HealthFlex Plan Sponsor Update—May 2020

Wespath
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Plan Sponsor Update

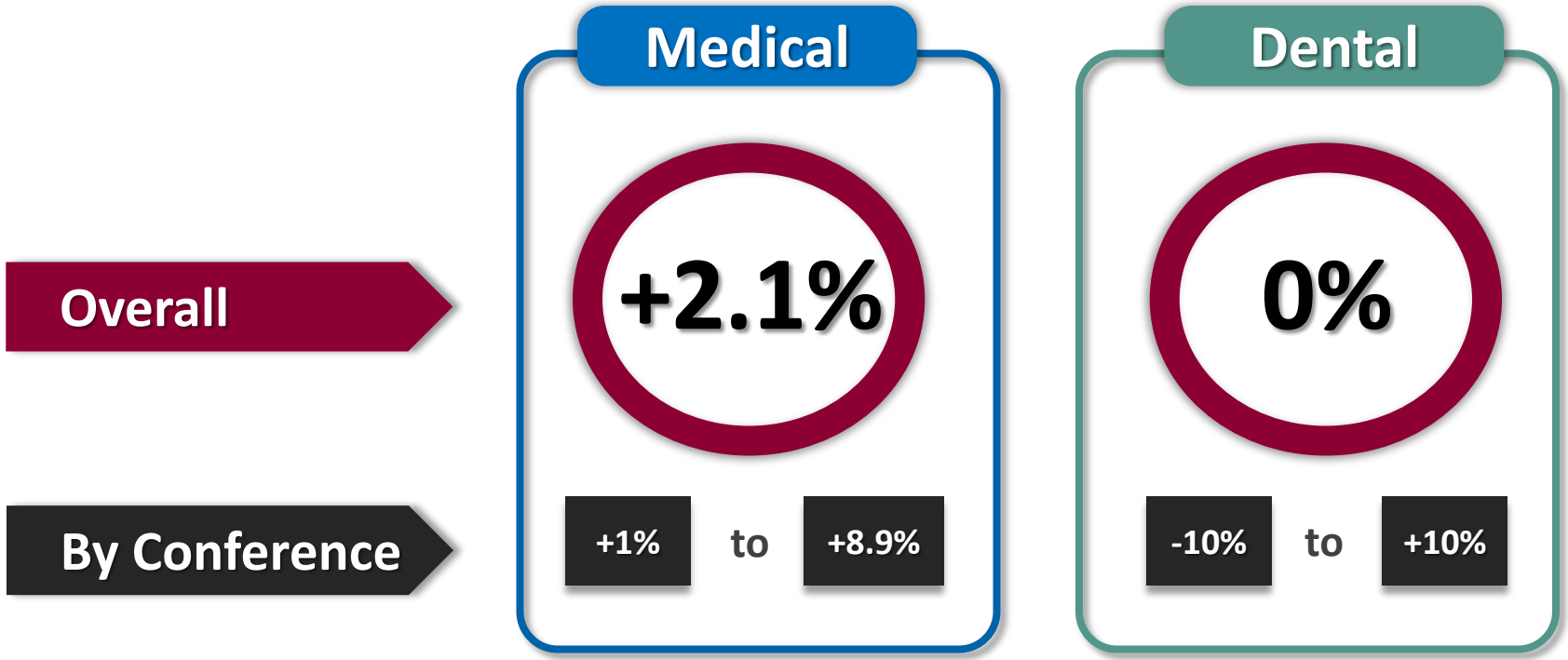
Agenda

- **Looking Ahead: 2021**
  - 2021 HealthFlex Premiums and Rating Methodology
  - 2021 Plan Changes and Rationale
- **Looking Back: 2019**
  - Financial Results and Experience
  - Summary Reporting
- **2020 Updates: AE Results and Other Updates**

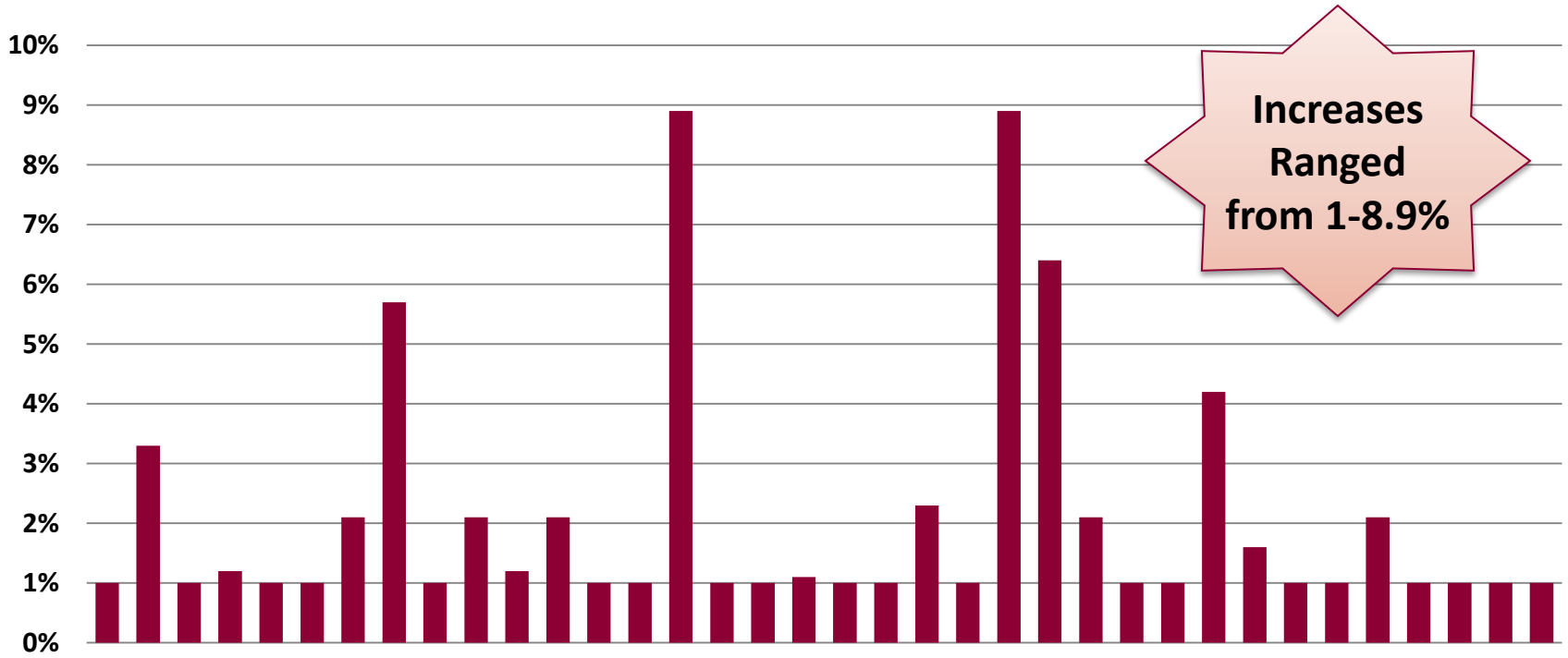
2021 HealthFlex Rates and Plan Changes


2019:
Overall a Really Good Year!

