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**EDUCATION SPOTLIGHT:
DEMYSTIFYING HEALTH INSURANCE**

Where are we going...

- 1** Current State of American Health Care
- 2** Insurance Breakdown
- 3** Considerations For Your Upcoming Renewal

“Houston...we have a problem.”

(Current State of American Health Care)

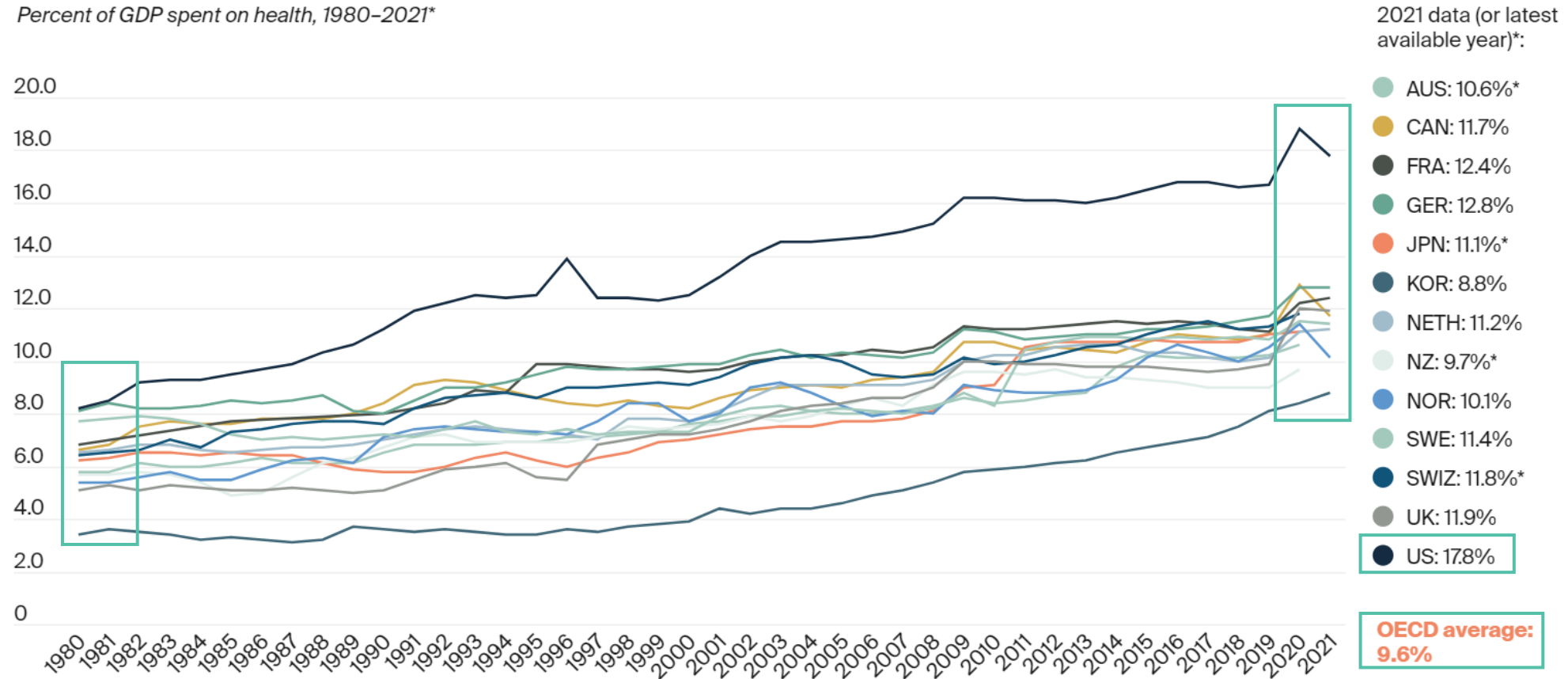
The Current State of American Health Care



Unsustainable...Can You See Where This Is Going?

The U.S. is a world outlier when it comes to health care spending.

Percent of GDP spent on health, 1980–2021*



Insurance Carriers

The 'System' is Working Exactly How It's Suppose To



**Driving
Shareholder
Value**

Insurance Carriers

The 'System' is Working Exactly How It's Suppose To



Driving Shareholder Value

Return on Investment

How are the results?

Life expectancy and per capita healthcare spending (PPP adjusted), 2022

Country	Life expectancy ▲	Health spending, per capita
United States	77.5	\$12,555
Germany	80.7	\$8,011
United Kingdom	80.9	\$5,493
Austria	81.1	\$7,275
Canada	81.3	\$6,319
Netherlands	81.7	\$6,729
Belgium	81.8	\$6,600
Comparable Country Average	82.2	\$6,651
France	82.3	\$6,630
Sweden	83.1	\$6,438
Australia	83.3	\$6,372
Switzerland	83.5	\$8,049
Japan	84.1	\$5,251

Notes: Comparable countries include: Australia, Austria, Belgium, Canada, France, Germany, Japan, the Netherlands, Sweden, Switzerland, and the U.K. See Methods section of "How does U.S. life expectancy compare to other countries?"

Source: KFF analysis of CDC, OECD, Australian Bureau of Statistics, Japanese Ministry of Health, Labour, and Welfare, Statistics Canada, and U.K. Office of National Statistics data • Get the data • PNG

