

SELF-FUNDED OUTCOMES ANALYSIS

SAMPLE CLIENT

As of January 1, 2022



Self-Funding Analysis Summary

1, 3, 5 Year Time Horizon

| Fully Insured Rate (FI) | Base Case | Scenario |
|-------------------------|--------------|--------------|
| Fully Insured Premium | \$15,514,000 | \$15,514,000 |

| Self-Funding | Base Case | Scenario |
|-----------------------------------|--------------|--------------|
| Specific Deductible | 300,000 | 400,000 |
| Aggregate Margin | 120% | 120% |
| Expected Cost to Self Insure | \$14,925,000 | \$14,954,000 |
| Expected Savings/(Expense) vs. FI | \$588,000 | \$560,000 |
| Probability of Outperforming FI | 70.9% | 69.1% |

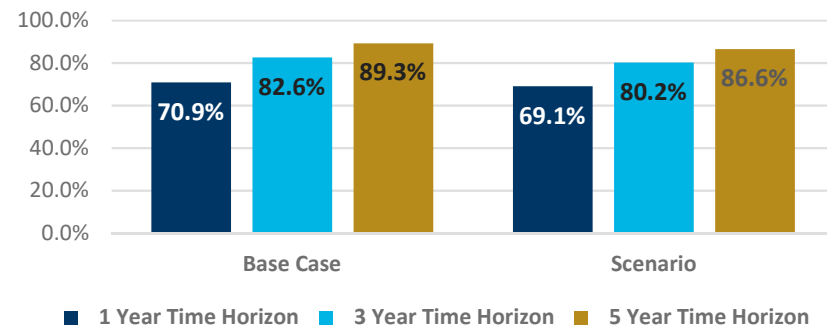
| | | |
|--|--------------|--------------|
| Aggregate Attachment Point | \$15,719,000 | \$16,022,000 |
| Maximum Cost (Agg Attachment + Fixed Expenses) | \$17,275,000 | \$17,360,000 |
| Probability of Reaching Maximum Cost | 0.9% | 1.3% |

| Expected Cost to Self Insure | Base Case | Scenario |
|--------------------------------------|--------------|--------------|
| Estimated Claims Payable by the Plan | \$13,370,000 | \$13,615,000 |
| Stop Loss Premium | 670,000 | 452,000 |
| Administration Expenses | 886,000 | 886,000 |
| Total Expected Cost to Self Insure | \$14,925,000 | \$14,954,000 |

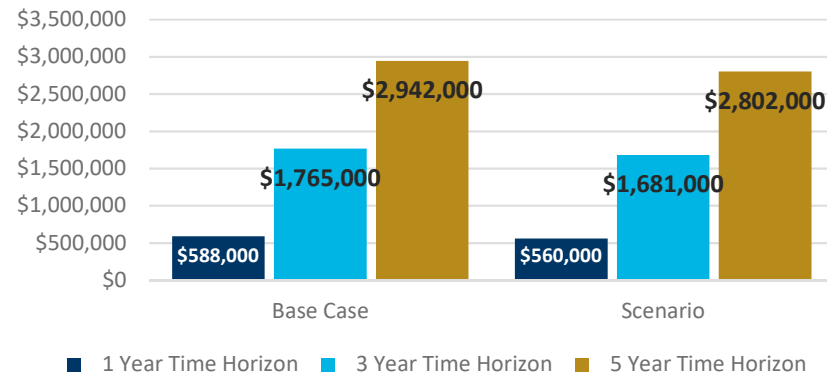
| Multi-Year Likelihood of Beating Benchmark | Base Case | Scenario |
|--|-----------|----------|
| 1 Year Time Horizon | 70.9% | 69.1% |
| 3 Year Time Horizon | 82.6% | 80.2% |
| 5 Year Time Horizon | 89.3% | 86.6% |

| Multi-Year Expected Savings | Base Case | Scenario |
|-----------------------------|-------------|-------------|
| 1 Year Time Horizon | \$588,000 | \$560,000 |
| 3 Year Time Horizon | \$1,765,000 | \$1,681,000 |
| 5 Year Time Horizon | \$2,942,000 | \$2,802,000 |

Likelihood of Beating Fully-Insured: 1, 3, 5 Years

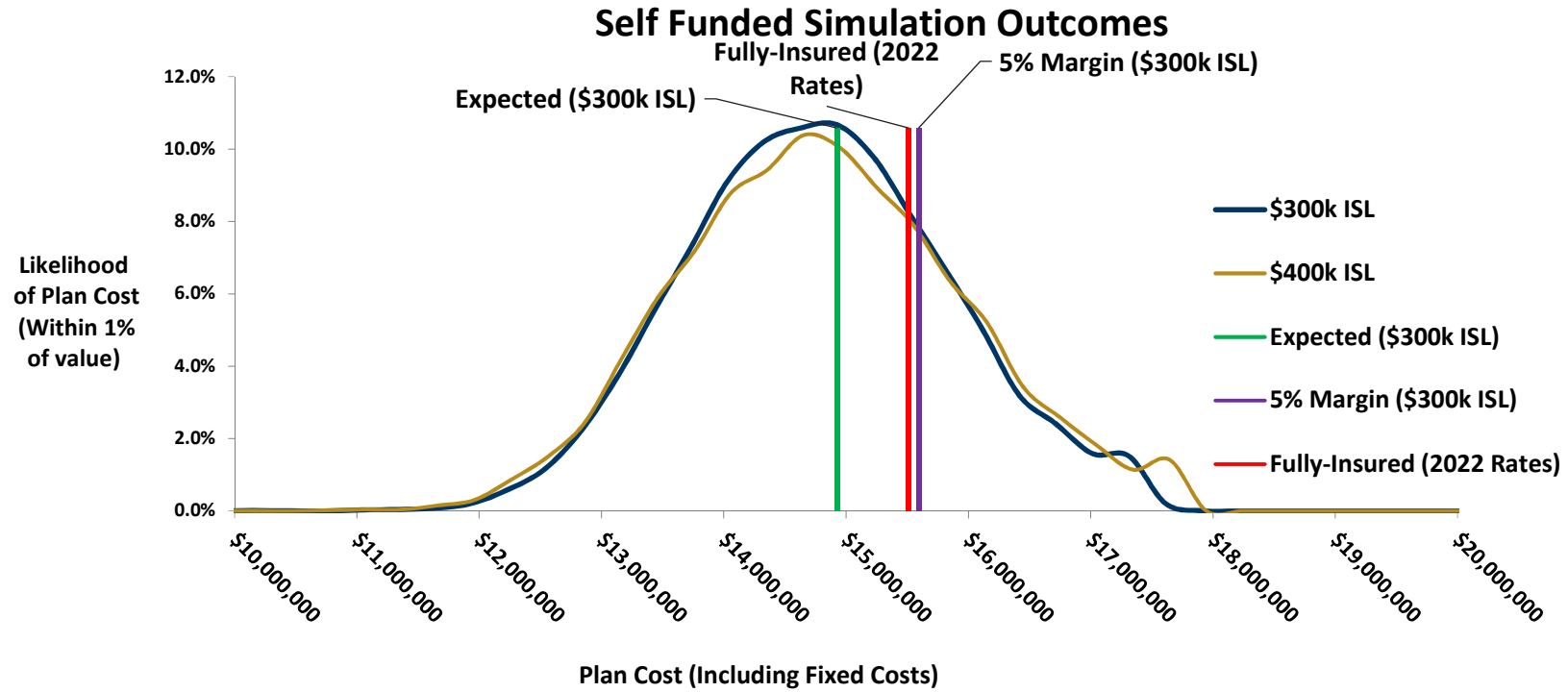


Expected Savings vs Fully-Insured: 1, 3, 5 Years



Modeled Likelihood of Plan Cost Outcomes

Based on historical claims experience



Self-Funded:

- Self-funded is less costly scenario in 71% of trials
- Average savings in year 1 of 3.8% (\$588,000)
- Stop loss coverage manages risk by narrowing the range of outcomes

Fully-Insured:

- Fully insured projections are based on 2022 rates and enrollment
 - Fully-insured rates lower than would be “breakeven”

| \$300k ISL Scenario Margin Analysis | | | Probability |
|-------------------------------------|--------------|-----------------|--------------|
| | Claims | Total Plan Cost | Below |
| Expected (\$300k ISL) | \$13,370,000 | \$14,926,000 | 50.8% |
| 5% Margin (\$300k ISL) | \$14,038,500 | \$15,594,500 | 73.2% |
| 10% Margin (\$300k ISL) | \$14,707,000 | \$16,263,000 | 88.5% |
| 15% Margin (\$300k ISL) | \$15,375,500 | \$16,931,500 | 96.0% |
| Fully-Insured (2022 Rates) | | \$15,513,867 | 71.0% |



FACTORS FOR CONSIDERATION

Plan modeling is highly dependent on past experience and trends, but several factors may make a switch to self-insurance a better strategic decision:

Strategic Considerations

- Risk appetite and philosophy should ultimately determine whether self-insurance is “the right fit” – self-funding isn’t for everyone!
- Groups coming on leaving is a concern – runout and run-in claims

Unknown rate Increases and fixed costs

- Actual cost comparisons are highly dependent on fully-insured rate increases, which are not yet available for next year, high rate increases often follow poor experience
- Self-insured fixed costs are highly dependent on stop loss premiums, which are currently unknown. Significant large claim activity may lead to higher rates.

Claims improvement

- Favorable claims experience often follows adverse experience.
- If self-insured, Sample Client has more control over implementing cost containment programs for your specific population

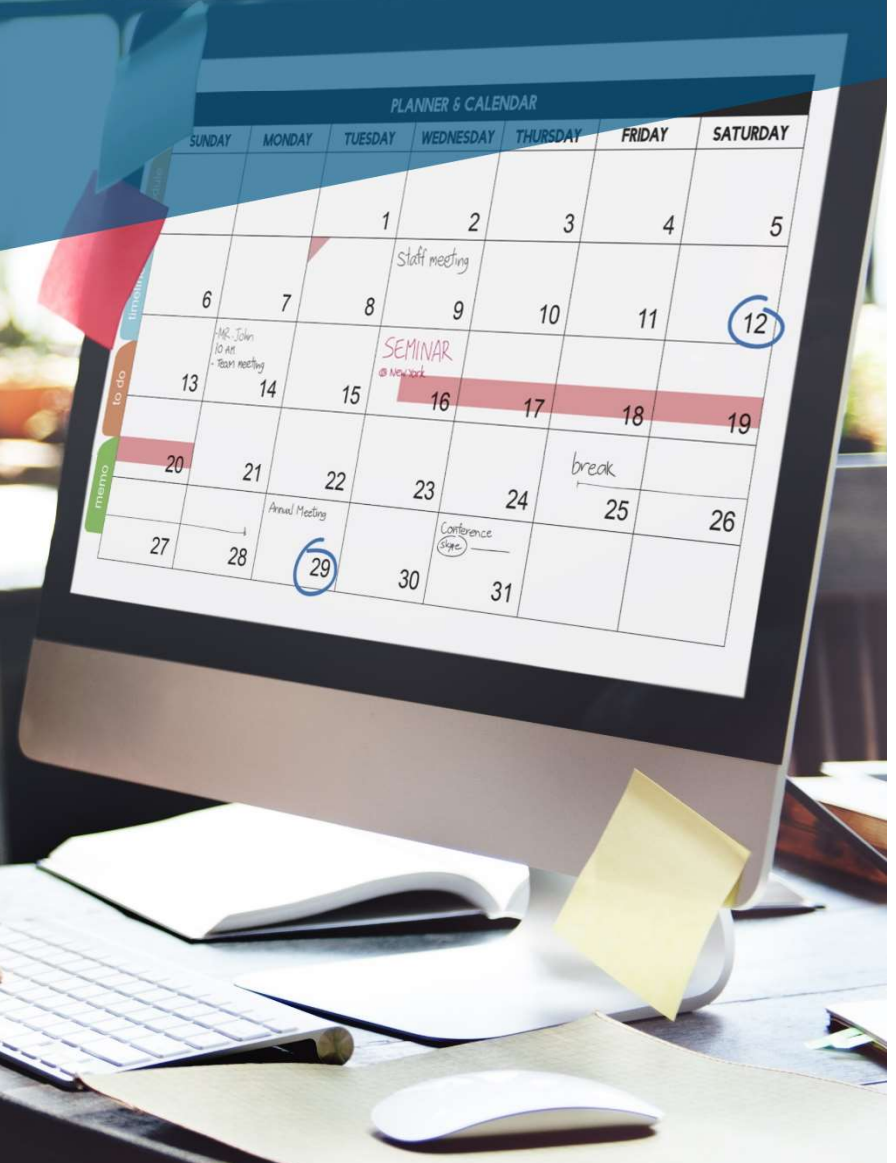
IMA PEOPLE ANALYTICS:



SAMPLE ANALYTICS SUMMARY

MARCH 15, 2022

Sample Client



OVERALL COST IMPACT SUMMARY

Impact of Demographics (Benchmark: 1.000 factor)

Demographic Factor: 0.914



Percent Impact: **-8.6%**
PMPM Impact: **-\$30**

Impact of Plan Design (Benchmark: 75% Act. Value)

Plan Design Value: 81%



Percent Impact: **+8.7%**
PMPM Impact: **+\$35**

Impact of Risk Score (Benchmark: 1.000 risk score)

Risk Score: 1.302



Percent Impact: **+30.2%**
PMPM Impact: **+\$96**

Impact of Geography (Benchmark: Nationwide)

Geographic Factor: 0.984



Percent Impact: **-1.6%**
PMPM Impact: **-\$7**

Four main characteristics impact a plan's cost: demographics, Plan design richness, risk and utilization, and geography.

While risk score can be impacted through wellness programs, and plan design value is at the discretion of the employer, understanding the impact of each is important for understanding plan cost.

