



COTTINGHAM & BUTLER

BETTER EVERY DAY

SECURITY BUILDING

CB
COTTINGHAM & BUTLER

STOP

NO PARKING

CB

TODAY'S AGENDA

TODAY'S OBJECTIVE | 3C METRICS

WHY IS THIS IMPORTANT?

C&B | WHY US?

3C METRICS | WHAT IS IT?

DATA REQUEST | NEXT STEPS



Cottingham & Butler

3c Metrics | Benefits

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WHY IS THIS IMPORTANT?

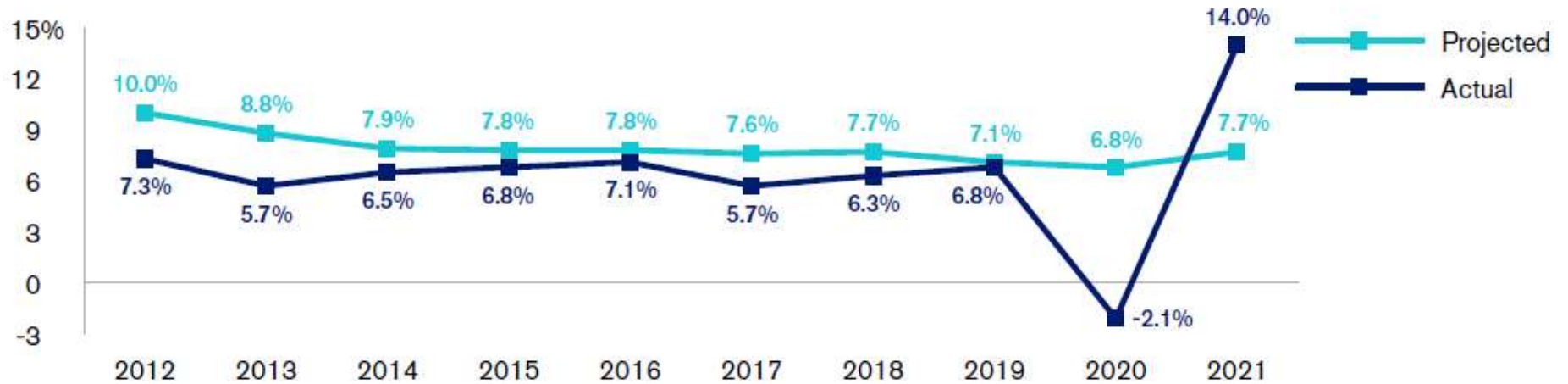
C&B | WHY US?

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UNDERSTAND WHAT IS HAPPENING WITH TREND

For Open-Access PPOs/POS Plans, Actual Trend in 2021 Was Driven by Rebound in Utilization from Deferred Care*



