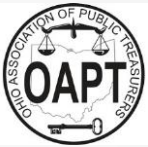


Healthcare 2023 & Beyond

Presenters:

Gene Pompili – Captive Practice Leader/Oswald Companies
Brian Feliciano- VP, Benefits Consultant/Oswald Companies

October 6, 2022



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CORE VALUES

Passion for
Excellence

Integrity

Resourcefulness

Commitment to
Community

Women's
Leadership
Council

oswald

taylor
oswald

oswaldthrives

oswaldcares

oswaldCLIMBS

PARTNERSHIPS & INITIATIVES

creating a diverse, equitable
and inclusive culture at Oswald.

WHAT WE DO

STRATEGIC RISK MANAGEMENT AND INSURANCE BROKERAGE

Property & Casualty

Employee Benefits & Health Management

Life Insurance

Retirement Plan Services

Personal Risk Management



AWARDS AND ACCOLADES

TOP
WORK
PLACES
2021

8 Consecutive
Years!

THE PLAIN DEALER
cleveland.com

CRAIN'S 2020
COOL
PLACES
TO WORK

FORTUNE
100
BEST
COMPANIES
TO WORK FOR

BUSINESS
INSIDER
GREAT
PLACE
TO
WORK

North
Coast

400+

EMPLOYEE OWNED

With more than 400
employee-owners and
growing!

FOUNDED IN
1893

8 OFFICES IN OHIO, MICHIGAN & PENNSYLVANIA

Cleveland, OH Headquarters
Akron, Cincinnati, Columbus,
Medina, Toledo, Detroit, Pittsburgh



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LOCAL SERVICE. GLOBAL SCALE.

Proud member of the world's
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2

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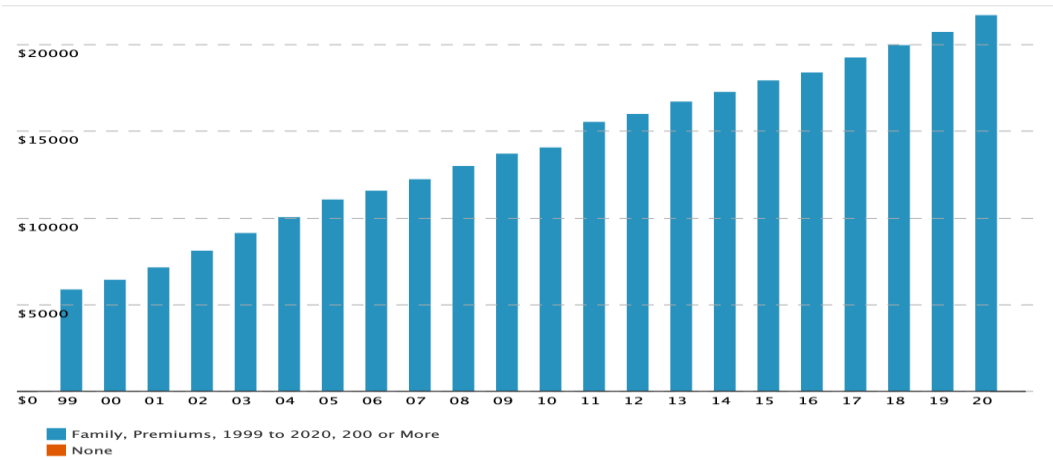
The Economic Environment of Health Benefits

WHERE HAVE WE BEEN?



