

A photograph of a diverse group of business professionals in an office setting, celebrating with a high-five. The image is overlaid with a semi-transparent teal and blue geometric pattern.

Alera Group Healthcare and Risk Mitigation Strategies

March 13, 2025





Goals for Today

- Overview of Today's Healthcare Marketplace
- Areas of Opportunities for Colleges
- Establish Next Steps for Further Understanding

Alera Advantage

National Scope. Local Service.

Meet Alera Group

190+

Offices

4,200+

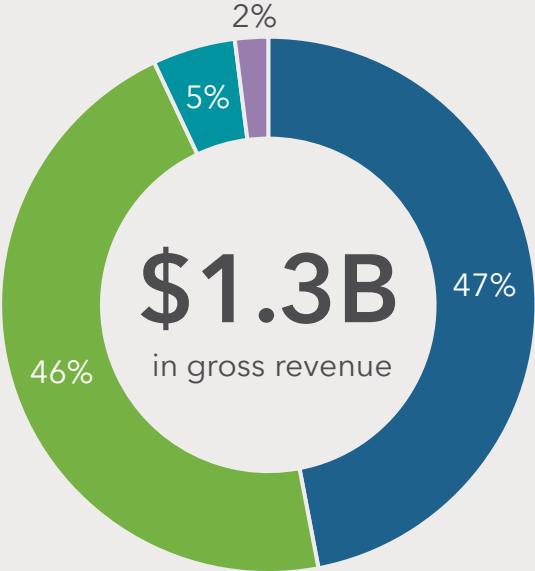
Employees

16th

Largest Broker in the United States

“Top 100 Brokers of U.S. Business”

BY BUSINESS INSURANCE | July / August 2023



REVENUE DISTRIBUTION

- Property and Casualty
- Employee Benefits
- Wealth and Retirement Plan Services
- Human Capital Management



Expertise and Capabilities

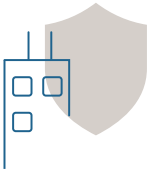
What We Offer



EMPLOYEE BENEFITS



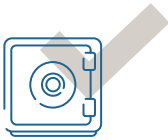
- Optimized Solutions
- Personal Partnerships
- National Collaboration
- Benefits solutions for all stages of business



PROPERTY & CASUALTY



- Workers' Compensation
- Cyber Liability
- Property Coverage
- General Liability
- Product Liability
- Auto Liability
- Umbrella Liability
- Directors & Officers Liability
- Environmental



WEALTH SERVICES



- Investment Management
- Financial Planning
- Insurance
- Executive Benefits



RETIREMENT PLAN SERVICES



- Our Key Goals**
- Satisfy Fiduciary Responsibilities
 - Improve Outcomes
 - Maximize the Value of Retirement Plans
 - Benchmarking Fees
 - **Fiduciary Services**
 - **Consulting Services**

The Problem

The Problem:

Healthcare Costs Outpace Wages



NOTE: Average general annual deductibles are for single coverage and are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

SOURCE: KFF Employer Health Benefits Survey, 2018-2020; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2010-2020; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2010-2020.

The Problem:

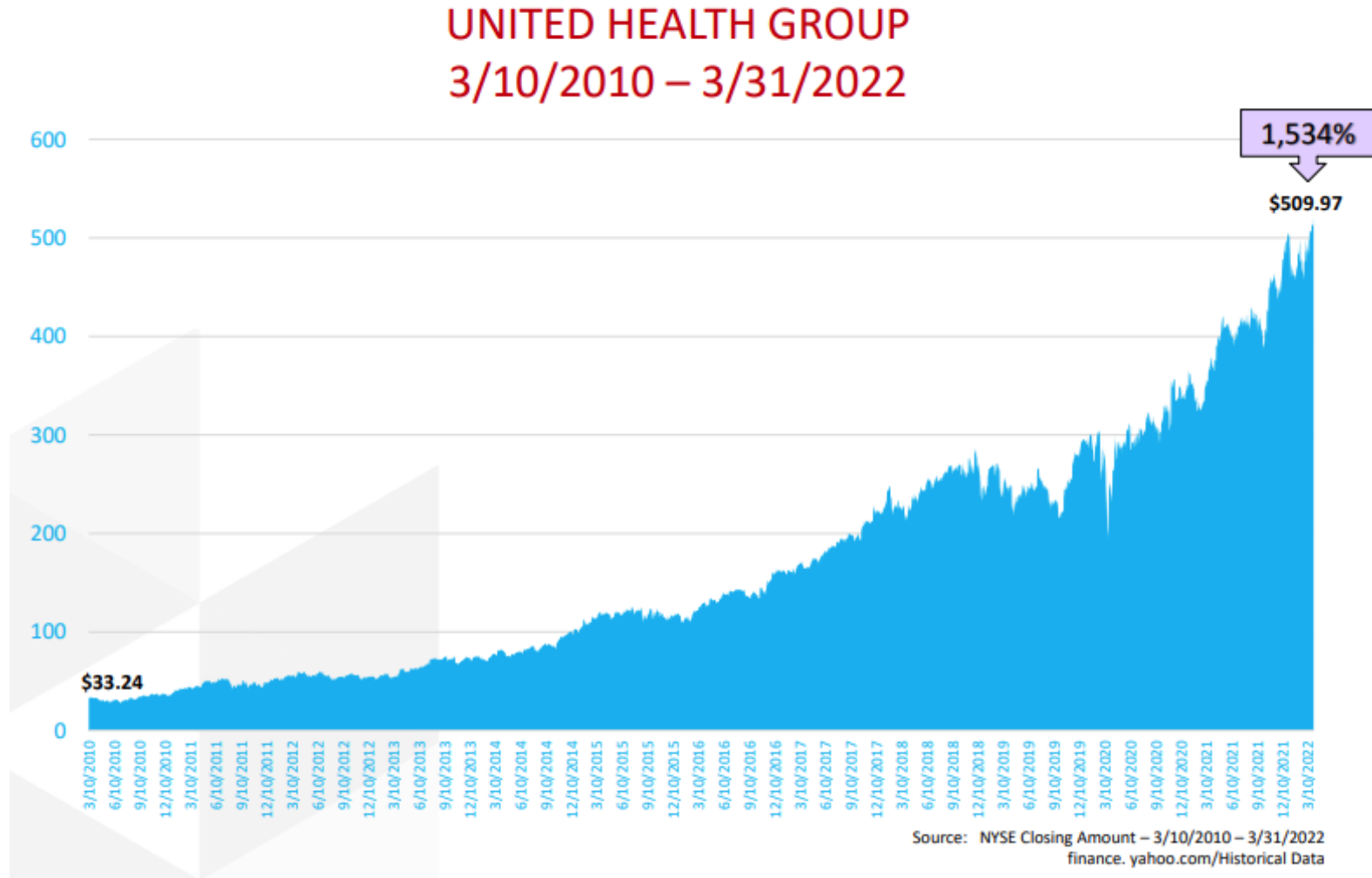
Does Your Current Structure Allow you to be a Good Fiduciary?

