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# Innovative Solutions to Control the Escalating Costs of Employee Benefits

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March 1, 2018

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# Agenda

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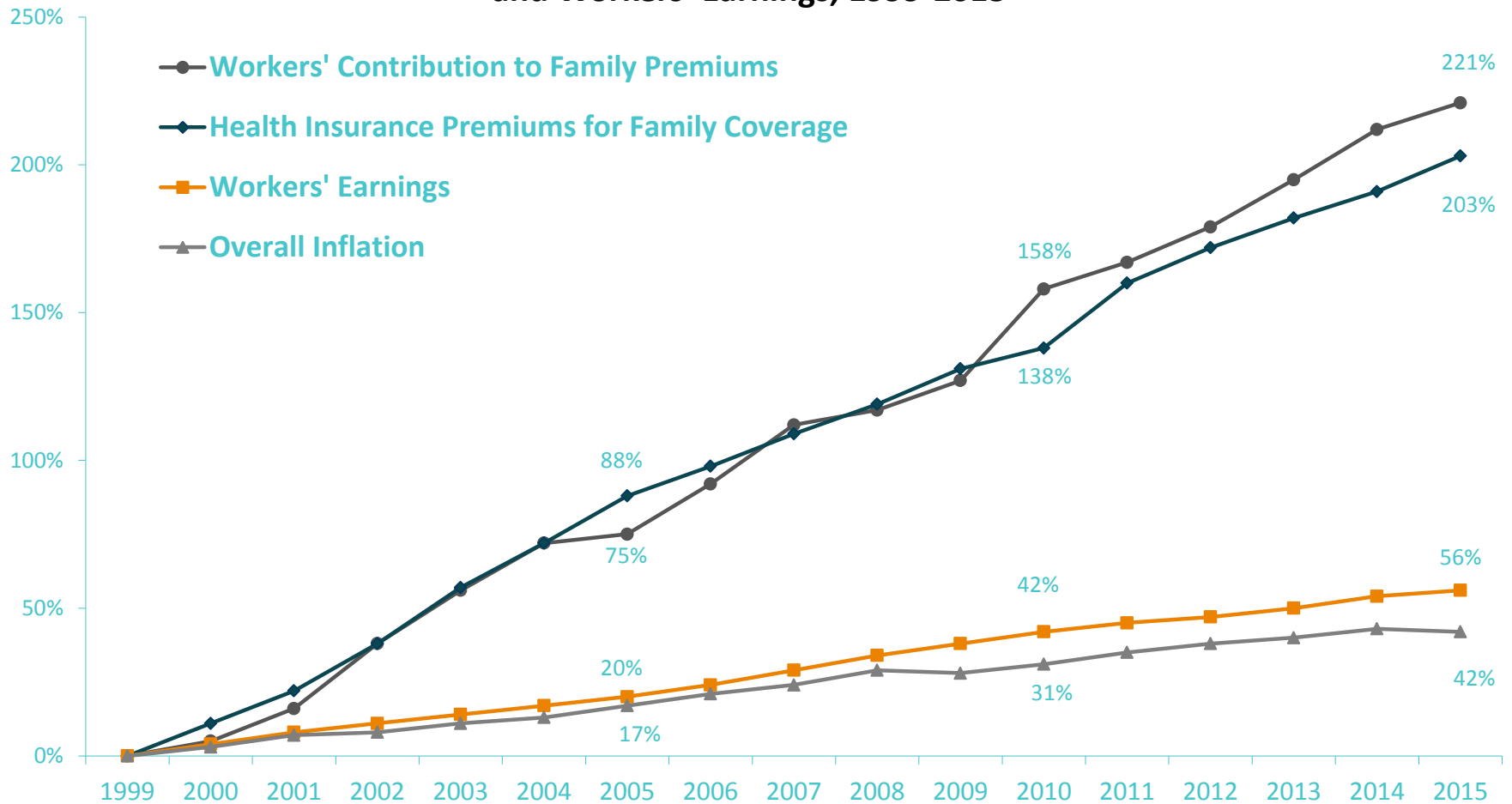
- **Why Healthcare Costs Continue to Rise**
- **Alternative Provider Reimbursement & Network Optimization Approaches**
- **Small Employer Strategies**

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# Why Healthcare Costs Continue to Rise

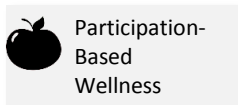
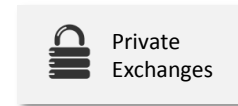
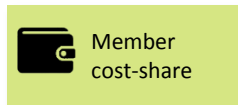
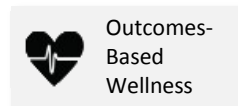
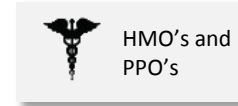
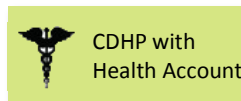
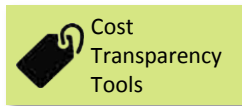
# Rising Healthcare Costs

**Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2015**

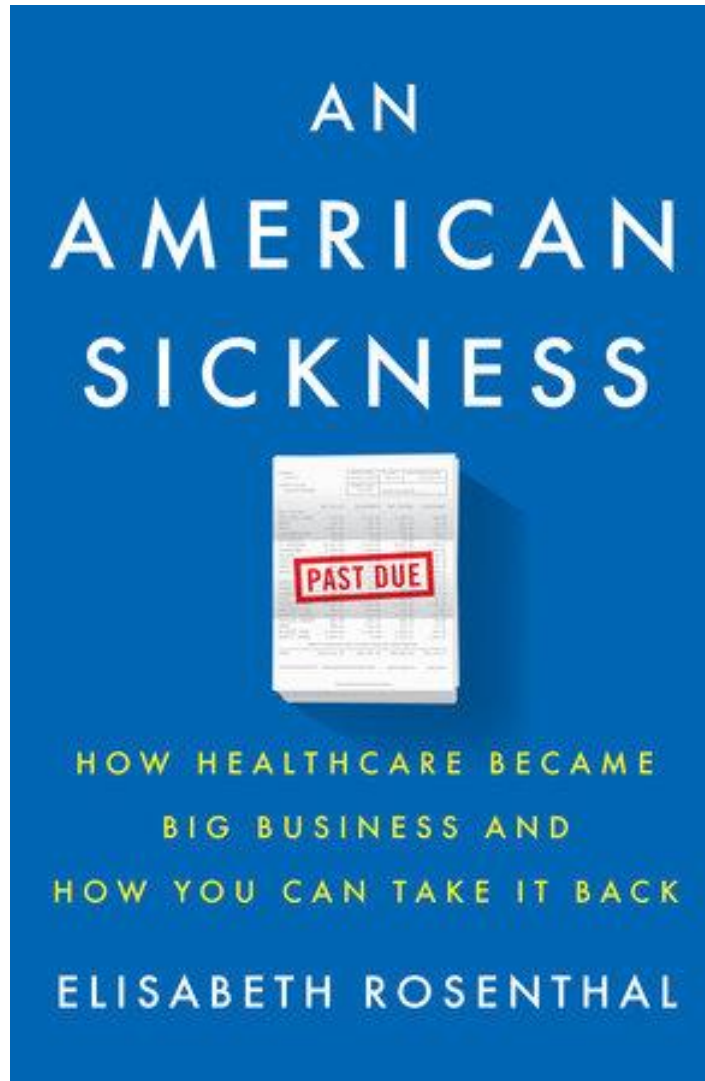


# Rising Healthcare Costs

Traditional approaches to controlling costs offered by insurance carriers and TPA's don't work because they don't address the perverse incentives and inefficiencies built into our healthcare system that naturally drive costs higher.



# Start with “Why?”



# Start with “Why?”



# #1 Provider and Carrier Misaligned Incentives

## Providers (Hospitals, Physicians, Labs, Diagnostic Imaging)

Healthcare is a business and all the providers of healthcare are in the business of growing earnings.

- Ex. Hospital has a plastic surgeon close up a wound that a resident would do for free and charges \$250,000.
- Ex. ASC bills \$40,000 to \$50,000 for what would normally be a \$3,000 - \$4,000 simple bunion removal surgery performed in office.
- Ex. within one 5 digit zip code covering about 0.4 square miles price for an MRI varied from \$79 to \$1,400.

## Insurance Carriers

ACA limits carrier margins to 2-4%; only way to grow earnings is through higher premiums.

- Ex. Carriers use inflated Medical and Rx Trend and Pooling charges; they provide limited data to indicate how an employer is actually performing.



## #2 Healthcare Reimbursement and Payment Structure

### Insurance Carrier Provider Network Discounts don't work to control costs

- The discount is off a starting point (the billed charge determined by the provider) that has become completely arbitrary and not connected to the actual cost of care.
  - *Ex. The billed charge of a Knee surgery is \$100K and the discounted charge is \$40K, which is a 60% discount. Sounds like a good deal, except the billed charge increases to \$110K the next year. So even with the 60% discount the cost of the knee surgery is now \$44K or 10% higher than last year*
- There is an incredible amount of gamesmanship to manipulate the insurance payment system to the provider's benefit (i.e. charge as much as possible)
  - Providers hire consultants to help them with "upcoding" or strategic billing to maximize what they can bill insurance
    - *Ex. Injecting a patient's knee with steroids can be coded as "surgery" and generate \$1,200.*
    - *Ex. A blood draw in the ER costs \$1,137 for the "work" done by the ER doctor and \$2,198 for Hospital "services"*

## #3 Traditional Insurance allows wasteful spending

### Price variation in Networks

- There is no price transparency of what things cost behind the veil of insurance or within the provider network. The result is that there is HUGE Price Variation for services within a network. Without any incentives to drive consumers to lower cost services, employers end up paying more than they should for services which drives their cost higher.
  - Ex. Painkiller injection done in a doctor's office: \$80; same injection done in a Hospital: \$5,000
  - Ex. Brain MRI at one location \$210; same procedure at another facility ½ mile away: \$1,400
  - Ex. \$15,000 Knee replacement in one facility; \$50,000 Knee replacement in another facility; difference in quality: NONE
  - Ex. A Remicade infusion at one Hospital costs \$19,000 per visit (approx. 8 per year or \$152K); another Hospital charges close to \$1M for the same number of infusions.

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## Summary

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***“A horse and buggy in a world contemplating driverless cars, the healthcare industry’s consumer billing and payment system is an inefficient antique.”*** Price Waterhouse Coopers

### Main Problems with Network Discount reimbursement model and Network Insurance Products

- Provider and Insurance Carrier Incentives are aligned for HIGHER costs
- Extreme price variation regardless of quality
- No price transparency; no competition
- No checks on price inflation
- Fee for service model is easy for providers to manipulate higher reimbursement
- Limited incentives for patients to seek and choose high value (low cost, high quality) providers results in waste

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# Provider Reimbursement & Network Optimization Strategies

# Problem Solving – Provider Reimbursement

## Value Based Reimbursement

Value Based Reimbursement is a broad category that includes different payment methodologies that represent a move away from Fee for service which rewards the quantity of care, but not the quality or efficiency of medical care.

These reimbursement methods are often times simpler to administer, and offer lower, more predictable costs for the employer/employee and is harder for providers to manipulate to their advantage.

Examples include:

- Accountable Care Organizations (ACO's)/Pay for Performance
- Bundled Pricing
- Reference Based Pricing
- Cash Pricing

# Problem Solving – Provider Reimbursement

## Bundled Pricing

Under the current FFS reimbursement system, a bill for any inpatient and outpatient procedure typically includes a line item of charges from various types of providers and services received for a particular episode of care.



# Problem Solving – Provider Reimbursement

## Bundled Pricing

Bundled Pricing is a payment methodology where providers are paid a pre-negotiated fixed fee for a service or surgical procedure that includes all costs associated with the procedure or episode of care (including facility costs, services, tests, drugs, devices, anesthesiologists, etc.).

### Advantages:

- Bundled pricing for episodes of care is typically less expensive than traditional Fee for Service reimbursements within a network model
- It shifts the risk to the Provider to ensure the entire episode of care is managed within the bundled price.
- It promotes higher quality of care as the facility/providers do not get paid additional money if there is a readmission or complication within a 30-90 day warranty period
- It's Transparent!

