



MAY 5TH, 2017

Annual Performance Review | 2017

US Engineering



Agenda

- I. CBIZ Account Management Team
- II. Prior Plan Year Review
 - a) Summary of Current Programs & Renewal Dates
 - b) 2017 Renewal Review
- III. Financial Performance
 - a) Financial Overview
- IV. Plan Performance
- V. Strategic Plan
 - a) Innovations & Considerations
 - b) 3 Year Strategic Plan
 - c) Timeline
 - d) Wellbeing Overview
- VI. Benchmarking and Trend Information
- VII. Compliance and ACA Review
- VIII. Exhibits
 - a) Current Plan Summaries
 - b) Historic Renewal Action
 - c) Millennial Benchmarking Report
 - d) BlueCross Cost Containment Option



SECTION ONE

1

CBIZ Account Management Team

CBIZ Account Management Team

OVERALL RELATIONSHIP MANAGEMENT

Greg Callahan

Consultant and Team Lead

Phone: 816.945.5198

Email: gcallahan@cbiz.com

- Proactive client satisfaction level
- Identify client objectives
- Responsible for strategy development
- Contractual and renewal negotiations
- Marshal resources and client relationship management

Polly Thomas

President

Phone: 816.945.5509

Email: pthomas@cbiz.com

ACCOUNT COORDINATION

Ellen Woltkamp

Account Executive

Phone: 816.945.5163

Email: ewoltkamp@cbiz.com

- Responsible for overseeing the performance of the account management team
- Executing the strategy set by the employer and consulting team members,
- Reviewing financial and utilization data
- Assisting in renewal and contractual negotiations
- Regulatory compliance consulting and issue resolution
- Assisting in and monitoring day-to-day client service issues
- Oversee administration process
- Assist with communication strategy
- Regulatory compliance assistance
- Development of open enrollment material/employee communications
- Follow up with carrier on administrative issues
- Develop bid specifications and market comparisons
- Assist in resolving billing and claim issues

Katarina Pretz

Client Service Representative

Phone: 816.841.4035

Email: kpretz@cbiz.com

- Assist in development of employee communications and presentations
- Employee claims assistance
- Generate benchmarking and claims reports
- Carrier and Vendor RFP analysis and proof
- Backup of day-to-day service and general administrative issues

Judy Wood

Sr. Client Claims Representative

Phone: 816.945.5212

Email: jwood@cbiz.com

- Responsible for providing claim resolution for escalated claim issues
- Medicare Secondary payor issues
- CMS audits in a HIPAA compliant format



WELLBEING AND POPULATION HEALTH MANAGEMENT SOLUTIONS

Lacey McCourt
Wellbeing Consultant
Email: lmccourt@cbiz.com

- Incentive design
- Gap analysis and culture assessment
- Vendor partnership
- Industry best practices
- Compliance with federal regulations governing corporate wellness programs

Erin Eason
National Onsite Clinic Consultant
Email: eeason@cbiz.com

- Lead national practice dedicated to all components and steps of evaluating through implementing employer-sponsored health and wellbeing solutions for employers.
- Provide general clinical consulting services to employers and organizations with existing clinic services, identifying opportunities for improvement.

EMPLOYEE BENEFITS REGULATORY AFFAIRS

Karen R. McLeese, Esq.
Vice President—Employee Benefits
Regulatory Affairs

- In-house counsel for employee benefits and insurance laws
- Writes and distributes *For Your Benefit Book*, *At Issue*, *Benefit Beat* and *Health Reform Bulletin*
- Reviews and interprets federal and state laws and regulations impacting employee benefits

PHARMACY

Mike Zucarelli, Pharm D
National Pharmacy Director

- Provides analysis and support for all Rx and PBM questions and projects
- Pharmacy plan evaluation, procurement, contract review, and implementation of pharmacy benefit management for self-insured plan sponsors
- Leverage PBM and carrier relationships to advocate vendor accountability and best practices on the client's behalf

ACTUARIAL

Dave Rubadue
National Director of Healthcare
Actuarial Services

- Responsible for helping mitigate actuarial costs
- Specializes in Premium Rate and Reserve Adequacy Development, Reserve and Contingency Fund Assessments
- Leads the National Actuarial Practice

Dave Coleman
Financial Analyst
Phone: 816.945.5225
Email: dcoleman@cbiz.com

- Setting funding reserves and projecting trend
- Migration Studies
- Data/claims analysis
- Forecasting and modeling of claims data
- COBRA Rate Setting





SECTION TWO

2

Prior Plan Year Review



Summary of Current Programs & Renewal Dates

Line of Coverage	Carrier	Renewal Date
Group Medical <ul style="list-style-type: none"> ▪ PPO ▪ QHDHP 	BlueCross BlueShield of Kansas City	January 1, 2018
Group Dental	Delta Dental of MO	January 1, 2018
Group Life/AD&D	Hartford	January 1, 2019
Voluntary Life/AD&D	Hartford	January 1, 2019
Group Long Term Disability	Hartford	January 1, 2019
Voluntary STD, Accident and CI	Assurant/ Sun Life	Ongoing
Voluntary Vision	Superior Vision	January 1, 2018
Section 125/COBRA	CBIZ	January 1, 2018
Wellness Portal	GO365	July 1, 2017
Online Benefits Portal/ACA Tracking	Cool Creek	Ongoing
Employee Assistance Program	New Directions	Ongoing



