



Benecon
Health Benefits
Seminar *2026*

BENECON

Health Cost and Risk Management

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Business Development & Actuarial Services

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Confidential Information

The following contains information related to the unique group purchasing approach of The Benecon Group. This cooperative model consists of risk sharing models and mathematical formulas that Benecon considers proprietary intellectual property.

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Why US Health Care is so expensive?



Market Trends

Carriers Losing Money

Employers can't afford to keep up with increases

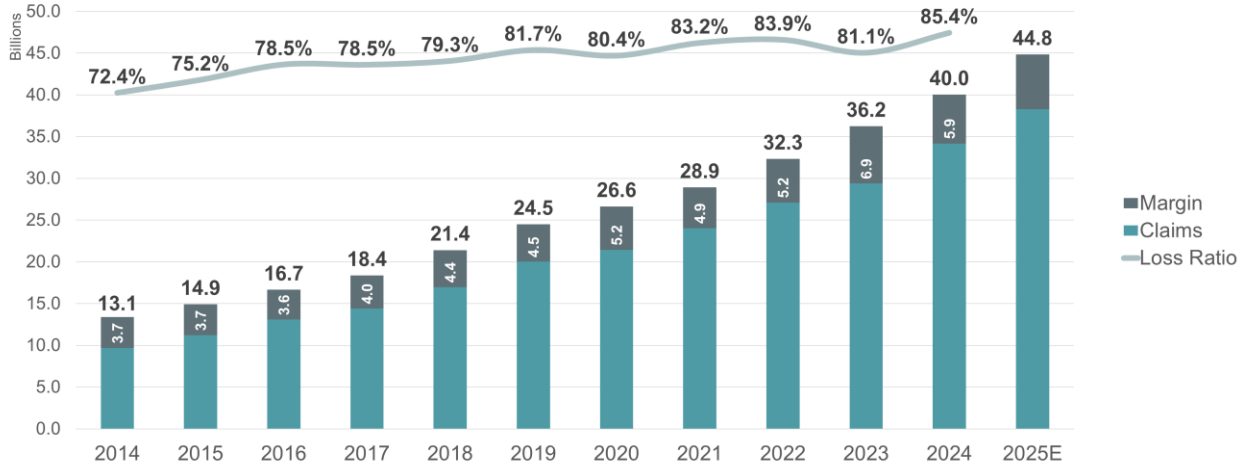
Providers/Drug Manufacturers Current 'winners'

Broker Partner with "shopping strategy" lost because there were no buyers

Market finally hardening

Will continue in 2026

Employer Stop Loss Market



- Loss Ratios emerging to highest observed rate in history
- Market has tripled over last 10 years
- Projected over \$100B by 2034 (May, 2025 Allied Market Research)
- Source: Aon Reinsurance Services 2025 Medical Market Report

Bingo!!!



