



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

COST MANAGEMENT WEBINAR SERIES

Tuning the Cost Levers:

Optimizing Benefits While Protecting Your Bottom Line





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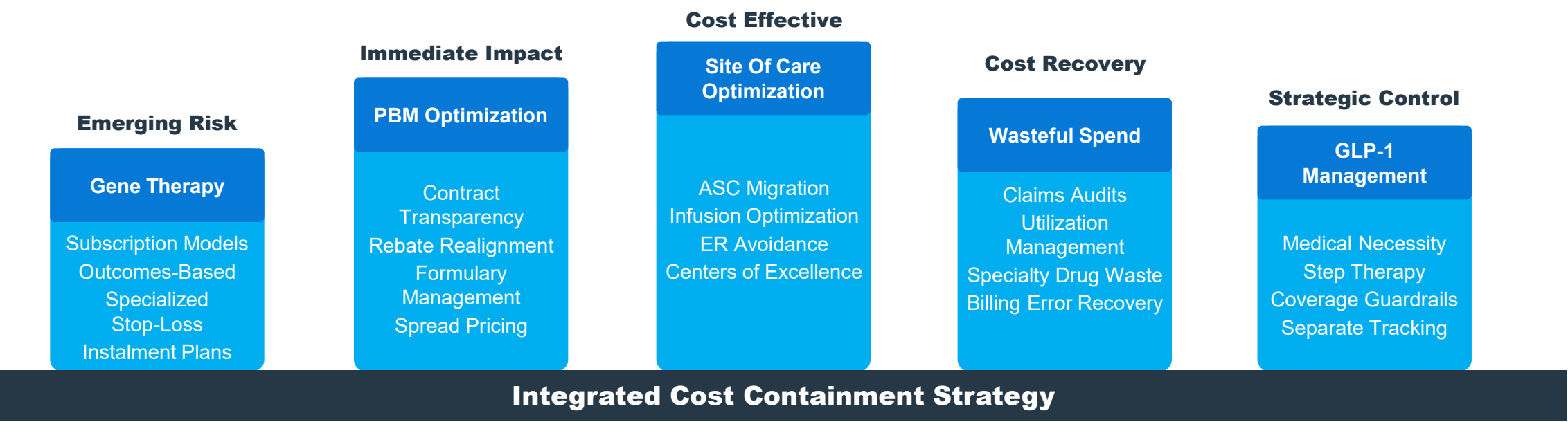
Agenda

- 1** Current Healthcare Landscape and Market Forces
- 2** Gene Therapy Risk Management
- 3** High-Cost Therapeutic Management
- 4** Financial Cost Containment Levers
- 5** Key Learnings & Strategic Takeaways

Current Healthcare Landscape



Forces Driving Healthcare Cost Transformation



Forces Driving Healthcare Cost Transformation

Critical Cost Drivers

\$1.2T

Specialty Market
2026 projection

51%

Specialty Drug Share
Despite less than 2% patients

\$4.25M

Gene Therapy Max
85 new by 2026

50%

High-Cost Claims
Growth since 2021

8.0%

Annual Growth
15-Year High

\$300B

Mental Health Cost
Doubled in 5 years

27%

Gen Z Workforce
By 2025

85%

Cost Concentration
Top 20% of members

67%

PBM Control
Top 4 dominate

Current Market Challenges

Escalating Pressures:

- Pharmacy spending surged from 21% to 27% of total healthcare
- **GLP-1 costs:** \$9,000–10,000 per patient annually after discounts
- **Healthcare fraud:** \$105–300B annual impact on system

Available Market Solutions

Proven Interventions:

- **Site optimization:** 40–60% cost reductions achievable
- **Biosimilar programs:** \$445B documented savings potential
- **Integrated teams:** 30% cost reduction through coordination

What's Keeping Employers Awake at Night

The Key Drivers Behind Rising Healthcare Costs

Gene Therapy Pipeline	Escalating GLP-1 Costs	Hidden Wasteful Spend	Stop-Loss Renewal Pressure	Employee Access Demands
<ul style="list-style-type: none">○ Unpredictable \$2M+ costs○ 100+ therapies by 2030○ Catastrophic claim vulnerability○ Limited protection options	<ul style="list-style-type: none">○ Accelerating pharmacy trend○ Diabetes vs. obesity usage○ Unknown long-term ROI○ Coverage decision pressure	<ul style="list-style-type: none">○ Duplicate tests/procedures○ Billing errors and overcharges○ Specialty drug waste○ Quietly drains budgets	<ul style="list-style-type: none">○ Unfavorable contract terms○ Laser implementation threats○ Premium increase pressure○ Limited negotiation power	<ul style="list-style-type: none">○ Affordable, quality care○ No coverage disruptions○ Latest treatment access○ Network stability expectations

Meeting these challenges demands proactive, integrated solutions that balance cost control with quality care – protecting both your people and your financial health.

