



Small (25)-Midsize(1000+) Employer Self-Funded Health Consortium: A Viable Option Today

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SELF-FUNDED HEALTH CONSORTIUM

Agenda



Healthcare Marketplace Check-In



Today's Healthcare Challenges



Attacking the problem



Building a Solution to Address the Challenges Employers Face in Employee Benefits Programs

Questions

- How many people here today are tired of increased deductibles or increased premiums every year?
- What are some of the biggest challenges you face in your employee benefits program?
- How do you access healthcare as an employee how do you think your employees access healthcare?

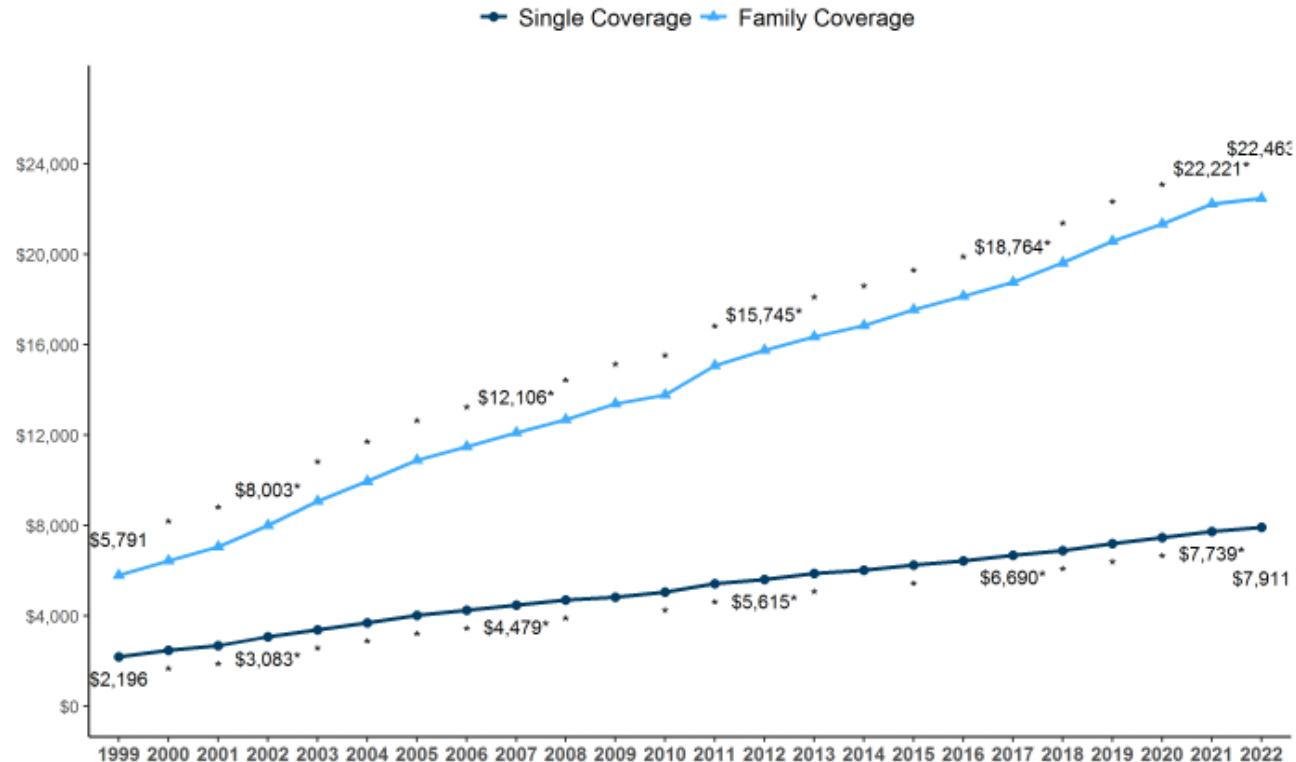
1.

**Challenges In
U.S. Healthcare:
Why are we
here?**

AVERAGE ANNUAL PREMIUMS

Challenges In U.S. Healthcare

Average Annual Premiums for Single and Family Coverage, 1999-2022



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

AVERAGE FAMILY DEDUCTIBLE

Challenges In U.S. Healthcare



2022 Average
Family Deductible
in Colorado

\$4684

*2022 Kaiser Family Foundation Survey

Challenges in U.S. Healthcare: Prevalence of \$1 million Claims

\$1 million dollar claims are now \$2+ Million-dollar claims

Why?

