

APPLYING FOR EQUIVALENT PLANS

WHAT IS AN EQUIVALENT PLAN?

An equivalent plan is a private plan option that provides benefits that are equal to, or greater than, those provided by the Paid Leave Oregon program. These plans can be fully insured or self-funded and can be administered by the employer or through a third-party administrator such as an insurance provider.

Employer-Administered Equivalent Plan

The employer will act as the administrator of the plan while taking on all the associated financial risks associated with the plan.

Fully Insured Private Plan

The employer can purchase an approved plan from an insurance carrier who will act as the administrator and carry the financial risks while the employer pays premiums to the insurer instead of the State.

WHY CHOOSE AN EQUIVALENT PLAN?

Expertise



The State has never done anything like this before, and you just need to look to WA to see how difficult a program like this can be to roll out. The State is ill-equipped to handle the volume of claims, as evidenced by the snafus during the COVID-19 unemployment payments, and do not have the expertise to adjudicate the claims effectively and efficiently. The insurers on the other hand, have the infrastructure, technology, and people to manage this plan. When working with a claims examiner with a private carrier you will be dealing with an experienced claims examiner versus a state employee who has just finished going through training. The carriers are well positioned to serve employers while the State is a giant question mark.

Employee Experience



If you are going through the State, that means employees will need to call the State when they have questions, if they need to appeal a decision, or submit a claim. The Employer and Aldrich would not have any sort of standing to advocate on the employee's behalf – it would strictly be a relationship between employee and State. However, if we go with a Private Plan, then we, as Aldrich, are appointed with the carrier and can therefore advocate on the employees behalf. It also means that if the employee is having trouble getting information or had a denied claim, they can call Aldrich, instead of the State, and we will be able to assist. So it provides a significantly more employee friendly experience.

Cost



While most insurers are coming in pretty close the same rate that the State set, of 1% of wages, there are several major benefits to going with the Private Plan. Unlike the State plan, Private Plans do not require pre-funding. The State is requiring employees and employers to begin paying into the plan on January 1st even though benefits are not payable until September 3rd of that year. If you go with a Private Plan you do not need to pay any premium until September, meaning you and the employee will save 8 months premium. Furthermore, the carrier rates are not going to be tied to the state rates meaning that there will likely be far greater price stability moving forward since the State plan is likely to be severely underfunded.



WHAT YOU NEED TO APPLY

Employer can begin to apply for an exception to use a private plan option beginning September 6th, 2022 via the State's new Frances Online platform. To efficiently complete the application process, employer should be prepared with the following information:

- Business Identification Number and Federal Employer Identification Number
- Employer name, address, and contact information
- A copy of one of the following:
 - Employer-administered equivalent plan or,
 - Insurance policy with the insurance product and chosen options
- **For employer-administered plans only** (self-funded programs) proof of solvency by providing either:
 - Proof of sufficient assets
 - A bond or an irrevocable letter of credit with the Oregon Employment Department names as the payee or beneficiary, issued by an insured institution
- **For fully insured plans only**, information about the insurance policy and carrier, including:
 - Business and contact information for the insurance carrier
 - The date the policy begins and ends
- \$250 non-refundable application fee



EMPLOYEE BENEFITS CONSULTANT

Evan Cole

Evan Cole partners with his clients to advise and assist them with their employee benefit plans, specializing in group and association plans. Prior to joining Aldrich, Evan was a top producing employee benefits representative for one of the nation's largest life, disability, and dental carriers. He holds licenses for life and health in the states of Oregon, Washington, and California. Evan is also an active member of the Oregon Association of Health Underwriters and supporter of the ACE Mentor Program of Oregon.

Evan graduated cum laude from Syracuse University with a Bachelor of Science in marketing and entrepreneurship.

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About Aldrich Benefits LP

We assist employers with employee benefit consulting including medical, dental, group life, and disability insurance for their employees and executive benefits for high level and key employees. Our services include plan design, implementation, and annual review of benefits.

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