Projected Rx Trend Compared to Actual Trend Mixed over 10 Years**



*2021 Segal health Plan Trend Cost Survey

HEALTHCARE COST TRENDS



Expected 2023 Trend +6-8%

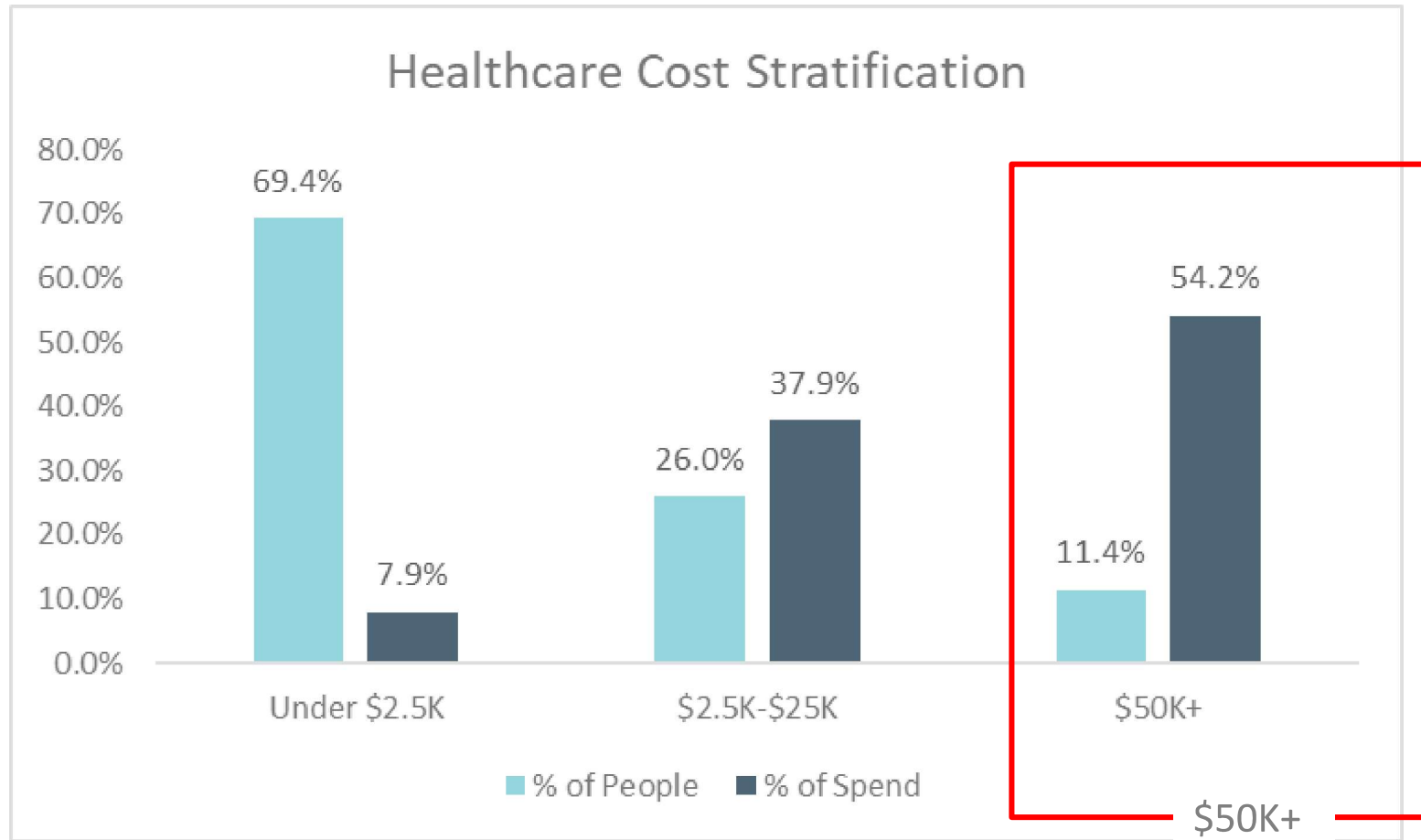
- Hospital Prices – inflation (4x norm) & labor costs (2x norm)
- Specialty Drugs – both prices & utilization going up 6-7% each despite biosimilars entering market
- Aging Population – the more people on public programs, the more gets passed onto employers
- Deferred Care – preventative care has fallen and leading to more late stage diagnoses
- Healthcare Innovations – Gene Therapy, Immunotherapy, Surgical Robotics add new costs to system
- Poor Consumerism – telehealth back to pre-pandemic levels, transparency data too complex to use
- Provider Consolidation – Hospital mergers & acquisitions + private equity drive up prices



Emerging Cost Containment Strategies

- Care Navigation – Helping incent & direct specialty care to higher value facilities
- Specialty Programs – Carved-out clinical management & patient assistance programs
- Leveraging Public Programs – Helping employees with Medicare, Medicaid, Subsidies
- Focus on Prevention – Driving PCP use, annual screenings, and condition management
- Technology – Virtual Direct Primary Care, All-in-One Advocacy, Auto-Communications
- Extra Insurance – Transplant, Specialty Drugs, No New Lasers, Rate Caps, Captives, etc.
- Other Point Solutions – thousands of “solutions” emerging, i.e. CHAMP Plan

CLAIM STRATIFICATION FOR AVERAGE U.S. EMPLOYER



*Claros Analytics Actuarial Software 2022

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20+
YEARS OF
DOUBLE DIGIT
ORGANIC GROWTH



Better Every Day. That's our promise to our clients. We deliver better advice, better service, and better ideas than our competitors — Every Day. It's a commitment to challenging conventional wisdom, innovating, improving how we serve our clients and growing as industry professionals.