- You are a fiduciary for your Healthcare Program
 - Health Plan sponsors have a legal obligation to operate in the best interests of plan participants as spelled out by the Employee Retirement Income Act of 1974 (ERISA)
- Fiduciaries who fail to meet these standards may be held personally liable to restore any losses to the plan that are caused by their actions
- If you are currently a Fully Insured employer, it is challenging for you to meet your fiduciary obligation under ERISA



The Problem:

Wall Street or Your Street?



A close-up photograph of a person's hands. One hand holds a blue and silver pen, pointing towards a laptop screen. The other hand is resting on the laptop keyboard. The background is blurred, showing what appears to be an office or meeting room setting.

Problems with Current Model (Fully Insured)

- **Limited optics on Health Care plan performance**
 - “We can’t share that information with you because of HIPPA”
 - You can’t manage what you don’t measure
- **Insurance Carrier math**
 - Start with a 25% renewal and end up with a 12% renewal
 - Chasing a rate and not managing risk

Manage Risk, Don't Chase Rates

Build A Program Using the Best of the Best

- Moving to an **unbundled** platform for plan management allows you select the best in class of each individual part of a program:
 - **Network** of Doctors and Hospitals
 - **Claims Administrator** (Insurance Company or Independent TPA)
 - **Independent Pharmacy Manager**
 - **Independent Reinsurance** (Stop Loss)

Why leave Fully Insured

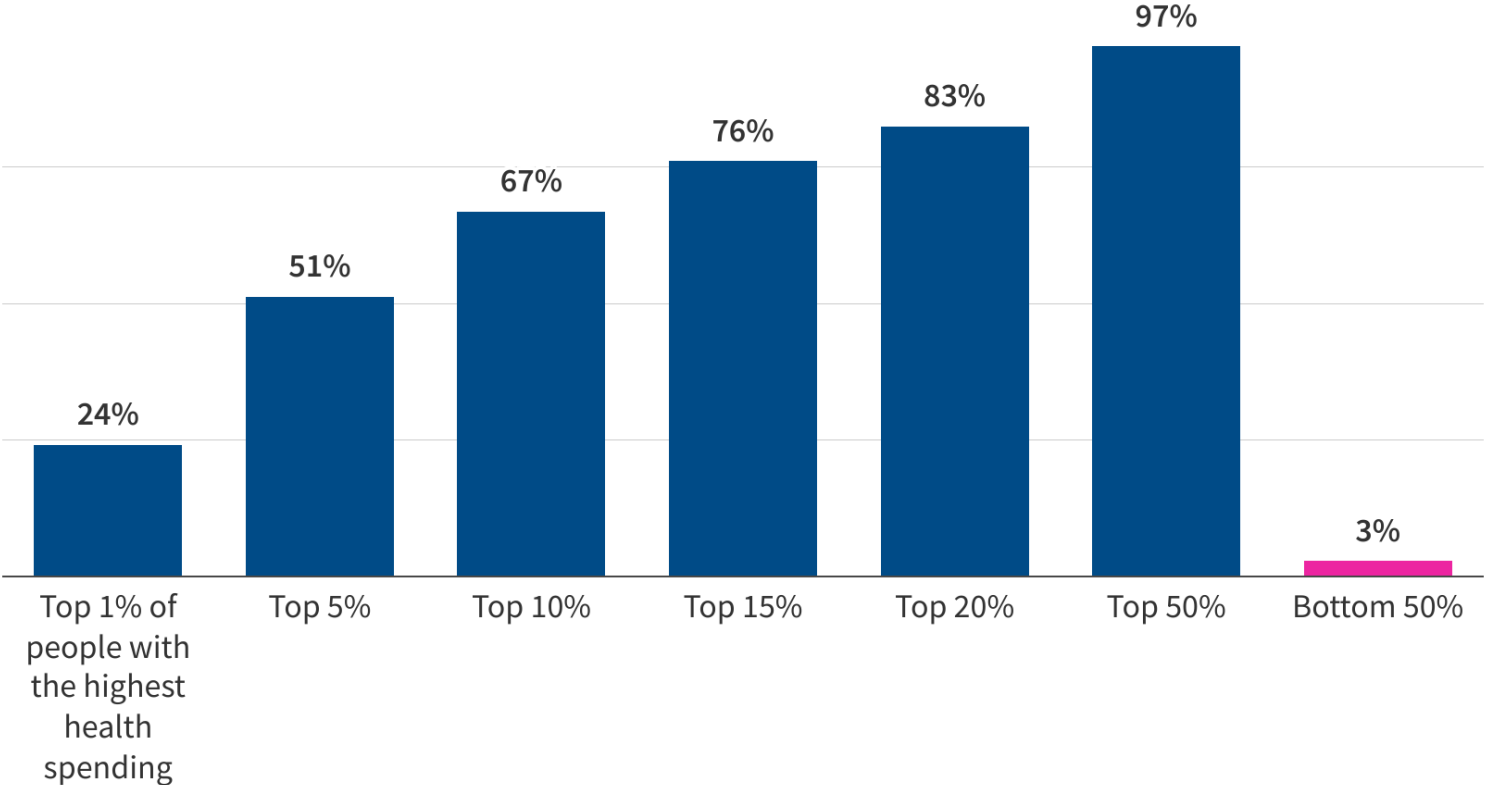
Self-Funding for greater efficiency...

