Priority Health

Small Group Optimized Level Funding Option

All the benefits of traditional self-funding with the added benefit of stable monthly costs.

Employers with 5-50 full-time employees are eligible for our Optimized Level Funding Option (OLFO). This is an alternative funding arrangement for small groups looking to reduce premiums.

OLFO Lite
Enjoy the advantages of OLFO with a lower-cost plan option.
Learn more

How it works

Employers pay a fixed monthly amount to cover the costs of administration, stop-loss and claims funding. Priority Health uses the money as needed to pay claims. At the end of the plan year, the claim account is reconciled. If there is a surplus, 50% will be returned to the employer. The group is not required to pay Priority Health back if there is a deficit at the end of the plan year. Employers can select plans from the current small business ACA plan menu (HMO and POS only) or from the OLFO Lite menu.

Advantages of OLFO

- **Lower cost.** Up to 20% less than similar community-rated plans.
- **Low risk.** For employers who are looking to move away from a fully funded plan.
- **Composite rates.** Provides cost certainty and ease of administration.
- **Ease.** Transition to and from fully funded plans with minimal disruption. Most plan designs remain consistent regardless of funding arrangement; however, OLFO Lite includes unique plan options and benefit coverage.
- **Empowerment.** Offers employers greater control and transparency over their healthcare spend.

Ready to reduce your healthcare spend and learn how to get a quote?
New group optimized level funded plans:
Email ***PH-OLFOsmallgroupquotes@priorityhealth.com***
Renewal optimized level funded plans:
Email ***PH-OLFOsmallgrouprenewals@priorityhealth.com***



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Optimized level funding option FAQ

Plan/Benefits

Q: If an employer selects the Optimized Level Funding Option (OLFO), can the employer also offer other co-existing fully funded health plans?

A: No.

Q: If an employer selects the Optimized Level Funding Option (OLFO), can the employer also offer OLFO Lite plans?

A: No.

Q: How many plan options can a group have with the OLFO?

A: 5-24 enrolled members = two plans.
25-50 enrolled members = three plans.

Q: What Rx formulary is available with the OLFO?

A: The Optimized formulary is the formulary for all small group plans.

Q: Will members have access to all Priority Health tools and services?

A: Yes. Members will have access to all Priority Health tools and services including Cost Calculator, Find a Provider, the Approved Drug List (ADL), virtual care services and more.

Q: Can an employer with a pre-ACA plan keep their current benefit design if they select the OLFO?

A: No. Employers must choose a plan from the OLFO or OLFO Lite menu; pre-ACA benefit designs are not available under these options.

Q: Can a group select the OLFO and then switch back to their fully funded ACA or pre-ACA plan if they do not receive a satisfactory renewal?

A: They can only switch back to an ACA option.

Q: Is the OLFO available on a tiered network product?

A: Yes. West MI Partners and Southeast MI Partners are available.
Currently, OLFO Lite does not include tiered network plan options.

Q: Will employers be able to customize benefits if they want?

A: No. Employers must select from the small group menus (excluding PriorityHRA and PPO plans) or the OLFO Lite menu with the Optimized formulary.

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Eligibility/Enrollment

Q: How is new hire eligibility and enrollment managed?
A: Groups establish their eligibility requirements at the time of implementation. New hires and special enrollment members are enrolled through our normal process.

Q: Do employees who do not enroll in health coverage need to be included in the census?
A: No. Please include only those enrolling in the census. Do not include waivers.

Q: Are retirees eligible?
A: No. Neither pre- nor post-65 retirees are eligible.

Q: Will members be required to name a PCP?
A: Yes. However, we do NOT require a PCP referral to see an in-network specialist.

Q: What are the minimum-hours-worked requirement for an employee to be eligible for benefits?
A: The minimum-hours-worked requirement is 17.5 hours per week.

Underwriting/Funding

Q: What is the provision of the stop-loss contract?
A: 12/30 (incurred/paid) with terminal liability built in.

Q: What are the medical underwriting requirements?
A: Groups are underwritten using census data, which includes first and last names, dates of birth, gender and home zip codes. No health statements are required.

Q: What happens if a group terms before the end of their plan year?
A: Priority Health will collect two months of total cost to provide run-out protection and claims servicing. *Note: Total cost = stop-loss premium + aggregate claim funding + admin fees.*

Q: What percentage of excess employer claims funding is returned and when?
A: 50 percent is returned within two months of the end of the plan year.

Q: What is stop-loss insurance?
A: Stop loss is insurance that protects the employer from large or unexpected claim expenses that exceed amounts in the funding account.

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Q: Will the employer need to purchase specific stop-loss coverage?

A: No. The employer will never pay more than the projected monthly claims cost. Specific reinsurance which is designed to protect the employer against large unexpected individual claims, will not be needed.

Q: Could an employer owe money at the end of the plan year if their claims exceed their employer funding and /or stop-loss premium?

A: No. Groups are protected by aggregate stop loss. Claims exceeding the aggregate claims funding will be covered by the stop-loss policy.

Q: Will existing Priority Health groups need to complete medical questionnaires or go through pharmacy underwriting?

A: No. Existing Priority Health groups that qualify do not need to complete medical questionnaires or go through pharmacy underwriting. The agent of record will receive an OLFO quote on the groups behalf.

Q: Will the group receive a surplus payment if they move from OLFO to a fully funded plan with Priority Health?

A: No. A group that transitions out of the OLFO plan, even if it is to a fully funded Priority Health plan, will not be eligible to receive any surplus payment.

Q: Will rates change mid-year?

A: Rates may be evaluated mid-year if there is a significant enrollment change. Rates will not change based on a group's claim experience.

Q: What is the exposure to the group if they decide to leave the OLFO?

A: There is no post-term exposure provided they leave at the end of the plan year.

Q: What does run out mean?

A: Run out is the 18-month period following the 12-month plan year. Claims incurred during the plan year are paid during the run-out period. This is included in the OLFO with no additional cost to the employers.

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