

The background of the slide is a dark blue gradient. In the center, there is a large, glowing lightbulb. The top half of the lightbulb's glass is shattered, with numerous sharp, translucent fragments floating in the air around it. The filament inside the lightbulb is visible and appears to be glowing with a warm, orange-yellow light.

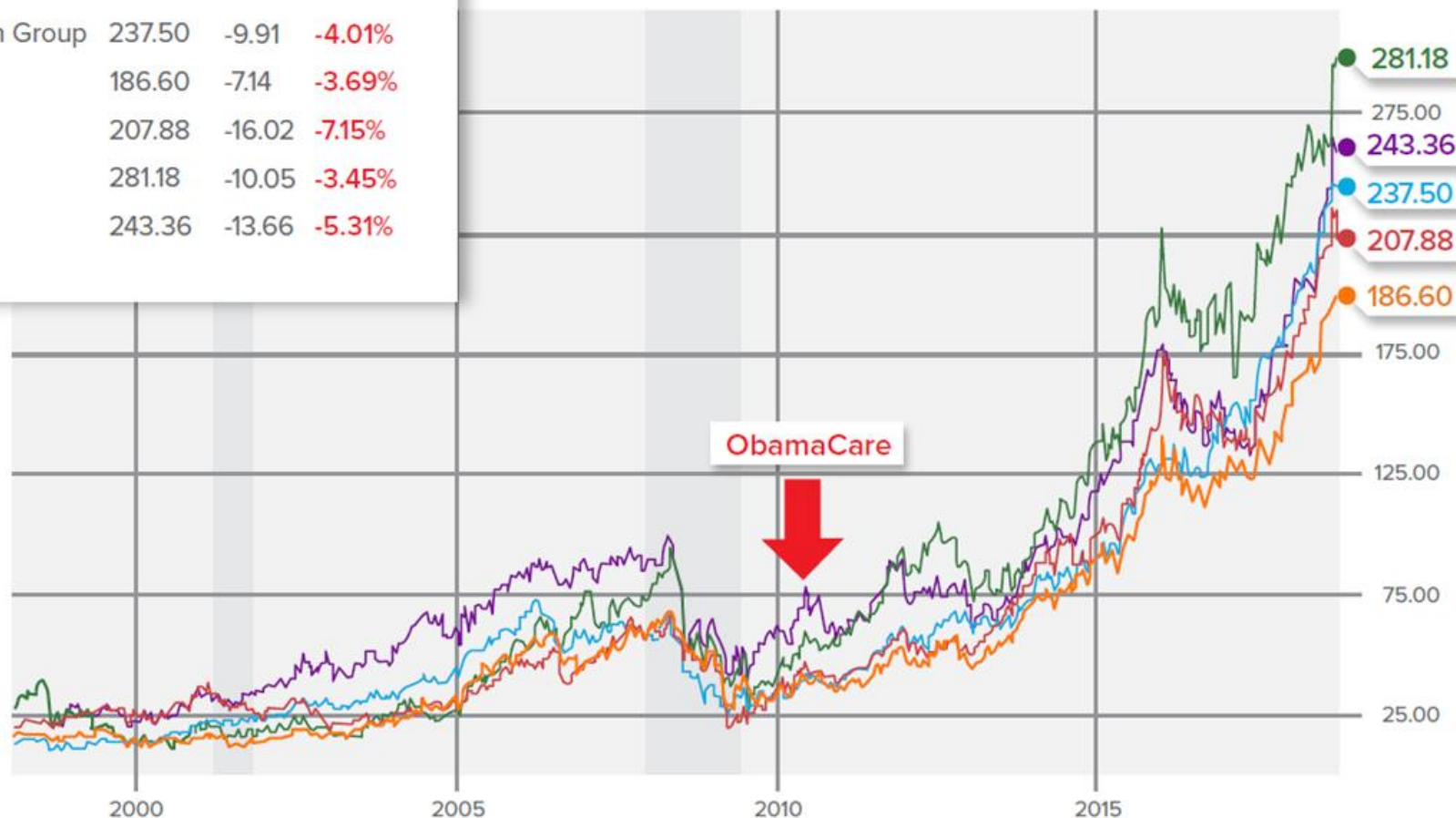
WELCOME!



**WHAT DOES YOUR HEALTH
INSURANCE COMPANY CALL
YOUR PREMIUM?**

YOUR PREMIUM = THEIR REVENUE

UnitedHealth Group	237.50	-9.91	-4.01%
Aetna	186.60	-7.14	-3.69%
Cigna	207.88	-16.02	-7.15%
Humana	281.18	-10.05	-3.45%
Anthem	243.36	-13.66	-5.31%



works for
a BUCAH



OCT 29, 2019 | MORE ON OPERATIONS

Self-insured employers are playing an increasing role in taking on the status quo to lower costs

The insurance industry will remain but the traditional PPO is beginning to come to an end as costs are outstripping inflation and wages, CEO says.



Susan Morse, Managing Editor



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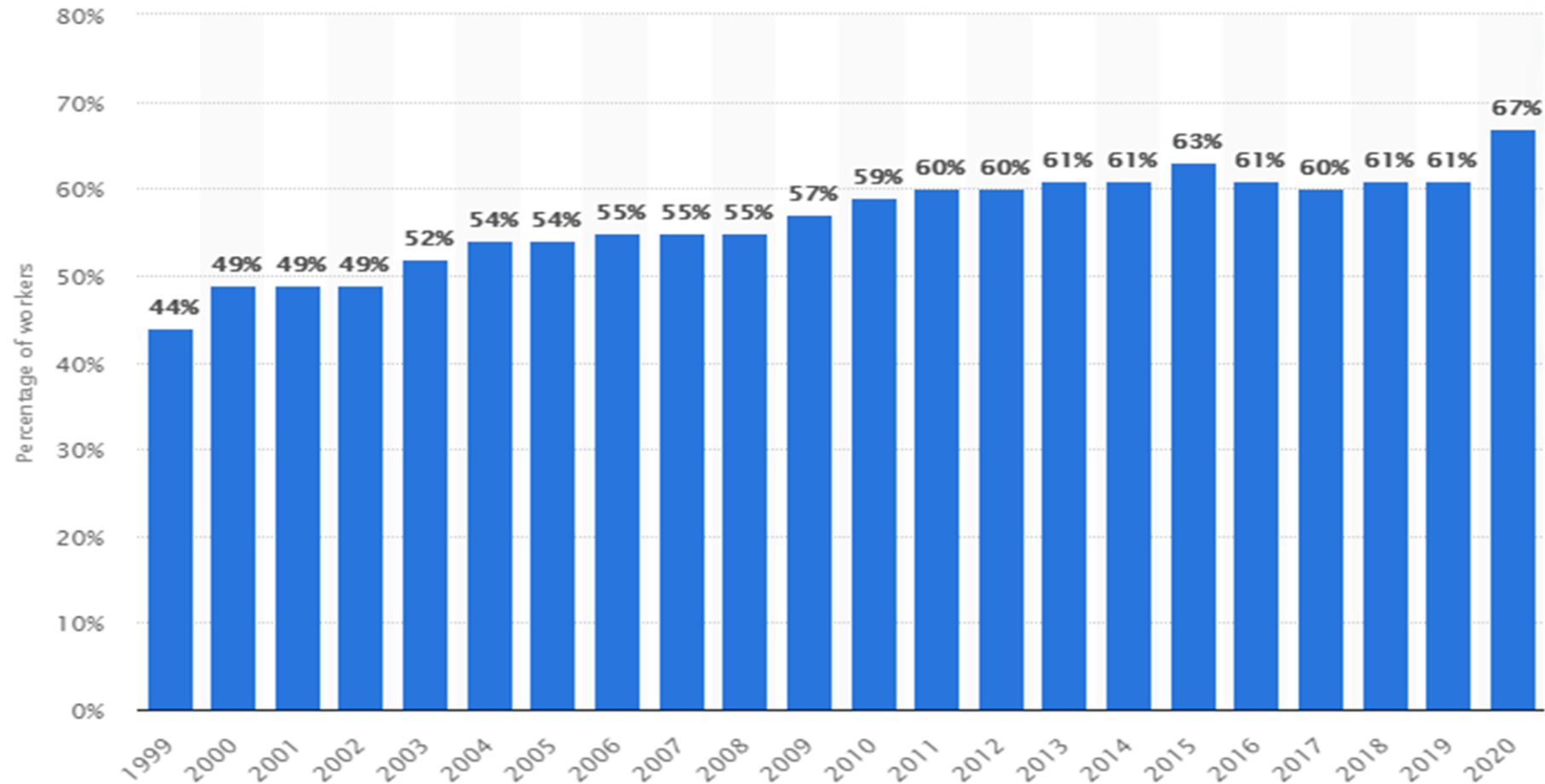
Best Practices