3

Average Cost of Family Premiums 1999-2020

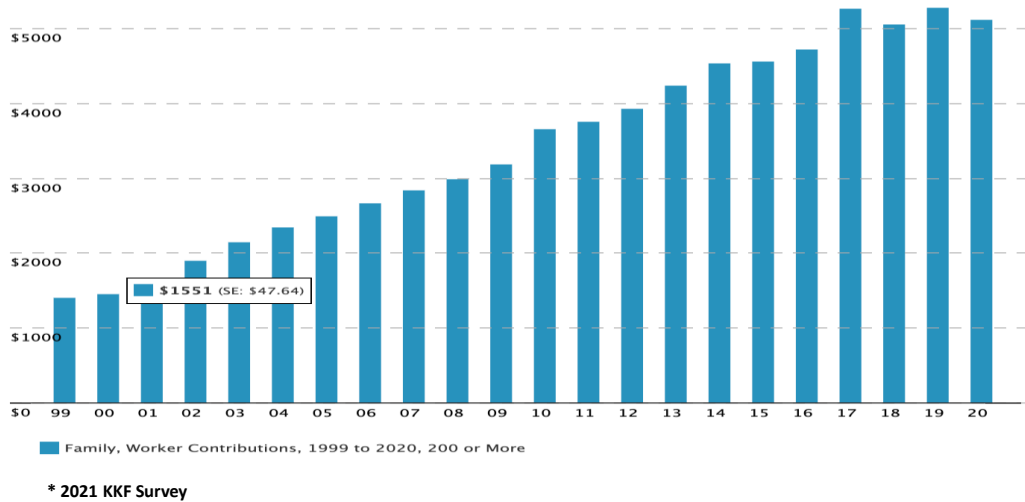


* 2021 KKF Survey

4

4

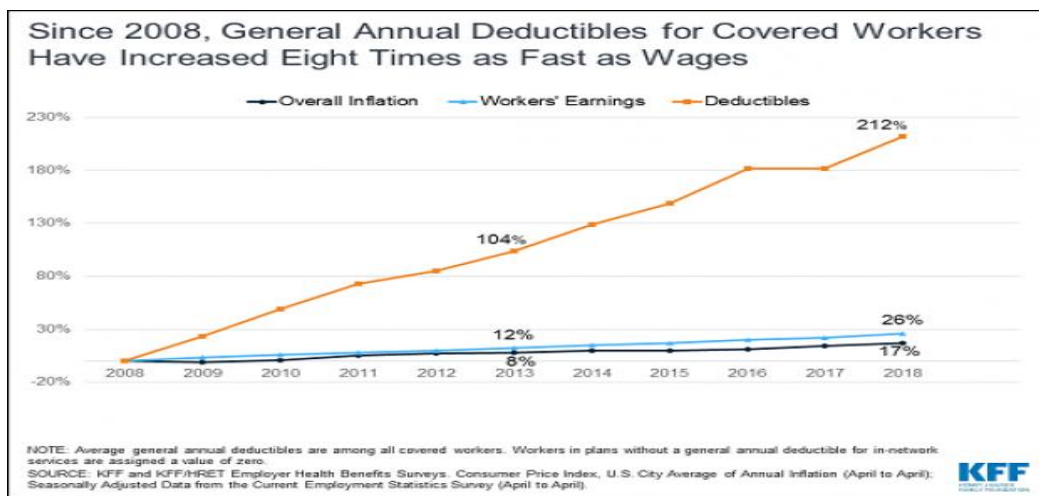
Average Cost of Worker Contributions 1999-2020



5

5

Increase in Workers' Wages and Deductibles



6

6

Average American's Balance in Checking, Savings,
or Money Market Accounts in 2020

\$5,300

* Federal Reserve Data

7

7

Average American Worker's Health Benefits Family
Deductible in 2020

\$3,722

* 2021 KFF Survey

8

8

Medical Debt & Bankruptcy in 2020

#1 Cause

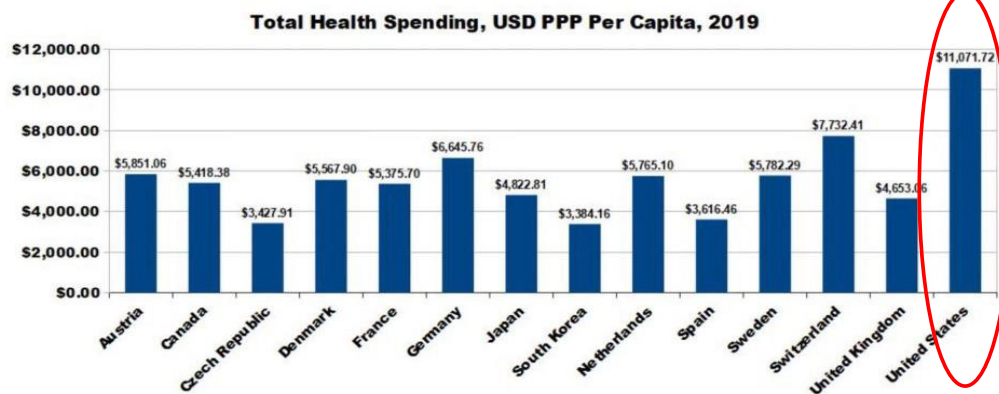
66.5%

* American Journal of Public Health

9

9

Per Capita Total Health Spending in 2020



Source: OECD (2021), Health spending (indicator). doi: 10.1787/8643de7e-en (Accessed on 27 January 2021).

