



HEALTHCARE AS A FINANCIAL RISK

FEI Central PA Chapter
June Chapter Dinner Meeting

June 2, 2026



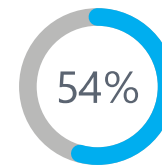
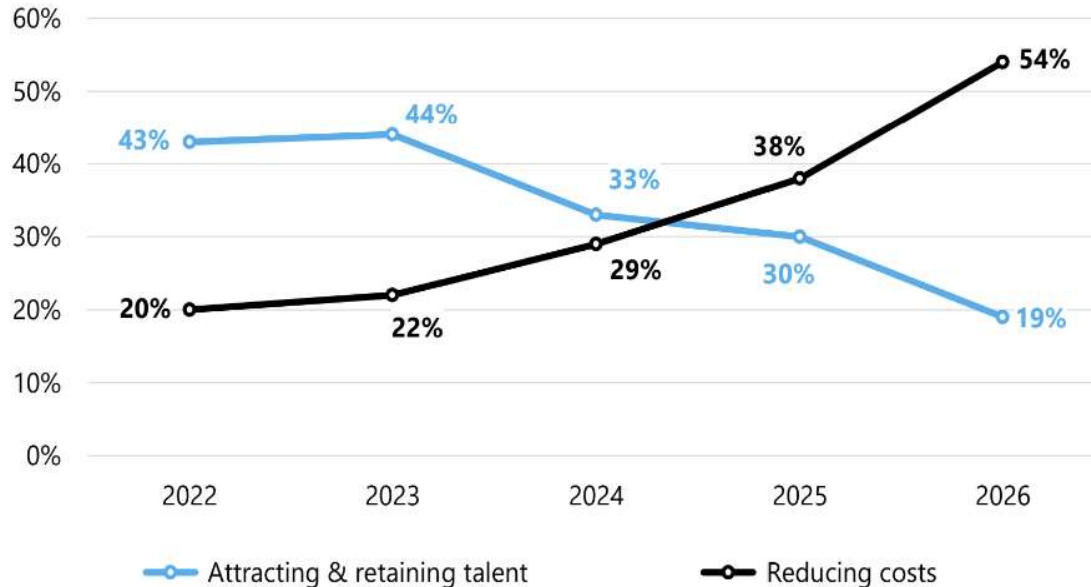
PEOPLE
SOLUTIONS

This Evening's Agenda

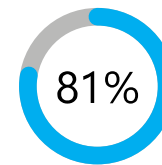
- What is Driving Costs?
- Why is it a Financial Risk?
- How Is the Marketplace Responding?
- What to Expect and How to Prepare for 2027 Renewals?

Cost continues to challenge employers

REDUCING COSTS SELECTED AS NO. 1 BENEFITS FACTOR BY EMPLOYERS

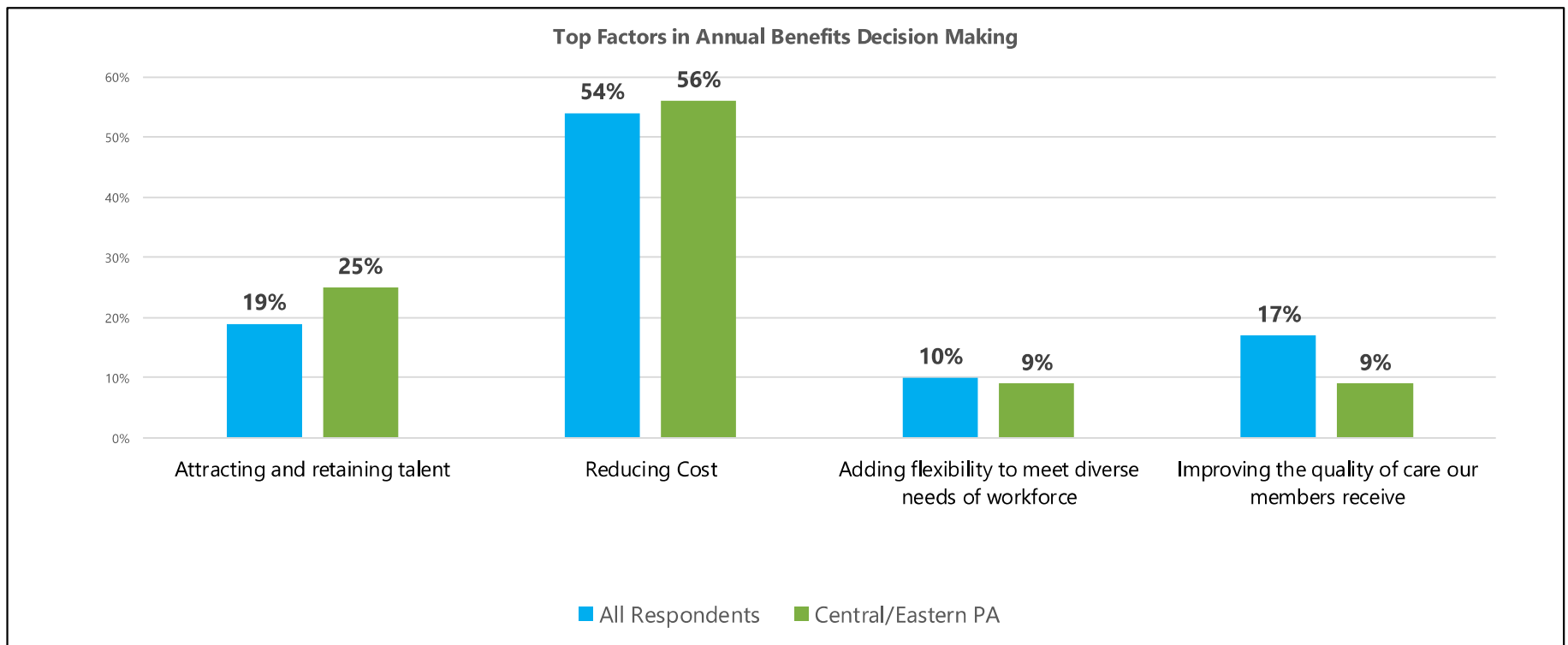


Reducing costs remains the top employer priority when making benefit plan decisions. 54% of employers ranked it No. 1 — rising 16 points from 2025 to 2026.