Overall Impact

Actual Plan Cost

\$440

PMPM

Impact of plan characteristics
(compared to average population):
\$94 PMPM (\$6,007,988 total)

| Paid Claims PMPM | Reporting Period | Prior Period | Custom Benchmark | vs Prior Period | vs Custom Benchmark |
|------------------|------------------|-----------------|------------------|-----------------|---------------------|
| Inpatient | \$104.14 | \$107.29 | \$141.77 | -2.9% | -26.5% |
| Outpatient | \$169.25 | \$144.09 | \$219.05 | +17.5% | -22.7% |
| Office Visit | \$47.09 | \$46.42 | \$85.20 | +1.4% | -44.7% |
| Medical | \$320.48 | \$297.80 | \$451.83 | +7.6% | -29.1% |
| Pharmacy | \$119.86 | \$127.39 | \$141.47 | -5.9% | -15.3% |
| Medical and Rx | \$440.34 | \$425.19 | \$593.30 | +3.6% | -25.8% |

Custom benchmarks incorporate cost impact of demographics, plan design, risk score, and geography for each service category.

DEMOGRAPHICS

Impact of Demographics (Benchmark: 1.000 factor)

Demographic Factor: 0.914



Percent Impact: **-8.6%**

PMPM Impact: **-\$31**

Average Age (includes dependents)

31.9

Benchmark: **36.4**

Prior Period: **32.8**

Percent Female (includes dependents)

46.3%

Benchmark: **50.9%**

Prior Period: **46.2%**

Contract Size

2.45

Benchmark: **1.95**

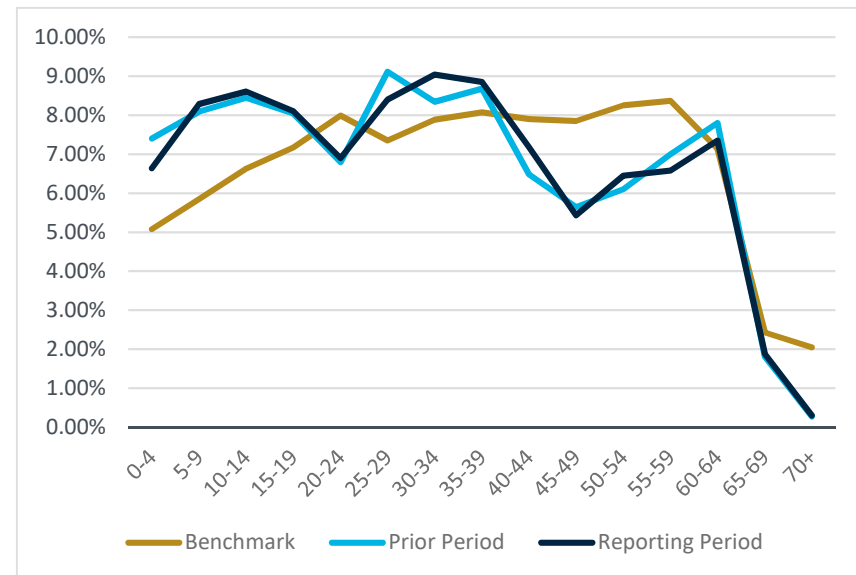
Prior Period: **2.50**

SAMPLE DATA

Cost tends to increase with age. Among those less than 40 years old, women tend to cost more than men due to pregnancy-related services and several high cost illnesses that impact women at greater rates (such as breast cancer).

Demographic mix is typically dependent on industry, as well as benefit richness. Lower family contributions will tend to attract more families, increasing child enrollment.

Demographic Distribution



SAMPLE DATA

OVERALL PLAN DESIGN BENCHMARKING SUMMARY

Impact of plan design

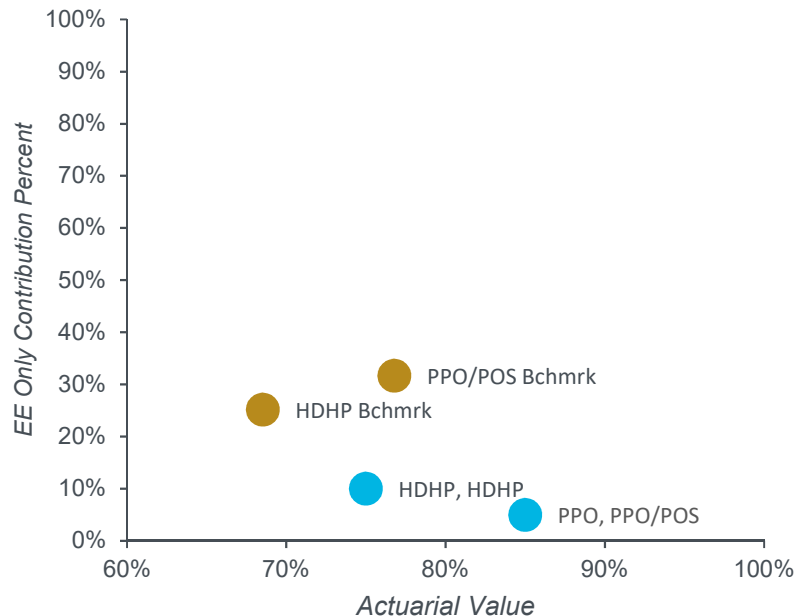
(Benchmark: 75% Act. Value)

Plan Design Value: 81%

Percent Impact: **+8.7%**

PMPM Impact: **+\$35**

Actuarial Value and EE Only Contribution Rate, vs Benchmark



Key Strategic Initiatives

| Strategic Initiative | | Benchmark* | National* |
|---|---|---|-------------------------|
| Medical Plan, Network, and Utilization | | | |
| HDHP Option | ✓ | 80% | 82% |
| Spousal Surcharge or Spouse Exclusion | ✗ | Exclusion: 12% Surcharge: 12% | 9% 16% |
| Telemedicine Cost Sharing | ✓ | Yes: 83% Avg copay: \$28 | 72% \$25 |
| Onsite/Near Site Clinic - Occupational Health | ✓ | Occ. Health: 28% Primary Care: 14% | 10% 14% |
| Advocacy Tools | ✓ | Digital: 7% Telephonic: 30% | 6% 29% |
| Reference Based Pricing | ✗ | 0% | 3% |
| Pharmacy | | | |
| PBM Carve-Out | ✓ | 49% | 33% |
| Drug Purchasing Coalition | ✗ | 50% | 23% |
| Steerage to specialty pharmacy usage | ✓ | 82% | 71% |
| Whole Health | | | |
| Wellness Priorities | | Mental Health: 72% Financial: 64% Weight Mgmt: 40% Social Determ.: 12% | 75% 48% 40% 8% |
| Integrated Wellness Platform/App | ✓ | 58% | 50% |
| Financial Health Resources | ✓ | 53% | 51% |