# Bundled Pricing Examples

## Client Claims Analysis - Savings Estimate by Procedure

| Procedures                                | Cases | Average Payments | SoCal Avg. Price | Price*   | \$ Savings per Procedure | % Savings  |
|---|-------|------------------|------------------|----------|--------------------------|------------|
| <b>Major Joint (Hip/Knee) Replacement</b> | 9     | \$56,285         | \$28,000         | \$23,100 | <b>\$33,185</b>          | <b>59%</b> |
| <b>Coronary Bypass</b>                    | 1     | \$129,450        | \$73,000         | \$49,500 | <b>\$79,950</b>          | <b>62%</b> |
| <b>Lumbar Spinal Fusion</b>               | 2     | \$47,238         | \$47,000         | \$39,600 | <b>\$7,638</b>           | <b>16%</b> |
| <b>Cervical Spinal Fusion</b>             | 2     | \$52,992         | \$34,000         | \$25,300 | <b>\$27,692</b>          | <b>52%</b> |

Price includes Pre-Op Evaluation, Hospital & Physician Fees, AND a Post-Op **30-Day Readmission Warranty**

**Total Savings**  
**\$449,275**  
 (for these four procedures only)



# Bundled Pricing Examples

**Bundled Pricing at ambulatory surgical centers can drive significant savings relative to what Hospital facilities are charging**

- Incent Employees to use select surgical centers with a \$0 Copay

## Bundled Pricing Savings Analysis using Client Claims Data

| DX/CPT Code | Description of Code            | Claim Count | Sum of Charge       | Cost Per Case with Carrier Network Discount | Bundled Pricing Vendor Rate | Savings per Procedure | % of Savings | Total Savings       |
|-------------|--------------------------------|-------------|---------------------|---|-----------------------------|-----------------------|--------------|---------------------|
| H6022       | Outer ear infection            | 1           | \$74,960.00         | \$74,960.00                                 | \$10,679.05                 | \$64,280.95           | 86%          | \$64,280.95         |
| Z01810      | Heart catheterization          | 1           | \$71,892.10         | \$71,892.10                                 | \$10,890.00                 | \$61,002.10           | 85%          | \$61,002.10         |
| M23.222     | Knee posterior medial meniscus | 1           | \$135,564.00        | \$135,564.00                                | \$27,450.10                 | \$108,113.90          | 80%          | \$108,113.90        |
| J343        | Hypertrophy nasal turbinate    | 1           | \$57,250.00         | \$57,250.00                                 | \$10,679.05                 | \$46,570.95           | 81%          | \$46,570.95         |
| M1711       | Knee osteoarthritis            | 3           | \$146,538.30        | \$48,846.10                                 | \$21,936.00                 | \$26,910.10           | 55%          | \$80,730.30         |
| N8500       | Endometrium                    | 1           | \$40,826.69         | \$40,826.69                                 | \$9,222.45                  | \$31,604.24           | 77%          | \$31,604.24         |
| 530.1       | Esophagitis                    | 1           | \$26,472.40         | \$26,472.40                                 | \$7,500.00                  | \$18,972.40           | 72%          | \$18,972.40         |
| M2012       | Hallux Valgus                  | 1           | \$38,013.61         | \$38,013.61                                 | \$8,226.03                  | \$29,787.58           | 78%          | \$29,787.58         |
| M5012       | Cervical disorder              | 1           | \$33,401.22         | \$33,401.22                                 | \$22,067.96                 | \$11,333.26           | 34%          | \$11,333.26         |
| M5116       | Intervertebral disc disorder   | 1           | \$63,000.80         | \$63,000.80                                 | \$37,563.30                 | \$25,437.50           | 40%          | \$25,437.50         |
| M5117       | Spine ACDF                     | 2           | \$126,359.75        | \$63,179.88                                 | \$38,825.00                 | \$24,354.88           | 39%          | \$48,709.75         |
| M160        | Hip arthroscopy                | 1           | \$40,820.30         | \$40,820.30                                 | \$24,225.00                 | \$16,595.30           | 41%          | \$16,595.30         |
|             | <b>Total</b>                   | <b>15</b>   | <b>\$855,099.17</b> |   |                             |                       | <b>64%</b>   | <b>\$543,138.23</b> |

## Problem Solving – Provider Reimbursement

### Reference Based Pricing

Reference Based Pricing is a provider reimbursement strategy designed to allow employers more control over what they will pay for healthcare services and does not rely on network discounts from Insurance Carriers.

**Example 1:** Employer maintains a provider network, but sets a pricing cap on the maximum amount that they will cover for certain medical services that have wide cost variations, such as knee and hip replacement surgery.

**Example 2:** The employer does not use a provider network and instead defines what they will pay for all services as a % of what Medicare pays. Example: reimbursement level is set at 140% of Medicare.

## Reference Based Pricing Examples

**Example:** CalPERS has proposed for 2018 to expand their reference pricing strategy to include 12 additional services and drive utilization out of hospitals to ASCs with the lower reference based reimbursement.