81% of employers reported the impact to employees is a **primary consideration and a determining influence** as they evaluate changes to benefit plans

What is Driving Employee Benefit Decision Making?





What is Driving Up Costs?

01

Pharmacy

Specialty Drugs and
Gene Therapies

Dynamic regulatory environment

GLP-1 demand

02

Complex Claims

High-cost claims are growing
more severe, complex, and
unpredictable

Million-dollar claimants are
increasing at the fastest pace

Emerging rare disease
treatments expected to drive
additional high-cost claims in
the coming years

03

Financial

Changing provider landscape -
provider negotiations, provider
consolidation, more aggressive
billing practices

Technological advancements

Inflation and economic
uncertainty



Why Is Healthcare a Financial Risk?

01

Actuarial

Large claim volatility continues to rise

\$1M+ claimants are no longer outliers

Traditional trend-based forecasting becoming less reliable

02

Pharmacy

Specialty drugs, GLP1s and Gene therapies driving volatility

Utilization is highly concentrated (small number of members or drugs) and difficult to unwind

New entrants, pricing models, legislation – impacting current status quo

03

Stop Loss

Hard and volatile market (winners and losers)

Tighter underwriting / more lasers / delayed results

A shifting market with higher loss ratios

WHEN REDUCING COST, PLAN SPONSORS SHOULD LOOK AT FOUR KEY AREAS

Within these four areas, benefits strategies are shaped by company priorities and the need to balance cost management with member impact. In general, greater cost savings often require greater disruption. Strategies typically fall along a spectrum — from foundational approaches that minimize disruption, to progressive tactics, and ultimately disruptive changes that deliver the greatest savings.

PLAN OPTIMIZATION

Is your plan purchasing efficient?
Does member cost-sharing drive the right outcomes?

NETWORK/PROVIDER SOLUTIONS

What is the right balance of access vs. cost and quality?

ELIGIBILITY MANAGEMENT

Do your eligibility definitions and member support match your plan's cost goals?

PHARMACY BENEFIT

Is your plan effectively purchasing and managing drug costs?

Commonly Implemented Strategies & Programs

LEVERAGED BY MORE THAN HALF OF EMPLOYERS

PLAN CONTRIBUTION CHANGES

60% implemented a lower-cost option like a higher-deductible plan

PHARMACY CARVED IN OR BUNDLED WITH MEDICAL CARRIER OR MEDICAL PLAN ADMINISTRATOR

67% have carved in or bundled pharmacy.

WELLBEING PROGRAMS

73% of employers invest in wellbeing programs.

Less Adopted Strategies & Programs

LEVERAGED BY LESS THAN HALF OF EMPLOYERS

NARROW NETWORKS

43% of self-funded employers use a narrow network on a full preplacement basis or as an option.

REFERENCE-BASED PRICING

7% of self-funded employers leverage reference-based pricing (RBP).

