CASE STUDY SAMPLES

State of Montana - 14,000 Employees/Retirees
Client since 2015

- TPA/network bid
  - Completed comprehensive TPA and provider network bid with analysis in less than 45 days.
  - Coordinated all efforts through state procurement department
  - Results enabled MT to proceed with initiating move to reference based pricing platform
  - Relationship with TPA has changed to be more customer-centric
  - Financial savings yielded from RBP is in excess of $20M
  - Provided post-decision support for public information requests
- PBM bid
  - Educated and led scoring committee in development and evaluation of RFP and responses
  - Coordinated all efforts through state procurement department
  - Objective analysis and consultative expertise throughout bidding and evaluation process
  - Comprehensive project management support throughout bidding and evaluation process.
  - Provided post-decision support for public information requests
  - PBM savings have exceeded $3M / year with total Rx trend averaging less than 3% over 3+ years (not including rebates and copay assistance/coupon program results)
- Data warehouse bid
  - Provided initial consultative support evaluating state's current data warehouse efforts relative to market solutions available
  - Coordinated all efforts through state procurement department
  - Educated and led scoring committee in development and evaluation of RFP and responses
  - Objective analysis and consultative expertise throughout bidding and evaluation process
  - Comprehensive project management support throughout bidding and evaluation process.
  - Provided post-decision support for public information requests
- Support for Medication Therapy Management (MTM) program bid and implementation
- Ongoing evaluation of point solutions and savings opportunities available to state
- Conduct ongoing vendor collaboration focus groups with participating vendors
  - Eliminate redundant offerings / promote most advantageous delivery of value-adds
  - Foster data-sharing and streamline process integration between vendors to benefit employees
  - Maximize existing vendor capabilities to address targeted health issues collaboratively
- Ongoing assistance with data analytics
  - Reporting package development
  - Ad-hoc data analysis
  - Vendor impact result tracking/monitoring
- Onsite/Near Site Health Centers bid (in process)
  - Provided initial consultative support and introduction to market solutions available
  - Comprehensive Clinic RFP for potential replacement of the State's 6 existing Health Centers
  - Scoring Committee Assistance / Subject Matter Expertise
  - Financial Analysis for Final Bids

Case Study: University of California SHIP – 125,000 participants

In August of 2012, Alliant took over as consultant for the University of California Student Health Insurance Plan (UC SHIP). We worked with our actuarial partner to verify that the program was underfunded and had accrued a $65M deficit through the most recent plan year. We initiated a comprehensive review of the program and over the next eight years worked with the management team to implement the following changes to stabilize the program. UC SHIP is now the largest self-funded student health plan in the country with over 125,000 members across 10 of 11 UC campuses.

- Restructured program governance: facilitated a work group to draft a new charter and bylaws and worked with the committee to make modifications and adopt
- Provided education on methods and degrees of pooling
- Restructured renewal methodology to include pooling based on a loss allocation model
- Established a formal reserving policy
- Created monthly financial reporting package and health plan income statement to track performance
- Provided education on Stop Loss and deductible options. Program is fully self-funded and has established a large claim reserve in lieu of stop loss.
- Set premiums to cover projected claims and administrative expenses
- Helped facilitate negotiation of additional discounts from UC Health system providers
- Implemented a Pharmacy Benefit Manager
- Implemented a robust reporting system to better track utilization trends within the member populations
- Implemented bi-annual claims audits which has resulted in a refund of approx. $400K
- The plan has accrued a healthy surplus that has allowed the group to fund pilot initiatives focused on enhancing benefits and improving member experience

City of Long Beach (8,000 Active Employees & 2,000 Retirees)

Background: Alliant was appointed Consultant for the City of Long Beach on July 1, 2006. The City had been with their current medical carrier for approximately 30 years for their PPO plans and 18 years for the HMO plans. In addition to our ongoing consulting relationship, below are some examples of projects we've completed with the City: projects

- **Medical**
  - Performed full marketing for medical with an initial savings of $4.4 million moving to Anthem Blue Cross
    - Reviewed funding options, high performance networks, Third party administrators (TPA's) and pooled purchasing solutions
    - Negotiated Fully Insured HMO lines of coverage for an overall savings of $1.6 million
    - Negotiated Self-Funded plans for an overall savings of $2.8 million
  - Restructured the medical plans consolidating 6 plans down to 2