Better Every Day also defines our company, our culture and our people. It is a relentless focus on getting better, rather than being satisfied with the success of our past.



ABOUT US

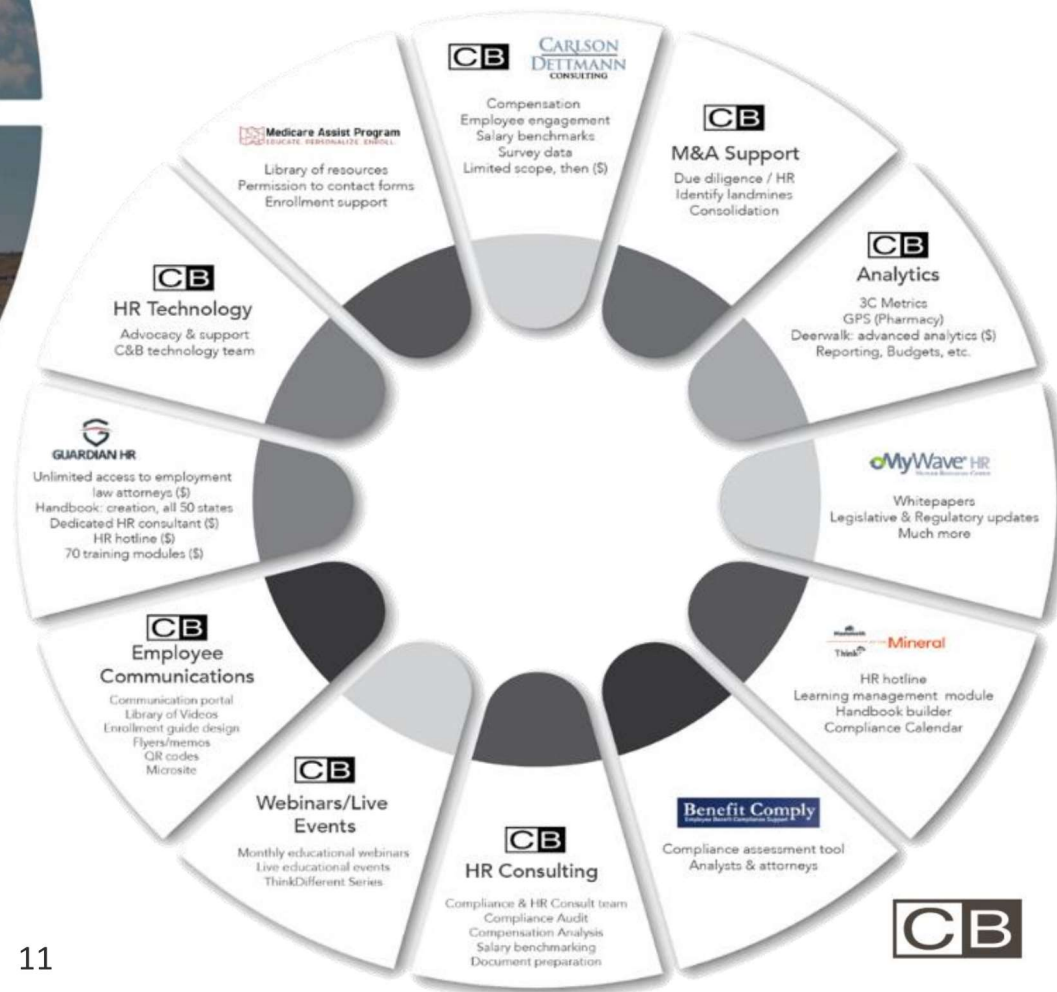
- Privately held - established in 1887
- Headquarters in Dubuque, IA
(population 60,000)
- Over 3,500 customers nation wide
- 1,000+ employees
- 95% retention rate across entire book of business