Why Health4Edu was built...

High-Cost Claimants: Impact on Plan Spend

Figure 9

Share of Total and Out-of-Pocket Health Spending, by Percentile, 2021



Source: KFF analysis of 2021 Medical Expenditure Panel Survey data

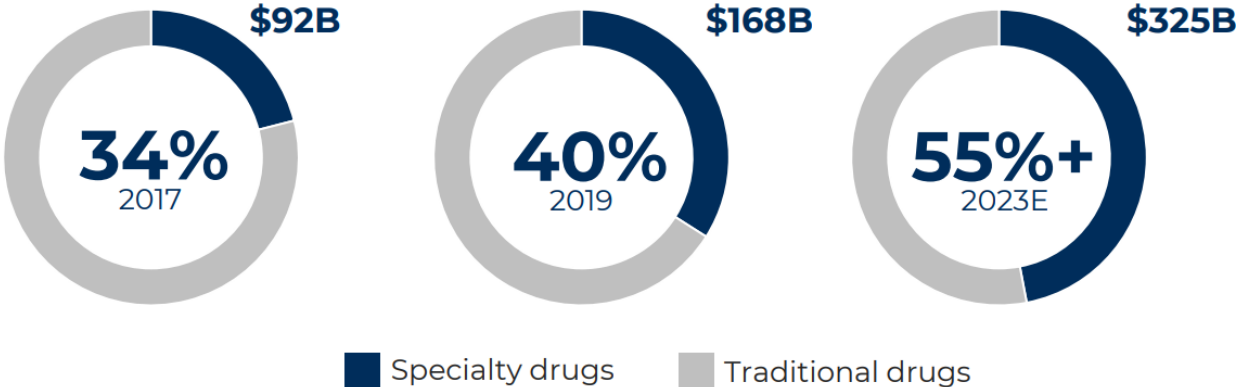
Self-funding Efficiency

- Fixed expense advantage ----- 8-10%
- Rebate Advantage on Pass thru ----- 3-6%
- Trend Advantage ----- 2-3%

- Downside? Assumption of Risk

Industry Trends

Specialty will continue to drive pharmacy industry growth

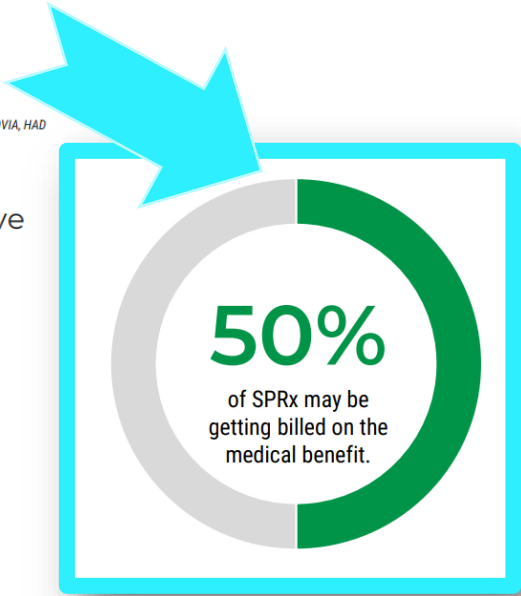


Source: compilation of data from: Drug Channels 2017-18 Economic Report on Pharmaceutical Wholesalers and Specialty Distributors, 2017 Barclay's US Healthcare Distribution Model, IQVIA, HAD Research Foundation, ESI 2020 Drug Trend Report, Specialty Pharmacy Times, and internal data at AscendPBM

Higher utilization, aided by newer therapies and indication expansion helped drive trend in addition to new drugs for rare conditions will drive specialty trends.