Healthcare Costs for US Engineering

Line of Coverage	2016 Cost To US Engineering Annually	Notes
BlueCross Blue Shield of Kansas City	\$1,100,750	2016 Fixed Costs and Claims Paid (Less Employee Contribution)
Delta Dental of Missouri	\$158,212	Includes only US Engineering contribution
Hartford Life/AD&D/LTD	\$48,593	
CBIZ Flex	\$3,393	
CBIZ COBRA	\$1,872	
Employer Funded HSA Dollars	\$99,750	
GO365	\$25,000	Estimated number varies per month based on incentives redeemed. \$10,000 of cost paid out of BCBS Wellness Fund which is already reflected.
Cool Creek	\$4,848	\$2.00 PEPM
Workterra ACA Reporting	\$10,000	
EAP Effective November 11/1/2016	\$4,424	
CBIZ Consulting Agreement	\$11,000	Consulting agreement for \$55,000 annually plus additional \$8,000 at risk compensation. CBIZ received \$30,636 in additional indirect compensation and \$21,288 in regular compensation from BCBSKC.
Total US Engineering Healthcare Costs	\$1,467,842	

*Paid in 2017 for 2016

Voluntary Products Offered

Vision
Short Term Disability
Critical Illness
Accident
Life/AD&D

Paid By Employee



Summary of 2017 Renewals

Medical Renewal	<ul style="list-style-type: none"> ▪ Initial BlueCross renewal: <ul style="list-style-type: none"> • 3% increase to fixed costs <ul style="list-style-type: none"> ○ 2% increase to admin fees ○ 2% increase to network access fees ○ (96%) decrease in ACA taxes and fees • 18% Increase to pooling premium. • 0% increase to maximum claim liability. ▪ The pooling contract must mature to 24/12 ▪ The 2017 suggested funding (max and fixed costs) was (-8.2%) decrease. ▪ BlueCross increased wellness fund from \$10,000 to \$15,000 ▪ Contributions: <ul style="list-style-type: none"> • Employee contribution rates remained the same. • USE increased their contributions to employee's HSA's to \$600/\$1,000/\$1,700
Dental Renewal	<ul style="list-style-type: none"> ▪ Initial Delta Dental of Missouri renewal calculation called for 21.9% increase. ▪ Released renewal was negotiated to 9.9% ▪ Plans were marketed and there were competitive options. ▪ Final decision was to renew with Delta Dental with a final increase of 7.5% and no plan changes.
Vision Renewal	<ul style="list-style-type: none"> ▪ Vision plan was under rate guarantee until 2018.
Life/AD&D/LTD	<ul style="list-style-type: none"> ▪ The Cigna renewal was the first off of a 3-year rate guarantee. <ul style="list-style-type: none"> • Life increase was 26% • LTD increase was 30% ▪ Plans were marketed and competitive options were received. <ul style="list-style-type: none"> • Move Life/LTD plans to Hartford with a (-26%) decrease to current premium.
Voluntary Critical Illness, Accident and Cancer	<ul style="list-style-type: none"> ▪ Plans remained with Assurant/Sun Life with no changes.
Employee Assistance Program	<ul style="list-style-type: none"> ▪ Added employee assistance program effective 11/1/2016



SECTION THREE

3

Financial Performance

US Engineering
Medical Plan Cost Plus Financial Overview
 Plan Year January 1, 2017 through December 31, 2017

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Enrollment													
Employees ₁	184	183	183										183
Cobra	1												1
Total	185	183	183										184
Total Members	484	485	475										481

Claims													
QHDHP/HSA Plan													
Medical	\$ 50,502.51	\$ 61,258.73	\$ 49,714.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,475.85
Prescriptions	\$ 183.47	\$ 697.18	\$ 566.39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,447.04
Specific Reimbursements (\$100,000 Pooling Level)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Claims Paid Base Plan	\$ 50,685.98	\$ 61,955.91	\$ 50,281.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,922.89
Traditional PPO Plan													
Medical	\$ 22,924.11	\$ 64,207.75	\$ 22,873.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,004.93
Prescriptions	\$ 5,005.68	\$ 6,552.45	\$ 21,011.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,569.13
Specific Reimbursements (\$100,000 Pooling Level)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Claims Paid Buy-Up Plan	\$ 27,929.79	\$ 70,760.20	\$ 43,884.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,574.06
OTHER													
Medical Value Payments	\$ 446.39	\$ 409.79	\$ 406.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,262.84
Total Other All Plans	\$ 446.39	\$ 409.79	\$ 406.66	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,262.84
Total Claims Paid All Plans	\$ 79,062.16	\$ 133,125.90	\$ 94,571.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,759.79

Fixed Costs (Combined, Base and Buy-Up Plans)													
Administration Fees	\$ 13,082.14	\$ 12,998.04	\$ 13,054.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,134.90
Stop Loss Insurance Fee	\$ 20,132.02	\$ 20,002.36	\$ 20,089.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,224.18
Network Access Fees	\$ 6,440.00	\$ 6,405.00	\$ 6,405.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,250.00
Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Fees and Expenses (USE HSA Contribution)	\$ 11,300.00	\$ 11,300.00	\$ 11,300.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,900.00
ACA Fees and Taxes	\$ 1,089.00	\$ 1,091.25	\$ 1,068.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,249.00
Total Fixed Costs and Administrative Expenses	\$ 52,043.16	\$ 51,796.65	\$ 51,918.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,758.08