- Assisted Human Resources Staff and Health Insurance Advisory Committee (HIAC) with Carrier interviews and committee meetings
- Currently facilitating the implementation of Anthem Blue Cross to a new administrative and financial platform
    - Coordinating administration with Pharmacy Benefits Manager (EXPRESS SCRIPTS) and Stop Loss coverage (ING)
    - Transitioned to CVS Caremark for Additional Savings and Plan Options (Retail 90, Minute Clinic Copay Waiver)
    - Automated eligibility file feeds to all carriers (the City was previously paper based)
- Implemented a Medicare Supplement plan through Scan Healthcare, which provided members with enhanced benefits and services, while reducing cost
- Marketed Stop Loss coverage for an overall savings of $450,000 by moving coverage to ING
- Negotiated a Wellness incentive from Anthem ($100k)
- Negotiated enhanced performance, financial and network guarantees with Anthem
- Restructured their local hospital contract with Memorial Healthcare for Employee Advocacy and Executive/Management Physicals

+ **Other**
    - Provide ongoing financial data for negotiations
    - Work with budget and finance to assist in establishing their annual budgets
    - Assist with MOU wording for future contracts
    - Assist with actuarial analysis for GASB liability
    - Open Enrollment brochure and ONGOING employee communications
    - Set conventional equivalent premiums and employee payroll contributions for all plans (self-funded & fully-insured)-restructured rates to preserve the self-funded PPO plan
    - Completed contractual provisional review
    - Hold monthly Budget and Finance committee meetings

California Association of Highway Patrolmen (10,000+ covered employees & retirees)

Alliant Insurance Services, Inc. was appointed Consultant for the California Association of Highway Patrolmen in 1989. During the course of our 31 year relationship, Alliant has provided ongoing benefit consulting services and performed various special projects. We've included some examples of the project work completed on their behalf:

+ **Medical**
    - Established annual rate-setting methodology for this self-funded plan
    - Developed a five-year forecasting model (updated annually) to help Trustees understand the impact of current year benefit and funding changes versus longer-term trends
    - Assisted in development of reserve balance investment policy
    - Analyzed and recommended specific disease management programs and negotiated savings guarantees as a function of program results

- Obtained competitive proposals for pharmacy benefit management (PBM) services, implemented new PBM with 100% increase in rebates and 10% decrease in overall pharmacy costs
- Analyze and recommended pharmacy benefit coverage management protocols to reduce drug on drug interaction and to encourage use of generic drug and mail-order services; generic and mail-order utilization now exceeds all comparable public entity groups in the PBM database

+ **Dental**
  - Established annual rate-setting methodology for this self-funded plan
  - Developed a five-year forecasting model (updated annually)
  - Periodically conduct analysis of paid claims and provider access to verify competitiveness and value
  - Conducted extensive analysis of dental claims costs for in-network and out-of-network providers, including a claim re-pricing study.

+ **LTD**
  - Worked with actuary to develop and restructure this self-funded plan with focus on providing benefits for non-occupational disability as a complement to statutory benefits typically available to State traffic officers
  - Assist in annual rate development and claims analysis

PUBLIC SECTOR JOINT AND POOLED PURCHASING EXPERTISE

We work with a number of JPAs throughout the country to develop exclusive pooled purchasing benefit programs that are designed specifically for public agencies and their unique characteristics. These programs leverage volume to provide cost savings and greater long term stability through risk sharing. Our strategy is to provide an independent consulting approach and present both available program solutions as well as options that are available in the market.

Risk Pool Management

Alliant's Programs Team has extensive experience with successful public entity risk pool management similar to EGI's current framework. As such, every program we manage uses one or more of the following concepts:

+ Similar Risk Profiles: One of the characteristics of each Program is managing a group of entities with a similar risk profile. For example, certain programs are only available to Schools. Others are only available to Cities and Counties, special districts or non-profits. In addition, each prospect within their public sector type is reviewed to ensure that their specific demographic make-up is not significantly different (worse) than the pool's average demographics. Each program has its own set of underwriting guidelines that has to be met as part of the assessment for membership into a program.
+ Economies of Scale &Administrative costs: There are administrative costs associated with managing each program, but when there is a large number of entities that participate, Alliant is able to negotiate the highest quality administrative and fixed cost components at the most competitive price. This has resulted in overall retention costs lower than the standard retail insurance markets can provide to single

employers. With volume purchasing, administrative and fixed costs can be decreased as the number of subscribers increases in a pool.

- Risk sharing: There are many flavors of risk sharing, but at a basic level, each program pools the claims costs together from all the member groups and spreads the cost evenly among all members to come up with the overall premium required for the entire pool. This approach leads to greater premium stability over the long term and allows for variations based on the pool's philosophy about what degree of risk sharing they want in the renewal methodology.
- Adverse Selection Management –Alliant has experience developing renewal methodologies that effectively account for split risk scenarios and ensures sustainable renewal increases across the product portfolio.
- Plan Flexibility for members of the Pool: Flexibility can mean many things, but we believe a best practice in pooled purchasing structure should allow for choice in either product or benefit design to allow members to customize their benefit offering to meet with specific needs of their members or financial budget. This type of flexibility can vary in degree depending on the philosophy of Pool's leadership team.