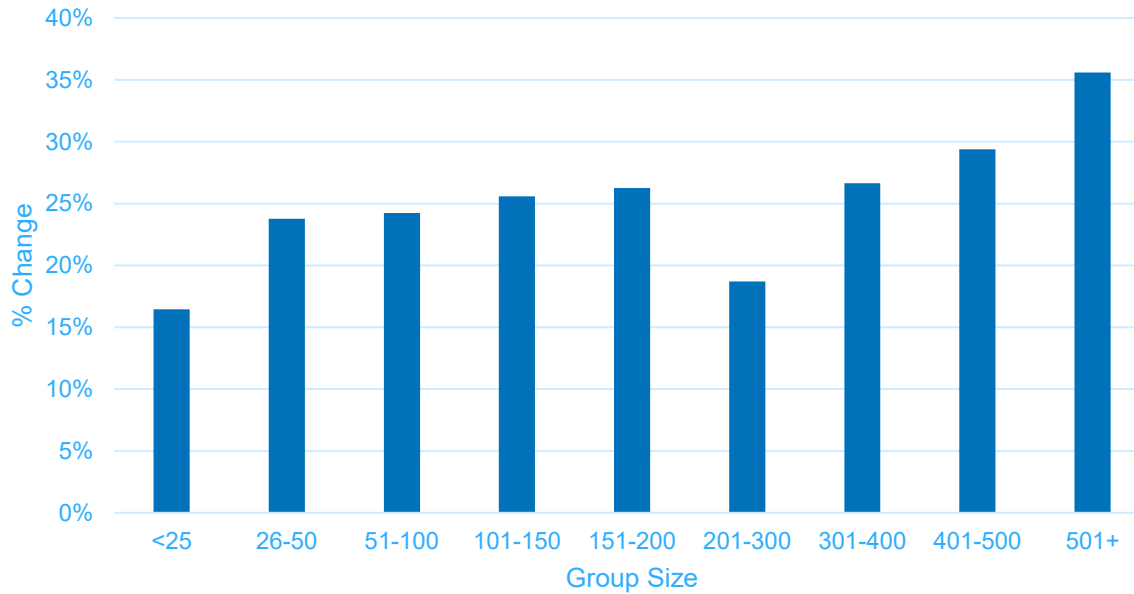
Market Trends

Industry Survey of the Loss Ratio Experience to Target of Medical Stop Loss Carriers

| Performance | To Target MLR | 2021 | 2022 | 2023 | 2024 |
|-------------|---------------|------|------|------|------|
| Profitable | Better | 50% | 54% | 30% | 4% |
| Break Even | @ | 38% | 9% | 5% | 1% |
| Loss | Worse | 12% | 37% | 65% | 95% |

- 31 participants representing \$30B of stop loss over 4 years
- Severe reduction in carriers achieving profit
- Severe increase in carriers operating worse than target MLR
- Competitive Market unable to secure business at desired price
- Claims above projected/priced trend

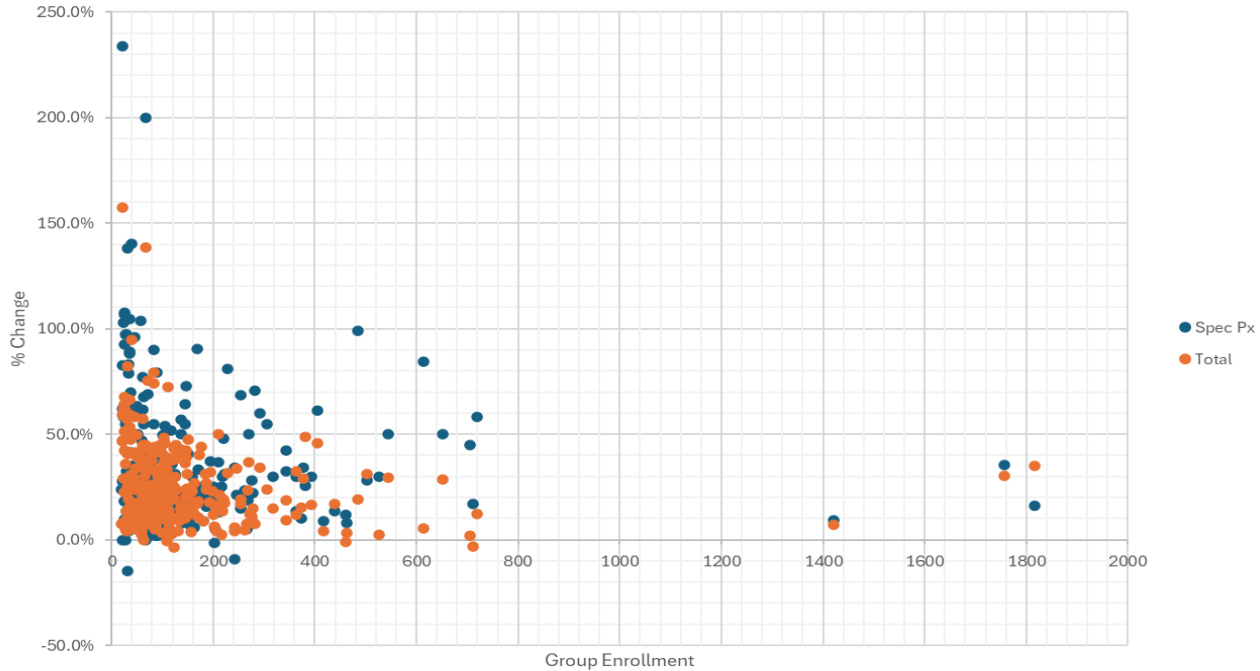
Insured Market RFP Results



| <u>% change band</u> | <u>Total Groups</u> | <u>% of total</u> |
|----------------------|---------------------|-------------------|
| 5% or less | 41 | 5.7% |
| 5%-9% | 72 | 10.0% |
| 10%-14% | 100 | 13.9% |
| 15%-19% | 110 | 15.3% |
| 20%-24% | 104 | 14.4% |
| 25%-29% | 81 | 11.3% |
| 30%-34% | 53 | 7.4% |
| 35%-39% | 55 | 7.6% |
| 40%-44% | 34 | 4.7% |
| 45%-49% | 26 | 3.6% |
| 50+% | 41 | 5.7% |
| total | 720 | 100% |