Peterson-KFF
Health System Tracker

United States

Spend Per Capita
\$12,555

Life Expectancy
77.5 years

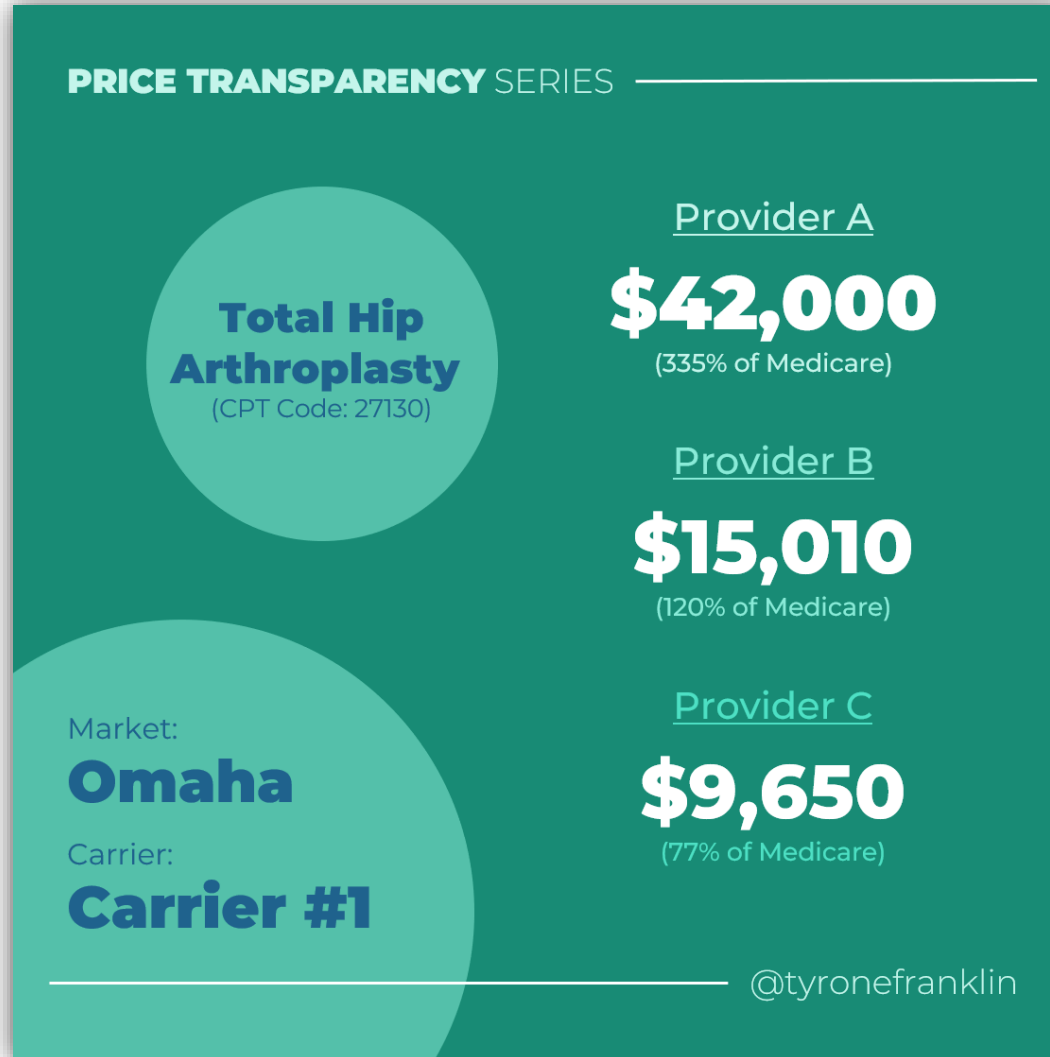
Comparable Ave.

Spend Per Capita
\$6,651

Life Expectancy
82.2 years

Price Discrepancy

Example #1 - Same Carrier & Different Hospitals



What: Hip Replacement Surgery

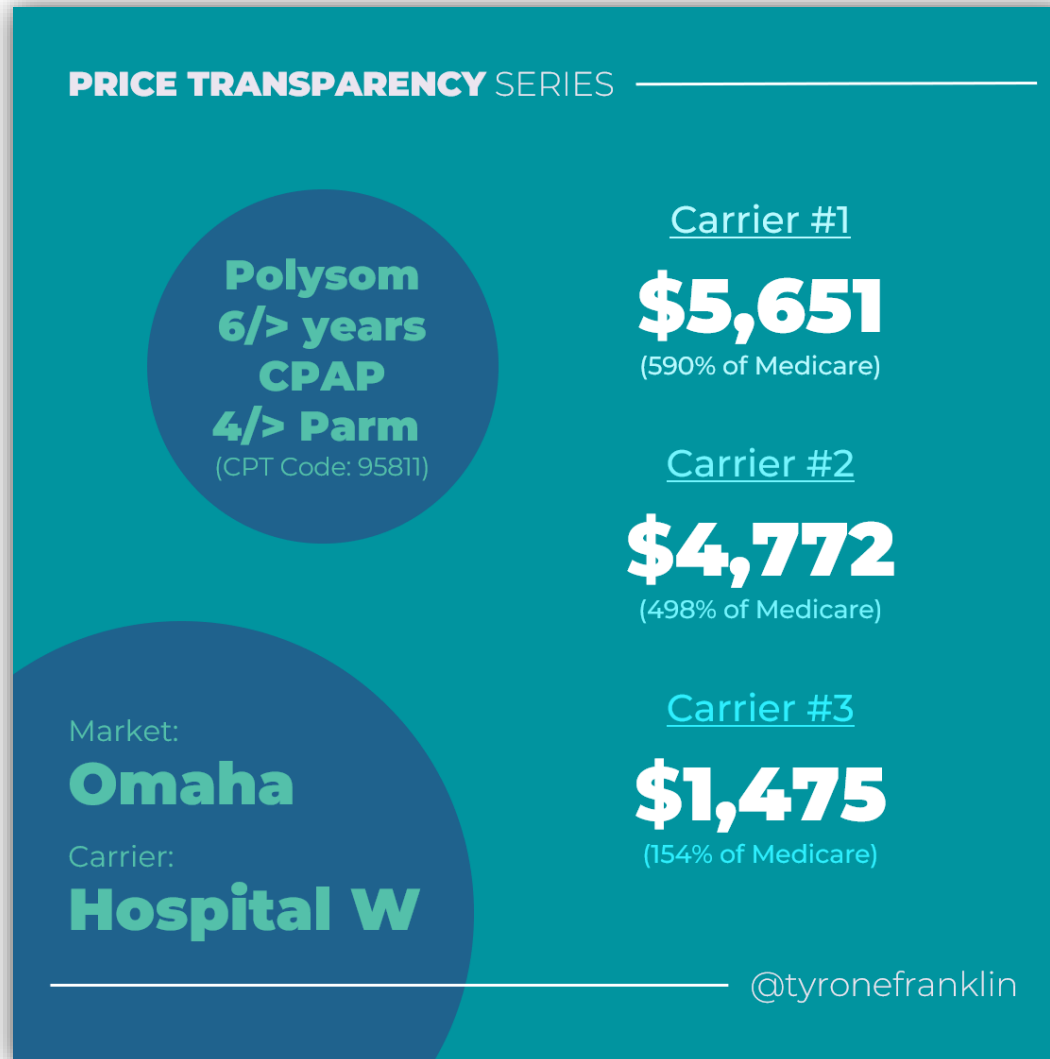
Provider A - Hospital System
Provider B - Independent Center
Provider C - Independent Center

Carrier #1 - Major Insurer

How do we know which Provider to see?