29th
Largest
Insurance
Broker

HIGHLY-CENTRALIZED, COLLABORATIVE, TEAM-THINK ENVIRONMENT

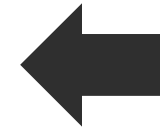
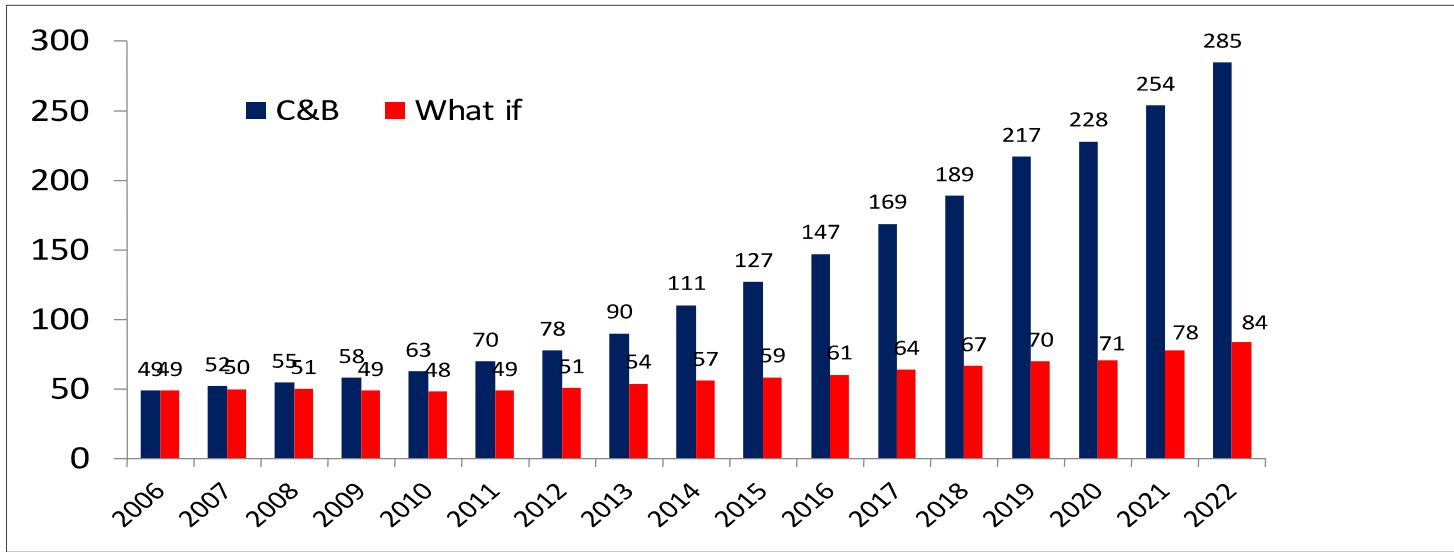


- 800 of our 1200 insurance professionals are in one location
- Thrive in complexity, flexibility and boutique customer service



- More than just a broker: subsidiary companies add layers of expertise to consult/advise benefits clients
- Significant investment in people and resources related to benefits & human resources to support our clients