2021 Premium Increases



2021 Medical Premium Increases by Sponsor



Vision Plan Premium increases

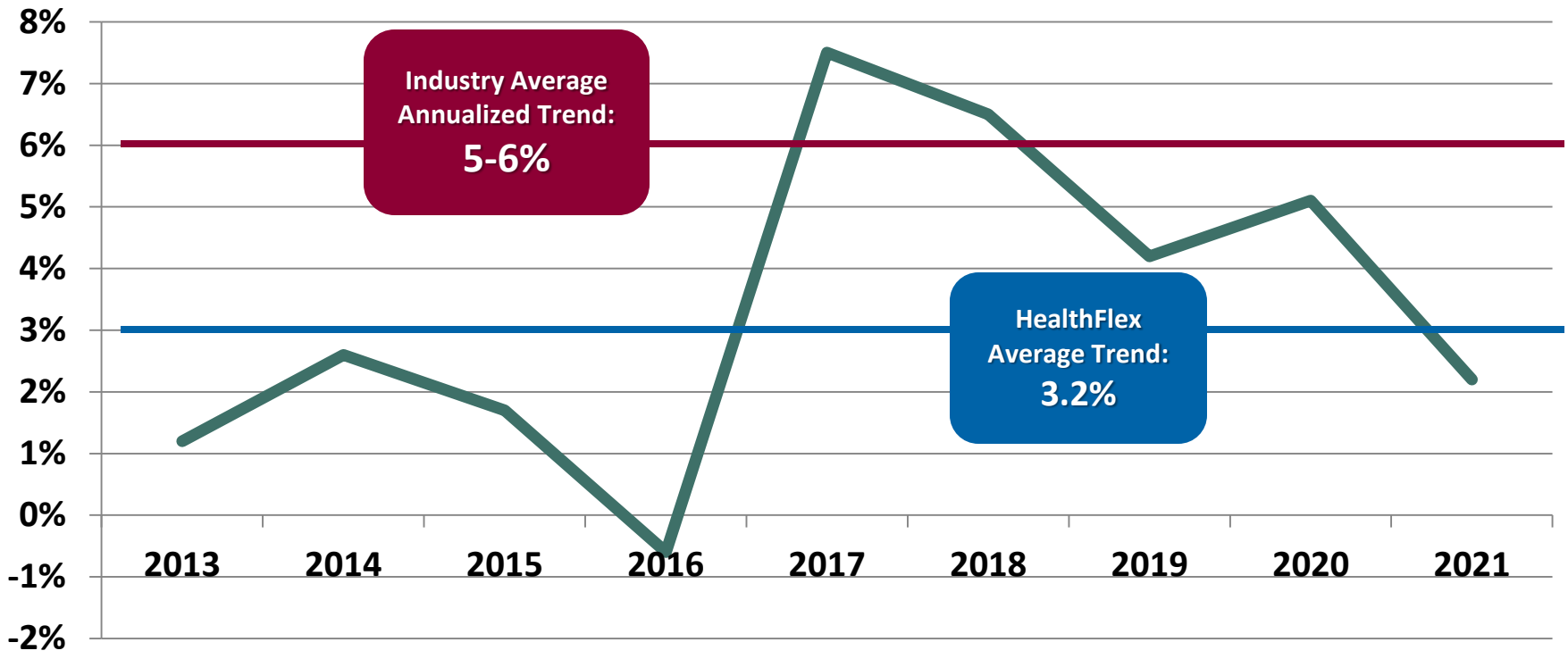
Exam Core Remains at $0 (included with Medical)

Full Service	• **$2.08**/monthly increase for individuals • **$5.36**/monthly increase for families	Benefit improvement—frames every 12 months
Premier	Slight decrease	Benefit improvement—glasses + contacts, or 2nd pair of glasses

Why Such a Favorable Result?

- Some good luck
- Large/growing population helps mitigate inevitable catastrophic claims
- Greater migration into HRA/HSA plans promotes consumerism and lower net cost
- Focus on well-being helps manage potential costs

HealthFlex: Low Average Annual Rate Trend




2021:
2.1% average rate increase
includes slightly more valuable plans—
making a good year even better!

2021 HealthFlex Plan Design Changes

	HSA Plans			HRA Plans		B1000
	H1500	**H2000**	**H3000**	**C2000**	**C3000**	**B1000**
Health Account Contributions	$750/$1,500	$500/$1,000	None	$1,000/$2,000	$250/$500	None
Deductible	$1,500/$3,000	$2,000/$4,000	$3,000/$6,000	$2,000/$4,000	$3,000/$6,000	$1,000/$2,000
	If > 1 person is covered the family deductible always applies					
Co-insurance	80% | 20%	70% | 30%	40% | 60%	80% | 20%	50% | 50%	80% | 20%
Out-of-Pocket Max (OOP)	$5,000/ $10,000	$5,000/ $10,000	$6,000/ $12,000	$5,000/ $10,000	$5,000/ $10,000	$5,000/ $10,000
Pharmacy Highlights	Generics: $10-$25 after deductible Preferred brand 30% after deductible		60% after deductible	Generics: $10-$25 Preferred brand: 30%		Generics: $10-$25 Preferred brand: 30%

2021 Change—Maximum Out-of-Pocket Cost

Reduced/Simplified Out-of-Pocket Maximums

- $5,000/$10,000 for all plans except H3000
- $6,000/$12,000 for H3000

Rationale

Net increase to overall costs: **1–3% per plan**

Participant disruption: **Zero to positive**

2021 Change—Refined Pharmacy Cost-Share

Simple • Transparent • Promoting Consumerism

- $10/$25 for 30/90 day generics
- 30% coinsurance for formulary brand Rx
  ($30/$75 minimum – $65/165 max)
- 40% coinsurance for non-formulary brand Rx
  ($50/$125 minimum – $120/$300 max)
- HSA plans require deductible first (except preventive list)
- H3000 = 60% coinsurance with no min/max (except OOP)

We continue to explore point of sale rebates for the future!

Possible Change in Pharmacy Benefits Manager

- Wespath is currently mid-RFP for 1/1/21 with our Church Benefits Association peers in our Pharmacy Benefits Coalition
- Initial financial offer from OptumRx was not competitive
- Wespath is reviewing options and expects to make an announcement of the final decision later this month.

Other Minor Rate Adjustments for 2021

Dental Tier Structure

- Historically, dental tier ratios have varied widely among plan sponsors
  - Participant + 1 has ranged from: **1.66 – 2.27**
  - Participant + Family has ranged from: **2.33 – 3.13**
- Industry claims experience suggests an appropriate ratio is **1:2:3**
- Decision: **Harmonize plan factors to 2.0 and 3.0** for all plan sponsors

Reminder: Wespath completed a similar exercise for medical plans for 2020

HealthFlex Exchange for 2021

HealthFlex Exchange will be the only supported HealthFlex option in 2021 and beyond

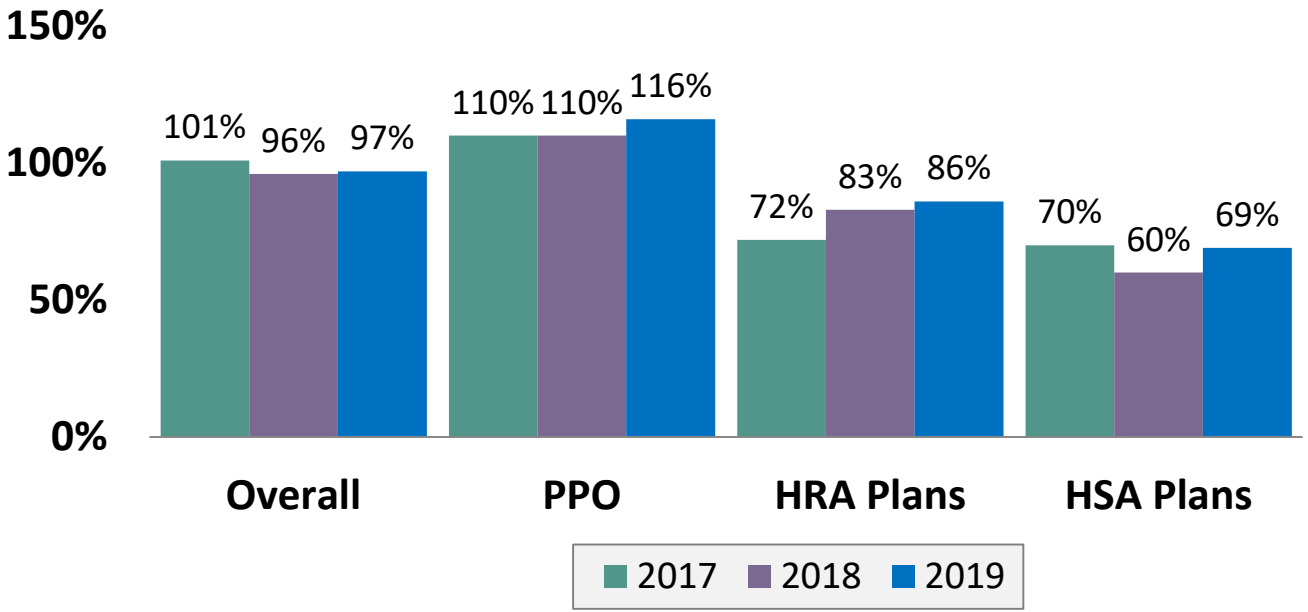
- All plan sponsors offer **all 6 medical/3 dental/3 vision plans**
- Premium credit and default plan must be selected **by June 30**
- **New for 2021:** Dental/vision dependents can vary, but the participant must be enrolled in medical in order for dependents to be eligible for any plans (participant must be enrolled in dental/vision to cover dependents)
  - **Exception:** Split families where participant is covered in the Medicare plan and dependents remain on HealthFlex coverage

Looking Back—2019 Financials and Reporting

How Did We Get to Such a Great Outcome?

