

WHY BUY AAOA HEALTHCARE

Better Healthcare Experience

AAOA e-Solutions

myaaoabenefits

Unlimited Preventive Care

Wellness Resources

Fixed Administration

Consolidated Billing

Full Financial Disclosure

Care24® Services

3-Medical Plan Continuums

104-Medical Plan Options

5-Prescription Drug Options

15-Dental Plan Options

Routine Vision Exams Included

3-Vision Hardware Options

\$20,000 Group Life Included

Integrated Cafeteria Plans

Integrated HRA Administration

Integrated COBRA Administration

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"A Better Way to Buy Healthcare"

Most people believe the premium they pay for health insurance pays for medical claims. In fact, traditional healthcare premiums are built on a system of percentages that include administration, operations, promotion, producer commissions and medical claims. When premiums rise, all of the other costs that are included in a premium as a percentage also increase. This adds inflationary pressure on rates. Over a ten year period this inflationary increase can be enormous and is referred to as the "Hidden Costs of Healthcare". Employers have been provided very little information about what makes up their premiums, or what commission levels are contained in the ever increasing premiums. Faced with no alternatives, smaller employers have been forced to reduce benefits as their only means of cost control.

Large employers moved away from this model over the last twenty years by choosing to only allow increases to the medical claims portion of a premium, and have applied a Fixed Cost approach to all other areas of a premium. Large employers leverage their buying power to separate the administrative and marketing components from the medical claims. This fixes the administrative and marketing costs of the premium. Over a ten year period the affect of fixed administration on healthcare premiums can be dramatic, as illustrated in the chart below.

With the traditional approach to healthcare, the stakeholders involved in the business of providing healthcare coverage have had little motivation to change the percentage based system that provide them a continuous revenue increase. With percentage administration, as premiums increase, so does the compensation for commissions and administration.

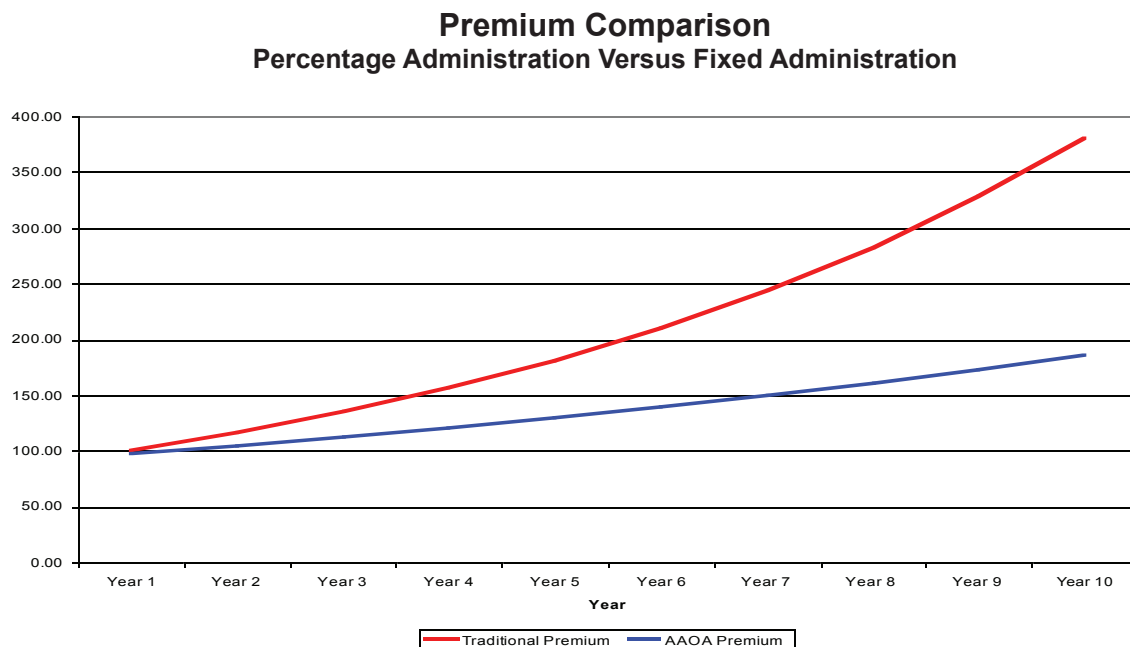
The Affiliated Associations of America (AAOA) introduced "A Better Way to Buy Healthcare". We bring the advantages of large group plans to smaller employers with a fixed cost approach to healthcare that includes:

- Fixed Administration Costs
- Multiple Plan Options
- Integrated Benefit Design
- Fixed Commissions
- Tax Saving Integrations
- Full Compensation Disclosure

With AAOA, members join together to focus the purchasing power of thousands of companies and realize the savings of a large employer with a fixed cost approach and a "Healthcare Management Strategy" to address costs over a five year period.

AAOA Healthcare is your competitive edge in employee benefits.

The chart below compares the Traditional and Fixed Cost approach to administration and the effect on premium over a ten year period.



A ten year rate study of \$100 in premium based upon historical trend and the traditional percentage administration and commissions, compared to Fixed (PEPM) Administration.