- Healthcare system is so complex most costs are market driven
- High unregulated prescription drug costs
- Corporate greed and price gouging
- High Utilization of costly medical technology
- Healthcare Administration
- Consumer/Individual Behaviors



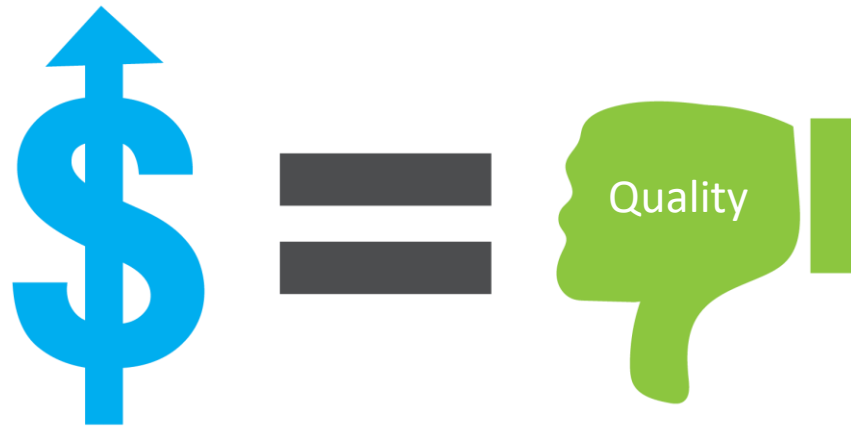
HARVARD
T.H. CHAN

SCHOOL OF PUBLIC HEALTH

RISING COSTS

Challenges In U.S. Healthcare: Unsustainable Trend/Cost

The U.S. spends **\$4.3 trillion** each year on health care



\$935 billion is wasteful, redundant or inefficient

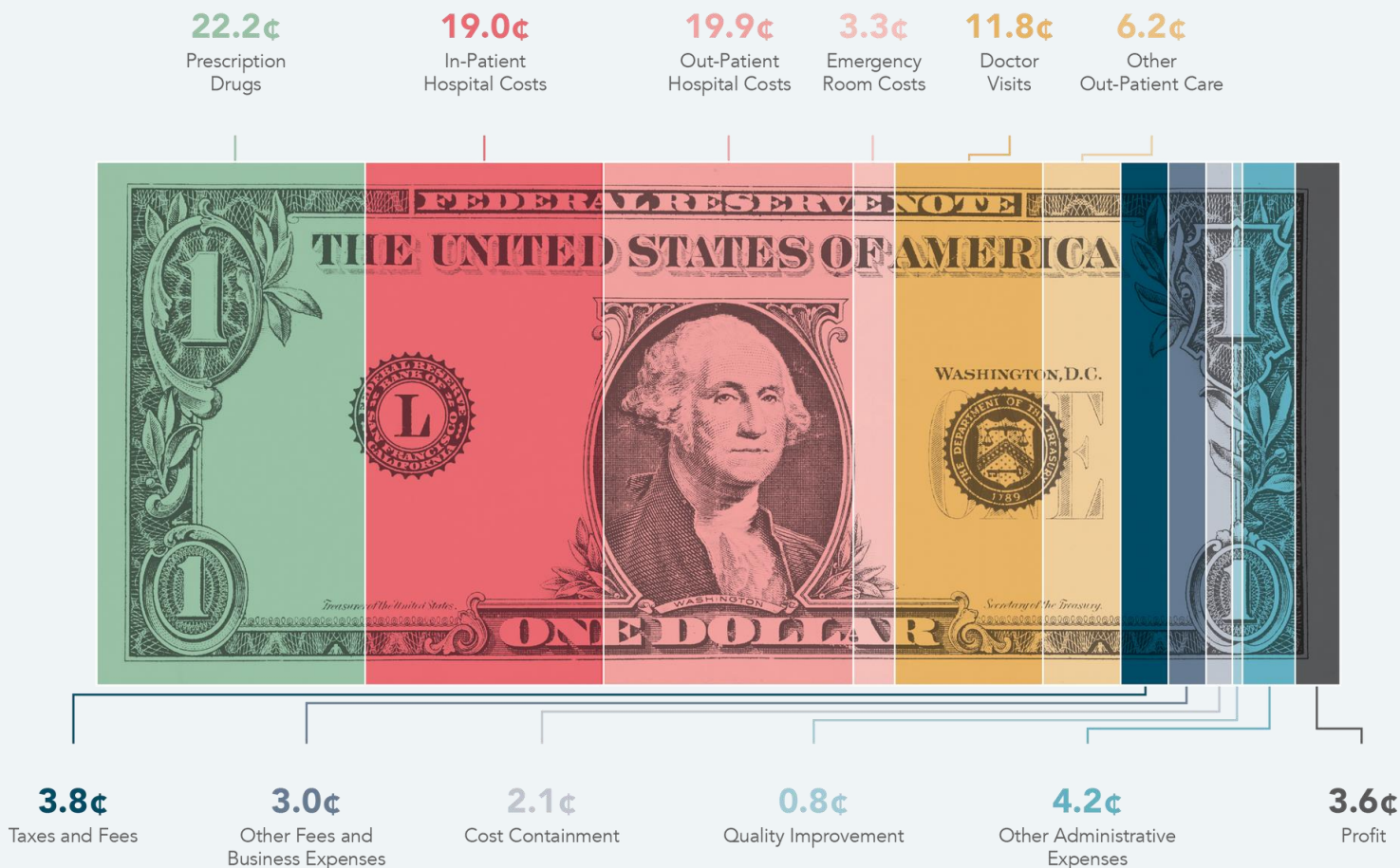
Out of **11** developed countries' health care systems....