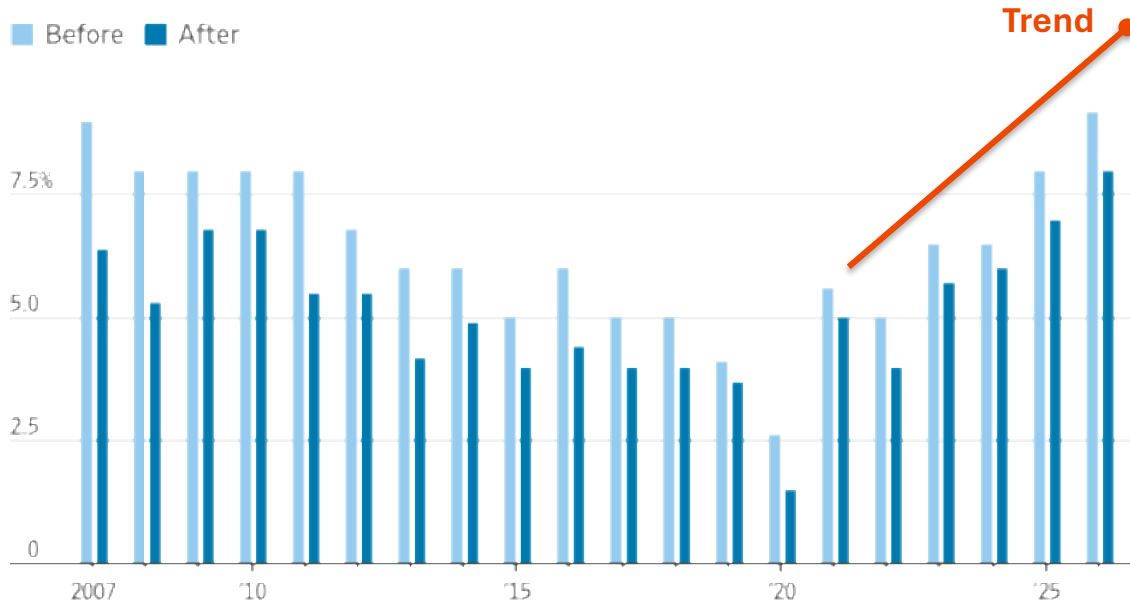
| <u>Summary Data</u> | |
|-------------------------|-------|
| average FI renewal | 24.6% |
| weighted average by enr | 27.1% |
| median FI renewal | 21.4% |

SL & Captive RFP Outcomes



| <u>Claim Fund</u> | |
|--------------------------|---------|
| average | 24.62% |
| median | 19.35% |
| high | 146.20% |
| low | -15.10% |
| <u>Spec Px</u> | |
| average | 32.4% |
| median | 22.2% |
| high | 233.9% |
| low | -14.9% |
| <u>Agg Px</u> | |
| average | 13.4% |
| median | 11.0% |
| high | 96.2% |
| low | -78.8% |
| <u>Total Cost</u> | |
| average | 20.2% |
| median | 17.1% |
| high | 157.6% |
| low | -26.6% |

Annual change in employers' health expenses before and after cost-saving measures



Notes: Expected for 2025, projected for 2026

Source: WTW 2025 Best Practices in Healthcare Survey

Market Trends

Carriers Losing Money

Medicaid Expansion (Cost Shifting)

Tariffs on Medical Utilities

Employers can't afford to keep up with increases

Providers/Drug Manufacturers Current 'winners'

Broker Partner with "shopping strategy" lost because there were no buyers

Market finally hardening

Will continue in 2026

Bingo!!!





Why US Health Care is so expensive?