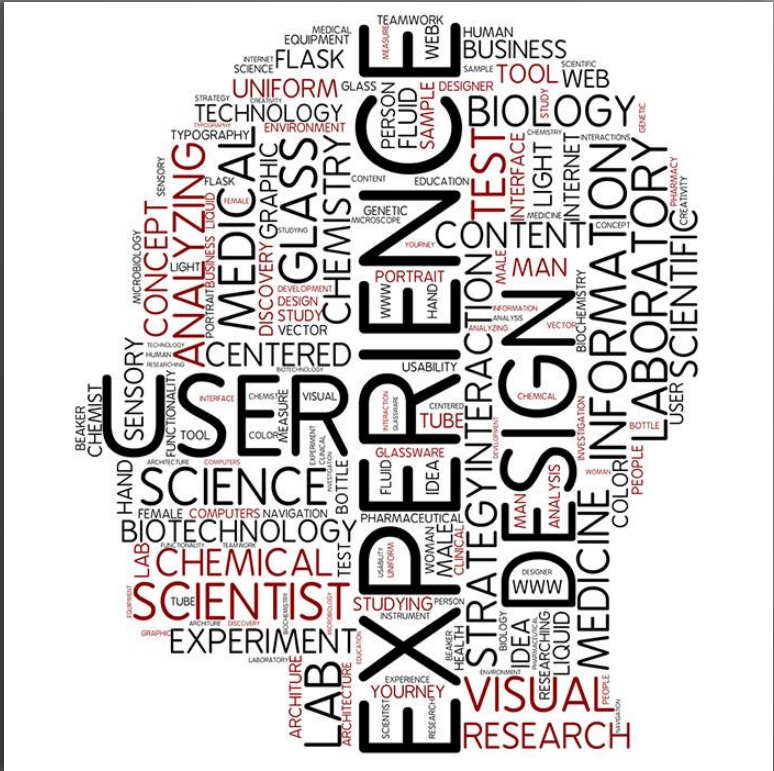
Self-insured employers have more leverage than they think

By Lawrence Thompson | February 19, 2020 at 10:13 AM



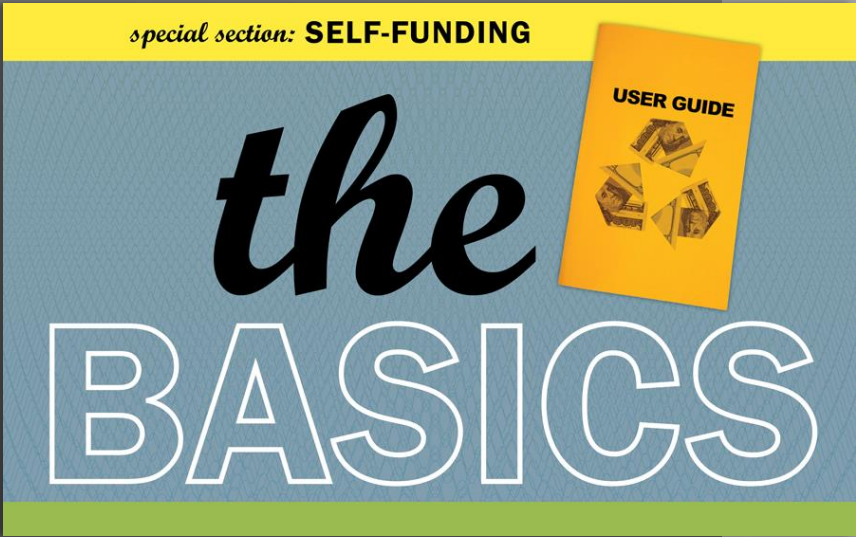
Percentage of U.S. workers covered by a self-funded health insurance plan





TPA

THIRD PARTY ADMININSTRATOR





LIVE workshop: *You MUST be SELF-FUNDED*

ELIMINATE THE EXCUSES
CHANGE THE STORY
IMPROVE THE QUALITY

Today's Journey

- ✓ Webinar is being **RECORDED**
- ✓ Questions:
 - ✓ **Q&A section**
- ✓ Your participation will be rewarded
 - ✓ Wait to the end... it will be **WORTH IT**
- ✓ **SAVE THE DATE**
 - ✓ **11/16 = Next Employer Facing Webinar**



TRANSPARENT HEALTH BENEFITS



- ✓ **19-year** employee benefits professional
- ✓ **12 years** at Willis
- ✓ **\$3.5M+** personal production
- ✓ Chief Growth Officer for **\$350M+** practice
- ✓ Self-funding and health management **expert**
- ✓ Creator of the THB movement and disruptor of the status quo



LESTER J MORALES

Founder & CEO, Next Impact

Creator of Transparent Health Benefits

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OUR TOPIC

- ✓ What is SELF-FUNDING?
- ✓ Is SELF-FUNDING the way to go?
- ✓ Myths and Truths about SELF-FUNDING
- ✓ Experience with SELF-FUNDING

OUR SPEAKERS



Michael Gates
THB Stop Loss Consultant



Dylan Phelps
Chief Wellness Officer

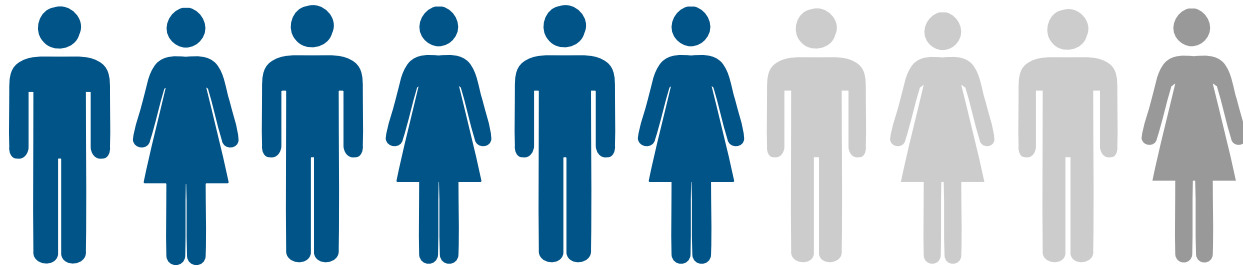


WHAT IS SELF-FUNDING & IS IT THE WAY TO GO?



