



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

# Navigating Risk Horizons:

## *Managing Large Losses within Employee Benefits*

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# Today's Presenters



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# HUB Background & Experience



**600+**  
locations in North  
America



**Top 5**  
global broker based  
on revenue



**2 Million+**  
clients



**95%**  
client retention



**18,000+**  
employees



**Platinum**  
status with all major  
carriers



## 75+ Years of Experience

### OHIO OFFICE LOCATIONS

**Columbus, Ohio**  
6805 Avery-Muirfield Drive, Suite 101  
Dublin, OH 43016

**Findlay, Ohio**  
655 Fox Run Road, Suite A  
Findlay, OH 45840

**Dayton, Ohio**  
7475 Paragon Road  
Dayton, OH 45459

**Cincinnati, Ohio**  
8044 Montgomery Road, Suite 640  
Cincinnati, OH 45236

# HUB Employee Benefit Services



## Advanced Analytics

Dedicated think tank on a mission to investigate and control health care costs.



## Benefit Strategy & Action Plan

Develop strategic action plans to deliver best-in-class benefit programs.



## Benefit Design & Marketing

Lead and deliver benefit marketing, design & execution to support your strategy.



## Compliance

Delivers the reassurance of having the correct information to put the right compliance plans in place.



## Employee Engagement & Advocacy

Providing you and your employees with relentless care, advocacy and support.



## Employee Persona Analysis

Segmented population analytics to drive Total Rewards strategy for maximum value.



## HR Consulting Services

Supporting your people with the right processes and technology to drive performance.



## International & Expatriate Benefits

Offering a range of health insurance options for employees and their families when working or traveling abroad.



## Marketplace Innovation

Explore, vet and recommend marketplace innovations to meet unique client needs.



## Medicare Support

Expert guidance to navigate through the maze of options that will allow you to make informed choices relating to Medicare.



## Merger & Acquisition Support

Routine mergers and acquisition assistance for employee benefits is supported by your dedicated team.



## Operational Support

We offer expertise in multiple areas to help attract and retain key employees.



## Global Benefits Consulting

We help design and implement global benefits programs that are compliant with local regulations.



## Pharmacy Specialization

Our team of Certified Pharmacy Benefit Specialists provide pharmacy solutions, trend insights and education to clients.



## Population Health Management

Our proprietary wellness process to improve employee population health.



## Technology Consulting & Support

We provide tactical specialists, translators and project managers throughout the technology implementation process.



## Total Population Health

Use clinical analytics to drive strategy and improve the health of your population.



## Vendor Management

Find the market solution to your organization's need and hold them accountable to their promises.



## Workforce Absence Management

Our practice ensures our teams leverage key trends and best practices to develop client strategy.



## Mergers & Acquisitions

Provide extensive guidance from initial letter of intent all the way through divestiture of assets.

# HUB Other Service

## P&C / COMMERCIAL LINES

### Essential coverage for every business

- Commercial property
- General liability
- Workers' compensation
- Cyber
- Professional liability
- Business owners
- Business interruption
- Employment practices liability (EPLI)



## PERSONAL LINES

Protect what matters most — **your family, your home, and your personal assets.** We offer objective counsel to help you make informed decisions



## RISK SERVICES

### Identify, quantify and reduce risk

- Crisis management
- Property risk management
- Workplace safety
- Fleet risk
- Risk management information system
- Claims management
- Cyber



## WORKERS COMP

Your company — and your associates — need the protection of robust **Workers' Compensation coverage, but insurance is just part of the solution**



## CYBER LIABILITY

### Strategic planning for prevention and post-incident recovery

- Privacy attorney
- IT forensic investigations
- State law notification compliance
- Credit monitoring for individuals
- PR crisis management
- Regulatory fines
- Class action lawsuits



Networks can be penetrated by cyber criminals

## RETIREMENT & WEALTH

Retirement Plan Consulting – Private Wealth Management – Executive Benefits



## TECHNOLOGY CONSULTING

- Human Capital Management
- Systems Consulting, Payroll, Benefits Administration
- Vast Network of Vendor Partners
- HUB – specific pricing
- Client-specific needs analysis
- Vendor selection consulting & contract negotiations



## HR CONSULTING SERVICES



# Public Sector Expertise

HUB is a **trusted advisor** with decades of **public sector expertise** and a team dedicated to providing **consulting services** for employee benefits and property & casualty plans.