2019 claims experience
was slightly below expectations overall—even better for HRA/HSA plans!

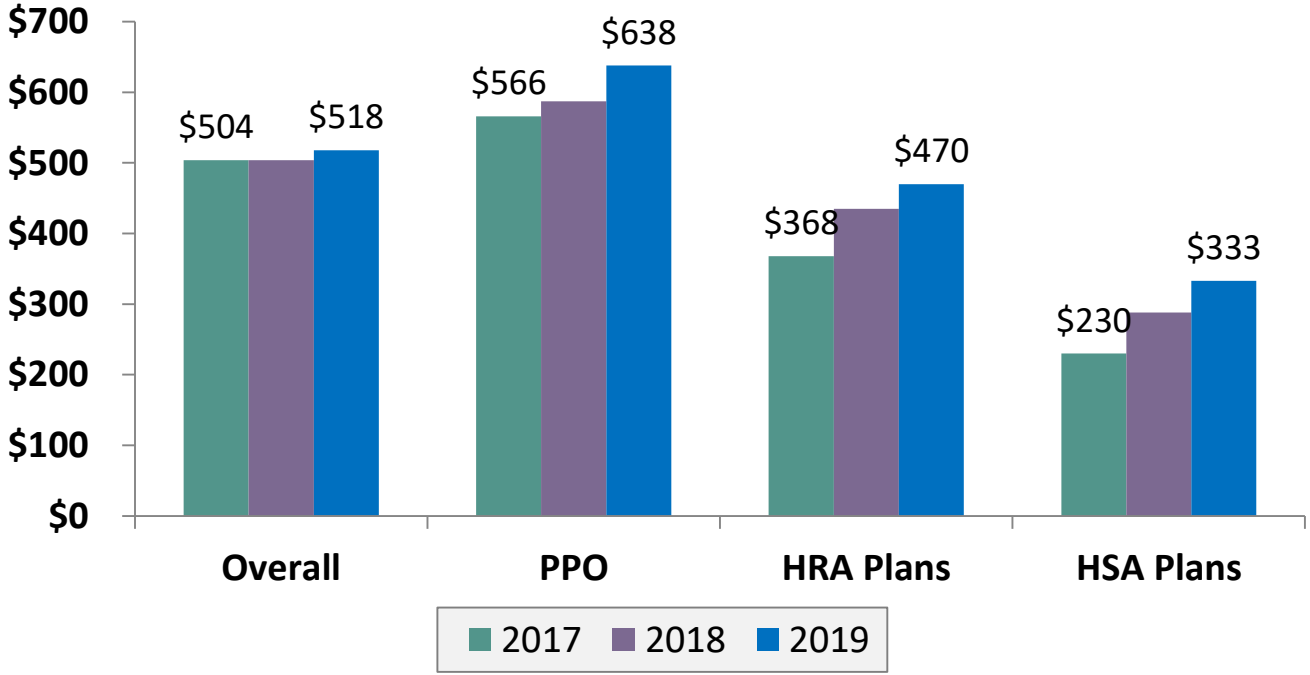
Loss Ratio by Plan Type



HRA/HSA plans continue to have significantly lower loss ratios than the PPO, even as HRA/HSA population grows

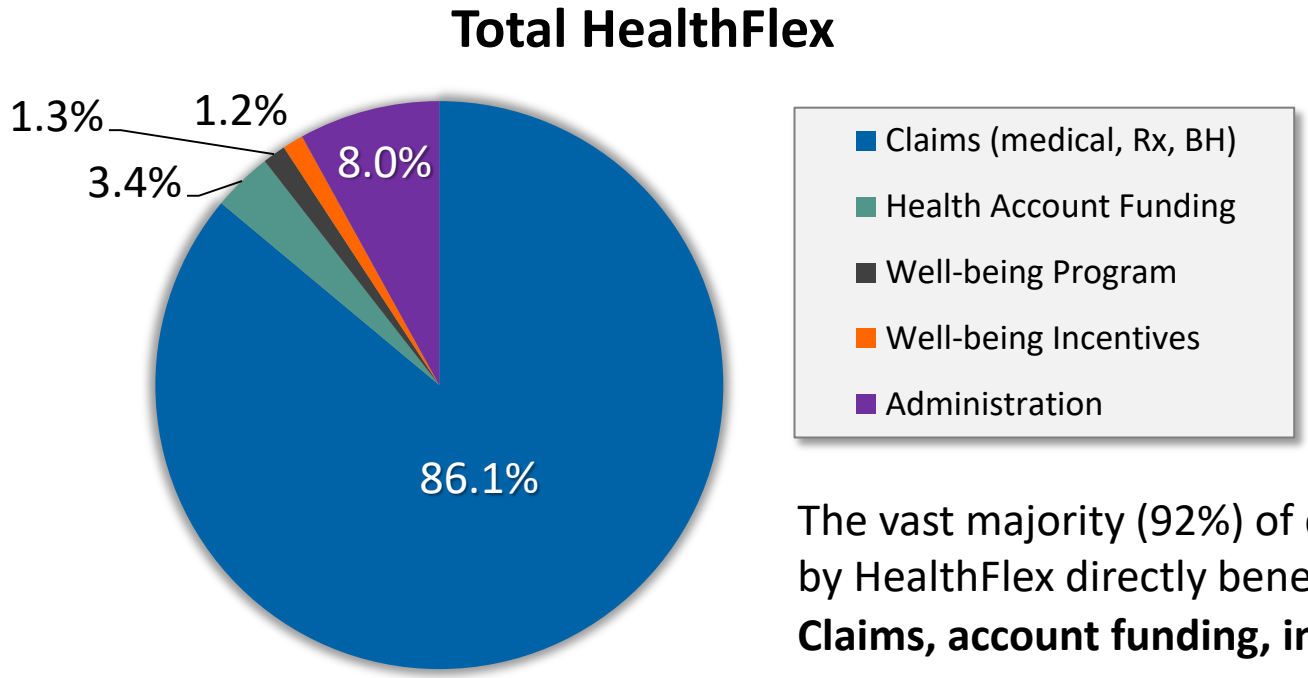
2017 does not include rebates, about 7% impact

Average Paid Claims Per Member



Lower per member cost in HRA/HSA plans due to plan value, selection bias and consumerism

92% of Costs Are Direct Participant Costs



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

What Makes Up 8% Administrative Costs?

- Vendor partner administrative service fees:
  - BCBS, UHC, OptumRx, Cigna
  - Basic Vision (VSP)
- Wespath staff and overhead
- Systems costs (Businessolver)
- Professional services and communications

Variability by Plan Sponsor

Percent of administrative costs is higher in low-claims year

Conversely, if claims experience is higher than planned, administrative costs make up a lower percentage of total premiums

Top Conditions and Medications

Mostly unchanged from 2018

Costly conditions:

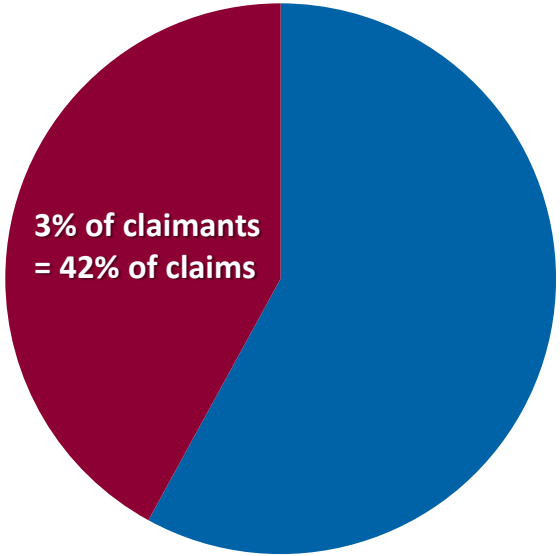
- Cancers
- Diabetes
- Musculoskeletal
- Circulatory

Costly medications:

- Diabetes
- Chronic Inflammatory
- Cancer
- Hemophilia

High Cost Claims Have Significant Impact

506 participants $57.2 million



17,231 participants $78.9 million

Claimants <$50K | High Cost Claimants (>$50K)

Allowed claims cost per member per year:

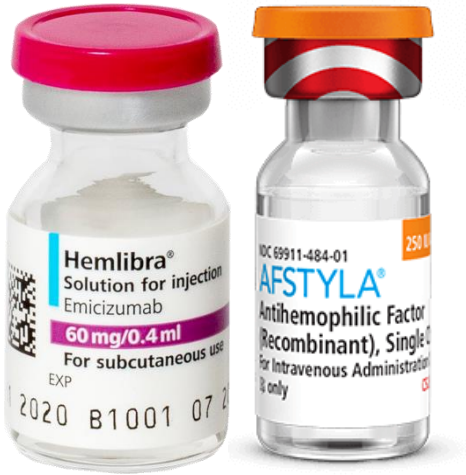
- For participants with claims <$50K: **$4,582**
- For participants with claims >$50K: **$113,109**
- For participants with claims >$200K: **$306,930**

Extremely High Cost Medications

Zolgensma

For pediatric patients <2 with spinal muscular atrophy

$2.1 million
per patient



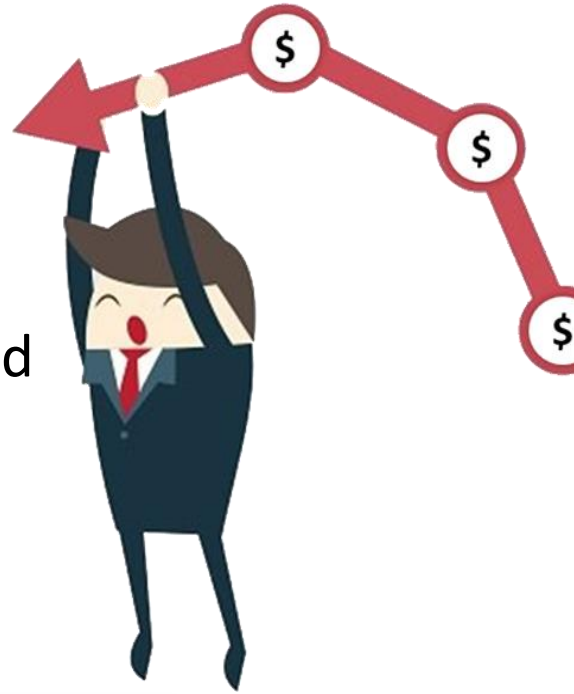
Hemlibra and Afstyla

For hemophilia

Over $1 million
for 2 patients in 2019

How Do We Try To Control Costs?

- Promote better consumerism through HRA/HSA plans
- Purchase medications through a coalition
- Medical necessity rules, prior authorizations, and case management
- Encourage healthy behaviors through the well-being programs



Commitment to stewardship and sustainability

Wise Consumerism Saves Money

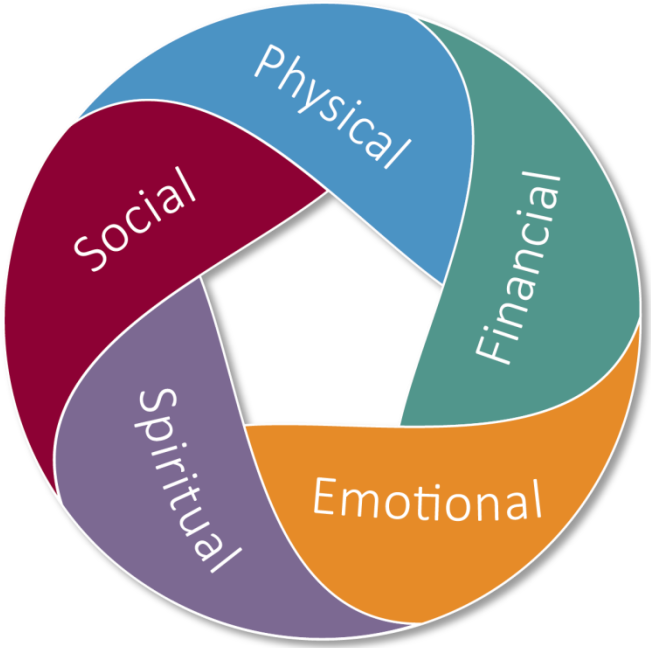
- **Generic** medications when possible
- **Shopping around** for non-emergency services (X-rays or lab services)
- **Using the lowest cost, appropriate site of care** (e.g. nurse line, walk-in clinic, telemedicine)
- Encouraging participants to **treat plan dollars as their own**

www.myalex.com/healthflex/mmyp

Lowest Cost, Appropriate Site of Care

- **Telemedicine or walk-in clinics**
  vs. Urgent Care or emergency room
  if not an emergency
- Using **Nurseline** for advice if unsure
- Leveraging **Blueprint for Wellness screening**
  to avoid expensive lab tests

Well-Being Programs Address Costly Areas



WebMD Coaching Results for 2019

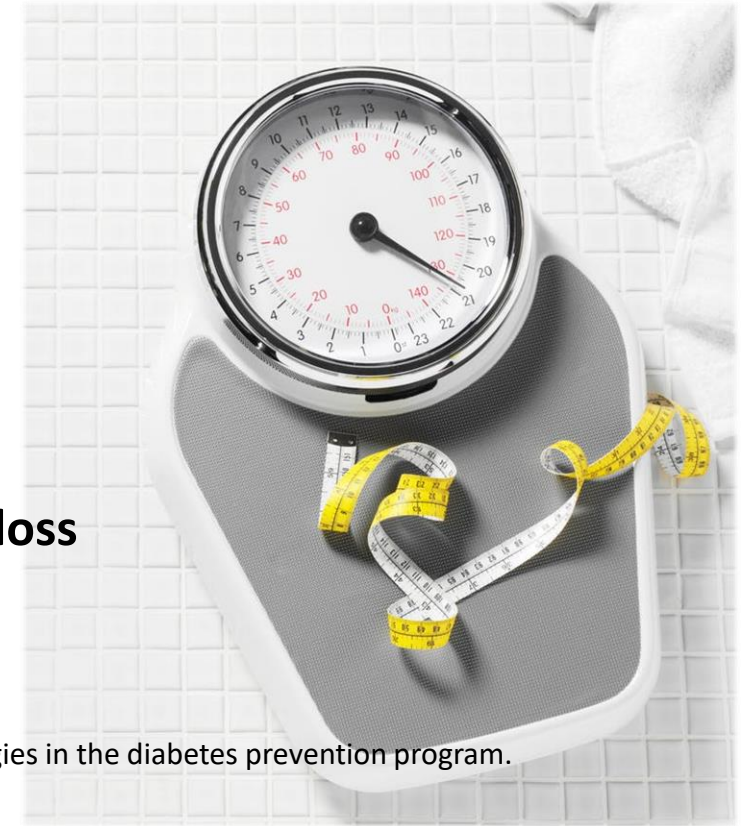
Coaching participants showed **greater improvement in multiple risk areas** compared those who did not participate in coaching, even though coaching participants were on average one year older.

	Change in Risk from 2017-2019, as measured by HQ	
	Coaching Non-Participants	Coaching Participants
% Categorized as High Risk	+3.50%	-1.00%
% Categorized as Low Risk	-4.70%	+4.10%
Those Reporting Poor Emotional Health	-1.10%	-5.10%
Those Reporting High Stress	-1.40%	-6.90%
Those Reporting High Weight	-6.60%	-9.00%
Those Reporting Poor Physical Activity	-3.80%	-6.00%
Those Reporting Poor Diet	-3.60%	-6.50%

Total HQ Cohort = 5821, average age = 54.2; Coaching Cohort = 1717, average age = 55.1

Omada Year 1 Results: April 2019-April 2020

- 1,162 applications with 792 enrollments
  - 140 of these in Legacy Type 2 program (with non-insulin dependent diabetes)
- 5,878 pounds total weight loss
- Average number of Omada interactions:
  - 30.4 times/week per participant in Foundations phase (first 16 weeks)
- At Week 52: **29% achieved at least 5% weight loss**
  - 5% weight loss is associated with a 54% reduction in risk of developing diabetes over the next 3 years*



*Maruther NM, Ma Y, Delahanty LM, et al. Early responses to preventative strategies in the diabetes prevention program. J Gen Intern Med. 2013; 28(12):1629-36.