Total Plan Expenses (Fixed & Claims)	\$ 131,105.32	\$ 184,922.55	\$ 146,490.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 462,517.87
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Employer and Employee Funding₂													
Employee Funding	\$ 35,405.50	\$ 35,098.74	\$ 35,478.69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,982.93
Employer Funding	\$ 131,801.92	\$ 130,835.38	\$ 131,305.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,943.03
Cobra ₃	\$ 1,028.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,028.61
Total Assumed Funding	\$ 168,236.03	\$ 165,934.12	\$ 166,784.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,954.57
Funding Surplus/Deficit	\$ 37,130.71	\$ (18,988.43)	\$ 20,294.42	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,436.70
Plan Funding vs. Expenses Ratio	77.9%	111.4%	87.8%	%	%	%	%	%	%	%	%	%	92.3%

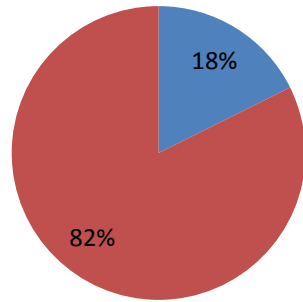
Maximum Claim Liability													
Maximum Claim	\$ 127,237.03	\$ 126,230.91	\$ 126,908.95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,376.89
Maximum Claim Loss Ratio	62%	105%	75%										81%
Accumulated Carry Forward (Surplus/Deficit)	\$ 48,174.87	\$ 41,279.88	\$ 73,617.10										\$ 48,174.87

Expected Claims	
YTD Expected Status	101%

₁Employee numbers are based on Cool Creek system reporting. Actual enrollment data may vary.
₂Employer and employee funding included fixed costs, plus BCBS Maximum claim liability.
₃COBRA funding is based on employee + employer funding described in footnote number 2 above. It does not include 2% administration fees as these are retained by the administrator.