Chart and graphic copyright © 2021 Real Reporting Foundation HealthSystemsFacts.org.

10

How The U.S. Healthcare System Stacks Up

EXHIBIT 1

Health Care System Performance Rankings

	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING	3	10	8	5	2	6	1	7	9	4	11
Access to Care	8	9	7	3	1	5	2	6	10	4	11
Care Process	6	4	10	9	3	1	8	11	7	5	2
Administrative Efficiency	2	7	6	9	8	3	1	5	10	4	11
Equity	1	10	7	2	5	9	8	6	3	4	11
Health Care Outcomes	1	10	6	7	4	8	2	5	3	9	11

Data: Commonwealth Fund analysis.

Source: Eric C. Schneider et al., *Mirror, Mirror 2021 – Reflecting Poorly: Health Care in the U.S. Compared to Other High-Income Countries* (Commonwealth Fund, Aug. 2021).
<https://doi.org/10.26099/01DV-H208>

11

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Deconstructing the Cost of Health Benefits

WHERE DOES THE MONEY GO?

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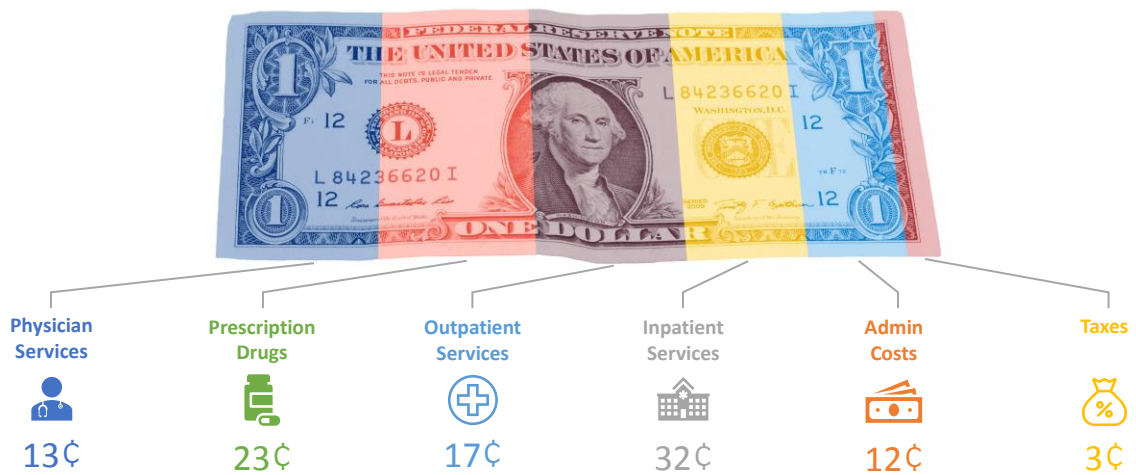
What Drives Cost... Econ 101



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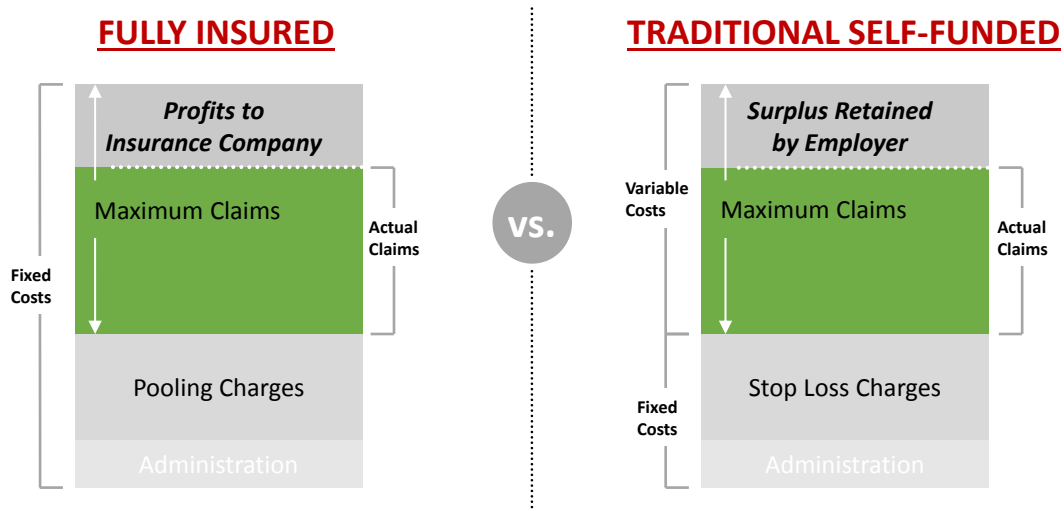
Who Gets Paid