**We do this with one goal in mind – to create peace of mind for individuals by being the premier consultant of excellence for municipalities we serve.**

## We Specialize In:

Consortium Management  
Medicare & Social Security  
Employee Education  
Health Management

Benefits Strategy  
Compliance  
Communication  
Vendor Evaluation

Benchmarking  
Data Analytics  
Risk Mitigation  
Technology

# Agenda

**1** Healthcare Cost/Overview

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**2** Employee Education

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**3** Risk Transfer Strategies

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**4** Proactive Risk Mitigation Measures

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**5** Q&A

# Healthcare Cost/Overview

Implications of large losses and  
future outlook





# Healthcare Cost/Risk Overview

5% of the population incurs 70% of all claims spend on a plan

- Large concentration of risk among a small percentage of population

Hospitals are under pressure to raise prices

- Anthem contract with OSU expires end of 2024
- Requested 31% increase over 3 years (5x rate of inflation)
- Columbus is among the most expensive care in Ohio

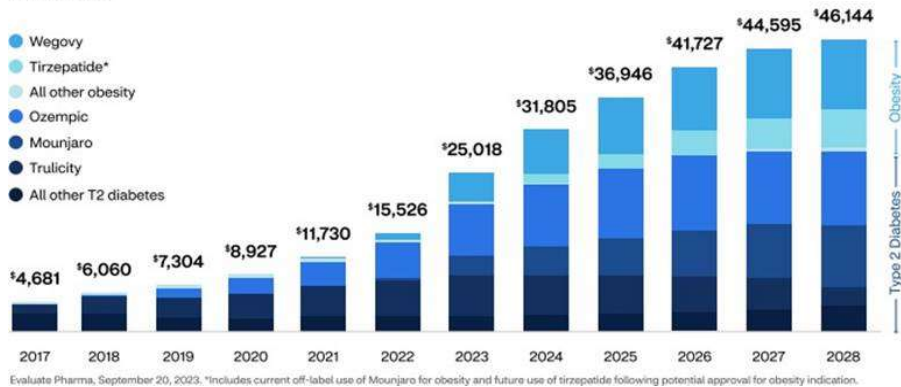
Advancements in healthcare provide better therapies, which are great for people but come with a hefty price tag

- LUXTURNA – treats Leber Congenital Amaurosis @\$850k

# National State: Pharmacy

## GLP-1 pharmacy sales forecast

\$ in millions



<sup>1</sup>pwc Medical Cost Trend: Behind the Numbers 2024

<sup>2</sup>Prime Therapeutics. 2024. Cost Effective Specialty Drug Management

## RISING DRUG COSTS

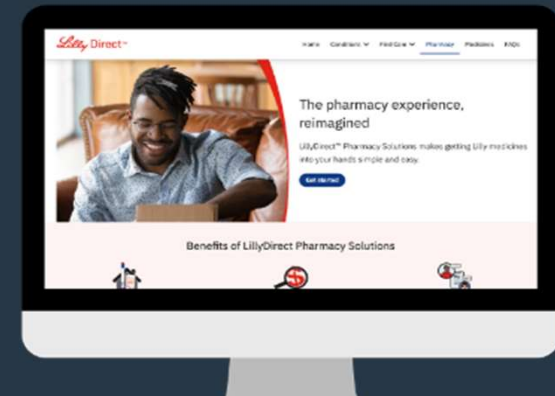
Median price of a new drug to market in 2022 was \$222,000, up from \$2,000 in 2008 (37% annualized growth rate)<sup>1</sup>

## SPECIALTY SPEND

2% Of employees account for 50% of all drug spend. 68% of specialty spend is from autoimmune and oncology drugs<sup>2</sup>

CVS Health. 2024. *The Rise of GLP-1s to Improve Metabolic Health* [online] *The Rise of GLP-1s to Improve Metabolic Health* (cvshealth.com)

