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Online insurance brokerage sets sights on Indiana

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Some health insurance experts say Obamacare could lead most small businesses to end their group health plans. Now, a new venture-backed company opening up shop in Indiana is trying to make that prediction a reality.

Minnesota-based Gravie has begun offering its Web-based brokerage services to companies in Indiana and Florida—its first markets outside its home state.

The company, which was founded last year by the same leadership team that created and sold the private insurance exchange company Bloom Health, has raised \$13.1 million in venture capital to build a website capable of handling all the customers it expects to attract. It hopes to be in all 50 states by 2016.

“We see the consumer market for health care services really exploding in the coming years,” said Abir Sen, CEO of Gravie and the former CEO of Bloom Health, which he sold to Indianapolis-based WellPoint Inc. in 2011.

Other online insurance brokers operating around the country include eHealth, GoHealth, ConnectedHealth, GetInsured, HealthCompare and Towers Watson.

Gravie’s website helps consumers compare options from the public Obamacare exchanges and individual health insurance sold outside those exchanges, as well as wellness, health care banking and other health-related services. It also helps them calculate the value of the Obamacare tax credits or employer subsidies they qualify for, keep track of bills, and make payments to health care providers.

“What we have essentially set up is a many-to-many payments platform,” Sen said.

That technology is designed to help Gravie provide the traditional services of health insurance brokers—as well as handling individual customer needs after they select a plan—on a much larger scale than most traditional brokers have been able to do.

Gravie makes money just like traditional brokers, however—based on commissions from the health insurers. Gravie charges nothing to employers or employees that use its service.

“It’s just like walking into Walmart or Target,” Sen said. “If you go in and buy something, they make

money. If you don't buy anything, they don't make money.”

To spearhead sales in Indiana, Gravie has hired Michael Haffey, a former broker for the Indiana operations of Florida-based Brown & Brown Insurance. It is aiming initially at companies with fewer than 100 employees, but expects that in several years, even larger employers will end their group health plans in favor of helping their workers buy health insurance on their own.

Small employers traditionally bought group plans because they could do so for less money and with greater consumer protections than their employees could obtain on their own. But that's not the case anymore.

Obamacare, formally known as the Affordable Care Act, instituted a series of rules that make individual policies follow many of the same rules as in the group market—like customers can't be turned away if they're sick, and their premiums will be figured based not on their own use of health care but on the use of a market-wide group of customers.

Also, Obamacare's tax credits—which in 2014 reduced the price of health insurance an average of 79 percent in Indiana for those who qualified—now make individual insurance more affordable, for low- and moderate-income employees, than small employers can typically obtain on their own.

Those tax credits, to the extent they replaced what employers are not spending to subsidize the cost of health insurance, could improve employers' profits so markedly that the market research firm S&P Capital IQ predicts 90 percent of all employer-sponsored health insurance will convert to the individual market.

“We think it's going to happen. How quickly it happens is a big question,” Sen said. “It's reasonable to believe that, in the next five to 10 years, the small-group market may not even exist, except with a few exceptions.”

Already, Gravie has signed up Indianapolis-based IT firm Stringcan as a client.

“Gravie helped me validate why a new approach is needed and how it's a different world now where benefits are concerned,” said Tony Scelzo, president of Stringcan, which lists 22 employees on its website.