



October 6, 2023



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Welcome



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Why are we here?

Our firm was named in honor of our commitment to servant leadership.

Magis (pronounced "màh-gis") is a Latin term meaning "the more" or "the greater."

The connotation of the word is not "greater than," but rather "greater for" and in service to others. It exactly reflects the way we aspire to serve our clients.



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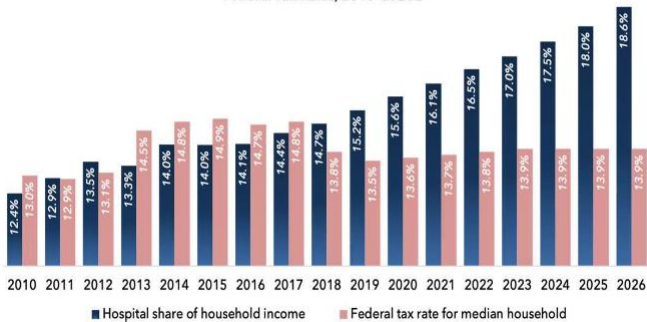
Planning for the Future



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Challenges in the Future

U.S. Hospital Spending as a Share of Median Household Income vs. Federal Tax Rates, 2010-2026E

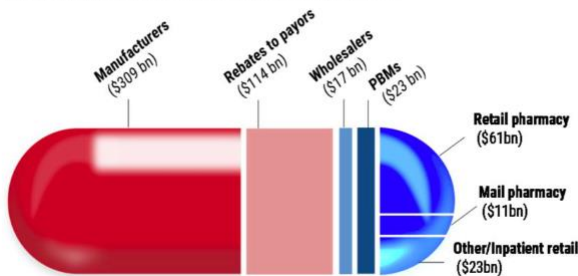


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Challenges in the Future

Exhibit 2: Where does all the drug money go?
2016 gross profit breakdown of the pharma supply chain

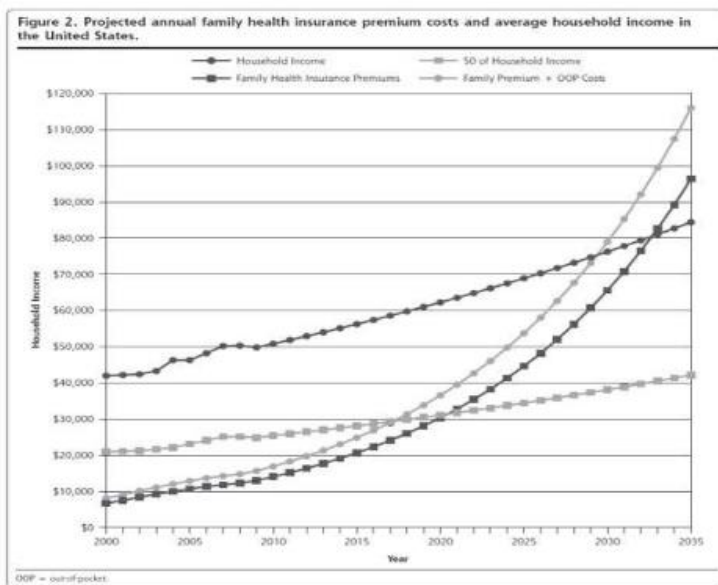


Source: Company data, QuintilesIMS, Pembroke Consulting, Goldman Sachs Global Investment Research.

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Challenges in the Future



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Cooperatives, Consortia, and Pools? What's the diff?



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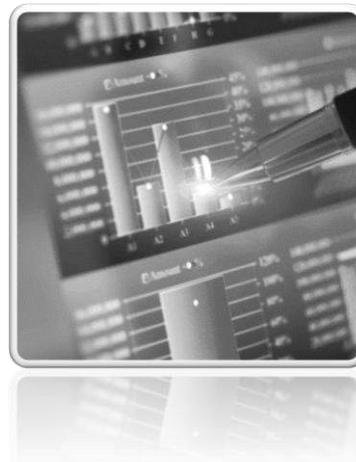
Health Insurance Continuum



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Why now? Why not now?