Price Discrepancy

Example #2 - Same Hospital & Different Carriers



What: Sleep Study

Carrier #1 - Major Insurer

Carrier #2 - Major Insurer

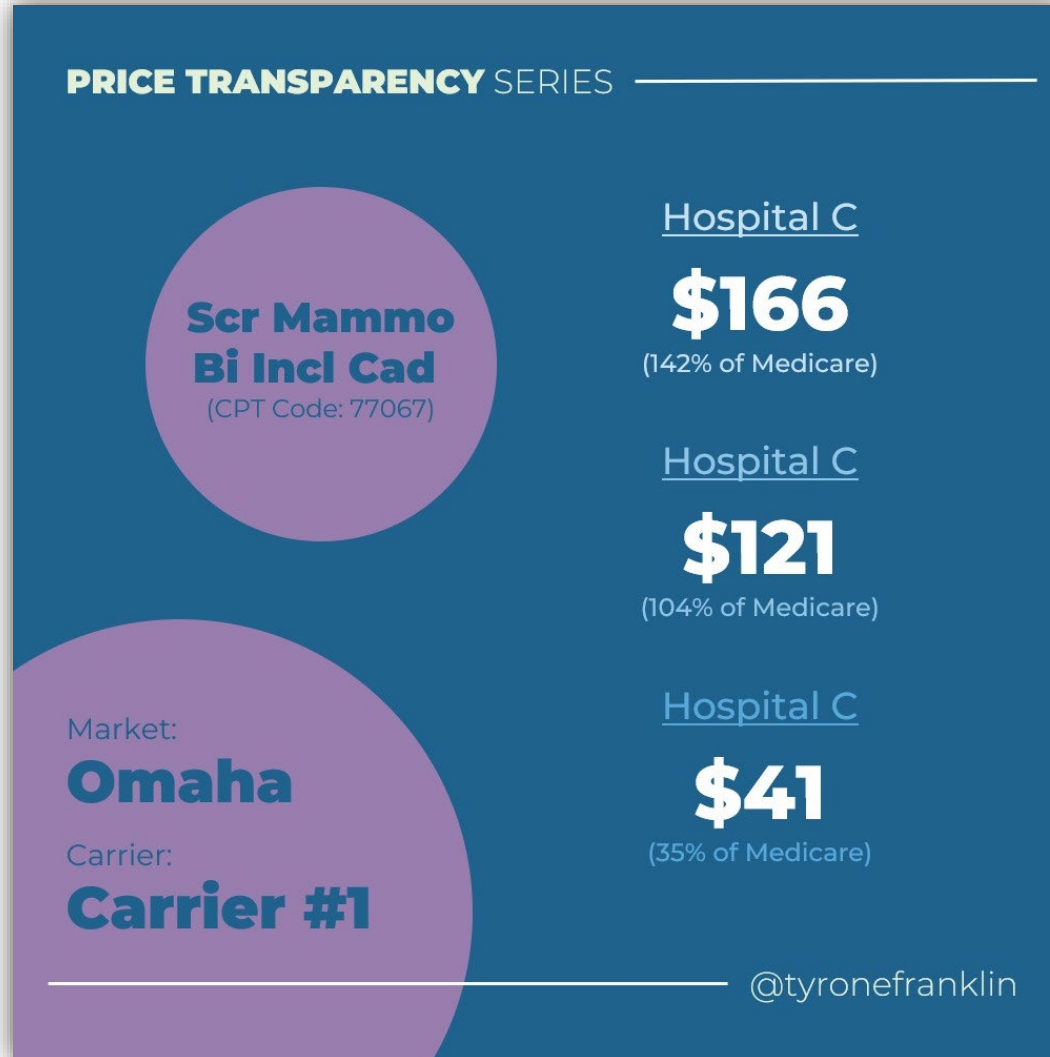
Carrier #3 - Major Insurer

Hospital W - Hospital System

Can we all get Carrier #3's price?