The U.S. is ranked **11th** in quality and **last** in preventing deaths from treatable conditions.

2.

Attacking The Problem

It is all about the CLAIMS

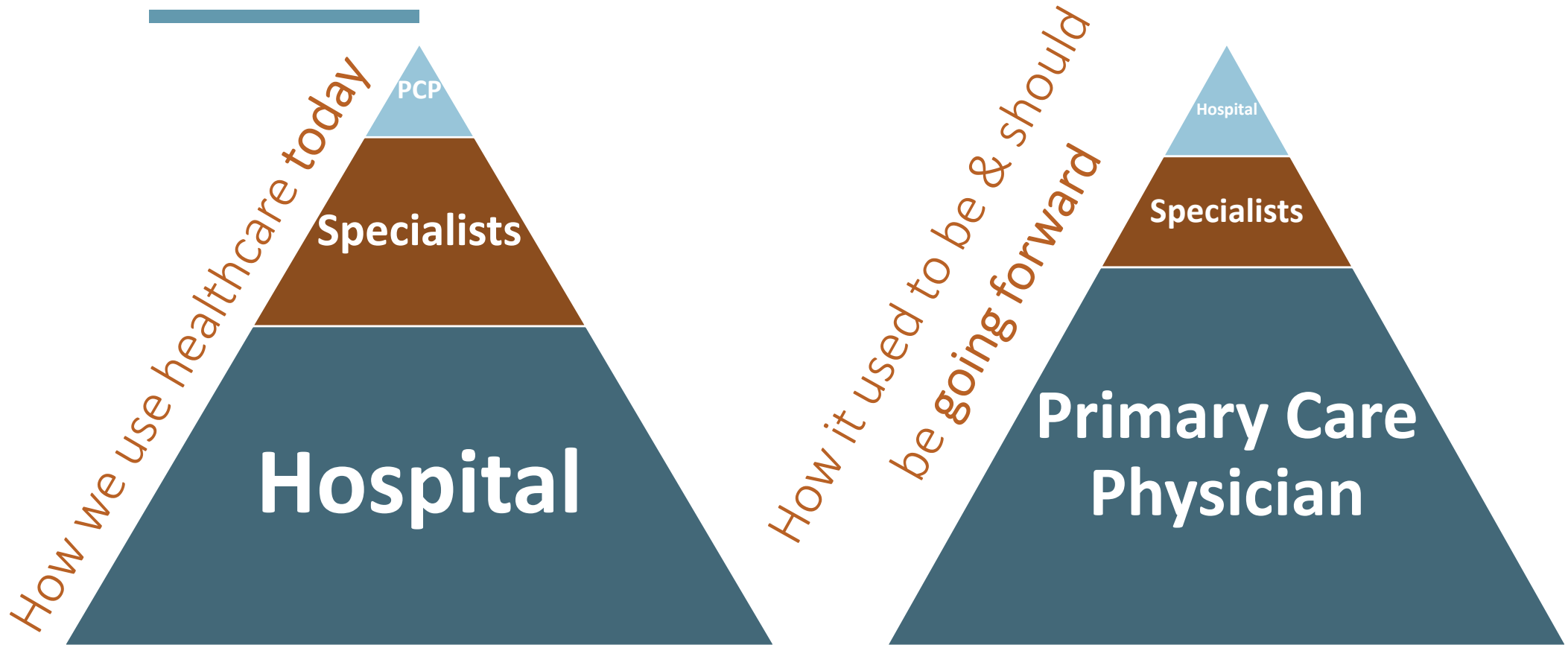


Attack the problem

- 72% of medical spend – comes from pharma and costs associated w/ high-cost claims.
- 80/20 rule – 80% of healthcare costs come from 20% of the population
- 2% of RX volume make up 55-65% of total RX spend
 - High-Cost Specialty

WHERE TO GO FOR HEALTHCARE

Attack the Problem: Stabilize Costs



A large, 3D-rendered yellow puzzle piece is the central focus, set against a dark grey background with several black, tangled wires. The puzzle piece is slightly offset to the right. A semi-transparent blue rectangular box is overlaid on the left side of the puzzle piece, containing white text. To the left of this box, a dark blue vertical bar contains the number '3.' in white.

3.