Financial Pool Management

Alliant's extensive experience with financial pool management is evident in the outstanding results that we have achieved for our pooled clients. Our underwriting team has a proven track record of consistently achieving below-market renewals for our pooled clients while maintaining fully-funded reserves and financial flexibility.

An example of Alliant's expertise & financial management of a large public entity risk pool:

PRISM Joint Purchasing Program

Established in 1979, PRISM (Public Risk Innovation, Solutions & Management) is a risk-sharing pool dedicated to controlling losses and providing effective risk management solutions. PRISM is a member-directed Joint Purchasing Authority serving California public agencies.

Alliant has worked as PRISM's consultant for over 30 years. Alliant's Public Entity Group is a separate division that provides Program Consulting, Underwriting and Management Services to PRISM and other JPAs and Pooled Purchasing Programs in California and other parts of the country.

Membership in PRISM Employee Benefit and Property & Casualty coverages includes 95% of California counties, 60% of cities, and numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities.

Employee Benefit Coverages Offered:

- Medical (PRISMHealth – 42 member groups – 36,000 employees covered)
- Dental (Delta Dental – 172 member groups – 91,000 covered)
- Vision (VSP/MES – 103 member groups – 41,000 covered)
    - Life & Disability (Voya/Lincoln – 123 member groups – 82,000 covered)
    - EAP (MHN & Anthem EAP – 130 member groups – 47,000 covered)
    - Voluntary Benefits

Alliant's scope of work for PRISM includes:

- Create, build, and negotiate wholesale insurance programs
- Attend and provide support for PRISM Program Committees and Board meetings
- Provide Program-level services including underwriting, new member application review and recommendations, vendor management, new member marketing and proposal generation and implementation, reporting
- Provide individual Program member support including ACA, COVID-19 and other compliance services, benchmarking, claims resolution, bargaining unit meetings, employee communications

PRISMHealth Overview

PRISMHealth was established in 2003 by 4 counties covering 4,000 employees. Alliant has worked with PRISM to increase membership in 2020 to 42 public entities representing over 36,000 employees and retirees.

- PRISMHealth offers both self-funded PPO and insured HMO Medical plans to Counties, Cities and Special Districts
- PRISMHealth carriers include Anthem Blue Cross, Blue Shield, Kaiser and Express Scripts.
- Member entities with more than 200 employees may contract for unique HMO, EPO, PPO, and HDHP plan designs. Smaller employers are offered a menu of pre-determined options.
- Plan design alternatives and pricing options may be requested from underwriting at each large group member's discretion.
- PRISMHealth participates in a combined risk pool of over 300,000 members
- PRISM signed a risk-sharing agreement with SISC (Self Insured Schools of California) in 2006 (partnership was coordinated and managed by Alliant)
- This agreement lowered fixed costs and margin requirements while covering more than 400 agencies in 40 counties and 300,000 members
- Second largest purchasing coalition in the state of California after CalPERS
- This partnership has created:
- Greater volume for lower cost or wholesale pricing
- Financial stability through fully funded reserves
- Renewals that have consistently been below market trend

PRISMHealth Underwriting and Initial Rate Setting

Each new member joins the Program at unique rates based on their unique demographics and any available claims experience

Each member group joining PRISMHealth agrees to a 3 year initial contract term. Member groups are guaranteed to receive an annual renewal increase based on the collective experience of the entire program for a specified period of time.

PRISMHealth Renewal Rating Methodology

PRISMHealth is underwritten and renewed as a single risk pool. The claim experience of all member groups is pooled and risk is shared equally among all the membership.

PRISMHealth's renewal rating methodology uses a loss-allocation methodology to ensure that over time member groups are insulated from larger-than average annual changes in rates while paying rates aligned with their unique claims experience.

Rates for member groups with claims costs significantly better or worse than the pool average will increase a little more or a little less than the pool's rates. This methodology guarantees fairness in rate development and encourages long-term participation in the Program.

PRISM Health Renewal History

Below is the PRISMHealth pool annual renewal rate change history since 2010:

PRISM Health Renewal History	
Plan Year	**PRISMHealth**
2010	3.10%
2011	11.80%
2012	6.40%
2013	3.80%
2014	2.87%
2015	8.02%
2016	9.10%
2017	2.40%
2018	3.61%
2019	3.97%
2020	2.83%
AVERAGE	**5.55%**

County of Santa Barbara – 3,500 Employees

Challenge:

- High cost medical area and high medical loss ratio of 141%.
- Need to identify high risk individuals and lower the incidence of chronic disease and illness in employer population.