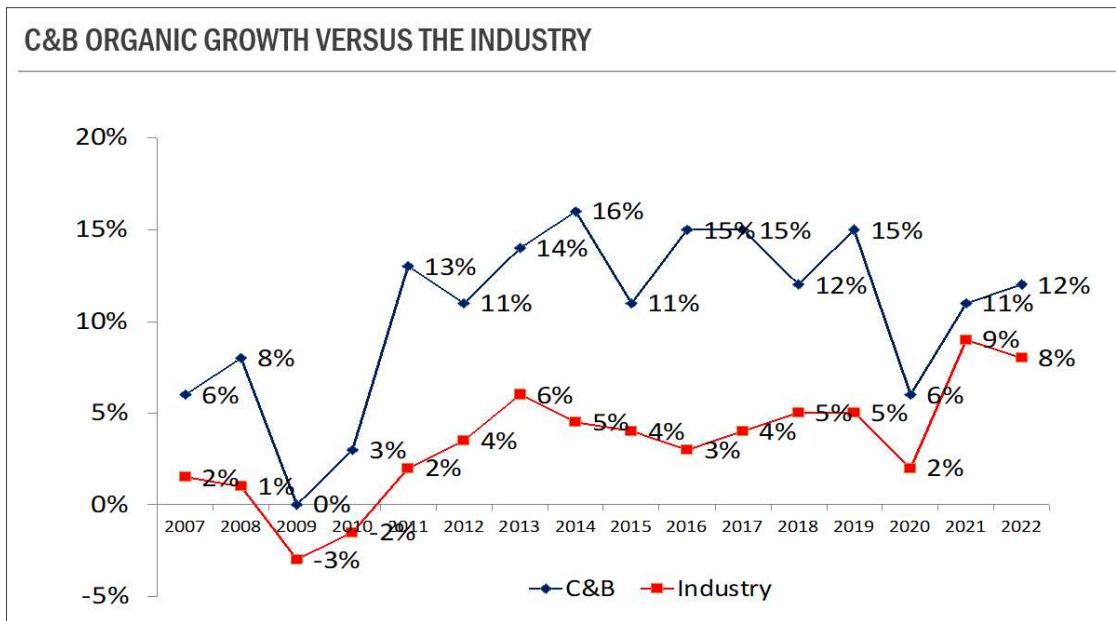
ORGANIC GROWTH METRICS: HOW DOES C&B STACK UP IN THE INDUSTRY?



What If...

...C&B grew at the same rate of the industry?

(Revenue \$Millions)



What does this metric tell us?

- Prospective clients consistently choose C&B at a higher rate (vs. industry) for our ability to solve problems and serve their needs
- Existing clients retain C&B for our ability to deliver on promises. 95%+ client retention.



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SETTING A BASELINE: TYPICAL BENCHMARKING

PLAN BENCHMARKING	Red		White		Mercer PPO National Average		Mercer PPO Large Employers (500+ EE's)		Milliman PPO National Average	
	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible										
Single	\$1,500	\$3,000	\$4,000	\$8,000	\$750	\$1,500	\$750	\$1,500	\$1,500	\$3,000
Family	\$3,000	\$6,000	\$8,000	\$16,000	\$2,000	\$4,000	\$1,500	\$3,000	\$3,000	\$6,000
Coinsurance										
Employer	80%	60%	80%	60%	80%	60%	80%	60%	80%	60%
Employee	20%	40%	20%	40%	20%	40%	20%	40%	20%	40%
Maximum Out-of-Pocket										
Single	\$5,000	\$10,000	\$7,350	\$16,000	\$3,500	\$6,000	\$3,000	\$6,000	\$4,350	\$8,700
Family	\$15,000	\$30,000	\$14,700	\$29,400	\$7,400	\$12,000	\$7,000	\$12,000	\$8,700	\$17,400
Office Visits										
Primary Care	\$25	40% after deductible	\$40	40% after deductible	\$25	40% after deductible	\$25	40% after deductible	\$30	40% after deductible
Specialist	\$50	40% after deductible	\$60	40% after deductible	\$50	40% after deductible	\$40	40% after deductible	\$50	40% after deductible
Emergency Care										
Emergency Room	\$300 + 20%		\$300 + 20%		\$150		\$150		\$150	
RX Retail										
Deductible (S/F)	Included in Medical		Included in Medical		Included in Medical		Included in Medical		Included in Medical	
Maximum Out-of-Pocket (S/F)	Included in Medical		Included in Medical		Included in Medical		Included in Medical		Included in Medical	
Generic	\$20		\$20		\$10		\$10		\$10	
Brand	\$50		\$50		\$35		\$30		\$45	
Non-Preferred Brand	\$100		\$100		\$60		\$60		\$70	
Specialty	\$200		\$200		\$120		\$100		\$105	
Actuarial Value	82.4%		76.8%		87.1%		88.0%		84.2%	
Total Enrollment	204		137		1,745 Plans		227 Plans		35,062	
Monthly Employee Contributions										
EE	\$258.61		\$96.64		\$168.00		\$167.00		\$150.00	
EE+SP	\$688.58		\$250.78		-		-		\$518.00	
EE+CH(REN)	\$367.44		\$238.19		-		-		\$449.00	
EE+FAM	\$774.46		\$346.17		\$653.00		\$602.00		\$711.00	
Medical & RX Gross Cost PEPY	\$12,870		\$12,870		\$14,718		\$14,648		\$14,270	