**Building a
Solution: A
Response to the
need for change
in healthcare**

Strategy Spectrum



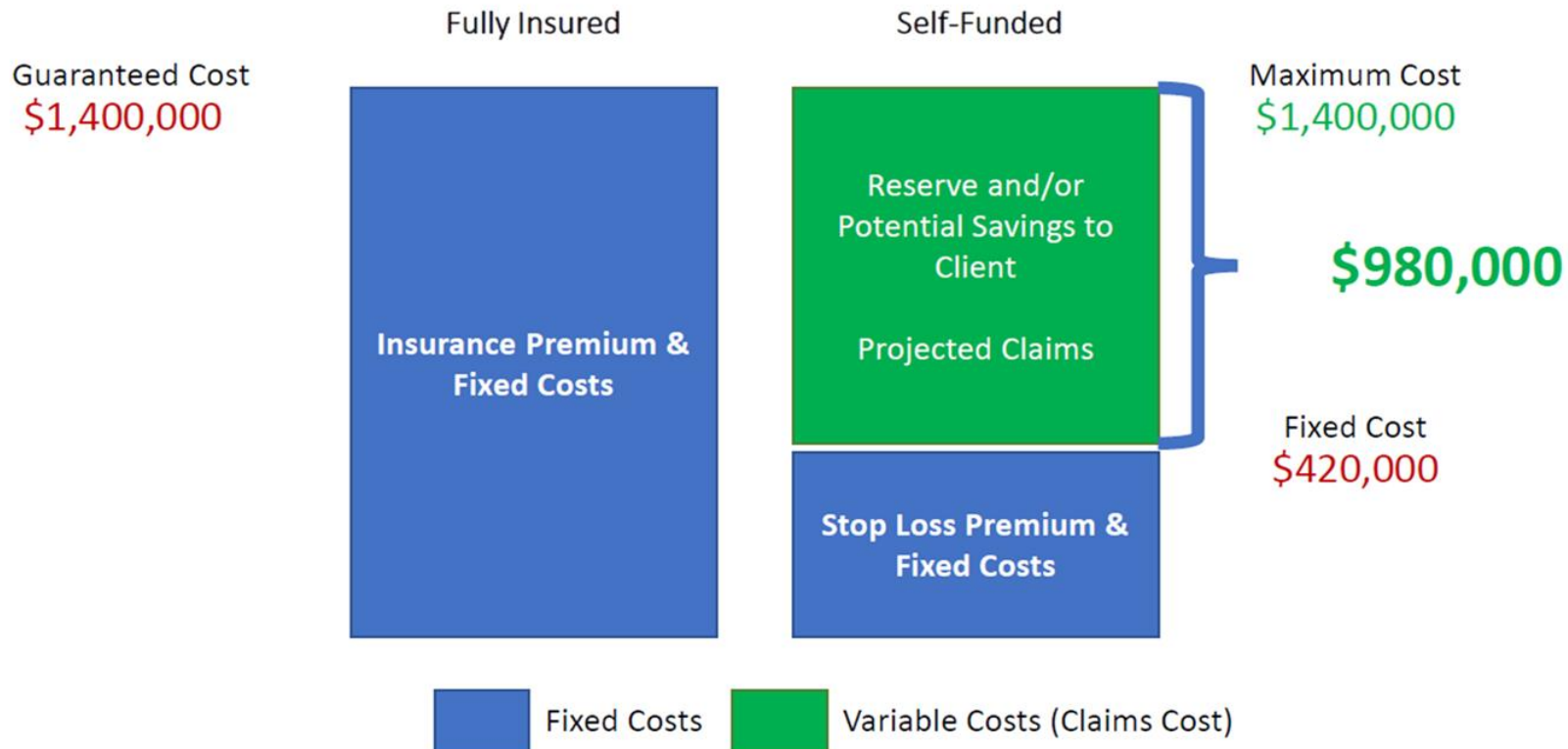
Insurance Controlled



Employer Controlled

BUNDLED VS. UNBUNDLED

The Power of Alternative Funding: Self-Funding as a Financing Mechanism



FULLY INSURED VS. LEVEL FUNDED VS. SELF-FUNDED

The Power of Self-Funding: Comparing your financing options

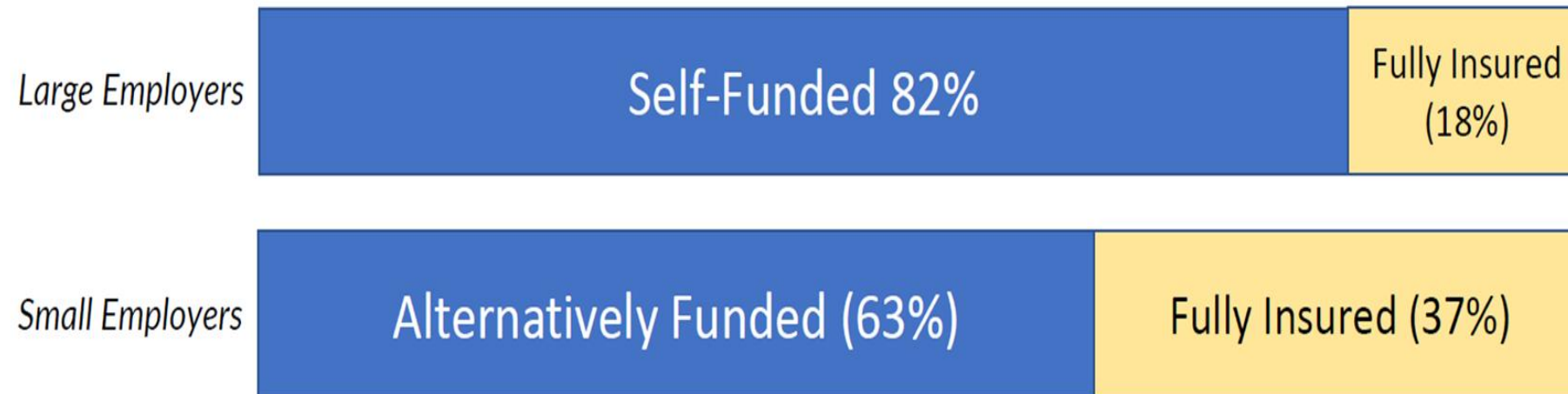
	Fully Insured	Level Funded	Self-Funded
Cost	Highest guaranteed cost	High maximum cost, but with ability to retain some unused claims fund (surplus)	Ability to retain all unused claims fund (surplus)
Transparency	Least amount of transparency	Some reporting available, but reporting has limited strategic value	Full reporting available with strategic applications
Accountability	No way to audit the health plan or ensure that vendors are providing appropriate service.	No way to audit the health plan or ensure that vendors are providing appropriate service.	Contracts outline the terms and conditions of each vendor, audits of the vendors are available.
Control	No control over the contract with each vendor and some control over plan design.	No control over the contract with each vendor and some flexibility over plan design.	Full control over each vendor and over the health plan design.
Flexibility	Able to change the plan design, generally unable to integrate new vendors or programs.	Able to change the plan design, more programs available than fully insured, but limited to those already offered by health plan.	Ability to integrate any program or vendor into the health plan - full flexibility.
Expertise	Simplest amount of required broker expertise.	Moderate amount of required broker expertise.	Self-funding subject matter expertise required of broker.

Bundled v TENGO - Self-Funded Health Plans

	Carrier Bundled	Tengo Health
Cost	High maximum cost, but with ability to retain some unused claims fund (surplus)	High maximum cost, but with ability to retain all unused claims fund (surplus)
Transparency	Some reporting available, but reporting has limited strategic value	Full reporting available with strategic applications
Accountability	No way to audit the health plan or ensure that vendors are providing appropriate service.	Contracts outline the terms and conditions of each vendor, audits of the vendors are available.
Control	Control over some contracts with select vendors and full flexibility over plan design.	Full control over each vendor and over the health plan design.
Flexibility	Able to change the plan design, more programs available than fully insured, but limited to those already offered by health plan.	Ability to integrate any program or vendor into the health plan - full flexibility.