Gene Therapy Risk Management



Current Gene Therapy Market State

Critical Considerations for Employer Health Plans

Treatment Cost Range	Current Employer Coverage	Pipeline Impact by 2032	Market Impact
\$913,000 Minimum Cost \$4.3M Maximum Cost Per Patient Treatment	9% Offer Centers of Excellence 95% Express Affordability Concerns	85 New Therapies Expected 100,000 Potential Patients	\$35–40B U.S. Healthcare Impact 21.5% Annual Employee Turnover

Employer Size	Coverage Approach	Key Challenge
Large (20,000+ employees)	Self-insurance and direct negotiation	Better cost absorption capability
Medium employers	Stop-loss with restrictions	Lightning strike financial risk
Small (under 10,000 employees)	Often exclude coverage entirely	Catastrophic budget impact

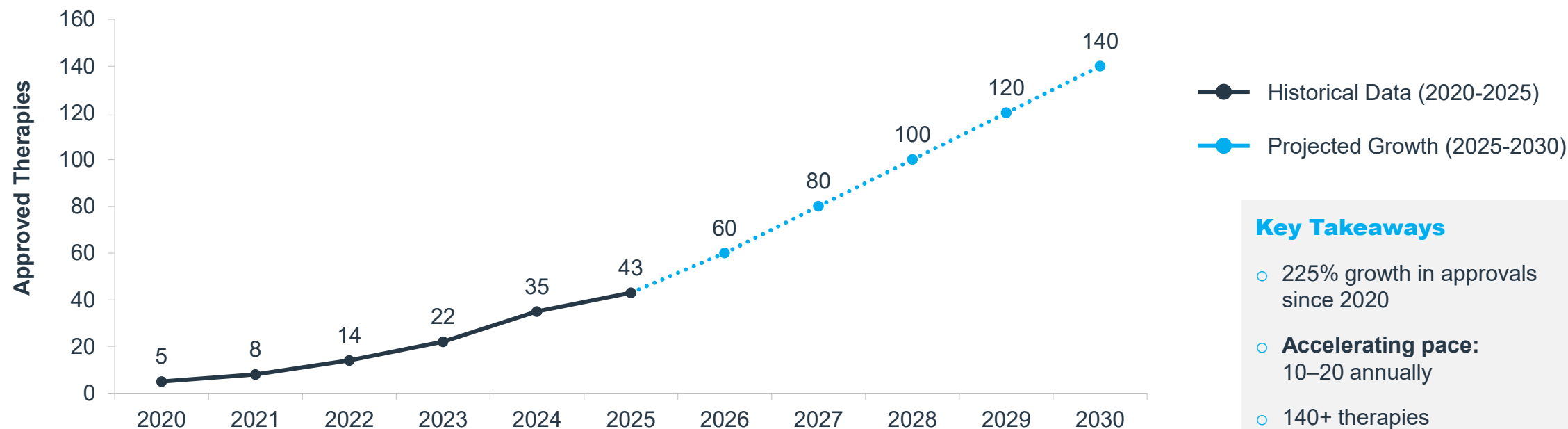
Subscription Models <ul style="list-style-type: none">7.2M Enrollees Covered\$1.25 PMPMEvernorth Embarc ProgramZero out-of-pocket costs	Outcomes-Based Contracts <ul style="list-style-type: none">Milestone-based rebatesPerformance target refundsMulti-year tracking4-year monitoring periods	Specialized Stop-Loss <ul style="list-style-type: none">\$1.70 PMPM CVS Pricing50–55% Average COE SavingsCarve-out arrangementsGroup captive programs	Most Common Therapies <ul style="list-style-type: none">Zolgensma: Spinal muscular AtrophyCasgevy Sickle Cell DiseaseHemgenix Hemophilia BLuxturna: Inherited blindness
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Strategic Imperative