ICHRAS

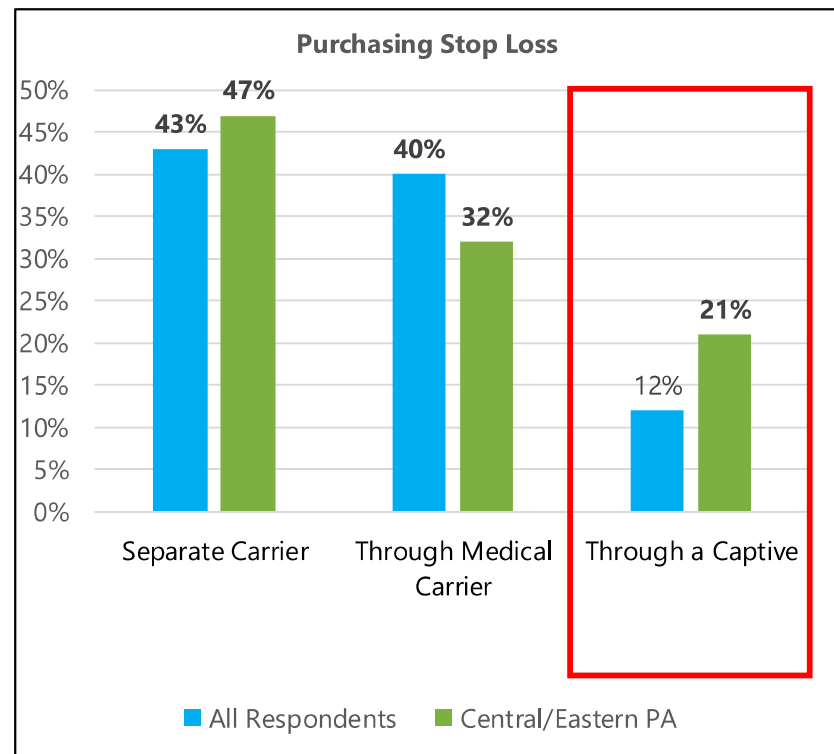
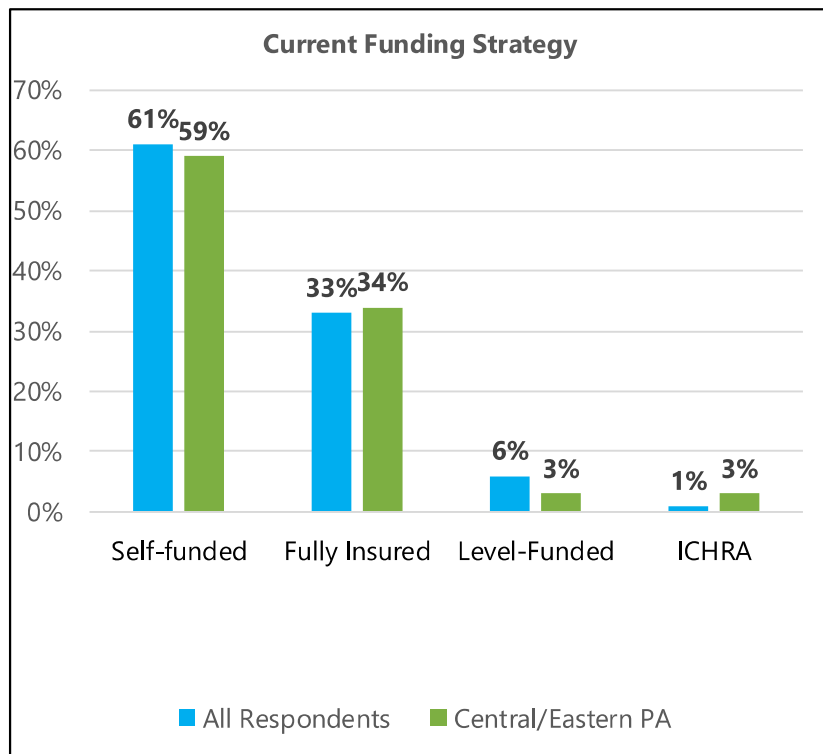
1% leverage an individual coverage health reimbursement account (ICHRA).

ELIGIBILITY MANAGEMENT

11% exclude spouses with access to other coverage.
21% implement a spousal surcharge.

PLAN OPTIMIZATION

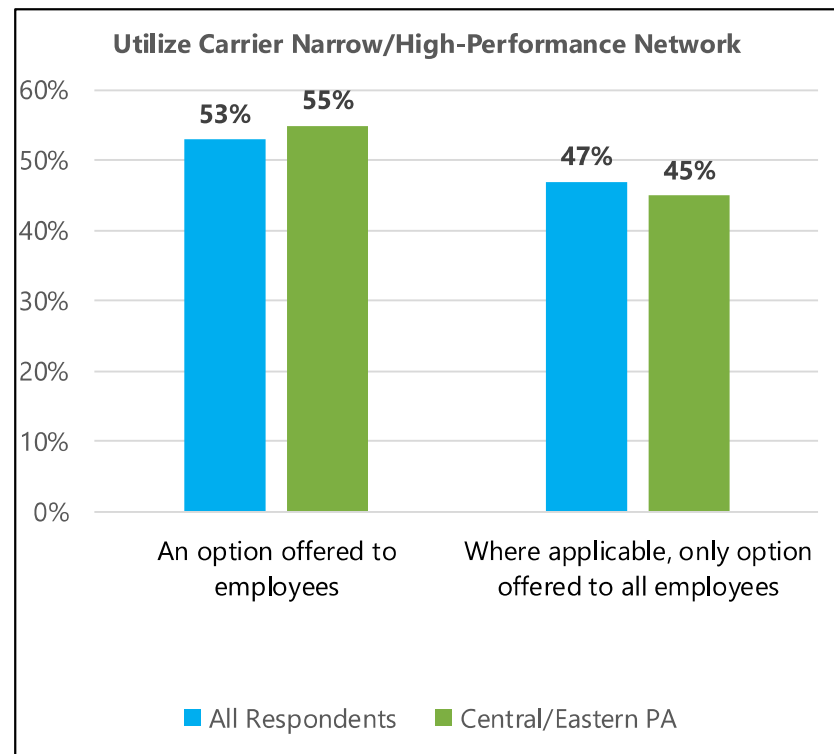
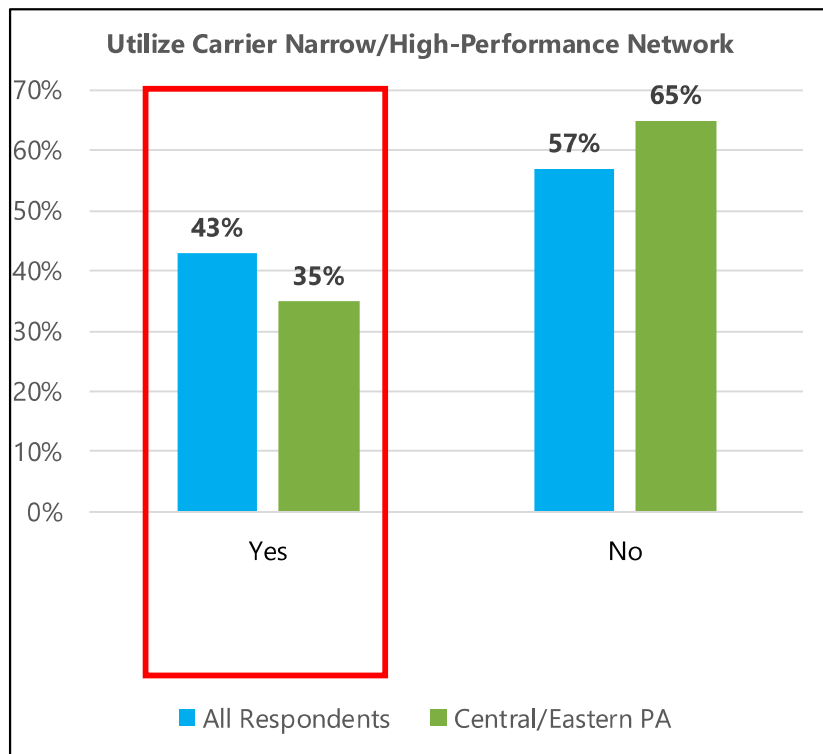
Funding and Reinsurance



