



What's Been Going On and What's Next In Employee Benefits Strategies?

Presented By:

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Agenda

Introduction

Current Environment
Employee Benefit Space

PFA

Participating Funding Arrangement

Technology

Health Joy Example
Decreases Friction for Employee

RPM

Risk Pool Management

Rx

Prescription Drugs
Generics/Brand/Specialty

ArmadaCare

Benefits Specifically for High Performers

Human Interaction-Again

Engaging with the client face to face
How about that?

Conclusion

Where We Going?

Open Enrollment? What's That?



Introduction - Current Environment - Employee Benefit Space

Companies have two Trusted (Hopefully) Consultants – P&C/Commercial Broker and An Employee Benefits Broker

With Employee Benefits – Very involved, overwhelming, 25%-40% of total compensation, We have had ACA for a while now, Healthcare is still biggest issue/problem child in Employee Benefits

Continued Focus On Healthcare

- After Salaries...largest expense on the P/L

- \$13k cost / EE - \$7k-\$9k for individuals - \$22k-\$30k for families

- 8%-12% on average still - for Healthcare Increases

Healthcare and Other Employee Benefits

- Not too much of a change last 12 years

- Dental (1/10th the cost of medical) plans still relatively the same, as long with group long term and life insurance

- Significant changes outside of Healthcare

 - Technology/AI/Apps! - Everything faster, quicker, more efficient (Is it – Overload ?!?!?!)

 - Paid Family Leave in many states across the country (Challenges for HR Teams and Companies)

Introduction - Current Environment - Employee Benefit Space

Healthcare (Medical Insurance) Focus – Historical and, still, Current State of WHATS GOING ON – Still Looking for SAVINGS

1. Not necessarily looking to save money...But employers want savings to increase benefits! (Not like years ago – different work environment)
2. Let's try to get rid of deductibles, coinsurance, copayments and other costs for consumer that have been added past 12 years?
3. Pretty easy to maintain/keep your provider/DR and Hospital – Most providers and doctors are in all medical carriers' networks
4. Still – Maybe change medical *carriers*? 3% savings to move? Used to be 10%-12% savings to move carriers; change deductible or plan design...not much savings and EEs will not be happy

5. ARE THERE STRATEGIES TO SAVING ON MEDICAL INSURANCE?!?!?!? - YES, OUTSIDE THE SYSTEM

Companies Medical Insurance based upon the state the company is HQ'd

Different Markets

1. *Small Group* – Under 51 EEs - (some States under 100) Community Rates with some adjustment for demographics, industry and area
2. *Community Rated By Class* – 51-100 EEs – More adjustments to the rates...market can negotiate/get lower rate if carrier wants business, no financials / claims shared (Not statistically sound)
3. *Larger Market* – 100 EEs – Claims experience / utilization by group tends to be available; insurance carrier making or losing money on company – Loss Ratio ~ 86%, if so trend increase
 - a. **Fully Insured** – Carrier takes the risk – Companies live/die by if any large claimants exist (\$150k, \$500k or \$1.0M)
If so, increase larger than 10%-12%; If no large claimants – renewal in the 3%-6% range

Introduction - Current Environment - Employee Benefit Space

Larger Market (Continued)

b. Self Insured – Company takes the risk – with Stop Loss – Savings opportunities in the 5%-7% range; with some risk...and lot of opportunity in Medical and Rx for more savings (unbundle, Reference Based Pricing (RBP), Network Management, no state mandates – could be another 5%-7% Savings. Totals 10%-14% savings

When does a company move to self insured funding arrangement?

- i. When it makes sense (purposely vague)
- ii. Usually based upon how financial sensitive CFO is – Risk Adverse or Risk Preference
- iii. Should be explored annually

c. Rx – tends to be 20%-30% of overall medical costs (that $.25 * \$13k$ or $\$3.25k/EE$ for Rx

- i. Blackbox for member, client/company and many EB consultants – Generic 0%, Brand 6%, Specialty Rx 25%

Trends

- ii. Medical carrier/PBM (Pharmacy Benefit Manager) get paid and makes a lot of money every time a script is filled

- iii. There are Big Big Big savings opportunities for Self Funded clients in Rx-Land,

1. REBATES from Manufacturers – Need to be audited

2. Companies Can Implement - Copayment Assist Program for Specialty Rx Uses (Reimbursement from Rx Manufacturer

- a. 1% of population in employer group are Specialty Rx uses – can easily save \$6000 / EE / Year

- b. 1000 EE company has 2,300 members, 1% is 23 members saving \$6k/year or \$138k – **RFC!**



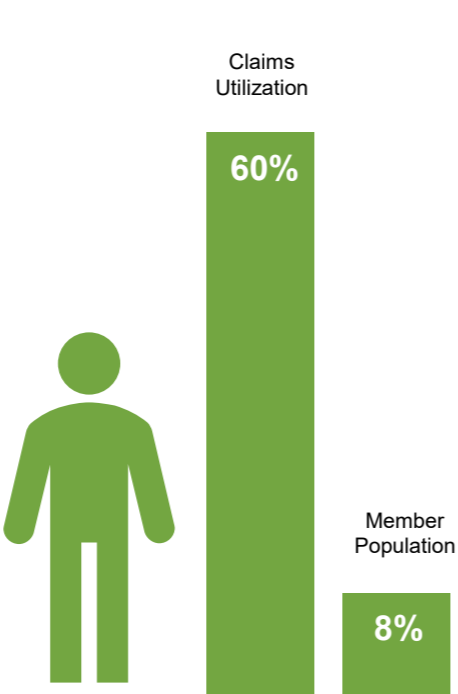
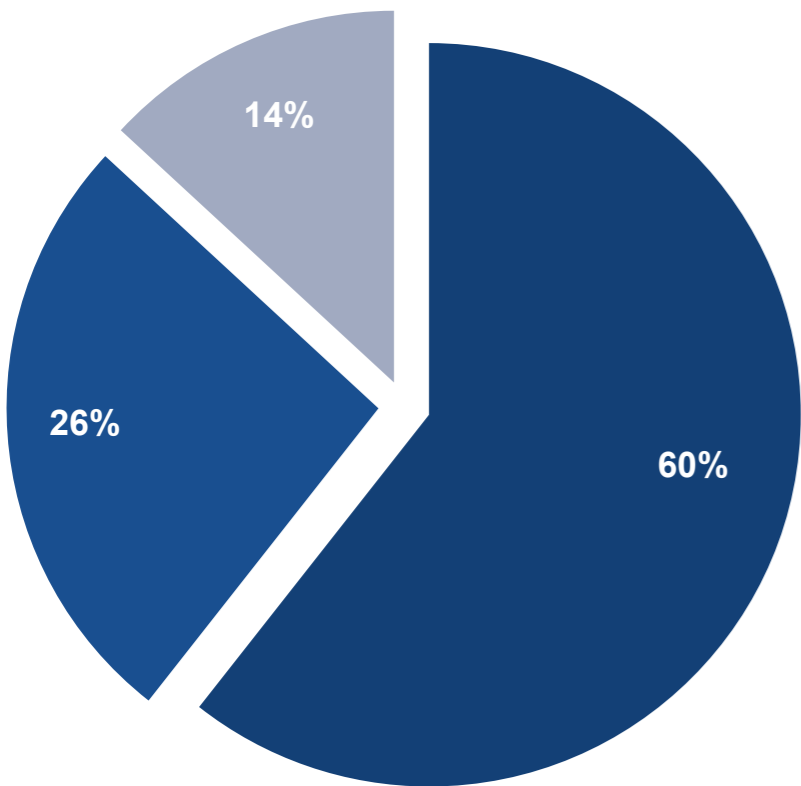
STRATEGY #1

The Participating Funding Arrangement (PFA)