|  | Upper GI Endoscopy with Biopsy | Laparoscopic Gall Bladder Removal | Upper GI Endoscopy | Esophag oscopy | Sigmoido scopy | Hysteroscopy Uterine Tissue Sample (with Biopsy, with or without D&C) | Nasal/Sinus - Submucous Resection Inferior Turbinate | Tonsillectomy and/or Adenoidectomy, Under Age 12 | Nasal/Sinus - Corrective Surgery - Septoplasty | Lithotripsy - Fragmenting of Kidney Stones | Hernia Inguinal Repair (Age 5+, Non-Laparoscopic) | Repair of Laparoscopic Inguinal Hernia |
|--|--------------------------------|-----------------------------------|--------------------|----------------|----------------|---|--|--|--|--|---|--|
| <b>Ambulatory Surgery Center</b>                         |                                |                                   |                    |                |                |   |  |  |  |  |   |  |
| Highest Cost   | \$5,846                        | \$15,586                          | \$4,131            | \$4,247        | \$3,766        | \$7,277   | \$7,623  | \$7,638  | \$12,069                                       | \$14,267                                   | \$10,491  | \$13,557                               |
| Lowest Cost  | \$721                          | \$2,661                           | \$530              | \$1,079        | \$403          | \$1,398   | \$1,564  | \$1,550  | \$2,123  | \$3,916                                    | \$2,311   | \$1,942                                |
| <b>Outpatient Hospital Facility</b>                      |                                |                                   |                    |                |                |   |  |  |  |  |   |  |
| Highest Cost   | \$18,589                       | \$78,822                          | \$9,652            | \$9,030        | \$9,907        | \$60,818  | \$22,695   | \$20,990   | \$22,014                                       | \$25,759                                   | \$20,129  | \$43,612                               |
| Lowest Cost  | \$786                          | \$3,082                           | \$703              | \$1,786        | \$449          | \$1,601   | \$4,591  | \$1,934  | \$4,950  | \$3,734                                    | \$2,152   | \$3,924                                |
| Recommended Reference Price                              | \$2,000                        | \$5,000                           | \$1,500            | \$2,000        | \$1,000        | \$3,500   | \$3,000  | \$3,000  | \$3,500  | \$7,000                                    | \$5,500   | \$5,500                                |
| CalPERS Annual Projected Savings                         | \$608,102                      | \$560,857                         | \$109,775          | \$21,137       | \$24,683       | \$112,468   | \$108,900  | \$94,505   | \$125,637                                      | \$96,731                                   | \$99,711  | \$76,737                               |
| Estimated Annual Number of CalPERS Members Affected      | 880                            | 218                               | 138                | 38             | 39             | 136   | 56   | 64   | 72   | 63   | 82  | 60                                     |
| <b>TOTAL ANNUAL PROJECTED SAVINGS</b>                    |                                |                                   |                    |                |                |   |  |  |  |  |   | <b>\$2,039,242</b>                     |
| <b>TOTAL ESTIMATED ANNUAL NUMBER OF MEMBERS AFFECTED</b> |                                |                                   |                    |                |                |   |  |  |  |  |   | <b>1,846</b>                           |

## Reference Based Pricing Examples

**Example: Reference Based Pricing Savings Analysis using Client Claims Data (500 ee's) – Analysis assumes reimbursement at 140% of Medicare applied to 2017 claims**

|   | Carrier Network Reimbursement | RBP Reimbursement | Diff Carrier to RBP |                      |
|---|-------------------------------|-------------------|---------------------|----------------------|
|   | Composite PMPY                | Composite PMPY    | % Change            | Dollar Change        |
| <b>Total Billed Charges</b>                             | \$11,257.90                   | \$11,257.90       |                     |                      |
| Adjust for Trend  | 11.3%                         | 5.9%              |                     |                      |
| Adjust for Network Discounts                            | -50.8%                        | -57.3%            |                     |                      |
| <b>Total Allowed Charges</b>                            | \$7,336.58                    | \$6,028.82        |                     |                      |
| <b>Rx Allowed Charges</b>                               | (\$1,053.55)                  | (\$1,053.55)      |                     |                      |
| <b>Medical Allowed Charges</b>                          | \$6,283.02                    | \$4,975.27        |                     |                      |
| Adjust for deductible                                   | (116.25)                      | (114.79)          |                     |                      |
| Adjust for copays                                       | (164.53)                      | (163.78)          |                     |                      |
| Adjust for coinsurance                                  | (212.60)                      | (178.26)          |                     |                      |
| <b>Medical Plan Cost</b>                                | \$5,789.65                    | \$4,518.44        |                     |                      |
| Adjust for MOOP   | 119.07                        | 91.62             |                     |                      |
| <b>Total Plan cost prior to expenses and enrollment</b> | \$5,908.72                    | \$4,610.05        |                     |                      |
| <b>Number of Lives</b>                                  | 1336                          | 1336              |                     |                      |
| <b>Expenses</b>   | -                             | -                 |                     |                      |
| <b>Total annual cost</b>                                | \$7,894,000                   | \$6,158,998       | <b>-22.0%</b>       | <b>(\$1,735,002)</b> |

## Problem Solving – Provider Reimbursement

### Cash Pay Pricing

In the current healthcare system, Providers spend up to 30% of revenue on overhead related to billing and collection costs from insurance carriers. Additionally, providers may not get paid for services rendered for 30 – 90 days after the date of service. As a result, many providers are now willing to take less money than the insurance negotiated reimbursement amount for cash paid on the date of service.

There are vendors that offer a concierge service to self-funded employers that will negotiate cash prices with providers and help steer employees to the lower cost cash pricing option with \$\$ incentives.

# Cash Pricing Examples

## Cash Pay Pricing - Example

**Cash Price Savings Analysis - 2016 Plan Year Data (500 ee's)**

| Category         | Annual Count | High Price Point | Low Price Point | Avg. Price Point  | Avg. Cash Price Point | Estimated Per Case Savings | Estimated Annual Savings |
|------------------|--------------|------------------|-----------------|-------------------|-----------------------|----------------------------|--------------------------|
| Arthroscopies    | 2            | \$ 6,048         | \$ 5,689        | \$ 5,869          | \$ 3,375              | \$ 2,494                   | \$ 4,987                 |
| Diagnostic       | 2            | \$ 5,478         | \$ 3,362        | \$ 4,420          | \$ 1,500              | \$ 2,920                   | \$ 5,840                 |
| Eye              | 2            | \$ 15,398        | \$ 3,542        | \$ 9,470          | \$ 4,175              | \$ 5,295                   | \$ 10,590                |
| Gastroenterology | 27           | \$ 7,407         | \$ 924          | \$ 3,031          | \$ 1,444              | \$ 1,587                   | \$ 42,850                |
| General Surgery  | 14           | \$ 19,442        | \$ 1,949        | \$ 8,103          | \$ 4,264              | \$ 3,838                   | \$ 53,738                |
| Gynecological    | 2            | \$ 13,220        | \$ 5,372        | \$ 9,296          | \$ 6,225              | \$ 3,071                   | \$ 6,142                 |
| Labor & Delivery | 5            | \$ 36,341        | \$ 11,290       | \$ 19,127         | \$ 9,600              | \$ 9,527                   | \$ 47,634                |
| Orthopedic       | 5            | \$ 95,551        | \$ 8,174        | \$ 35,977         | \$ 16,700             | \$ 19,277                  | \$ 96,385                |
| Spinal           | 3            | \$ 66,864        | \$ 38,549       | \$ 50,973         | \$ 37,167             | \$ 13,806                  | \$ 41,419                |
| <b>Total</b>     | <b>62</b>    |                  |                 | <b>\$ 681,828</b> | <b>\$ 372,235</b>     |                            | <b>\$ 309,585</b>        |