Price Discrepancy

Example #3 - Same Carrier & Same Hospital



What: Mammogram

Carrier #1 - Major Insurer

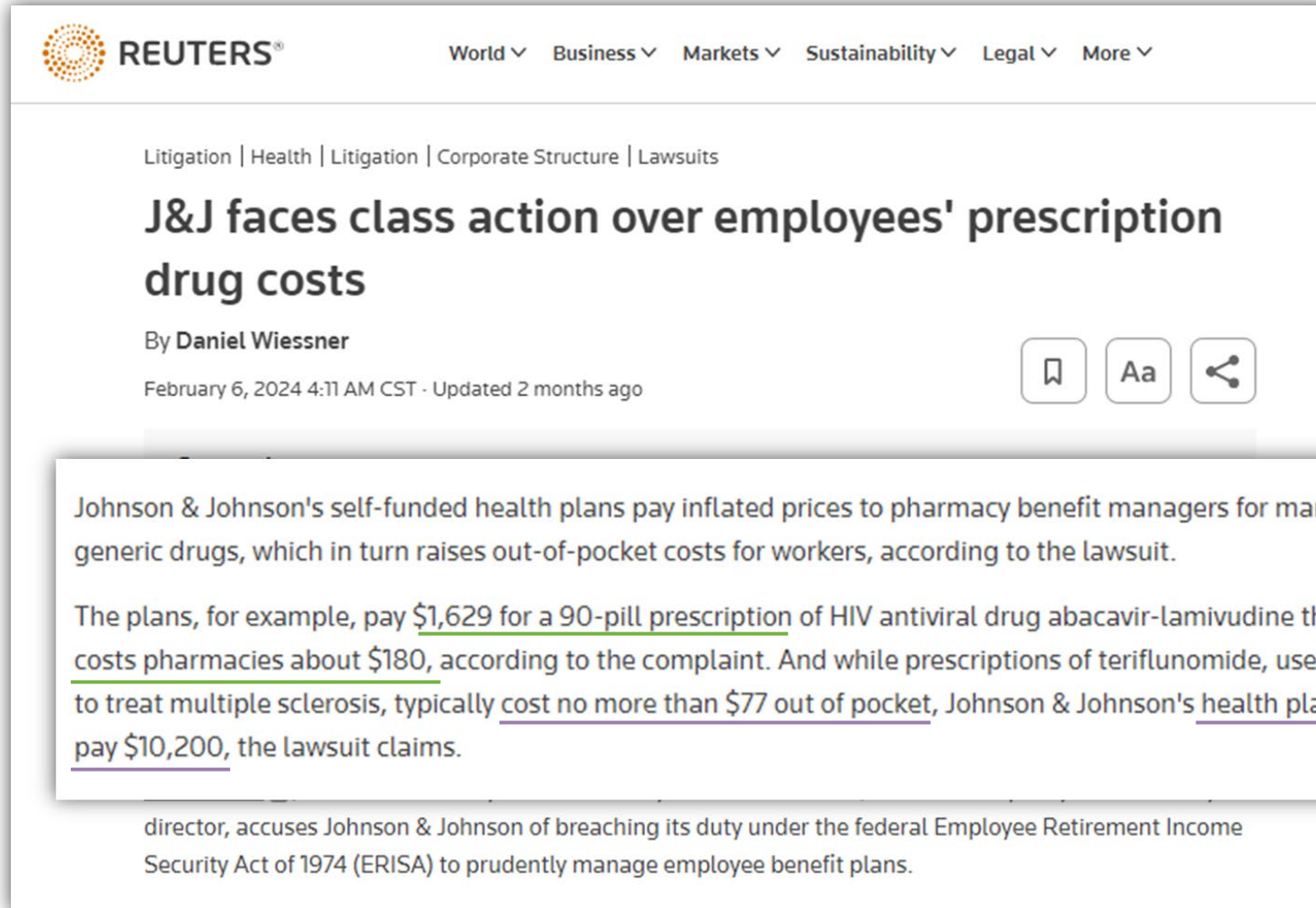
- Network 1
- Network 2
- Network 3

Hospital C - Hospital System

Same insurer, why are there 3 different prices?

Price Discrepancy

Example #4 - Prescription Drug Costs



The screenshot shows a Reuters news article. At the top left is the Reuters logo. To its right are navigation links: World, Business, Markets, Sustainability, Legal, and More. Below the navigation is a breadcrumb trail: Litigation | Health | Litigation | Corporate Structure | Lawsuits. The main headline is 'J&J faces class action over employees' prescription drug costs'. Below the headline is the author 'By Daniel Wiessner' and the date 'February 6, 2024 4:11 AM CST · Updated 2 months ago'. To the right of the date are three icons: a bookmark, 'Aa' for font size, and a share icon. The article text is displayed in a white box with a light gray border. The first paragraph states that Johnson & Johnson's self-funded health plans pay inflated prices to pharmacy benefit managers for many generic drugs, which in turn raises out-of-pocket costs for workers. The second paragraph provides specific examples: a 90-pill prescription of HIV antiviral drug abacavir-lamivudine costs pharmacies about \$180, while Johnson & Johnson's health plans pay \$10,200. The third paragraph begins with 'director, accuses Johnson & Johnson of breaching its duty under the federal Employee Retirement Income Security Act of 1974 (ERISA) to prudently manage employee benefit plans.'

Litigation | Health | Litigation | Corporate Structure | Lawsuits

J&J faces class action over employees' prescription drug costs

By Daniel Wiessner

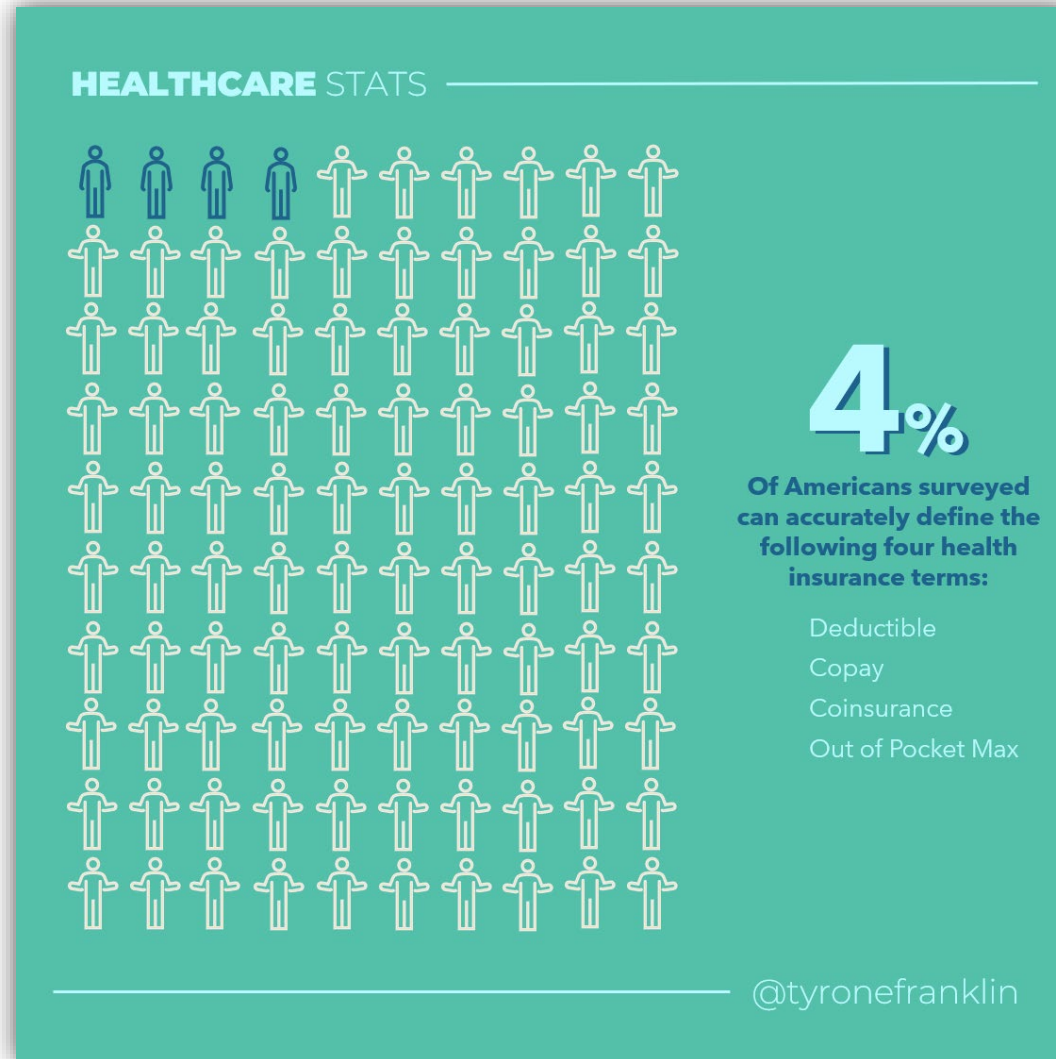
February 6, 2024 4:11 AM CST · Updated 2 months ago

Johnson & Johnson's self-funded health plans pay inflated prices to pharmacy benefit managers for many generic drugs, which in turn raises out-of-pocket costs for workers, according to the lawsuit.