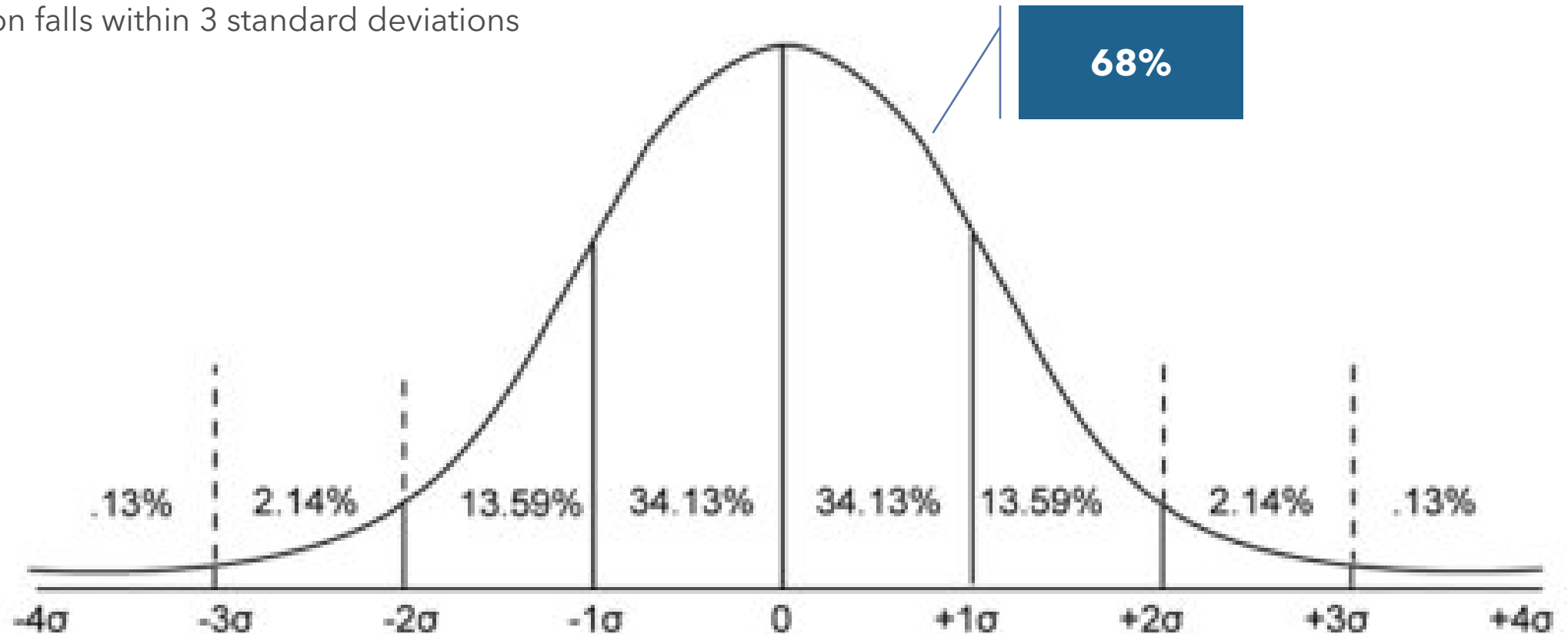
2030
There could be 60 marketed cell and gene therapies treating about 50,000 patients per year.



2/3 OF THE **600 DRUGS TO WIN** FDA APPROVAL IN 2022 **ARE SPECIALTY MEDICATIONS**

Normal Distributions

- 68% expectation falls within 1 standard deviation
- 95% expectation falls within 2 standard deviations
- 99.7% expectation falls within 3 standard deviations



Volatility Statistics – Stop Loss vs. EmCap

	Start	End	Specific Premium Rate Changes (Effective)					
Renewal Date Range	1/1/2020	1/1/2024	Values			Relativity		
Deductible Range	\$25,000	\$550,000	ESL	EmCap	Hamilton	EmCap vs ESL	Hamilton vs ESL	Hamilton vs EmCap
Average			15.5%	11.6%	15.3%	74.4%	98.2%	132.0%
Standard Deviation			19.0%	16.2%	17.7%	85.1%	93.0%	109.4%
Coeff. of Variation			122.3%	139.9%	115.9%	114.4%	94.8%	82.8%
Average Deviation			13.9%	8.0%	11.8%	57.2%	84.7%	148.1%
Policy Count			542	2,673	175			
Captive Selection	Hamilton							
Deductible Range - \$25K - \$550K								
Percentiles	10%		10th Percentile	(0.9%)	0.9%	2.6%		
	50%		50th Percentile	10.0%	9.0%	10.0%		
	75%		75th Percentile	22.3%	14.3%	17.7%		
	90%		90th Percentile	42.5%	23.4%	32.3%		
	95%		95th Percentile	54.4%	32.7%	57.8%		

Chart Series 1	ESL
Chart Series 2	EmCap

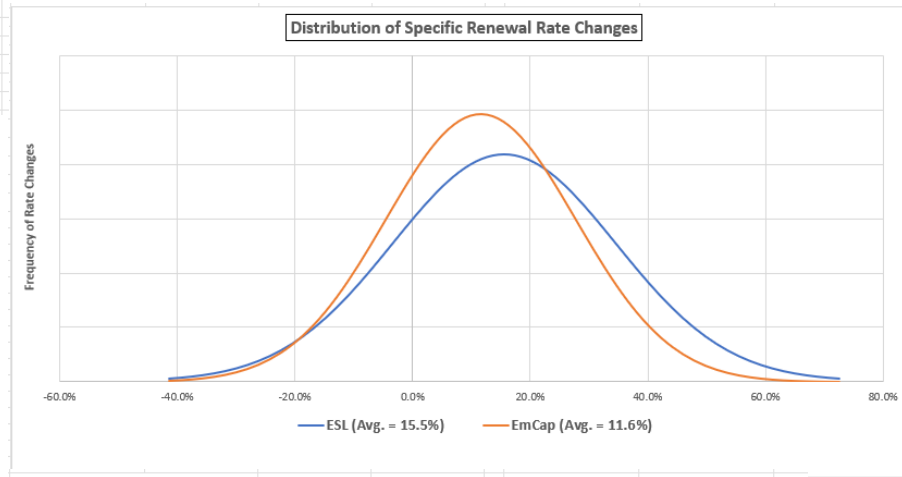


Table %'s	75%
	90%
	95%

Based on a normal distribution:

- 75% of the time, the specific renewal rate change is less than 22.5% for EmCap and 28.4% for ESL.
- 90% of the time, the specific renewal rate change is less than 32.3% for EmCap and 39.9% for ESL.
- 95% of the time, the specific renewal rate change is less than 38.2% for EmCap and 46.8% for ESL.

Reflects actual renewal increases for policies with renewal dates from 1/1/20-1/1/24 and specific deductibles between \$25K-\$550K.