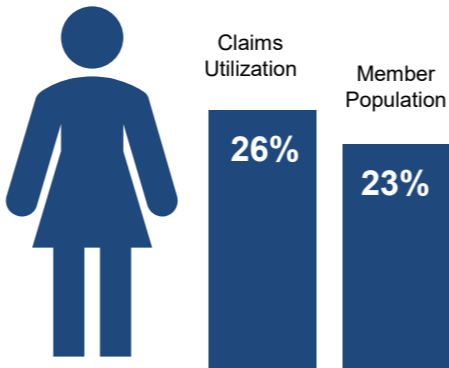
Health Care Expenditures

WHERE CLAIMS COME FROM

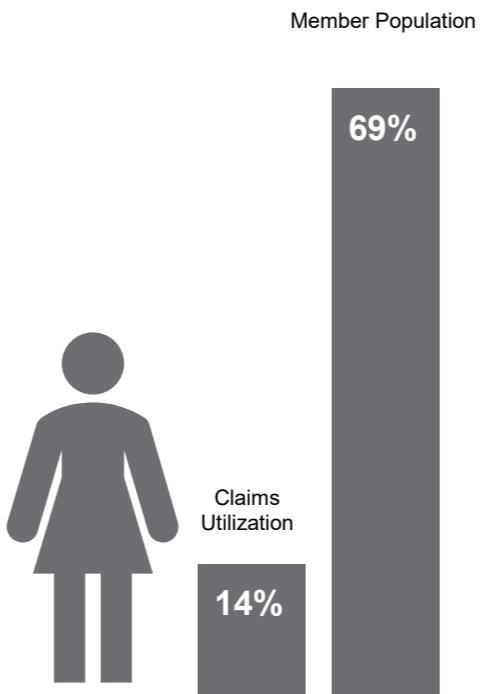
Claims Utilization



**Chronic
Member Shareholder**
High Utilization
Low % of Population

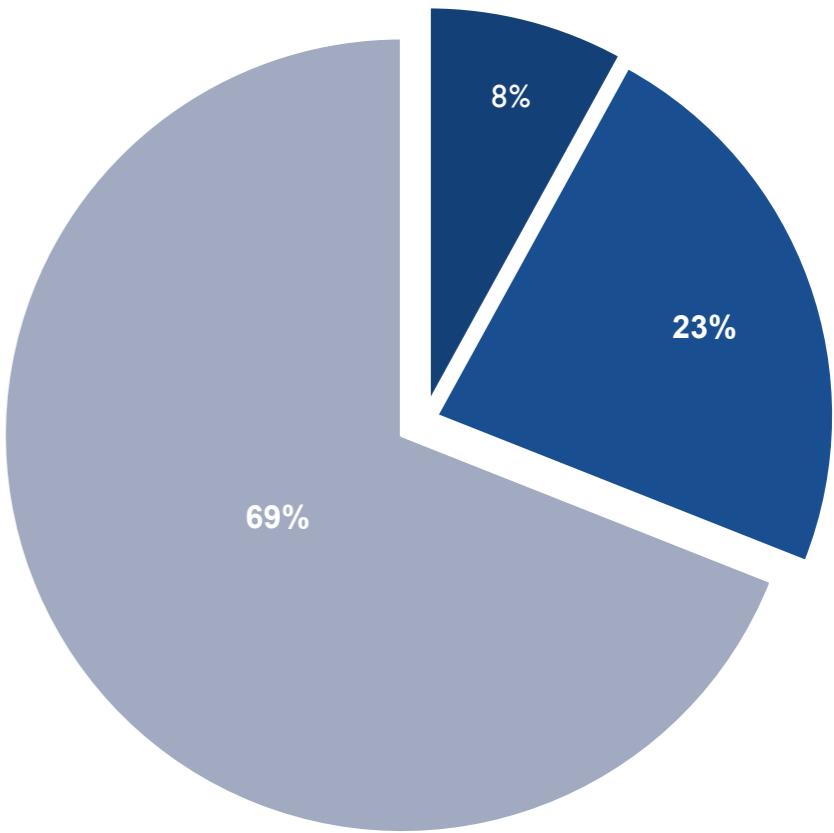


**Transitional
Member Shareholder**
Moderate Utilization
Moderate % of Population



**Healthy
Member Shareholder**
Low Utilization
High % of Population

% of Member Population



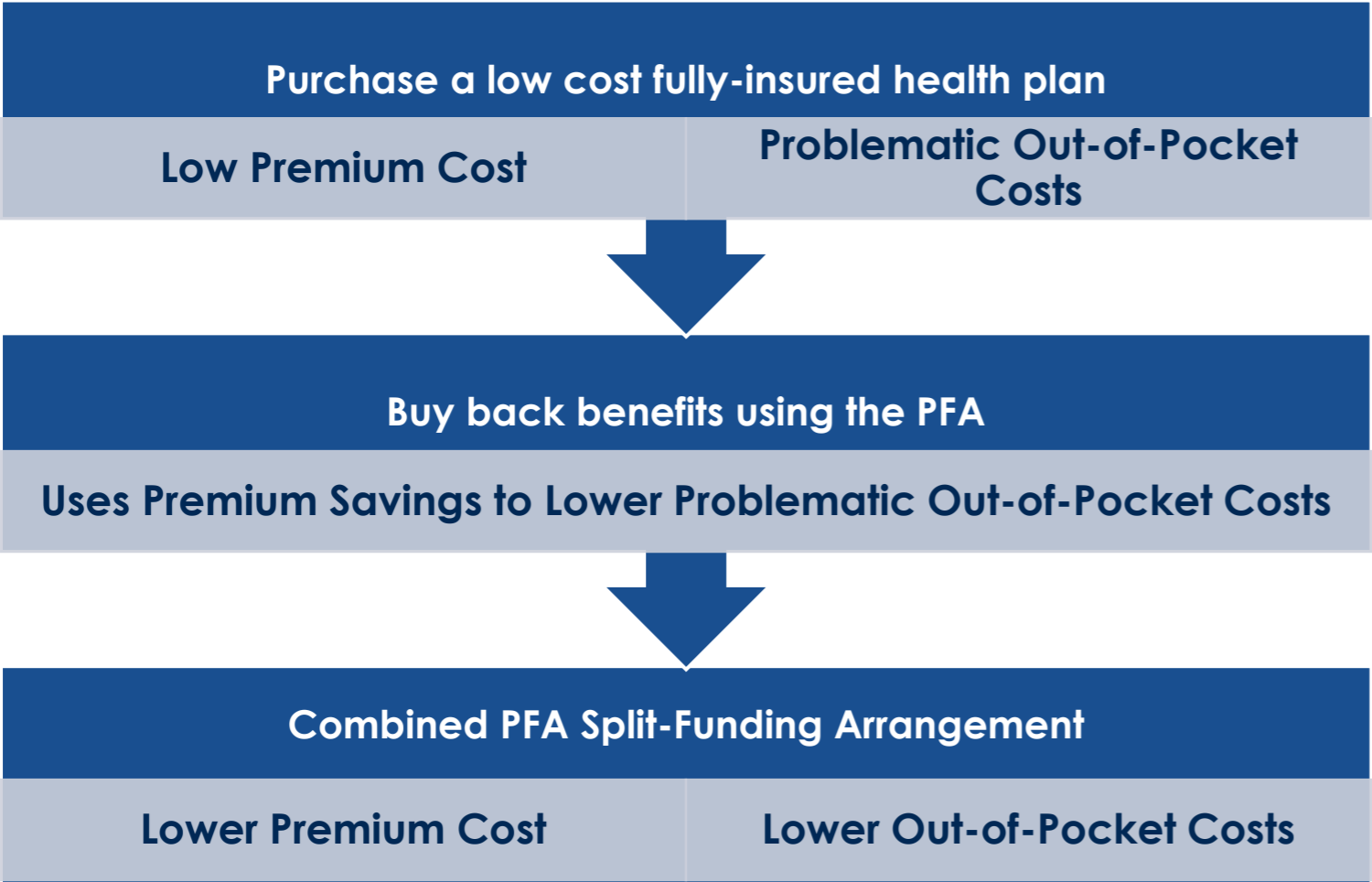
■ Chronic ■ Transitional ■ Healthy

What is a PFA?

PARTICIPATING FUNDING ARRANGEMENT™

- The PFA is a split-funded arrangement, combining medical insurance coverage and self-insured cost-sharing coverage

How a PFA Works:



- PFA allows Employer Shareholders and Member Shareholders to share in collective health costs, creating an opportunity to build a surplus for the Community Shareholder.
- A potential surplus is created based on Member Shareholder utilization
- PFA strategy allows companies to keep the same medical carrier, same plan design and still save between 8%-15% in medical costs