*Survey Data From: Mercer 2020 Health Plan Cost Survey, Energy and Petroleum

RISK ANALYSIS AND HIGH COST CLAIMANTS

SAMPLE DATA

Impact of Risk Score *(Benchmark: 1.000 risk score)*

Risk Score: 1.302 Percent Impact: **+30.2%**



PMPM Impact: **+\$95**

2.6% Of members drive 50% of costs

11.9% Of members drive 80% of costs

25 Members over \$150,000 paid claims

Top 10 High Cost Claimants

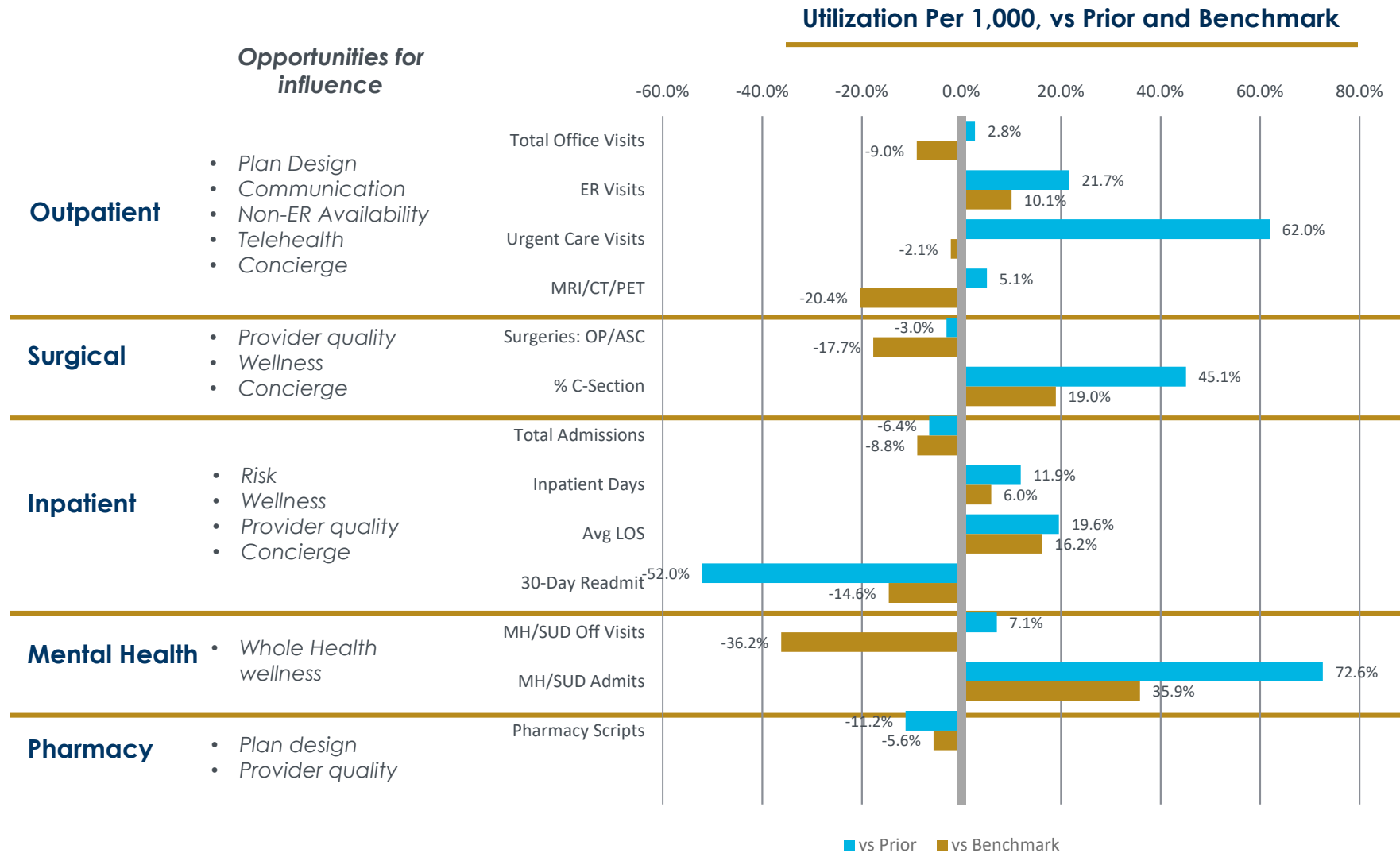
| Diagnostic Category | Relationship, Gender, Age | Medical Paid | Rx Paid | Total Paid |
|------------------------|---------------------------|--------------|-----------|------------|
| Cancers, Other | Dependent, M, 5 | \$886,015 | \$20,399 | \$906,414 |
| Infectious Diseases | Employee, M, 60 | \$638,822 | \$343 | \$639,165 |
| Infectious Diseases | Employee, M, 39 | \$607,306 | \$39 | \$607,345 |
| Lung Conditions, Other | Dependent, F, 13 | \$168,685 | \$419,467 | \$588,152 |
| Thyroid Disorders | Spouse, F, 54 | \$357,903 | \$7 | \$357,911 |
| Coagulopathy | Dependent, M, 18 | \$677 | \$345,832 | \$346,509 |
| Cancers, Other | Spouse, M, 64 | \$304,766 | \$36,369 | \$341,135 |
| Septicemia | Dependent, M, 1 | \$320,500 | \$87 | \$320,588 |
| Cancer Therapies | Spouse, F, 58 | \$269,083 | \$7,519 | \$276,602 |
| Myocardial Infarction | Spouse, F, 56 | \$268,287 | \$582 | \$268,869 |

Rising Risk Members: Highest projected cost next year, under \$25,000 claims last year

| Diagnostic Category | Relationship | Gender | Age | Most Recent 12 Months Paid | Upcoming 12 Months Projected Paid | Difference in Projected Cost | | Top Prescription Drug |
|---|--------------|--------|-----|----------------------------|-----------------------------------|------------------------------|--|-----------------------|
| | | | | | Projected Cost | | | |
| Renal Failure | S | F | 47 | \$11,104 | \$157,665 | \$146,561 | | Velphoro |
| Seizure Disorders | C | M | 12 | \$16,862 | \$141,753 | \$124,891 | | Felbamate |
| Leukemias | S | F | 62 | \$2,435 | \$79,509 | \$77,074 | | Prevymis |
| Cancers, Other | C | F | 3 | \$16,536 | \$65,052 | \$48,516 | | Neupogen |
| Leukemias | C | M | 2 | \$2,136 | \$57,876 | \$55,740 | | Purixan |
| Gallbladder and Biliary Disease | SE | M | 62 | \$16,809 | \$55,120 | \$38,311 | | - - |
| Liver Diseases | C | M | 12 | \$261 | \$54,652 | \$54,391 | | Vancomycin Hcl |
| Pregnancy Complications | S | F | 32 | \$5,014 | \$49,296 | \$44,283 | | - - |
| Congenital Anomalies - Circulatory System | C | F | 0 | \$2,638 | \$49,036 | \$46,399 | | Enalapril Maleate |
| Spine Disorders, Other | S | F | 63 | \$23,032 | \$47,424 | \$24,393 | | Elmiron |

