A COMPREHENSIVE ON-SITE TRAINING PROGRAM

For Sales Professionals And Brokers

"The Ultimate Cost-Control Strategies For Employer Health Plans"

This Ground-Breaking Program Will Show You **OVER TWO DOZEN** HIGHLY EFFECTIVE AND SENSIBLE STRATEGIES That Target The ROOT CAUSES Of A Health Plan's Cost Problem. These Strategies Will Enable An Employer To OFFER COMPREHENSIVE HEALTH PLAN BENEFITS, BUT AT A COST THAT'S REASONABLE FOR THE EMPLOYER AND ALL OF THEIR EMPLOYEES.

Our Innovative Cost-Control Strategies Apply
To The Following Types Of Health Plans:

- Self-Funded Health Plans
- Experience-Rated Health Plans
- Fully-Insured Health Plans Of "Large" Employers (Usually 100+ Employees)
- "Small" Employers (Under 100 Employees)

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Program Overview

During the past ten years, health plan costs have increased by approximately 4.3% per year even though **deductibles have more than doubled and co-pays have risen dramatically** during this time period. This 4.3% annual increase translates into a 52.4% increase in health plan costs over the ten year period. **If employers didn't increase their deductibles and co-pays,** their health plan costs would've risen by approximately 6.3% per year which is about three times what the general rate of inflation was during this ten year period. This 6.3% annual increase translates into an 84.2% increase in health plan costs over the ten year period.

Although virtually every employer in the country complains about their out-of-control health plan costs, very few employers actually implement highly effective cost-control strategies which is puzzling to say the least! If the health care cost crisis continues as it has in the past, and employers continue to ineffectively address their cost problem, a health plan whose total annual cost for family coverage is currently $22,000 will see this cost increase to either $33,528 (up 52.4%) or $40,524 (up 84.2%) ten years from now under the two scenarios described above. **The good news** is that every employer in the country can dramatically reduce and control their health plan costs, and do so in a sensible manner if they really want to!

This ground-breaking on-site training program will show you OVER TWO DOZEN highly effective strategies that an employer can use to dramatically reduce and control their health plan costs. All of these strategies can be used by "large groups" and about half of these strategies can also be used by "small groups". [NOTE: Some states define a "large group" as an employer that has 50+ or 51+employees, while some other states define a "large group" as an employer with 100+ or 101+ employees.] The applicability of a specific strategy also depends on whether an employer's health plan is **self-funded, fully-insured, or experience-rated**. Half of the strategies that we'll be showing you can be used by all types of health plans, while the other half can only be used by one or two types of health plans. The detailed agenda that follows will provide you with this information.

The cost-reduction / cost-control strategies that we'll examine during this program fall into the following categories:

- Strategies That Minimize The **MANY TYPES OF HIGH-COST BEHAVIORS** Of Employees And Dependents That Increase Health Plan Costs Enormously
- Strategies That Eliminate Those Areas Within A Health Plan Where **MONEY IS BEING THROWN AWAY**
- **FAIR COST-SHARING STRATEGIES** That Actually **SIGNIFICANTLY REDUCE COSTS FOR THE EMPLOYER AND MOST OF THEIR EMPLOYEES**
- We'll Also Show You How To Identify Employer Groups That Have **EXCESSIVE PREMIUMS** And Then Be Able To **SUCCESSFULLY NEGOTIATE LOWER PREMIUMS** For These Employer Groups (This Applies To Large Fully-Insured Groups And To Experience-Rated Groups)

All of the highly effective cost-control strategies that we'll show you during this program also **TREAT THE EMPLOYER AS WELL AS ALL OF THEIR EMPLOYEES AS FAIRLY AS POSSIBLE.** The vast majority of employer health plans can make substantial improvements regarding "issues of fairness". The best way to **improve your ability to write new business and to maximize your account retention** is to help your clients control their health plan costs!

We can assure you that **"The Ultimate Cost-Control Strategies For Employer Health Plans"** program is the most comprehensive and worthwhile on-site training program in the industry!