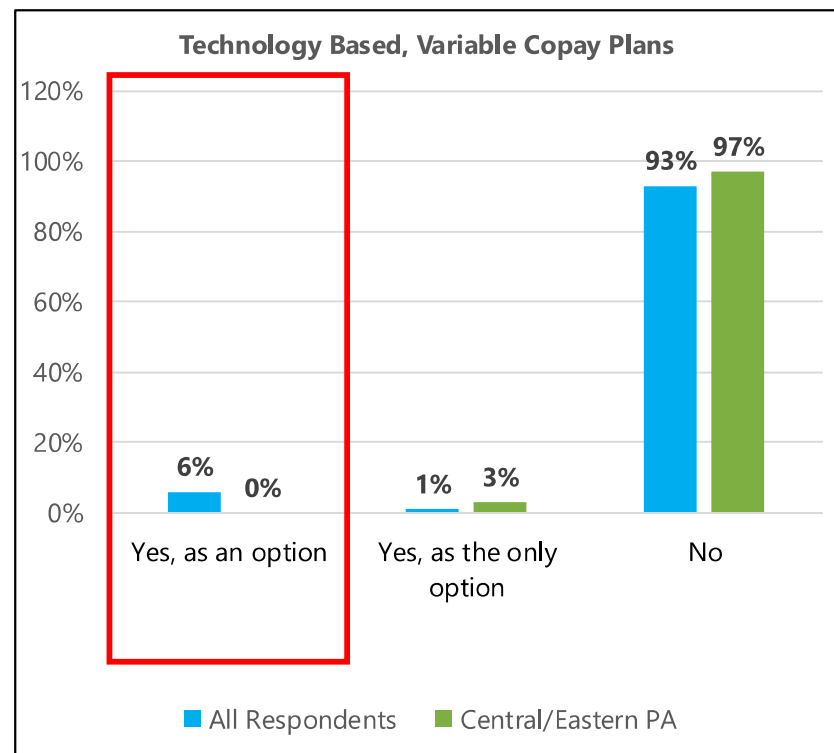
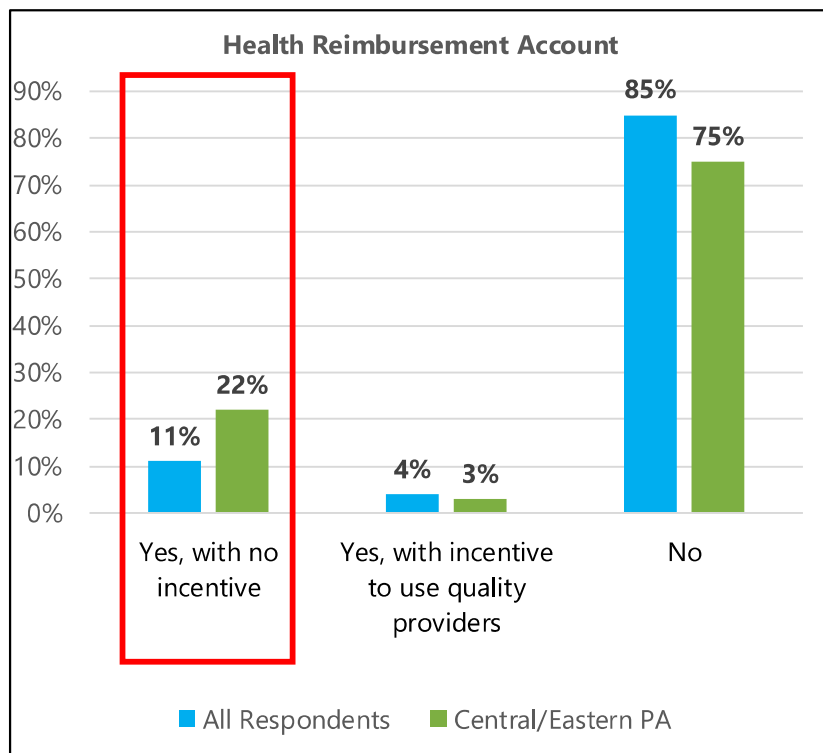
NETWORK PROVIDERS/SOLUTIONS