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Health Plan Cost Components



15

Root Cause Factors

WHAT'S DRIVING THIS ENORMOUS INCREASE IN COST?

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Most Expensive Drugs in 2021

The Most Expensive Drugs, Period

July 2021

	Drug	Manufacturer	Annual cost based on length of therapy
1	Zolgensma	Novartis Gene Therapies	\$2,125,000
2	Zokinvy	Eiger BioPharmaceuticals	\$1,032,480
3	Danyelza	Y-mAbs Therapeutics, Inc	\$977,664
4	Myalept	Aegerion Pharmaceuticals	\$889,904
5	Luxturna	Spark Therapeutics	\$850,000
6	Folotyn	Acrotech Biopharma	\$817,865
7	Brineura	BioMarin Pharmaceuticals	\$730,340
8	Blincyto	Amgen, Inc	\$712,672
9	Ravicti	Horizon Therapeutics	\$695,970
10	Soliris	Alexion Pharmaceuticals, Inc	\$678,392

*This list includes prescription drugs and drugs only administered by a healthcare professional. Quantity of dose may depend on weight or body surface area of the individual, meaning that prices can vary.

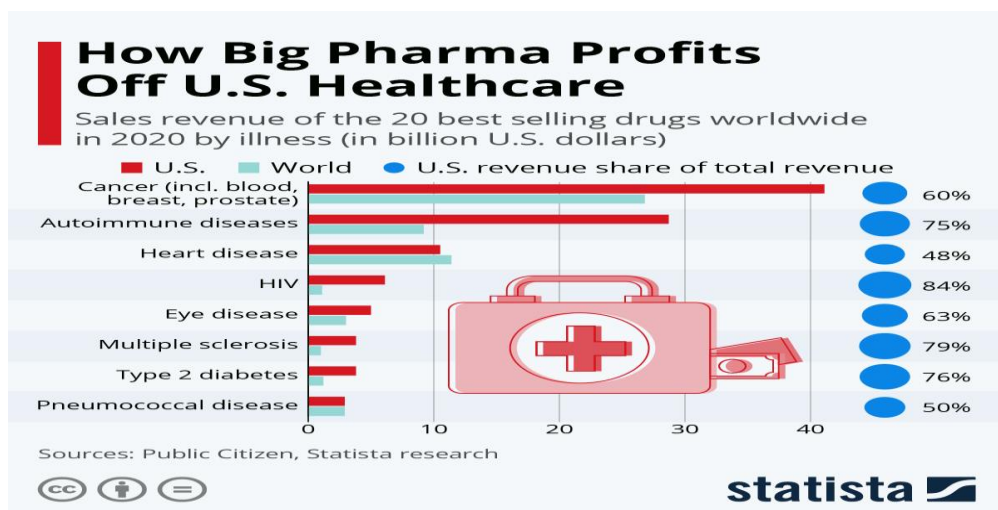
Source: GoodRx

GoodRx

17

17

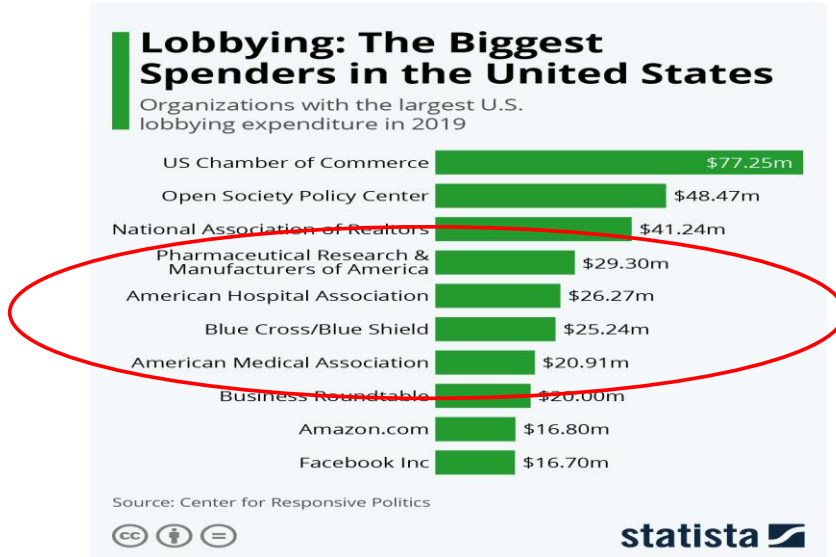
And Who Profits From Expensive Drugs



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Who's Spending the Most to Influence Public Policy



19

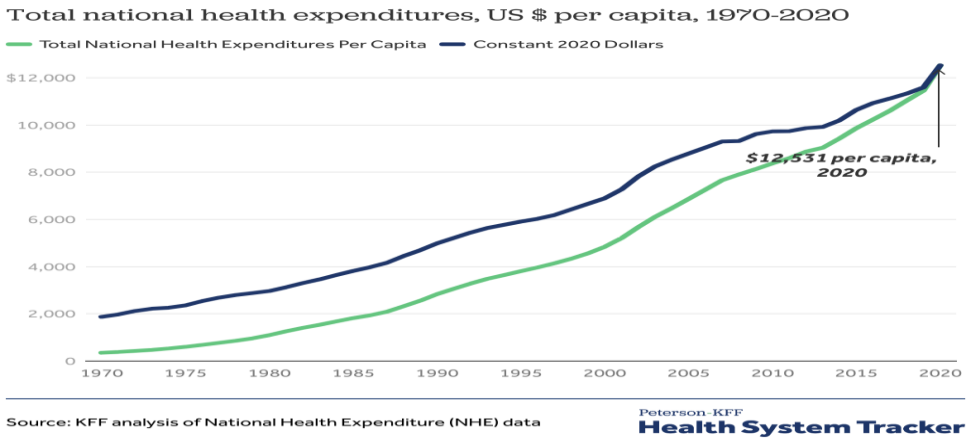
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Don't Forget We Did in 2010



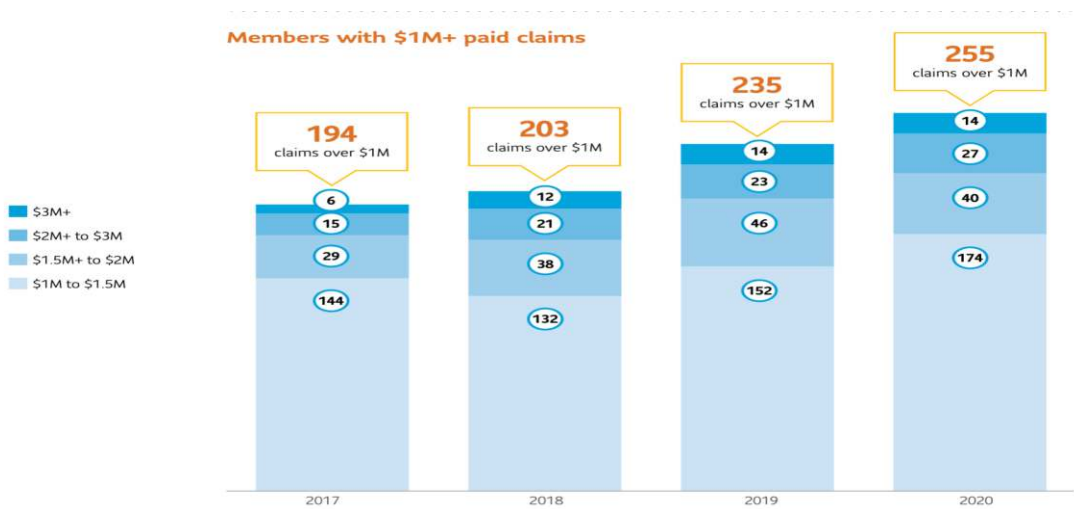
20

The Resulting Increase in Spending



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Prevalence of \$1M Claims Since



