MEDICAL EXPENSE PLAN

ORIGIN

This Plan began in the mid-1980s as a result of several MHS organizations looking for a better way to structure their employee health insurance plans. MMA provided assistance in setting up and administering a self-funded plan that included risk sharing among the participating organizations. MMA and now Everence was a pioneer in creating risk pooling methodologies for faith based organizations. This Plan has a 30 year history of successful operation with Everence functioning as the TPA.

PURPOSE

Like-minded organizations working together to: improve employee health and manage healthcare costs

Like-minded organizations

Members participate in the Plan primarily because they share common beliefs about stewardship, mutual aid and community. As an MHS member, this is your plan. If you participate, you become an owner.

Improve employee health

Members are encouraged to develop and implement wellness strategies that create a culture of health and well-being in their organizations. A wellness program with biometric screening and financial incentives for employees is an important part of the Plan for all Member organizations. In addition, care management and intervention programs provide support to avoid more costly care.

Manage healthcare costs

The Plan operates as a Church Plan due to its sponsorship by MHS. A Church Plan is a special IRS designation. Self-funded Church Plans are not subject to ERISA, resulting in plan design flexibilities and lower administrative and benefit costs.

The Plan is able to purchase medical services at deep discounts through the Blues network due to its affiliation with the Church Benefits Association representing over 130,000 members.

The Plan provides transparent reporting of all administrative and operational costs.

The Plan has a long history of successfully managing healthcare costs in a changing environment. Everence staff have been instrumental in this success.

GOVERNANCE

Each plan member is represented by their CEO, or their designee, as an owner on a Governing Council which establishes policies for the Plan and sets the strategic direction. They meet in person twice a year and by teleconference as needed. MHS employs a Managing Director to carry out their policies and provide general oversight to their service providers. Human Resources management staff from Member organizations work together as an Administrative Committee to provide advice and recommendations for Plan improvements. They meet in person twice a year.

MHS

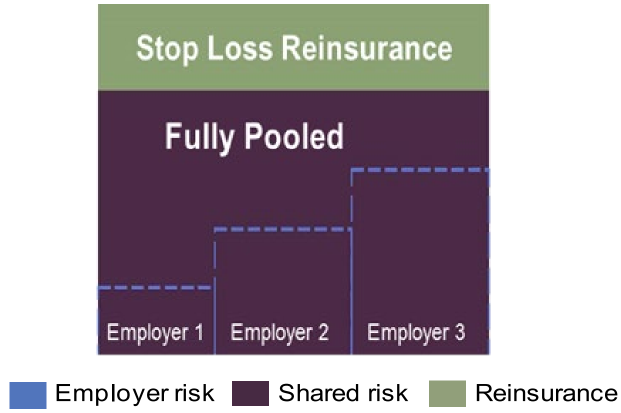
Supported by:

Everence

What is the Fully Pooled Model for Sharing Risk?

The Fully Pooled model for sharing risk has evolved over many years. It offers stable, predictable rates similar to a fully insured plan.

The Fully Pooled model requires sufficient capitalization in order to absorb fluctuations in medical claims. Eleven MEP members participate in this model. (3,000+ lives).



Characteristics of the Fully Pooled Model

Category	Description
General	Operates much like a fully insured plan. The Employer pays a monthly fixed premium covering member risk, pooled risk and reinsurance plus specific administrative fees.
Funding	Considers base plan claims, shared claims, cost of reinsurance, and administrative expenses. The rating practices incorporate mutual aid as noted below. The fixed monthly rates change annually.
Risk Sharing	Claims over an employer's pooling point are shared. Shared claims are paid from a Pooled Claim Account. An additional form of sharing occurs as base plan claims are smoothed over a 3 year period in the rate setting process.
Capitalization	New employers pay one month's funding for as an entry fee. To acquire equity ownership, employers make a payment equal to 4 months of expenses. These payments totaling 5 months of expenses must be paid within 3 years. Otherwise, in lieu of equity ownership, employers pay a 3% monthly surcharge.
Dividend/Surplus Distribution	When surplus exceeds 7 net months of expenses (NME), a surplus distribution in excess of 6 NME is considered by the Governing Council. Surplus distributions are based on each employer's relative contribution to surplus.
Stop Loss Reinsurance	Reinsurance for the pool is provided to cover specific claims in excess of $275,000 and aggregate claims exceeding 125% of expected pool claims.
Mutual Aid	Members who experience a year with unusually high or low claims have their next year rate change "compressed" with a collar limit of 5% from the average rate increase for the entire group. Base plan claim fluctuations are smoothed out over three years.

CONTACT US:

Clare Krabill, Managing Director
MHS Medical Expense Plan
clare@mhsonline.org
(574) 265-3461