- **Cash Price analysis indicates up to 55% savings relative to traditional network discount prices**
- **This analysis doesn't reflect that this vendor requires a portion of the savings (to be determined by the employer) be shared with employees to incent utilization**

# Problem Solving – Network Optimization

## Attack Network Waste with steering tools and concierge support

**Healthcare is shoppable when Employees have the right Tools and Incentives.**

**Ex. A concierge price transparency service with \$\$ incentives to steer employees to lower cost/high quality providers.**

- Incentive: When employees choose lower cost providers in a network, share a % of savings with them

| Potential Savings by Service (Savings represent an annual projection) |                 |                |     |                                  |     |   |                     |
|---|-----------------|----------------|-----|----------------------------------|-----|---|---------------------|
| Procedure   | Number of Cases | Low Cost Cases | %   | Cases with Potential to Redirect | %   | Potential Savings Range<br>5 %<br>Redirection | 20 %<br>Redirection |
| Cataract Removal  | 86              | 7              | 8%  | 79                               | 92% | \$6,554                                       | \$26,216            |
| Colonoscopy   | 279             | 9              | 3%  | 270                              | 97% | \$18,547                                      | \$74,190            |
| CT Scan   | 566             | 19             | 3%  | 547                              | 97% | \$15,936                                      | \$63,745            |
| Knee Surgery  | 74              | 6              | 8%  | 68                               | 92% | \$9,385                                       | \$37,541            |
| Mammogram   | 820             | 23             | 2%  | 797                              | 98% | \$2,494                                       | \$9,977             |
| MRI   | 542             | 14             | 2%  | 528                              | 98% | \$22,966                                      | \$91,864            |
| Shoulder Surgery  | 46              | 6              | 13% | 40                               | 87% | \$9,665                                       | \$38,659            |
| Ultrasound  | 548             | 15             | 2%  | 533                              | 98% | \$6,115                                       | \$24,458            |
| Upper GI  | 123             | 12             | 9%  | 111                              | 91% | \$8,220                                       | \$32,881            |
| <b>Totals</b>   | <b>3,084</b>    | <b>111</b>     |     | <b>2,973</b>                     |     | <b>\$99,883</b>                               | <b>\$399,530</b>    |

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# Small to Mid-Sized Employer Strategies



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## Group Size

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Offering cost effective health insurance offerings can be challenging for small businesses with less than 100 employees and mid-sized employers with 100-300 employees.

- The small to mid-sized group market typically offers plan designs that are not flexible or customizable
- Small Group rates may be individually age rated for groups up to 100 lives which can be very expensive for older employers with families
- Claims experience is typically not available
- Carrier margins are much higher in small group plans vs. large group plans
- Renewals are based on experience of carrier's small group book of business which can result in volatile renewal increases

There are a few alternative purchasing solutions that could be beneficial to the small to mid sized employer.