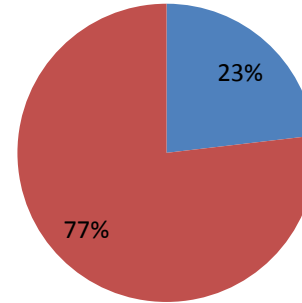
2017, Contribution Strategy Budget

■ Employee Contributions ■ Budgeted Contributions

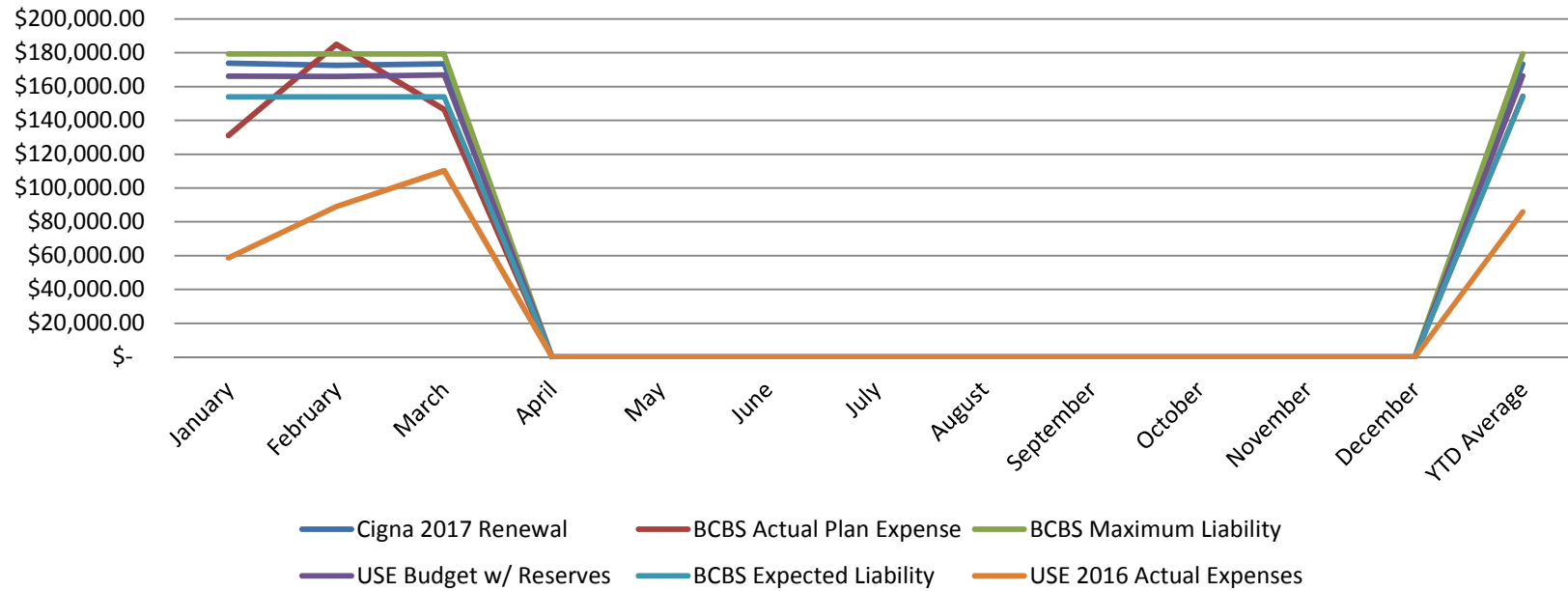


2017, Actual Contribution Allocation

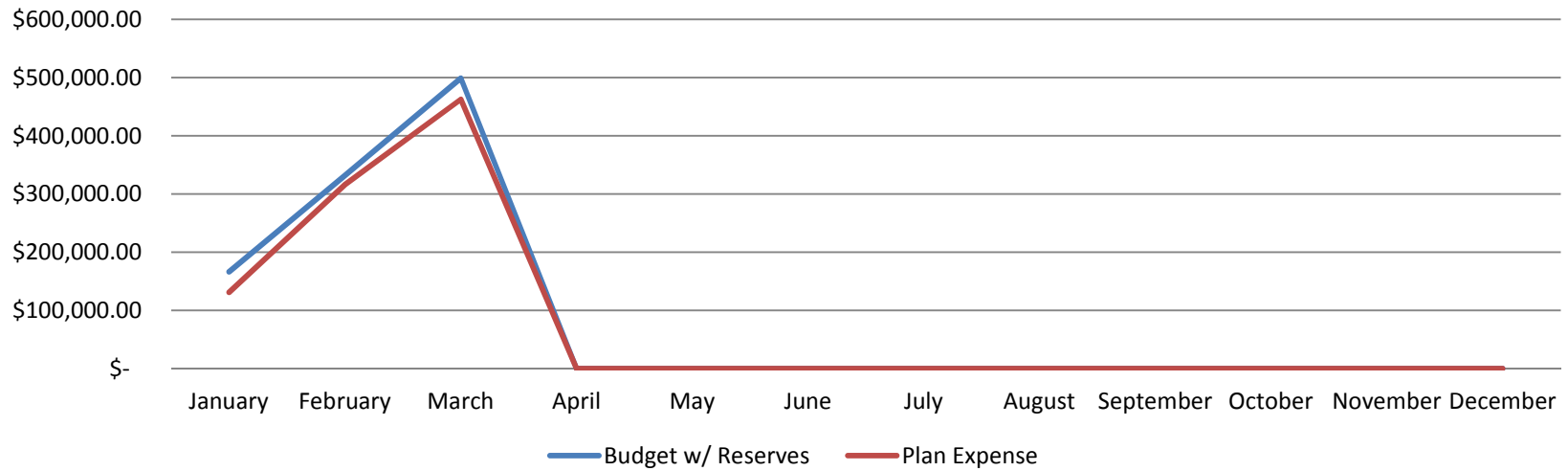
■ Employee Contributions ■ Net Plan Expense