Metabolic Syndrome

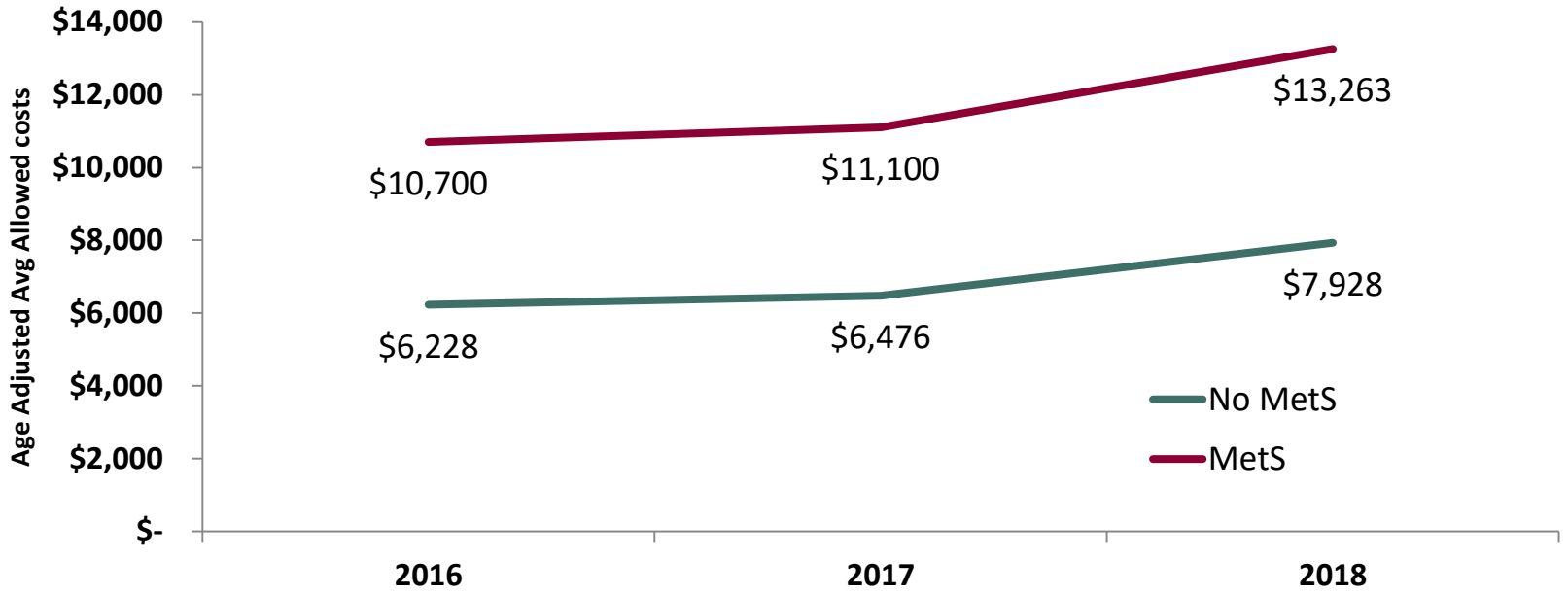
5 times higher risk of developing diabetes
2-3 times higher risk of heart attack or stroke
—American Heart Association

Any three of the following (or taking medications to control)
= metabolic syndrome*

Blood pressure	**≥ 130/85**	
Fasting blood glucose	**≥ 100**	
Triglyceride level	**≥ 150**	
Low HDL (good cholesterol)	Men **< 40**	Women **< 50**
Waist circumference	Men **> 40 inches**	Women **> 35 inches**

*** American Heart Association definition**

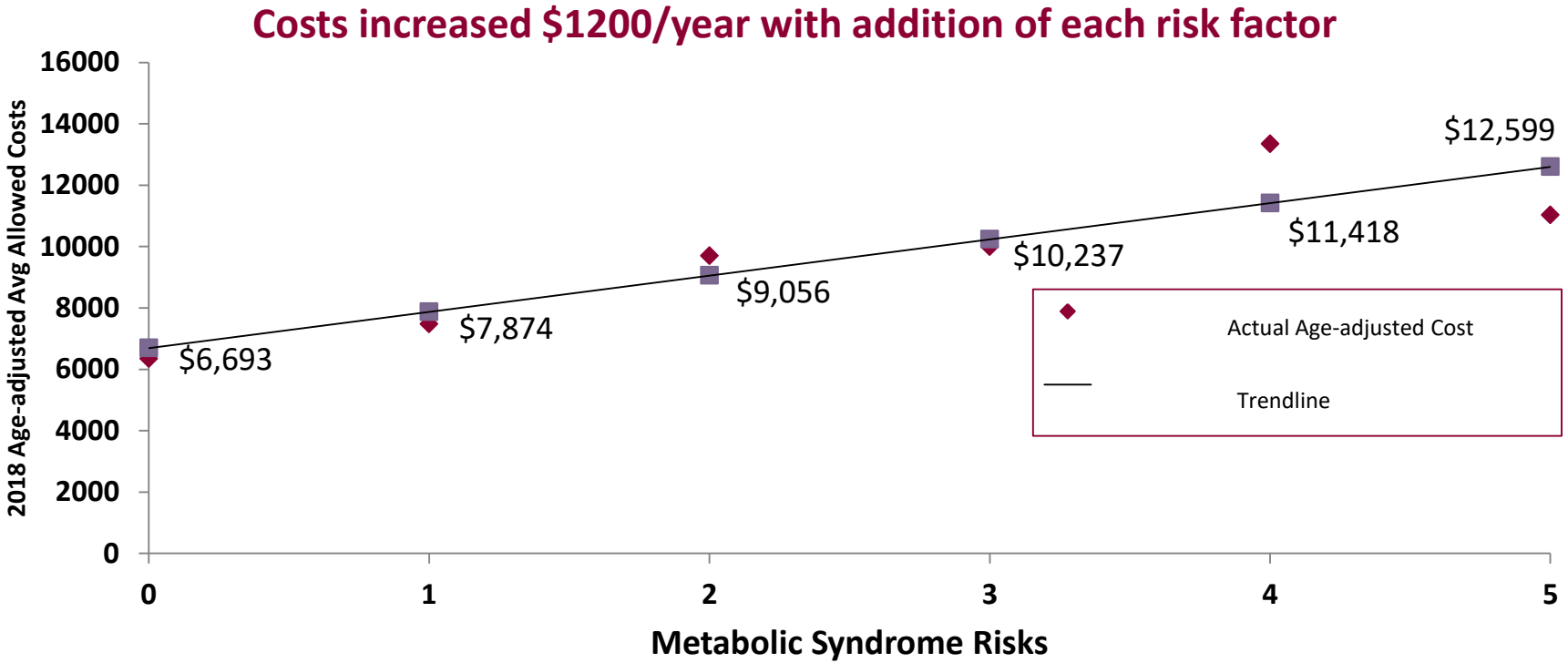
Metabolic Syndrome Costs



Age-adjusted costs for those with metabolic syndrome over 3 years averaged 70% higher

*Based on allowed medical + Rx claims for BFW completers with continuous eligibility 2016-2018. No MetS cohort n= 2363, MetS cohort n= 512

Costs of Metabolic Syndrome Risk Factors



*Based on age-adjusted allowed 2018 medical + Rx claims for 2018 BFW completers.

Savings Opportunity

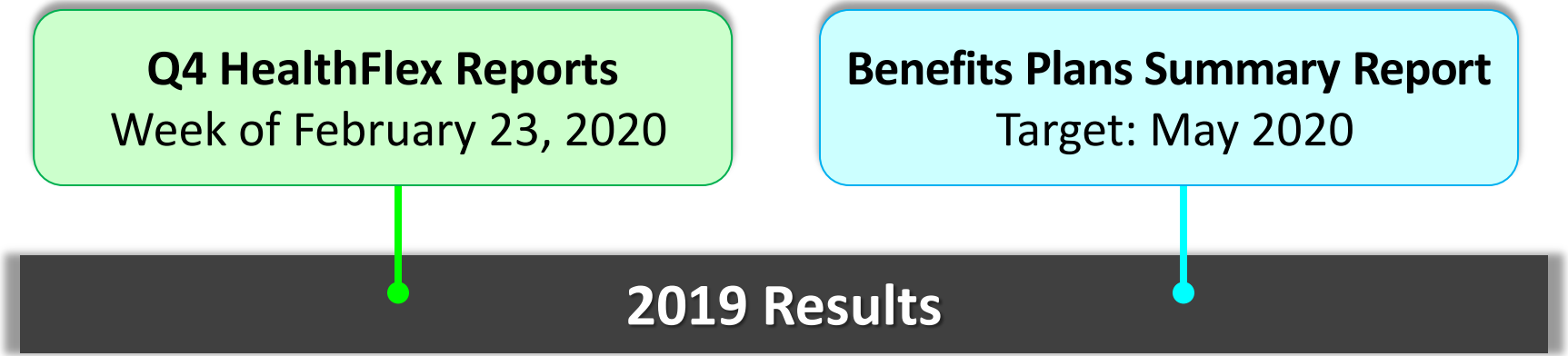
Taking action to remove **ONE RISK** factor decreases costs by **$1200/YEAR** or **10-18%**