BUNDLED VS. UNBUNDLED

The Power of Alternative Funding: Prevalence of Alternative Funding



Small employers alternatively funded in 2020 = 34%

Kendra & Buzz, isn't self funding **RISKY?**

The Power of
Alternative Funding



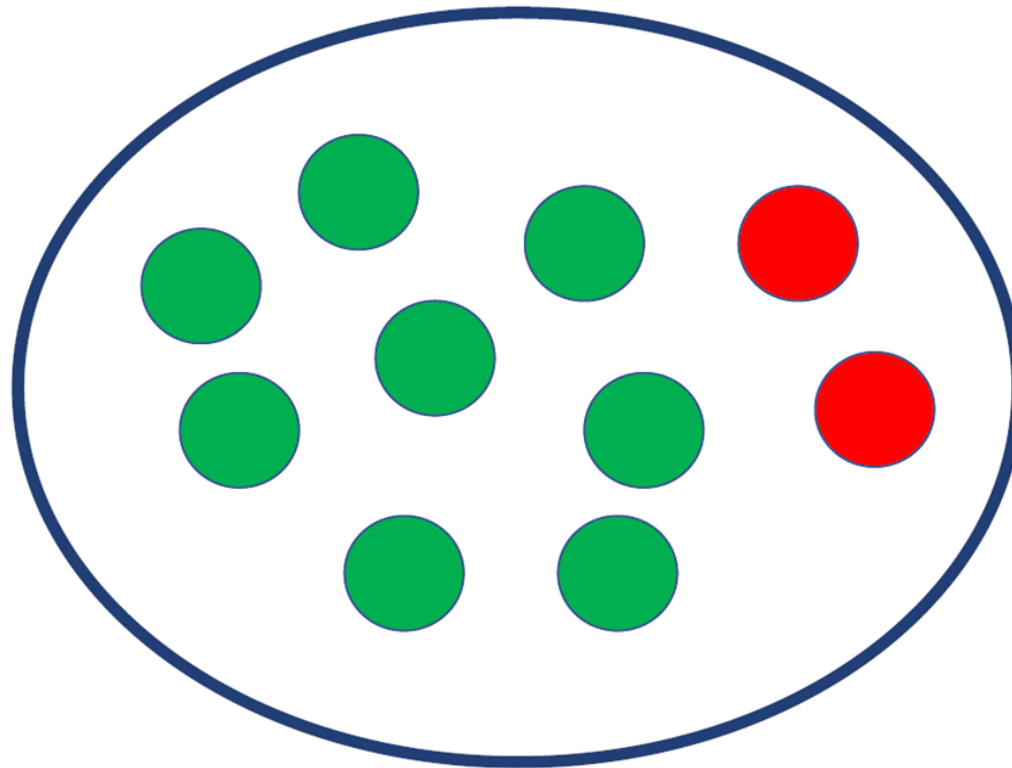
Consortium Solution: The Power of Alternative Funding

What is a Consortium:

A **consortium** is a program that “pools” employers together in order to allow them to **safely self-fund by limiting the impact of a bad claims year**

POOLING RISK IN A CONSORTIUM

The Power of Alternative Funding: Pooling Risk in a Consortium



Tengo Employee Health Program

SIMPLE. INTEGRATED. CUSTOM

Tengo Employee Health is an employee benefits insurance solution that was created through a collaboration of industry experts to bring a comprehensive medical solution to the market.

Tengo Employee Health is a self-funded employee healthcare program for small to medium-sized businesses



A BEST-IN-CLASS INTEGRATED HEALTH PLAN

Tengo combines best-in-class components of an integrated health plan while offering dynamic and innovative solutions across various components to achieve extraordinary results.

— INTEGRATED



How We Built the Program

Cost

How do the financing mechanisms compare in terms of short and long term costs?

Transparency

What type and how much claims data is available?

Accountability

Is there transparency regarding the roles and responsibilities of each vendor that makes up the health plan? Does the plan allow for audit of those services?

Control

Can you dictate the contract of each vendor, as well as the overall plan design of the program?

Flexibility

Are you able to change the plan design? Add new programs? Integrate new services?

Expertise

What is the level of expertise needed from your Benefits Broker or Benefits Consultant in order to successfully, and safe run the program?

Component Based Innovative Approach & Engagement

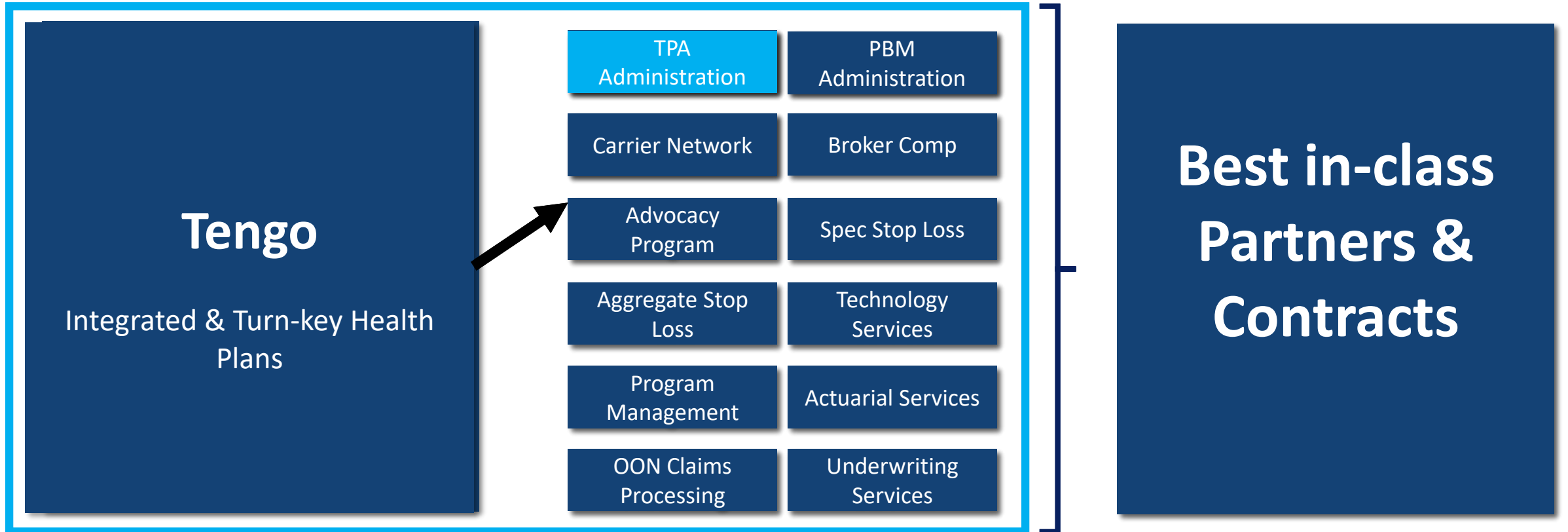
The word innovation gets thrown around often, but with **Tengo Employee Health**, we mean it.