All Plan Design Benchmarks (Mercer, Milliman & C&B) based on median value of plan design element

\$12,870 vs. **\$14,718** PEPY

ANOTHER PERSPECTIVE | \$12,870 VS. \$14,718

	COMMUNITY COLLEGE ABC	COMMUNITY COLLEGE XYZ
Full Time Eligible Employees	300	300
Cost Per Enrolled Employee, Per Year (PEPY)	\$12,870	\$14,718
Participation Rate		
Participation Rate	95%	65%
Enrolled Employees		
Enrolled Employees	285	195
Total Gross Annual Spend		
Total Gross Annual Spend	\$3,667,950	\$2,870,010



Variance = \$797,940

Variables:

- Demographics: age, gender, geography
- Do most of your employees enroll?
- How many spouses + kids?
- What about cost sharing?
 - Plan Design
 - Payroll Deduction

C&B KEY PERFORMANCE INDICATORS FOR HEALTH PLANS

C&B believes that the *best decisions are made using facts, not assumptions.*



PROPRIETARY ANALYSIS: 3C METRICS FRAMEWORK

Net Opportunity		TOTAL OPPORTUNITY INDEX		
\$472,767		1.12		
Total Net Savings Opportunity available if all <u>Above-Benchmark</u> metrics moved to <u>Benchmark</u> levels.		Total Opportunity Index describes the total savings opportunity, with a 1.0 indicating <u>No Savings</u> . The higher the index, the larger the opportunity.		
Category	Metric	Annualized 2020	Manufacturing	Unadjusted Opportunity (\$)
Coverage	Participation Rate	75.7%	86.0%	(\$521,892)
	Dependent Ratio	2.17	2.23	(\$106,022)
Consumption	Allowed Medical Claims PMPY	\$5,827	\$5,194	\$411,566
	Allowed RX Claims PMPY	\$1,262	\$927	\$217,709
Cost Sharing	Total Cost Sharing %	62.7%	67.9%	(\$311,899)
	Plan Cost-Sharing %	83.4%	85.4%	-
	Employer Contribution %	74.0%	77.6%	-

SAMPLE DELIVERABLE: 3C METRICS FRAMEWORK

WHAT WE HEAR & HOW WE RESPOND

“Our costs are high because our employees are older than average.”

Claims and premium are demographically adjusted.

“We are in an expensive location.”

Claims and premium are adjusted for geography of each individual employee.

“Our costs are high because we offer a rich benefit package.”

Medical and RX benchmarks include both employee and employer spend.

This adjusts the metric for plan design.

“We compete with [Entity A] and [Entity B], these benchmarks don’t work.”

We are offering to create an Illinois Community College specific benchmark.

“Our benefits are rich, but we charge employees more than average.”

We combine plan cost sharing and employee contributions into a single total cost sharing benchmark.