DAY ONE

8:30 INTRODUCTORY REMARKS

8:40 A DETAILED OVERVIEW OF THE HEALTH CARE COST CRISIS AND OVER TWO DOZEN STRATEGIES THAT EMPLOYERS CAN USE TO GET THEIR HEALTH PLAN COSTS UNDER CONTROL

- The Thirteen Biggest Reasons Why Health Care Costs Are Outrageously High
  - What Needs To Happen To Get Costs Under Control
- A Brief Overview Of Singapore's Extremely Impressive Health Care System
  - Why Many Experts Feel That Singapore Has The Best Health Care System In The World As Measured By Cost And Quality Of Care
  - How Singapore Totally Avoids 12 Out Of The 13 Biggest Cost Problems That Our County Has
  - The Highly Effective (And Very Sensible) Cost-Control Strategies That Singapore Uses That Many Employers Can And Should Be Using Right Now!
- A Detailed Overview Of OVER TWO DOZEN Highly Effective Strategies That We'll Examine During This Program That Will Enable An Employer To Dramatically Reduce And Control Their Health Plan Costs

9:40 AN INNOVATIVE PLAN DESIGN THAT ENCOURAGES EMPLOYEES AND DEPENDENTS TO CHOOSE LOW-COST MEDICAL PROVIDERS FOR "SHOPPABLE" MEDICAL SERVICES

(This module applies to self-funded health plans)

When employee cost-sharing is the same regardless of which medical provider is chosen by the employee or dependent, ***THEY WON'T CARE*** *where they'll go for their MRI,* ***THEY WON'T CARE*** *where they'll receive their scheduled inpatient care, and* ***THEY WON'T CARE*** *where they'll have an outpatient procedure performed. In this module, we'll examine a health plan where* ***the employee cost-sharing varies substantially*** *depending on whether someone receives their medical care from a provider that's in the* ***low-cost provider tier, the moderate-cost provider tier, or the high-cost provider tier.*** *We're only referring to* ***"shoppable" medical services*** *here like expensive diagnostic tests, scheduled inpatient care, and outpatient procedures. These services represent approximately one half of all health plan costs. With this plan design, very few employees and dependents will choose providers in the high-cost provider tier, while many will choose providers in the low-cost provider tier.* ***REWARDING COST-CONSCIOUS BEHAVIOR RESULTS IN LARGE COST SAVINGS FOR THE EMPLOYER AND THEIR EMPLOYEES!***

- Several Examples Of The Huge Differences In Provider Charges For The Same Medical Service In The Same Geographic Area
  - Does A $2,400 MRI Help The Patient Any More Than A $750 MRI Does?
- The Education And Support That Employees Need For This Plan Design To Work Effectively
- How Deductibles Could Be Eliminated With The Plan Design Described Below
  - How Large Can A Deductible Be Before It Becomes An Obstacle To Receiving Medical Care
- We'll Examine A Health Plan That Has Two (Or Possibly Three) Provider Tiers For Each Of The Following Categories Of **"SHOPPABLE" Medical Services**
  - We'll Show You The Co-Pays And How They Vary Substantially By Provider Tier
    - For Expensive Diagnostic Tests (Like MRIs, CT Scans, Nuclear Stress Tests, Etc.)
    - For SCHEDULED Inpatient Care
    - For Outpatient Procedures
  - Exclusions For Emergency Room Care And Other Non-Shoppable Medical Services

- This Health Plan Also Has Two Provider Tiers For Primary Care Physicians And Two Provider Tiers For Specialists. Why This Is So Important.
    - The Co-Pays For Tier 1 Versus Tier 2 Physicians
        - Regarding Primary Care Physicians
        - Regarding Specialists
- The Substantial Cost Savings That This Plan Design Will Achieve
- Innovative Cost-Sharing Strategies For Some Other Covered Benefits That Reward People For Cost-Conscious Behavior

NOTE: Highly effective cost-control strategies for PRESCRIPTION DRUGS will be examined tomorrow

10:20 Break

10:40 HIGHLY EFFECTIVE STRATEGIES USING INCENTIVES AND DISINCENTIVES THAT WILL ENCOURAGE MORE EMPLOYEES TO ENROLL IN THEIR WORKING SPOUSE'S HEALTH PLAN (i.e., "OPT OUT") **(This module applies to all types of health plans: fully-insured, experience-rated, and self-funded health plans. It also applies to small as well as large groups.)**

Most married employees have a working spouse that has access to a health plan where they work. If an employer has a generous health plan, they'll be covering the vast majority of these families if they don't have a highly effective strategy in place to protect themselves from this ***POTENTIALLY ENORMOUS COST PROBLEM****. The difference between covering* ***HALF*** *of these families that have two employer-sponsored health plans to choose from, and covering* ***ALL*** *of these families represents an extra cost of* ***more than 30% of total health plan costs*** *for a typical employer!*