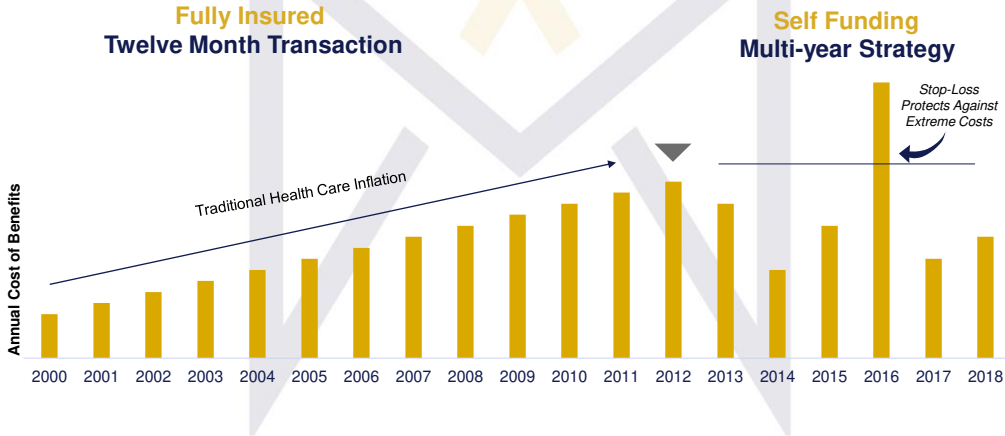
- Generally, a strategy reserved for larger entities, with ability to manage financial risk, this approach has been extending down market
- Due to the demand of a segment of consultants in the U.S., specialty insurance carriers now have protection available at lower price points, with better structure that are financially feasible for smaller employers
- AI solutions such as Verakai and Gradient combined with data from prospective underwriting tools like FormFire allow for much greater predictability



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What is Self Funding

Arrangement where employer provides direct reimbursement for health benefits; generally combined with stop-loss protection, that protects against catastrophic health expenses



Recommended Self-Funding Program Health Benefits Budget

Fixed	Variable	Plan Performance
<p>Costs</p> <ul style="list-style-type: none"> ▪ Benefit Admin Support ▪ Claims Administration ▪ Network Access/Contracting ▪ Actuarial Services ▪ Program Stewardship ▪ Medical Billing Review ▪ Reinsurance Premium ▪ Consulting and Brokerage 	<p>Claims</p> <ul style="list-style-type: none"> ▪ Outpatient Services ▪ Inpatient Services/ Hospitalization ▪ Physician Visits ▪ ER/Urgent Care ▪ Lab Services ▪ Nuclear Testing ▪ Specialist Services ▪ Monthly Reporting 	<p>What's Left?</p> <ul style="list-style-type: none"> ▪ Claims Fund Balance-carries over to the next year <p>OR</p> <ul style="list-style-type: none"> ▪ Zero Claims Fund Balance-predicted maximum claims fund was used



Benefits of Self-funded Groups?

TRANSPARENCY



- All Costs
- True Performance
- Advocates to Increase Medical Risk Accuracy
- More Predictable Renewal Pricing

CONTROL



- No Shared Risk
- Financial Management Tools
- Custom Plan Designs
- Proactive Claims Management

OWNERSHIP



- Set Benefit Goals
- No Start-up Capital Required
- Retain All Unspent Funds
- Member Driven and Governed

PREDICTABILITY



- Relationship vs. Transaction
- Even Out Volatility Year Over Year
- Collective Buying of Reinsurance
- Actuary Negotiates on Your Behalf



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States with the largest percentages of self-funded plans

5. OHIO (tie)

PERCENTAGE OF SELF-FUNDED PLANS (2022): 70%

PERCENTAGE OF SELF-FUNDED PLANS (2021): 63%

INCREASE/DECREASE? 17%

AVERAGE EMPLOYER CONTRIBUTION FOR SINGLE COVERAGE: \$5,406

POPULATION COVERED BY EMPLOYER INSURANCE: 5,717,700

(Photo: Kenneth Sponsler/Shutterstock.com)



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Consultant = Coordinator



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Drugs are an issue: Progressive Sourcing



Member Experience:

- Drugs exceeding \$1350 (30-day supply) and \$3,600 (90-day supply) qualify for Progressive Sourcing
- Clinical review approves an appropriate drug
- Consultant assists the member through the Progressive Sourcing process
- Members who comply with the program always have access to an appropriate drug at no cost to them

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Let Technology do the Heavy Lifting.



Aim to give employers software tools that solve transactional HR & employee benefits challenges.



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Why ?



Fuel Engagement

Help employees stay inspired, motivated, and feel connected to your company's unique community.

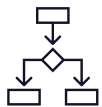
**85% of employees are currently unengaged at work*



Improve Retention/Productivity

Your employees are the core of your success. Fuel their engagement through features that incentivize and empower.