Network Solutions

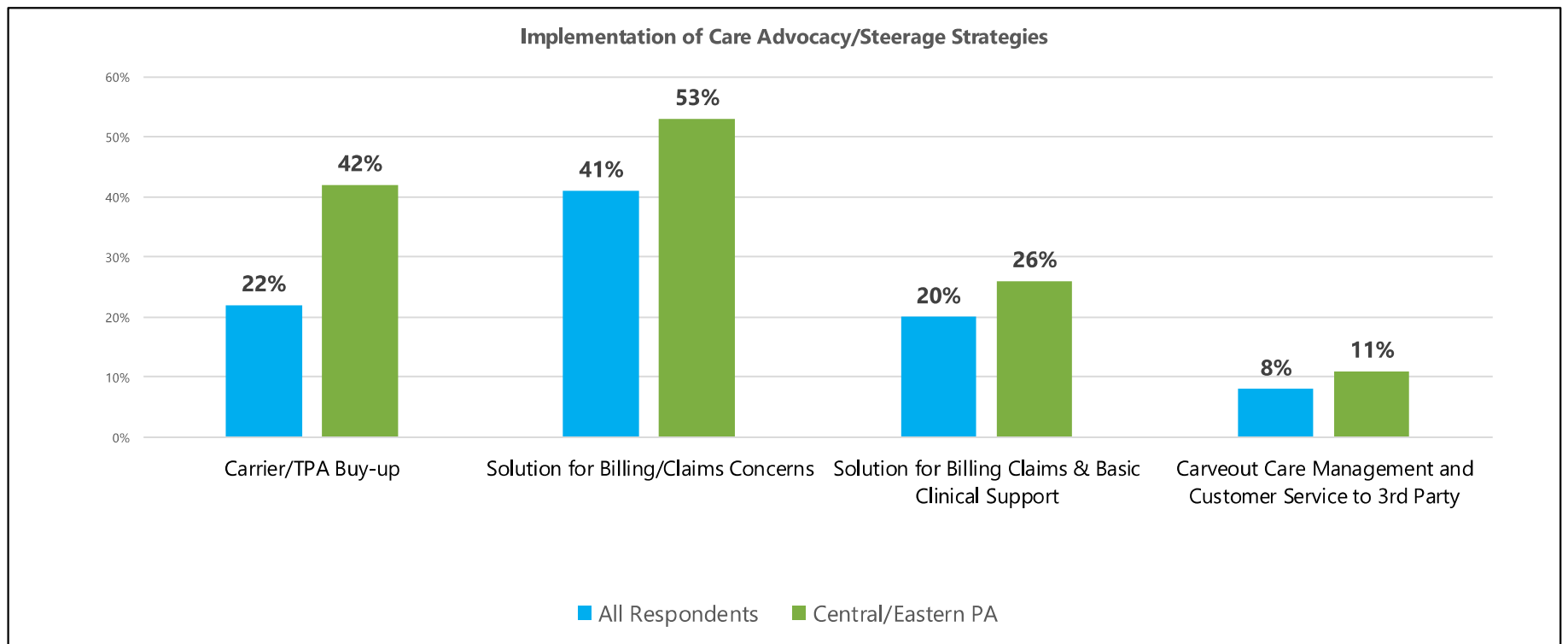
For Those Who Utilize...



Provider Steerage Strategies

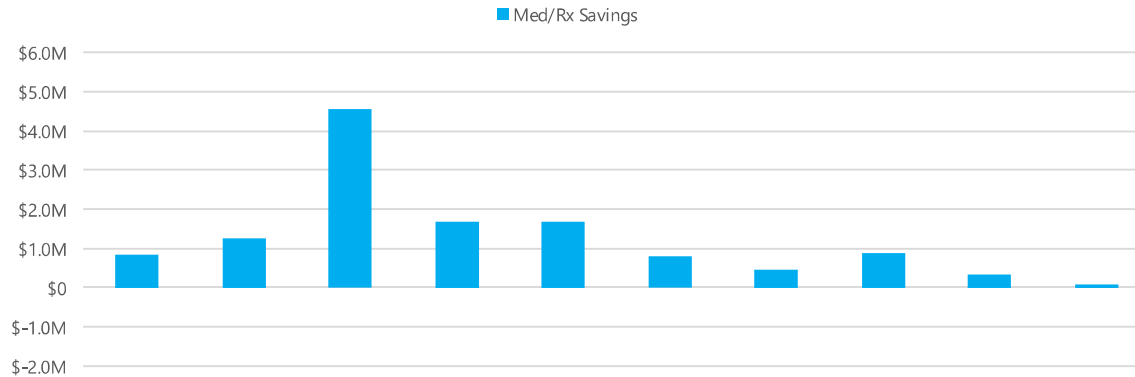


Care Advocacy and Steerage Services?



EVALUATING NETWORK DISCOUNTS

Medical/Rx Network Strategy | Narrow and Innovative Solutions



Product:	BCBS HPN	Allied Advocate	Allied Affordable Care Plan	ClaimDOC	Imagine360 (RBP)	Navigation	Coupe Health	SimplePay	Surest	UHC Nexus ACO
% of EEs in Strategy	98%	100%	100%	99%	100%	100%	100%	100%	100%	100%
% Total Savings	5%	8%	30%	11%	11%	5%	3%	6%	2%	0%
Medical & Rx Savings \$	836K	1M	5M	2M	2M	810K	475K	869K	349K	72K
% Visits Moved to OON	27%	4%	4%	4%	60%	4%	0%	4%	3%	3%
Employee Friction	Low	Low	High	High	High	Low	Medium	Medium	Medium	Medium
Physician Disruption	25%	4%	4%	4%	64%	4%	0%	4%	3%	3%
Facility Disruption	27%	4%	4%	4%	58%	4%	0%	4%	3%	3%
Administration	BCBS	Allied Benefits	Allied Benefits	ClaimDOC	Imagine360	Meritain	Coupe Health	SimplePay	Surest	UHC
Medical Management	Standard Offering	Standard Offering	Standard Offering	Standard Offering	Standard Offering	Quantum / Accolade	Variable Copay Steerage	Variable Copay Steerage	Variable Copay Steerage	Standard Offering
Out of Network	EPO	100% of Medicare	100% of Medicare	Possible Balance Billing	Possible Balance Billing	80% of R&C	80% of R&C	80% of R&C	80% of R&C	110% Medicare
Strategy	HPN Maximum Savings	Innovation Maximum Savings	Innovation Maximum Savings	Innovation Maximum Savings	Innovation Maximum Savings	Innovation Advocacy / Navigation	Innovation Technology Driven	Innovation Technology Driven	Innovation Technology Driven	HPN Tiered Design

Total status quo plan spend is \$15M with \$10M of medical claims

PRODUCT NOTES

BCBS HPN: Narrowed network varies by market, in-network only with no coverage outside HPN markets.