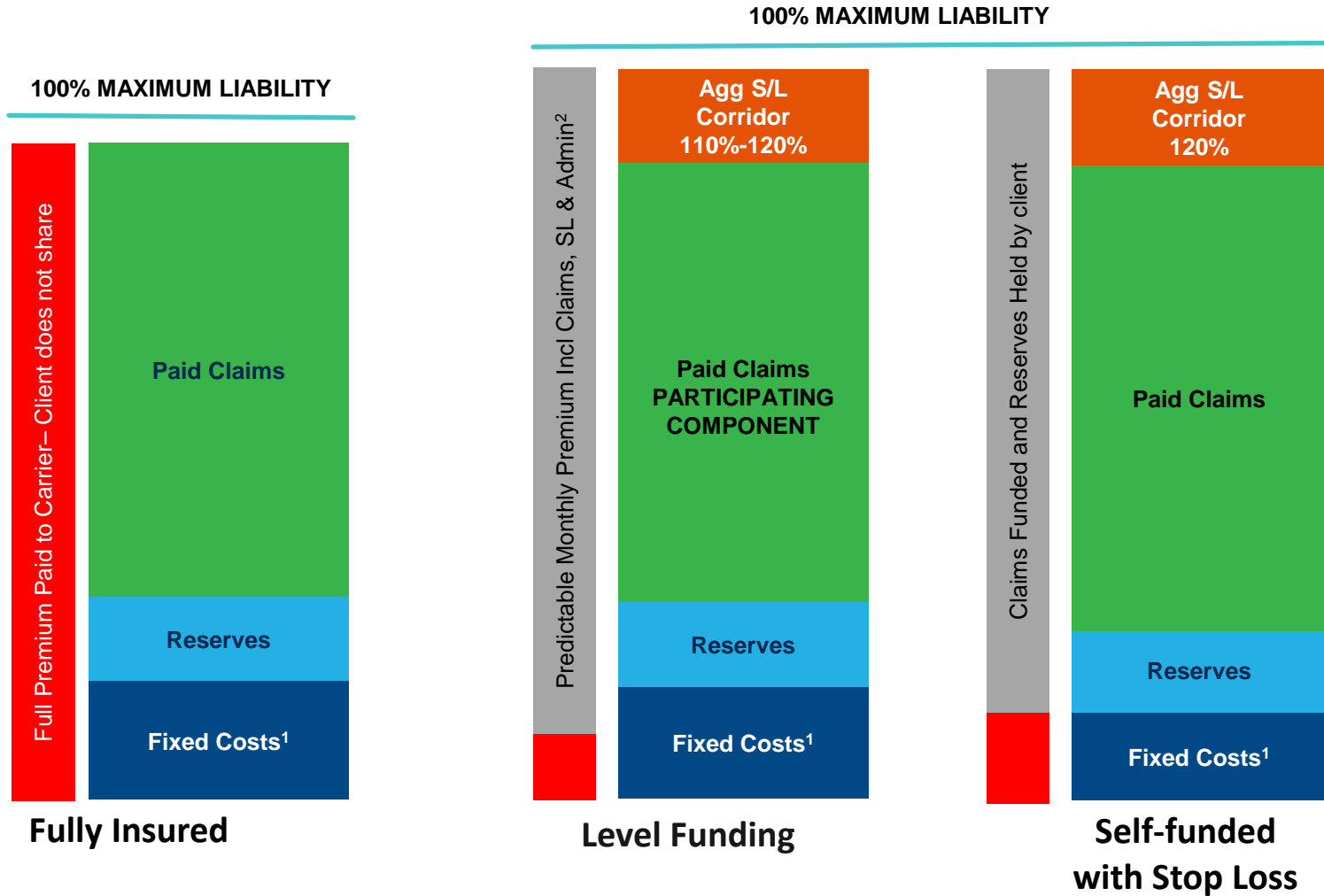


# Level Funding

## Alternative Funding Options

- While long thought to be reserved for large employers, small to mid-sized employers can also benefit from alternative funding approaches.
- Funding Types
  - Insured – transfer all risk to the carrier
    - No data on claims performance; renewals based on carrier’s small group block of business
  - Self-insured – employer retains claims risk and purchases Individual Stop Loss insurance for protection against large catastrophic claims (and sometime aggregate Stop Loss to cap maximum claim exposure in any given year)
    - Only pay for claims as they are incurred; employer holds reserves for run-out
  - Partially Self-Insured (Hybrid) – looks and feels like an insured plan as employer pays fixed monthly premium. If claims experience is better than expected, employer receives a % of the surplus back.

# Various Funding Examples



1. Fixed costs consist of expenses, taxes, pooling/stop loss, network access fees, etc. No Premium Tax for Self Funded resulting in lower fixed costs..
2. Predictable monthly payment includes stop-loss premium, administrative fees and claims funding. Potential to share in savings.

# Benefits of Level Funding

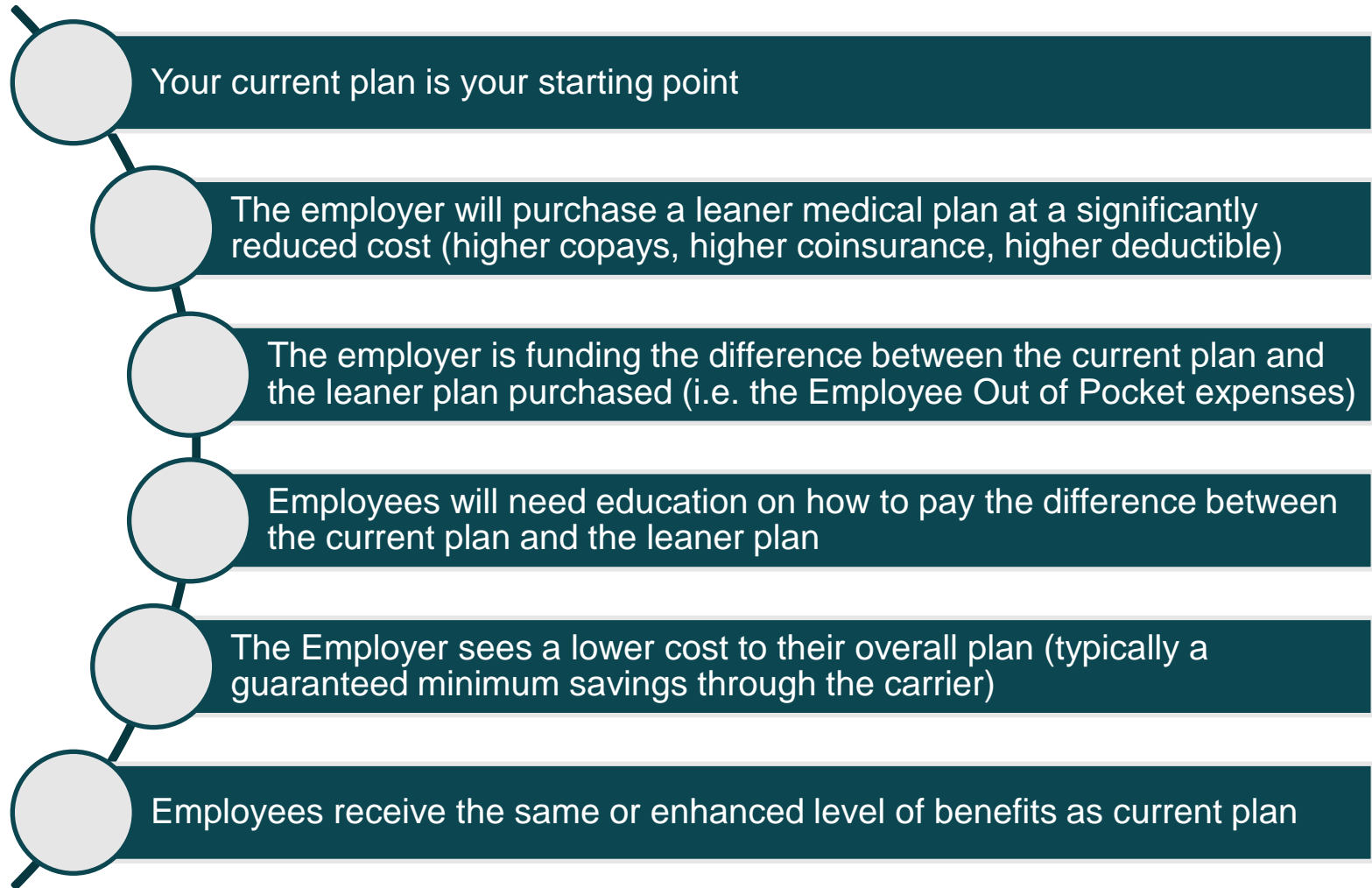
|   | LEVEL FUNDING  |
|---|--|
| Insurance protection                      | Individual and Aggregate Stop Loss included  |
| Monthly payment                           | Predictable monthly payment includes stop-loss premium, administrative fees and claims funding |
| Aggregate Claims protection               | Can set limit of maximum liability to 110%–120% of expected claims                             |
| Reporting access                          | Employer specific claims/utilization   |
| Participation in potential claims savings | Yes  |
| Reserves/terminals                        | Included   |