* 2021 Sun Life Study

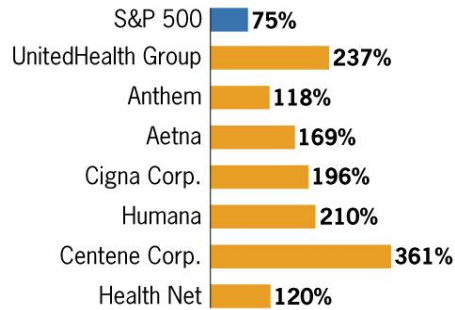
22

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Big Winners of the Affordable Care Act

Health insurance stocks soar on ACA

Percentage change in stock prices

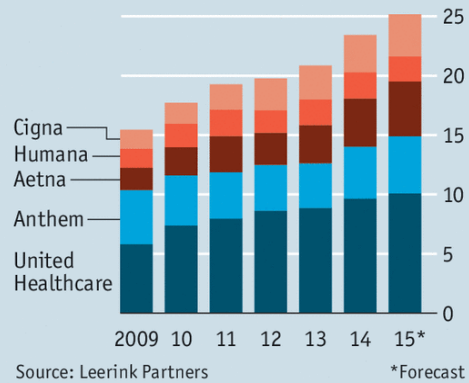


Note: Price changes were measured from March 23, 2010, to Jan. 26, 2015.

Source: Modern Healthcare reporting

Gold-plated policies

Health-insurance companies in United States
Pre-tax profit, \$bn



Source: Leerink Partners

*Forecast

Economist.com

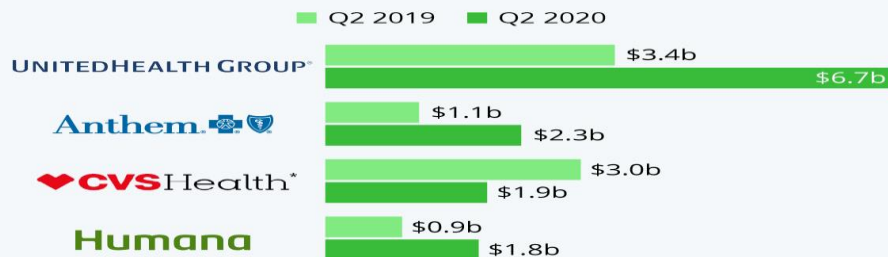
23

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Big Winners of the COVID Pandemic

U.S. Health Insurers' Profits Boom Amid Pandemic

Net income of selected U.S. health insurance providers



* Owns insurance provider Aetna as well as other non-insurance brands.
Source: Respective companies



statista

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The Power of Pooling Risk

WHAT MAKES INSURANCE COMPANIES TICK?



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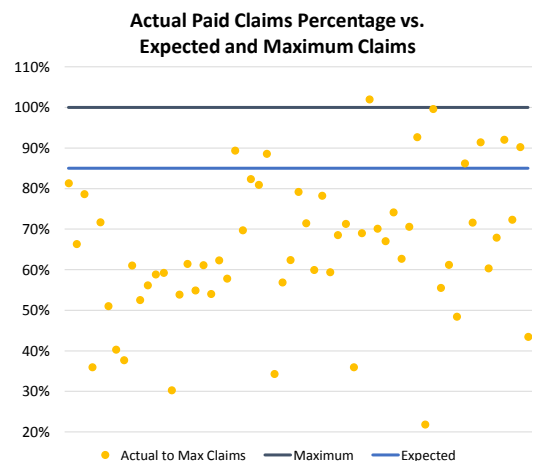
Case Study... Power of Risk Pooling