Eli Lilly “LillyDirect”  
a telemedicine platform



# Specialty Medications

- Specialty medications drive up the number of large losses

Stelara  
\$110k / year

Embrel  
\$72k / year

Humira  
\$84k / year

- Gene therapies development will continue to grow in coming years

Libmeldy  
\$4.25M

Zolgensma  
\$2.25M

Luxturna  
\$850k

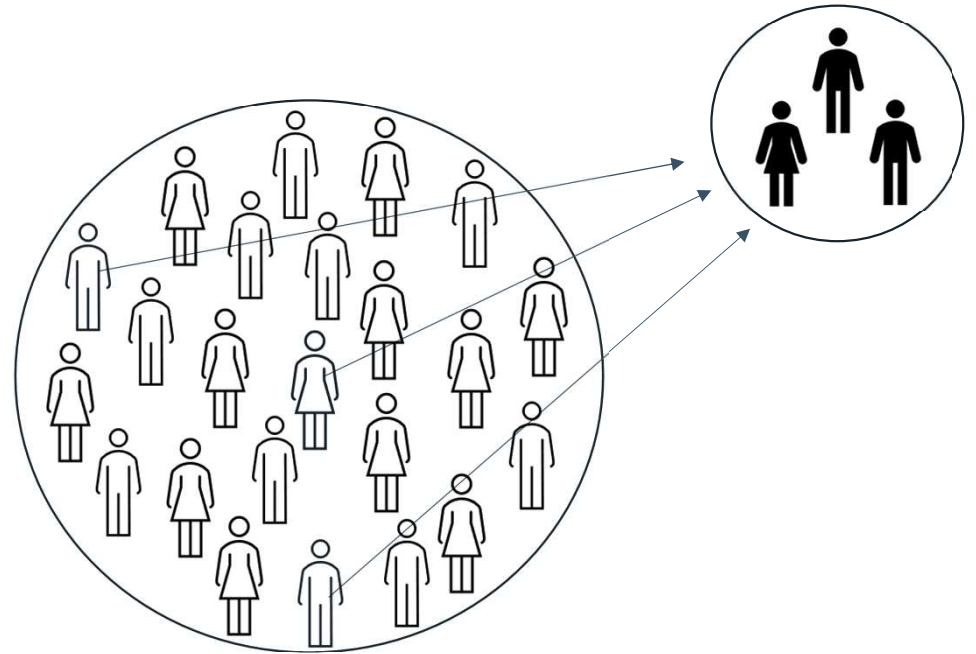


# Traditional Risk Mitigation Strategies

Traditional ways of managing losses include:

- Higher deductibles/MOOPs
- Higher employee cost sharing
- Changing carriers

Many of the traditional risk mitigation strategies impact the **ENTIRE** population, while only a handful of employees have complex care needs



# Why Risk Mitigation Strategies Matter



Risk and enrollment optimization programs aim to help employees understand all coverage options available to them based on the unique family circumstances. Sometimes their best option is NOT the employer plan.



Employees will enroll in other coverages outside of employer plan **ONLY** if the alternative plan provides an overall better value.



Incentives and opt-out bonuses can be used to encourage employees to explore their options and be educated about alternative plans that are better suited for their families.

# Employee Education

How to manage existing losses



# Why Risk Mitigation Strategies Matter



Benefit literacy is low among employees and most employees are not benefits-savvy enough to pick the best option and get the most out of their benefits.



**8<sup>th</sup> grade** is the average US literacy level



Employees with working spouses typically have a choice between enrolling in your plan or their employer's plan. Which one is better?



Often, your organization covers the cost of **other employers'** employees



Employees and dependents with rare or costly health conditions may qualify for alternative healthcare coverage at little to no cost. How can they learn about and enroll in these programs?



Healthcare systems make more money on employer-sponsored healthcare. If the employer isn't educating on options, **who is?**



Individuals approaching Medicare eligibility age sometimes don't understand their options and will remain on the employer plan out of confusion.



