Is Your Firm Missing the Boat on Non-medical Revenue Generation?

Presented by:
Diane Brake, Express Scripts
Joel Ray, New Benefits
Megan Jackson, Alterity
Sharla St. Rose, NFP
A LOOK INTO EXPRESS SCRIPTS PHARMACY BENEFIT MANAGEMENT

Presented by:
Diane Brake, Express Scripts
Advantages of Carving Out

1. Cost control
2. Direct decision-making power
3. Increased flexibility to modify employee cost sharing
4. Increased member and plan satisfaction
5. Accountable pharmacy benefit expert backed by extensive resources
6. Demonstrated clinical and cost management
7. Benchmarking and experience available
8. Extensive operational and clinical connectivity relationships
9. Enhanced pharmacy reporting
The Advantages of Remaining Carved Out

<table>
<thead>
<tr>
<th>PLAN DESIGN</th>
<th>CONSULTATIVE TREND MANAGEMENT</th>
<th>INTEGRATED PLAN</th>
</tr>
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<tbody>
<tr>
<td>• Complete flexibility</td>
<td>• Expert, experienced pharmacy team</td>
<td>• Connectivity already exists</td>
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<tr>
<td>• Data drives plan design decisions</td>
<td>• Data drives plan design decisions</td>
<td>• Data plan management</td>
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**PBM Essentials**

<table>
<thead>
<tr>
<th>DATA</th>
<th>ADMINISTRATION</th>
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<tbody>
<tr>
<td>• 140+ reports available monthly</td>
<td>• Quick, expert issue resolution</td>
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<tr>
<td>• Monthly, quarterly, and annual reporting</td>
<td>• Consultation</td>
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<td>• Custom ad hoc reports</td>
<td>• Overall performance guarantees</td>
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“Unbundling – or “carving out” – the pharmacy benefits presents substantial savings opportunities for plan sponsors… It is not uncommon for a carved-out health-care plan to yield savings of 12% to 15% in total annual pharmacy spend.”

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Program and Services

A longstanding relationship provides individualized attention and superior service to your members.

- A client base that includes top mid- and large-market self-insured companies in a variety of industries
- Flexible contract terms with one and three-year agreements available
- Consulting available to assist in managing long-term trend
- Detailed reporting and benchmarking offers clear visibility into trend results
A Strong History of Performance
Advantages of a Strong Partnership

Dedicated NFP consultant to provide balanced review and feedback for program selection, analysis, pricing, plan design, contract terms

- PMF: $5 per member
- Annual market check
- Implementation: $10 per household
- Performance guarantee: $20 per household
The NFP and Express Scripts relationship has proven to be an invaluable piece of our portfolio health care procurement efforts. The competitive fixed costs combined with the expert consulting to manage trend have driven hard dollar savings on the pharmacy spend.

The NFP and Express Scripts relationship has not only allowed us to experience greater Rx savings success, but has also enhanced our knowledge on Rx trends and drug management. This relationship has provided invaluable education for our benefits team.
NON-INSURED BENEFITS CAN BOOST YOUR BOTTOM LINE
“What if we don’t change at all ... and something magical just happens?”
Where do you belong?

- Innovators: 2.5%
- Early Adopters: 13.5%
- Early Majority: 34%
- Late Majority: 34%
- Laggards: 16%

Time of Adoption
Non-insured Benefits

Teladoc
- Speak to a physician anytime, anywhere
- Avoid unnecessary doctor, ER and urgent care clinic visits
- Treatment for common ailments such as upper respiratory infections, flu, allergies
- Get a prescription, when necessary

Health Advocate
Personal Health Advocates
- Navigate the complex healthcare and insurance systems
- Save time, money, and get the most out of health benefits
- Team of nurses, medical directors, administrative and insurance experts

Nurse Advice
- Experienced registered nurses available 24/7 help employees understand self-care options based on doctor-approved guidelines

Bill Negotiation
- Lower out-of-pocket costs on medical bills not covered by insurance
- Advocates work directly with doctors, hospitals and dentists to lower the balance on uncovered medical or dental bills over $400
Non-insured Benefits

Doctors Online
- Email and telephone access to doctors, dentists, pharmacists, psychologists, and nutritionists
- Online medical library
- Healthy Lifestyle Assessment to help employees monitor their current health status
- Personal Health Record provides secure storage for health information
- Weekly Health Tips authored by physicians and delivered by email

Health Wealth Connection
- Wellness program for managing physical health and personal finances with tips from Suze Orman, Deepak Chopra, Geneen Roth, Dr. Mark Hyman and more
- Weekly insights on health, money and managing stress
- Guided assessments provide a customized experience
- Interactive tools for recording insights, setting goals and tracking progress
- Prevention and retirement planning reminders
- Member forums provide essential community advice and real-time support
The TIME is NOW
How to Get Started

Email - info@newbenefits.com*

Phone – 800.800.8304
Ask for Raygin Burris, Business Development Manager
or dial extension 1834

*Reference you are an NFP Agency
Who is Alterity?