Gene therapy demands immediate planning: \$4.3M treatments, 85 new therapies by 2032, multiple cost solutions available

Gene Therapy Pipeline Growth Trajectory

FDA Approvals: Historical Data and Market Projections (2020–2030)



Key Takeaways

- 225% growth in approvals since 2020
- **Accelerating pace:** 10–20 annually
- 140+ therapies expected by 2030
- **Cost range:** \$931K – \$4.25M
- Strategic planning urgency
- Risk management required

40+

FDA Approved Therapies
(2025)
Current Market

10-20

Annual Approvals
Expected Rate
Growth Trajectory

140+

Projected Total by 2030
Market Expansion

\$4.25M

Maximum Cost Per
Treatment
Financial Impact

Case Study: Gene Therapy Risk Management

Employer Discovers Hidden Genetic Risk

43.1% of dependent population carries risk factors

\$33.8M

Potential Exposure

Strategic Partnership

Risk Transfer Approach

\$290K

Annual Premium

Investment

Zero

Coverage Gap

Complete Protection

11,600%

ROI Success

Payoff

\$290K Investment → \$33.8M Protected

High-Cost Therapeutic Management



PBM Optimization Strategies

Contract Review Optimization

Significant

Hidden Margin Elimination

- Eliminate Hidden Price Markups
- Implement Pass-Through Pricing
- Mandate Full Transparency

✓ **Lower Drug Costs
For Your Plan**

Reduced Plan Costs

Rebate Strategies

Net Cost

Focus vs. Highest Rebates

- Realign PBM Incentives
- Direct Manufacturer Agreements
- Ongoing Contract Review

✓ **Better Value For Your
Members**

Member Value Focus

Formulary Management

Real-Time

Optimization Platform

- Pharmacist-Led Reviews
- Advanced Analytics Integration
- Specialty Drug Protocols

✓ **Improved Member
Health Outcomes**

Better Health Results

Lower Costs | Smarter Contracts | Better Outcomes

Site of Care Optimization

Delivering 30-60% Savings Across Multiple Service Categories

Infusion Therapy

Current State
Hospital Outpatient: **\$8,500**

Optimization
Office/Ambulatory: **\$3,800**

55% Cost Reduction

Ambulatory Surgery

Procedure Savings
Joint Replacement: **40%**
Rotator Cuff: **50%**
Overall: **\$40-50%**

Same Quality, Lower Cost

Emergency Department

Avoidable Visits
67%

ER: **\$2,400** vs UC: **\$200**

10-12x Cost Reduction

Implementation Strategy

Member Incentives

- Zero-Cost Procedures
- Enhanced benefits
- Tiered Networks
- Reference-based pricing

Navigation Support

- 24/7 clinical guidance
- Quality scoring
- Cost transparency
- Real-time intervention

Quality Assurance

- Clinical standards
- Safety certifications
- Continuous monitoring
- Network optimization