Allied Advocate: National network with alternative payment arrangement for certain high dollar services.

Allied Affordable Care Plan: No network product, pays at 100% Medicare, possible balance billing for member.

ClaimDOC: Full RBP replacement product.

Imagine360 (RBP): INN access in Imagine markets; % of Medicare with no contract in all other areas.

Navigation: Replace TPA as contact for members

Coupe Health: Variable copay plan for all services. No deductibles or coinsurance. Drive member to lower cost providers through use of technology and variable copay plan design.

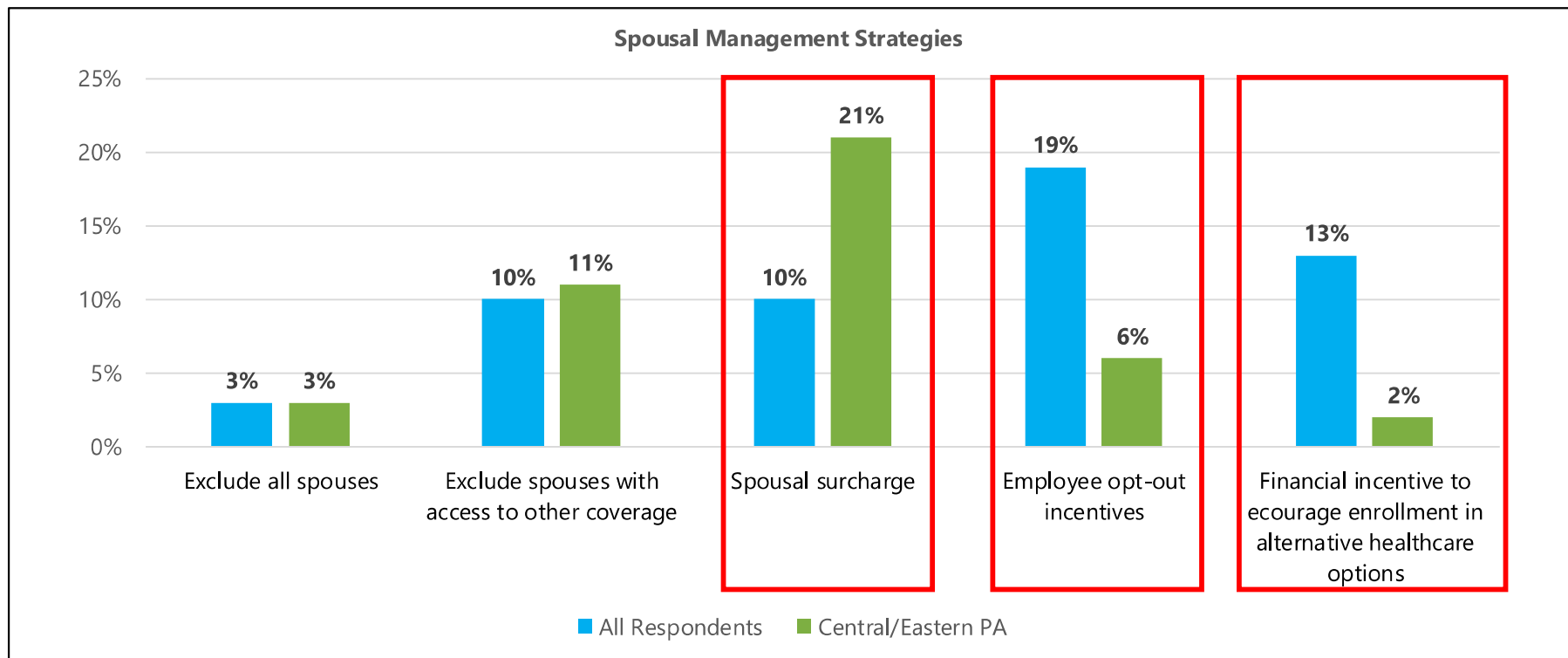
SimplePay: Variable copay plan for all services. No deductibles or coinsurance. Drive member to lower cost providers through use of technology and variable copay plan design.

Surest: Variable copay plan for all services. No deductibles or coinsurance. UHC Choice Plus is underlying network. Drive member to lower cost providers through use of technology and variable copay plan design.

UHC Nexus ACO: Tiered plan design, PCP Selection, OON optional. Gated product is also available with additional savings.