- A healthcare and benefits consulting firm focused on the private equity market
- We provide health and welfare consulting and procurement to PE Firms and their portfolio companies to help firms understand and manage their portfolio health and welfare spend
- Alterity is broker agnostic and works across the entire portfolio – partnering with HR teams and their broker/consultant
Why Do PE Firms Care About Health Care?

• Health and welfare benefits are widely recognized as the second largest expense for a company, after payroll.

• Healthcare costs continue to rise, with trend currently around 8 percent.

• Lack of expertise and dedicated resource in the healthcare space.

• You can’t manage what you can’t measure.
Why work with Alterity?

- As of mid 2013, there were nearly 2,800* PE Firms in the United States, backing more than 17,000 companies
  - These companies are your clients

- Alterity can engage at the PE level and across a portfolio where there is no BOR opportunity
  - Cross-portfolio analytics
  - Cross-portfolio procurement programs (*Life and Disability, Stop Loss, Rx Carve-Out, Medical Administration*)
  - Individual portfolio company consulting

- Revenue is driven by consulting fees and procurement program participation

- Alterity’s model is unique in the industry – all others require broker of record and/or do not include consulting

When to work with Alterity

- You have relationship with a PE Firm, but there is no appetite for a full broker replacement
- There is need for specialized consulting work (i.e. acquisition or spin off support)
- Support for establishing a procurement program
- You need a market differentiator to get in the door
Procurement Program Example
TOTAL PORTFOLIO STOP LOSS SPEND: $10,000,000

TRADITIONAL BROKER COMPENSATION
(SINGLE PORTFOLIO COMPANY)

- Standard Broker Compensation: 10% = $50,000

SUCCESSFUL IMPLEMENTATION OF ALTERITY CROSS-PORTFOLIO PROGRAM

- 15% of Alterity’s Compensation = $75,000

Your Total Compensation: $125,000

Broker compensation range negotiated based upon opportunity.
Presented by:
Sharla St. Rose, NFP
Service Model

- Nimble service model
- Selective choice of vendor partners
- Deep resources and expertise
- Customized enrollment materials
- Well trained enrollment counselors
- Superior client service teams
- Post-enrollment assistance
  - Toll-free number for employees to call for benefits coverage questions and claims assistance

What You Get With Us:
Freedom, Flexibility, Service, Transparency

What Our Clients Are Saying:

“Experts in the field; personal touch; cater to the client’s needs.”

“A highly customized approach to client service.”

“You make us feel that we are all one big team working together, as if you are an extension of our in office team.”

“No matter the situation you feel like you are the only client.”

“Always going the extra mile.”

“Deep knowledge of my company’s benefits programs.”
The Power of Relationships

- NFP works with all the major voluntary benefit carriers throughout the industry
- Thanks to our successful enrollments, we have access to competitive pricing and favorable underwriting concessions
  - High Guarantee Issue amounts
  - Waiver of pre-existing condition limitations for employees who are covered under existing plans
  - Guarantee issue from 1st application so employees will not have to answer health questions
Enrollment Management

- We work closely with our clients to select enrollment methods that will make their program successful.
- We understand that large employers may have a variety of corporate cultures across their office locations, and recognize the need to build an enrollment strategy that will be appropriate for each facility’s needs and culture.
- As a company, we are agile enough to offer this flexibility to ensure a successful case.
- We employ a robust group of highly trained enrollment counselors, all of whom work directly for NFP rather than for the voluntary benefit carriers who provide the benefits.
- This distinction is important, as it allows us to:
  - Tightly control the enrollment process
  - Ensure that employment counselors are knowledgeable about both core and supplemental benefit offerings.
## Case Studies

<table>
<thead>
<tr>
<th>Industry</th>
<th># of Employees</th>
<th>Enrollment Method</th>
<th>Projected Commission</th>
<th>Expenses</th>
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</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>12,000</td>
<td>Prescheduled One on Ones</td>
<td>$1,449,073.20</td>
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<td>Agricultural</td>
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<td>Prescheduled One on Ones</td>
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<tr>
<td>Business Processing</td>
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<td>Electronic and Call Center</td>
<td>$309,000.00</td>
<td>$19,860.00</td>
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<tr>
<td>Hospitality</td>
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<td>Fitness</td>
<td>6,000</td>
<td>Electronic and Call Center - Passive</td>
<td>$56,747.00</td>
<td>$5,610.00</td>
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</tbody>
</table>

### One on One Enrollment Sessions
- Employer Scheduled
  - Maximum participation
- Employee Scheduled
  - Minimum- Moderate participation
  - Most opportunity to educate
  - $$$

### Call Center
- No control over volume of incoming calls
- VB gets less attention during high call volume
- $$

### Electronic
- Fewer resources needed
- Less opportunity to educate employees
- $