GOOD NEWS—HealthFlex metabolic syndrome rate decreased from **26% in 2018** to **24% in 2019**

22% of 2019 BFW completers have **2 RISK** factors

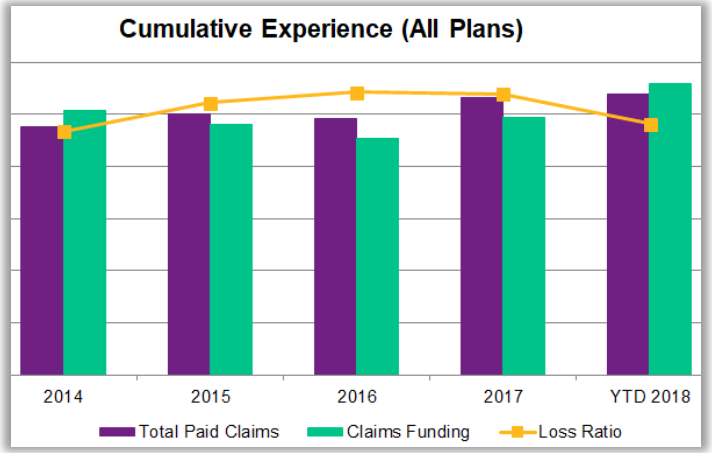
Are they taking notice?

How Did You Do in 2019—Year-End Reporting



Key Details from Quarterly Reporting

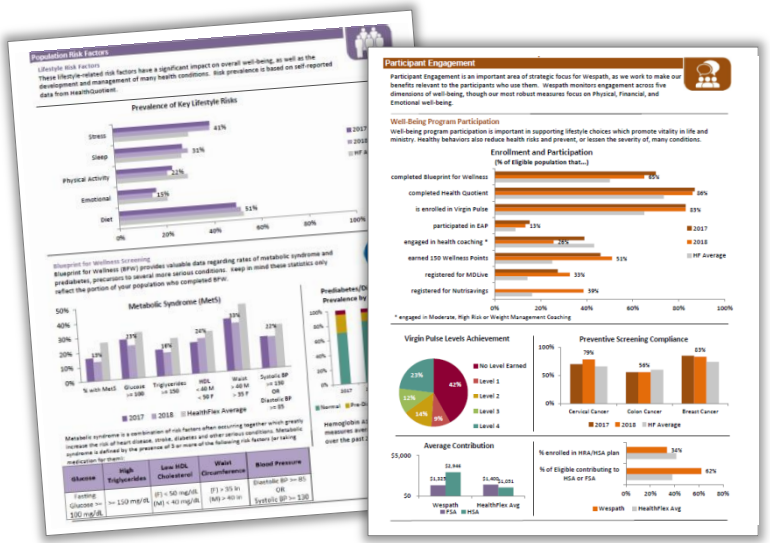
- Track claims funding, loss ratios, member cost-share over the course of the year (and across multiple years)
- Compare trends between plan types
- Look at impact of high cost claimants
- Earlier access to year-end claims than full-year Summary Report



Combined Benefit Plans Summary Report

Information previously included in HealthFlex Annual Report will be combined with retirement, financial preparedness and welfare program results

- Financial
- Population health
- Engagement
- Progress across 5 dimensions of well-being



2020 Results: Integrated Report Planned

- Holistically approach participant engagement and population well-being across all plans and all 5 dimensions of well-being
- Reflect plan sponsor engagement
- Actionable steps to improve well-being and engagement

What would you like to see?

2020 Updates

COVID-19 Health Relief Efforts

For Plan Sponsors

Delayed Health Flex premium due date for May and June premiums

May (due August 31)
June (due September 30)

For Participants

COVID-19 Treatment
100% coverage of COVID-19 testing and in-network treatment (treatment through May)

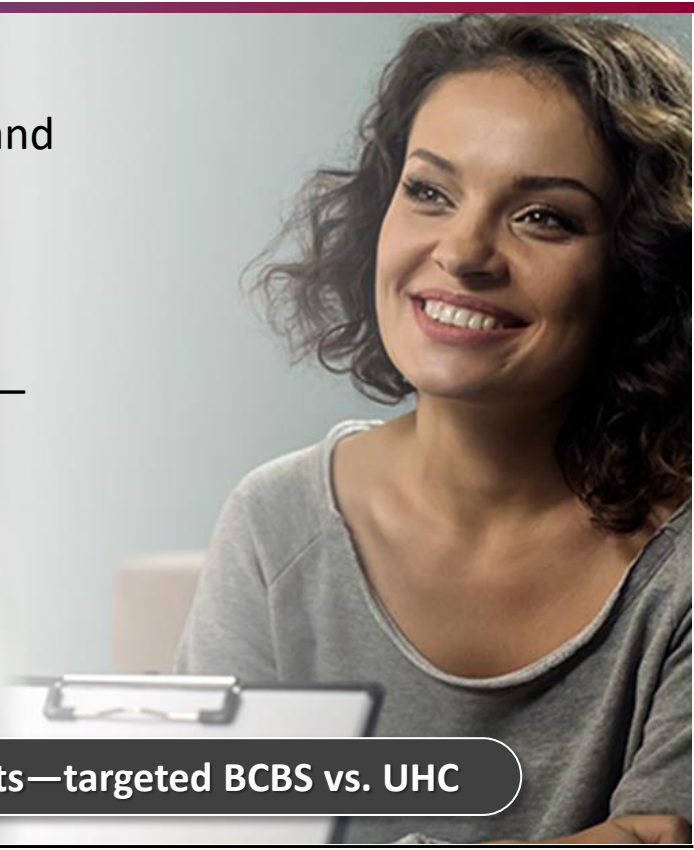
Early Prescription Refill

Free Telemedicine (through mid-June)

Free virtual EAP visits

Blueprint for Wellness/HQ extension: Sept 30 (with Qcard option in July)

Behavioral Health Transition—Feedback



BCBS

- January communication challenges for participants and providers
- Expected benefits of the change

UHC

- B1000 and HRA plans initially processing incorrectly—deductible applied to behavioral health
  - Corrected by early February

UBH Claims Submission for 2019

- Paper claim form required for late submission
- Submit claims through June 30

March: Behavioral health mailer to be sent to all participants—targeted BCBS vs. UHC

Wespath Prioritizes Behavioral Health

- Same benefit for in/out of network office visits
  - Includes full billed cost by out-of-network providers
- Behavioral health office visit co-pay lower than medical/physical therapy
- No deductible for behavioral health in HRA plans
- Low cost, high value investment in overall well-being

Behavioral Health vs. Employee Assistance Program

Behavioral Health

- Ongoing support for anxiety, depression, coping needs, etc.
- Same outpatient office visit benefit regardless of network status

BCBS or UHC

Employee Assistance (EAP)

- Short term assistance
- Up to 8 visits
- Transition into behavioral health concern persists
- Must use EAP provider

Optum EAP

Behavioral Health Communications

- Mailer: When to use Behavioral Health vs. EAP
  - U.S. Mail: Early May
- Video: Behavioral Health Resources
  - E-mailed: April 30
  - Available as part of Benefits-At-A-Glance Participant Video Series

