



Mini-HealthFlex Summit—April 2019



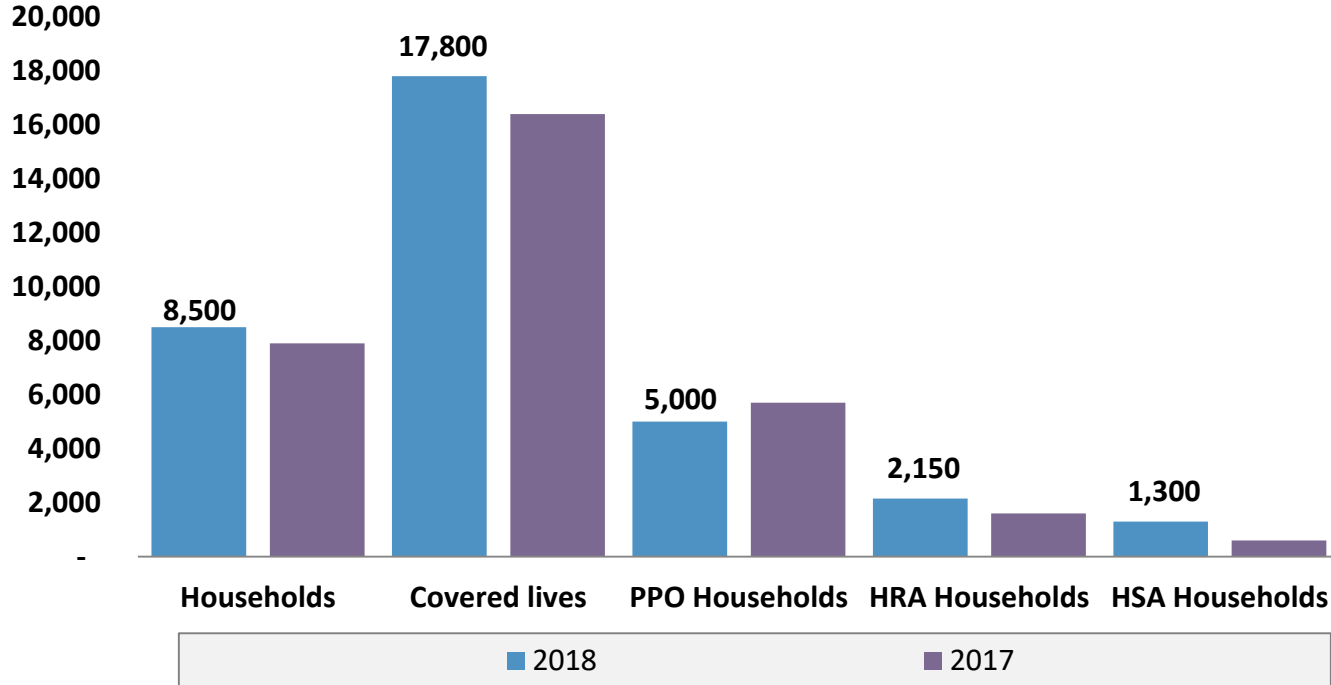
Wespath

BENEFITS | INVESTMENTS

HealthFlex Financial Summary

Results and Transparency

2018 HealthFlex Population in Review

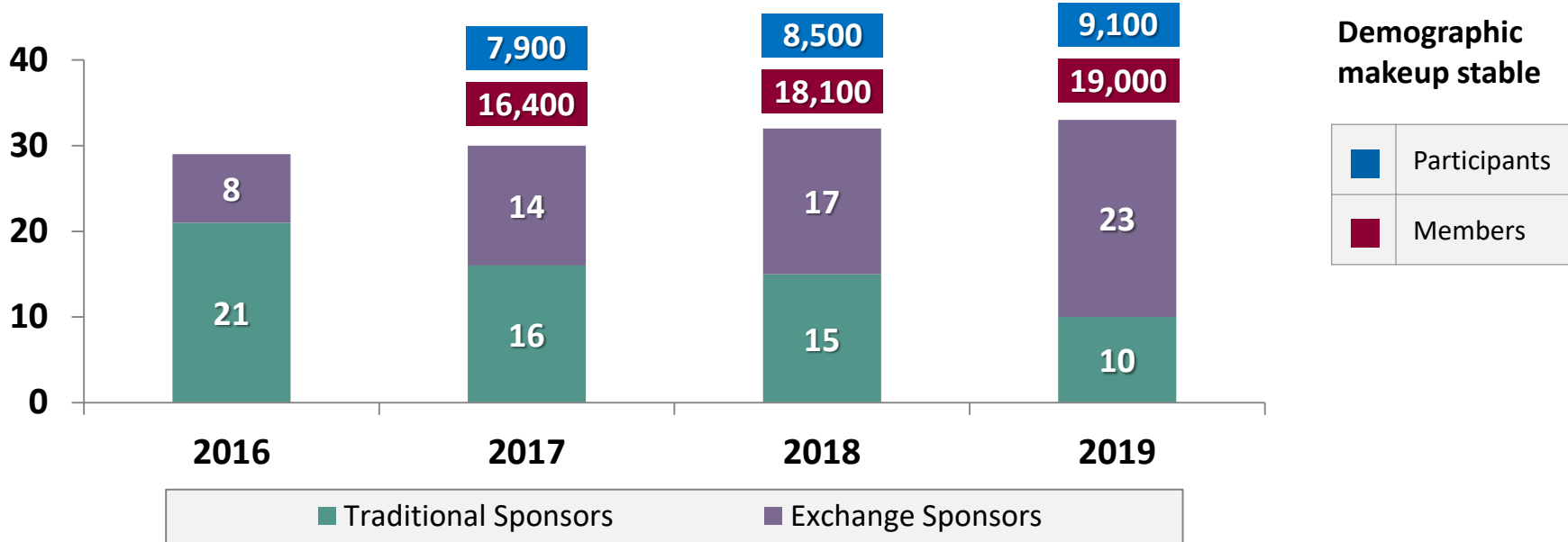


Participant
Average age:
52.6

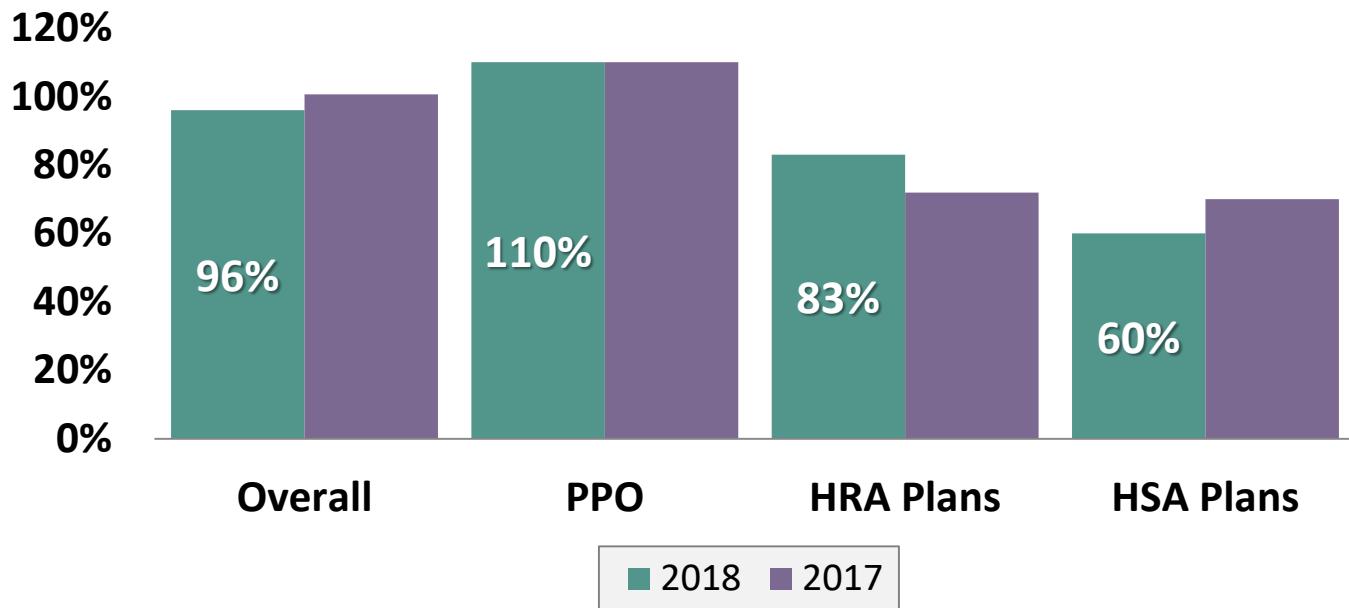
Member
Average age:
42.2

Participants:
40% female

Changes in HealthFlex Population



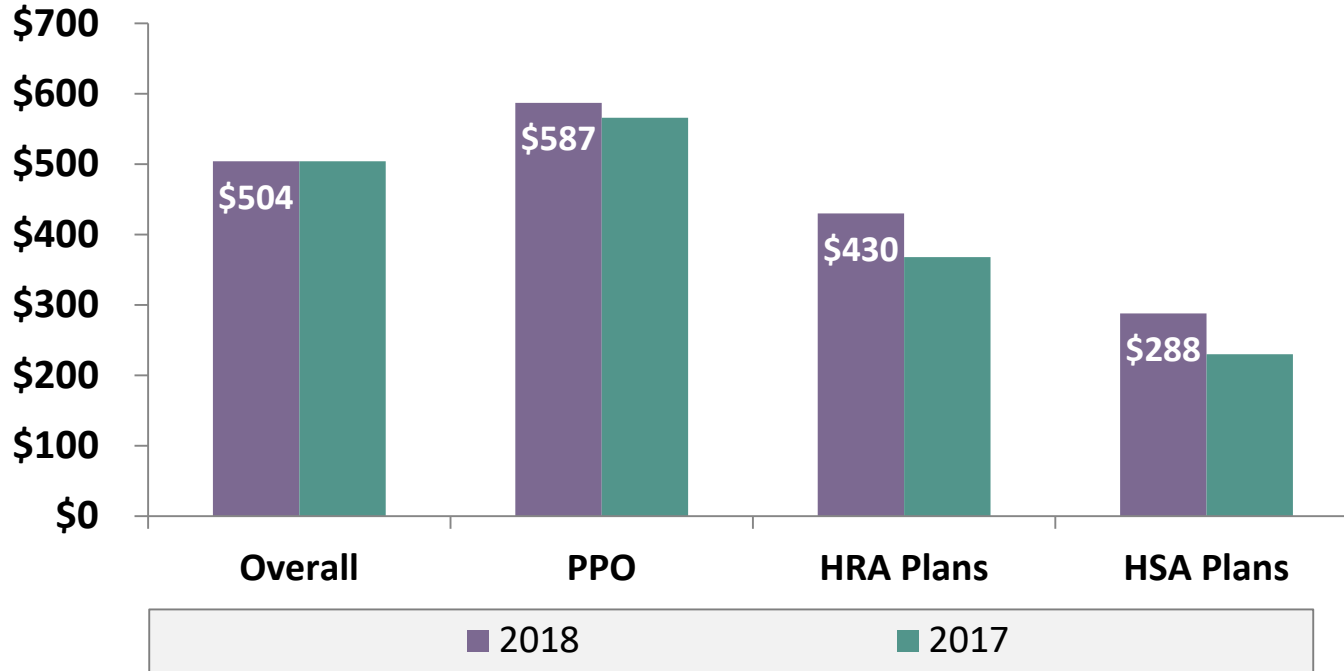
Loss Ratio by Plan Type



Account-based plans continue to have lower loss ratios than the PPO