- Designing An Employee Questionnaire That Will Identify Those Employees That Have A Working Spouse That Has Access To A Health Plan Where They Work
- **CASE STUDY:** Employer XYZ Is Covering 84% Of Those Families That Have Access To Two Employer-Sponsored Health Plans. Their Health Plan Data Confirms That Their Total Health Plan Costs Are 21% Higher Than They Would've Been If They Only Covered 50% Of These Families (i.e., Their "Fair Share"). **This Employer Will Be Implementing One Of The Following Four Strategies Next Year** To Dramatically Reduce Or Even Eliminate This Huge Cost Problem.
- <u>STRATEGY #1</u>: OFFERING CASH INCENTIVES TO EMPLOYEES THAT HAVE A WORKING SPOUSE THAT HAS ACCESS TO A HEALTH PLAN WHERE THEY WORK
    - How These Strategies Work And How They Should Be Administered
    - Situations Where An Employer Should Consider Using A Cash Incentive Strategy, And Situations Where They Definitely Shouldn't
    - The Mistakes That The Vast Majority Of Employers That Offer Cash Incentives Make Which Results In Minimal Cost Savings
    - How **A CASH INCENTIVE STRATEGY CAN BENEFIT MANY EMPLOYEES As Well As The Employer**
    - Offering The OPTIMAL Cash Incentive Amount
        - Examples Of Employers That Are Too Frugal (Most Employers)
        - Examples Of Employers That Are Overly Generous
        - The Goldilocks Zone!
    - **CASE STUDY #1:** The Approximate Cost Savings That Employer XYZ Will Achieve By Offering A Cash Incentive Amount Of $333/Month (i.e., $4,000/Year)
    - **CASE STUDY #2:** Here, Employer XYZ Will Offer A Cash Incentive Amount That Varies Based On The Composition And Size Of Each Family. Under This Approach, Large Families Receive

More Money Than Small Families Do. The Cash Incentive Amounts Are Designed Such That The AVERAGE Cash Incentive Amount That Will Actually Be Paid Out Will Be Approximately $333/Month As It Is In Case Study #1. However, The Cost Savings Here Will Be Dramatically Higher Than They Were In Case Study #1.

- STRATEGY #2: HERE, EMPLOYER XYZ WILL CHANGE THEIR FLAT CONTRIBUTION PERCENTAGE BY MAKING IT LOWER FOR DEPENDENTS THAN IT IS FOR EMPLOYEES
  - Why It Isn't Financially Feasible For Most Employers To Pay The Same Contribution Percentage For Employees AND Dependents On A Long-Term Basis
  - **CASE STUDY:** Instead Of Having A 90% Contribution For Employees And Dependents, Employer XYZ Will Contribute 85% For Employees But Only 75% For Dependents. The Large Cost Savings That This Strategy Will Generate For Employer XYZ Come From Two Sources:
    - The Cost Savings From New "Opt Outs"
    - The Cost Savings From Higher Employee Contributions

NOTE: Although We Feel That The Following Two Strategies Are Unfair To Employees, We'll Show You How To Maximize Their Effectiveness Since Quite A Few Employers Are Using Them

- STRATEGY #3: SURCHARGING THOSE EMPLOYEES THAT COULD HAVE TAKEN THEIR SPOUSE'S HEALTH PLAN, BUT DIDN'T
  - The Mistakes That Most Employers Make Here
  - Deciding On An Appropriate Surcharge Amount
  - Instead Of Using A Flat Dollar Surcharge, Employer XYZ Will Use An INNOVATIVE And Highly Effective Surcharge Strategy
  - The Approximate Cost Savings That Employer XYZ Will Achieve Here
    - **CASE STUDY #1**: Implementing A Flat Dollar Surcharge
    - **CASE STUDY #2**: Implementing A Percentage Surcharge
    - **CASE STUDY #3**: Implementing A Surcharge Amount That Varies By Family Size
- STRATEGY #4: BANNING THE WORKING SPOUSES OF EMPLOYEES IF THEY HAVE ACCESS TO A HEALTH PLAN WHERE THEY WORK
  - **CASE STUDY:** The Cost Savings That Employer XYZ Will Achieve Here
    - Why The Cost Savings Can Vary Greatly Depending On The Gender Distribution Of The Workforce
  - Situations Where The Employee And Children Will Join The Spouse In His/Her Health Plan
  - Determining Highly Equitable Employee Contribution Amounts Based On The Size And Composition Of Each Family (See The Next Module)
- **DECISION TIME:** Which Of The Above Four Strategies Should Employer XYZ Implement?
  - The Pros And Cons Of Each Strategy
  - Weighing The Cost Savings Versus The Impact On Employees