Health Equity Takes Over WageWorks HSAs

BNY Mellon will no longer be HSA custodian

- First communicated January 24

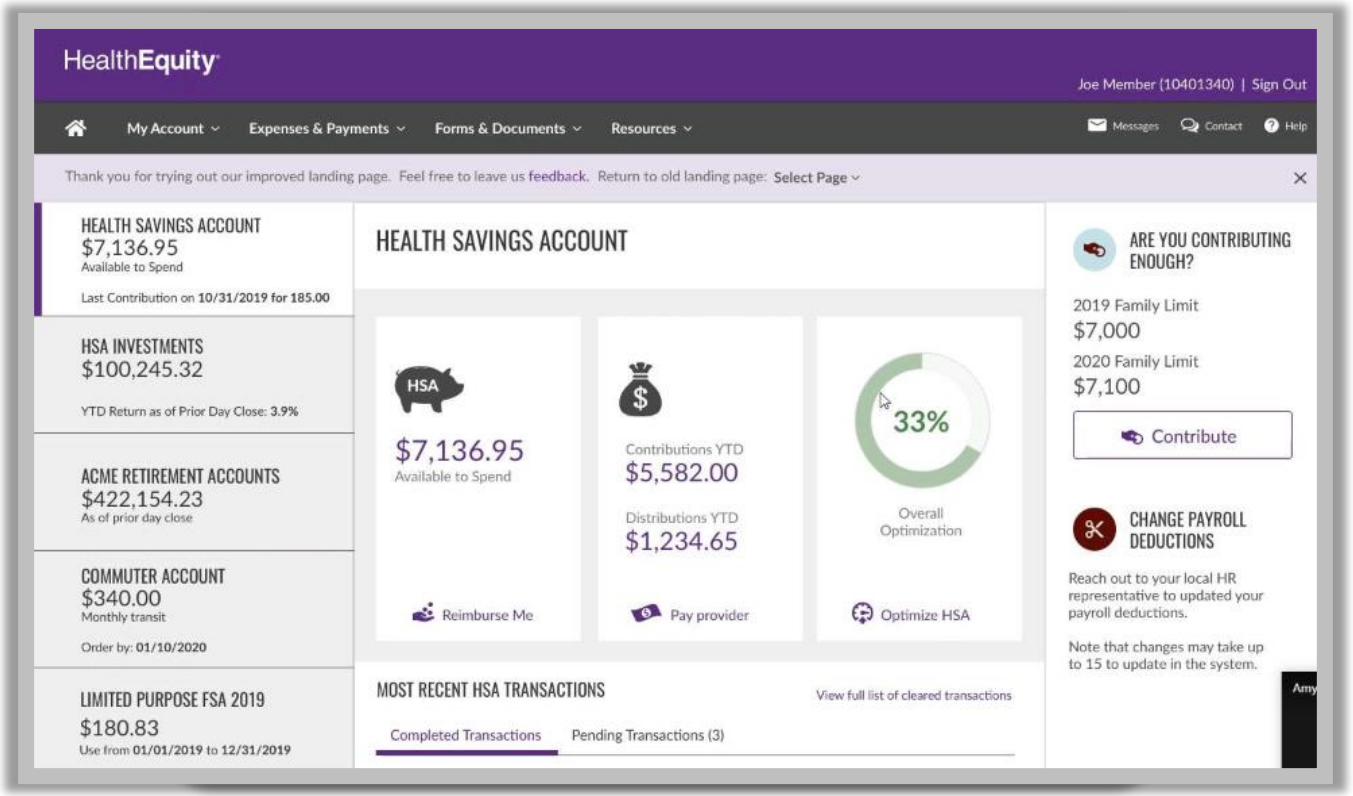
What's Next?

- Health Equity will be the new HSA custodian as of May 21
- No individual consent, action, or re-completion of the Customer Identification Program (CIP) required
- Full 2020 history will be transferred to HealthEquity so only one tax form will be received
- No change to the $2/monthly low balance fee at this time

Key HSA Transition Milestones

March 20	Participant letters from BNY Mellon
May 8	Last day for BNY Mellon investment account transactions
May 11	Cards and participant welcome kits from Health Equity
May 14	Last day to use WageWorks debit card for HSA
May 20	Investment accounts liquidated
May 21	Account balances transferred to Health Equity
May 22	Access funds through Health Equity, including use of new HSA cards

Health Equity Portal—Member Look and Feel



Transition Challenges

- Access different sites for HSA vs. other accounts—linked via Single Sign On (no additional login required)
  - Combined web experience—target January 1, 2021
  - Combined app experience—target early-mid 2021
- Separate debit card for HSA

Health Savings Accounts—To Save or Spend

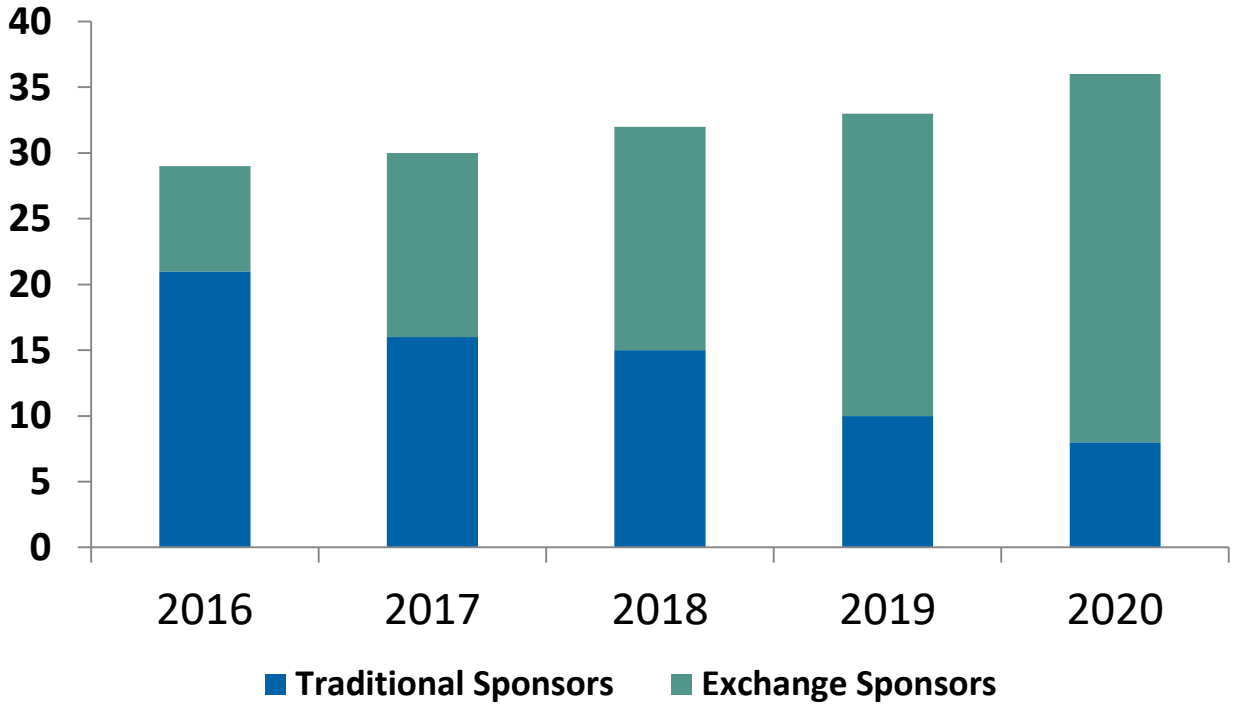
Share our webinar on spending vs. saving your HSA

Featuring Dan Eck,
EY Financial Planner

Hopeful Improvements with Health Equity

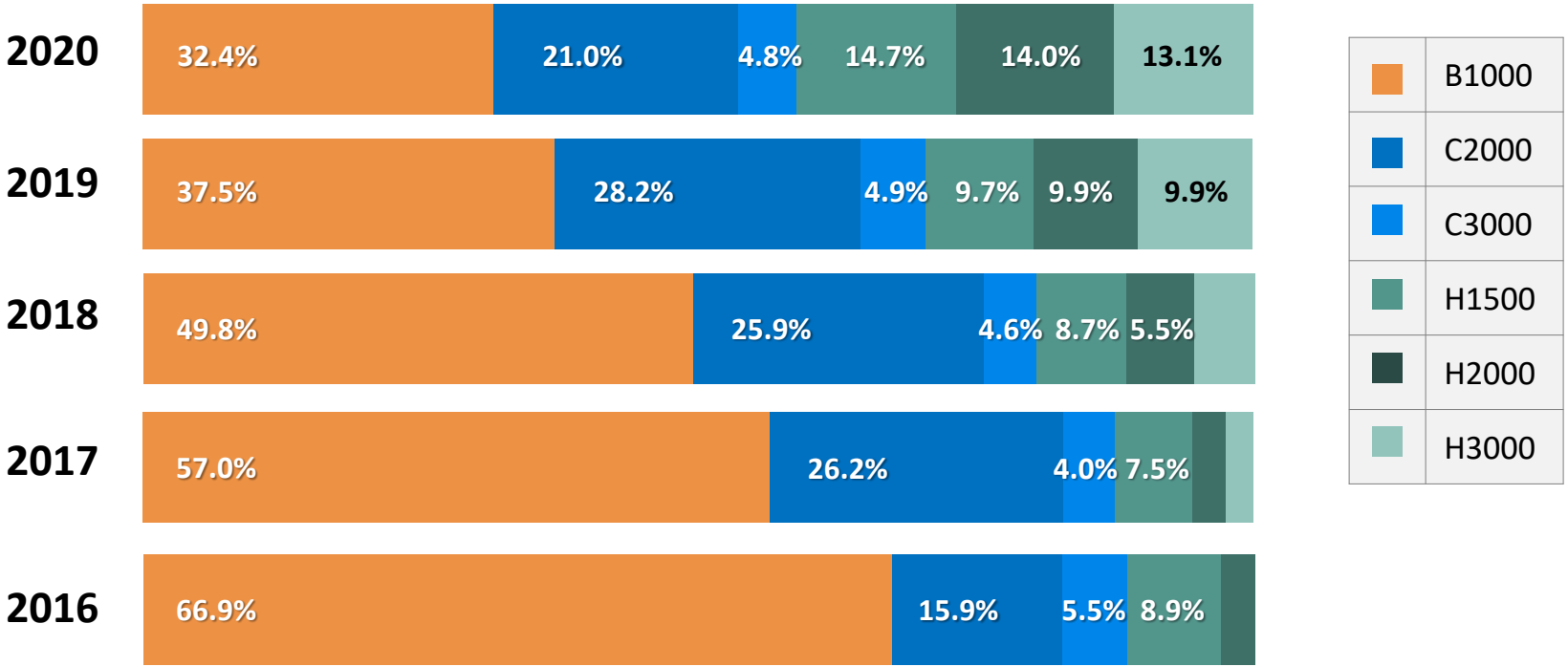
- Better user experience for investment accounts
- Account Optimizer tool
- Opportunity to focus education on long term savings with HSA
- Internal vs. External relationship with Custodian
- Better reporting