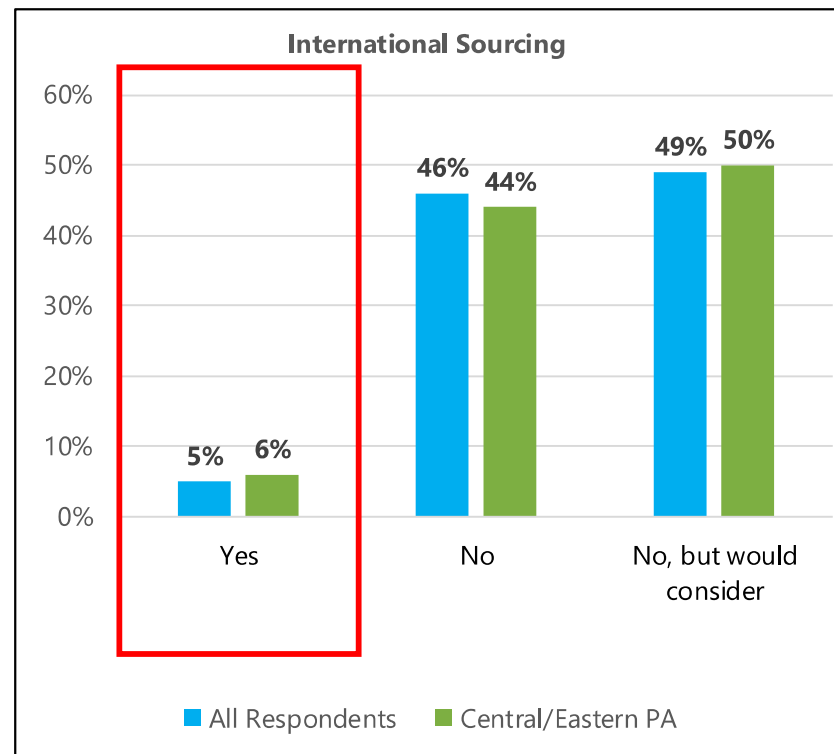
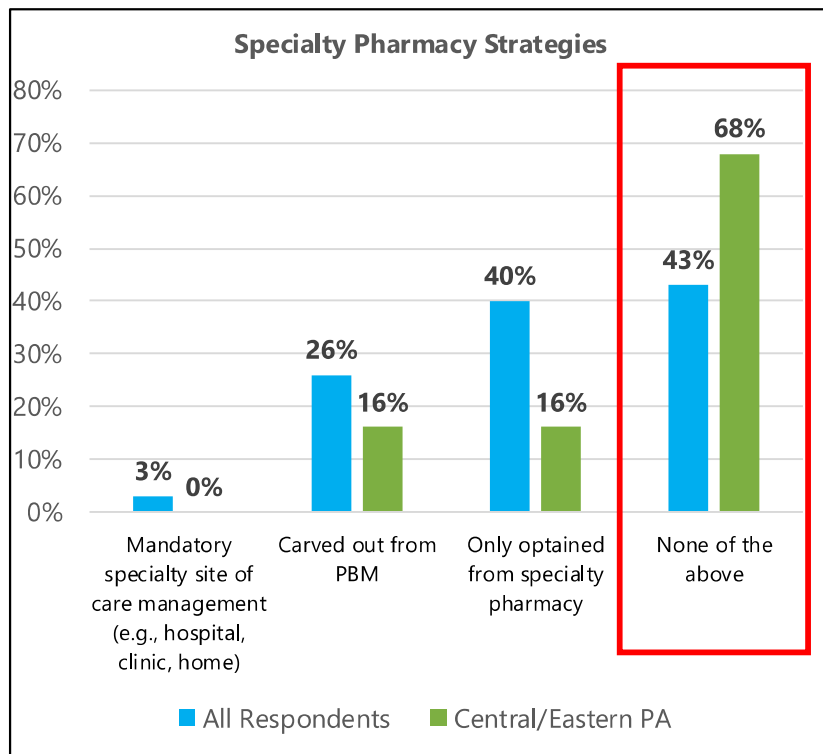
ELIGIBILITY MANAGEMENT

Eligibility Solutions



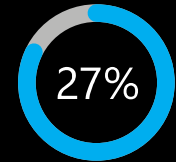
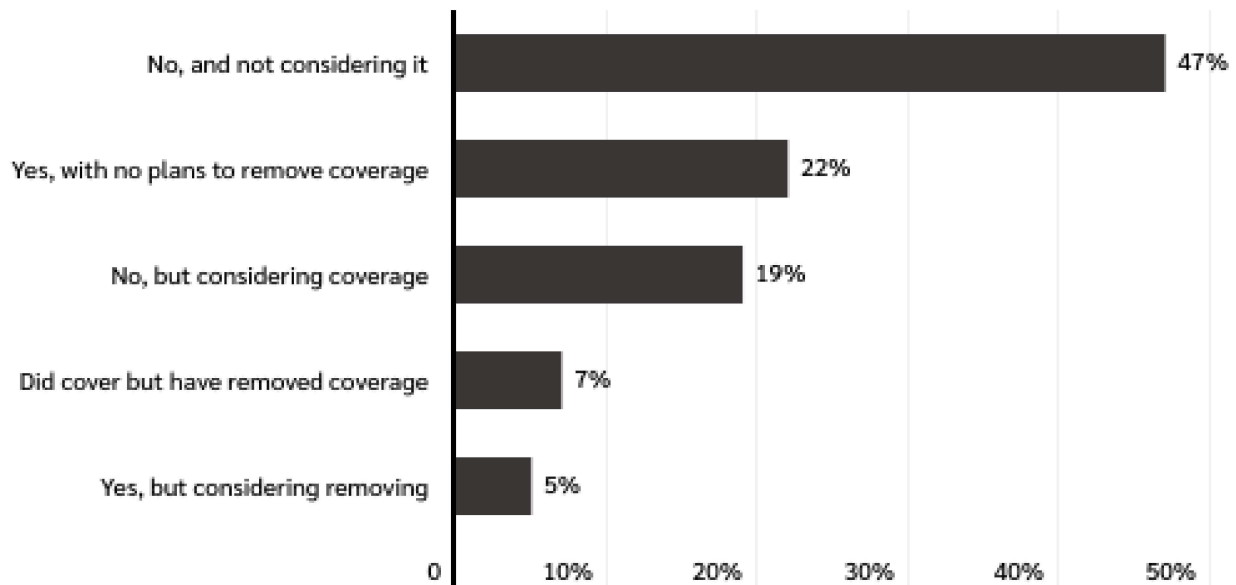
PHARMACY BENEFITS