Analytics and ROI

- 85% accuracy
- ROI: 3:1 to 8:1
- 3-10% cost reduction
- Validated savings

Timeline: 3-6 months | Target Savings 30-60%

Case Study: High-Cost Claimant Impact Management

Technology Employer Faces Population Risk

0.39% of population drives 21.4% of total costs

\$4.8M

High-Cost Impact

Predictive Analytics

Risk Modelling
Member Profiling
Cost Projection

41

Members

Targeted
Case Management

18%

Reduction

Cost Management
Provider Network
Optimization

\$864K

Annual Savings

Success
Payoff

Predictive Analytics → \$864K Annual Savings

GLP-1 Management: Balancing Cost, Coverage and Clinical Impact

CRITICAL	HIGH	MEDIUM	ONGOING
Employer Questions <ul style="list-style-type: none">Who is using GLP-1s: diabetes vs. obesity?If covered for obesity, what is the ROI?Urgent decision framework needed	Coverage Reality Check <ul style="list-style-type: none">ROI for weight management is too early to quantifyLong-term ROI for obesity use not establishedEvidence still maturing	Best Practices Framework <ul style="list-style-type: none">Medical necessity criteria (BMI + comorbidities)Apply step therapy approachPrior authorization protocolsTrack diabetes vs. obesity	Utilization Tracking <ul style="list-style-type: none">Separate diabetes vs. obesity utilization monitoringCollect outcomes data for future ROI analysisPMPM trend monitoring
COVERAGE STRATEGY ANALYSIS		DECISION SUPPORT FRAMEWORK	
Diabetes vs. Obesity Coverage Approach <ul style="list-style-type: none">Diabetes: Standard of care for diabetes management and glucose controlObesity: Employer discretion required with unknown long-term ROICost vs. outcomes uncertainty for weight management indicationsImplement coverage guardrails for obesity-related use cases		Strategic Decision-Making Support <ul style="list-style-type: none">Data-driven forecasting and budget impact modelling capabilitiesScenario planning for diabetes-only vs. obesity inclusion strategiesClinical guidance on eligibility criteria and utilization managementBest practices implementation for prior authorization and step therapy	
IMPLEMENTATION TIMELINE			
Immediate Actions (Next 30 Days) <ul style="list-style-type: none">Establish medical necessity criteria for obesity coverage (self-funded employers)Implement prior authorization protocolsBegin utilization tracking separation		Quarterly Reviews (90-Day Cycles) <ul style="list-style-type: none">Monitor diabetes vs. obesity utilization trendsAssess budget impactCollect outcomes data for ROI analysis	
SUCCESS MEASURES: Balance member health needs with financial sustainability while ROI evidence matures Focus Areas: Utilization management Cost containment Clinical outcomes tracking Strategic coverage decisions			

Cross Collaboration Integration with Specialty Practices

Data-Driven Decision Making at the Intersection of All Specialty Practices



Data-Driven Decision Making at the Intersection of All Specialty Practices

Financial Cost Containment Levers



Stop-Loss Contract Provisions

Strategic provisions that drive predictable costs and protect against catastrophic claims

Core Contract Provisions



**Gene Therapy
Riders**

**Catastrophic
claim protection**



**Contract
Terms**

**Multi-year rate
stability**



Captives

**Enhanced control
& savings**



**No New
Lasers**

**Protection from
exclusions**



**Rate
Caps**

**Budget
predictability**

Key Benefits of Strategic Stop-Loss Management

Financial Protection

- Catastrophic coverage
- Predictable premiums
- Budget stability

Operational Excellence

- Streamlined admin
- Cash flow efficiency
- Negotiation leverage

Strategic Advantage

- Tailored protection
- Future-proof design
- Market positioning

Reporting Sample Slide – KISx Card

Procedure	Date of Service	Approx. Insurance Cost	KISx Card Cost	Gross Savings	% Savings	Incentives	Net Savings
Initial Surgery Consult through MDS	8/9/2022	\$417	\$224	\$193	46%	\$0	\$193
Hemorrhoidectomy	9/27/2022	\$11,420	\$4,918	\$6,502	57%	\$0	\$6,502
Colonoscopy	11/18/2022	\$3,846	\$1,478	\$2,368	62%	\$0	\$2,368
MRI of Knee W/O Contrast	12/9/2022	\$2,228	\$785	\$1,443	65%	\$0	\$1,443
CT Scan of Head Without Contrast	12/22/2022	\$1,500	\$560	\$940	63%	\$0	\$940
MRI of Brain w and w/o contrast	1/3/2023	\$2,100	\$960	\$1,140	54%	\$0	\$1,140
MRI of Cervical Spine W/O contrast	1/13/2023	\$1,648	\$960	\$688	42%	\$0	\$688
MRI Lumbar W/O	1/18/2023	\$1,785	\$785	\$1,000	56%	\$0	\$1,000
Total Results				\$14,274	57%	\$0	\$14,274

Not a Fit - No Network Option

- Carpal Tunnel Release Surgery
- De Quervain's Syndrome / Tenosynovitis Release

Not a Fit - Not a Covered Procedure

- Colonoscopy

Not a Fit - Patient Unresponsive

- Colonoscopy and EGD

Not a Fit - General Inquiry

- MRI of Bilateral Breasts W and W/O Contrast

Not a Fit - Patient Already Scheduled w/Another Provider

- CT Scan of Maxillofacial Bones W/O Contrast

Not a Fit - Not Willing to Change Provider

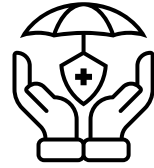
- Inguinal Hernia Repair

Not a Fit - Patient not Willing to Travel

- Colonoscopy through CA

KISx Card

Covers over **400 common procedures** including orthopedics, general surgery, colonoscopies and most major imaging



KISx Card



Employers get bundled pricing resulting in lower costs than traditional carrier networks (**average savings of 60%** on procedures and imaging through KISx Card)

Network includes over **1600 surgical centers** and **2600 imaging centers** in 46 states

Employees get a **\$0-cost procedure or imaging** by utilizing a KISx Card provider

SIHRA (Spousal Incentive HRA) – How it works

If the employee's spouse is eligible for group health insurance where they work, they can waive the client's health plan, enroll in the medical where they work, and be eligible for the SIHRA. The enrolled employee and/or children also have the option to elect the spouse's health insurance during open enrollment.