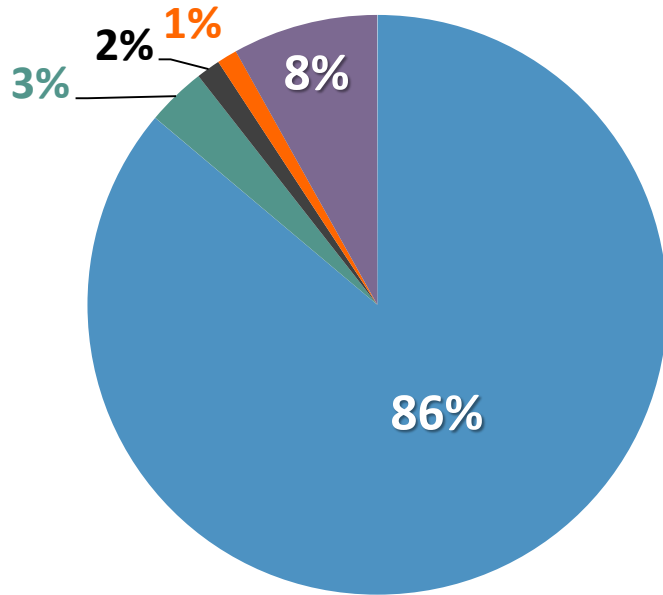
2017 does not include rebates, about 7% impact

Average Claims Cost Per Member



Plan value, selection and consumerism all contribute to lower PMPM costs in the account-based plans

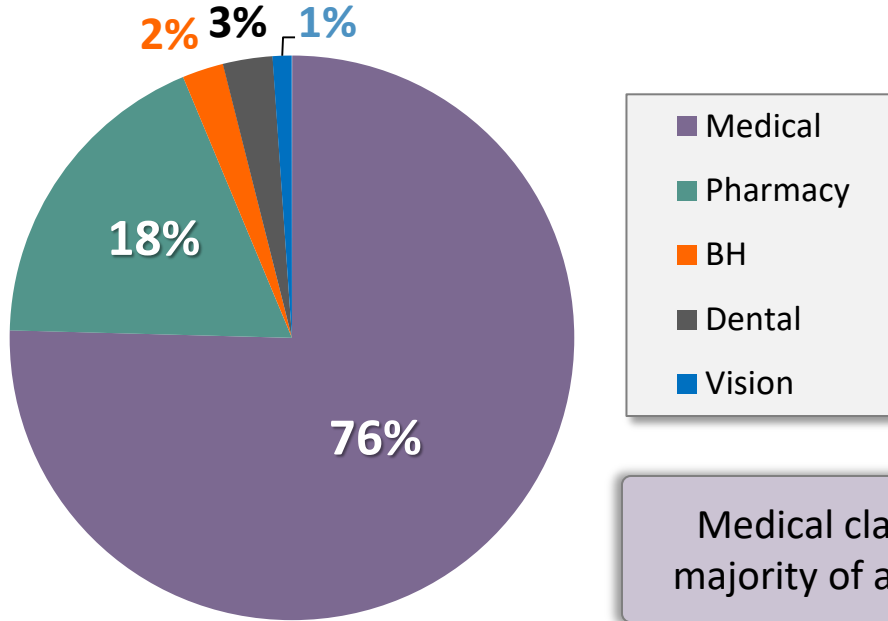
Distribution of Total Dollars Spent



- Claims (medical, Rx, BH)
- Health Account Funding
- Well-being Program
- Well-being Incentives
- Administration

The vast majority (92%) of dollars spent by HealthFlex directly benefit participants:
Claims, account funding, incentives