Case Study 1

FULLY INSURED EQUIVALENT

Blue Cross Blue Shield - HEALTH PLAN CURRENT PLAN RATES				
INSURANCE PLAN				
Deductibles (Single / Family)				
Office Visit / Specialist				
Emergency Room				
Urgent Care				
Inpatient				
Day Surgery				
High Tech Radiology				
X-Rays				
Labs				
Prescription Drugs - 30 Day Retail				
Prescription Drugs - 90 Day Mail Order				
Coinsurance %				
Out of Pocket Maximum				
Enrollment Breakout				
Individual Enrollment				
Family Enrollment				
Monthly Premium				
Annual Premium				
HMO Blue New England Enhanced Value				
HMO Blue New England Options Deductible				
Access Blue New England Saver				
None				
\$25 copay / \$40 copay				
\$150 copay				
\$40 copay				
\$500 copay				
\$250 copay				
\$100 copay				
No charge				
No charge				
\$15 / \$30 / \$50				
\$30 / \$60 / \$150				
20% DME				
\$2,000 / \$4,000				
Enhanced: None ; Standard: \$500/\$1,000 Basic: \$2,000/\$4,000				
Enhanced: \$20/\$50 ; Standard: \$30/\$50 ; Basic: \$55/\$50				
\$150 copay				
\$50 copay				
Enhanced: No charge ; Standard & Basic: Deductible applies				
Enhanced: No charge ; Standard & Basic: Deductible applies				
Enhanced: \$50 copay ; Standard: Ded then \$50 ; Basic: Ded then \$450				
Enhanced: No charge ; Standard & Basic: Deductible applies				
Enhanced: No charge ; Standard & Basic: Deductible applies				
\$15 / \$30 / \$50				
\$30 / \$60 / \$150				
20% DME				
\$5,000 / \$10,000				
\$2,000 / \$4,000 (non-embedded)				
Deductible then; \$15 copay / \$25 copay				
Deductible then; \$150 copay				
Deductible then; \$25 copay				
Deductible applies				
Deductible applies				
Deductible applies				
Deductible applies				
Deductible applies				
Deductible then; \$15 / \$30 / \$50				
Deductible then; \$30 / \$60 / \$150				
20% DME				
\$6,450 / \$12,900				
\$925.10				
\$2,358.51				
\$964,699.89				
\$11,576,398.68				
\$812.13				
\$2,070.52				
\$383,248.13				
\$4,598,977.56				
\$785.90				
\$2,003.62				
\$18,507.52				
\$222,090.24				
CURRENT STRATEGY - HRA or HSA				
None				
PFA / HRA / HSA Plan Information				
\$16,397,466.48				
Current Annualized Premium				

Case Study 1

FINAL

<div>INSURANCE PLAN</div> <div>Deductible (Single /Family)</div> <div>Office Visit / Specialist</div> <div>Emergency Room</div> <div>Urgent Care</div> <div>Inpatient</div> <div>Day Surgery</div> <div>High Tech Radiology</div> <div>X-Rays</div> <div>Labs</div> <div>Prescription Drugs - 30 Day Retail</div> <div>Prescription Drugs - 90 Day Mail Order</div> <div>Coinsurance %</div> <div>Out of Pocket Maximum</div> <div>Enrollment Breakout</div> <div>Individual Enrollment34523319</div> <div>Family Enrollment262861</div> <div>Monthly Premium</div> <div>Annual Premium</div>	Blue Cross Blue Shield - PFA - FINAL			1
	HMO Blue NE Basic Copay		Access Blue NE Basic Saver II	
	\$2,000 / \$4,000		\$3,300 / \$6,450	
	\$25 / \$40 copay		Deductible then; \$50 copay / \$75 copay	
	Deductible then; \$750 copay		Deductible then; \$750 copay	
	\$40 copay		Deductible then; \$75 copay	2
	Deductible then; \$1,000 copay		Deductible then; \$1,000 copay	
	Deductible then; \$1,000 copay		Deductible then; \$1,000 copay	
	Deductible then; \$1,000 copay		Deductible then; \$1,000 copay	
	Deductible then; \$25 copay		Deductible then; \$1,000 copay	
	Deductible then; \$25 copay		Deductible applies	3
	\$20 / \$40 / \$60		Deductible applies	
	\$40 / \$80 / \$180		Deductible then; \$15 / 50% / 50%	
	20% DME		Deductible then; \$30 / 50% / 50%	
	\$6,450 / \$12,900		20% DME	
	Billed Rates From Insurance Carrier (FIXED COST)		Billed Rates From Insurance Carrier (FIXED COST)	4
	\$796.58		\$630.40	
	\$2,030.87		\$1,607.19	
	\$1,167,168.81		\$13,584.79	
	\$14,006,025.72		\$163,017.48	
<div>PFA Plan Information</div> <div>Deductible (Single / Family)</div> <div>Office Visit / Specialist</div> <div>Emergency Room</div> <div>Urgent Care</div> <div>Inpatient</div> <div>Day Surgery</div> <div>High Tech Radiology</div> <div>X-Rays</div> <div>Labs</div> <div>Prescription Drugs - 30 Day Retail</div> <div>Prescription Drugs - 90 Day Mail Order</div> <div>Coinsurance (if applicable)</div>	PFA - Plan Specs - Member Responsibilities		PFA - Plan Specs - Member Responsibilities	5
	Claims Feed		Claims Feed	
	None		\$1,000 / \$2,000	
	\$25 / \$40 copay		\$25 / \$40 copay	
	Deductible applies		Deductible applies	
	\$40 copay		\$40 copay	6
	Deductible applies		Deductible applies	
	Deductible applies		Deductible applies	
	Deductible applies		Deductible applies	
	Deductible applies		Deductible applies	
	\$20 / \$40 / \$60		\$20 / \$40 / \$60	7
	\$40 / \$80 / \$180		\$40 / \$80 / \$180	
	20% DME		20% DME	
	PFA PROJECTED PLAN COSTS (Variable Self-Insured Costs) - Includes Non-Profit Discount			
	Monthly PSPM Fee: \$16.50		Annual Fee: \$750.00	
<div>Administration Cost (Annual Fee Separate)</div> <div>Projected PFA Plan Payment By Group</div> <div>Annualized Monthly Administrative Costs</div> <div>Total Projected (Budgeted) PFA Costs</div>	\$2,045,975.52		\$426,953.16	8
	\$120,186.00		\$63,162.00	
	\$2,166,161.52		\$490,115.16	
	PFA Rates (Added To Billed Rates From Insurance Carrier)		PFA Rates (Added To Billed Rates From Insurance Carrier)	
	\$178.20		\$88.45	
<div>Enrollment Breakout</div> <div>Individual Enrollment34523319</div> <div>Family Enrollment262861</div> <div>Monthly Premium</div> <div>Annual Premium</div>	\$454.33		\$235.28	9
	\$180,513.46		\$40,842.93	
	\$2,166,161.52		\$490,115.16	
	COMBINED Rates (To be used as payroll and COBRA rates)		COMBINED Rates (To be used as payroll and COBRA rates)	
	\$974.78		\$885.03	
	\$2,485.20		\$2,266.15	10
	\$987,423.24		\$401,101.96	
	\$11,849,078.85		\$4,813,223.56	
	COMBINED Rates (To be used as payroll and COBRA rates)		COMBINED Rates (To be used as payroll and COBRA rates)	
	\$764.91		\$1,964.99	
<div>Enrollment Breakout</div> <div>Individual Enrollment34523319</div> <div>Family Enrollment262861</div> <div>Monthly Premium</div> <div>Annual Premium</div>	\$16,397,466.48		\$16,860,281.76	11
	\$16,860,281.76		\$462,815.28	
	\$462,815.28		2.8%	
	Current Annualized Premium			
	Projected Annualized Premium			
	Annualized Premium Comparison			12
	Percentage Difference			

Case Study 1

HIGHLIGHTS

- BCBS MA as is Renewal was 12.6%
- By Moving from A Traditional Offering to PFA we were able to reduce the total projected cost to a 2.8% increase vs Current
- A savings of \$1,535,005 Compared to the BCBS MA Renewal
- Customer will immediately see a fixed premium savings of \$2,228,423 compared to their current arrangements
- Customer is projected to close the year \$800,000 under initial claim projection, resulting in additional plan assets



Case Study 2

FULLY INSURED EQUIVALENT

INSURANCE PLAN				Blue Cross Blue Shield - HEALTH PLAN CURRENT PLAN RATES		
				HMO Blue New England \$1,000 Deductible	Preferred Blue PPO \$1,000 Deductible	Preferred Blue PPO \$2,000 Deductible
Deductibles (Single / Family)				\$1,000 / \$2,000	\$1,000 / \$2,000	\$2,000 / \$4,000
Office Visit / Specialist				\$25 copay	\$25 copay	Deductible then; \$25 copay
Emergency Room				\$150 copay	Deductible then; \$150 copay	Deductible then; \$150 copay
Inpatient				Deductible applies	Deductible applies	Deductible applies
Day Surgery				Deductible applies	Deductible applies	Deductible applies
High Tech Radiology				Deductible applies	Deductible applies	Deductible applies
Labs and X-Rays				Deductible applies	Deductible applies	Deductible applies
Prescription Drugs - 30 Day Retail				\$15 / \$30 / \$50	\$15 / \$30 / \$50	\$15 / \$30 / \$50
Prescription Drugs - 90 Day Mail Order				\$30 / \$60 / \$150	\$30 / \$60 / \$150	\$30 / \$60 / \$150
Coinsurance %				20% DME	20% DME	20% DME
Out of Pocket Maximum				\$5,450 / \$10,900	\$5,450 / \$10,900	\$5,450 / \$10,900
Enrollment Breakout						
Individual Enrollment	29	26	175	\$648.19	\$714.25	\$598.92
Employee & Spouse	13	3	31	\$1,296.36	\$1,428.51	\$1,197.82
Employee & Child(ren)	5	2	28	\$1,160.25	\$1,278.52	\$1,072.05
Family Enrollment	20	2	41	\$2,012.55	\$2,248.05	\$1,870.16
Monthly Premium				\$81,702.44	\$29,909.17	\$248,637.38
Annual Premium				\$980,429.28	\$358,910.04	\$2,983,648.56
PFA / HRA / HSA Plan Information				CURRENT STRATEGY - HRA or HSA		
				None		
Current Annualized Premium				\$4,322,987.88		