68 Pooled Employers	5,100 Employees	98% Annual Retention
14 States	10,000 Members	80 EEs Average Size Group

84.7% of employers paid claims *at or below expected* levels

20.5% *below average* compared to fully-insured premiums over 6 years

\$13M of unused Stop Loss premiums *returned to employers*

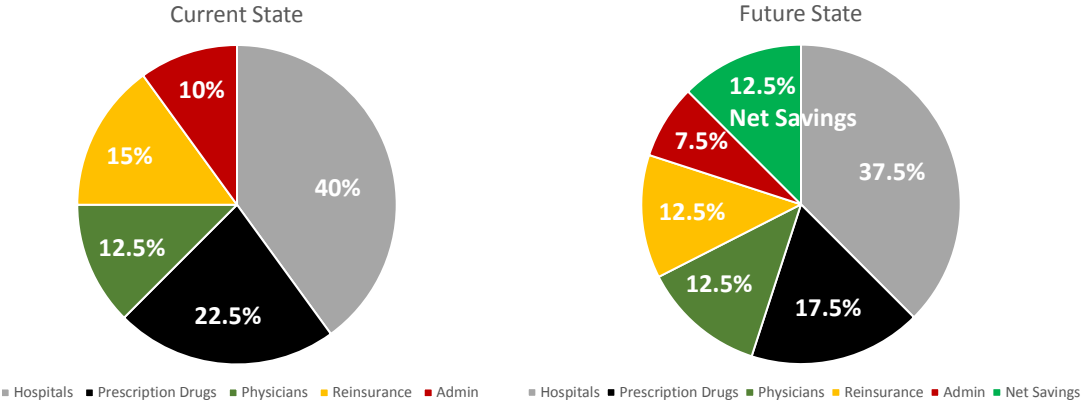


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What's Possible

Based on 31 public sector clients, with 15,000+ covered EEs, and a combined \$260M of healthcare spend



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Prescription Drugs

WHY THE CRAZY GROWTH?

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Drug trends – pipeline overview 2020-2022




~7,000
medications in development¹



600
new drugs expected to get market approval between 2020-2022¹



64%
of drugs filed for FDA approval are specialty¹



75%
of drugs in the pipeline at all stages that may become first in class treatments¹

¹ CVS Health Drug Spend Report 2019

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The impact of market dynamics

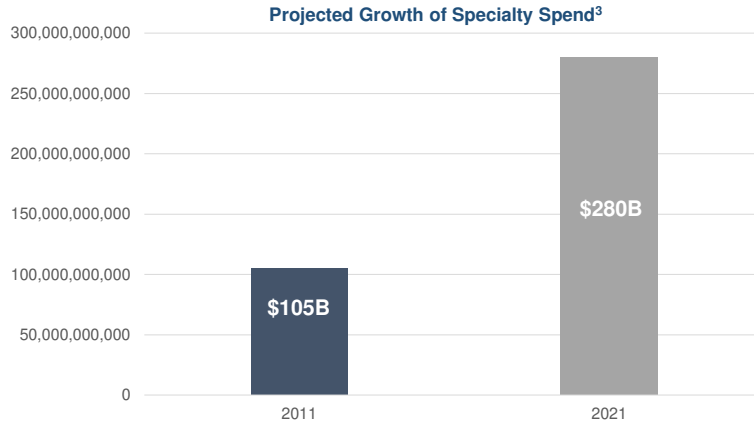
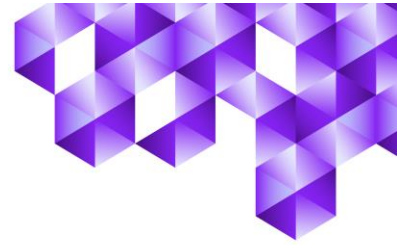
- Worker health benefit costs expected to increase 5% in 2020, topping \$15,000 per employee¹
- In 2021 and 2022, 30% of employers may be shifting their health plan or PBM based on PBM-health plan consolidations²
- 13% of employers are looking to health technology and virtual solutions making a significant impact to the future of care³
- High-cost therapies employers' top concern in pharmacy benefits – the FDA expects to approve between 10 and 20 gene and cell therapies each year by 2025⁴
 - Genetic therapies
 - Rare diseases
 - Chronic conditions

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TRUVERIS

Projected growth of specialty spend -- impact of growing chronic disease pipeline



60% of adults have a chronic disease,
i.e. obesity, type 2 diabetes, hypertension, cardiovascular disease¹

40% of adults are managing two or more chronic diseases¹

For employers, **per capita health spending** on an individual with a complex chronic illness is **8 times** that of a healthy individual.²

¹ Chronic Diseases in America - CDC

² PWC Medical Cost Trend: Behind the numbers 2020, Health Research Institute, June 2019