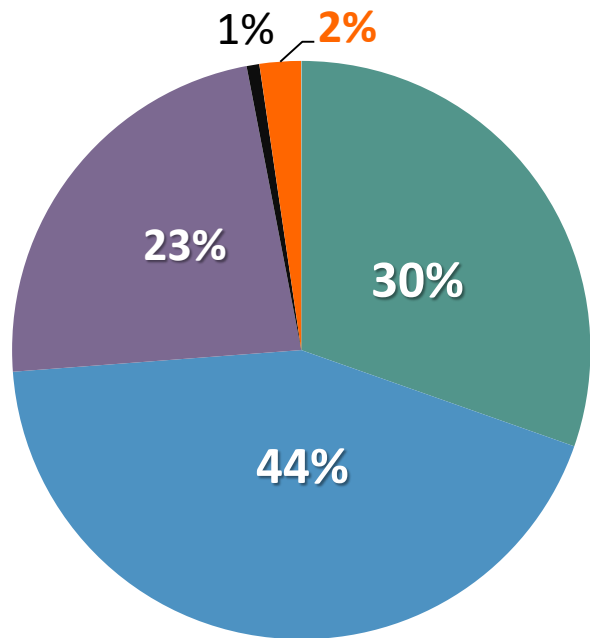
Claims Breakdown



Medical claims make up the majority of all claims expenses



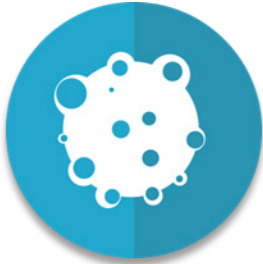
Claims by Place of Service



Claims are spread across multiple places of service



Top Medical Cost Drivers



Neoplasms

Stable from
prior year



Circulatory

Up 25% from
prior year

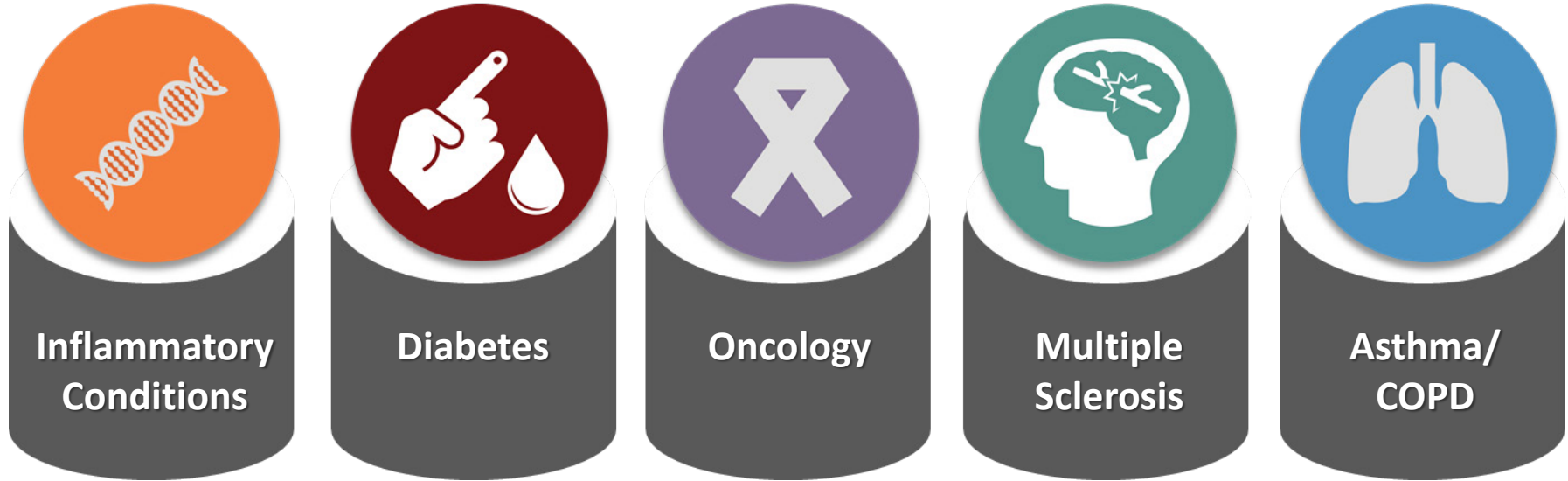


Musculoskeletal

Stable from
prior year

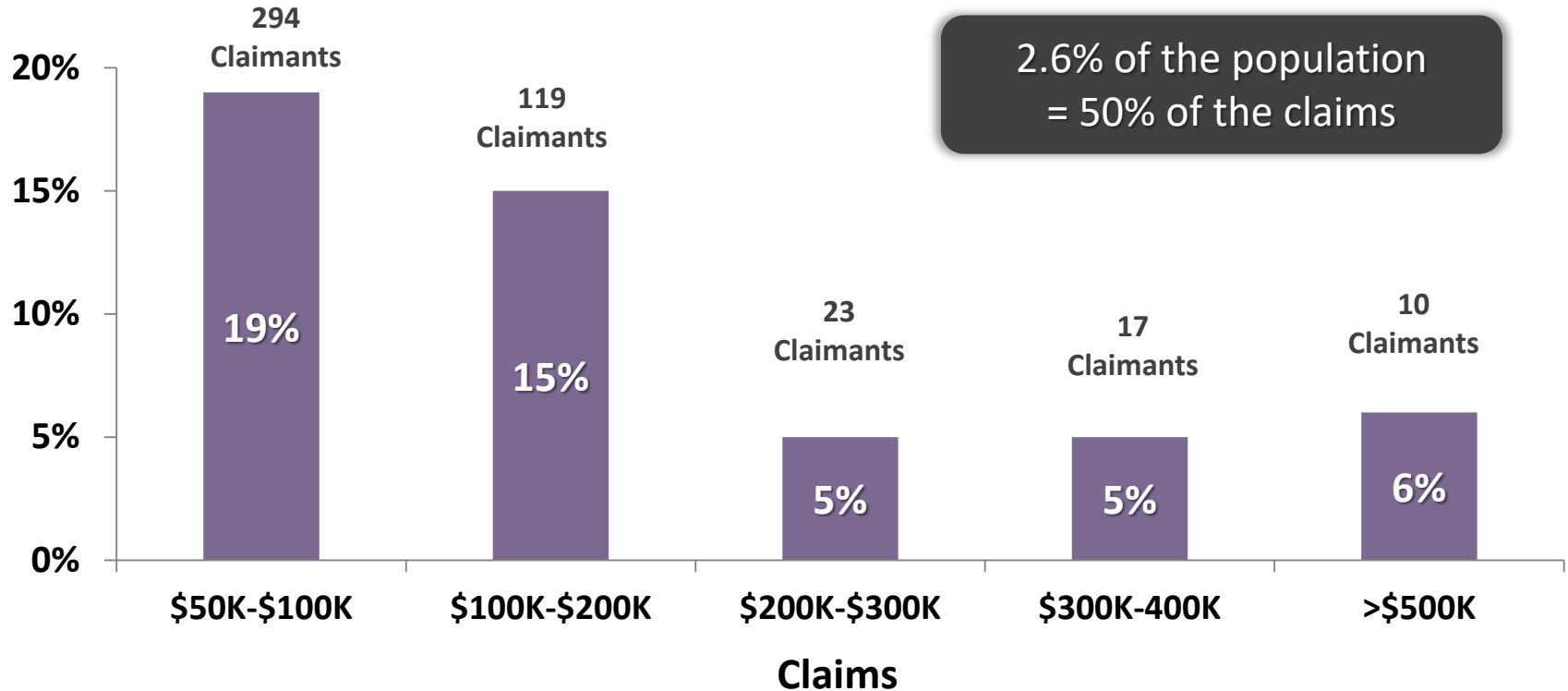
Top three disease categories make up over 40% of claims costs

Top Pharmacy Cost Drivers



Top five categories or conditions make up over 50% of pharmacy spend

High Cost Claims Have Significant Impact



HealthFlex Quarterly Reporting

HealthFlex Performance Dashboard - All Conferences

2018 Q4

Paid Claims & Enrollment Summary

	Jan-18	Feb-18	Dec-18	Current YTD	Prior YTD
All Plans					
Primary Participants	8,647	8,568	8,390	8,521	7,917
Members	18,043	17,899	17,542	17,794	16,429
Paid Medical Claims	\$6,584,941	\$6,210,603	\$8,455,523	\$87,152,883	\$79,187,933
Paid Rx Claims	\$2,169,431	\$2,323,681	\$2,663,683	\$29,509,800	\$27,499,300
Estimated Rx Rebates ¹	-\$699,374	-\$698,463	-\$736,658	-\$9,040,787	
Total Claims	\$8,054,999	\$7,835,821	\$10,382,547	\$107,621,897	\$106,687,233
Total Claims PMPM	\$446	\$438	\$592	\$504	\$504
Member OOP Cost	\$2,346,697	\$2,542,685	\$1,566,509	\$23,452,957	\$20,449,324
Total Allowed Claims	\$10,401,695	\$10,378,506	\$11,949,057	\$131,074,854	\$127,136,557
Claims Funding	\$9,446,367	\$9,380,151	\$9,147,902	\$111,587,787	\$98,800,976
Loss Ratio	85%	84%	113%	96%	108%

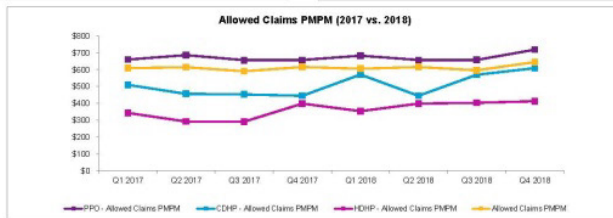
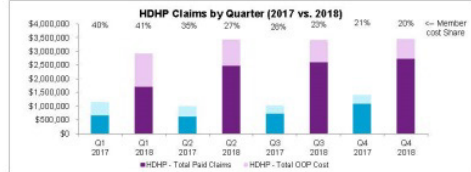
Monthly claims breakdown by plan type, medical vs. Rx

Includes member cost share, claims funding, and estimated Rx rebates

HealthFlex Quarterly Reporting

HealthFlex Performance Dashboard - All Conferences 2018 Q4

Paid Claims and Out-of-pocket Costs by Quarter (2017 vs. 2018)

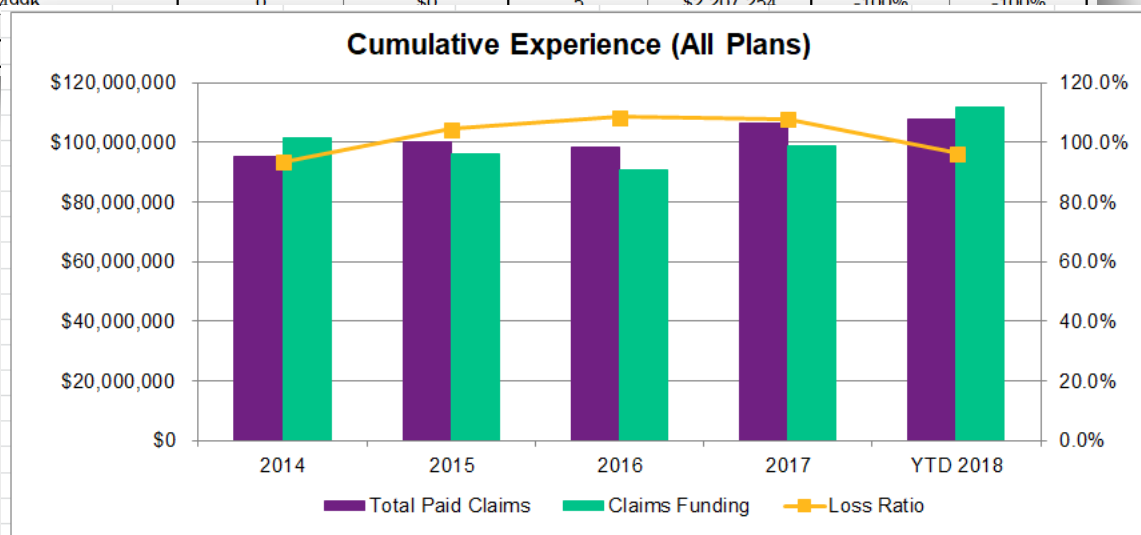


Visual comparison of claims by quarter and by plan
Includes member cost share

HealthFlex Quarterly Reporting

High-Cost Claimants

Size of Claim	Total		Total (Same Period, Prior Year)		% Change (Year over Year)	
	# of Claims	Total \$	# of Claims	Total \$	# of Claims	Total \$
\$50K – \$100K	294	\$19,998,966	226	\$16,194,624	30%	23%
\$100K – \$199K	119	\$16,670,129	111	\$14,455,159	7%	15%
\$200K – \$299K	23	\$5,446,850	24	\$5,783,593	-4%	-6%
\$300K – \$399K	17	\$5,829,814	16	\$5,620,452	6%	4%
\$400K – \$499K	0	\$0	5	\$2,207,254	-100%	-100%
\$500K+						
Total						