KEY UTILIZATION METRICS

SAMPLE DATA



TOTAL SAVINGS AND EFFICIENCY SUMMARY

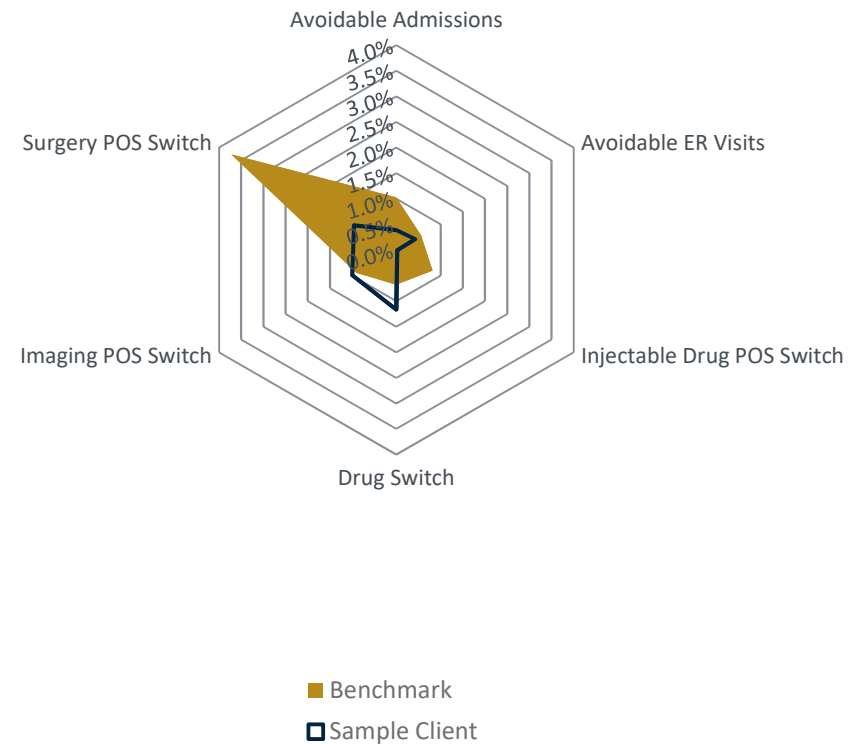
If the dark Blue line falls outside of the Orange shaded area, potential savings is higher than benchmark, indicating more than average opportunity for potential savings.

If the dark blue line falls within the Orange shaded area, the plan is operating more efficiently than the benchmark population.

Potential Savings vs Benchmark

| Potential Savings Category | Sample Client Savings | Benchmark Savings | Difference from Benchmark |
|----------------------------|-----------------------|--------------------|---------------------------|
| Avoidable Admissions | \$108,723 | \$288,436 | -\$179,713 |
| Avoidable ER Visits | \$120,012 | \$158,357 | -\$38,345 |
| Injectable Drug POS Switch | \$5,905 | \$231,880 | -\$225,975 |
| Drug Switch | \$329,780 | \$192,291 | \$137,489 |
| Imaging POS Switch | \$281,199 | \$254,502 | \$26,697 |
| Surgery POS Switch | \$270,469 | \$1,052,589 | -\$782,120 |
| Total | \$1,116,088 | \$2,178,055 | -\$1,061,967 |

SAVINGS AS A PERCENT OF TOTAL SPEND



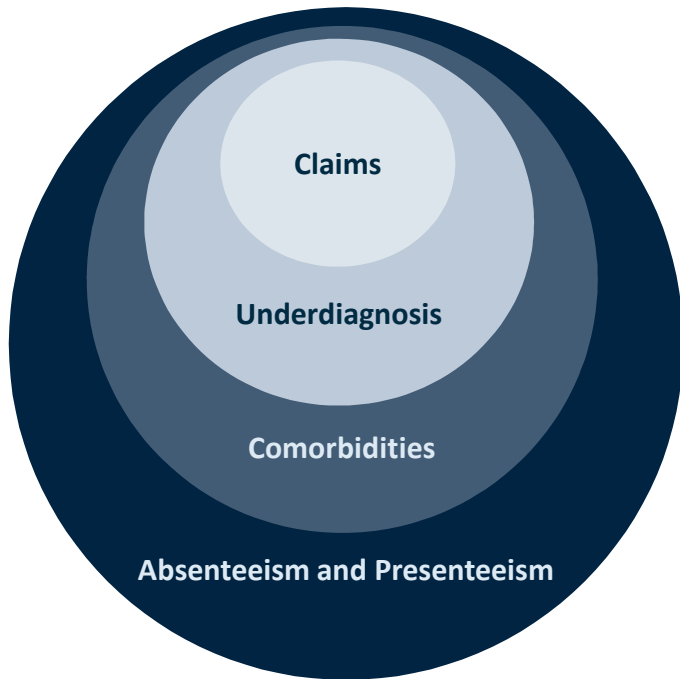
Benchmarks reflect Deerwalk Book of Business, covering more than 4 million lives

MENTAL HEALTH AND SUBSTANCE USE DISORDERS (MH/SUD)

SAMPLE DATA

| | | | | |
|--|---|---|--|---|
| Total members with depression 259 <i>Benchmark: 298 Prior: 251</i> | MH/SUD Office Visits per 1,000 412.8 <i>Benchmark: 647.0 Prior: 385.3</i> | MH/SUD Admits per 1,000 5.98 <i>Benchmark: 4.40 Prior: 3.46</i> | PMPM Mental Health Diagnosis Spend (Med/Rx) \$16.47 <i>Benchmark: \$17.07 Prior: \$11.70</i> | Pharmacy PEPM \$1.66 <i>Benchmark: \$1.68 Prior: \$2.37</i> |
|--|---|---|--|---|

The Full Cost of Mental Health



Claims Costs

Sample Client spent \$1,058,000 on mental health diagnoses, compared to a benchmark of \$1,096,000, accounting for 3.7% of overall medical and Rx costs. Direct mental health costs typically account for only a portion of the total mental health cost burden.

Underdiagnosis

Based on statistics produced by workplacementalhealth.org, over 60% of people do not seek treatment for their mental health condition. According to the World Health organization, 65-80% of people would improve with treatment.

Comorbidities

Claims costs for comorbid medical conditions are increased when a mental health claim is present. According to a January 2018 research report from Milliman, costs for chronic medical conditions more than double when a comorbid mental health condition is present.

Absenteeism and Presenteeism

Based on statistics produced by workplacementalhealth.org, employees with depression lose 31.4 days per year to absenteeism, and 27.9 to presenteeism. This translates to \$3,200,000 annually for an average group with 2,200 employees.