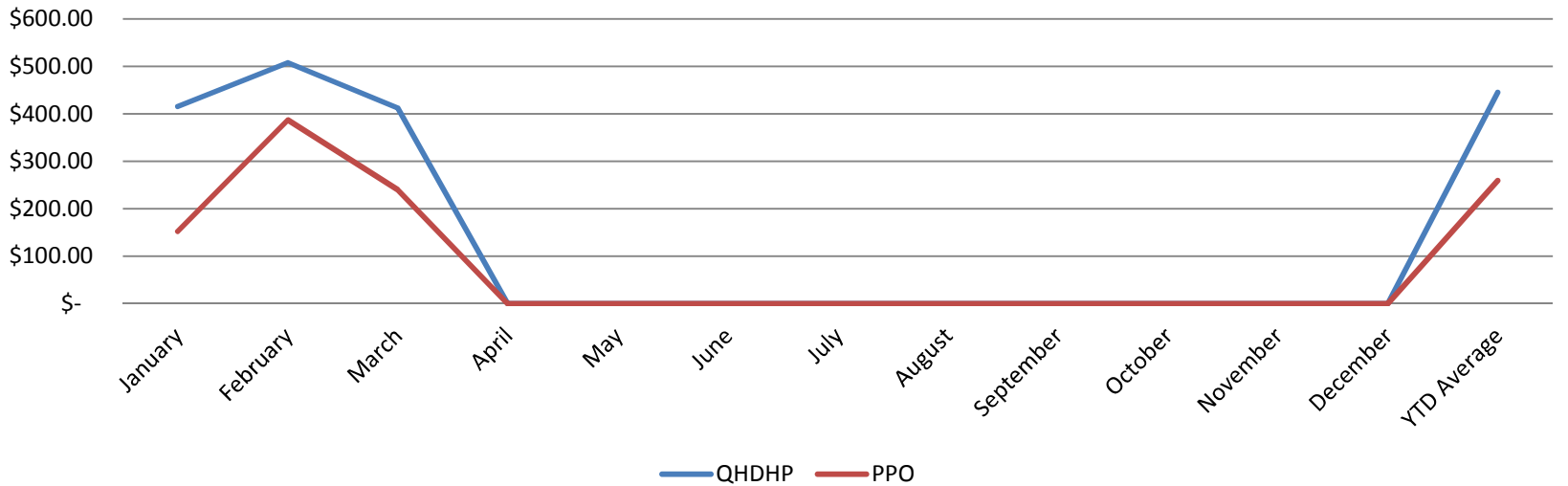
2017 Cost Plus vs. Fully Insured



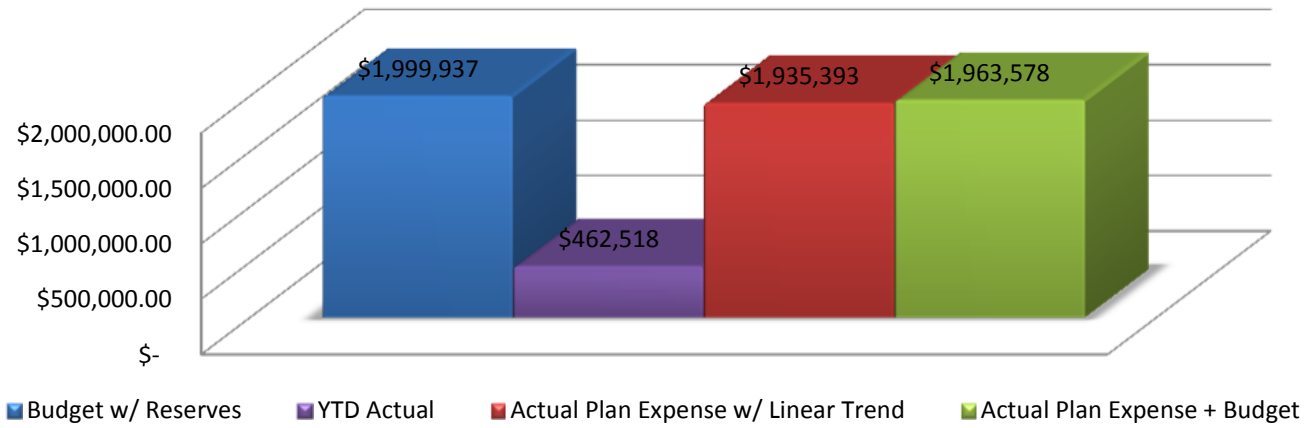
2017 YTD Accumulation



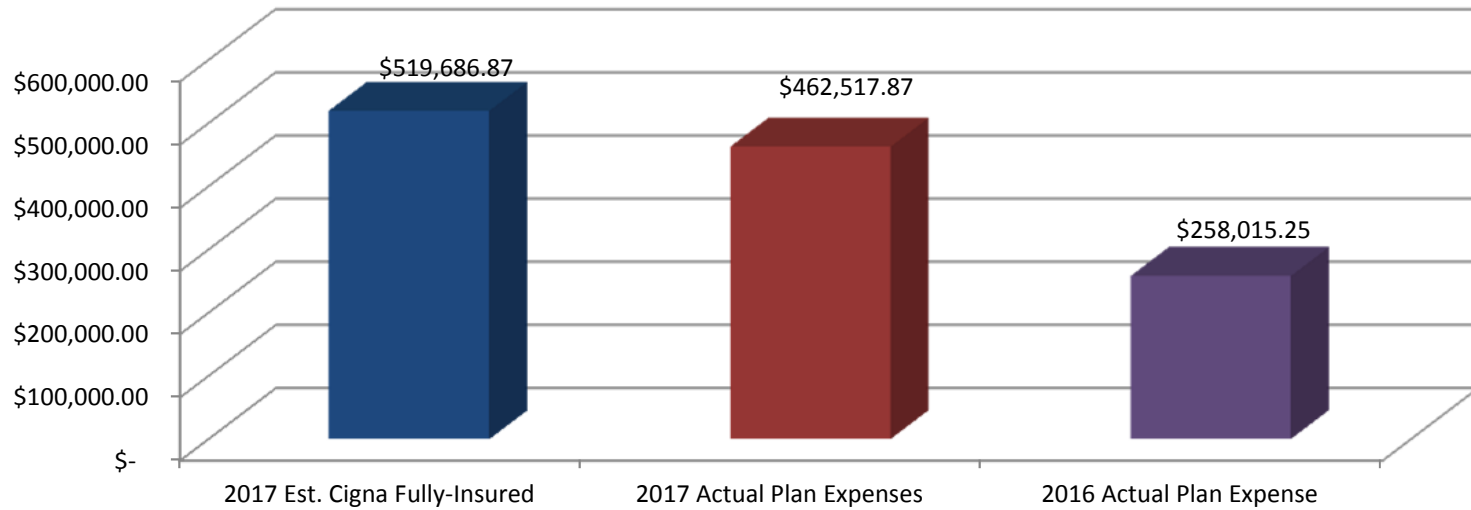
2017 Paid Claims PEPM by Plan Type



2017 Forecast Budget and Actual Expense



Alternative Funding v. Self-Insured



USE | 2017 Medical Financial History Comparison

	2016	2017 YTD	2017 Linear Projection	Linear Projection vs. 2016
Enrollment				
Average Monthly Employees	183	184	184	0.6%
Claims				
Medical Claims Paid	\$ 910,489	\$ 272,744	\$ 1,090,974	19.8%
Rx Claims Paid	\$ 135,621	\$ 34,016	\$ 136,065	0.3%
Reimbursements and Rebates - All Plans	\$ -	\$ -	\$ 0	#DIV/0!
Net Paid Claims	\$ 1,046,110	\$ 306,760	\$ 1,227,039	17.3%
Net Claims PEPY	\$ 5,709	\$ 1,664	\$ 6,657	16.6%
Fixed and Administrative Costs				
Administrative Fees	\$ 152,976	\$ 39,135	\$ 156,540	2.3%
Admin Fees PEPY	\$ 835	\$ 214	\$ 854	2.3%
Stop Loss Premium	\$ 203,912	\$ 60,224	\$ 240,897	18.1%
Stop Loss Premium PEPY	\$ 1,113	\$ 329	\$ 1,315	18.1%
ACA Fees and Taxes	\$ 23,795	\$ 3,249	\$ 12,996	-45.4%
ACA Fees PEPY	\$ 130	\$ 18	\$ 71	-45.4%
Network Access Fees	\$ 75,705	\$ 19,250	\$ 77,000	1.7%
Network Access Fees PEPY	\$ 413	\$ 105	\$ 420	1.7%
Total Fixed Costs	\$ 456,388	\$ 121,858	\$ 487,432	6.8%
Total Fixed Cost PEPY	\$ 2,491	\$ 661	\$ 2,660	6.8%
HSA Funding				
Employer Funding	\$ 99,750	\$ 33,900	\$ 135,600	35.9%
Funding PEPY	\$ 544	\$ 184	\$ 740	35.9%
Total Plan Cost				
Claims	\$ 1,046,110	\$ 306,760	\$ 1,227,039	17.3%
Fixed	\$ 456,388	\$ 121,858	\$ 487,432	6.8%
HSA Funding	\$ 99,750	\$ 33,900	\$ 135,600	35.9%
Total Expenses	\$ 1,602,248	\$ 462,518	\$ 1,850,071	15.5%
Total Expenses PEPY	\$ 8,744	\$ 2,509	\$ 10,037	14.8%
Funding				
Premium	\$ 2,233,100	\$ 500,955	\$ 2,003,818	-10.3%
Premium PEPY	\$ 12,186	\$ 2,718	\$ 10,935	-10.3%
Loss Ratio	72%	92%	92%	28.7%



US Engineering
Medical Plan Cost Plus Financial Overview
 Plan Year January 1, 2016 through December 31, 2016

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Enrollment													
Employees ₁	166	171	177	178	179	182	184	184	188	188	182	184	180