Details about utilization and claimants >\$50K

5-year comparison of enrollment and claims

Quarterly Report Feedback



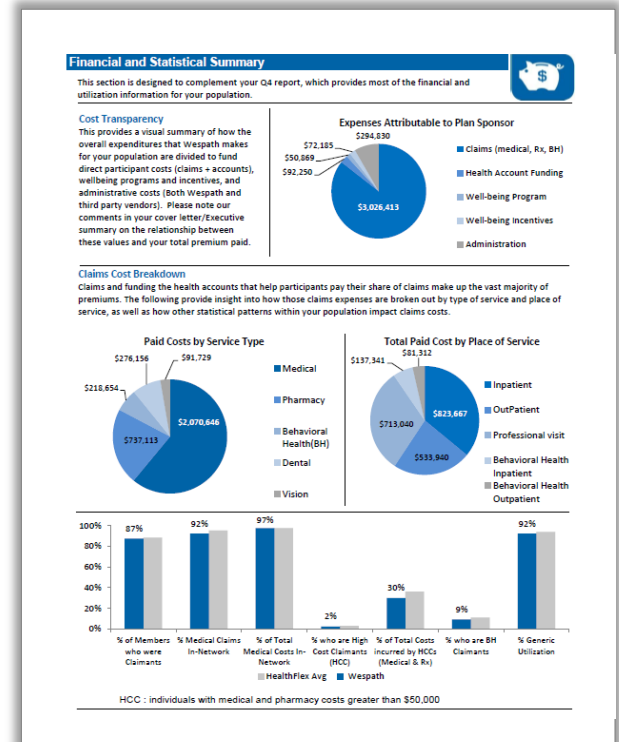
HealthFlex Annual Reports

- Reports redesigned for 2018 plan year
- Intended to provide higher level insights to complement quarterly reports, as well as greater financial transparency



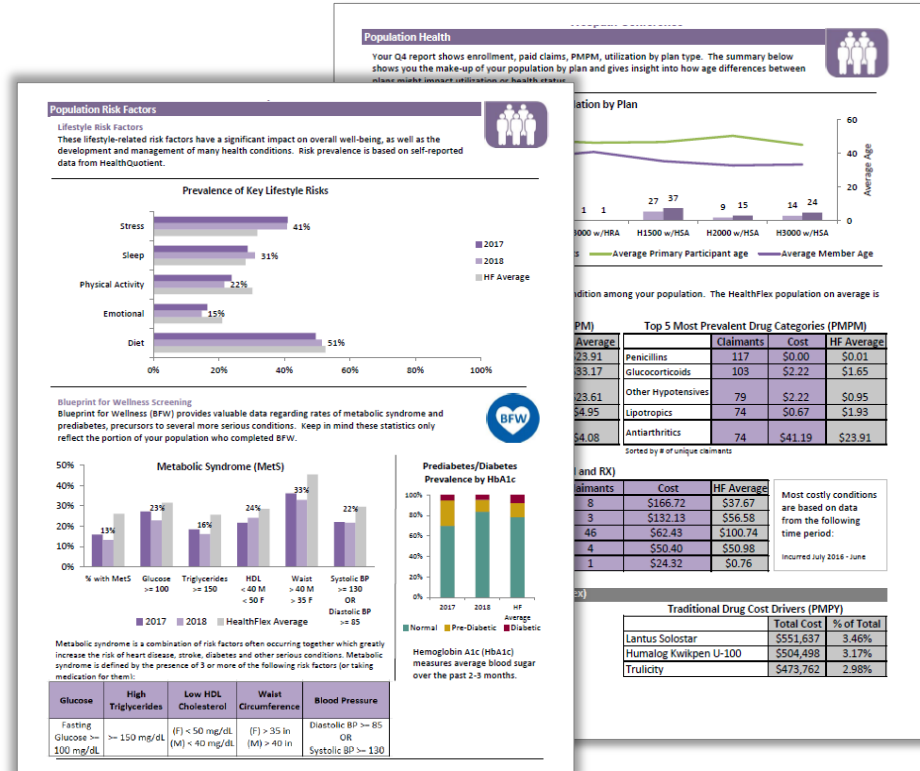
HealthFlex Annual Reports

- Financial Summary Page
 - Distribution of dollars spent, claims breakdown by service type and place of service
 - Percentage of members using benefits
 - Percentage in-network and generic utilization
 - Snapshot of high cost claimants and behavioral health utilization



HealthFlex Annual Reports

- Population Health pages
 - Enrollment and demographic comparison by plan
 - Top cost drivers—Rx and most costly conditions
 - Top lifestyle risks from Health Quotient
 - Prevalence of Metabolic Syndrome and Diabetes/pre-Diabetes (Blueprint for Wellness)



HealthFlex Annual Reports

- Participant Engagement pages
 - Participation in all HealthFlex well-being programs
 - Highlights consumerism—HRA and HSA plan enrollment; percent/dollar amount of personal contributions to health accounts
 - Snapshot of choice of lower cost Rx and lab + radiology services for all HealthFlex