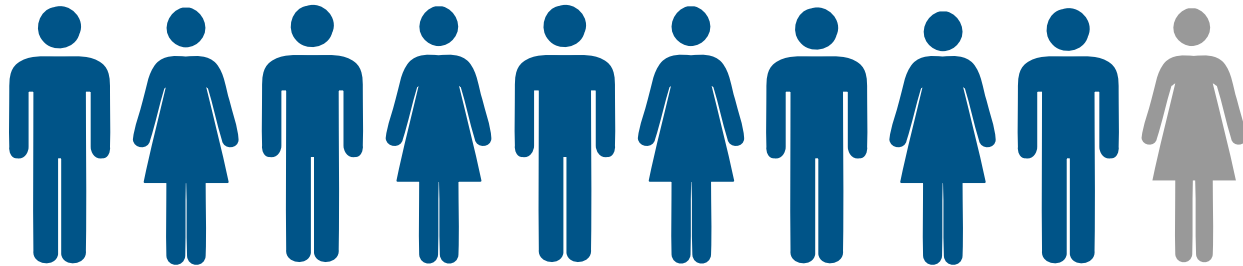
Healthcare Industry Survey

Self-funding is very popular in the overall market and among companies with more than 1000 employees, but not so much with smaller companies



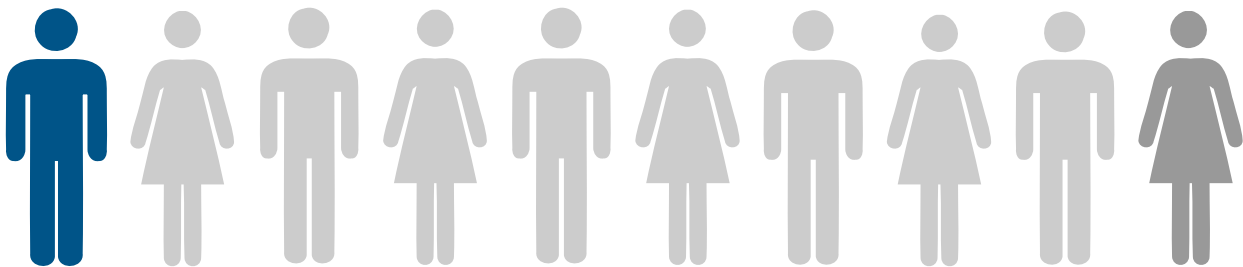
61% Of all covered employees participate in self-funded plans

Percentage of all covered employees in a partially or completely self-funded plan regardless of company size



89% Of covered employees at Large Employers participate in self-funded plans

Percentage of covered employees in a partially or completely self-funded plan who work for a company with 1000 or more employees

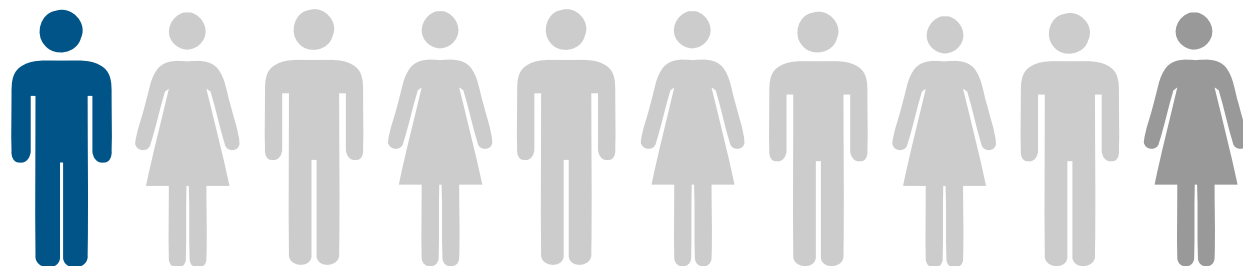


13% Of covered employees at Small Employers participate in self-funded plans

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees

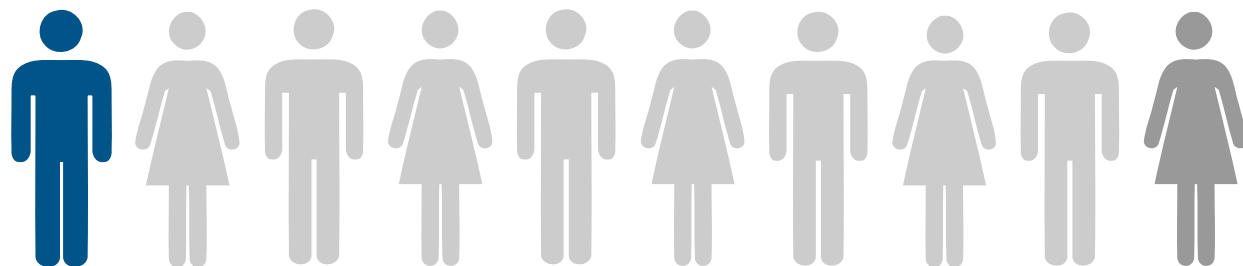
Healthcare Industry Survey

..... but the participation rate in self-funding remains unchanged for smaller companies



13% 1999 Survey Results

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees



13% 2016 Survey Results

Percentage of all covered employees in a partially or completely self-funded plan who work for a company with less than 200 employees

FULLY-INSURED VS SELF-FUNDED PERCEPTIONS

- Perception is “Self-Funding” is SCARY!
- Self-Funding has a lot of moving parts... too complicated
- Fully-Insured is less RISKY and less complicated
- “We got a good renewal from our F/I carrier, so my client probably won’t be interested this year!”
- “It’s a good thing we were Fully-Insured this year because our claims were terrible”

WHY SELF-FUND IN THE FIRST PLACE?

- Allows The Plan, the employer, to participate in positive claims experience
- Provides The Plan control and flexibility on what they want to cover
- Can “steer” employees and members on where they seek care through financial incentives
- Gives The Plan access to all claims experience to better structure plan and market at renewal

DIFFERENT OPTIONS WHEN CONSIDERING “SELF-FUNDING”

Less Control

More Control



Fully-Insured

Level-Funded

Self-Funded
w/ Stop Loss

Self-Funded
w/ Captive

True Self-Funded
w/ No Stop Loss

- Fully-Insured – 100% transfer of medical claims liability to carrier
- Level-Funded – “bundled” self funded program with surplus sharing and enrollment based monthly premiums
- Self-Funded w/ Stop Loss – “unbundled” program, paid as incurred, risk transferring of all high dollar claims through stop loss policy and The Plan retain 100% of surplus
- Self-Funded w/ Captive – “unbundled” program, The Plan retains some of the high dollar claims through participation in the stop loss program and opportunity to reduce stop loss premiums through positive experience