Cobra	2	2	3	3	3	3	2	2	4	4	4	4	3
Total	168	173	180	181	182	185	186	186	192	192	186	188	183
Total Members	437	456	470	472	474	475	479	486	488	483	482	488	474

Claims	January	February	March	April	May	June	July	August	September	October	November	December	YTD
QHDHP/HSA Plan													
Medical	\$ 1,209.51	\$ 10,012.30	\$ 19,188.00	\$ 20,101.61	\$ 18,401.59	\$ 50,253.77	\$ 102,145.68	\$ 79,079.84	\$ 37,321.90	\$ 27,607.64	\$ 14,174.33	\$ 29,014.66	\$ 408,510.83
Prescriptions	\$ 867.69	\$ 192.84	\$ 201.47	\$ 732.17	\$ 562.57	\$ 395.79	\$ 1,853.42	\$ 1,042.77	\$ 3,872.55	\$ 4,438.43	\$ 4,508.98	\$ 4,866.41	\$ 23,535.09
Specific Reimbursements (\$100,000 Pooling Level)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Claims Paid Base Plan	\$ 2,077.20	\$ 10,205.14	\$ 19,389.47	\$ 20,833.78	\$ 18,964.16	\$ 50,649.56	\$ 103,999.10	\$ 80,122.61	\$ 41,194.45	\$ 32,046.07	\$ 18,683.31	\$ 33,881.07	\$ 432,045.92
Traditional PPO Plan													
Medical	\$ 13,096.11	\$ 34,022.82	\$ 38,582.69	\$ 23,740.85	\$ 40,984.10	\$ 50,127.11	\$ 26,571.63	\$ 27,276.11	\$ 21,021.91	\$ 52,607.46	\$ 24,561.42	\$ 148,043.61	\$ 500,635.82
Prescriptions	\$ 7,630.01	\$ 8,114.57	\$ 14,170.55	\$ 11,105.91	\$ 9,521.57	\$ 7,038.85	\$ 9,158.28	\$ 11,130.80	\$ 8,860.27	\$ 8,911.79	\$ 8,859.01	\$ 7,584.01	\$ 112,085.62
Specific Reimbursements (\$100,000 Pooling Level)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Claims Paid Buy-Up Plan	\$ 20,726.12	\$ 42,137.39	\$ 52,753.24	\$ 34,846.76	\$ 50,505.67	\$ 57,165.96	\$ 35,729.91	\$ 38,406.91	\$ 29,882.18	\$ 61,519.25	\$ 33,420.43	\$ 155,627.62	\$ 612,721.44
OTHER													
Medical Value Payments	\$ -	\$ 6.00	\$ 6.00	\$ 15.00	\$ 58.00	\$ 57.00	\$ 57.50	\$ 134.39	\$ 218.80	\$ 244.50	\$ 255.14	\$ 290.28	\$ 1,342.61
Total Other All Plans	\$ -	\$ 6.00	\$ 6.00	\$ 15.00	\$ 58.00	\$ 57.00	\$ 57.50	\$ 134.39	\$ 218.80	\$ 244.50	\$ 255.14	\$ 290.28	\$ 1,342.61
Total Claims Paid All Plans	\$ 22,803.32	\$ 52,348.53	\$ 72,148.71	\$ 55,695.54	\$ 69,527.83	\$ 107,872.52	\$ 139,786.51	\$ 118,663.91	\$ 71,295.43	\$ 93,809.82	\$ 52,358.88	\$ 189,798.97	\$ 1,046,109.97