	Start	End
Renewal Date Range	1/1/2019	1/1/2024
Deductible Range	\$125,000	\$150,000

Captive Selection	Healthy NFPs
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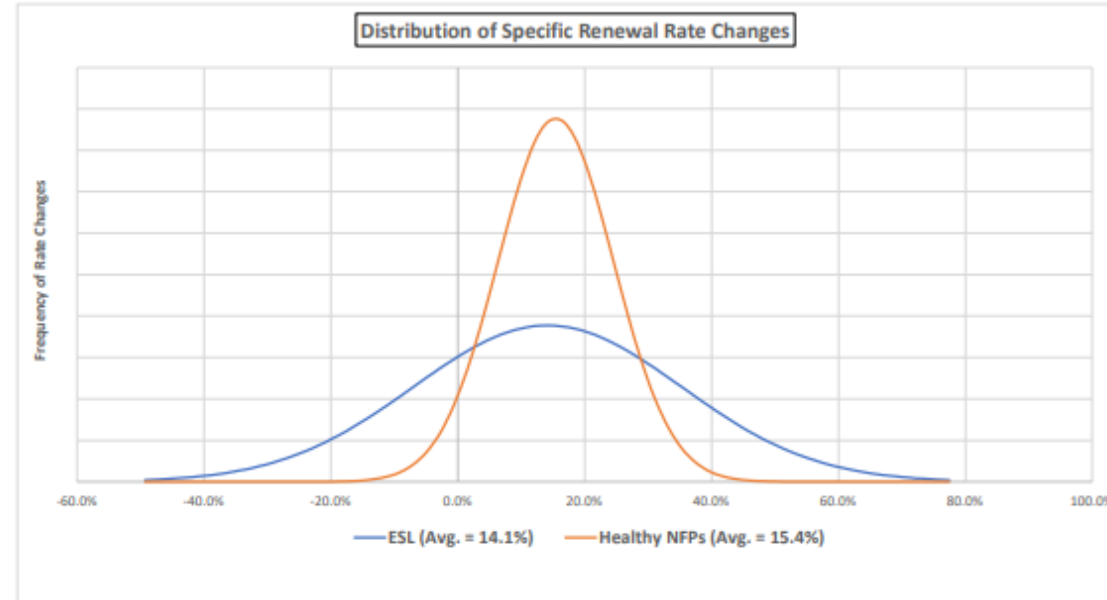
Deductible Range - \$125K - \$150K

Percentiles	
	10%
	25%
	50%
	75%
	90%

Chart Series 1	ESL
Chart Series 2	Healthy NFPs

Table %'s	
	75%
	90%
	95%

	Specific Premium Rate Changes (Effective)					
	Values			Relativity		
	ESL	EmCap	Healthy NFPs	EmCap vs ESL	Healthy NFPs vs ESL	Healthy NFPs vs EmCap
Average	14.1%	12.1%	15.4%	85.8%	109.2%	127.3%
Standard Deviation	21.1%	13.8%	9.1%	65.4%	43.1%	65.8%
Coeff. of Variation	149.5%	114.0%	58.9%	76.2%	39.4%	51.7%
Average Deviation	13.9%	8.5%	6.7%	60.7%	48.3%	79.6%
Policy Count	115	428	29			
10th Percentile	(1.7%)	0.6%	7.5%			
25th Percentile	2.7%	5.6%	9.5%			
50th Percentile	7.6%	9.5%	14.4%			
75th Percentile	18.5%	15.4%	19.1%			
90th Percentile	39.6%	26.5%	26.4%			



Based on a normal distribution:

- 75% of the time, the specific renewal rate change is less than 21.6% for Healthy NFPs and 28.4% for ESL.
- 90% of the time, the specific renewal rate change is less than 27.1% for Healthy NFPs and 41.2% for ESL.
- 95% of the time, the specific renewal rate change is less than 30.4% for Healthy NFPs and 48.9% for ESL.

Reflects actual renewal increases for policies with renewal dates from 1/1/19-1/1/24 and specific deductibles between \$125K-\$150K.

Volatility Analysis

	Start	End
Renewal Date Range	1/1/2015	1/1/2024
Deductible Range	\$75,000	\$350,000

Captive Selection	Health4Edu
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Deductible Range - \$75K - \$350K

Percentiles	
	10%
	25%
	50%
	75%
	90%

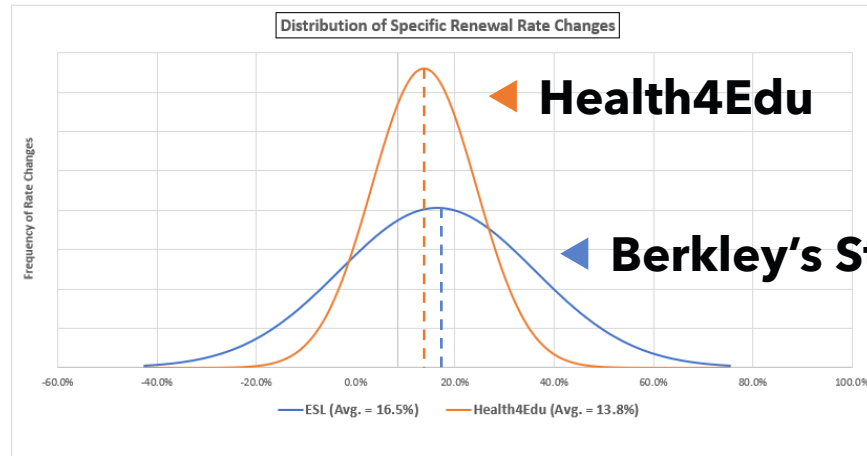
Chart Series 1	ESL
Chart Series 2	Health4Edu

Table %'s	75%
	90%
	95%

	Specific Premium Rate Changes (Effective)		
	Values		
	ESL	EmCap	Health4Edu
Average	16.5%	12.4%	13.8%
Standard Deviation	19.7%	18.0%	10.5%
Coeff. of Variation	119.5%	144.8%	76.1%
Average Deviation	13.4%	8.7%	6.3%
Policy Count	922	1,988	78