FULLY-INSURED VS SELF-FUNDING

\$1,200,000

\$1,000,000

\$800,000

\$600,000

\$400,000

\$200,000

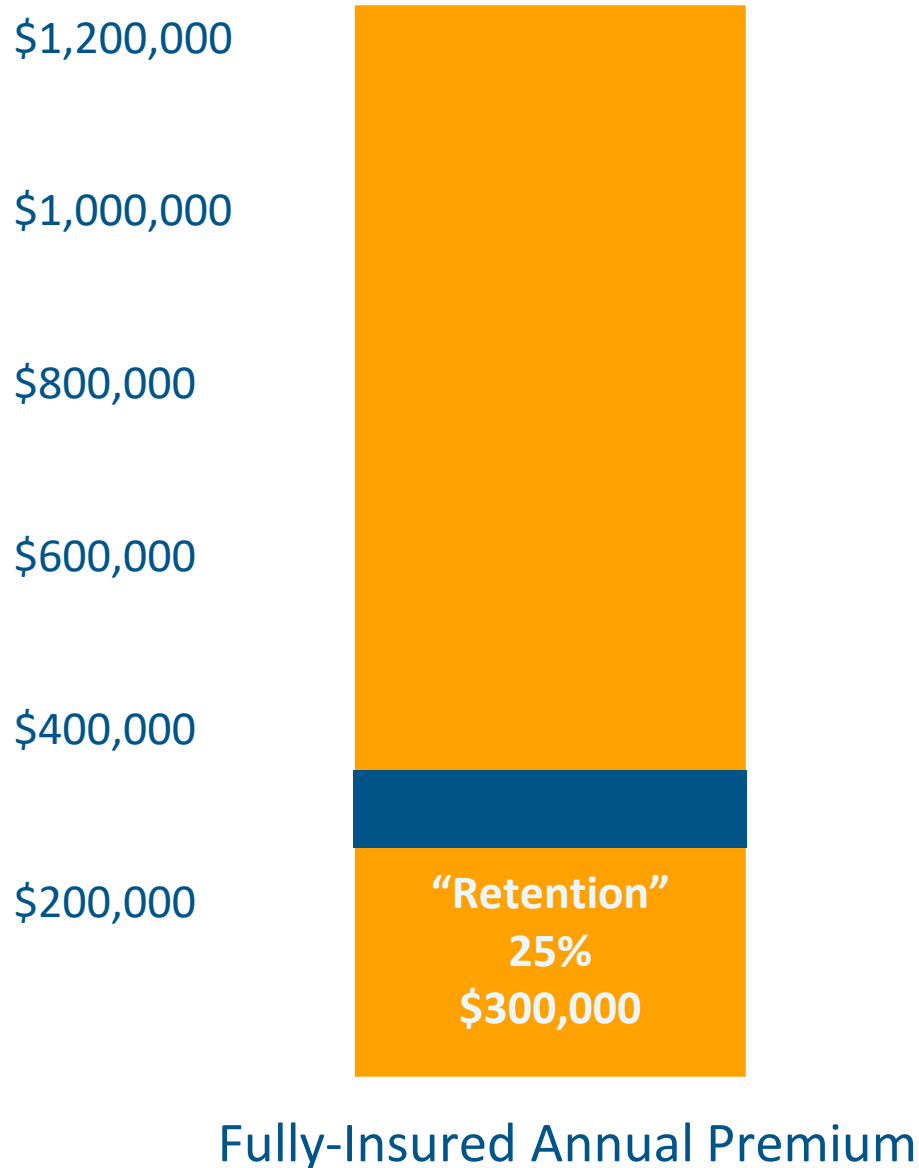


Fully-Insured Annual Premium

Sample Group:

- 100 Enrolled Employees
- \$1,200,000 Annual Fully-Insured Premium

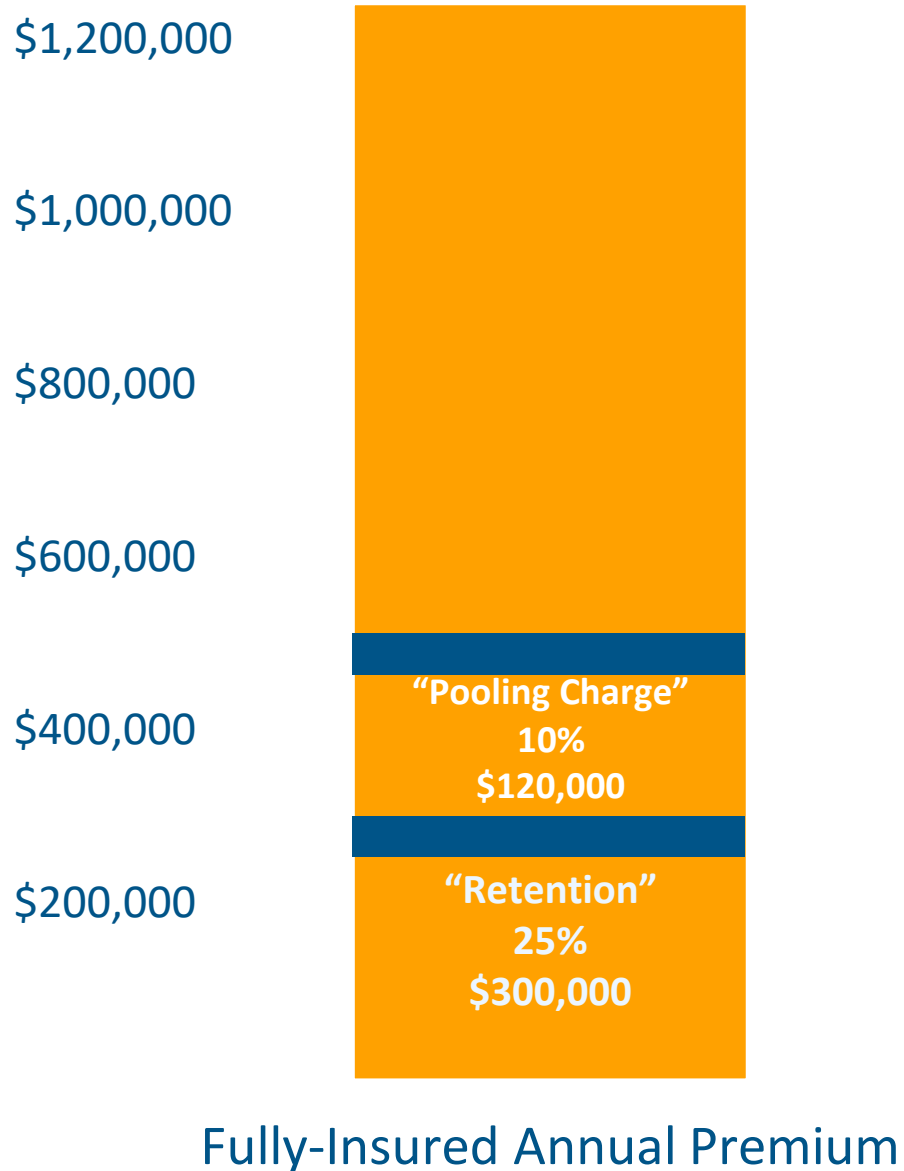
FULLY-INSURED VS SELF-FUNDING



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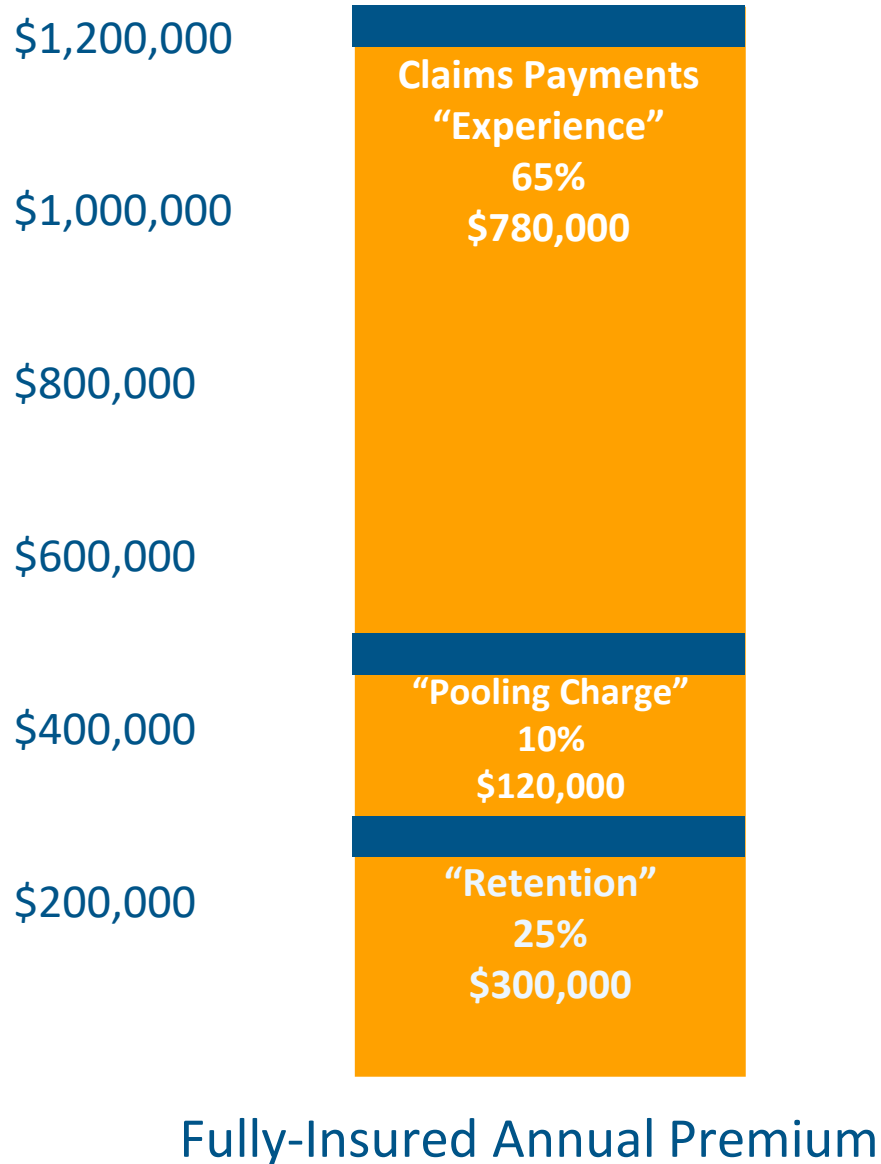
FULLY-INSURED VS SELF-FUNDING