The plans, for example, pay \$1,629 for a 90-pill prescription of HIV antiviral drug abacavir-lamivudine that costs pharmacies about \$180, according to the complaint. And while prescriptions of teriflunomide, used to treat multiple sclerosis, typically cost no more than \$77 out of pocket, Johnson & Johnson's health plans pay \$10,200, the lawsuit claims.

director, accuses Johnson & Johnson of breaching its duty under the federal Employee Retirement Income Security Act of 1974 (ERISA) to prudently manage employee benefit plans.

(Mis)-Education



Basic Insurance Terms:

- Deductible
- Copay
- Coinsurance
- Out of Pocket Max

Source: Policygenius Survey

Functionally Un-Insured

38%

Of Americans, or a family member, have put off medical treatment due to financial concerns

(Gallup)

63%

Of employees are unable to cover a \$500 emergency expense

(SecureSave)

41%

Of adults have health care debt according to a broader definition, which includes credit cards or owed to family members

(KFF)

\$5K

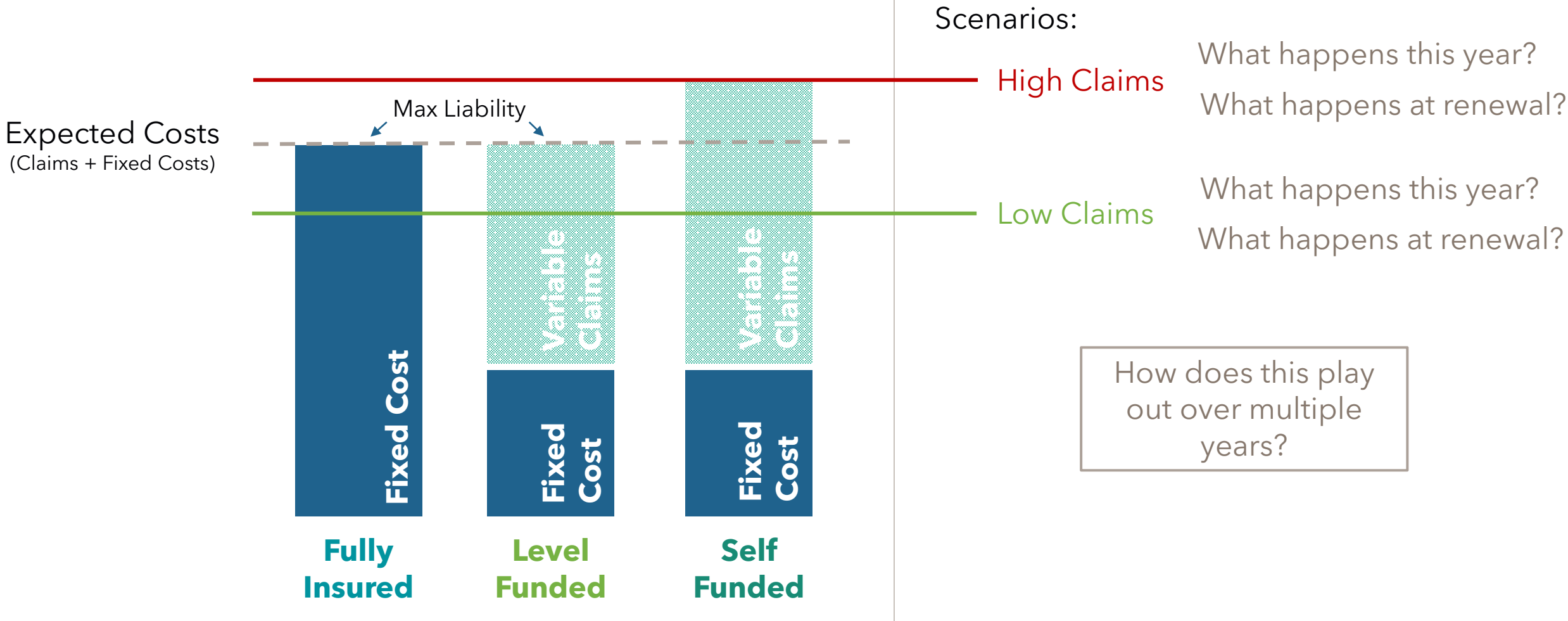
Median out-of-pocket maximum for 2023 PPO Plans

(Milliman Mid-Market Survey)

“We don’t know, what we don’t know.”

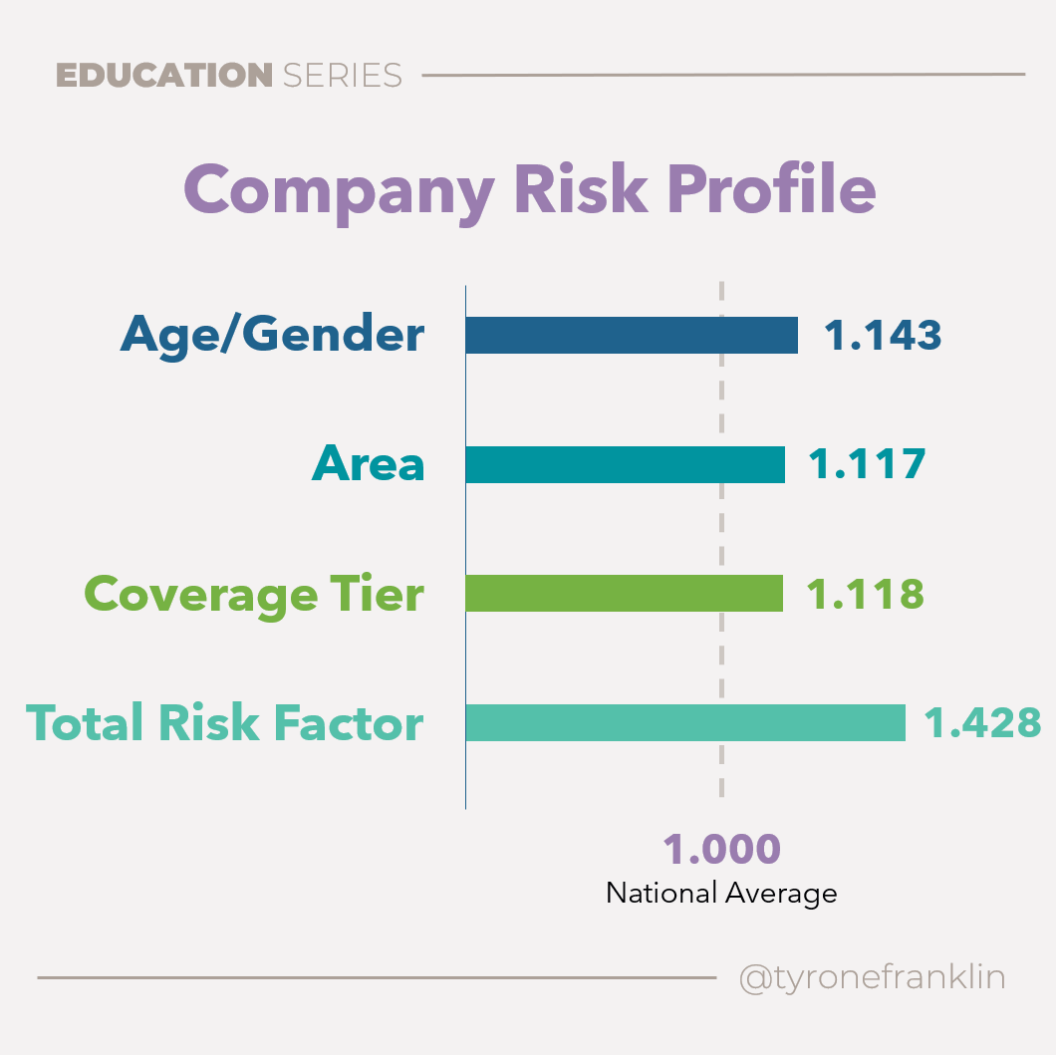
(Insurance Breakdown)