Case Study 2

FINAL

<div>INSURANCE PLAN</div> <div>Deductible (Single /Family)</div> <div>Office Visit / Specialist</div> <div>Emergency Room</div> <div>Inpatient</div> <div>Day Surgery</div> <div>High Tech Radiology</div> <div>Labs and X-Rays</div> <div>Prescription Drugs - 30 Day Retail</div> <div>Prescription Drugs - 90 Day Mail Order</div> <div>Coinurance %</div> <div>Out of Pocket Maximum</div>				Blue Cross Blue Shield - PFA - FINAL				
	Enrollment Breakout			HMO Blue New England Basic Copayment		Preferred Blue PPO Basic Copayment		1
	Individual Enrollment	29	26	175	\$2,000 / \$4,000	\$2,000 / \$4,000		
	Employee & Spouse	13	3	31	\$25 copay	\$25 copay		
	Employee & Child(ren)	5	2	28	Deductible then; \$750 copay	Deductible then; \$750 copay		
	Family Enrollment	20	2	41	Deductible then; \$1,000 copay	Deductible then; \$1,000 copay		
	Monthly Premium				Deductible then; \$1,000 copay	Deductible then; \$1,000 copay		
	Annual Premium				Deductible then; \$1,000 copay	Deductible then; \$1,000 copay		
					Deductible then; \$25 copay	Deductible then; \$25 copay		
					\$20 / \$40 / \$60	\$20 / \$40 / \$60		
				\$40 / \$80 / \$180	\$40 / \$80 / \$180			
				20% DME	20% DME			
				\$5,450 / \$10,900	\$5,450 / \$10,900			
				Billed Rates From Insurance Carrier (FIXED COST)		Billed Rates From Insurance Carrier (FIXED COST)		2
				\$528.80		\$608.35		
				\$1,057.60		\$1,216.68		
				\$946.55		\$1,088.92		
				\$1,641.88		\$1,899.61		
				\$66,654.35		\$277,996.30		
				\$799,852.20		\$3,335,955.60		

Case Study 2

HIGHLIGHTS

- BCBS MA as is Renewal was 9.9%
- By Moving from A Traditional Offering to PFA we were able to reduce the total projected cost to a 4.9% increase vs Current
- A savings of \$217,314 Compared to the BCBS MA Renewal
- Customer will immediately see a fixed premium savings of \$187,180 compared to their current arrangements
- Customer closed the year \$126,000 under initial claim projection, resulting in additional plan assets



Conclusion – Why PFA Strategy Works

PARTICIPATING FUNDING ARRANGEMENT™ - PFA

- Client is buying down to a more affordable (higher deductible health plan with more member cost sharing) plan.
- With the saving in buying “less of a health plan” from the market (BCBSMA, Tufts-Harvard Pilgrim, Allways, UHC, Aetna, Cigna) the client self insures back the deductible and other member sharing that client previously had.
- Risk to client is basically non-existent as all fully insured plans have an out-of-pocket maximum of \$7k for each EE and \$14k for each Family (This is basically your reinsurance!)
- The client is now self-insuring low cost, high transactional claims (Deductibles, coinsurance, copayments, etc), not high cost, low transactional claims (Cancers, surgeries, Major Organ Transplant, etc.)
- This strategy exists for over 40,000 members in New England
- PFA strategy allows companies to keep the same medical carrier, same plan design and still save between 8%-15% in medical costs



STRATEGY #2

ArmadaCare – Ultimate Health

Attract and Retain Talented Employees

Ultimate Health Via ArmadaCare

Our legacy product, the **Ultimate Health executive plan**, has helped employers boost coverage, leverage tax efficiencies* and improve retention for their key people for almost two decades.

Why We Do It

- Give employers the edge needed to retain, recruit & reward talent
- Support whole employee health: financial, physical, emotional & social wellbeing
- Help employees lead healthy, happy & productive lives

Ultimate Health Via ArmadaCare

- Executive medical reimbursement plan, ULTIMATE HEALTH.
- This Plan isn't offered to all employees
- Client decides who get this plan and who does not (Eligibility is determined by Employer)
- Key New Hire, Business Champions, Controller, Long Time Key Employee, Very Effective In Current Market



CUSTOMIZE

Deliver the right benefits to the right people by leveraging the primary plan and our unique supplemental plans together.



REWARD

Take a fresh look at tax-efficient* benefits as part of compensation, incentives or for employees' financial well-being.



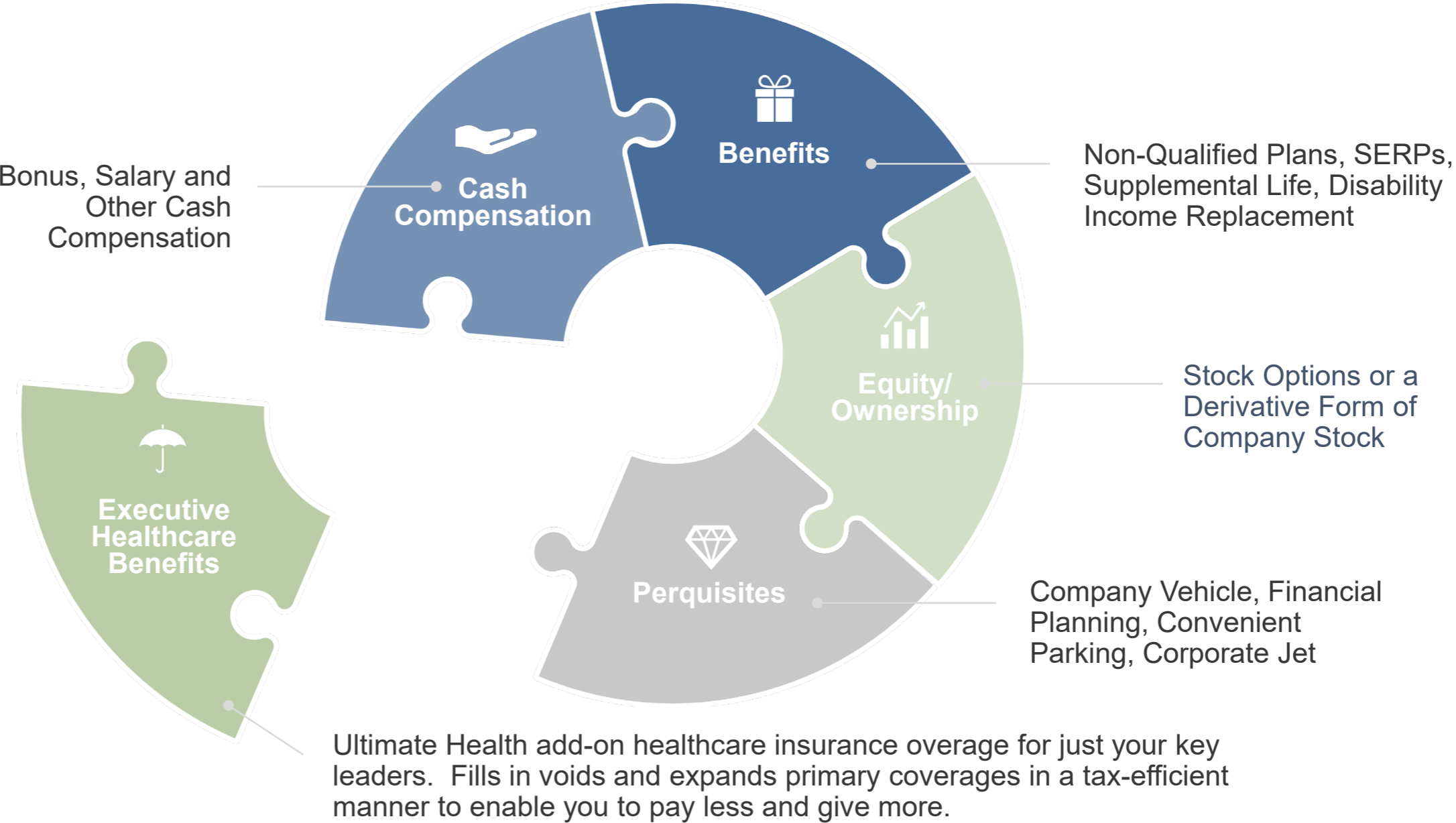
CUSTOMIZE

Gain an edge to compete against companies that can offer flexible schedules, remote-work arrangements or better salaries.