12:30 Lunch

1:30 CASE STUDY: WE'LL EXAMINE AN EMPLOYER THAT IMPLEMENTED EMPLOYEE CONTRIBUTION AMOUNTS THAT TREATED EACH EMPLOYEE AS FAIRLY AS POSSIBLE. THIS ALSO RESULTED IN LOWER HEALTH PLAN COSTS FOR THE EMPLOYER! **(This module applies to all types of health plans: fully-insured, experience-rated, and self-funded health plans. It also applies to small as well as large groups.)**

This employer had THREE rating tiers (individual, two people, and three or more people) for many years. Every family with 3+ people paid the same contribution amount regardless of how many children they had and whether their spouse was in the health plan or not. Also, families with 2 people paid the same contribution amount whether they were a married couple or an adult plus one child. This employer

decided to convert their health plan to one with FOUR rating tiers (individual, two people, three people, and four or more people) WITH SUB-CLASSIFICATIONS within each rating tier (i.e., employee plus spouse, employee plus child, employee plus spouse plus one child, employee plus two children, etc.). Besides treating their employees more fairly, the employer also reduced their health plan costs because some large families decided that it would be financially advantageous for them to opt out (take their working spouse's health plan).

- Why An Employer Should Have At Least 4 Rating Tiers (i.e., Individual, Two People, Three People, And Four Or More People) With Sub-Classifications Within Each Rating Tier
  - How A Child's Cost Compares To The Cost Of An Adult
- We'll Show You How To Develop Highly Appropriate Employee Contribution Amounts That Vary Based On A Family's Size And Whether A Spouse Is Present Or Not
- Why The Average Family Size Of Families That Opt Out Increases As The Number Of Rating Tiers Increases
- A Win Win: The Cost Savings That This Employer Achieved By Simply Treating Their Employees More Fairly

1:55 CONDUCTING A HIGHLY EFFECTIVE DEPENDENT AUDIT **(This module applies to all types of health plans: fully-insured, experience-rated, and self-funded health plans. It also applies to small as well as large groups.)**

This highly effective cost-reduction strategy is an "oldie but goodie" that we have to briefly examine because most employers still aren't using it! Covering ineligible dependents is a complete waste of the employer's money, and why should employees who obey the rules have to subsidize employees that don't?

- The Many Types Of Dependent Fraud
  - Employee Creativity Can Be Impressive Here
- The Proper Way To Conduct A Dependent Audit
- The Best Types Of Documents That Employers Should Require Their Employees To Submit To Prove Dependent Eligibility
- The Substantial Cost Savings That An Effective Dependent Audit Typically Achieves
- Outside-The-Box Strategies That Some Employers Are Currently Using To Identify Ineligible Dependents And To Avoid Medical Identity Theft

2:10 HOW AN EMPLOYER CAN IMPLEMENT A "TOBACCO USE" SURCHARGE THAT WILL ENABLE THEM TO DRAMATICALLY REDUCE (OR EVEN ELIMINATE) THE COST OF THEIR TOBACCO-RELATED CLAIMS PLUS THE COST OF THEIR TOBACCO CESSATION PROGRAM **(This module applies to all types of health plans: fully-insured, experience-rated, and self-funded health plans. It also applies to small as well as large groups.)**

*Tobacco-related claims represent approximately **3% of total health plan costs** for a **typical employer** where 22% of their employees/spouses use tobacco. [If we break down this "3% of total health plan costs": employees account for approximately 1.9%, and spouses account for the remaining 1.1%.] A growing number of employers feel that "tobacco-users" should be financially responsible (in full) for their poor lifestyle choice. It's also unfair to non-tobacco-users if they have to subsidize tobacco-users.*