	Relativity		
	EmCap vs ESL	Health4Edu vs ESL	Health4Edu vs EmCap
Average	75.5%	83.9%	111.1%
Standard Deviation	91.5%	53.5%	58.4%
Coeff. of Variation	121.2%	63.7%	52.6%
Average Deviation	64.8%	47.0%	72.5%

10th Percentile	0.0%	1.8%	5.0%
25th Percentile	5.0%	5.6%	8.5%
50th Percentile	10.9%	9.3%	11.0%
75th Percentile	21.5%	15.0%	17.0%
90th Percentile	42.6%	25.8%	21.8%



Based on a normal distribution:

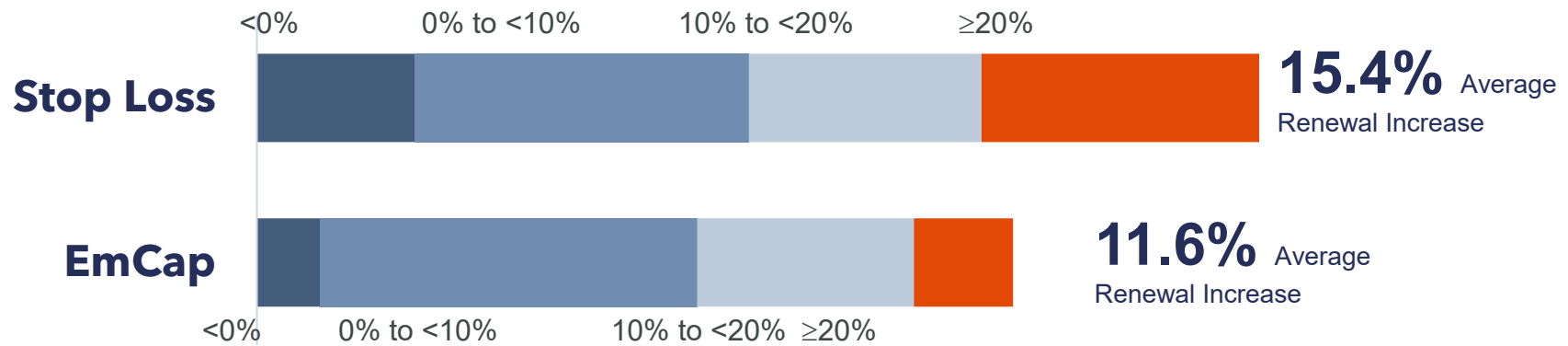
- 75% of the time, the specific renewal rate change is less than 20.9% for Health4Edu and 29.7% for ESL.
- 90% of the time, the specific renewal rate change is less than 27.3% for Health4Edu and 41.7% for ESL.
- 95% of the time, the specific renewal rate change is less than 31.1% for Health4Edu and 48.8% for ESL.

Reflects actual renewal increases for policies with renewal dates from 1/1/15-1/1/24 and specific deductibles between \$75K-\$350K.

Proprietary and confidential. All rights reserved.

Lower Stop Loss Rate Volatility

Average rate increases for EmCap members are lower and less volatile



20

Specific Stop Loss renewal increases for policyholders in an EmCap program vs. those not in an EmCap program, from 1/1/20 to 1/1/24.

What is Health4Edu?

In 2014 Colgate University, Hamilton College, St. Lawrence University, and Hobart and William Smith Colleges established a group captive to leverage their collective size and drive the best possible pricing and performance from their benefit plans.

The program has shared substantial gains in each year since inception while receiving modest increases in annual stop loss premiums.

The logo for Health4Edu is displayed within a dark brown rectangular background. The word "Health" is in white, "4" is in orange, and "Edu" is in a light grey color.