Plan Sponsor HealthFlex Exchange Migration

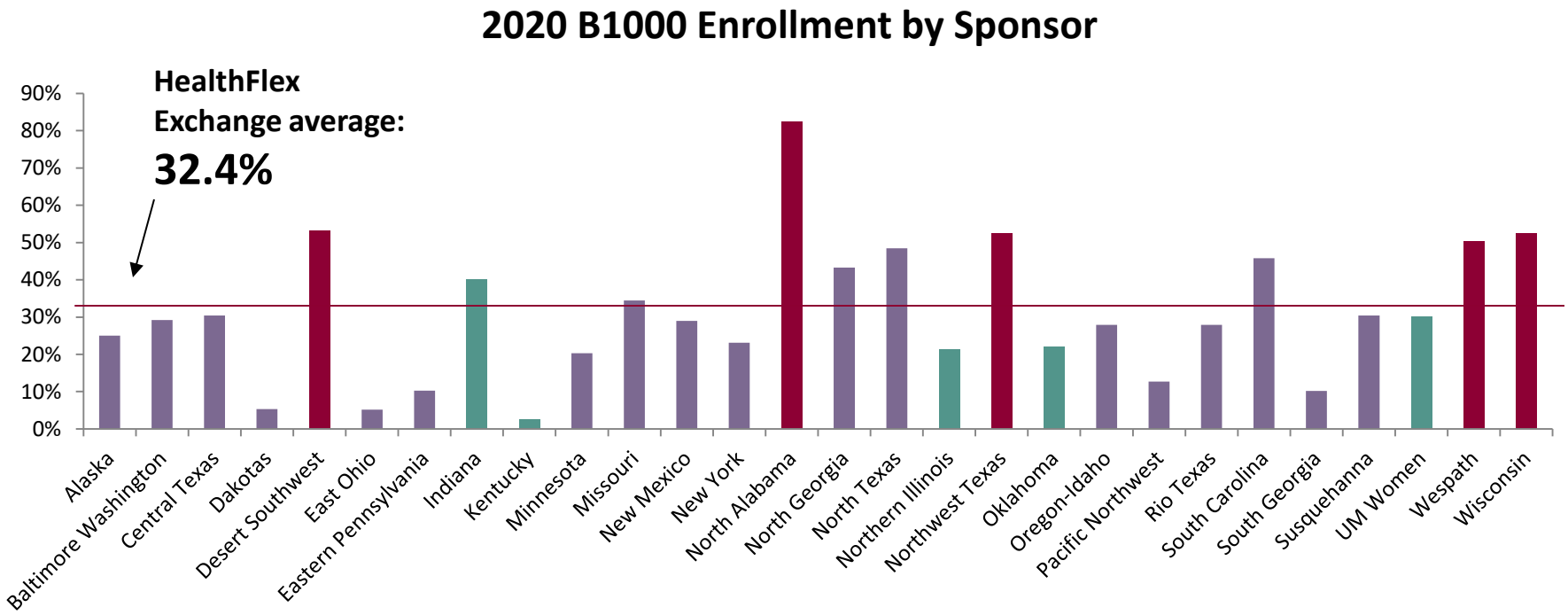


HealthFlex population continues to grow—nearly 10% increase in primary participants in 2020

HealthFlex Exchange—Promoting Consumerism



Variation in Plan Enrollment by Sponsor



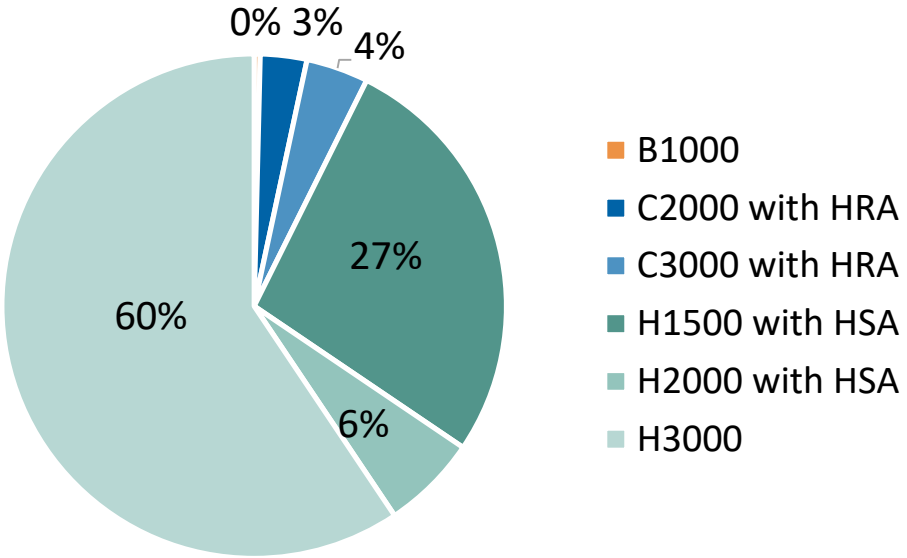
Additional Subsidy Beyond Premium Credit

- We have no churches providing additional money beyond the premium credit.
- We don’t know for sure if churches provide additional money beyond the credit.
- We know some churches provide additional money for two person/family coverage only.
- We know some churches provide additional money at all tier levels.

Learning Opportunity—Lowest Net Cost Plan

GOAL:

Help participants understand their potential savings opportunity by switching from B1000



Based on an analysis of out-of-pocket costs from 2017 and 2018

- Claims summarized across nine different categories
- Analysis included plan design and participant cost share

Participant Out-of-Pocket Cost Analysis—Example

Participant Only Coverage in Sample Conference

Type of Service	2018 # of Units	2018 Allowed Cost / Unit	2018 Allowed Cost
Generic Script	14	$12	$163
Brand Script	4	$59	$238
PCP Visit	8	$279	$2,229
Specialist Visit	1	$57	$57
BH Visit	0	$0	$0
Therapy Visit	0	$0	$0
ER Visit	0	$0	$0
IP Admit	0	$0	$0
OP Procedure	13	$122	$1,580
Total			**$4,267**

Type of Service	B1000	C2000 with HRA	C3000 with HRA	H1500 with HSA	H2000 with HSA	H3000
Estimated Out-of-Pocket Cost	$1,649	$2,636	$3,696	$2,106	$2,742	$3,802
HRA/HSA Contribution	$0	($1,000)	($250)	($750)	($500)	$0
2020 Participant Premium	$1,368	$840	($708)	$564	($264)	($1,440)
Estimated Total Participant Cost	**$3,017**	**$2,476**	**$2,738**	**$1,920**	**$1,978**	**$2,362**

Current Plan

Lowest Cost Plan

How Can Wespath Help?

- Leverage available webinars and trainings
- Targeted outreach to certain populations
- Integrated approach to benefit education
- Your suggestions

HealthFlex Commitment to Service

Questions?

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