Fixed Costs (Combined, Base and Buy-Up Plans)	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Administration Fees	\$ 11,931.00	\$ 12,207.31	\$ 12,672.74	\$ 12,708.82	\$ 12,670.06	\$ 12,806.09	\$ 13,061.54	\$ 12,993.42	\$ 13,209.22	\$ 13,106.59	\$ 12,703.46	\$ 12,906.04	\$ 152,976.29
Stop Loss Insurance Fee	\$ 15,903.62	\$ 16,271.92	\$ 16,892.33	\$ 16,940.42	\$ 16,888.74	\$ 17,070.05	\$ 17,410.58	\$ 17,319.77	\$ 17,607.42	\$ 17,470.61	\$ 16,933.24	\$ 17,203.27	\$ 203,911.97
Network Access Fees	\$ 5,810.00	\$ 5,985.00	\$ 6,195.00	\$ 6,230.00	\$ 6,265.00	\$ 6,370.00	\$ 6,440.00	\$ 6,440.00	\$ 6,580.00	\$ 6,580.00	\$ 6,370.00	\$ 6,440.00	\$ 75,705.00
Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Fees and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ACA Fees and Taxes	\$ 2,207.23	\$ 2,279.92	\$ 2,358.62	\$ 2,366.94	\$ 2,368.07	\$ 2,383.55	\$ 2,417.81	\$ 2,428.27	\$ 1,268.00	\$ 1,258.14	\$ 1,219.44	\$ 1,238.89	\$ 23,794.88
Total Fixed Costs and Administrative Expenses	\$ 35,851.85	\$ 36,744.15	\$ 38,118.69	\$ 38,246.18	\$ 38,191.87	\$ 38,629.69	\$ 39,329.93	\$ 39,181.46	\$ 38,664.64	\$ 38,415.34	\$ 37,226.14	\$ 37,788.20	\$ 456,388.14

Total Plan Expenses (Fixed & Claims)	\$ 58,655.17	\$ 89,092.68	\$ 110,267.40	\$ 93,941.72	\$ 107,719.70	\$ 146,502.21	\$ 179,116.44	\$ 157,845.37	\$ 109,960.07	\$ 132,225.16	\$ 89,585.02	\$ 227,587.17	\$ 1,502,498.11
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Employer and Employee Funding ₂	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Employee Funding	\$ 32,333.82	\$ 32,833.75	\$ 33,197.02	\$ 33,197.02	\$ 33,014.97	\$ 33,345.52	\$ 34,839.09	\$ 34,165.47	\$ 34,569.82	\$ 33,967.83	\$ 32,642.74	\$ 33,641.31	\$ 401,748.36
Employer Funding	\$ 139,548.95	\$ 142,828.30	\$ 148,624.92	\$ 149,073.75	\$ 148,701.17	\$ 150,336.80	\$ 152,688.88	\$ 151,831.38	\$ 154,842.29	\$ 153,662.14	\$ 148,853.56	\$ 151,166.69	\$ 1,792,158.83
Cobra ₃	\$ 2,004.93	\$ 2,004.93	\$ 3,804.55	\$ 3,804.55	\$ 3,804.55	\$ 3,804.55	\$ 1,948.70	\$ 1,948.70	\$ 4,016.82	\$ 4,016.82	\$ 4,016.82	\$ 4,016.82	\$ 39,192.74
Total Assumed Funding	\$ 173,887.70	\$ 177,666.98	\$ 185,626.49	\$ 186,075.32	\$ 185,520.69	\$ 187,486.87	\$ 189,476.67	\$ 187,945.55	\$ 193,428.93	\$ 191,646.79	\$ 185,513.12	\$ 188,824.83	\$ 2,233,099.93
Funding Surplus/Deficit	\$ 115,232.53	\$ 88,574.30	\$ 75,359.09	\$ 92,133.60	\$ 77,800.99	\$ 40,984.66	\$ 10,360.23	\$ 30,100.18	\$ 83,468.86	\$ 59,421.63	\$ 95,928.10	\$ (38,762.34)	\$ 730,601.82
Plan Funding vs. Expenses Ratio	33.7%	50.1%	59.4%	50.5%	58.1%	78.1%	94.5%	84.0%	56.8%	69.0%	48.3%	120.5%	67.3%

Maximum Claim Liability	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Maximum Claim	\$ 120,430.62	\$ 123,038.30	\$ 127,211.70	\$ 127,511.79	\$ 127,123.85	\$ 128,503.22	\$ 131,265.83	\$ 130,080.54	\$ 132,499.30	\$ 131,188.29	\$ 126,822.90	\$ 129,224.25	\$ 1,534,900.59
Maximum Claim Loss Ratio	19%	43%	57%	44%	55%	84%	106%	91%	54%	72%	41%	147%	68%
Accumulated Carry Forward (Surplus/Deficit)	\$ 97,627.30	\$ 168,317.07	\$ 223,380.06	\$ 295,196.31	\$ 352,792.33	\$ 373,423.03	\$ 364,902.35	\$ 376,318.98	\$ 437,522.85	\$ 474,901.32	\$ 549,365.34	\$ 488,790.62	\$ 489,278.28

Expected Claims	YTD Expected Status
	85%

₁Employee numbers are based on Cool Creek system reporting. Actual enrollment data may vary.
₂Employer and employee funding included fixed costs, plus BCBS Maximum claim liability plus a reserve factor of circa \$168k.
₃COBRA funding is based on employee + employer funding described in footnote number 2 above. It does not include 2% administration fees as these are retained by the administrator.