## Who is this is a good fit for?

- Small/mid-sized, insured employers that want to pay based on their actual expenses
- Employers looking for a gateway to true self-funding
- Creates opportunity for greater cost containment/plan creativity

# Gap Funding

# Gap Funding Basics



# Gap Funding Illustration

| BENEFIT CATEGORY      | CURRENT PLAN DESIGNS |                 |                 | REVISED PLAN DESIGNS |                |             | FINAL GAP PLAN DESIGN |                 |                 |
|-----------------------|----------------------|-----------------|-----------------|----------------------|----------------|-------------|-----------------------|-----------------|-----------------|
| Carrier               | Anthem               | Anthem          | Kaiser          | Anthem               | Anthem         | Kaiser      | Anthem                | Anthem          | Kaiser          |
| Plan Option           | PPO                  | HMO             | HMO             | PPO                  | HMO            | HMO         | PPO                   | HMO             | HMO             |
| Network               | Select               | Advantage       | Kaiser          | Select               | Advantage      | Kaiser      | Select                | Advantage       | Kaiser          |
| Primary Care Copay    | \$20                 | \$15            | \$20            | \$25                 | \$30           | \$40        | \$20                  | \$0             | \$20            |
| Specialist Copay      | \$40                 | \$20            | \$40            | \$25                 | \$50           | \$40        | \$20                  | \$20            | \$20            |
| <b>IN NETWORK</b>     |                      |                 |                 |                      |                |             |                       |                 |                 |
| ER Copay              | \$100+COINS          | \$100           | \$100           | \$150+COINS          | \$250+COINS    | DED+COINS   | \$100+COIN            | \$100           | \$100           |
| INN Deductible        | \$500                | \$0             | \$0             | \$2,500              | \$3,000        | \$3,500     | \$500                 | \$0             | \$0             |
| INN Coinsurance       | 10%                  | 0%              | 0%              | 20%                  | 30%            | 30%         | 20%                   | 0%              | 0%              |
| INN OOP Max           | \$1,800              | NA              | NA              | \$3,850              | \$3,400        | \$2,950     | \$1,800               | NA              | NA              |
| INN Hospital /Surgery | DED & COINS          | \$250IP-\$100OP | \$250IP-\$100OP | DED & COINS          | DED & COINS    | DED & COINS | DED & COINS           | \$250IP-\$100OP | \$250IP-\$100OP |
| <b>OUT OF NETWORK</b> |                      |                 |                 |                      |                |             |                       |                 |                 |
| OON Deductible        | \$1,500              | NA              | NA              | \$7,500              | NA             | NA          | \$1,500               | NA              | NA              |
| OON Coinsurance       | 30%                  | NA              | NA              | 50%                  | NA             | NA          | 50%                   | NA              | NA              |
| OON OOP Max           | \$5,000              | NA              | NA              | \$11,550             | NA             | NA          | \$5,000               | NA              | NA              |
| <b>PRESCRIPTION</b>   |                      |                 |                 |                      |                |             |                       |                 |                 |
| Rx Deductible         | \$0                  | \$0             | \$0             | \$0                  | \$0            | \$0         | \$0                   | \$0             | \$0             |
| Rx Copays             | \$15/\$35/\$60       | \$15/\$35/\$60  | \$15/\$35       | \$15/\$35/\$60       | \$15/\$35/\$60 | \$10/\$30   | \$15/\$35/\$60        | \$15/\$35/\$60  | \$10/\$30       |

| Rate Tier    | Option |       |       | CURRENT RATES |         |         | GAP BASE RATES |         |         | FINAL PEPM RATES |         |         |
|--------------|--------|-------|-------|---------------|---------|---------|----------------|---------|---------|------------------|---------|---------|
|              | PPO    | A-HMO | K-HMO | PPO           | A-HMO   | K-HMO   | PPO            | A-HMO   | K-HMO   | PPO              | A-HMO   | K-HMO   |
| EE           | 45     | 82    | 124   | \$932         | \$618   | \$536   | \$736          | \$482   | \$423   | \$835            | \$547   | \$480   |
| EE + 1       | 33     | 51    | 62    | \$1,957       | \$1,299 | \$1,125 | \$1,546        | \$1,013 | \$889   | \$1,754          | \$1,149 | \$1,008 |
| EEF          | 18     | 71    | 75    | \$2,796       | \$1,855 | \$1,607 | \$2,209        | \$1,447 | \$1,270 | \$2,505          | \$1,641 | \$1,440 |
| Annual Costs | 96     | 204   | 261   | \$7,946,616   |         |         | \$6,247,991    |         |         | \$7,086,670      |         |         |
| Renewal      | 561    |       |       | 0%            |         |         | -21.4%         |         |         | -10.8%           |         |         |

The benefit analysis is for ILLUSTRATIVE purposes only



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## Gap Funding - How It Works

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Gap Funding contains a medical reimbursement feature that integrates with an employee's health plan to help pay for some or all of the out-of-pocket expenses that they incur under their health plan.

### **There are 2 main components of the Program:**

**Credit Card:** Employees will use at point-of-service to pay a portion of their Office Visit, Emergency Room Visit, and/or Prescriptions Copays.

