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Nebraska Insurance Purchasing Groups: A Guide for Implementation

This publication provides interested Nebraskans with a step-by-step guide to follow when setting up an insurance purchasing group. It also details the responsibilities of a third party administrator. It should be used in concert with NebFact NF96-263.

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Background

Nebraska legislation (L.B. 1222) allows Nebraskans to come together for the sole reason of purchasing health insurance. Background information about how to begin, types and portability of coverage, what providers to include, and when to evaluate the plan can be found in the NebFact sheet, How to Form Insurance Purchasing Pools in Nebraska, NF96-263.

Purpose of This Publication

Because availability of people and services is the basis of insurance purchasing groups, how groups develop will vary. This guide provides a list of options to consider in the organizational and implementation processes. Formation takes time. This guide sheet is a long-range planning tool, not a one session plan.

Using This Publication

Before using this publication, members of the potential insurance purchasing group should study NebFact Sheet, How to Form Insurance Purchasing Pools in Nebraska, NF96-263.

For record-keeping purposes, indicate on which date the group or its elected leadership decides the step is completed. This should be recorded on the step's line under the date completed column. If the step does not apply to the group, record this date under the "not applied" column on the appropriate step's line.
Not all steps listed here will fit a particular group, i.e. all groups will **not** follow each step. Likewise, a group may decide on processes they need to explore that are not listed here. In such cases, the process should be added by writing it on the list. Follow the record-keeping process described in the previous paragraph for these added steps, too.

Newer information or time and experience may bring change to the insurance purchasing groups decisions and/or plans. For this reason, you should document the change in plans by date.

Groups might also consider supplementing this guide sheet with minutes of its planning and evaluation meetings.

**IPG Checklist**

<table>
<thead>
<tr>
<th>Step</th>
<th>Date Completed</th>
<th>Date Revised</th>
<th>Not Applicable</th>
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<tbody>
<tr>
<td>1. Call an initial meeting</td>
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<tr>
<td>a. Minimum of 25 attendees</td>
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<tr>
<td>b. Invite guest speaker to cover basics of insurance purchasing groups</td>
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<td>Suggestion: Extension</td>
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<td>Department of Health</td>
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<td>Department of Insurance</td>
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<tr>
<td>c. Determine need for future meetings</td>
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<tr>
<td>Determine: Content/agenda for future meetings</td>
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<td>Basic insurance education</td>
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<td>Group needs assessment</td>
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<td>d. Other, specify:</td>
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2. Determine Pre-organizational Meetings

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2. Determine Pre-organizational Meetings
a. Select leader or steering committee

b. Establish schedule, time, and location for all meetings

c. Other, specify:

3. Describe Group Demographics

a. Age of each covered

b. Employment--type for each

c. Gender

d. Health history (past, present, and future) of person/s to be covered

e. Other, specify:

4. Determine Group Goals and Work Plan

(If this is done as a group without an expert, recognize that plans could change with TPA or attorney input).

a. Leadership Responsibility

   Change of Leadership

   Decision-making Process

   Who makes decisions--group or specific leader?

   What issues will be made by leadership?

   Process to follow

b. Membership Responsibility

   Fees Amount

   Schedule

   Meetings

   Attendance tied to enrollment

   Agenda

c. Target size of Group

   Use incremental time table approach if needed

d. Define Group Membership

   Open or closed enrollment

   Frequency of enrollment periods

e. Select Third Party Administrator (TPA)* and Attorney for Group

   Obtain List of TPA options enclosed or from Nebraska Department of Insurance

   Determine comparison for TPA and Attorney Fees

   Ability to serve group

   Determine method of financing consultations by TPA and attorney

   Meet with experts

   Review group decisions and goals
Third Party Administrator

A third party administrator (TPA) is an individual or business that is employed or hired to handle certain administrative services associated with health insurance. They handle daily operations and administrative duties for health insurance purchasing groups (IPGs). TPAs must be approved by the State of Nebraska. A list of all approved TPAs is available upon request from the Nebraska Department of Insurance for a small fee.

An insurer can be a TPA, serving both as the TPA and as the health insurance broker. As a broker, the TPA would advise the group about a variety of health plans.

An IPG should assess its needs for assistance and select the appropriate professional accordingly. A third party administrator can provide assistance with enrollment; premium collection and payments; reconciliation of claims and disputes that might arise; administration of benefits; data collection, analysis, and distribution; assistance with the negotiation of health plans, etc.
The TPA should be selected to match the IPG's needs. Before selecting, the IPG should make a list of the tasks or activities they wish a TPA to perform. These tasks will vary according to the needs of each IPG. For example, one IPG may not have the ability to handle new enrollees. As the enroller, the TPA would be contacted by new members to complete the necessary paperwork for joining the IPG.

Once a TPA is selected, a contract between the IPG and the TPA should be established. The contract should specifically outline the duties, assignments, accountability, and responsibilities of the parties involved. The TPA's performance should be reviewed periodically to ensure that the needs of the purchasing group are met. In this manner, accountability between the IPG and the TPA are clear.

Acknowledgments

Ronald Abdouch, Cydney Janssen, John Klostermann, Jane Munson, and John Rink reviewed the content of this publication.