What groups are buying – “We Unbundle”



Administrative Expenses (ACCESS)

- Network Access
- Network Discounts
- ASO Price



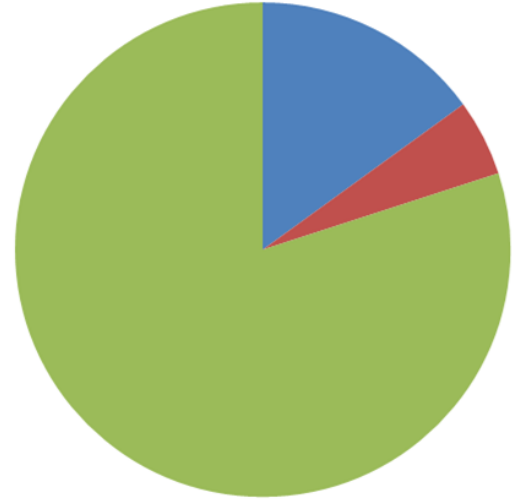
Stop Loss Funding (RISK)

- Claim Payment
- Coverage Gaps
- Lasers/Renewals
- Target Loss Ratio
- Deductible Levels



Funding Claims below SIR (COST)

- Risk Management
- Engaging Population
- Analyzing Cost Drivers



Optimal Risk Protection

Health Plan Financing Needs to Focus on Key Components

COST

- Primary Focus because is easier to understand
 - Is visible
 - Is actionable
-

RISK

- Harder to quantify
- Much more important
- Employers mistakenly absorb risk for cost
- Risk is not where to save on costs

Bingo!!!



Optimal Cost Position

Employer Costs will Continue to Rise

CLAIM TREND

Provider Contracting (4%)

Morbidity (2%)

Intensity (1%)

Innovation (2%)

Optimal Cost Position

Employer Costs will Continue to Rise

PROVIDER CONTRACTING

- Provider System Consolidation
- Labor Costs
- Clinical Labor Costs to rise by 300% over next three years
- The Gathering Storm: “The transformative impact of inflation on Healthcare Sector”
 - Mckinsey/Oxford, September 2022

Optimal Cost Position

Employer Costs will Continue to Rise

INNOVATION

- 3% Trend
- GLP-1 Costs
- \$30 - \$40 pepm
 - 2/3 for Medical Necessity (Ozempic)
 - 1/3 Lifestyle (Wegovy)

Optimal Cost Position

Employer Costs will Continue to Rise

Artificial Intelligence Realty for Employers with Regards to Health Care Costs/Risk

- Disadvantaged by AI
 - Providers (in use today – first to capitalize)
 - Carriers (identify risk before renewals/claim data)
 - Drug Innovation
- Ambient Listening
 - Drives Coding – Avoid denials
 - Bill for all services ‘captured’
 - Higher Claims/Utilization
- Autonomous Coding Software
 - Billing codes assigned by AI
- Care Pathway “nudging”
 - Care suggested to providers

Optimal Cost Position

Employer Costs will Continue to Rise

UPCOMING MEDICARE SHIFT

- 10,000 Baby Boomers a day turn 65

MEDICARE ELIGIBILITY WILL GROW BY 1/3 BY 2030

- National Average
 - 212% of Medicare

Bingo!!!



Optimal Cost Position

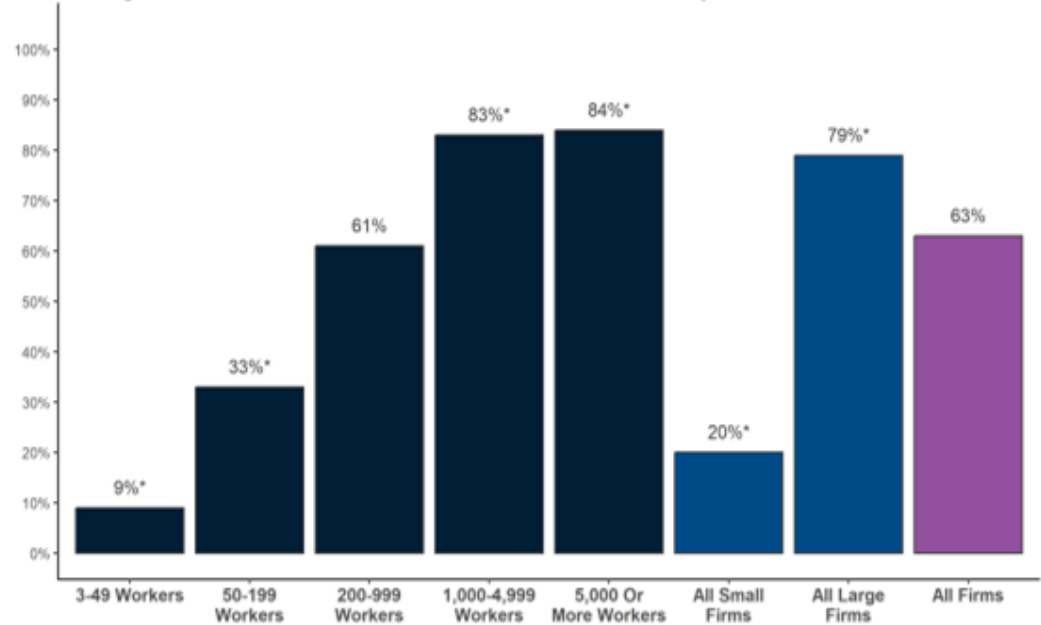
**Benecon Models do not solve
Employer's Health Care Costs**