³ Specialty Landscape – CVS Health Report 2019

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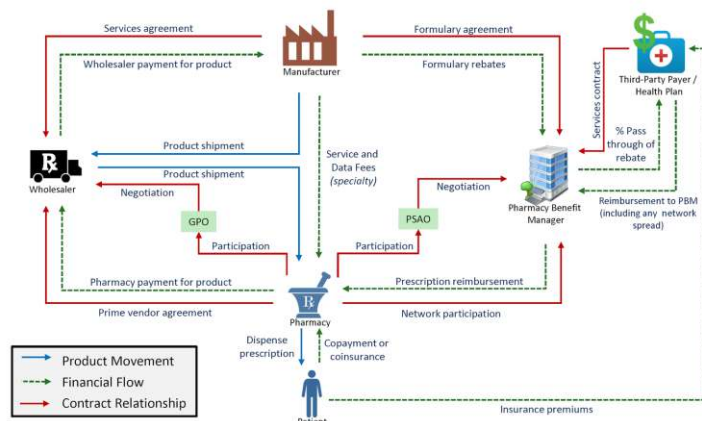
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Value Chain Overview



U.S. Distribution and Reimbursement System: Patient-Administered, Outpatient Drugs



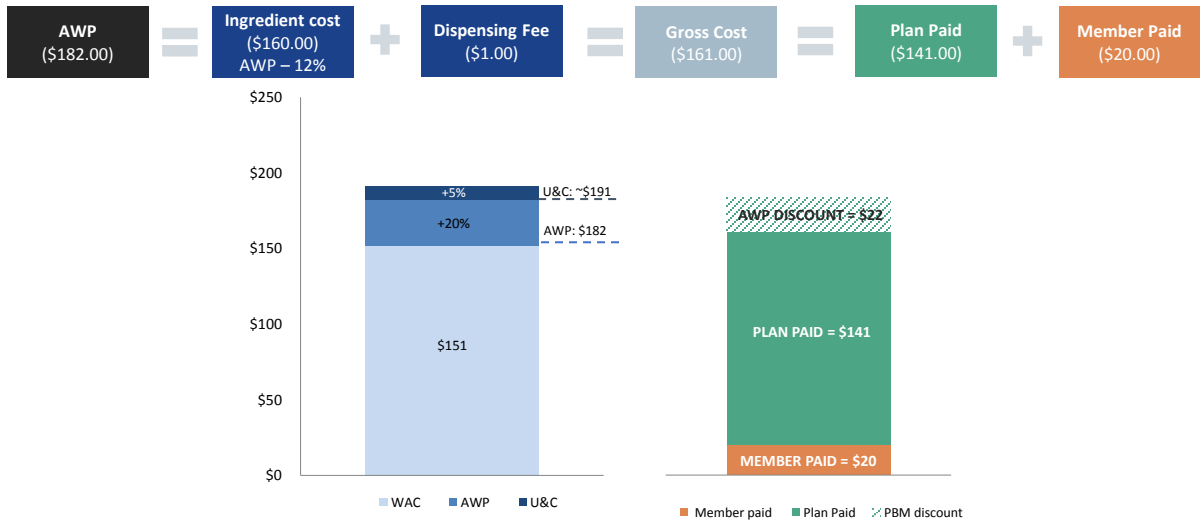
Source: Fein, Adam J., *The 2017 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Drug Channels Institute, 2017. Chart illustrates flows for Patient-Administered, Outpatient Drugs. Please note that this chart is illustrative. It is not intended to be a complete representation of every type of financial, product flow, or contractual relationship in the marketplace.

GPO = Group Purchasing Organization; PSAO = Pharmacy Services Administrative Organization

DRUG CHANNELS INSTITUTE

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Pricing Example



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Pharmacy Benefit Review

Our Patented Process powered by **truBid**

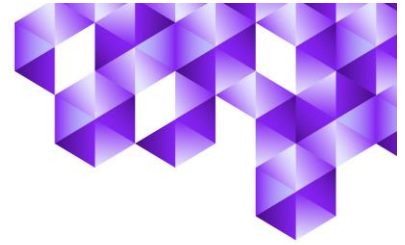
A digital, automated process that creates an apples-to-apples comparison to identify and secure the best options
lient's unique needs. Something way beyond what spreadsheets can deliver.



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Keeping pharmacy benefits affordable



MEMBER NOISE

Cost shift to Members

- Premiums
- Copay/coinsurance
- HDHP

Limit access

- Formulary restrictions
- Clinical utilization management programs
 - Prior Authorization
 - Step Therapy
 - Quantity Limits
- Limited pharmacy networks

CONTRACT CONTROL

Maximize contract with current PBM

- Contract improvements through market check
- Allocate allowances and credits
- Data rights that provide for continual monitoring of claims
- Annual reconciliation

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Questions?



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