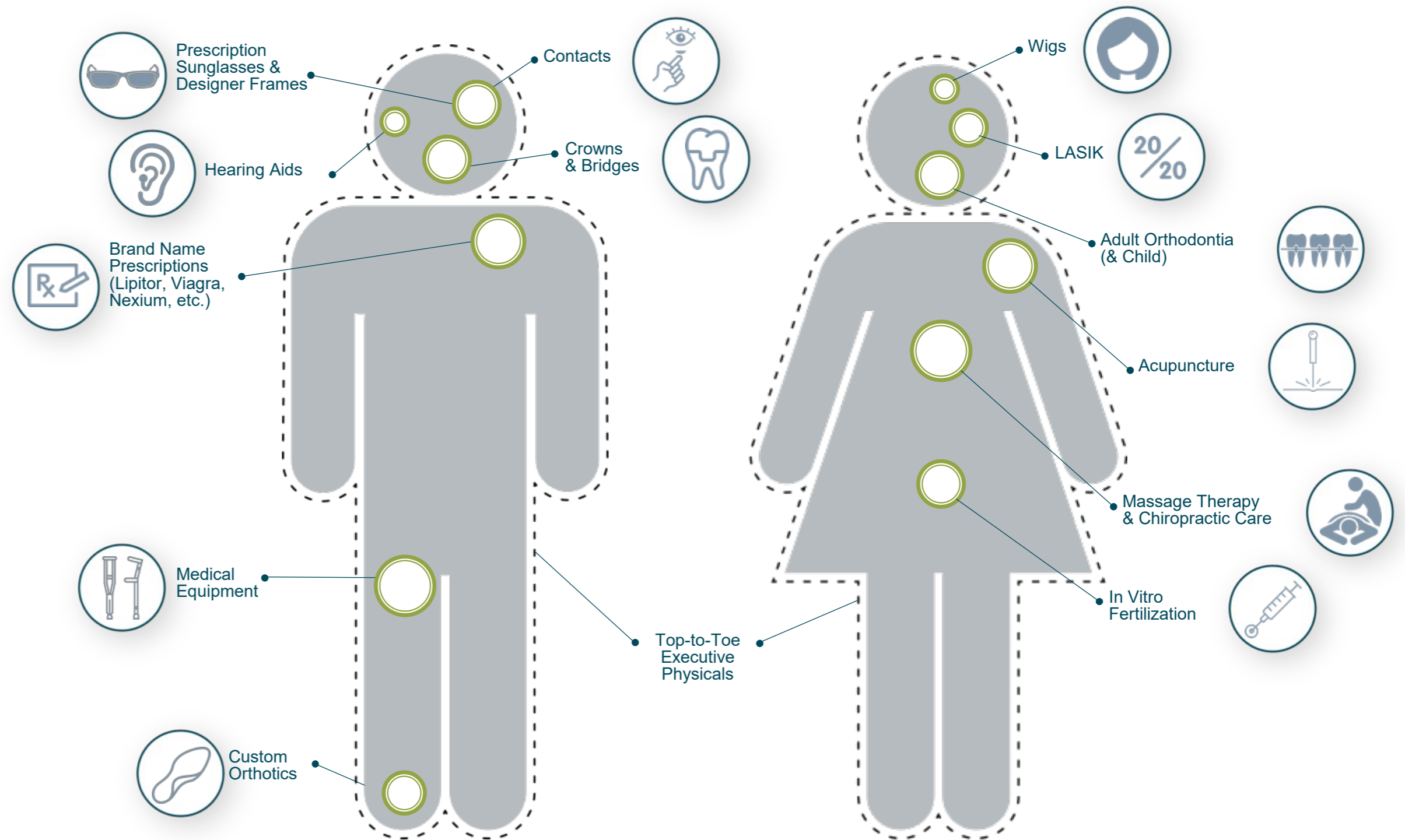
ULTIMATE HEALTH

PART OF EXECUTIVE COMPENSATION

“People don’t know what they want. They want what they know.”

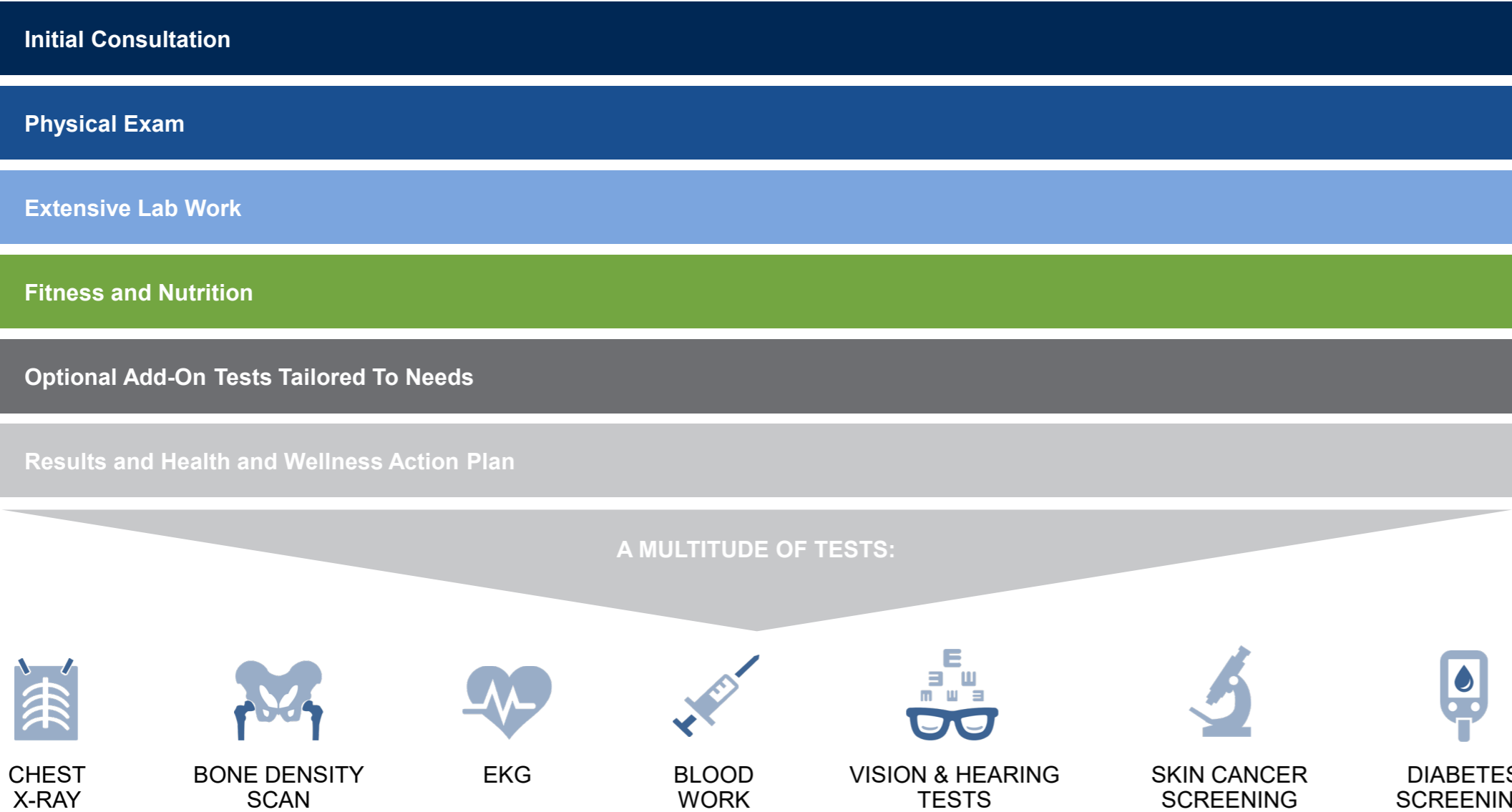


Offer flexible coverage to address all Health & Wellness needs



Elective Executive Physicals

ArmadaCare’s elective Executive Physical program includes coverage toward and coordination of Executive Physicals for the primary member and enrolled spouse. These top-to-toe exams comprise:



Typically, performed over the course of a single 8-hour day (with meals) and include dedicated time with a doctor to review results

vs.