Pharmacy Benefit Strategies

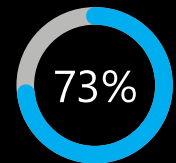


GLP-1 Strategies

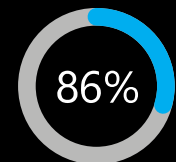
Cover GLP-1 Medications for Weight Loss



of plan sponsors **are covering** GLP-1 medications for weight loss



of plan sponsors are **not covering** GLP-1 medications for weight loss



of respondents indicated that they **do not have** an overall GLP-1 coverage **strategy**



Trends for this renewal season...

- Evaluation of alternative healthcare funding strategies
- Continued push for transparency across the benefit value chain
- Greater focus on high-quality, lower-cost providers
- Ongoing GLP-1 strategy discussions
- Tightening stop loss marketplace



How to prepare your organization...

01

Understand
what's driving
costs

02

Review
purchasing
efficiency &
contract terms

03

Evaluate risk
tolerance &
innovation
readiness

04

Weigh
balancing cost,
risk, workforce
needs, and
disruption
tolerance

05

Align decisions
within an overall
strategy

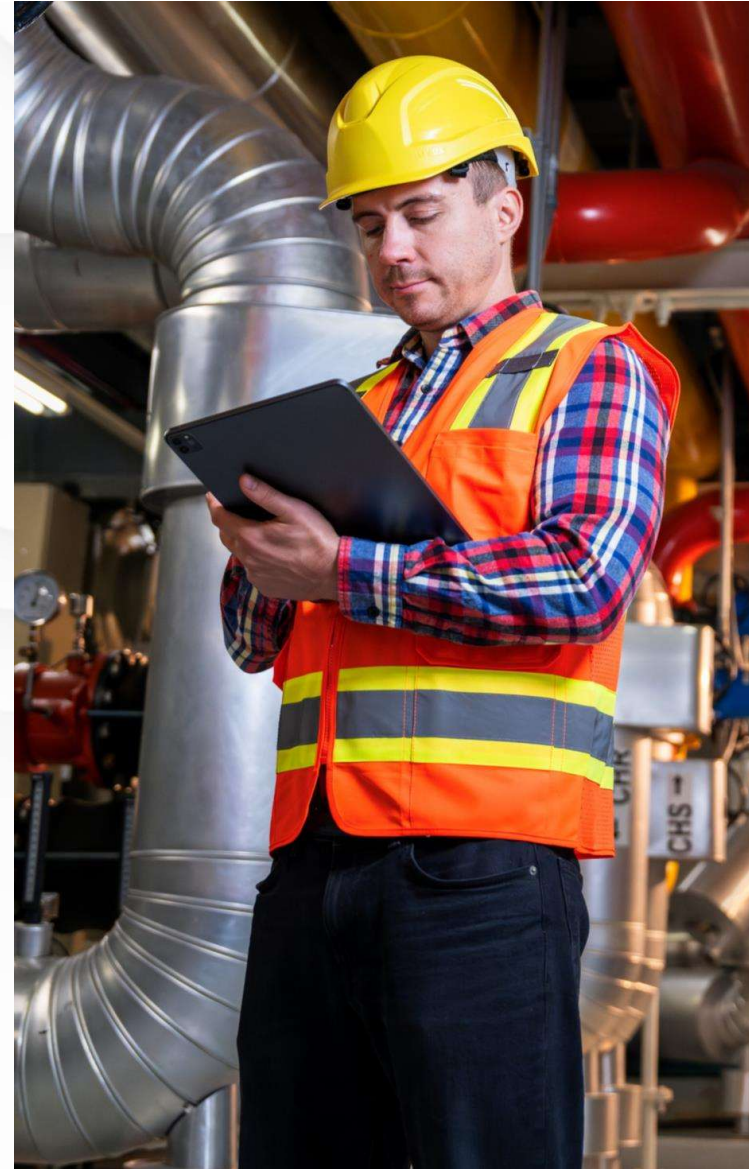
← LEVERAGE CROSS-FUNCTIONAL EXPERTISE TO SUPPORT STRATEGIC DECISION-MAKING →



HEALTHCARE
AS A FINANCIAL RISK

Actions to consider...

- 01 BE INTELLIGENT ABOUT YOUR DATA**
Deploy data analytics to review emerging utilization patterns while leveraging predictive analytics
- 02 COMPLEX CLAIM REVIEW**
A proactive approach can redirect member trajectories, prevent escalation, and reduce exposure to high-cost claims
- 03 CONTRACT GOVERNANCE AND OPTIMIZATION**
Vendor alignment, controlling hidden costs, fiduciary responsibility
- 04 GOVERN PHARMACY PROACTIVELY**
PBM transparency and contract evaluations are critical to identify the right formulary and clinical management strategies
- 05 PARTNERSHIP AS A RISK CONTROL**
Strong alignment between Finance, HR, and other key parties around strategy and risk tolerance allows organizations to anticipate volatility rather than react to it



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