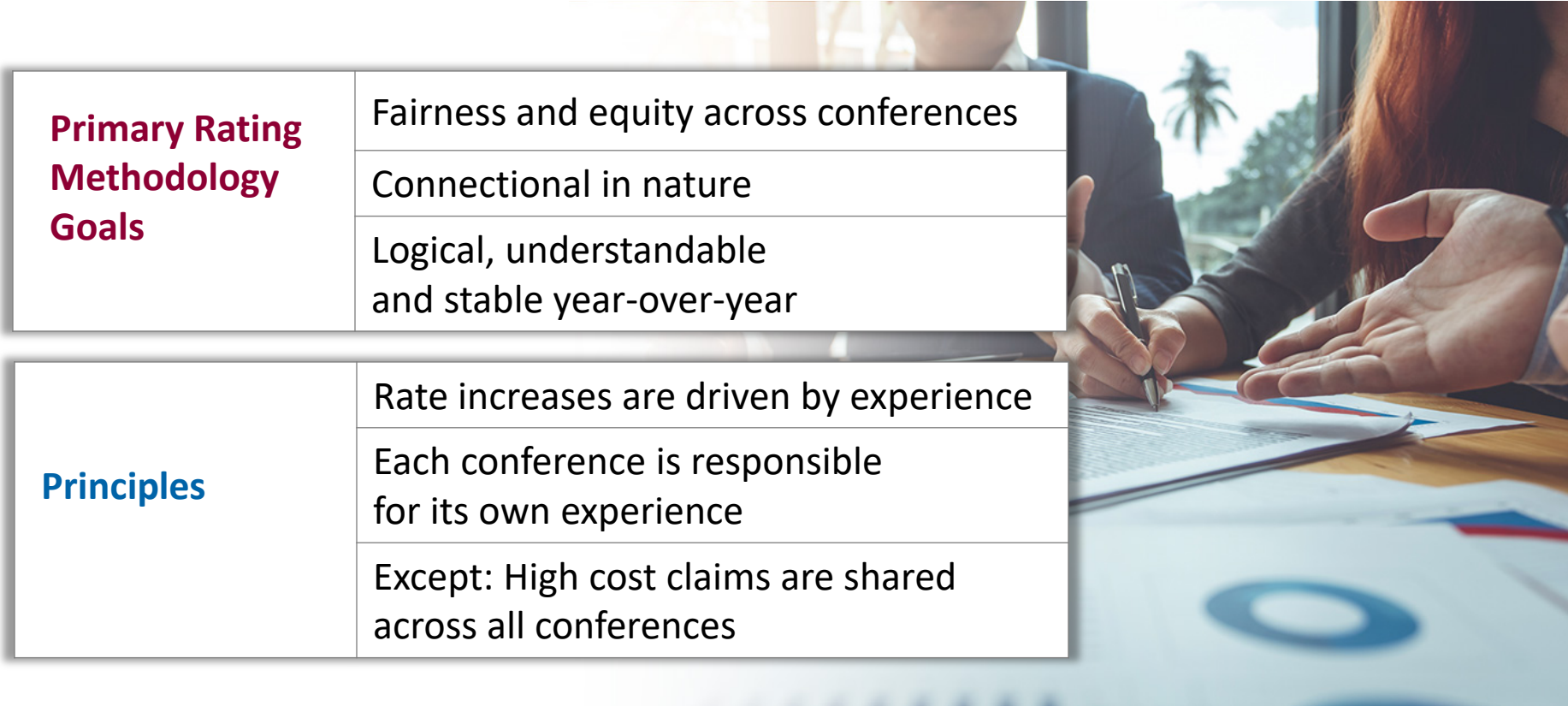
Annual Report Feedback





2020 Rates

HealthFlex Rating Methodology



Primary Rating Methodology Goals

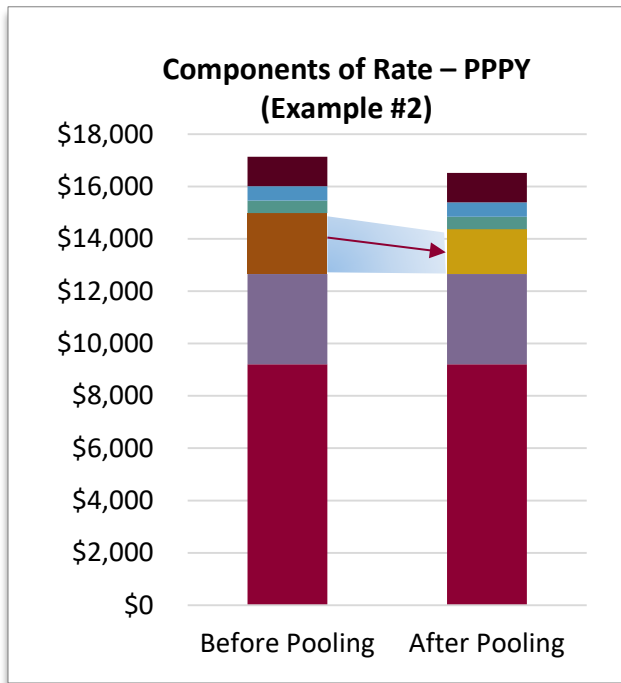
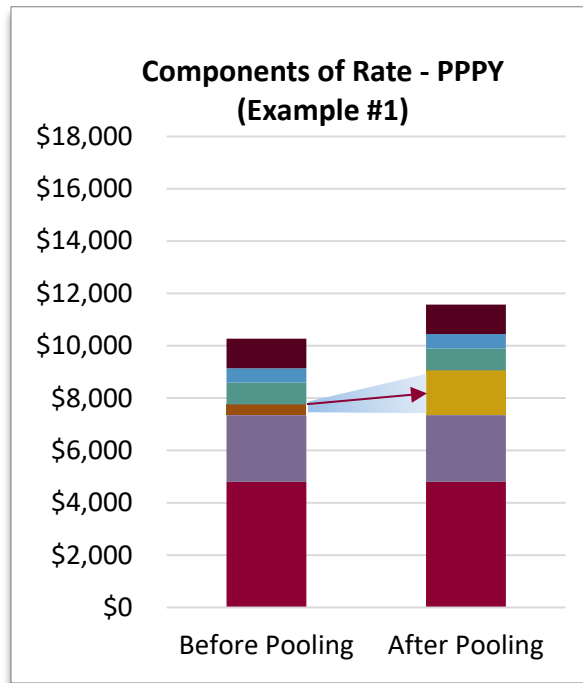
- Fairness and equity across conferences
- Connectional in nature
- Logical, understandable and stable year-over-year

Principles

- Rate increases are driven by experience
- Each conference is responsible for its own experience
- Except: High cost claims are shared across all conferences

HealthFlex Rating Methodology

- In the development of each conference's claims cost each year, pooled claims are removed from the experience and replaced with a "Pooling Charge"



- Other Costs
- Wellness Incentives
- HRA/HSA Contributions
- Pooling Charge
- High-Cost Claims
- Rx Claims
- Medical Claims

Results for 2020 Rates

Medical

Dental

Overall

+5.1%

-2.7%

By Conference

+1%

to

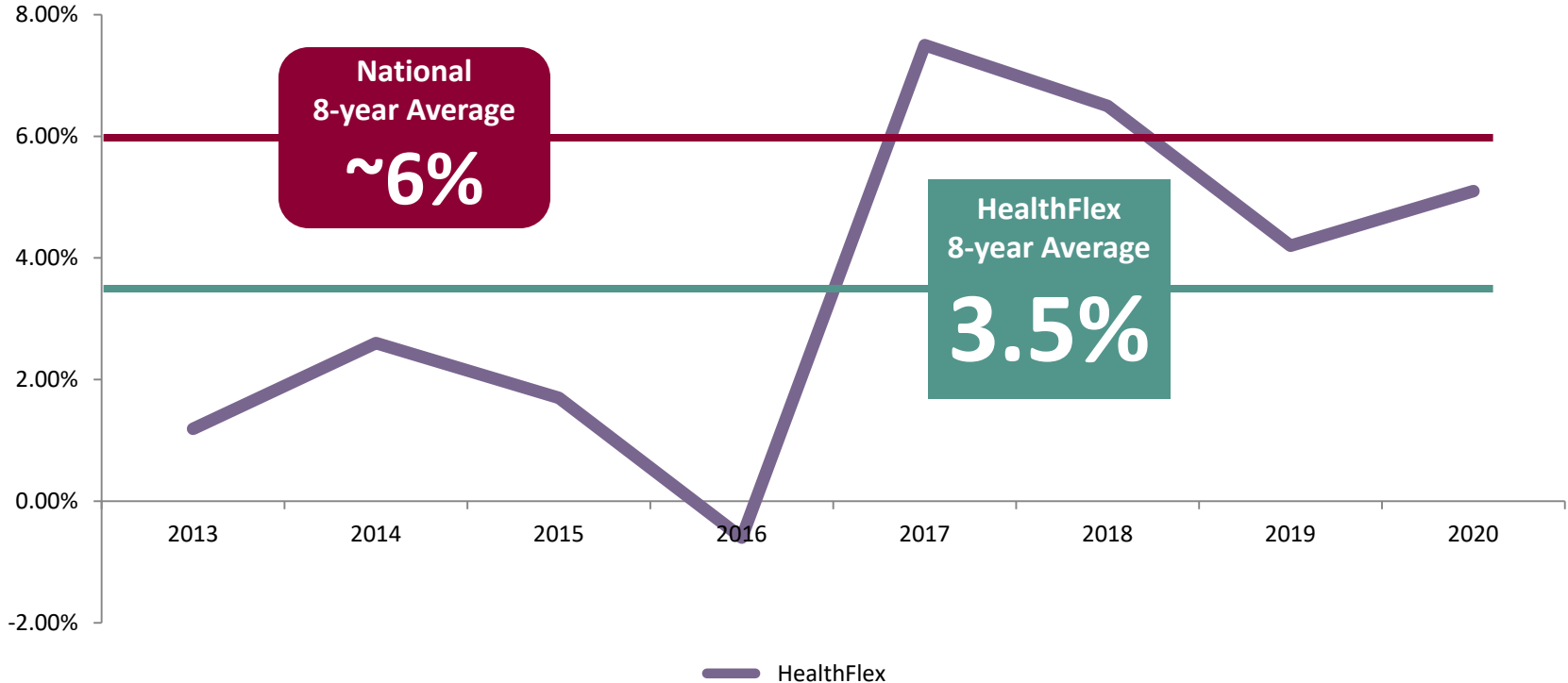
+12%

-10%

to

+10%

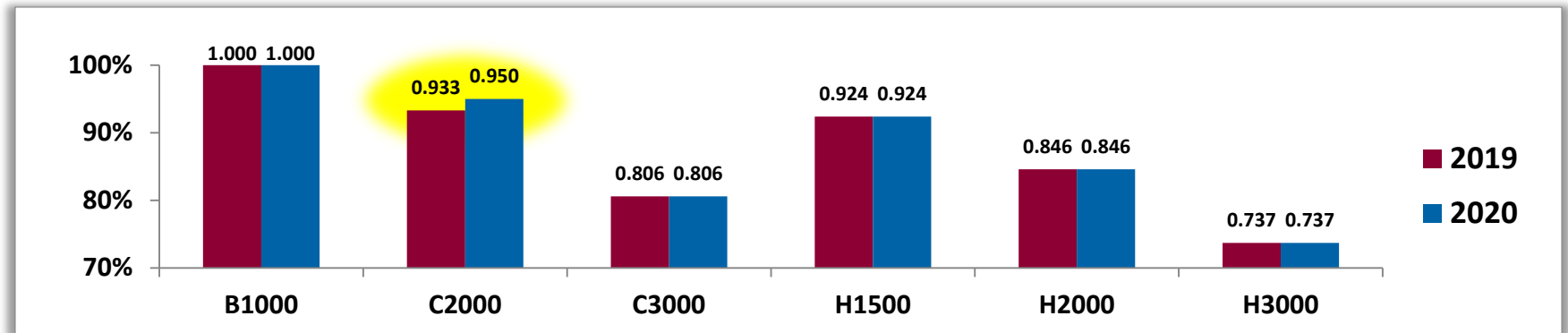
History of Rate Increases



Adjustments for 2020

Rate Relativities

- C2000 has historically been priced lower than its actual value
- For 2020, the factor for the C2000 plan has been increased
- This means that price tag for **C2000 increases more** than overall rate action, while the price tags for **other plans increase less**



Adjustments for 2020

Tier Structure

- Historically, tier structures have varied widely among conferences
 - Participant + 1 has ranged from 1.9 x Participant to 2.18 x Participant
 - Participant + Family has ranged from 2.4 x Participant to 3.03 x Participant
- An experience analysis for 2015—2017 shows actual claims
 - Participant + 1 equals 1.94 x Participant (with spouses at 0.99 x employee)
 - Participant + Family equals 2.58 x Participant
- We decided to **harmonize factors to 1.90 and 2.60** for all conferences to eliminate hidden tier subsidies
 - Phased in over 2 years if immediate impact is too large