- Are The Grandiose Claims That Wellness Vendors Make Regarding The Benefits Of Their Tobacco-Cessation Programs Based On Rigorous Analysis, Wishful Thinking, Or Sleight Of Hand?
  - How Successful Is A Typical Tobacco-Cessation Program?
- **CASE STUDY:** We'll Examine Employer Z's Detailed Enrollment Data (Which Also Identifies The "Tobacco Users") And How This Employer Defines "Tobacco Use"
- Estimating The Amount Of Employer Z's Tobacco-Related Claims

- We'll Develop An Appropriate "Tobacco-Use" Surcharge Amount Such That The Following Formula Is Satisfied:

  The "Cost Savings That The Surcharges Generate" MINUS The Cost Of The Tobacco Cessation Program (Including Nicotine Replacement Therapies) MUST EQUAL The Estimated Amount Of The Health Plan's Tobacco-Related Claims Generated By Employees And Spouses
- The "Cost Savings That The Surcharges Generate" In The Above Formula Come From Three Sources. We'll Show You How To Properly Estimate Each Of These:
  - The "Tobacco Use" Surcharges Actually Collected (NOTE: Employer Z Waives The Surcharge For Anyone Who Completes The Tobacco Cessation Program.)
  - The Cost Savings Regarding Those Families That Opt Out Of The Health Plan To Avoid Paying The Surcharge
  - The Reduction In Claims Among Those Who Quit Tobacco On A Long Term Basis
- Alternatives To Having A Flat Dollar "Tobacco-Use" Surcharge
  - The Pros & Cons Of Varying The Surcharge By Age
  - The Pros & Cons Of Varying The Surcharge Based On How Long A Person Has Used Tobacco
- We'll Examine A Nationwide Employer That Won't Hire Tobacco-Users
  - The 21 States Where This Hiring Practice Is Currently Legal
- Employers That Terminate Employees That Fail To Quit Using Tobacco Within A Specific Amount Of Time

2:50 Break

3:10 HOW AN EMPLOYER CAN IMPLEMENT AN "OBESITY SURCHARGE" THAT WILL ENABLE THEM TO DRAMATICALLY REDUCE (OR POSSIBLY EVEN ELIMINATE) THE COST OF THEIR OBESITY-RELATED CLAIMS **(This module applies to all types of health plans: fully-insured, experience-rated, and self-funded health plans. It also applies to small as well as large groups.)**

*Approximately 40% of adults are obese, and obesity-related claims represent approximately **7.5% of total health plan costs** for a typical employer which makes this an even greater cost problem than "tobacco use" is. If we break down this "7.5% of total health plan costs", employees account for approximately 4.7%, and spouses account for the remaining 2.8%. Is it fair to employers and non-obese employees/dependents to have to subsidize the many obese people that are in the health plan?*

- How Successful Are The Weight-Loss Programs Touted By Wellness Vendors?
- Why The Weight-Loss Incentives That Most Employers Use Are Extremely Ineffective
- How To Calculate A Person's Body Mass Index (BMI)
  - Why A Person's BMI Doesn't Accurately Reflect Their Extra Morbidity Risk In Many Cases
  - How "Obesity" Is Typically Defined
- The Extra Cost Associated With An Obese Person According To Various Sources
- We'll Develop An Appropriate Obesity Surcharge Such That The Following Formula Is Satisfied:

  The "Cost Savings That The Surcharges Generate" MINUS The Cost Of The Weight Loss Program MUST EQUAL 4.7% Of Total Health Plan Costs (i.e., The Obesity-Related Claims Of Employees Only)
- The "Cost Savings That The Surcharges Generate" In The Above Formula Come From Three Sources. We'll Show You How To Properly Estimate Each Of These:
  - The Amount Of The "Obesity" Surcharges Actually Collected
  - The Cost Savings Regarding Families That Opt Out To Avoid The Surcharge
  - The Reduction In Claims Among Those Who've Lost A Substantial Amount Of Weight

- Why Varying The Obesity Surcharge Based On A Person's Degree Of Obesity Is A Superior Approach
    - Rewarding Those That Have Lost A Substantial Amount Of Weight Even If They're Still Obese
- Employers That Won't Hire Obese People

3:50 HOW EMPLOYERS AND MOST OF THEIR EMPLOYEES BENEFIT WHEN THE EMPLOYER HAS A SEPARATE HEALTH PLAN FOR EACH EMPLOYEE CLASS **(This module applies mostly to self-funded health plans, although it could also apply to large fully-insured groups and experience-rated groups)**

An employee's total outlay for their health plan has been increasing much faster than their wages have for decades. How can low-paid employees afford to pay the same deductibles, co-pays, out-of-pocket maximums, and employee contributions that highly-paid employees pay year after year? An increasing number of low-paid employees and their dependents postpone or forego getting needed medical care or drop out of the health plan altogether because of their large cost-sharing requirements. We'll show you how an employer can effectively address this serious cost problem that gets worse every year!