CALCULATE METRICS ACROSS THE COHORT AND COMPARE TO BENCHMARK

Participation Rate	Dependent Ratio	Adj Med Claims per Member	Adj Rx Claims per Member	Adj Premium per Member	Total Cost Sharing %	Plan Cost Sharing %	Contribution Sharing %	Participation Rate
72.6%	2.66	\$3,840	\$1,286		65.6%	80.6%	81.3%	82.0%
86.1%	1.67	\$4,318	\$1,349		65.7%	89.3%	73.5%	
95.5%	1.89	\$4,096	\$1,619	\$7,457	93.9%	93.9%	100.0%	
87.6%	2.41	\$6,781	\$1,167		69.2%	88.0%	78.6%	Dependent Ratio
35.0%	1.53			\$5,201	73.1%	98.8%	74.0%	2.10
44.2%	1.36			\$4,738	50.8%	81.7%	62.1%	
93.2%	2.55	\$4,673	\$1,476	\$5,295	68.7%	87.6%	78.4%	
35.8%	1.46	\$5,039	\$1,085		43.2%	72.5%	59.5%	SF Med Claims PMPY
35.2%	1.85	\$3,983	\$1,021	\$3,545	52.7%	84.4%	62.4%	\$5,214
43.1%	1.51	\$3,008	\$678	\$3,599	68.7%	92.8%	74.0%	
28.6%	1.27	\$3,273	\$472		41.3%	74.1%	55.7%	
81.2%	2.15	\$4,645	\$1,410		57.6%	89.1%	64.7%	SF Rx Claims PMPY
83.0%	2.20	\$5,220	\$1,601		61.0%	82.4%	74.0%	\$992
61.9%	1.75	\$3,811	\$1,271		58.1%	83.0%	70.0%	
75.8%	2.20	\$3,580	\$888		52.9%	81.1%	65.3%	
84.7%	2.25	\$6,281	\$1,205		70.0%	86.7%	80.8%	
79.7%	2.32	\$4,855	\$1,067	\$7,390	47.7%	83.0%	57.4%	FI Premium PMPY
85.4%	1.78	\$4,315	\$943		56.4%	78.9%	71.4%	\$6,926
79.7%	2.13	\$5,106	\$969		61.8%	87.9%	70.4%	
80.6%	2.01	\$3,272	\$1,189		53.8%	80.9%	66.5%	
81.6%	2.18	\$4,561	\$852		45.2%	84.4%	53.5%	
88.7%	2.45	\$4,956	\$744		62.4%	82.6%	75.5%	
65.5%	1.62	\$4,701	\$1,058		46.6%	83.6%	55.7%	Total Cost Sharing
88.1%	2.19	\$4,345	\$1,123		61.4%	84.6%	72.6%	62.6%
86.5%	2.32	\$5,295	\$938		55.1%	83.8%	65.8%	
90.1%	1.46			\$5,296	58.3%	79.4%	73.4%	
76.2%	1.87	\$5,635	\$1,017		62.4%	76.3%	81.7%	Plan Cost Sharing
64.9%	1.91	\$4,072	\$917		57.6%	87.6%	65.7%	82.3%
60.3%	1.68	\$4,727	\$878	\$3,803	61.1%	84.3%	72.5%	
91.6%	2.19			\$7,090	71.9%	80.8%	89.0%	
87.1%	2.32			\$5,423	56.2%	79.2%	71.0%	
93.2%	2.03			\$6,604	73.3%	92.3%	79.4%	
92.7%	1.42			\$6,555	72.6%	87.7%	82.8%	Contribution Share
83.7%	1.99			\$4,873	55.8%	77.1%	72.4%	76.0%
78.7%	1.50	\$5,996	\$1,490	\$6,807	65.5%	84.7%	77.4%	
61.6%	2.19			\$3,913	63.8%	87.0%	73.3%	
96.2%	2.21			\$3,426	87.6%	87.6%	100.0%	
76.1%	1.42			\$4,984	56.4%	77.8%	72.5%	

KPI's compared to benchmark can give a starting point on optimally performing groups vs. those that have savings opportunity.



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Future | What Next?

- YOY: Monitor Changes
- C&B Clients: 100+ Point Checklist
- Total Rewards: Compensation + Benefits
- Expand the Survey: Non-medical benefits, point solutions, funding, population health
- Collaboration: shared services, captives, resources, etc.

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The background of the slide is a photograph of the Cottingham & Butler Building, a grand, ornate, multi-story structure with classical architectural details like arched windows and decorative moldings. The building is situated on a city street corner. The sky is blue with some light clouds. The text is overlaid on the upper portion of the image.

Cottingham & Butler

Data Request

- Census
- Employee Rates | Contributions
- Total Plan Spend | Premiums (FI) | Equivalency Rates (SF)
- Health Plan Designs | SBCs | Enrollment Guide