SIHRA provides 100% coverage and \$0 out-of-pocket for medical and prescription drug costs.

SIHRA is free to join, and the reimbursements are 100% paid, income tax free, and funded by the employer. The overall costs associated with the reimbursements are guaranteed to be less than the costs of insuring individual claims on the group health plan.

Case Study: SIHRA (Spousal Incentive HRA)

Employer (Hospital) Implements SIHRA Offering
1,608 Enrolled Subscribers on the Plan

**\$810K in Estimated
Plan Cost**

**Potential Revenue
Steerage back to Hospital**

**\$428K
Annual Net Plan
Savings
(218 Members)**

**Zero
Cost OOP to
Members**

\$153k Savings (2022) → \$428k Savings (2025) +114 Members

Reference-Based Pricing Overview

- Traditional health insurance carriers negotiate discounts off inflated charges
- Medicare often reimburses at cost, leaving a very small margin for the facility/providers
- Reference-based pricing (RBP) programs replace negotiated provider discounts with payment schedules
 - Pricing is based on Medicare Payments (CMS) or Actual Cost
 - Common payment schedules range from Medicare + 30%
- RBP can also be added along with a traditional PPO model



Case Study: Reference-Based Pricing

Employer Implements RBP Plan Option

Impact of Moving from Traditional Network to RBP

\$2.3M

Facility Plan Paid Claims

**150% of Medicare on
Facility Claims**

**\$10.7M in Billed
Charges**

**Plan Payment
Reduced to 21.4% of
Billed Charges**

**50% Facility
Claims Savings**

\$4.6M in Traditional Network → \$2.3M RBP

Reference-Based Pricing – Proposed Structure

Physician Services

Physicians, specialists and anesthesiologists bill separately from the facility

- Accessing a physician-only network with PHCS
- Out of network claims reimbursed at Medicare + 35-40% like Facility services

Balance Bill Support

When facilities send the member a bill for the outstanding balance between the group payment and the billed amount, legal support defends these bills

- Provide member with patient advocacy support to settle any balance bills (Patient Advocacy Center [PAC] has authority to settle claims up to Medicare + 100%. Any claims > Medicare + 100% require employer and stop loss approval)
- Proactive approach with providers during prior authorization process to lessen the chance for balance billing

Proposed Reference-Based Pricing Provisions

Facility Repricing Metrics

(Medicare + Additional % or Cost + Additional %)

Inpatient facility, outpatient facility, ambulatory surgical centers, emergency room, advanced imaging and dialysis

- Greater of Medicare + 35% to 40% OR Cost + 35% to 40%
- Open access – no network

Facility Bill Audits

Ensure every part of the member's bill was charged to the member

- Reprice based on plan metrics (Medicare + 35-40%)
- Request an itemized bill to audit line-by-line expenses

Employer Candidates for Reference-Based Pricing



Financial pain
related to health
care spending



Educated buyer
with a strong
understanding of
how medical
claims are paid



Small margin
business with
minimal pricing
flexibility in
product/service



Widely
dispersed
employee
population
and/or highly
competitive
market



Groups with
limited leverage
in plan, design
or contribution
changes



United
leadership team
with emphasis
on employee
communication

Examples:

Manufacturers, car dealerships, construction companies, retirement communities, transportation/trucking businesses, engineering firms, energy companies, groceries and municipalities (due to their transparent and tight budgets)