Managing multiple appointments with multiple doctors



Employee Benefit Needs Change Year to Year

Flexibility Is Key

FAMILY 1



YEAR 1			YEAR 2			YEAR 3		
Routine	Special	Unexpected	Routine	Special	Unexpected	Routine	Special	Unexpected
Rx Dental Preventive Maintenance Medical	Executive Physical Mental Health Chronic Condition Rx	Travel Emergency: Urgent Dental Care Needed	Rx Dental Preventive Maintenance Medical	Mental Health Chronic Condition Rx	Child sports Injury: ER, TopDoc Connect for Specialist, Physical Therapy, Rx	Rx Dental Preventive Maintenance Medical	Mental Health Chronic Condition Rx	Travel Emergency: Lost Rx

FAMILY 2



YEAR 1			YEAR 2			YEAR 3		
Routine	Special	Unexpected	Routine	Special	Unexpected	Routine	Special	Unexpected
Maintenance Medical Dental Preventive Eye Exams	Acupuncture Root Canal Contact Lenses and Rx Sunglasses		Maintenance Medical Dental Preventive Eye Exams	Acupuncture Mental Health Contact Lenses and Rx Sunglasses	In Vitro Fertilization Treatments	Maintenance Medical Dental Preventive Eye Exams	Massage Therapy LASIK	Pregnancy: TopDoc Connect for Specialist, Hospital Stay

FAMILY 3



YEAR 1			YEAR 2			YEAR 3		
Routine	Special	Unexpected	Routine	Special	Unexpected	Routine	Special	Unexpected
Rx Dental Preventive Maintenance Medical	Fillings Orthodontia	Cancer Diagnosis:: TopDoc Connect for Specialist, Treatments, Rx	Rx Dental Preventive Maintenance Medical	Orthodontia Chronic Condition Rx		Rx Dental Preventive Maintenance Medical	Oral Surgery	Travel: Skiing Accident Requiring Medical Evacuation, TopDoc Connect

Alter Contribution Strategy With a Benefit Owners & Executives Will Use and Love

Instead of a raise or bonus, the business can invest a similar amount in a complementary insurance plan.

Because of the tax impact (tax deductible premiums for the business and the payments aren't taxable for the employee), it's a way for the owners and executives to pay less and get more.*

SOLUTION	EMPLOYEE TAKE-HOME VALUE	COST TO EMPLOYER
\$10,000 Compensation Change	\$6,000 (take-home increase after tax)	\$11,000 (payroll cost)
ArmadaCare Ultimate Health	\$100,000 (tax-free max family benefit)	\$10,000 (composite annual est. premium)

GIVE MORE

PAY LESS

**This is not local, state or federal tax advice as each person & company is unique. It is recommended that you seek the independent counsel of a professional tax adviser. Example to show tax impact only. Premiums vary by product and are determined based on standard underwriting guidelines and characteristics of the group.*



HEALTH BENEFITS
are # 1 consideration before
accepting or leaving a position
(Fast Company and Glassdoor)



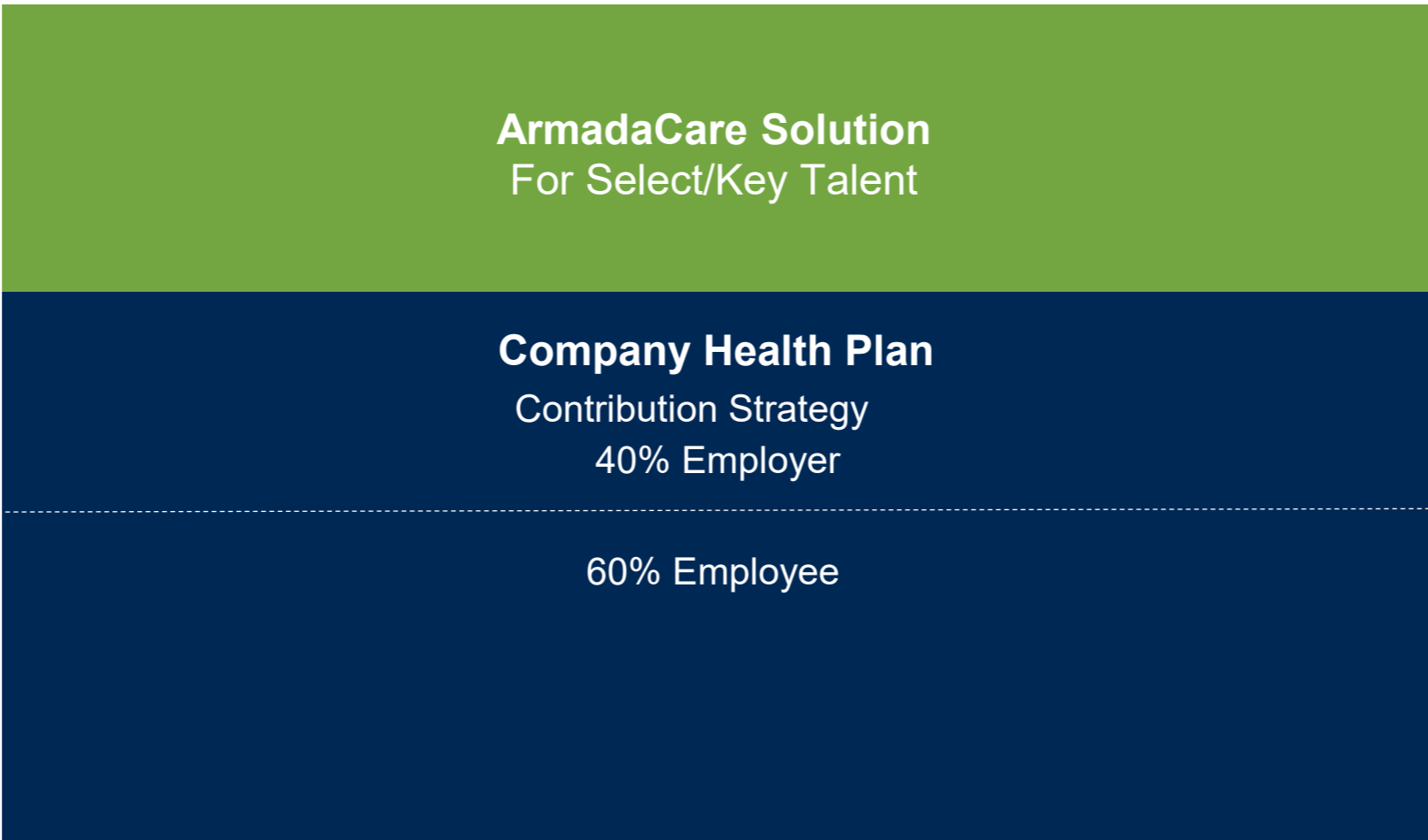
4 OUT OF 5
employees would prefer new
benefit over a pay raise
(AICPA)

Flex Your Contribution Strategy

HOW TO INCREASE CONTRIBUTION FOR A SELECT CLASS OF EMPLOYEES

100% ER paid. ER now offers a greater % of contribution for this class.

Could move class to lower medical plan and still provide robust coverage.



ArmadaCare Solution
For Select/Key Talent

Company Health Plan
Contribution Strategy
40% Employer

60% Employee

- Cover costs beyond primary plan
- Co-pays, Ded
 - Rx
 - Dental, Vision
 - Exec Phy
 - Massage Therapy
 - Adult Ortho