Employee health needs and cost vary greatly at different life stages

**Ages 45-64**  
**\$7,879**

**VS**

**Ages 65+**  
**\$12,058**

# Existing Large Losses

## Employer Challenges

- Complex conditions have lengthy treatment plans
- Prognosis is challenging to predict, which create challenges for stop loss protection
- Employee is not engaged at work (for self or to care for family)

## Employee Challenges

- Scary/Terrifying situation
- Financial challenges due to reduced working hours
- Navigating the best course of treatment and finding the best coverage



# Existing Large Losses

## Traditional Risk Mitigation Strategies:

- Condition Management from TPA/Carrier
- Network Discounts
- Stop Loss coverage

## Additional Risk Mitigation Strategies:

- Medicare Education
- Alternative Coverages Education
- Condition Specific Foundation Coverage
- Medical/Pharmacy Audit
- Foundation Funding

# Risk Transfer Strategies

Minimize business exposure through risk transfer strategies



# Risk Transfer

Risk Mitigation tools provide education, support, and financial assistance to help employees with resources outside the employers sponsored healthcare plan



## Education

- Help all employees learn about available resources. Goal is for all employees to be informed of their options so they can have the best healthcare experience.



## Specialist Support

- Assist members navigating enrollment changes with specialized support tailored to their needs.



## Financial Tools

- Offer financial support to employees opting for alternative options outside the districts group plan

# Risk Transfer

Many people have access to various forms of coverage but often take the easiest coverage (not the best) due to lack of understanding.

Spouse plan

Medicare

Medicaid

Foundational plans

Individual coverage etc.

# Risk Transfer

What's definition of insurance?

To help protect the Risk of the unknown!  
When then risk(s) are known, strategies and solutions need to be in place to mitigate the risk.

There are different risk methods that groups are willing to take on. Would YOU pay \$100 to save \$200? What is that risk worth?



Employee Education

Dependent Audit/Verification

Spousal Surcharge

Spousal Exclusions

Opt Out Credits

Mandatory Education with Opt Outs

# Risk Transfer



## Data Analysis

- Group's Cost Trends
- Risk Factors
- Spousal Costs
- Compliance Consulting
  - COBRA
  - Section 125
  - Tax
  - Discrimination



## Enrollment Alternatives

- Federal Options
  - Medicare
  - Medicaid
- State Options
  - CHIP
- Spousal Coverage



## Measurement

- Reduced Cost
- Reduced Plan Risk
  - Direct claims impact measured through data warehouse capabilities

# Risk Transfer

Alternative plan educational tools are being used to determine what benefit plan is best for district employees. These tools allow an employee to compare premium costs and out-of-pocket costs for themselves and their spouses' plan (if applicable).

Tool recommendations:

- Benefit recommendations based on individual needs and preferences
- Helps employees make informed decisions and save money
- Lowers districts healthcare costs



# Medical and Pharmacy Audit Protocols

## Payment Integrity/Hospital Bill Review:

How it works:

- Reviews each claim by AI as well as through a detailed clinician review.
- Find waste spending, unbundled fraudulent billing and abusive pricing.
- Repriced claims are based on legal case law, so you can know you are on firm ground in what you pay.