Example

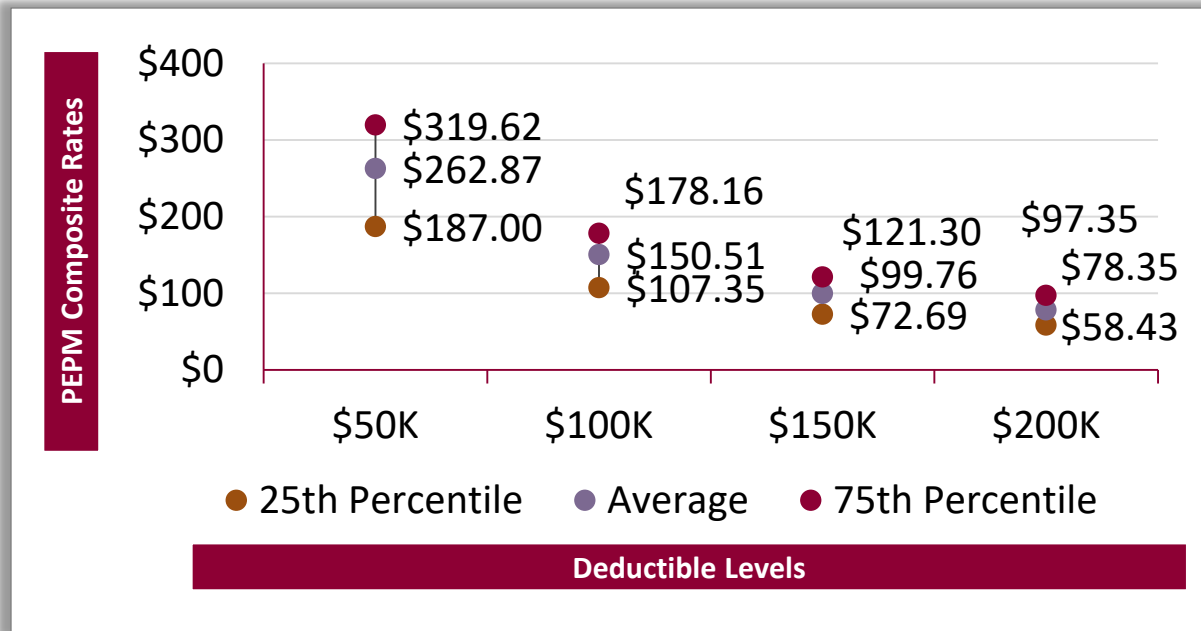
		2019				2020					
		Tier Ratio	Rate (\$)	Credit (\$)	Ppt Cost	Tier Ratio	Rate (\$)	Rate Incr. (%)	Credit (\$)	Ppt Cost	Change (%)
B1000	Ee Only	1.00	\$ 767	\$ 615	\$ 152	1.00	\$ 863	12.6%	\$ 696	\$ 167	10.2%
	Ee + 1	2.10	1,611	1,293	209	1.90	1,559	1.8%	1,324	317	-0.4%
	Family	2.65	2,034	1,632	264	2.60	2,133	10.4%	1,811	434	8.0%
C2000	Ee Only	1.00	\$ 715	\$ 615	\$ 100	1.00	\$ 820	14.7%	\$ 696	\$ 124	24.3%
	Ee + 1	2.10	1,502	1,293	209	1.90	1,559	3.8%	1,324	235	12.2%
	Family	2.65	1,896	1,632	264	2.60	2,133	12.5%	1,811	322	21.9%
:	:	:	:	:	:	:	:	:	:	:	:
Total			\$ 1,245	\$ 1,098	\$ 146		\$ 1,354	8.8%	\$ 1,195	\$ 159	8.8%

Note: A callout box highlights the calculation for the 2020 Ee + 1 rate: $\$1,611 = \767×2.10 . The 2020 Rate Increase of 1.8% is also circled.



Stop Loss Overview

Stop Loss Premium Rates by Deductible Level—2018

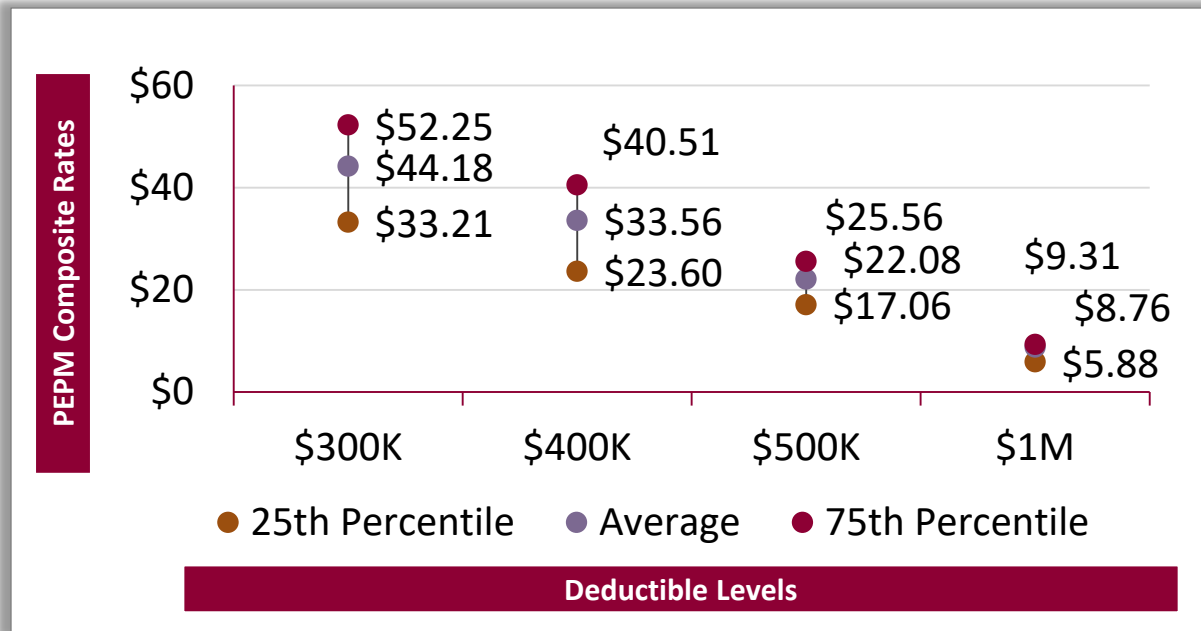


- The graph shows average stop loss premiums in 2018
- Stop loss premiums for HealthFlex would be higher due to age/gender mix

Stop loss insurance may exclude known high cost claimants

The above chart is based on 2018 data provided to Willis Towers Watson by Munich Re, Symetra, Voya, Berkley and Sun Life and is based on their full book of business.

Stop Loss Premium Rates by Deductible Level—2018



- The graph shows average stop loss premiums in 2018
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Stop Loss Premiums Compared to Pooling Cost

Period	Actual Claims Pooled (50% from \$50k-\$200k, then 100%)	\$50k Individual Stop Loss (ISL) Level		\$100k Individual Stop Loss (ISL) Level		\$200k Individual Stop Loss (ISL) Level	
	\$ Millions	Pooled Claims	ISL Premium	Pooled Claims	ISL Premium	Pooled Claims	ISL Premium
Dec '14 - Nov '15	\$13.5	\$25.4		\$14.6		\$7.1	
Dec '15 - Nov '16	\$10.8	\$22.8		\$11.5		\$4.8	
Dec '16 - Nov '17	\$14.6	\$28.8		\$16.3		\$8.0	
Dec '17 - Nov '18	\$14.1	\$28.4		\$15.7		\$6.7	
4-year Average	\$13.3	\$26.4	\$33.4	\$14.5	\$19.1	\$6.7	\$10.0
Difference			27%		32%		50%

(All amounts in \$ millions)

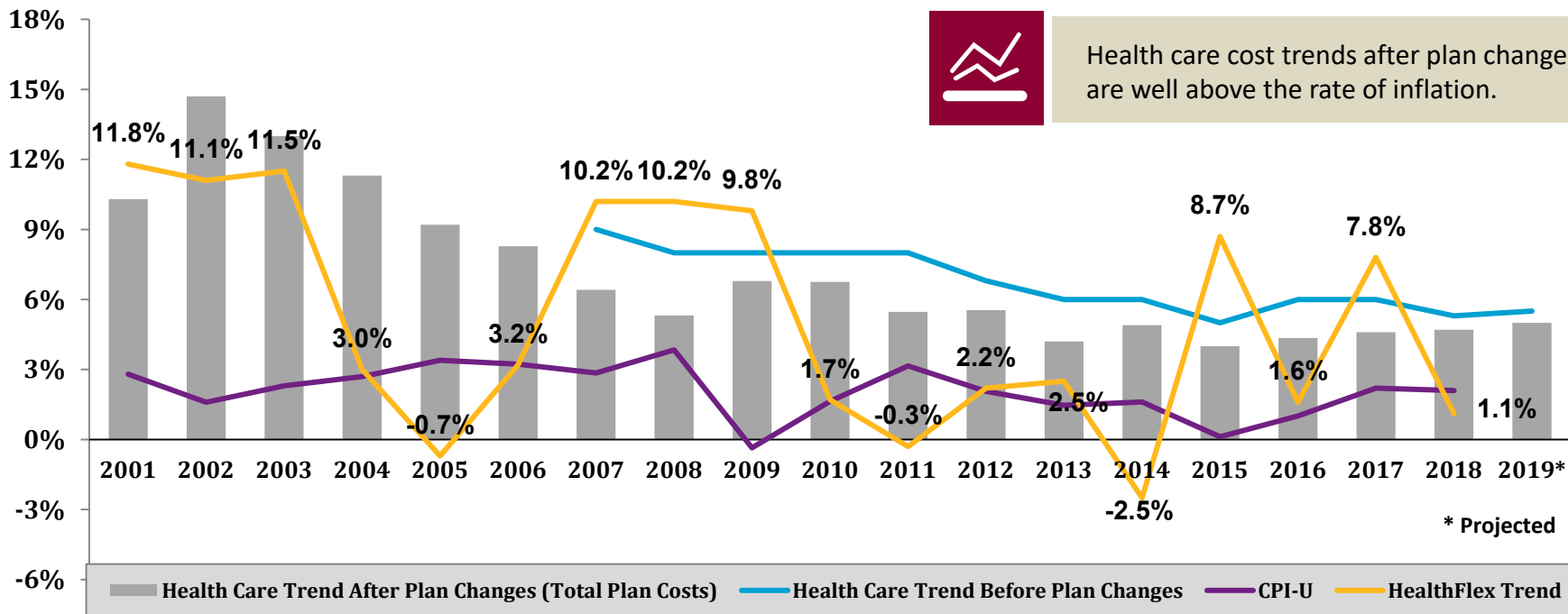
- HealthFlex pools large claims and shares them across all plan sponsors
- The effect of this pooling is similar to the effect of Individual Stop Loss insurance for each sponsor
- Wespath does not purchase third-party stop loss insurance, resulting in significant savings by avoiding the high risk and profit loads charged by these insurance companies.
- In 7 to 8 years out of 10, stop loss premium will exceed claims*