Types of Insurance Funding Models



Fully Insured / Level Funded / Self Funded

Does the Risk Change?

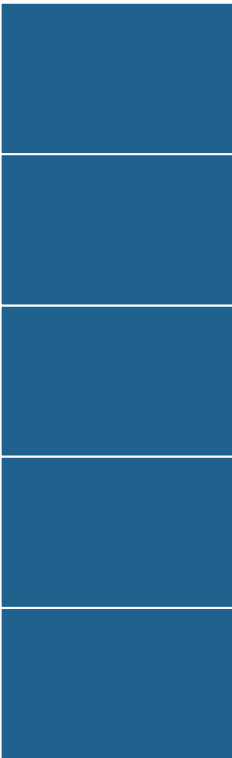


What matters is how you purchase and acquire care.

Bundled vs. Un-Bundled

**Bundled =
"Vertical Integration"**
The same parent company runs and operates all areas of health plan.

Bundled



Medical Network
Pharmacy Benefit Manager
Third Party Administrator
Reinsurance (Stop-Loss)
Other

Un-Bundled



**Un-Bundled =
Free Market Capitalism**
Each component of health plan can be individually shopped & acquired

Different Options

BUCA = **B**lue Cross, **U**nited Healthcare, **C**igna, **A**etna

Fully Insured

- BUCA
- Association
- Alternative Unbundled

Level Funded

- BUCA
- Association
- Alternative Unbundled

Self Funded

- BUCA
 - Bundled
 - Unbundled
- Alternatives
 - Unbundled
 - Reference Based Pricing
 - Direct Contract

Non-Insurance

- Direct Primary Care
- Virtual Primary Care
- Health Shares
- HRA Options
 - QSEHRA
 - ICHRA

“It’s worth a try.”

(Considerations For Your Upcoming Renewal)

Change your funding strategy / move to un-bundled

Health Rosetta Plan Grader

Based off a series of 40 questions to analyze adoption of proven methods to improve care and **reduce costs for plan participants and sponsors.**

This report is used to identify and help guide decision making towards more effective plan designs.

Better Care, Better Experience and Lower Costs.



Scan QR Code to visit Health Rosetta website.

PLAN GRADER

The future of healthcare is LOCAL, open and independent

Plan Grader analyzes the most important factors and practices of high-performance health plans, creating an independent assessment of the eight Health Rosetta components within the LOCAL adoption model.

This Opportunity Summary provides you custom recommendations across eight Health Rosetta components puts plans in the driver's seat to improve health outcomes while controlling and reducing plan and member costs.

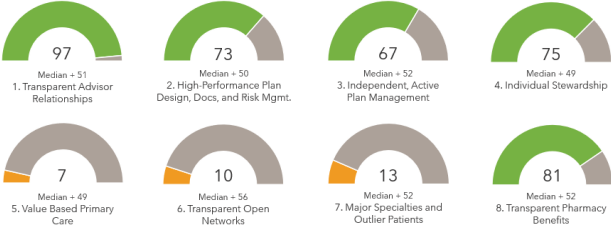
Sample Company
February 8, 2023
Prepared By: Alera, Group: Chicago

Your Overall Score: 53



**Median score is the average of all plans that have completed a Plan Grader*

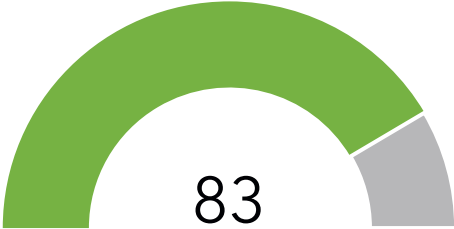
Your Score by Health Rosetta Component



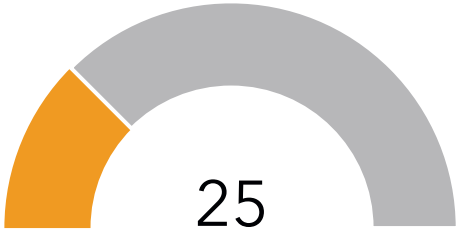
Sample Company Plan Grader



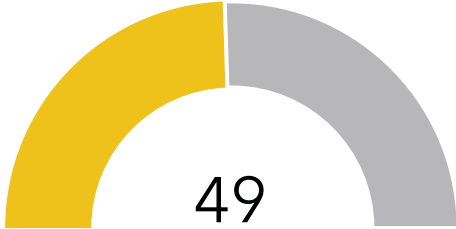
Individual Component Scores



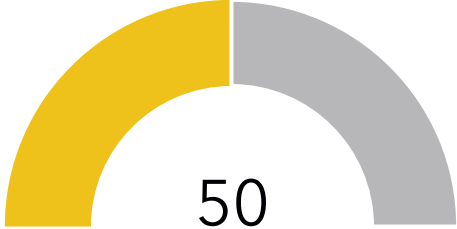
1. Transparent Advisor Relationships



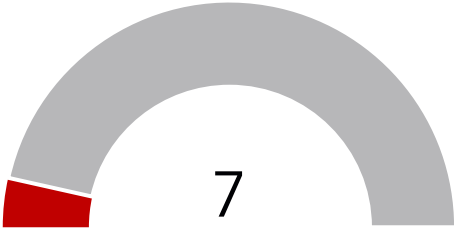
2. High-Performance Plan Design, Docs, and Risk Mgmt.