Benecon models give the best platform to introduce solutions to manage those costs long-term while providing optimal risk protection

State of The Healthcare System

Figure 10.1

Percentage of Covered Workers Enrolled in a Self-Funded Plan, by Firm Size, 2024



* Estimate is statistically different from estimate for all other firms not in the indicated size category ($p < .05$).

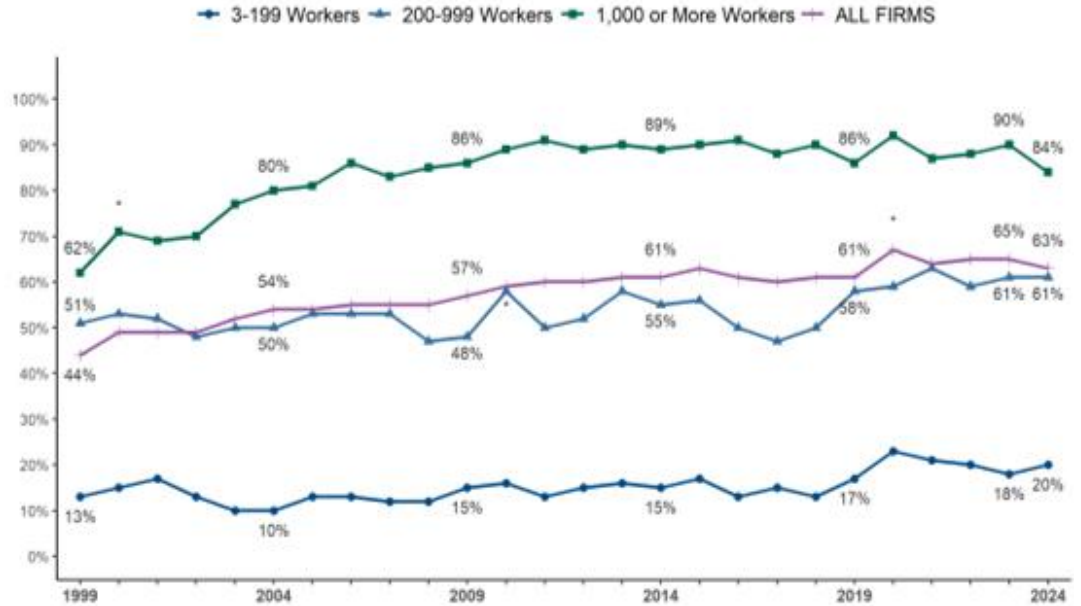
NOTE: Includes covered workers enrolled in self-funded plans in which the firm's liability is limited through stoploss coverage. See end of Section 10 for definitions of self-funded, fully-insured, and level-funded premium plans.

SOURCE: KFF Employer Health Benefits Survey, 2024

State of The Healthcare System

Figure 10.2

Percentage of Covered Workers Enrolled in a Self-Funded Plan, by Firm Size, 1999-2024



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: includes covered workers enrolled in self-funded plans in which the firm's liability is limited through stoploss coverage. Overall, 63% of covered workers are in a self-funded plan in 2024. Due to a change in the survey questionnaire, funding status was not asked of firms with conventional plans in 2006; therefore, conventional plan funding status is not included in the averages in this figure for 2006.

SOURCE: KFF Employer Health Benefits Survey, 2018-2024, Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

Optimal Risk Position



Fully Insured Renewal, 647% increase from prior year

This Renewal Acceptance Agreement will amend your existing monthly premium rates for the period noted above. The monthly premium rates necessary to provide coverage for the new benefit period are as follows and reflects a 647.22% overall premium increase:

| Blue Advantage PPO HDHP \$1500 | |
|--------------------------------|-------------|
| Group(s): 104325-36; -37 | |
| Contract Type | Total |
| Individual | \$5,268.39 |
| Parent & Child | \$8,429.42 |
| Parent & Children | \$8,429.42 |
| Two Person | \$12,117.29 |
| Family | \$14,751.49 |

ACCEPT

DECLINE

Alternative Cost Saving Benefit Provisions

- **National Pharmacy Network** - includes more than 58,000 pharmacies nationwide.
- **Mandatory Generic Penalty** - requires participating pharmacies to dispense generic equivalents whenever available. Increased member cost sharing will be required if a brand drug is dispensed when a generic is available.