CARE COMPLIANCE

SAMPLE DATA

Key Preventive Services

| | | |
|--|--------------|----------------------------------|
| Preventive Care: (Routine exam in last 24 months) | 79.2% | prior: 81.4% benchmark: 83.0% |
| Cholesterol Screening: (Ages 40-64) | 71.6% | prior: 68.1% benchmark: 56.9% |
| Mammography: (Women ages 50-75) | 50.8% | prior: 51.5% benchmark: 56.7% |
| Cervical Cancer Screening: (Women ages 21-65) | 49.2% | prior: 49.9% benchmark: 59.5% |
| Prostate Exam: (Men ages 50+) | 55.5% | prior: 54.7% benchmark: 46.3% |
| Colorectal Cancer Screening: (Ages 50-75) | 25.7% | prior: 24.4% benchmark: 24.0% |

Disease Specific Compliance Rates

| Mental Health / Substance Abuse | Current | Benchmark | Prior |
|--|---------|-----------|-------|
| Depression: Remaining on antidepressants | 66.7% | 84.5% | 90.4% |
| Opioids: 45+ Days Supply | 2.40% | 1.16% | 2.78% |

| Diabetes (229 members) | Current | Benchmark | Prior |
|-------------------------|---------|-----------|-------|
| Annual dilated eye exam | 20.5% | 25.7% | 20.4% |
| Annual foot exam | 45.4% | 43.7% | 44.3% |
| Annual HbA1c test done | 85.6% | 81.9% | 87.2% |
| Annual lipid profile | 77.7% | 72.5% | 84.7% |
| Annual LDL screening | 77.7% | 72.6% | 85.1% |
| Smoking Cessation | 65.1% | 60.1% | 63.0% |

| Hyperlipidemia (452 members) | Current | Benchmark | Prior |
|------------------------------|---------|-----------|-------|
| Annual lipid profile | 84.1% | 79.9% | 85.6% |
| On lipid-lowering medication | 63.3% | 53.0% | 61.9% |

| Hypertension (695 members) | Current | Benchmark | Prior |
|--------------------------------|---------|-----------|-------|
| On antihypertensive medication | 80.0% | 70.0% | 78.1% |
| Annual lipid profile | 75.4% | 66.9% | 72.9% |

Highlighting shows comparisons to benchmark.

Additional key services without available benchmarks:

- Prenatal and postnatal care
- Well-baby and well-child visits
- Child vaccinations
- Flu vaccinations
- Chronic condition-specific medication adherence

CHRONIC CONDITIONS AND DIAGNOSES

SAMPLE DATA

Top 15 Benchmark Chronic Conditions, by Benchmark Prevalence

| Condition | Benchmark Prevalence | Number with Condition | Prevalence Rate | |
|-----------------|----------------------|-----------------------|-----------------|-------|
| | Rate | | Current | Prior |
| Hypertension | 13.4% | 698 | 13.1% | 13.6% |
| Hyperlipidemia | 9.7% | 484 | 9.1% | 8.8% |
| Lower Back Pain | 6.2% | 304 | 5.7% | 6.6% |
| Diabetes | 5.8% | 235 | 4.4% | 4.4% |
| Depression | 5.6% | 259 | 4.9% | 4.6% |
| Blood Disorders | 3.9% | 211 | 4.0% | 3.9% |
| Osteoarthritis | 3.4% | 157 | 3.0% | 3.3% |
| Asthma | 3.3% | 200 | 3.8% | 4.4% |
| Cancer | 2.7% | 128 | 2.4% | 2.2% |
| ADHD | 2.5% | 147 | 2.8% | 2.7% |
| Morbid Obesity | 2.4% | 112 | 2.1% | 1.8% |
| CAD | 1.8% | 87 | 1.6% | 1.8% |
| Chronic Pain | 1.8% | 88 | 1.7% | 1.7% |
| Liver Diseases | 1.2% | 62 | 1.2% | 1.0% |
| CKD | 0.9% | 35 | 0.7% | 0.7% |

Of the top 15 chronic conditions (by prevalence rate):

- 3 were higher than benchmark in the current period
- 4 were higher than benchmark in the prior period
- 7 increased in prevalence between the prior and current period

Top 5: Diagnoses With Highest Total Cost vs National Benchmark

1. Infectious Diseases
2. Cancers, Other
3. Myocardial Infarction
4. Thyroid Disorders
5. Intervertebral Disc Disorders



Bottom 5: Diagnoses With Lowest Total Cost vs National Benchmark

1. Cancer Therapies
2. Breast Cancer
3. Pregnancy Complications
4. Spine Disorders, Other
5. Diabetes Mellitus



PRESCRIPTION DRUG SUMMARY

SAMPLE DATA

Key Utilization Metrics

PMPM Cost:



Scripts per 1,000:



Cost per Script:



Generic Util. (% Scripts): **79.5%** prior: **81.7%** benchmark: **82.4%**

Mail Order Util. (% Scripts): **12.91%** prior: **5.01%** benchmark: **0%**

90 Day Fill Util. (% Scripts): **0.0%** prior: **0.8%** benchmark: **26.1%**

Note: All dollars gross of rebates

Top Therapeutic Classes

| Top by PMPM Cost | Members | Reporting | Prior | Benchmark |
|---------------------------|---------|-----------|---------|-----------|
| Miscellaneous | 355 | \$22.03 | \$17.26 | \$17.15 |
| Diabetic Therapy | 285 | \$19.54 | \$18.97 | \$16.35 |
| Antiarthritics | 646 | \$18.39 | \$17.02 | \$15.50 |
| Other Antihypertensives | 699 | \$7.38 | \$9.07 | \$1.34 |
| All Other Dermatologicals | 136 | \$5.08 | \$4.15 | \$4.86 |

| Top by PMPM Growth | Members | Reporting | Prior | Benchmark |
|---------------------------|---------|-----------|---------|-----------|
| Miscellaneous | 355 | \$22.03 | \$17.26 | \$17.15 |
| Diuretics | 220 | \$3.27 | \$1.77 | \$0.36 |
| Antiarthritics | 646 | \$18.39 | \$17.02 | \$15.50 |
| All Other Dermatologicals | 136 | \$5.08 | \$4.15 | \$4.86 |
| Other Hormones | 15 | \$2.57 | \$1.65 | \$1.94 |

Top Drugs

| Top by PMPM Cost | Generic? | Members | Scripts | Total Cost | % Change |
|------------------|----------|---------|---------|------------|----------|
| Humira Pen | N | 11 | 78 | \$559,901 | 41.45% |
| Hemlibra | N | 1 | 12 | \$345,671 | 0.00% |
| Uptravi | N | 1 | 13 | \$266,104 | -28.30% |
| Trulicity | N | 31 | 132 | \$226,881 | 19.73% |
| Humira | N | 6 | 44 | \$214,145 | -17.46% |
| Jynarque | N | 1 | 12 | \$202,618 | 81.40% |
| Remicade | N | 6 | 34 | \$198,303 | 38.46% |
| Copaxone | N | 3 | 34 | \$182,704 | -12.73% |
| Imbruvica | N | 1 | 12 | \$176,471 | -1.42% |
| Humalog | N | 34 | 118 | \$163,139 | -8.41% |

POTENTIAL DRUG SWITCH SUMMARY



Represents opportunities for cost savings by switching members from brand drugs to clinically and pharmaceutically equivalent generic drugs. Drug switch opportunities are identified using NDC codes, clinical formulation identifiers and data from the FDA's Orange Book via First DataBank.