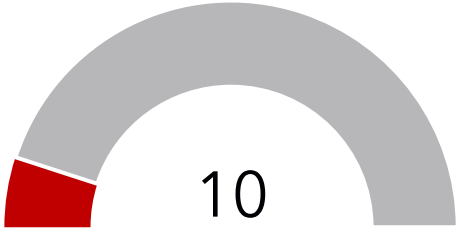
3. Independent, Active Plan Management



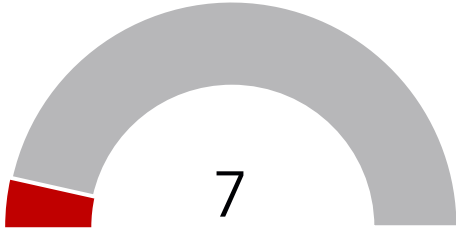
4. Individual Stewardship



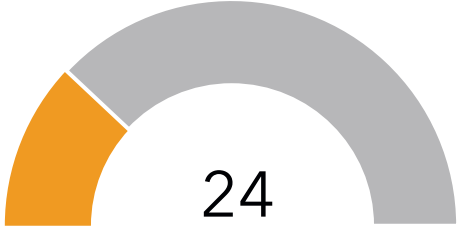
5. Value Based Primary Care



6. Transparent Open Networks



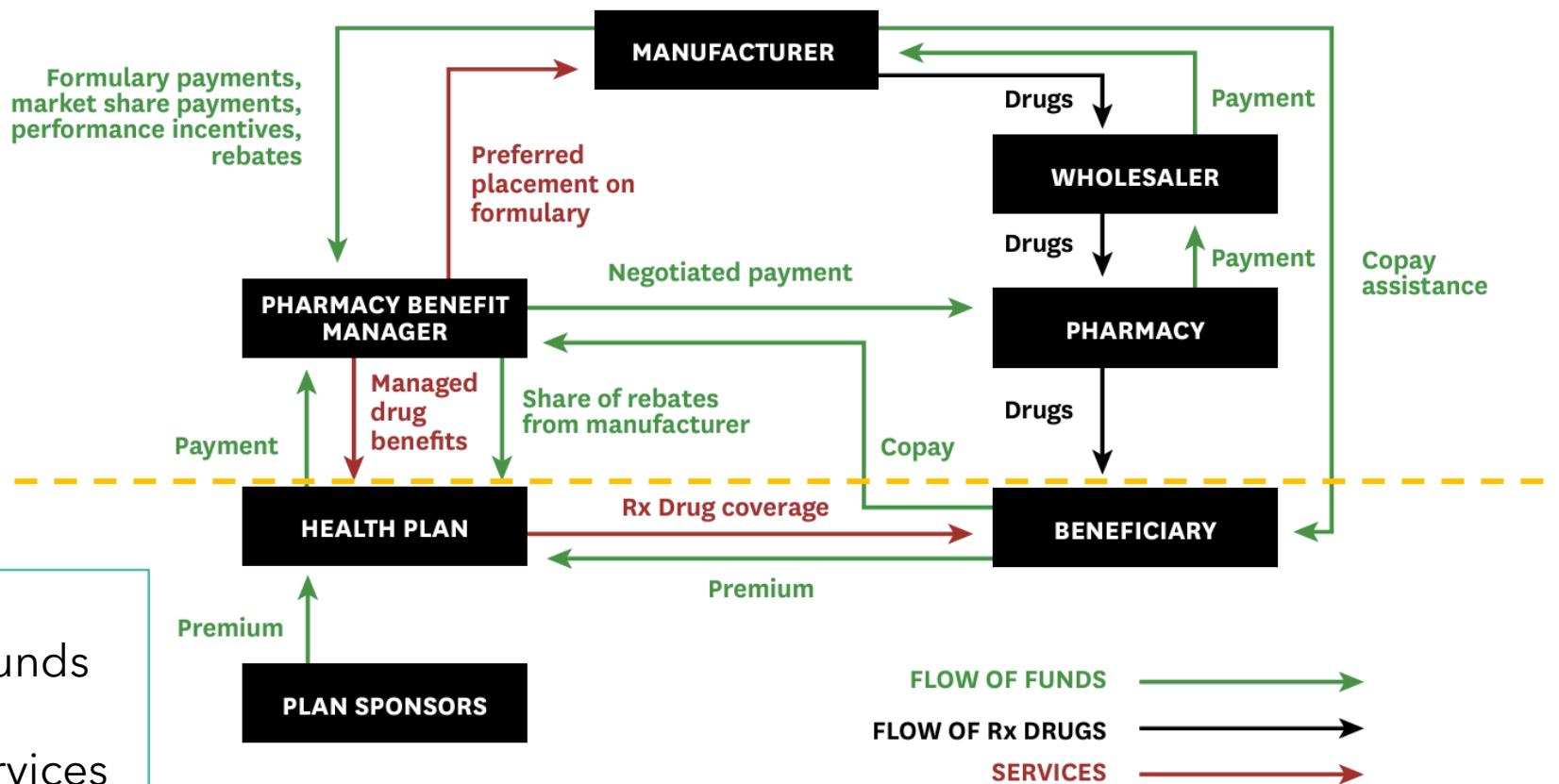
7. Major Specialties and Outlier Patients



8. Transparent Pharmacy Benefits

Partner with a transparent, pass thru Pharmacy Benefit Manager

Figure 1: Conceptual model of the flow of products, services and funds for non-specialty drugs covered under private insurance and purchased in a retail setting