The annual premium produced by your existing benefits and reflected in your renewal rates is \$6,057,881 with an overall rate change of 647.22%.

If you choose to enact the alternative benefits outlined above, your annual premium will be \$6,038,670 with an overall rate change of 644.85%.

Underwriting year after year, \$4M Laser

Addendum No. 1 to
APPLICATION FOR EXCESS LOSS REINSURANCE

It is hereby understood and agreed that this Addendum to the Application for Excess Loss Reinsurance forms a part of the Contract of Excess Loss Reinsurance issued by American National Insurance Company to [REDACTED] (herein called the Employer), with a Contract Period of January 1, 2018 to January 1, 2019 (herein called the Contract).

It is further agreed that:

1. The Specific Retention Amount for said Contract Period for [REDACTED] Date of Birth [REDACTED] dependent child of employee [REDACTED] shall be \$4,000,000 (four million dollars).

The maximum amount of Eligible Expense incurred with respect to [REDACTED] that may be considered in calculating any Aggregate Excess Loss reimbursement under the Contract shall be \$250,000.

Eligible expenses for [REDACTED] must be Incurred within the Contract Period and Paid within the Contract Period.

2. The Specific Retention Amount for said Contract Period for employee [REDACTED], shall be \$300,000.

The maximum amount of Eligible Expense incurred with respect to [REDACTED] that may be considered in calculating any Aggregate Excess Loss reimbursement under the Contract shall be \$250,000.

Eligible expenses for [REDACTED] the Contract Period and Paid within the Contract Period.

Optimal Risk Protection

Best in Class Risk Protection for Employers

Gene/Cell Therapy

- **Zolgensma** – Spinal Muscular Atrophy (\$2.8m)
- **Zynteglo** – Gene-Beta Thalassemia (\$2.8m)
- **Skysona** – Gene – Cerebral adrenoleukodystrophy (\$3m)
- **Roctavian** – Hemophilia (\$2.5m)

Pricing and Risk for Employers



Optimal Risk Protection

Self Funding Platform

- Claim Payment
- Realistic Aggregate Protection
- Transparency of Performance
- Complete Employer Protection
 - Renewable
 - No New Lasers
 - Rate Caps
- Total Renewal Management
- Employer Focus with Carrier Partnership

Bingo!!!



Benefits of the Benecon Model

Advantages of Veris Over Fully Insured

- A** – Admin Savings
- T** – Tax Savings (lower state premium taxes)
- U** – Underwriting Gains Retained through Surplus
- T** – Transparency = Seeing Where Every Dollar Goes

Advantages of Veris Over Stand-Alone Self Funding

- Protection** in bad years – long-term pricing perspective
- Lower stop loss** cost due to group purchasing power
- Independent pricing** of stop-loss by Benecon actuaries
- Guaranteed** renewable with no new lasers at renewal
- Total Maximum Renewal Protection**

Value of Benecon Model

Premier Employer Focused Self-Funded Program in Country

Value is Insurance

- NO other Insurance Product offers the Same Coverage
- Price not comparable

Fixed Costs Focus

- Why buy insurance?
- Buying inferior product

Who Else?

Showing Underwriting Results

Best in Industry Rate Caps

Maximum Liability Protection

No New Lasers

Guaranteed Renewable

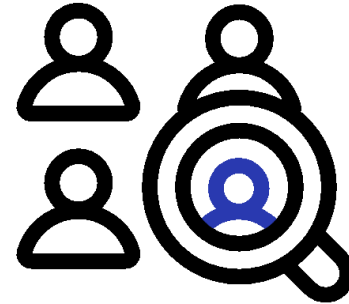
Employer Focused

Dependable Claim Payment

Final Thoughts – It's not the Benecon Model

The Model is all of Ours

- The Stop Loss Carriers
- The Insurance Carriers
- The Employers
- The Families



There is no comparison and it
is done together

Thank you!

Up Next:

Reception

4:00 p.m. – 5:30 p.m.

Commons on Vine

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