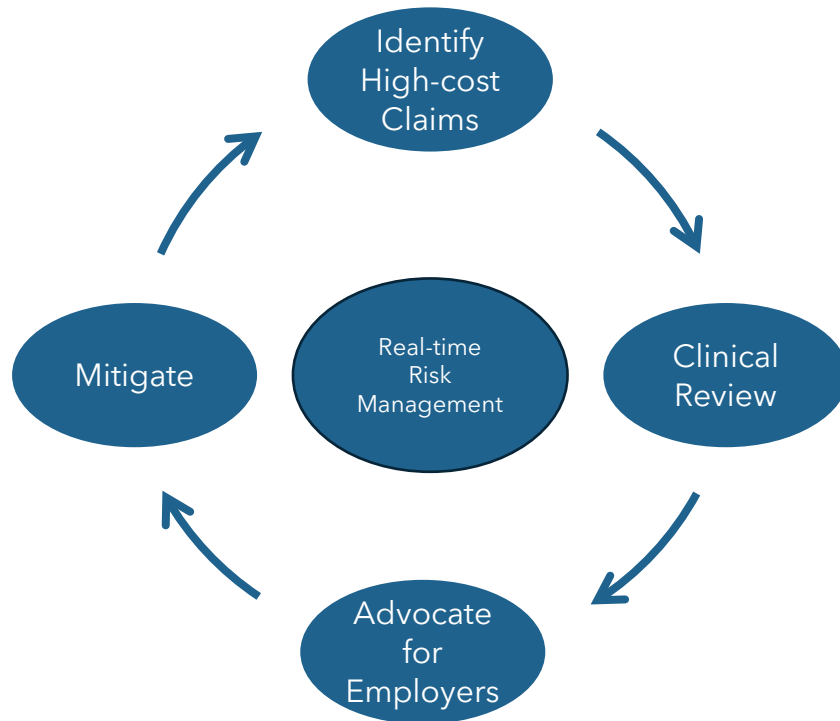
Member Schools



New for 2024



Managing High-Cost Claims: Clinician Oversight and Advocacy



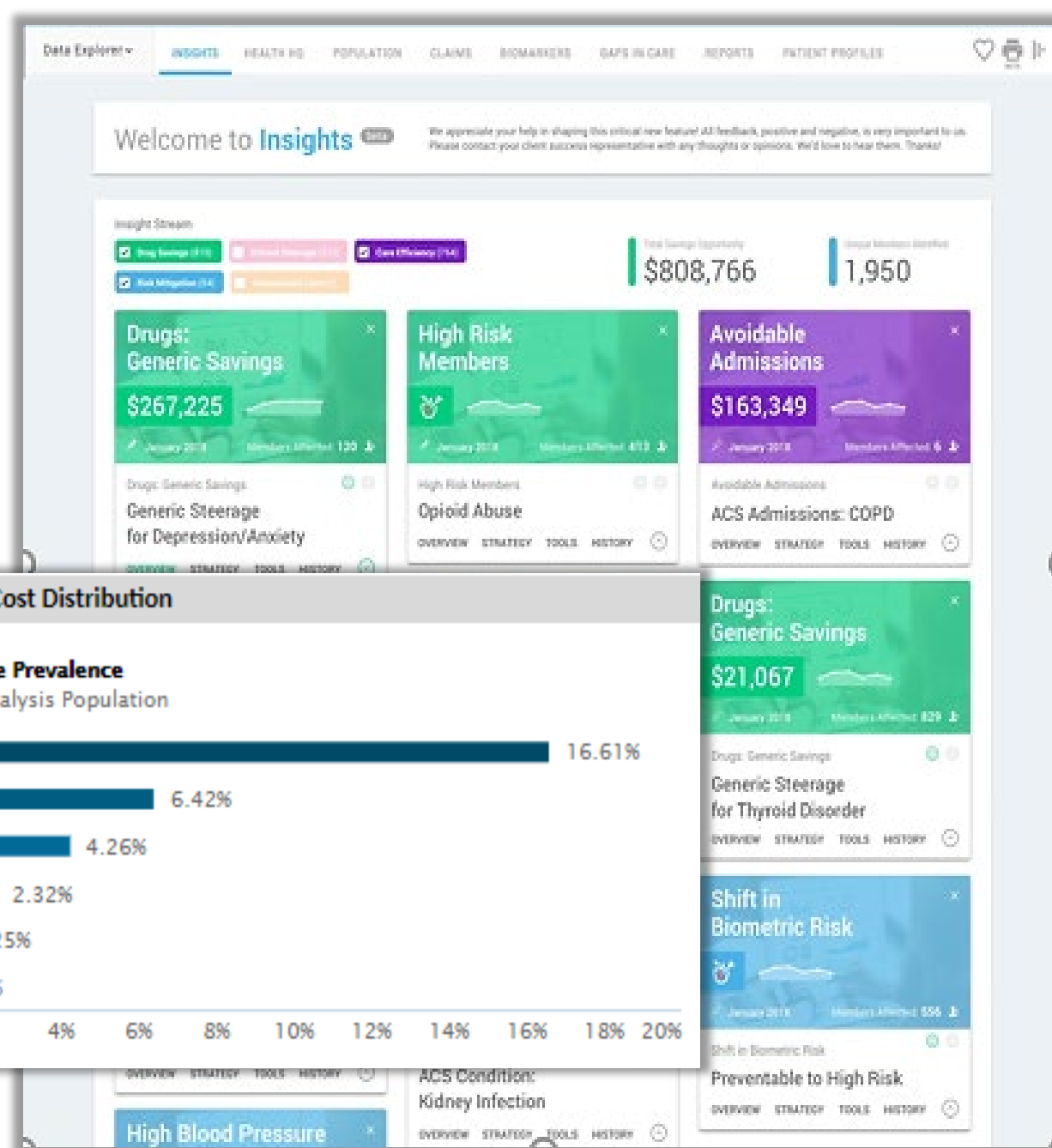
Clinicians evaluate:

- Is this **treatment appropriate**?
- Is this **cost appropriate**?
- Is there an **opportunity to optimize care**?

- Is the plan being **administered properly**?

Clinical Data Analytics: Turning Data into Strategy

- Analysis of trends in cost & utilization
- High-cost claimant analysis
- Clinical review for Stop-Loss negotiations
- Disease prevalence & condition drivers
- Population risk stratification
- Gaps in care
- Pharmacy management
- Site of service opportunities
- Data Driven
 - Plan modelling
 - Benchmarking
 - Wellbeing/Health Initiatives
 - Budgeting



Pharmacy Solution/*Areas of Opportunity*

PBM Sources of Revenue

- Claw backs
- Multiple MAC's
- Spread Pricing
- Negative Remits
- Formulary Fees
- Only Provide Portion of POS Rebates
- Mail Auto-fill
- Repackage AWP's
- Mail Copay Waiver
- Drug Reclassification
- Audit Recovery Retention
- Manipulate Rejected Claims
- Manipulate Compound Claims
- NDC Switch
- Selling Your Data
- Collect Nonformulary Rebates
- Collect Insulin Rebates
- Collect Diabetes Supplies Rebates
- Market-share Fees
- Management Fees
- Charge Reversed Claim Admin Fees
- Change Drug Denominator of Rebates
- Multiple MAC Lists
- DIR Fees
- MTM Fees
- Manipulate Favored Nations Pricing
- Dispense 90 Days but Charge for 100 days
- Rebate Retention
- Collect OTC Rebates
- Manipulate Reversed Claims
- Manipulate Non Plan OTC Claims
- Manipulate Device Claims
- Manipulate Vaccine Claims
- Manipulate 340B Claims
- No Confirm Pricing based on AWP
- Price Fixing Alleged Collusion with Pharma
- No Pass-through U&C Claims
- Take Spread on Compound claims
- Charge Admin Fees for Vaccinations
- Create Spread on Repackaged NDC's
- Reimburse Pharmacies at Post AWP Pricing
- POS Rebates Skew Ingredient Cost Discounts
- Sister Companies Collect Other Rx Monies
- Fields Removed from System Access
- Remove Refill too soon at Mail
- Negotiate Rebate then Supply Drug from their In-house Pharmacy
- Reclassify Generic as Brand
- Switch the NDC
- Negotiate Rebate Using Early Refill Rules to Increase More Yearly Refills
- Zero Balance Due
- Manipulate MFN Claims
- Selecting Higher AWP's
- Dispense Rebate-able Drugs

How Traditional PBM Works

- Rebates paid to the PBM and either kept by PBM or shared a portion with plan sponsor
 - Administration credit?