Total Coverage for All Employees

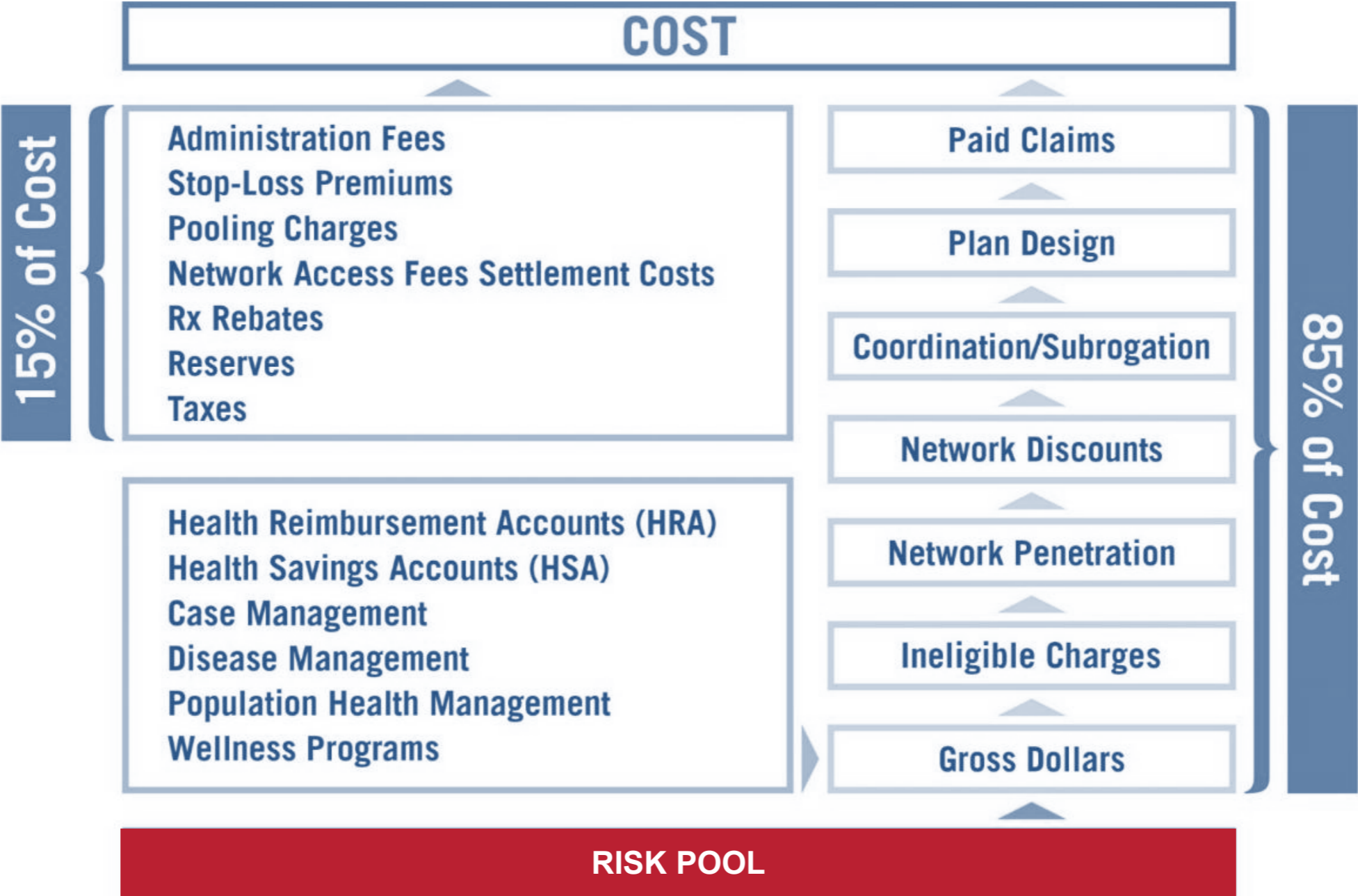


STRATEGY #3

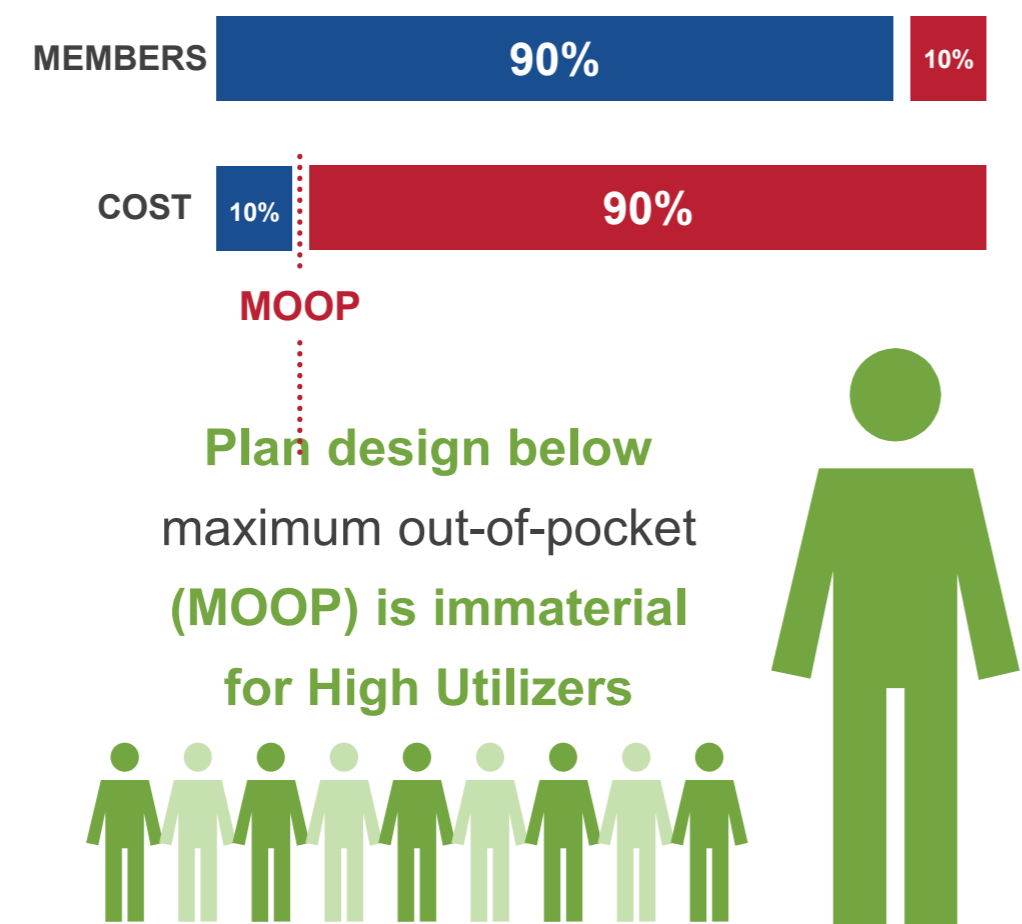
RPM – Risk Pool Management

RETHINK HEALTH INSURANCE

Think Risk Pool not Plan Design when design strategy!



Large Claims Drive Costs NOT general Utilization



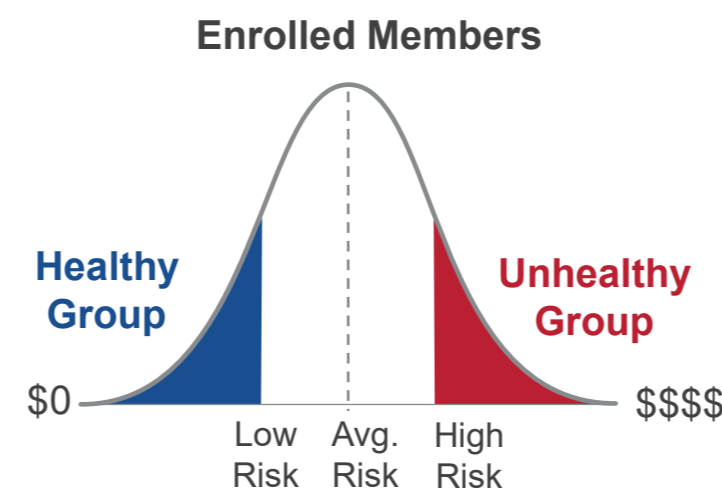
Level of Benefit	Members	% of Total Members	Total Paid	% of Total Paid
None	1,897	9.08%		
\$1 to \$100	1,804	8.64%	\$109,779	.15%
\$101 to \$250	3,192	15.28%	\$546,298	.72%
\$251 to \$500	3,528	16.89%	\$1,291,348	1.71%
\$501 to \$750	1,983	9.49%	\$1,219,147	1.61%
\$751 to \$1,000	1,532	7.33%	\$1,337,499	1.77%
\$1,001 to \$1,500	1,653	7.91%	\$2,022,842	2.68%
\$1,501 to \$2,500	1,563	7.48%	\$3,040,750	4.03%
\$2,501 to \$5,000	1,579	7.56%	\$5,534,360	7.33%
\$5,001 to \$10,000	944	4.52%	\$6,623,548	8.77%
Over \$10,000	1,216	5.82%	\$53,813,629	71.24%
Total	20,891	100.00%	\$75,539,204	100.00%

Split Risk Pool = Adverse Selection

	HSA Plan	PPO Plan
Premium Rate	\$470	\$550
Relative Richness	85%	100%
Employee Contribution	\$70	\$180
Difference in Contribution	40%	100%
Value	2.1	1.0

The result of **incentivizing** members to migrate down to the HSA plan:

- Lose healthiest risk from PPO
- Add unhealthier risk to HSA
- Less contributions = plan underfunded
- The cost of BOTH plans must increase



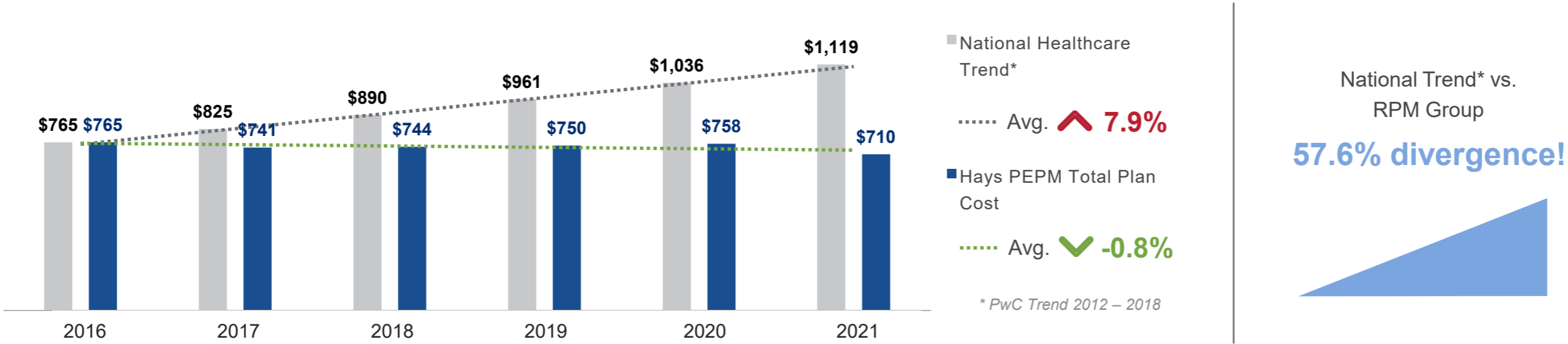
Next healthiest (lowest risk) members migrate from PPO to HSA Plan