Requirements

- Self-funded
- 100+ enrolled

Q&A

Key Learnings and Strategic Takeaways



Key Learnings & Strategic Takeaways

Proven Cost Management Levers for Sustainable Healthcare Benefits

Strategic Cost Containment Levers

- | | | |
|-----|--|--|
| ✓ 1 | Gene Therapy Risk Protection | Financial protection programs and specialized reinsurance solutions
Protects against \$2M+ catastrophic claims |
| ✓ 2 | PBM Contract Optimization | Transparency requirements and rebate realignment strategies
Unlocks 6-7 figure annual savings potential |
| ✓ 3 | Site of Care Redirection | High-quality, lower-cost care setting optimization
Delivers 30-60% cost reduction per case |
| ✓ 4 | Wasteful Spend Elimination | Claims review and utilization management programs
Recovers hidden dollars through stronger oversight |
| ✓ 5 | Stop-Loss Strategic Negotiation | Clinical insights for favorable contract terms
Avoids hundreds of thousands in overpayment |
| ✓ 6 | GLP-1 Strategic Management | Medical necessity criteria and coverage guardrails
Balances access with financial sustainability |

Implementation Success Factors



Accurate, Integrated Analytics

Every strategy relies on comprehensive data to identify waste, measure outcomes, and guide decisions



Tailored Strategic Approach

Solutions vary by size, funding, geography, and workforce demographics—no one-size-fits-all



Early Intervention Strategy

Success requires moving from reactive to proactive cost containment and risk mitigation



Integrated Expertise

Cross-functional teams deliver compliance, pharmacy, financial, and clinical solutions

Your Path to Healthcare Cost Optimization Starts Today

Success in cost containment is often just one strategic idea away

Let's start conversation about which strategies are most relevant to your plan

Thank you

For more information visit www.hubinternational.com



Glossary of Terms

- **BAI** – Benefits All-In
- **BMI** – Body Mass Index
- **Captive** – group of companies joining together to form a medium for taking on risk
- **CMS** – Centers for Medicare & Medicaid Services
- **GLP-1** – Glucagon Like Peptide-1 Receptor Agonist
- **HRA** – Health Reimbursement Arrangement
- **KISx / KISx Card** – stands for Keep It Simple Surgery; a concierge surgery and imaging program for the most common surgical and imaging procedures such as Orthopedic, General Surgery, Colonoscopies, MRI, CT and PET scans. KISx simplifies the process of elective surgeries and major imaging procedures for self-funded employers by offering bundled pricing and connecting employees with affiliated facilities, eliminating out-of-pocket costs for employees.
- **Laser/Stop Loss Laser** – insurer places a lower level of coverage or higher attachment point on an individual or group of people
- **MERP** – Medical Expense Reimbursement Plan (a type of HRA)
- **PAC** – Patient Advocacy Center
- **PBM** – Pharmacy Benefits Manager
- **PEPY** – Per employee per year
- **PHCS** – Private Healthcare Systems
- **PMPM** – Per member per month
- **PPO** – Preferred Provider Organization
- **RBP** – Reference-based pricing
- **ROI** – Return on investment
- **Rx** – Pharmacy or Pharmaceutical
- **SIHRA** – Spousal Incentive Health Reimbursement Arrangement
- **Stop Loss** – a form of reinsurance that protects self-insured employers from catastrophic or unpredictable losses

Eliminating Wasteful Spend: Clinical and Strategic Levers

Waste Elimination Opportunities			
<div>20%</div> <div>Claims Integrity</div> <div>Billed Claims Contain Errors or Duplicates Forensic Review Required Error Detection Priority</div>	<div>15%</div> <div>Specialty Drug Waste</div> <div>Avoidable Waste Tied to Specialty Medications Dose Optimization Waste Prevention Focus</div>	<div>50%+</div> <div>High-Cost Oversight</div> <div>Catastrophic Claims Drive Over Half Plan Spend Case Management Cost Concentration Risk</div>	<div>78%</div> <div>Pharmacy Guardrails</div> <div>Specialty Medications of Total Rx Spend Prior Authorization Utilization Controls</div>

Strategic Waste Elimination Framework					
PRIORITY		INTERVENTION AREA	KEY INDICATORS	IMPLEMENTATION	OUTCOME FOCUS
CRITICAL	■	Claims Integrity Review	Billing error detection	Forensic Analysis	Cost Recovery
HIGH	●	High-Cost Claimant Mgmt	Catastrophic case review	Clinical Oversight	Appropriate Care
HIGH	●	Specialty Drug Waste	Dose optimization	Utilization Review	Waste Prevention
MEDIUM	●	Benefit Design Safeguards	Coverage optimization	Plan Structure	Access Protection

Integrated Approach: Data + Clinical Expertise + Benefit Design = Systematic Waste Prevention