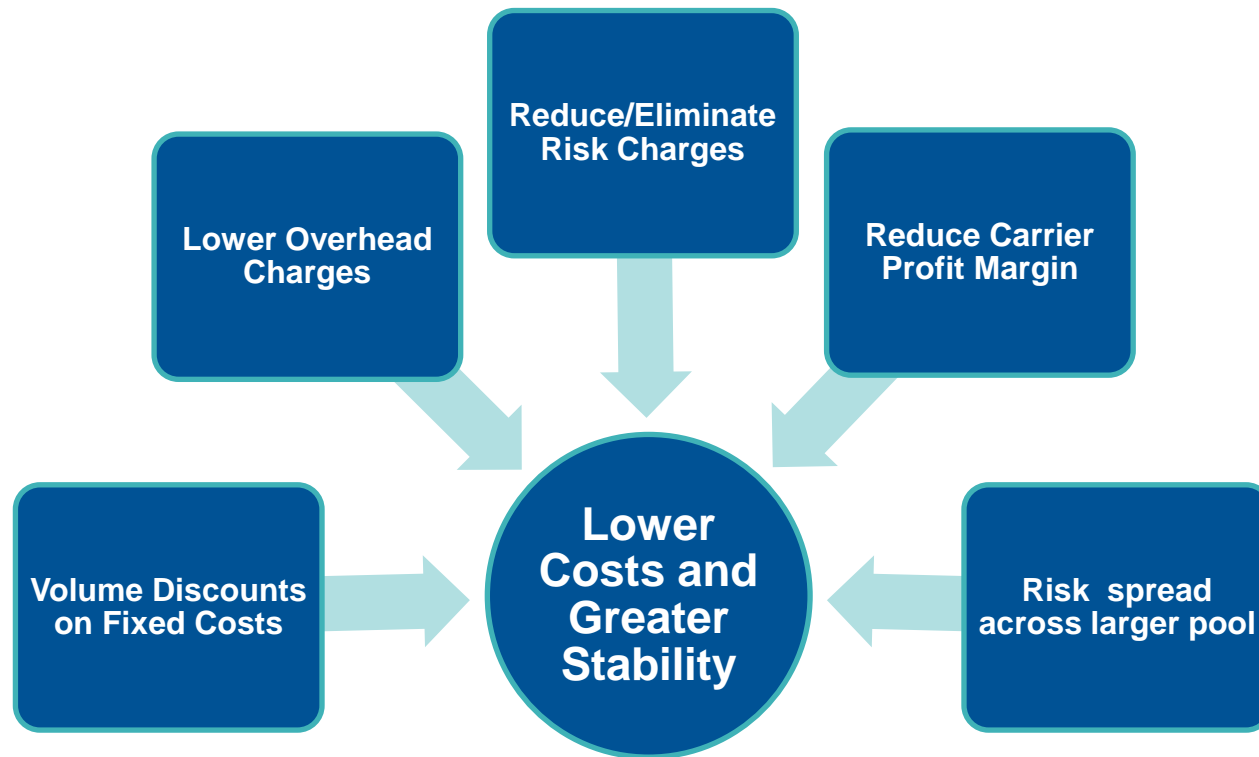
**Manual Claim Submissions:** Employees will submit their out of pocket deductible & coinsurance expenses for reimbursement

# Other Options for Small Business

## Other Purchasing Options

### Self-Funded Group Purchase Options

- Industry Specific Purchasing Pool, Coalitions, Captives
- Association Health Plans
- Purchasing CO-OP's
- Private Health Exchanges



# Financial Executives International Benefits Program



## About FEI

As a member of Financial Executives International (FEI) you have access to an improved employee benefits program for your company that provides significant advantages for you and your employees.

FEI's Employee Benefits Program offers premium savings, plan design flexibility, contract enhancements, and national account service levels. This program is offered through our partnership with Lincoln Financial and Alliant Insurance Services, the nation's largest specialty insurance brokerage firm.

The FEI Employee Benefits Program is broker friendly, and partners with our member's broker to help develop a proposal that will meet the needs of their clients.

Contact our FEI Employee Benefits Team at:

[affinity@financialexecutives.org](mailto:affinity@financialexecutives.org) or 1.855.899.4646.

## Basic Life & Disability Program Premium Savings

| Eligible Lives              | Discount                             |
|-----------------------------|--------------------------------------|
| 25 - 199 Eligible Employees | 15% savings on renewal/current rates |
| 200 Eligible Employees      | 10% savings on renewal/current rates |

## Dental

Our PPO dental program offers access points with over 440,000 access points and over 108,000 unique providers nationwide.

## Premium Holiday

Lincoln Financial is offering a one-time, 1 month premium holiday on employer paid Life and LTD premium. This premium holiday will be reflected as an implementation credit for groups with over 200 eligible lives.

## Vision

Our vision program provides employees with comprehensive insurance — not just a discount program. It includes a national network of more than 72,000 access points and over 100 leading retail chains nationwide.

The background of the slide is a complex, abstract pattern of overlapping teal and dark teal geometric shapes, primarily triangles and polygons, creating a sense of depth and movement. The colors range from a light, bright teal to a very dark, almost blackish-teal. The shapes are arranged in a way that they appear to be layered, with some shapes in the foreground and others receding into the background.

Closing

# Alliant Overview

## COMPANY



### NATIONAL

Leverage & buying power



### \$1 BILLION+

Annual revenue



### 2,700+

Employees in over

**90 OFFICES**

## PEOPLE



### PROFESSIONAL

- + Expertise
- + Skills aligned with client needs



### CONSULTANCY

Full spectrum of employee benefits delivery and administration

## APPROACH



### INNOVATIVE

Creative solutions to complex challenges



### STRATEGIC

Analysis and insight



### TAILORED

Programs built around best outcomes for employees



Service

Expertise

Solutions

## Additional Educational Resources

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**Better results are possible. Here are a additional resources:**

1. **Read: 10 Myths about Healthcare and Health Insurance**

[www.reconstructinghealthcare.com/resources/](http://www.reconstructinghealthcare.com/resources/)

2. **Listen: The Reconstructing Healthcare Podcast - for non-traditional strategies to lower healthcare costs. (available on Itunes, GooglePlay, Stitcher)**

[www.reconstructinghealthcare.com](http://www.reconstructinghealthcare.com)

3. **Benchmark: Download the Health Insurance Innovation Scorecard to see how your health plan stacks up**

[www.reconstructinghealthcare.com/resources/](http://www.reconstructinghealthcare.com/resources/)