Note: All dollars gross of rebates

Potential Identified Savings

\$329,780

TOTAL POTENTIAL SAVINGS

Benchmark: \$192,291

1.17%

% OF TOTAL PLAN SPEND

Benchmark: 0.68%

4.28%

% OF TOTAL DRUG SPEND

| Opportunity (Brand-Generic) | Therapeutic Class | Members | Potential Savings | Savings Per Member |
|---|--|---------|-------------------|--------------------|
| Copaxone - Glatiramer Acetate | Agents To Treat Multiple Sclerosis | 3 | \$110,273 | \$36,758 |
| Letairis - Ambrisentan | Pulmonary Anti-Htn, Endothelin Receptor Antagonist | 1 | \$40,136 | \$40,136 |
| Advair Diskus - Fluticasone-Salmeterol | Beta-Adrenergic And Glucocorticoid Combo, Inhaled | 37 | \$35,103 | \$949 |
| Adderall Xr - Dextroamphetamine-Amphetamine | Adrenergics, Aromatic, Non-Catecholamine | 47 | \$29,912 | \$636 |
| Lamictal - Lamotrigine | Anticonvulsants | 1 | \$15,647 | \$15,647 |



APPENDIX – HEALTHCARE: INDUSTRY PERSONA

INDUSTRY PROFILE: MANUFACTURING

TRAITS & DISTINGUISHERS

- + Higher employee turnover rate, especially among the hourly workforce
- + Consistent and heavy competition for talent
- + Employees will move for a small wage adjustment and benefits typically are a secondary consideration in recruiting/retention
- + Employees are averse to plan changes and value stability
- + Employees prefer lower cost plan options
- + Incentives are typically used to drive engagement among a traditionally male population
- + Perks that help save employees money are valued (uniform or equipment stipend, employer paying for coverage)
- + Employees value voluntary benefits such as Accident and Critical Illness
- + There is an opportunity for general benefits education, as well as information to help better understand a HDHP/HSA plan option
- + A multi-lingual workforce is common, Spanish being the most prevalent

IMA BOOK OF BUSINESS

120+ unique clients

260+ health plans

18,000+ employees

BENEFIT BENCHMARKS

- + Tend to design an “at benchmark” program, with perks leaning away from the traditional (wellness, student loan)
- + Lower employee premiums on average
- + Will likely offer multiple plan options, often including an HDHP offering with a Health Savings Account (HSA) but are less likely to contribute to the savings account
- + High Rate of self-insurance

89%

offer PPO plans*

78%

offer HDHP plans*

23%

offer HMO plans*

HEALTH PLAN COST AND DEMOGRAPHICS

Medical Spend



Higher medical spend per employee

Rx Spend



Higher Rx spend per employee

Chronic Conditions



Hypertension
Lower Back Pain
Hyperlipidemia

ER Utilization



Lower emergency room utilization

Workforce Gender



Male dominated workforce

Family Size:



Larger family size

Geography



Rural and suburban employee locations

Plan Member Age



Higher health plan member average age

*IMA Book of Business industry statistics

INDUSTRY PROFILE: MANUFACTURING

| Strategic Initiative | Benchmark* | National* |
|---|----------------------|-----------|
| Medical Plan, Network, and Utilization | | |
| HDHP Option | 82% | 82% |
| Spousal Surcharge or Spouse Exclusion | Exclusion: 8% | 9% |
| | Surcharge: 21% | 16% |
| Telemedicine Cost Sharing | Yes: 69% | 72% |
| | Avg copay: \$20 | \$25 |
| Onsite/Near Site Clinic - Occupational Health | Occ. Health: 11% | 10% |
| | Primary Care: 13% | 14% |
| Advocacy Tools | Digital: 4% | 6% |
| | Telephonic: 34% | 29% |
| Reference Based Pricing | 3% | 3% |
| Pharmacy | | |
| PBM Carve-Out | 35% | 33% |
| Drug Purchasing Coalition | 25% | 23% |
| Steerage to specialty pharmacy usage | 76% | 71% |
| Whole Health | | |
| Wellness Priorities | Mental Health: 70% | 75% |
| | Financial: 49% | 48% |
| | Weight Mgmt: 41% | 40% |
| | Social Determin.: 5% | 8% |
| Integrated Wellness Platform/App | 51% | 50% |
| Financial Health Resources | 51% | 51% |

| Expected Plan Changes, Upcoming Year | Benchmark* | National* |
|---|------------|-----------|
| Shift more cost to employees | 22.7% | 19.3% |
| Conduct medical or pharmacy RFP for 2021 | 12.9% | 12.5% |
| Manage dependent elections (spousal surch., raise dep. contribs., etc.) | 12.4% | 7.6% |
| Steer employees into narrow networks of higher-value providers | 7.2% | 7.6% |
| Provide more affordable options for employees | 5.3% | 6.6% |
| Implement direct contracting with providers | 1.3% | 1.3% |
| Join purchasing coalitions | 1.2% | 2.1% |
| Eliminate out-of-network benefits | 0.6% | 0.5% |
| None of these | 57.8% | 60.2% |

ONE SIZE DOES NOT FIT ALL

- Strategic and active plan management can help employers manage costs while providing valuable benefits to employees.
- While this page shows the most commonly considered strategic initiatives based on industry, the most effective strategies will consider a group's population, culture, and both short-term and long-term goals.

*Survey Data From: Mercer National Survey of Employer-Sponsored Health Plans, 2020, Manufacturing

INDUSTRY PROFILE: MANUFACTURING

| Voluntary Benefit | Benchmark* | National* |
|--------------------------------------|------------|-----------|
| Accident | 66% | 69% |
| Cancer / critical illness | 59% | 63% |
| Individual disability insurance | 20% | 28% |
| Whole / universal life | 20% | 41% |
| Hospital indemnity | 40% | 40% |
| Long-term care | 8% | 23% |
| Auto / homeowners | 26% | 6% |
| ID theft | 39% | 29% |
| Legal benefit | 44% | 24% |
| Discount purchase program | 29% | 18% |
| Student loan refinancing / repayment | 6% | 2% |
| Pet insurance | 28% | 13% |
| None of the above | 16% | 12% |

HOW DO EMPLOYERS PLAN TO SUPPORT EMPLOYEES?*

| Planned Employee Support Initiatives in Next Year | Benchmark* | National* |
|--|------------|-----------|
| Add, expand or incentivize virtual care, telemedicine, or digital health resources | 28.9% | 27.6% |
| Add or expand voluntary benefits | 25.4% | 22.7% |
| Add programs/services to expand access to behavioral health services | 20.7% | 19.2% |
| Add targeted health solutions (“point” solutions) | 11.4% | 11.3% |
| Provide more support for complex cases (specialty pharmacies, intensive case management) | 10.7% | 8.8% |
| Work with carriers, or directly with providers, to limit surprise/balance billing | 1.6% | 3.0% |
| None of these | 42.1% | 45.4% |

VOLUNTARY BENEFITS

- As cost of health coverage continues to rise for employers and employees, many employers are offering voluntary benefits to provide each employee access to benefits that they value most.
- Voluntary benefits increase the diversity in available benefit offerings, provide benefits to employees in different life stages with different benefit needs, and to supplement and enhance core benefit offerings while managing employer cost.