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FULLY-INSURED VS SELF-FUNDING



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FULLY-INSURED VS SELF-FUNDING

\$1,200,000

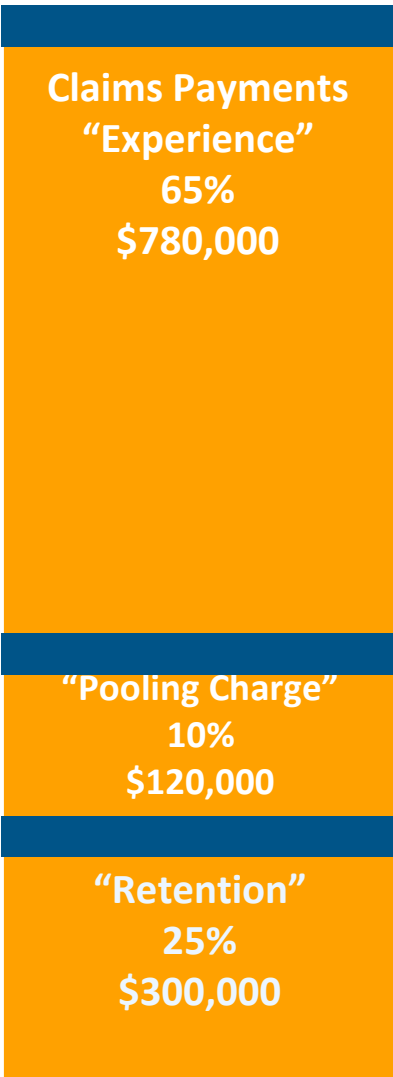
\$1,000,000

\$800,000

\$600,000

\$400,000

\$200,000

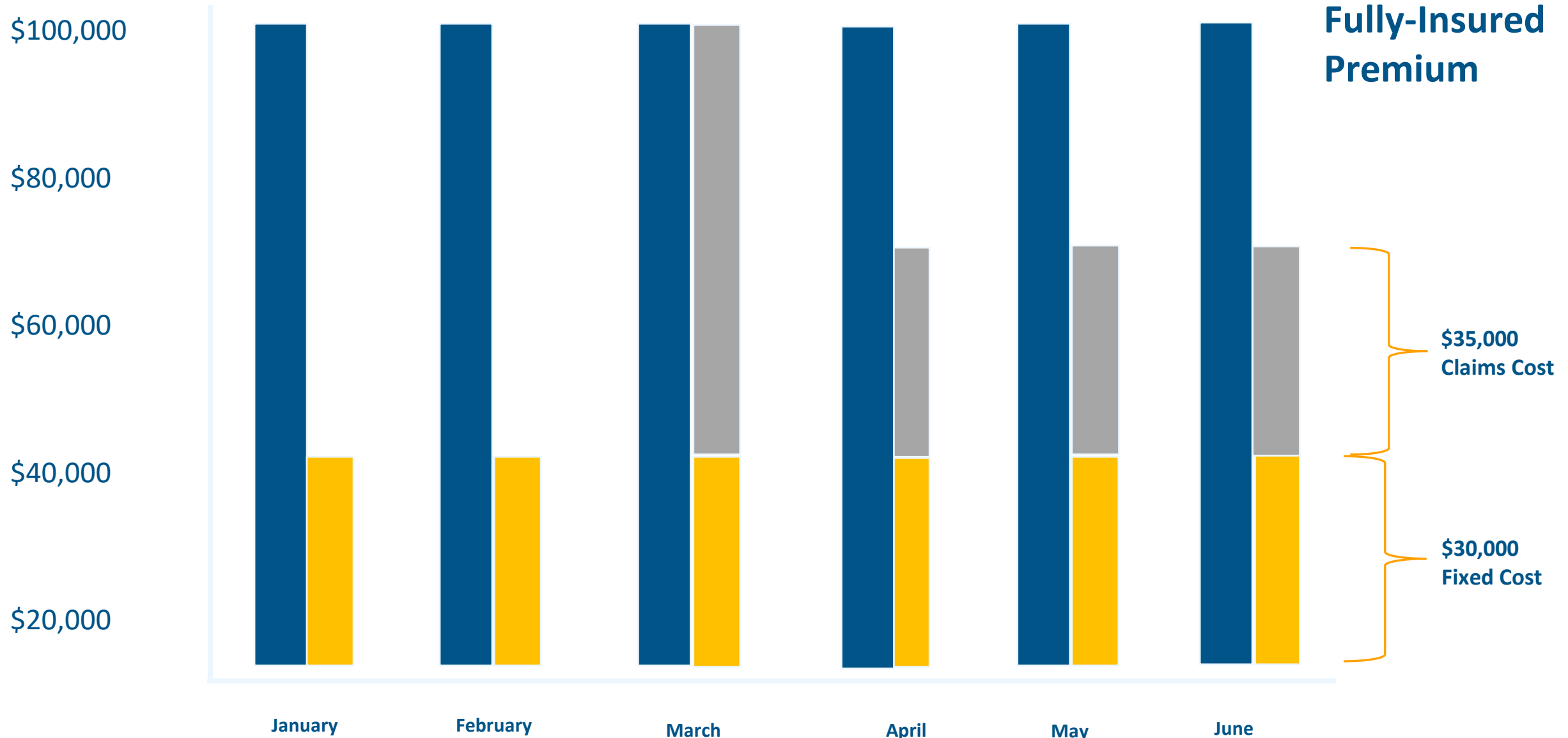


Fully-Insured Annual Premium

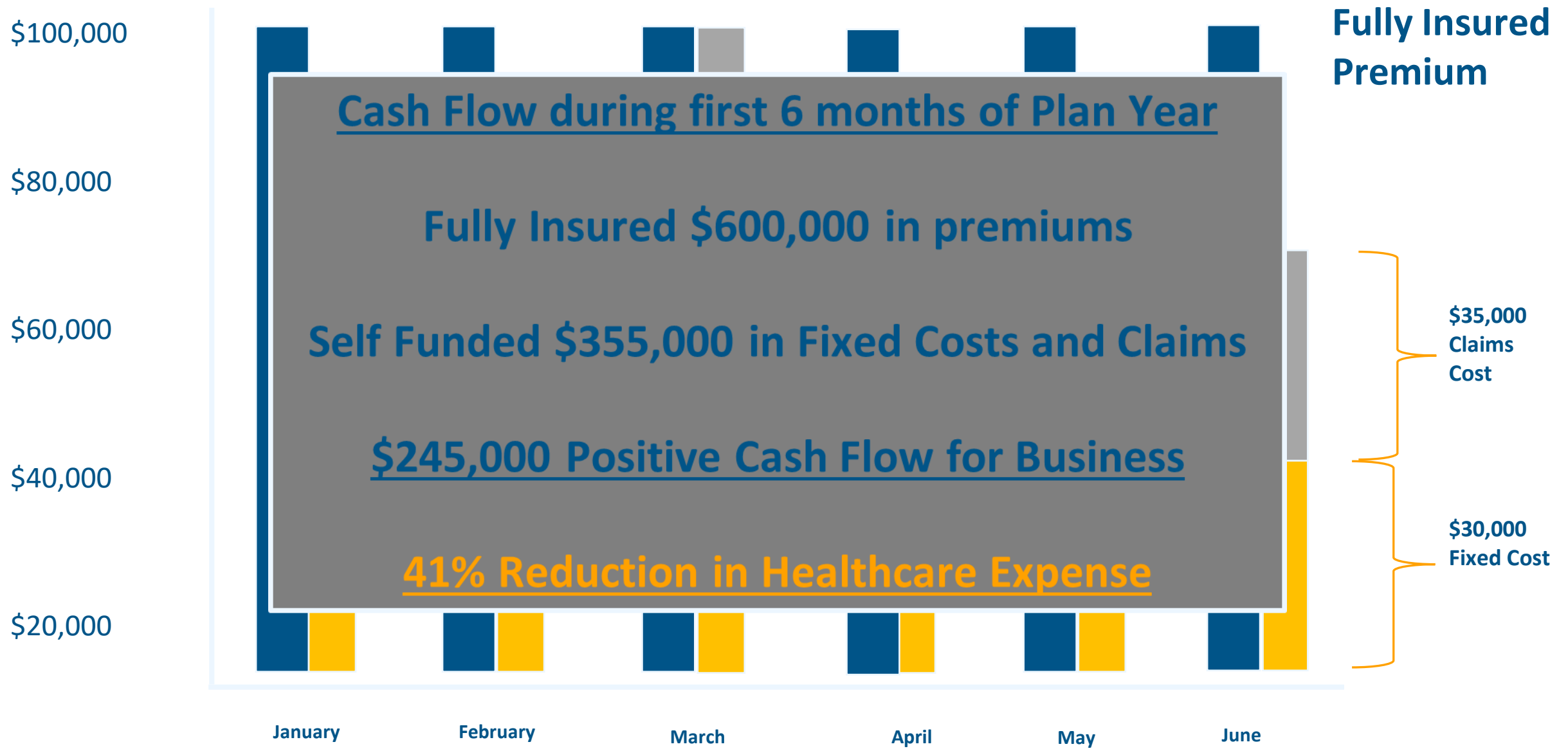


Self-Funded
Total Plan Cost

FULLY-INSURED VS SELF-FUNDING



FULLY INSURED VS SELF FUNDING

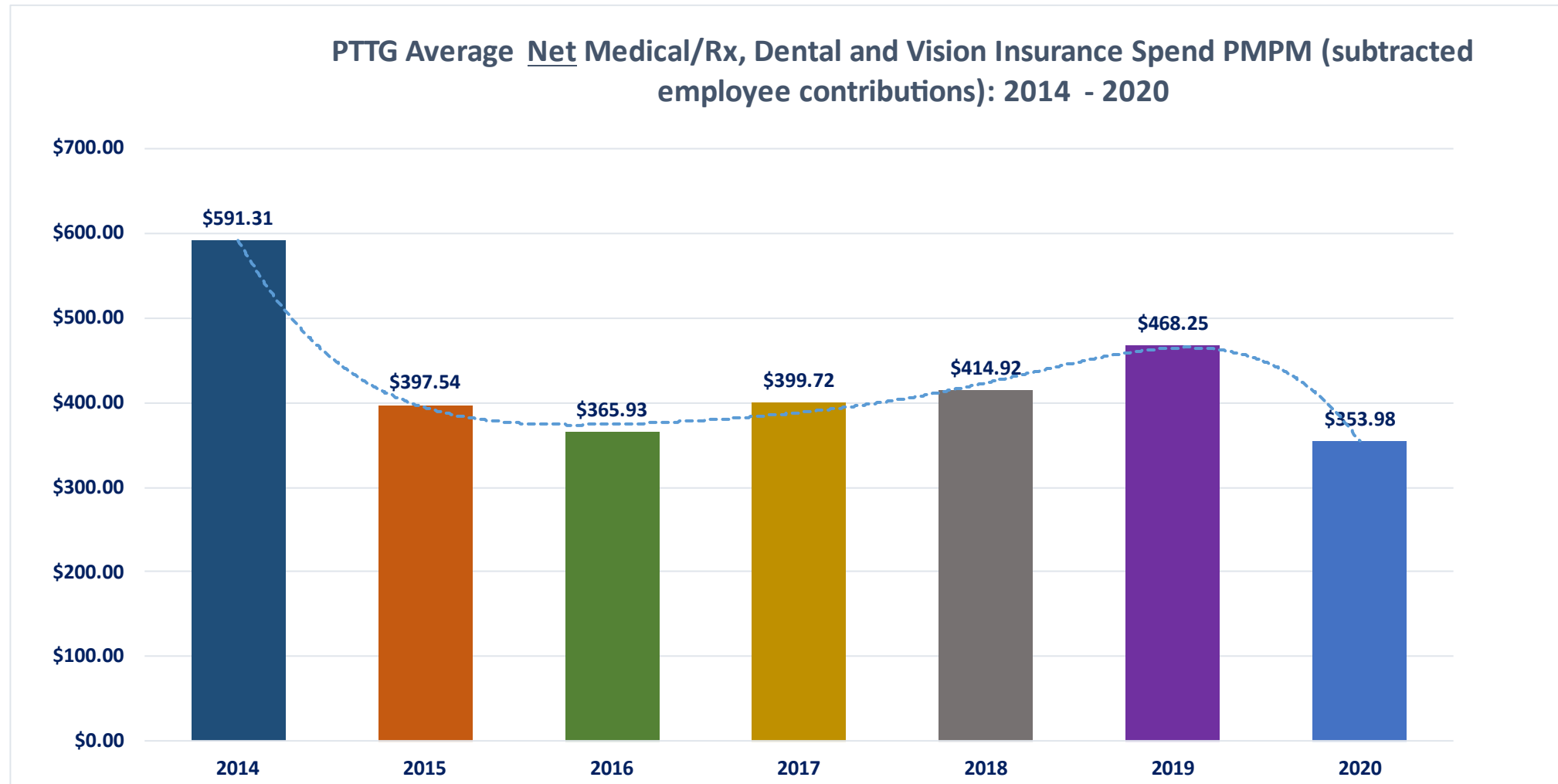


THE PROOF



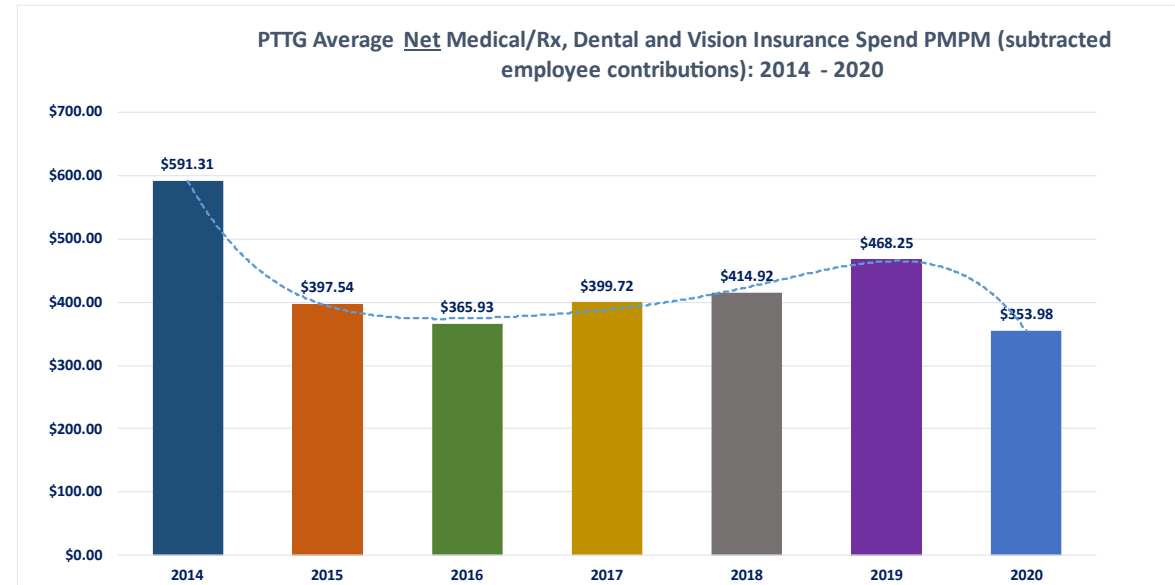
"100 years and still climbing"

SAVINGS AND STRATEGIES TAKEN

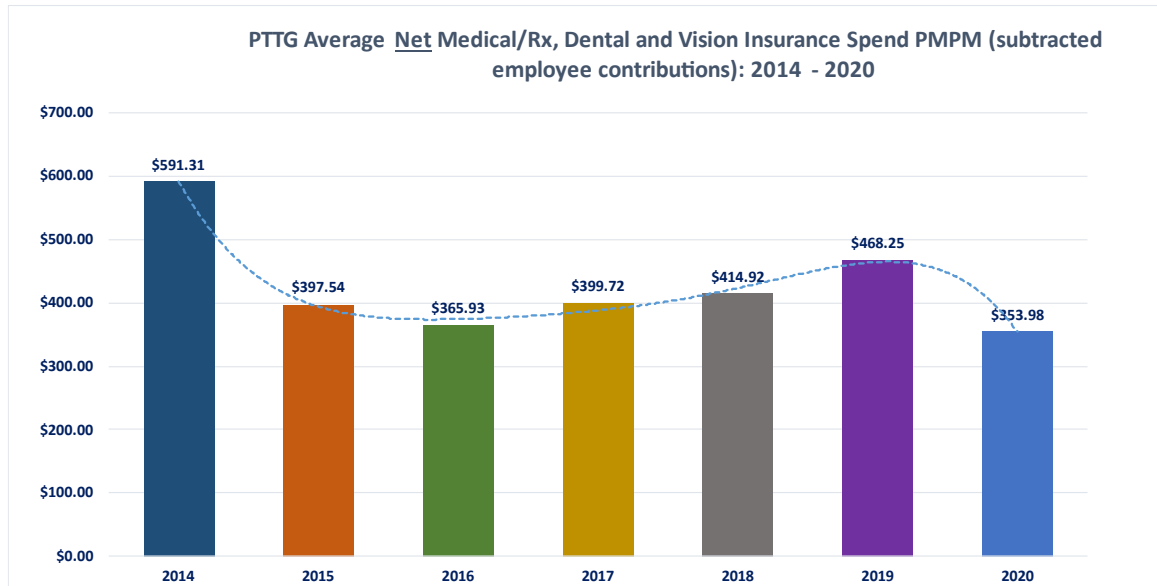


SAVINGS AND STRATEGIES TAKEN

- ✓ **1/1/2015 - Switched from fully-insured plan to self-funded plan**
- ✓ **Administration and network remained the same (Anthem)**
