the reasons outlined in response to the first question in this handout. With the RCHP program, over 90% of all the dollars paid into your health plan are allocated toward paying claims. The remaining portion covers stop-loss overhead and administrative costs. The increases you have seen are a direct result of your claims increasing and overall healthcare inflation, which is 9% trend.

What can I do to assist with more growth in RCHP?

As you are talking with your peers that are not in the program, we would ask you to encourage them to review the program.