- How Having The "Same Health Plan For All Employees" Is Failing Employers And Most Of Their Employees
- We'll Examine Three Strategies That Address This Problem:
    - Strategy 1: The Employer Has One Health Plan For All Employees, But The Employee Contributions Are Based On An Employee's Income Level
    - Strategy 2: The Employer Has Three Health Plans; One For Low-Paid Employees, One For Moderate-Income Employees, And One For High-Income Employees. The Covered Benefits Are The Same For Each Plan But The Deductibles, Co-Pays, And Out-Of-Pocket Maximums Vary By Plan. The Employee Contributions Do Not Vary By Plan Or By Employee Income.
    - Strategy 3: The Employer Has The Same Three Health Plans As Described In Strategy 2, But In This Strategy The Employee Contributions Regarding Each Plan Vary By Employee Income
- Why The Above Strategies Are More Sensible Than Having The Same Health Plan For All Employees
- How Ever-Increasing Health Plan Costs Will Impact An Employer's Philosophy Regarding Their Level Of Interest In The Above Strategies As Time Passes

4:30 End Of Day One

DAY TWO

8:30 WE'LL EXAMINE A WIDE VARIETY OF INNOVATIVE STRATEGIES THAT DRAMATICALLY REDUCE THE COST OF PRESCRIPTION DRUG COVERAGE **(This module applies to self-funded health plans)**

In 1976, the total premium for FAMILY COVERAGE for the richest health plan that was available to federal employees was $93.47 per month. Within this monthly premium of $93.47, a whopping $1.87 was for prescription drug coverage. Today, a typical employer health plan costs about 20 times as much, and prescription drugs cost about 200 times as much. That's right, 200 times as much!

- Why Prescription Drugs Cost So Much Less In Other Countries
- We'll Examine Three Outrageous Examples (From 2003-2017) Of How DC Politicians Did Everything They Could To Please The Lobbyists That Represented The Pharmaceutical Industry
    - The Vast Number Of Americans That Either Die Or Whose Health Suffers Each Year Because Of Outrageously High Drug Costs

- An Update On President Trumps' Executive Order Regarding The Importation Of Lower-Cost Drugs From Other Countries
- Cost-Control Strategies For **SPECIALTY DRUGS**
  - The Many Unique Challenges Associated With Specialty Drugs
  - Directing People To Preferred Drugs
  - Directing People To Sites Where The Specialty Drug Can Be Administered At The Lowest Cost
  - Pre-Authorization And Step Therapy Requirements
  - Specialty Drug Tourism: Traveling Just Across The U.S. Border For Huge Savings
    - We'll Examine A Company That Makes All The Arrangements
      - How Their Program Operates
      - How They Eliminate Drug Safety Concerns And Minimize Other Concerns
    - Appropriate Travel Incentives For The Patient
    - Examples Of The Huge Amount Of Cost Savings That Are Achievable
    - **CASE STUDY:** We'll Examine An Employer That Actually Used This Service And How Much Money They Saved On Specialty Drugs
- Cost-Control Strategies For **NON-SPECIALTY DRUGS**
  - We'll Examine A Detailed **CASE STUDY** That Will Illustrate The Pros And Cons Of The Following Cost-Sharing Approaches
    - Flat Dollar Co-Pays That Vary By Drug Tier
    - Percentage Co-Pays That Vary By Drug Tier
    - Rx Deductibles, Followed By Co-Pays That Vary By Drug Tier
    - Rx Deductibles That Vary By Drug Tier, Followed By Co-Pays That Vary By Drug Tier
    - Why All Of The Above Approaches Do Little To Make People Cost-Conscious When Deciding On Which Drug To Take Whenever There Are Several Drugs That Can Treat Their Medical Condition (i.e., Taking A Tier 3 Drug When A Tier 1 Drug Is Available)
  - The "Requiring A Generic Drug If One Is Available" Strategy
    - Substantial Penalties For Taking A Brand Name Drug Whenever A Generic Drug Is Available
      - Situations Where The Penalty Should Be Waived
    - **CASE STUDIES:** We'll Estimate The Cost Savings Achieved By Several Versions Of This Effective Strategy
  - The ULTIMATE Cost-Control Strategy For Rx: We'll Examine A Creative Disincentive Strategy That Strongly Encourages People To Take A Drug That's In The LOWEST COST DRUG TIER That Will Treat Their Medical Condition (Specialty Drugs Are Also Included In This Strategy)
    - **CASE STUDY:** How This Strategy Drives Down Rx Costs SUBSTANTIALLY
  - Why Covered Members Should Pay For "Nickel/Dime" Drugs In Their Entirety
  - Additional Strategies To Reduce Rx Costs