- ✓ **2015 to 2018 - Pharmacy cost trend demonstrated 20%+ average cost increase year-over-year**
- ✓ **1/1/2019 - Self-funded status allowed us to carve out PBM**
 - ✓ **Used Cigna as the PBM for the year**
- ✓ **1/1/2021- Moved to more Transparency**

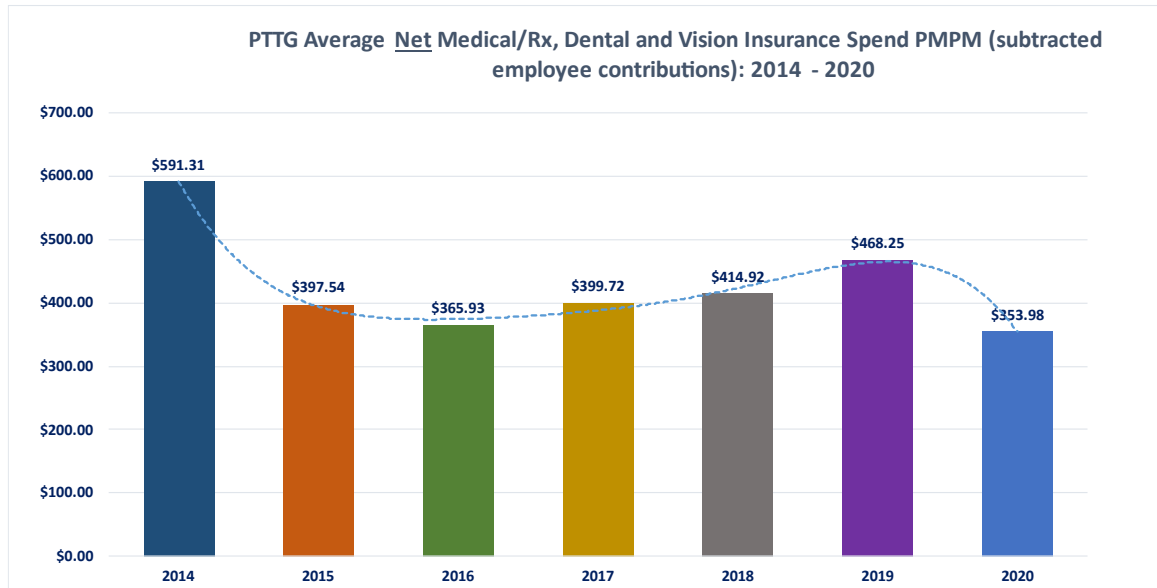


SAVINGS AND STRATEGIES TAKEN



- ✓ Pharmacy costs stabilized according to the five-year trend
- ✓ \$940,000 actual spend whereas trend-based projections demonstrated a \$1.16M spend
- ✓ 1/1/2020 - Switched to EHIM PBM
- ✓ 2020 actual pharmacy spend: \$380,691
- ✓ \$559,309 or 60% decrease in costs from the prior year

SAVINGS AND STRATEGIES TAKEN



- ✓ 2020 actual self-funded PMPM employer cost: \$353.98
- ✓ Lowest seen since going self-funded, despite inflation factors over a six-year period



The background image shows a workspace. On the left, a hand is writing on a notepad with a pen. The notepad has a mind map with 'BRAND' at the center, branching into 'Strategy', 'Product', and 'Visual'. 'Strategy' branches into 'objective', 'customers', 'Research', 'Profitability', and 'sales'. 'Product' branches into 'Positioning', 'Rising Star', 'Best Seller', and 'Cash cow'. 'Visual' branches into 'Logo', 'Color', and 'Type'. In the center, there is a white coffee cup with a black lid. On the right, a laptop screen displays the word 'IDEAS' in large, bold, white letters. The laptop keyboard is visible below the screen. The entire scene is overlaid with a semi-transparent dark grey rectangle.

MYTHS & TRUTHS

Let's Chat ...

TOP MYTHS



Self-funding is only for large employers (500+ employees).




Self-funding is harder to administer as an HR professional.



It's too complicated for my employees to understand.