Big 3 PBMs:
 CVS Caremark
 Express Scripts
 OptumRx

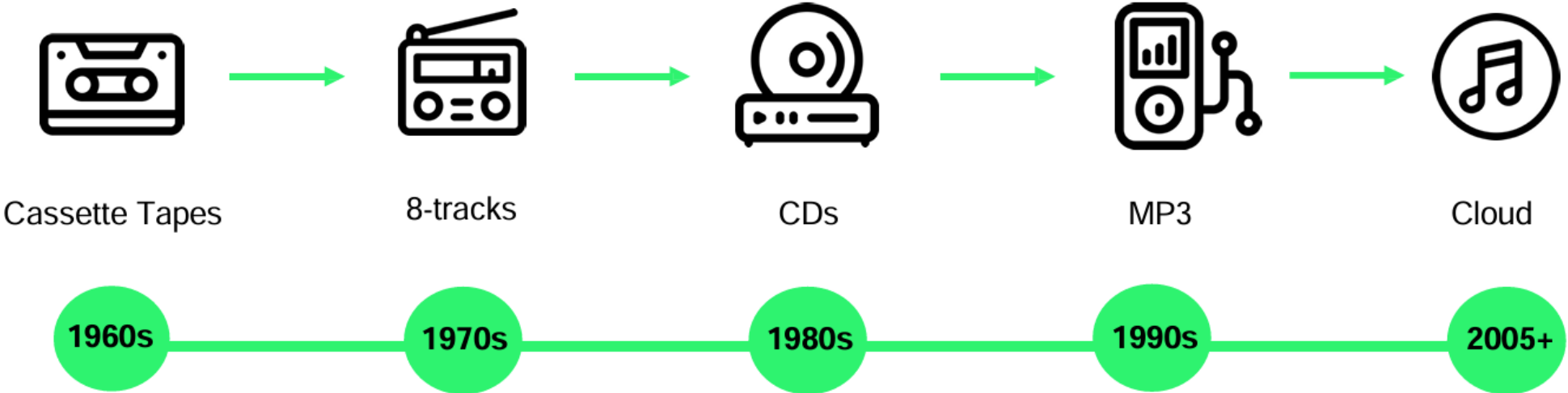
Tip: Leverage a pharmacy benefit expert

7 Parties
 10 Flows of Funds
 3 Flows of Rx
 3 Flows of Services

Source: The Flow of Money Through the Pharmaceutical Distribution System/USC Schaeffer

Alternative Health Plans

Innovation in Music vs Health Insurance



**1980s to Current:
Preferred Provider Organizations (PPOs)**




Alternative Health Plans

In

 **Nebraska Medical Center**
 5.8 mi on 2727 S 144th St, Omaha, NE

\$1,300 [View](#)

Case

 **Nebraska Methodist Hospital**
 3.6 mi on 8303 Dodge St, Omaha, NE

\$1,400 [View](#)

Cass

 **CHI Health Mercy Council Bluffs**
 12.6 mi on 800 Mercy Dr, Council Bluffs, IA

\$1,950 [View](#)

1

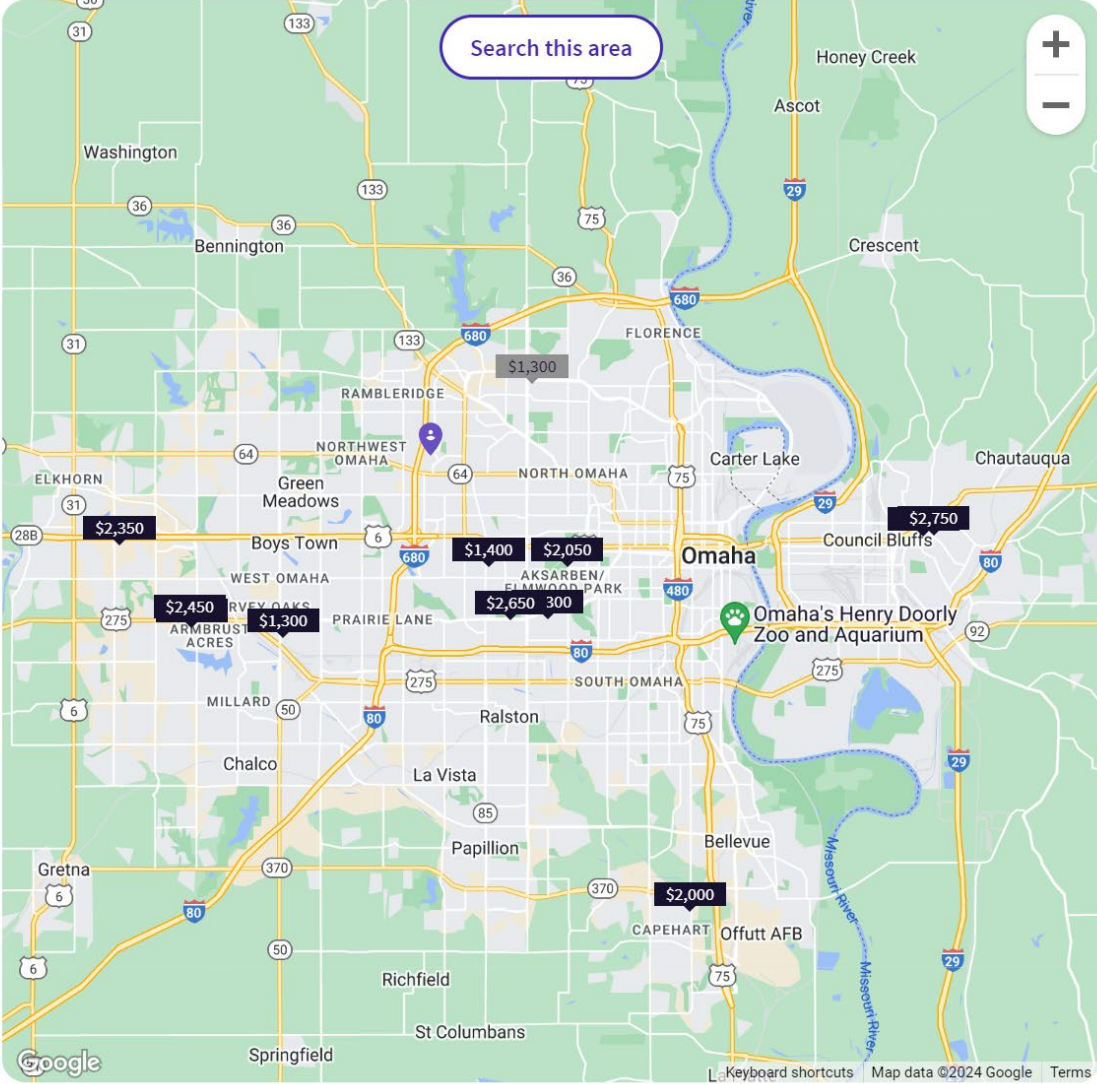
 **Bellevue Medical Center**
 13.3 mi on 2500 Bellevue Medical Center Dr, Bellevue...

\$2,000 [View](#)

 **Nebraska Medical Center**
 4.9 mi on 987400 Nebraska Medical Ctr, Omaha, NE

\$2,050 [View](#)

 **Lakeside Satellite Lab**
 7.1 mi on 17030 Lakeside Hills Plz, Omaha, NE



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→

Considerations For Your Upcoming Renewal

1

Change your funding strategy and/or move to un-bundled

2

Find & partner with a transparent, pass thru Pharmacy Benefit Manager

3

Explore an alternative health plan

Contact Info



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