10:10 Break

10:30 HOW TO IDENTIFY GROUPS THAT HAVE EXCESSIVE PREMIUM RATES AND THEN SUCCESSFULLY NEGOTIATE REDUCED PREMIUM RATES FOR THEM **(This module applies to large fully-insured groups, and experience rated groups that have less than approximately 500 employees.)**

Health insurers use a Community Rating by Class (CRC) pricing methodology to calculate premiums for large groups that are fully-insured. This primitive pricing methodology was invented over 60 years ago and it often times generates premium rates that can be off-target by anywhere from 10%-25%. The CRC pricing methodology is also used to partially price experience-rated groups that aren't "fully credible"

(typically groups with less than 500 employees). Sales professionals, brokers, and consultants should be very concerned about this and should challenge health insurance company underwriters whenever a group's premiums are excessive.

- Examples Of How The CRC Pricing Methodology Is Used:
  - To Price A Large Fully-Insured Group
  - To PARTIALLY Price An Experience-Rated Group That Has 200 Employees
- We'll Examine A Dozen "Dynamics" (i.e., Age, Sex, Geographic Area, The Group's Participation Rate, A Group's Employee Turnover Rate, And Seven Others) That Significantly Or Substantially Impact A Group's Claims Level
  - Why Age And Sex Are The Only Two Dynamics That The CRC pricing Methodology Properly Reflects In A Group's Premiums

NOTE: Below, We'll Examine The Other TEN "Dynamics" That Are Either TOTALLY IGNORED OR IMPROPERLY HANDLED By The CRC Pricing Methodology

- Why Geographic Area Rating Often Times Generates Premium Rates That Are Substantially Off-Target
  - A Handful Of Reasons Why Assigning A Geographic Area Rating Factor To A Group Based On Where The Employer Is Located Is Highly Inappropriate
  - Common Situations Where A Specific Group's Geographic Area Rating Factor Can Be As Much As 7% Or 8% Higher Than It Should Be. Effective Arguments You Can Make To An Underwriter.
- A Dozen Reasons Why Industry Rating (Which Was Also Invented In The 1950s) Is "Junk Science"
  - TWO CASE STUDIES That Will Show You Two Employers That Have The Same SIC Code, The Same Age/Sex Demographics, And The Same Geographic Area That Are VASTLY DIFFERENT INSURANCE RISKS!
- The Types Of Employees In A Group Also Significantly Impacts A Group's Claims Level
  - Why A Group's Claims Level Varies By The Average Employee's Salary Level. The Correlation Between An Employee's Salary And Their Education Level.
  - An Effective Argument That You Can Make For Reduced Premiums For Many High Income Groups
- Underwriters And Actuaries Know That A Group's Participation Rate Can Substantially Impact The Group's Claims Level, So Why Do Only A Handful Of Insurers Use "Participation Rating Factors"?
  - An Effective Argument For Lower Premiums For A Group With Excellent Participation
- A Health Insurer Would Much Rather Have A Group That Has Low Employee Turnover Versus A Group That Has High Employee Turnover Because High Employee Turnover Results In Adverse Selection And Higher Administrative Expenses, So Why Isn't This "Dynamic" Reflected In A Group's Premium Rates?
  - An Effective Argument To Get Lower Premiums For A Group With Low Employee Turnover
- We'll Also Examine A Handful Of Employer-Specific Situations Where Lower Premium Rates Are Warranted
- We'll Also Examine Some Cost-Reduction Strategies That Employers Implement That Will Result In Lower Claims That Should Result In Lower Premiums

11:45 FINAL THOUGHTS / ADDITIONAL TIME FOR Q & A

12:00 Adjournment