TOP QUESTIONS EMPLOYERS SHOULD ASK ???




Please show me a comparison of the total claims vs the total premium paid over the last 3 years. Where did all the money go that wasn't spent on claims?



How much of it is fully-insured vs self-funded?



Do you make more money when we pay more premium?



Show me a company similar to mine that you've implemented what you're showing me. What is their contact info so I can call them? Has to be an actual client of the broker.

TOP QUESTIONS EMPLOYERS SHOULD ASK ???

How do you price your services for your clients and why?



I had a million dollar plus ongoing claim for a drug called Strensiq. What would be your solution?



What do you think of aggregate specific stop-loss?





QUESTIONS?

MY MOM SAYS THE ONLY STUPID QUESTION
IS THE ONE NEVER ASKED



CALL to ACTION

action is the key to all success

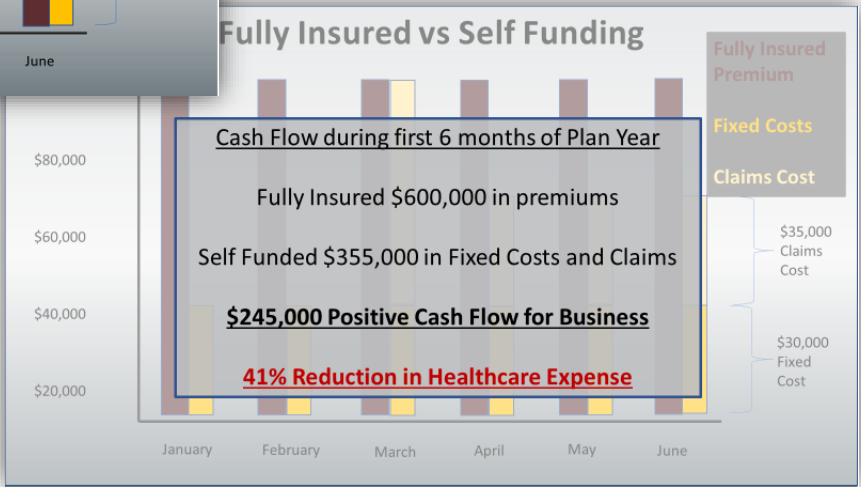
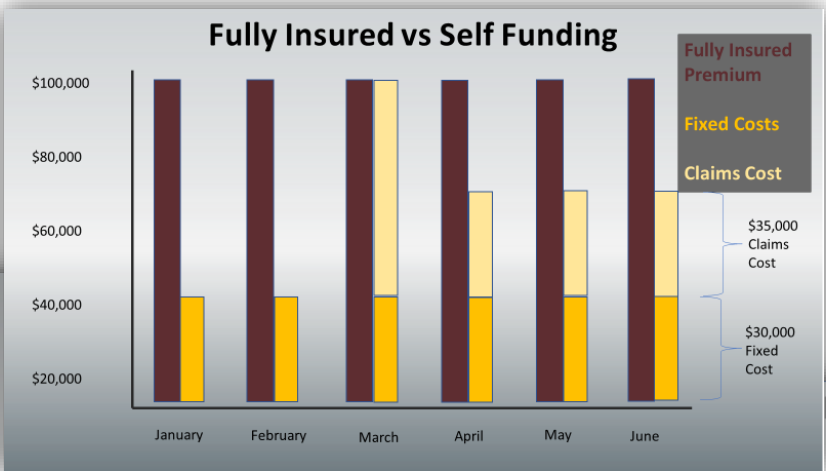
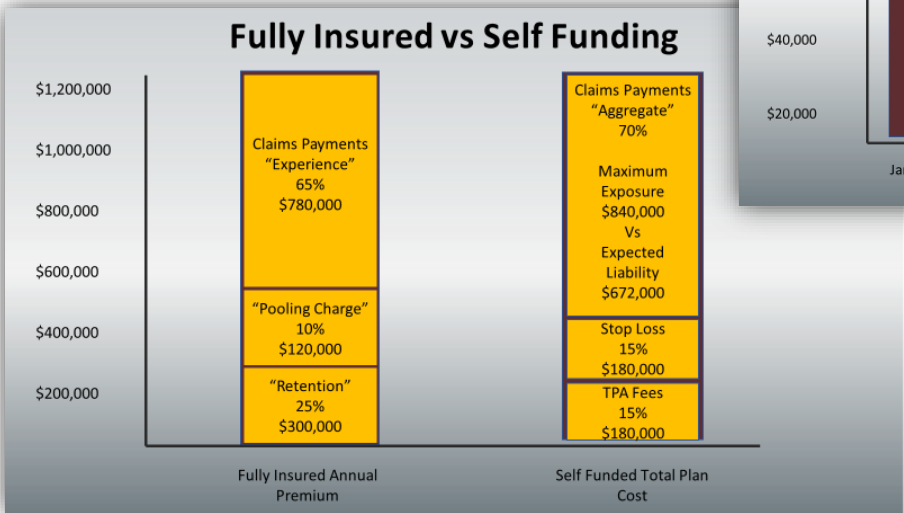
TRANSPARENT HEALTH BENEFITS - CALL TO ACTION

Create Value,
Add Clients

FI → SI Analysis

Numbers Don't Lie

EXCLUSIVE
FOR YOU



You MUST be SELF-FUNDED

TRANSPARENT HEALTH BENEFITS - CALL TO ACTION



Numbers Don't Lie

**EXCLUSIVE
FOR YOU**

Create Value,
Add Clients

**ACTUAL
RESULTS**

PLAN PRICING SUMMARY

CATEGORY	CURRENT (Fully Insured)	RENEWAL (Fully Insured)	Cigna ASO (Self-Funded)	Independent TPA Cigna PPO Transparent PBM
THIRD-PARTY ADMINISTRATION	n/a	n/a	\$239,857.92 total \$141.76 pepm	\$171,721.08 total \$101.49 pepm
SPECIFIC STOP-LOSS	n/a	n/a	\$100,000 ded. \$190.11 pepm \$322,596.72 ann.	\$75,000 ded. \$242.72 pepm \$410,689.32 ann.
AGGREGATE STOP-LOSS	n/a	n/a	Att. Pnt. \$2,245,284 \$14.60 pepm \$24,703.20 ann.	Att. Pnt. \$1,575,947 \$10.87 pepm \$18,392.04
EXPECTED COST	n/a	n/a	\$2,383,385	\$2,176,749
MAXIMUM COST	\$2,634,156	\$2,686,797	\$2,832,442	\$2,570,736
POTENTIAL CHANGE (exp/max) \$\$\$	Current	2% ↑ \$52,641	7% ↓ \$250,771 10% ↑ \$198,286	17% ↓ \$457,407 2% ↓ \$63,420

You **MUST** be SELF-FUNDED



PARTING SHOTS

if you only do 1 thing...

SELF-FUNDING: WHAT IS IT & IS IT RIGHT FOR YOU?



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EXPERIENCE WITH SELF-FUNDING



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Chief Wellness Officer

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"100 years and still climbing"

STAY TUNED

- ✓ **First every educational platform with Solutions dedicated for the PE space**
 - ✓ Control 2nd largest P&L expense
 - ✓ Range of options
 - ✓ Data-centric for ALL groups
 - ✓ Current broker can remain in place
- ✓ **Weekly Emails**
 - ✓ Content rich
 - ✓ Downloadable
- ✓ **Monthly Webinars**
 - ✓ Portfolio Companies
 - ✓ Private Equity Group



STAY TUNED



✓ SAVE THE DATE

- ✓ 11/16 = Next Employer Facing Webinar
- ✓ **Immediate Impact:** 3 strategies that breakdown Rx spending. The characteristics, questions, and expectations you should be asking to save \$\$\$ on Rx



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Thank You



CHANGE STARTS WITH YOU