We've pioneered a new way to approach and engage an integrated health plan and we do so primarily through five core components.

-  Transparency and Control
-  Independent TPA
-  Custom Rx Programs
-  Active Claims Monitoring
-  Group Purchasing Stop-Loss

The Right Trading Partners

Independent Third-Party Administration



The Right Trading Partners

What is a Third-Party Administrator?

Health Plan Administrative Services

- Claims processing and adjudication
- Issue ID Cards
- Enrollment & Eligibility
- Reporting
- Record Keeping
- Build custom plan designs
- Other administration (e.g., FSA/HRA/COBRA)

The Right Trading Partners

TPA Optimization w/ Tengo

How does Tengo go above and beyond?

- **Billing and Claims Auditing** – avg of 5%-7% reduction in claims expense
- **Red Flag Reporting** – deploy advocacy to those that need it most
- **Stop-Loss Claim Management** – up from due diligence gets claims paid faster
- **Rx Auditing** – make sure compliant with terms, conditions, guarantees
- **Plan Designs** – standard plans, tiered plans, narrow networks, steerage, incentives
- **Claims Data** - provide brokers and employers with full access to claims data
- **Federal & State Compliance** – create plan documents, provide current insights
- **Member Advocacy** – Real time help for members, access to steerage opportunities

About Simplified Benefits Administrators



SERVICE

- Division of Select Health, a non-profit health plan
- **3** Colorado office locations
- Dedicated account manager
- On-site support
- **0** material issues on SOC Audits



COLORADO DIRECT ACCESS

- **12** UCHHealth Hospitals
- **10** Children's Hospital Locations
- **23** Community Contracted Hospitals
- **1,350+** Primary Care Providers
- **8,650+** Specialty Care Providers



SAVINGS

- Transparent administrative fees
- No overrides
- 40-70% discount advantages with UCHHealth and Children's hospital as a result of our direct contracts
- 100% return of claims surplus



SYNERGY

- Integrated with all Tengo Health vendors
- Includes WelldyneRx
- Includes Crumdale Partners and Resolute Underwriting Strategies

Tengo Employee Health with Simplified Benefits Administrators

Control

Integrated

Transparent

Return

Save

Local

Leverage

The Right Trading Partners

Pharmacy Benefit Managers



Tengo

Integrated & Turn-key Health Plans

TPA Administration

PBM Administration

Carrier Network

Broker Comp

Advocacy Program

Spec Stop Loss

Aggregate Stop Loss

Technology Services

Program Management

Actuarial Services

OON Claims Processing

Underwriting Services

Best in-class Partners & Contracts

The Right Trading Partners

— Tengo Health



Traditional Contracts

- Excellent discounts
- Excellent rebates
- Excellent guarantees
- Audit rights
- Clinical Management
- Broad formulary
- Broad pharmacy network
- Minimally disruptive
- Minimal specialty cost containment

Hybrid Contracts

- Very good discounts
- Very good rebates
- Very good guarantees
- Audit rights
- Clinical Management
- Broad formulary
- Broad pharmacy network
- Minimally disruptive
- Significant specialty cost containment

Minimal Disruption
Low Net Cost

Non-traditional Contract

- Mediocre discounts
- Mediocre rebates
- Mediocre guarantees
- Audit rights
- Clinical Management
- Strict formulary
- Narrow pharmacy network
- Can be very disruptive
- Significant specialty cost containment