**It costs \$10,000 on average for an employee who quits*



Educate Employees

Give employees access to the key information they need to make smarter decisions.

**Over 50% of employees do not understand their benefits*



Save HR Time

Give back valuable time to your HR team by offering a solution that lets employees seek out the answers themselves.

**HR only has 17% of time for company strategic initiatives*



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Are you asking the wrong question about your **HEALTH INSURANCE?**

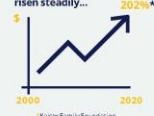


THE WRONG QUESTION: HOW CAN WE SPEND LESS ON OUR EMPLOYEES' HEALTH INSURANCE?

THE SAD TRUTH:

Most employees are unhappy with their health insurance

Employer premiums have risen steadily...



*Kaiser Family Foundation

As have deductibles...

- Average individual \$4,400
- Average family \$8,400



40% of employees can't afford a \$400 unexpected expense*

*The Federal Reserve

Employees are frustrated with the experience

- Lack of information provided to make choices
- Systems are difficult to navigate
- Bills are impossible to decipher
- "Surprise" expenses



Most employers are also unhappy

Finance is unhappy with rising costs



*Kaiser Family Foundation

HR is also unhappy

- Administrative burden
- Frustrating renewal process
- Unhappy employees are retention risk
- Increasing costs make recruiting more difficult
- Compliance Issues

Why doesn't it seem possible to spend less on health insurance?



Employers feel they can't change

- Too complex
- Lack of data to compare options
- Mid-sized firms lack the scale or power to negotiate



The system doesn't want to change

- Profits go to insurance carriers
- Misaligned incentives
- Deliberate lack of transparency



THE RIGHT QUESTION: HOW CAN WE SPEND LESS WHILE IMPROVING THE QUALITY OF OUR EMPLOYEES' HEALTH CARE?

THE INESCAPABLE MATH:

THIS YEAR'S CARE COSTS = NEXT YEAR'S RATES

- Benefit costs are driven by care costs: The more your employees' care costs this year, the higher your rates will be next year.
- Care costs are driven by inappropriate usage, poor quality, and high prices.

The solution: A Healthcare Plan designed to help your employees get the right quality care at a lower cost.

Magis Advisory Group will create the right plan for your organization and your employees

The Old World: Fully-insured black box



- Your Plan**
- X 1-size fits all, no customization to your unique needs
 - X Opaque – little to no access to data for decision making
 - X Pricing is based on past costs -- not forward looking

The New World: Actively managed plan



- Your Plan**
- **Primary Care:** Build your health plan around primary care services not burdened by the traditional fee for service model.
 - **Health Care Cost Savings:** Experts to help employees navigate the health care system, improving quality, and in most cases at reduced cost.
 - **Pharmacy Strategy:** Create a plan that works for you, don't accept one that benefits the insurance carriers and manufacturers.
 - **Direct Contracts:** Your health plan works directly with providers to remove barriers to care, reduce cost and improve quality.
 - **Second Opinions and Centers of Excellence:** Get a second opinion from a proven, high-quality provider when you need care...often at a reduced cost.
- ✓ **Transparent** - program provides data to improve decision making
- ✓ **Pricing is based on future trends** - which we help you identify and manage



With Magis Health Care Cooperative, your business will benefit... and your employees will too!



Finance & HR

- Transparency
- Predictability
- Healthier and happier employees
- Recruiting and retention

Employee Experience

- Zero cost care options
- Improved healthcare
- Information to make the best decision

CASE STUDY

COST SAVINGS FROM CLINICAL CENTER OF EXCELLENCE KNEE SURGERY

	Local Hospital	Orthopedic Center of Excellence
Billed Amount	\$22,000	\$4,000
Employee Pays	\$5,000	\$0 (Deductible and out-of-pocket waived)
Plan Pays	\$17,000	\$6,500 (Employee receives \$2,500 incentive to choose center of excellence)

EMPLOYEE IMPACT

	2014	2022
Deductible	\$2,000	\$500
Out-of-Pocket Max	\$5,000	\$2,500



Change is never easy, but the results are worth it -- and we're here to help!

Transition Period

- Open enrollment
- Educational materials
- Employee meetings
- Regular communication
- Prep work with Third Party Administrators and Pharmacy Benefits Managers
- Our teams work as one!

On-going Management

- Open lines of communication with employer AND employees
- Claims and billing support
- Intermediary for the group and Third-Party Administrators
- Employee education surrounding plan and resources
- Best practices for plans success



What is the American Dream?