* Based on Willis Towers Watson Stop Loss Collaborative Client experience



Employer Health Care Trends

Health Care Costs Before and After Plan Changes— Compared to HealthFlex



Sample: Companies with at least 1,000 employees.
 Source: 2018 WTW Best Practices in Health Care Employer Survey

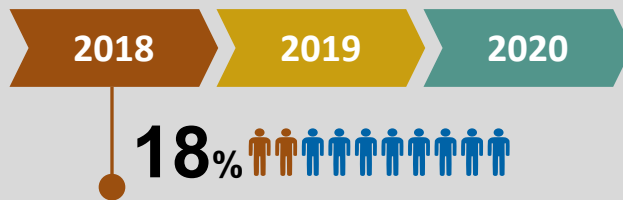
Note: Pharmacy rebates are not taken into account in historical trend calculations prior to 2018

Nearly One in Five Employers Have Reversed their Strategy to Eliminate Traditional Plans

Among sponsors who offer traditional and account-based plans

(N=268)

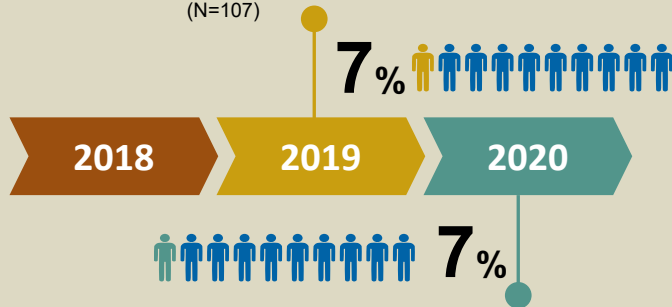
- Stopped plan to offer only account-based plans (ABHP) and offered a choice of plan options among ABHPs and plans with low point-of-care costs in the last few years



Among sponsors who only offer account-based plans

(N=107)

- Planning to add back traditional plans after previously only offering ABHP



Sample: Companies with at least 1,000 employees that offer ABHPs

Note: Percentages indicate “Used in 2018”; “Planning for 2019” or “Considering for 2020”

Source: 2018 Willis Towers Watson Best Practices in Health Care Employer Survey

Medical Program Assessment

Plan Design Benchmarking (PPO Plans)

Medical (Single/Family)	HealthFlex – B1000	2018 National Benchmark	Observations
Deductible	\$1,000 / \$2,000	\$600 / \$1,500	<ul style="list-style-type: none"> ❖ Deductibles, out-of-pocket maximums, and OV / ER copays higher than the national benchmark design ❖ Plan coinsurance in line with benchmark
Plan Coinsurance	80%	80%	
Office Visit (OV) Copays	\$30 / \$50	\$25 / \$40	
Inpatient (IP) Copay	Ded/Coins	\$250	
Outpatient (OP) Copay	Ded/Coins	\$125	
Emergency Room (ER) Copay	\$200	\$150	
Out-of-Pocket Maximum	\$5,000 / \$10,000	\$3,000 / \$6,500	

Medical Program Assessment

Plan Design Benchmarking (HRA Plans)

Medical (Single/Family)	HealthFlex – C2000	HealthFlex – C3000	2018 National Benchmark	Observations
Account Funding	\$1,000 / \$2,000	\$250 / \$500	\$500 / \$1,000	<ul style="list-style-type: none"> ❖ Deductibles and out-of-pocket maximums are above national benchmark ❖ C2000 account funding level is higher than national benchmark, while C3000 funding level is lower
Deductible	\$2,000 / \$4,000	\$3,000 / \$6,000	\$1,500 / \$3,200	
Plan Coinsurance	80%	50%	80%	
Office Visit (OV) Copays	Ded/Coins	Ded/Coins	\$25 / \$40	
Inpatient (IP) Copay	Ded/Coins	Ded/Coins	\$500	
Outpatient (OP) Copay	Ded/Coins	Ded/Coins	\$50	
Emergency Room (ER) Copay	Ded/Coins	Ded/Coins	\$150	
Out-of-Pocket Maximum	\$6,000 / \$12,000	\$6,500 / \$13,000	\$3,500 / \$7,200	

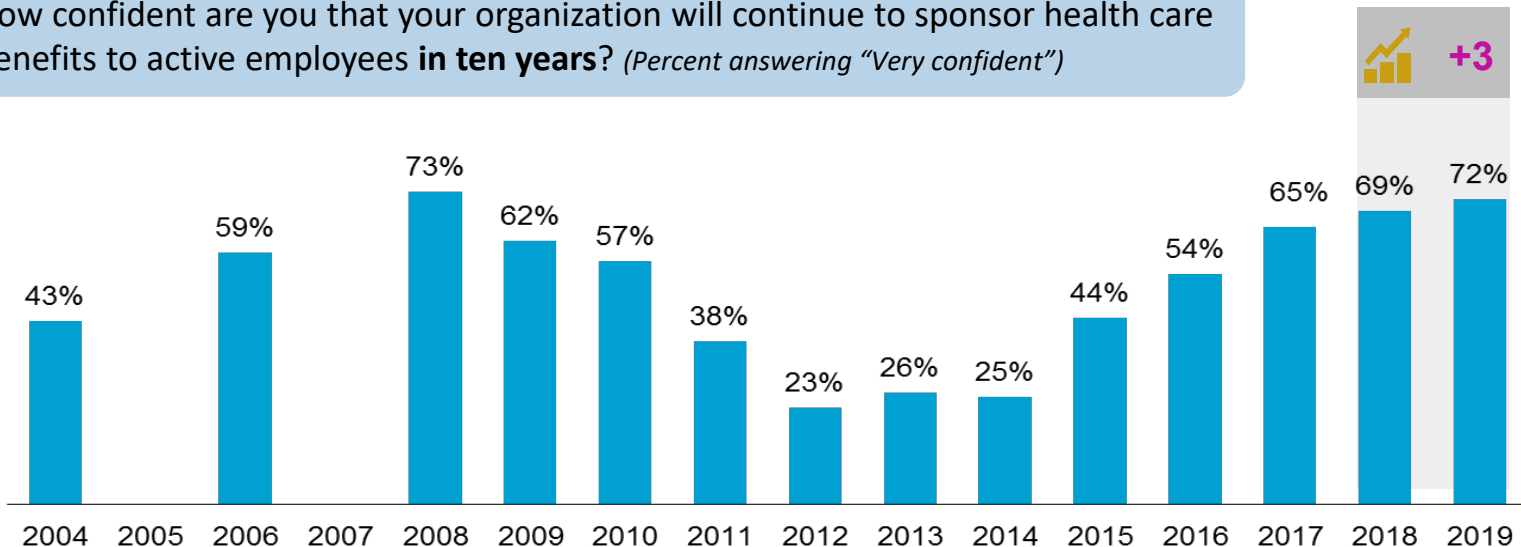
Medical Program Assessment

Plan Design Benchmarking (HSA Plans)

Medical (Single/Family)	HealthFlex – H1500	HealthFlex – H2000	HealthFlex – H3000	2018 National Benchmark	Observations
Account Funding	\$750 / \$1,500	\$500 / \$1,000	N/A	\$500 / \$1,000	❖ Account funding on H1500 and H2000 meet/exceed the national benchmark funding level
Deductible	\$1,500 / \$3,000	\$2,000 / \$4,000	\$3,000 / \$6,000	\$2,000 / \$4,000	
Plan Coinsurance	80%	70%	40%	80%	
Office Visit (OV) Copays	Ded/Coins	Ded/Coins	Ded/Coins	Ded/Coins	❖ Deductibles on Wespath designs straddle the national benchmark design
Inpatient (IP) Copay	Ded/Coins	Ded/Coins	Ded/Coins	Ded/Coins	
Outpatient (OP) Copay	Ded/Coins	Ded/Coins	Ded/Coins	Ded/Coins	
Emergency Room (ER) Copay	Ded/Coins	Ded/Coins	Ded/Coins	Ded/Coins	❖ Out-of-pocket maximums are higher than the national benchmark
Out-of-Pocket Maximum	\$6,000 / \$12,000	\$6,500 / \$13,000	\$6,500 / \$13,000	\$4,000 / \$8,000	

Employer Confidence in Sponsoring Health Care Benefits Over the Next 10 years is on Par with Pre-ACA Levels

How confident are you that your organization will continue to sponsor health care benefits to active employees **in ten years**? (Percent answering "Very confident")