*Survey Data From: Mercer National Survey of Employer-Sponsored Health Plans, 2020, Manufacturing

INDUSTRY PROFILE: MANUFACTURING

+ DEMOGRAPHICS

44.2 years

Average Age*
Nationwide: 43.9

29.0%

Percent Female*
Nationwide: 40.2%

2.23

Average Family Size
Nationwide: 1.96

+ MEDICAL UTILIZATION

\$799.74

Medical Cost
Per Employee Per Month
Nationwide: \$703.53

16.8%

Avoidable ER Visits
Nationwide: 16.1%

189

ER Visits Per 1,000
Nationwide: 191

84.4%

Routine Exam Adherence
Nationwide: 78.6%

3,893

Office Visits Per 1,000
Nationwide: 4,110

5.9%

Readmission Rate
Nationwide: 6.2%

44.0

Admissions Per 1,000
Nationwide: 47.1

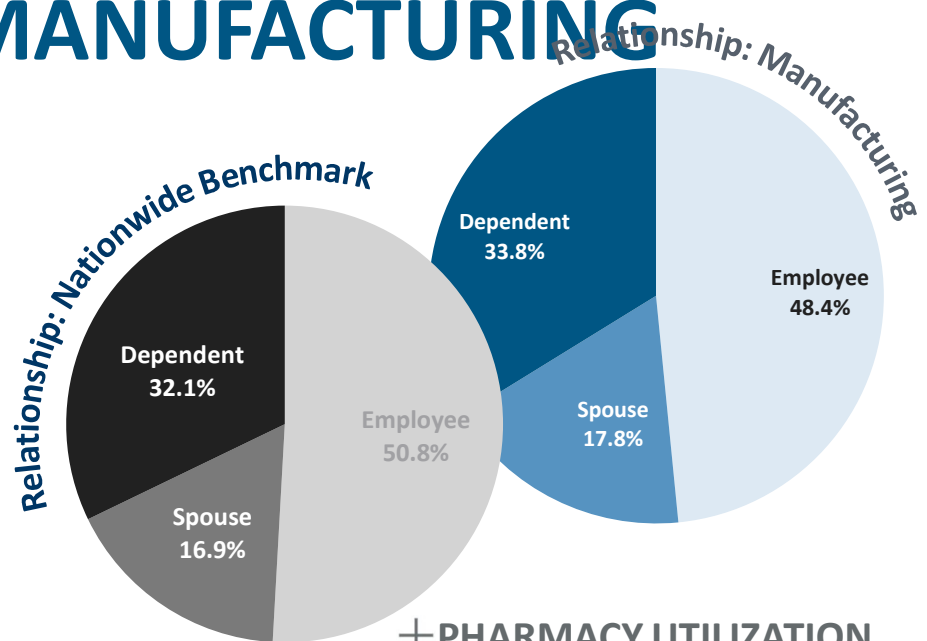
-7.6%

Immunizations
PEPM vs Nationwide

4.75

Length of Stay (Days)
Nationwide: 5.13

Age and gender benchmarks based on Mercer National Survey of Employer-Sponsored Plans, 2020
All cost benchmarks based on Deerwalk Book of Business, including over 4 million lives, reflecting 2021 paid claims.



+ PHARMACY UTILIZATION

\$215.86

Pharmacy Cost
Per Employee Per Month
Nationwide: \$189.02

9,134

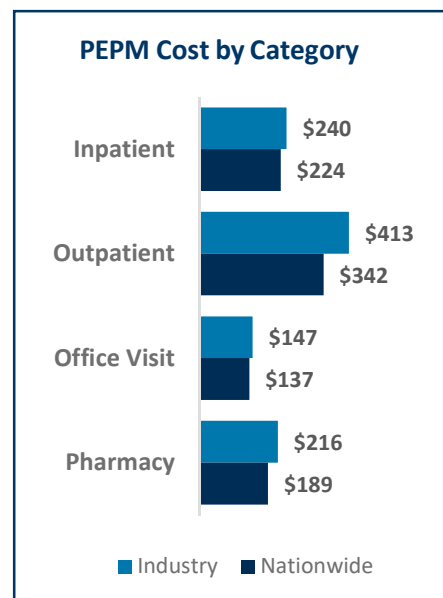
Scripts Per 1,000
Nationwide: 9,180

85.1%

Generic Fill Rate
Nationwide: 82.3%

20.4%

Mail Order Fill Rate
Nationwide: 12.9%



INDUSTRY PROFILE: MANUFACTURING

+ MEDICAL DIAGNOSES

Top 5 Diagnosis Categories (By Per Member Cost)

| Rank | Industry Rank | Nationwide Rank |
|------|-------------------|-------------------|
| 1 | Cancer | Cancer |
| 2 | Gastrointestinal | Gastrointestinal |
| 3 | Musculoskeletal | Musculoskeletal |
| 4 | Cardiac Disorders | Cardiac Disorders |
| 5 | Pregnancy-related | Pregnancy-related |

Top 5 Chronic Conditions (By Prevalence) vs Nationwide

| Rank | Chronic Condition | Percent Difference |
|------|-------------------|--------------------|
| 1 | Hypertension | 16.9% |
| 2 | Hyperlipidemia | 11.8% |
| 3 | Lower Back Pain | 21.9% |
| 4 | Diabetes | 4.7% |
| 5 | Depression | 12.6% |

Diagnoses with Highest Cost Compared to Nationwide Average:

- + Vascular Disorders
- + Medication Reactions
- + Trauma/Accidents
- + Blood Disorders
- + Spine-related

Diagnoses with Lowest Cost Compared to Nationwide Average:

- + Pregnancy-related
- + External Hazard Exposure
 - + Infections
- + Allergic Reaction
- + Cholesterol Disorders

+ PHARMACEUTICAL DETAILS

Top 5 Therapeutic Classes

| Rank | Industry Rank | Nationwide Rank |
|------|--------------------|------------------|
| 1 | Diabetic Therapy | Antiarthritics |
| 2 | Antiarthritics | Diabetic Therapy |
| 3 | Antineoplastics | Antivirals |
| 4 | Antivirals | Antineoplastics |
| 5 | Bronchial Dilators | Dermatologicals |

Therapeutic Classes with Highest Cost Compared to Nationwide Average:

- + Diabetic Therapy
- + Anti-Ulcer/Gastrointestinal
- + Anticonvulsants

Therapeutic Classes with Lowest Cost Compared to Nationwide Average:

- + Antivirals
- + Antineoplastics
- + Dermatologicals

+ MENTAL HEALTH

5.62%

Depression Diagnosis
National Institute of Mental
Health estimate: 6.7%

+0.7%

Mental Health /
Substance Use
Admissions
vs Nationwide

-5.5%

Mental Health
Medical PMPM
vs Nationwide

+17.1%

Mental Health
Pharmacy PMPM
vs Nationwide

-28.2%

Mental Health /
Substance Use
Office Visits
vs Nationwide