Alternative Pharmacy Solution

- 100% of rebates are passed through to the plan sponsor
- The only contractual revenue source for a preferred PBM is a per script dispense fee

Pathways for Specialty Med Savings



MANUFACTURERS
ASSISTANCE
PROGRAM



MANUFACTURERS
COUPONS



INTERNATIONAL
MAIL



340B PRICING



SITE OF CARE

Client Case Study 1

Aggregate Net Employer Savings		Average Employees per Month	
\$141,726		86	
Annual Savings per Employee		ROI	
\$3,296		17.2:1	

Employer Savings	Net Employer Savings	Employees	PEPY
Current	\$141,726	86	\$3,296
YTD	\$141,726	86	\$1,648
Aggregate	\$141,726	86	\$3,296

Member Savings	User Savings	Users Assisted	PUPY
Current	\$1,786	6	\$595
YTD	\$1,786	6	\$298
Aggregate	\$1,786	6	\$595

MONTHLY SUMMARY	Month	Reference Cost*	Program Fee	Mail Order Cost	Employer Savings	Member Savings
	2024-07	\$34,857	\$1,458	\$10,237	\$22,706	\$456
	2024-08	\$16,799	\$1,492	\$641	\$14,476	\$190
	2024-09	\$38,710	\$1,475	\$7,845	\$29,124	\$266
	2024-10	\$56,763	\$1,475	\$16,500	\$38,485	\$304
	2024-11	\$35,653	\$1,441	\$7,953	\$25,879	\$380
	2024-12	\$14,154	\$1,424	\$1,485	\$11,055	\$190

TOP 10 MEDICATIONS	Medication	Rx Count	Reference Cost*	Mail Order Cost	Employer Savings	Member Savings
	Rebif	4	\$63,800	\$7,800	\$55,544	\$456
	Verzenio	2	\$30,318	\$0	\$30,166	\$152
	Kisqali	1	\$45,478	\$16,500	\$28,750	\$228
	Skyrizi	2	\$41,365	\$12,720	\$28,493	\$152
	Ozempic	3	\$8,605	\$4,455	\$3,808	\$342
	Xiidra	2	\$4,090	\$1,903	\$1,959	\$228
	Trulance	2	\$3,279	\$1,283	\$1,769	\$228

The savings represented does not include loss of rebates or any programs that are managed by the PBM. *Reference cost for copay card fills = amount covered by copay card.

Client Case Study 2

Aggregate Net Employer Savings		Average Employees per Month	
\$1,165,385		251	
Annual Savings per Employee		ROI	
\$1,639		9.8:1	

Employer Savings	Net Employer Savings	Employees	PEPY
Current	\$245,969	246	\$1,000
YTD	\$28,506	239	\$1,428
Aggregate	\$1,165,385	251	\$1,639

Member Savings	User Savings	Users Assisted	PUPY
Current	\$16,361	25	\$654
YTD	\$1,591	9	\$2,121
Aggregate	\$47,891	41	\$412

Month	Reference Cost*	Program Fee	Mail Order Cost	Employer Savings	Member Savings
2024-02	\$12,322	\$4,016	\$2,410	\$5,147	\$750
2024-03	\$24,008	\$4,048	\$9,875	\$8,930	\$1,155
2024-04	\$50,464	\$4,048	\$11,720	\$32,916	\$1,780
2024-05	\$12,545	\$4,048	\$3,215	\$4,532	\$750
2024-06	\$57,664	\$4,000	\$22,060	\$29,549	\$2,055
2024-07	\$51,863	\$3,968	\$11,230	\$34,835	\$1,830
2024-08	\$23,903	\$3,968	\$10,310	\$8,545	\$1,080
2024-09	\$25,802	\$3,840	\$6,625	\$13,643	\$1,695
2024-10	\$43,797	\$3,888	\$1,707	\$37,272	\$930
2024-11	\$38,865	\$3,808	\$10,303	\$23,509	\$1,245
2024-12	\$39,477	\$3,824	\$15,593	\$18,586	\$1,500
2025-01	\$52,091	\$3,824	\$18,113	\$28,506	\$1,591

Medication	Rx Count	Reference Cost*	Mail Order Cost	Employer Savings	Member Savings
Skyrizi	5	\$98,364	\$32,520	\$63,894	\$1,950
Stelara	3	\$53,435	\$0	\$52,985	\$450
Dupixent	15	\$80,970	\$26,400	\$51,119	\$3,451
Yusimry	4	\$23,765	\$0	\$23,165	\$600
Trelegy Ellipta	16	\$30,975	\$9,109	\$19,946	\$1,920
Jardiance	13	\$23,298	\$4,265	\$17,415	\$1,560
Ozempic	12	\$32,479	\$16,755	\$14,464	\$1,260
Eliquis	10	\$16,953	\$4,300	\$11,453	\$1,200
Otezla	1	\$14,264	\$4,825	\$8,989	\$450
Zymfentra	2	\$19,256	\$10,695	\$8,051	\$510

*Reference cost for copay card fills = amount covered by copay card.

Q&A

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