Solution:

- Instituted two On-Site Health Clinics accessible to all employees eligible for the County's Health plans.
- Employees utilizing the clinic must complete a Health Risk Assessment and Biometric Screening.
- In 24 months the Employee Health Clinic has cumulatively identified 1,147 High Risk patients and are actively managing them.
- Date has shown a reduction in Cholesterol, Blood Pressure and BMI for High risk patients.
- Approximately $1,251,602 has not been passed on to medical claims experience due to utilization of clinics instead of local providers and labs.
- Employees have saved approx. $184,000 on co-pays/lab work and spend less time away from work to visit a doctor.

Santa Ana USD – 5,000 Employees

- Educated insurance committee on market trends, funding alternatives, pooled purchasing options, wellness initiatives and voluntary benefit strategies
- Reviewed claims experience and utilization
- Conducted comprehensive medical marketing, including pooled purchasing alternatives
- Evaluated alternative funding options, including pharmacy carve-out
- Transitioned to self-funded pharmacy carve-out program

- Negotiated nearly $800k in savings on the medical renewal
- Provided nearly $2million in savings in overall program renewal, including plan and funding changes
- Implemented wellness program, including onsite biometric screenings with incentives

State of Montana - 14,000 Employees/Retirees

- TPA/network bid
  - Alliant awarded consulting contract in 2015
  - Completed comprehensive TPA and provider network bid with analysis in less than 45 days.
  - Coordinated all efforts through state procurement department
  - Results enabled MT to proceed with initiating the move reference based pricing platform (the nation's first state to do so)
  - Financial savings yielded from Based Pricing is in excess of **$20M**
- PBM bid
  - Educated and led scoring committee in development and evaluation of RFP and responses
  - Objective analysis and consultative expertise throughout bidding and evaluation process
  - Comprehensive project management support throughout bidding and evaluation process.
  - PBM savings have exceeded $**3M / year** with total Rx trend averaging less than **3% over 3+ years** (not including rebates and copay assistance/coupon program results)
- Data warehouse bid
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- Ongoing assistance with data analytics
  - Reporting package development
  - Ad-hoc data analysis
  - Vendor impact result tracking/monitoring
- Onsite/Near Site Health Centers bid
  - Provided initial consultative support and introduction to market solutions available
  - Comprehensive Clinic RFP for potential replacement of the State's 6 existing Health Centers
  - Scoring Committee Assistance / Subject Matter Expertise
  - Bid awarded for 1/1/21 and implementation underway

Case Study #1 – 10,500 Employees

Challenge:

- High cost medical area and high medical loss ratio of 141% negatively impacting employees
- Need to identify high risk individuals and lower the incidence of chronic disease and illness in employer population

Solution:

- Instituted two On-Site Health Clinics accessible to all employees eligible for the Client's Health plans. Employees utilizing the clinic must complete a Health Risk Assessment and Biometric Screening
- In 24 months the Employee Health Clinic has cumulatively identified 3,147 High Risk patients and are actively managing them. Date has shown a reduction in Cholesterol, Blood Pressure and BMI for High risk patients
- Approximately $3,251,602 has not been passed on to medical claims experience due to utilization of clinics instead of local providers and labs
- Employees have saved approx. $684,000 on co-pays/lab work and spend less time away from work to visit a doctor

Case Study #2 – 4,250 Employees

- Medical Resident population of approx. 4,250 employees on 5 separate insured benefit programs; varying Benefit Designs for Medical, Dental, Vision
- Insured Renewal premium for 6 Medical Centers = **$52.5M**
- Consolidated Benefit design for all lines of coverage, and transitioned the groups to one self-insured program for Medical, Dental, Vision for 7/1/2018 effective date
- Self-insured projected savings of **$2M** (3.8%) relative to their negotiated fully insured renewals
- First year renewal under self-insured model: **2.5%**
- Second year renewal: **2.4% HMO; -2% PPO**
- **Financial Surplus of $7.4 million after 12 months**
    - Premium Collected: $50.4M
    - Claims, Admin, SL: $40M
    - Reserves: $2.9M
- ***Actual Savings compared to Fully Insured Premium for 2018 plan year: $9.6M or 18.2%***

Case Study #3 (PBM Audit) 47,000 Employees

A large University System client was working with an integrated medical carrier PBM with a "Traditional" PBM Contract. Data discrepancies were discovered during the Underwriting of the renewal and PBM was not meeting some of its minimum discount guarantees.

- For 2018:
    - Around 25,000 claims defined by Auditor as brand, and by medical carrier as generic.
    - Showing large rebate discrepancies
- For 2019:

- Commercial claim count was off by 45,000 claims (BUCA reporting vs claim files); including shifting of brand and generic claims resulting in significantly more generic claims with BUCA.
- Significant difference in rebate claim counts; particularly specialty rebates

Alliant brought in a 3rd party to conduct a PBM Audit and found that PBM was changing definitions of Drugs so that they could pay out less in rebates while still meeting their minimum rebate guarantees per drug outlined in contract. ***Result: PBM was required to pay $16M to client for owed drug rebates.***