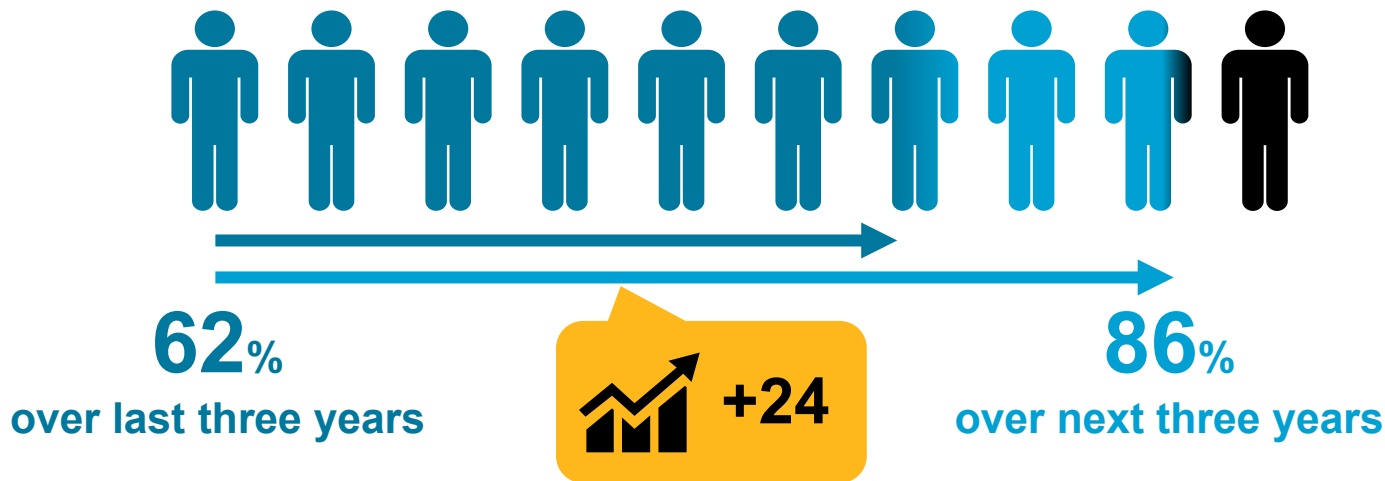


5-Year Confidence: 94% very confident, 6% somewhat confident, 0% not confident that the organization will continue to sponsor health care benefits in five years.

Sample: Companies with at least 1,000 employees; Note: High Confidence represents responses of "Very confident." Years 2004-2016 are based on prior years of the Willis Towers Watson Survey
Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

Participant Engagement in Health and Well-Being Programs is a Strategic Priority

To what extent has enhancing the participant experience with your health and well-being programs been an important priority to your organization over the last three years and will it be over the next three years?



Sample: Companies with at least 100 employees

Note: Percentages indicate "To a great extent" or "To a very great extent"

Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

Barriers to Improving Participant Engagement and Experience

To what extent are these a significant barrier to improving the employee experience with health/well-being programs?

Insufficient budget or internal staff to support activities

59%

Lack of transparency around health care prices/provider quality

46%

Lack of flexibility/personalization in portal or technology

38%

Fragmentation of health care delivery system (medical, pharmacy)

30%

Lack of effective decision support tools

21%

Lack of understanding about employees' wants and needs

20%

Lack of quality vendors/programs

11%

Sample: Companies with at least 100 employees;

Note: Percentages indicate "To a great extent" or "To a very great extent"; Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

Emphasis on Education/Communication for Decision Support

To what extent does your organization prioritize the following to help employees make informed benefit decisions?



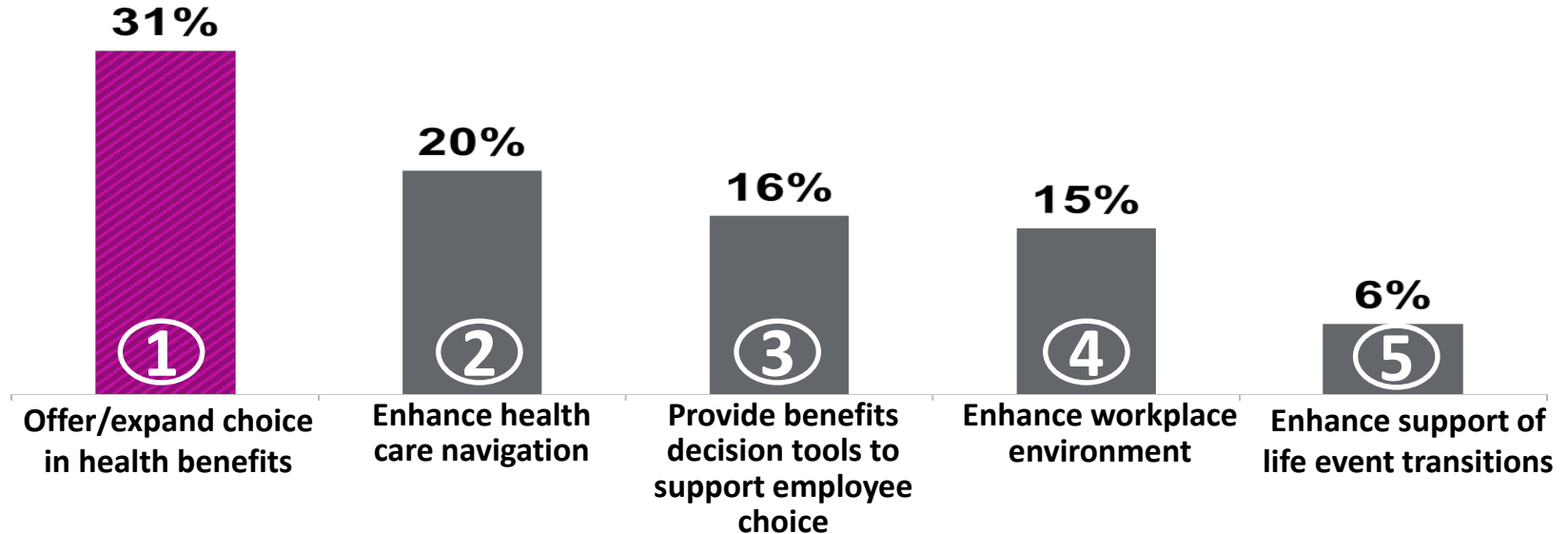
Sample: Companies with at least 100 employees

Note: Percentages indicate "to a great extent" or "to a very great extent"

Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

Offering Choice Is a Top Priority

Please select your top priority for your organization's health and wellbeing programs over the next three year

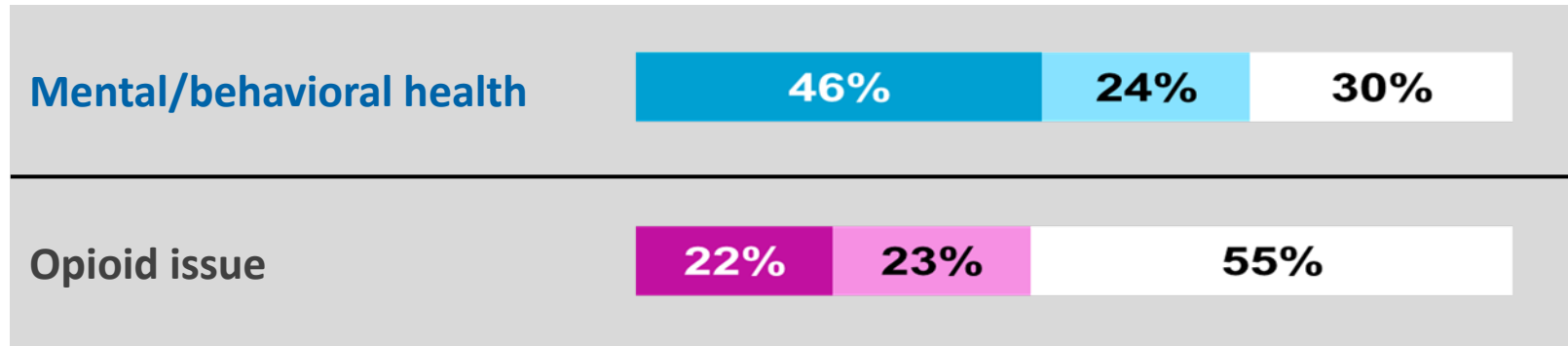


Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

Mental Health and Opioids Also Top Priorities

Has your organization taken or plan to take any of the following actions?



■ Actions already taken or planned for 2019*

■ Considering actions for 2020/2021

* Percentages indicate "Actions taken before 2019" or "Actions taken in or planned for 2019"

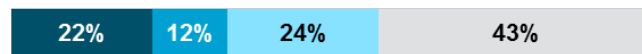
Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey

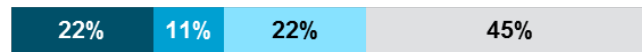
Specific Tactics to Address Mental Health and Opioid Issues

Mental/behavioral health

Behavioral health navigation support through outside vendor

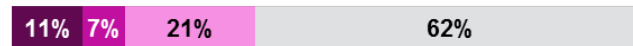


Effort to reduce stigma associated with mental illness

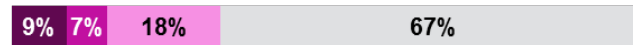


Opioid issue

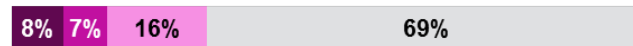
Worksite education programs focused on opioid awareness



Sponsor a worksite campaign to raise awareness about opioids



Opioid awareness and education through outside vendor



■ Actions taken before 2019 ■ Actions taken in or planned for 2019 ■ Considering actions for 2020/2021 ■ No actions taken or planned

Sample: Companies with at least 100 employees

Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey



Wespath

BENEFITS | INVESTMENTS