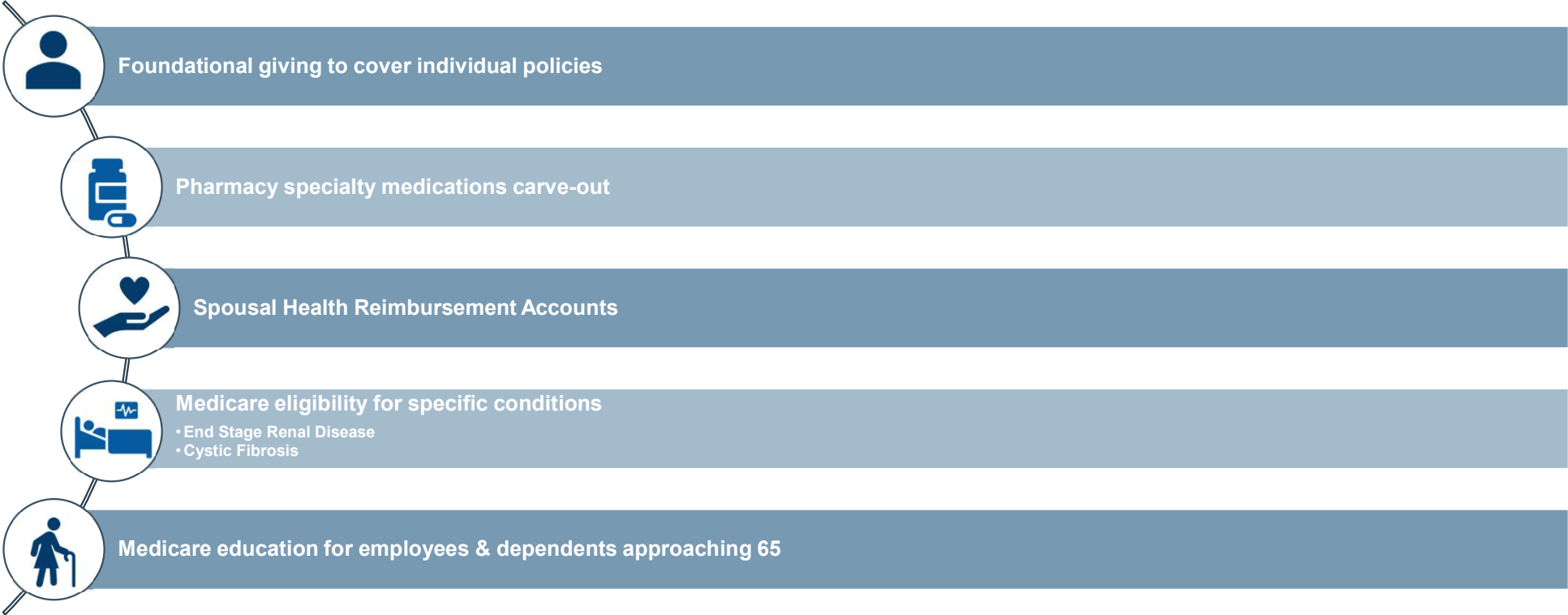
Savings:

- 99% of claims have errors
  - Catching errors before payments reduces health costs = 6-10%
  - In-network savings = 35-45%
  - Out-of-Network = 70%





# Practical Risk Transfer Solutions



# Proactive Risk Mitigation Strategies

How to be proactive with managing high-cost claimants in the future



# Proactive Measures

Strong dependent verification process

Spousal Exclusion

Systematic Medicare Education

Technology Platform

- Allow employees to evaluate all plan options

Competitive plan design with risk mitigation controls

- Pricing
- Richness

Specialty Drugs Carved-out

- Copay Maximizers
- Alternative funding
- International sourcing

## Co-Pay Maximizers

- Bolt-on programs to current pharmacy programs
- Copay maximizers help schools to lower the cost of medications by fully utilizing the drug manufacturer coupons.
- Lower Cost for Member/No Member Cost
- Lower Cost to Plan
- Minimal to no disruption to members
- Typically, these programs save 5-10% of brand medication cost



# Alternative Funding of Specialty Medications

- Two-part program: PBM Carve Out & Member Concierge
- Excludes a list of specialty medications from the plan
- Member is guided through an application process to source the medication directly from the manufacturer
- If approved, the member received the drug at little to no cost
- Member receives their medication and plan cost is reduced
- Typically, these programs save 25-40% of brand medication cost



# Spousal Exclusion/HRA



## ○ Total Care Option

- ✓ Helps employees maximize their healthcare benefits, when multiple options are available to dual income families



We help your employees

### **Pick the right health plan**

Picking the right plan is difficult and employees often get it wrong, which costs them (and you) a lot of money. We fix this by using real claims data to provide employees a recommendation in less than sixty seconds. We can even help employees compare your plans to their partner's at another company.



We help you

### **Offer a unique health benefit**

Sometimes, your plan isn't the best option for dual income families with multiple choices. We work with you and their partner's employer to provide a new option that pools risks and uses the savings to cover any out of pocket costs. This means better care for them and more savings for you.

# Key Takeaways

## Three Key Takeaways

- Best time to implement risk mitigation strategies is now
- Risk mitigation strategies create win/win scenarios for employees with complex healthcare needs and your healthcare budget
- Large losses will occur – how you manage them will determine the healthcare outcomes for the member and the financial impact

# Thank you

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