How To Change Your Risk Pool

- Medical carriers want as many families and members on the plan as possible (higher utilization, higher profit)
- Medical carriers make EE+1 and Family Tier attractive to increase membership (Increases risk to employer)
- Medical carrier Rate Ratios Individuals 1.0 – EE+1 2.0 – Family 3.0 (Attracts older unhealthier members)
- Industry Cost Ratios Individuals 1.0 – EE+1 2.5 – Family 3.8 (Real cost relativity of tier type)
- Ask medical carrier for claims by contract type – Annual claims for just EEs, just EE+1, just Family
- Realign rates and rate ratios and employee contributions to reflect desired risk pool
- This can be done if client is fully insured or self insured; more direct savings when self insured
- Strategy allows employer's plan not to be selected against - on average 65% of employees have spouses that have medical coverage as an option

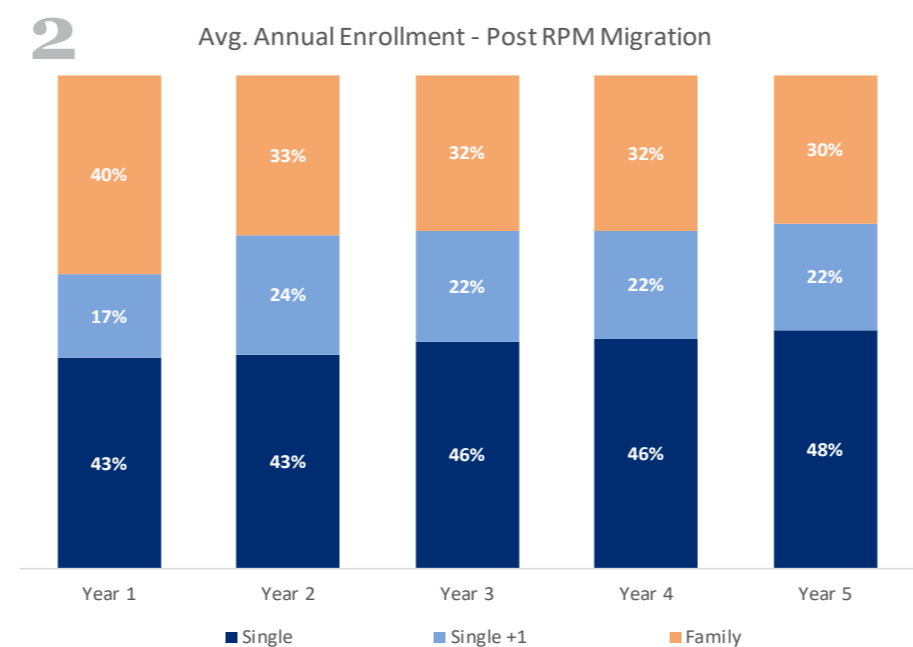
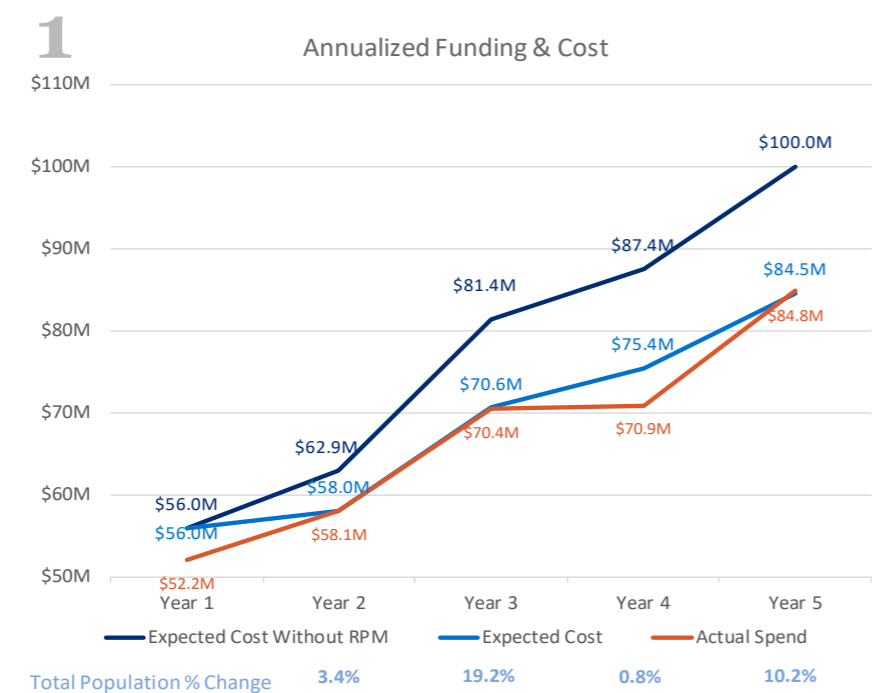
A Strategy with Proven Results

RISK POOL MANAGEMENT GROUP // 28 EMPLOYERS / 60,300 MEMBERS



<div>Year 1</div> <div>RPM Results Avg.</div> <div>-8.6%</div> <div>▼</div>	<div>Year 2</div> <div>RPM Results Avg.</div> <div>-3.4%</div> <div>▼</div>	<div>Estimated \$ Savings</div> <div>Employees: 2019 / 2014-2019 Total</div> <div>100: \$490k / \$1.3 mil</div> <div>500: \$2.4 mil / \$6.7 mil</div> <div>1,000: \$4.9 mil / \$13.5 mil</div> <div>5,000: \$24.5 mil / \$67.7 mil</div>
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RPM – Case Study #1



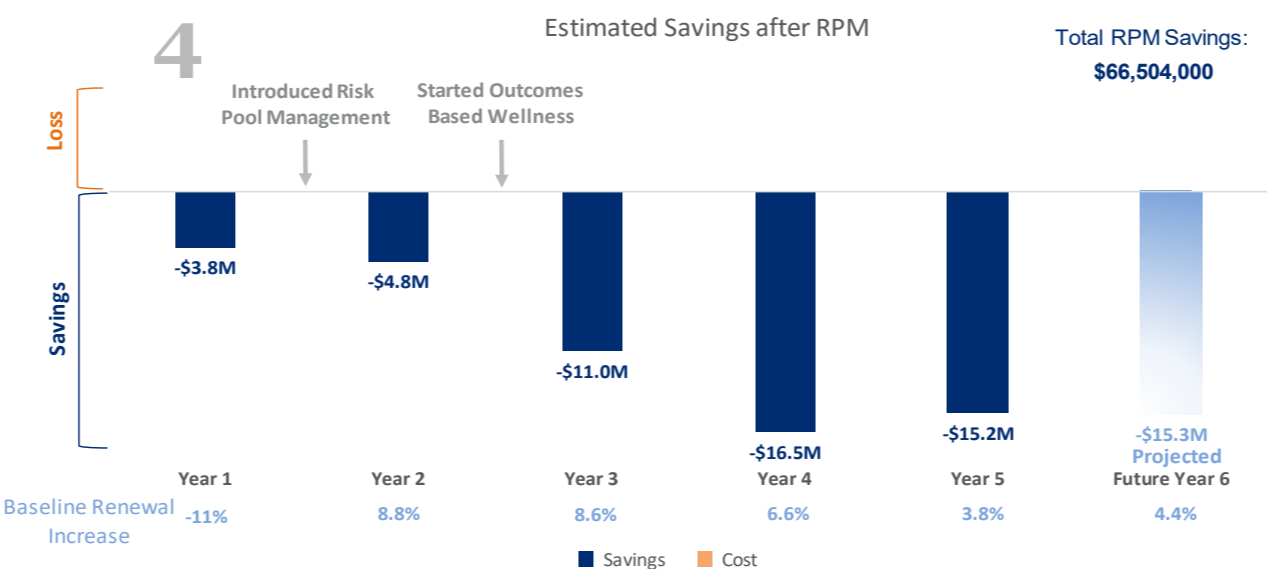
Massive enrollment shift from family to single tier

3 Risk Pool Management

These results were obtained by following all tenants of Risk Pool Management, including but not limited to:

- > Tier Alignment
- > Contribution Levels
- > Plan Design
- > Relative Richness

A properly executed outcomes based wellness program aided in the success of this client's Risk Pool Management strategy.



- + 7,000+ Employees
- + Service Industry
- + East Coast

STRATEGY #4

Rx, Technology, Human Interaction

Human Interaction