Example of Successful Integration: Tengo & WellDyne

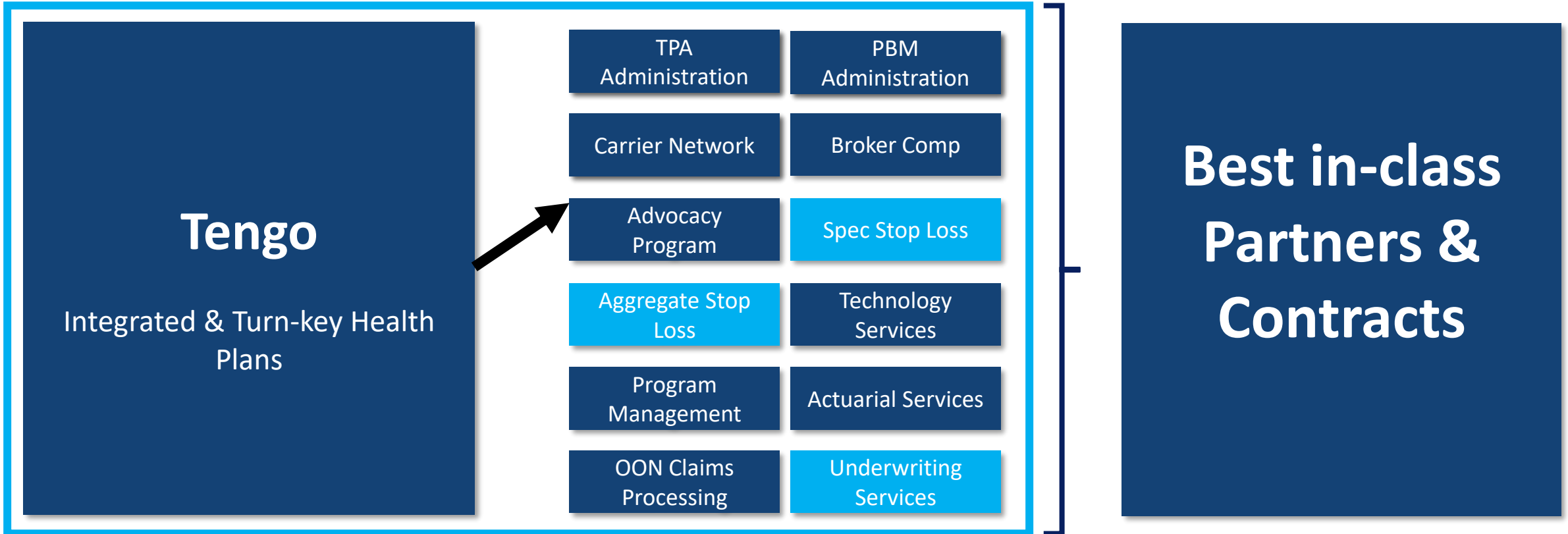
Top 10 Alternative Sourcing Opportunities*			
Medication	Average Annual Plan Cost	Average Member Savings	Plan Savings
Humira	\$66,932	\$3,523	(\$53,270)
Enbrel	\$66,948	\$3,524	(\$53,284)
Cosentyx	\$66,511	\$3,501	(\$52,936)
Vumerity	\$84,379	\$4,441	(\$67,156)
Stelara	\$90,454	\$4,761	(\$71,992)
Tremfya	\$66,960	\$3,524	(\$53,293)
Skyrizi	\$63,618	\$3,348	(\$50,633)
Tecfidera	\$92,836	\$4,886	(\$73,887)
Entyvio	\$120,000	\$3,443	(\$63,798)
Orphan Medications	\$100,000 to \$750,000	\$6,000	(\$75,000) to (\$600,000)

Targeting ALL Specialty medications > \$5K per Month

* Plan cost, member savings, and plan savings are based on our book of business average. This may fluctuate slightly depending on the incumbent plan and current member cost-share

The Right Trading Partners

Stop-Loss Underwriting



The Right Trading Partners

Dynamic Stop-Loss Underwriting

Understand Client Needs
& Tailor Offer

Quality vs Volume Driven
Analysis

Understand Cost Drivers
& Solutions

Up Front Discounts for
Risk Reduction

The Results....

Offering tailored to client needs
Lower price due to risk reduction
Long term sustainable solution

GOING THE EXTRA MILE ADDITIONAL SOLUTIONS

To provide additional support for each and every health plan, we combine our core components with the appropriate advanced initiatives to supercharge the plan and achieve even more significant cost savings.

We implement additional advanced initiatives individually, on a case-by-case basis, when it makes the most sense for a client and their plan.

This is additional and strategic support you won't find with other health plans.

— ADDITIONAL

Advanced Initiatives:

- Alternative Rx Sourcing Solutions
- Fiduciary Shield to Monitor Fraud, Waste & Abuse
- Incentive-Based Plan Designs
- Pre-Pay Cash Services
- Customized Plan Document Language
- Population Health Management
- Direct Primary Care
- Telemedicine
- Direct Contracting
- Bundled Surgical Procedures
- Transplant Networks
- RBP & VBP
- Narrow Networks

How Does a Consortium Health Plan Save Money?

- Pro-Active Approach and Employer/Employee Engagement
- Can reduce costs by 25-40%
- Will improve benefits
- In a risk of a difficult claim's year, the risk is much lower since it is spread among the member organizations
- Tengo focuses on risk management
- Employers can focus on limiting the risks and you will better understand the risk which allows for better management of claims
- Tengo allows you to enjoy more transparency and control

Questions?





Thanks!

For Additional Information:

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