SECTION FOUR

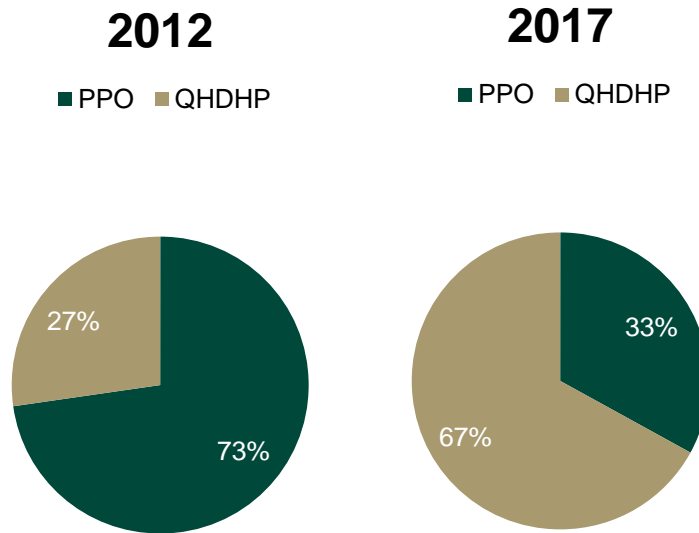
4

Plan Performance

Health Plan Enrollment Shift Summary

	2012	2013	2014	2015	2016 BCBSKC*	2017*
OAP PPO	104	74	66	61	66	61
QHDHP	39	79	97	98	113	123
Total	143	153	163	159	179	184
Percentage in Consumer Driven Plan	27%	51.6%	59.5%	61.6%	63%	67%
Premium/Cost PEPEY with Projections based on enrollment	\$10,937	\$10,102	\$9,715	\$11,008	\$12,171	\$11,061
HSA Contribution PEPEY based on QHDHP enrollment	\$399	\$837	\$643	\$847	\$853	\$1,100
Total	\$11,366	\$10,939	\$10,407	\$11,855	\$13,024	\$12,161

*Estimated based on year end 2016 funding (plus reserves)
 *Includes maximum claim liability only for 2017



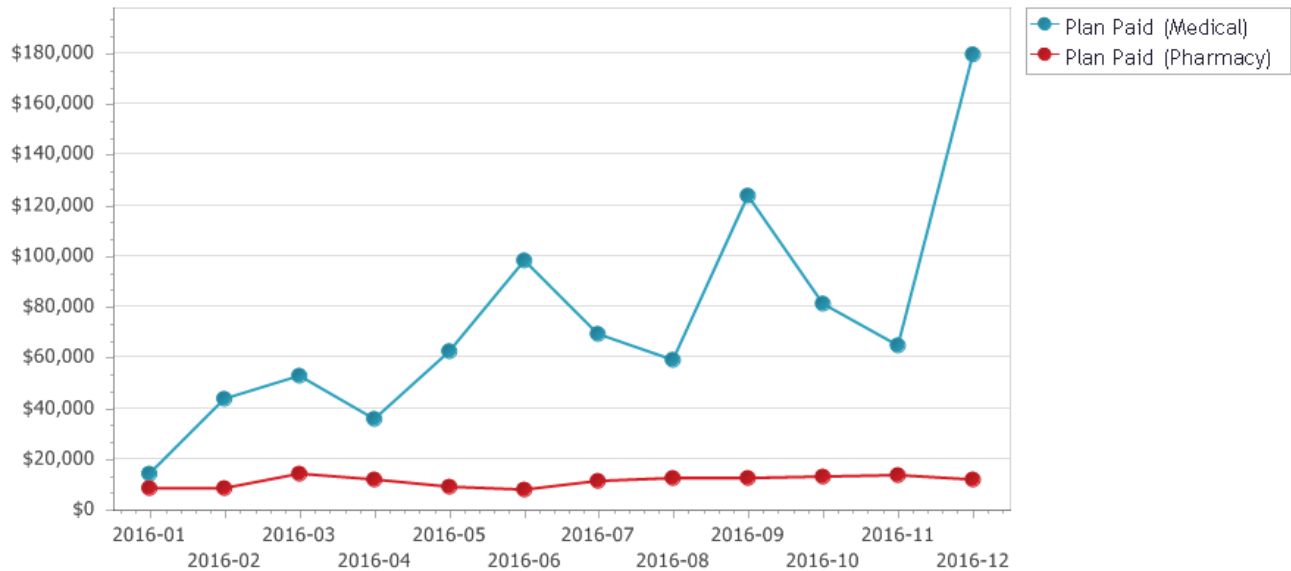
2017

- Enrollment shift increased participation in consumer driven plan option by 4% and a 6-year enrollment shift of 40%.
- The average projected PEPEY is projected to go down for 2017 as a result of the Cost Plus Funding arrangements where 2016 numbers were inflated slightly to account for reserves.



NavMD Report Summary

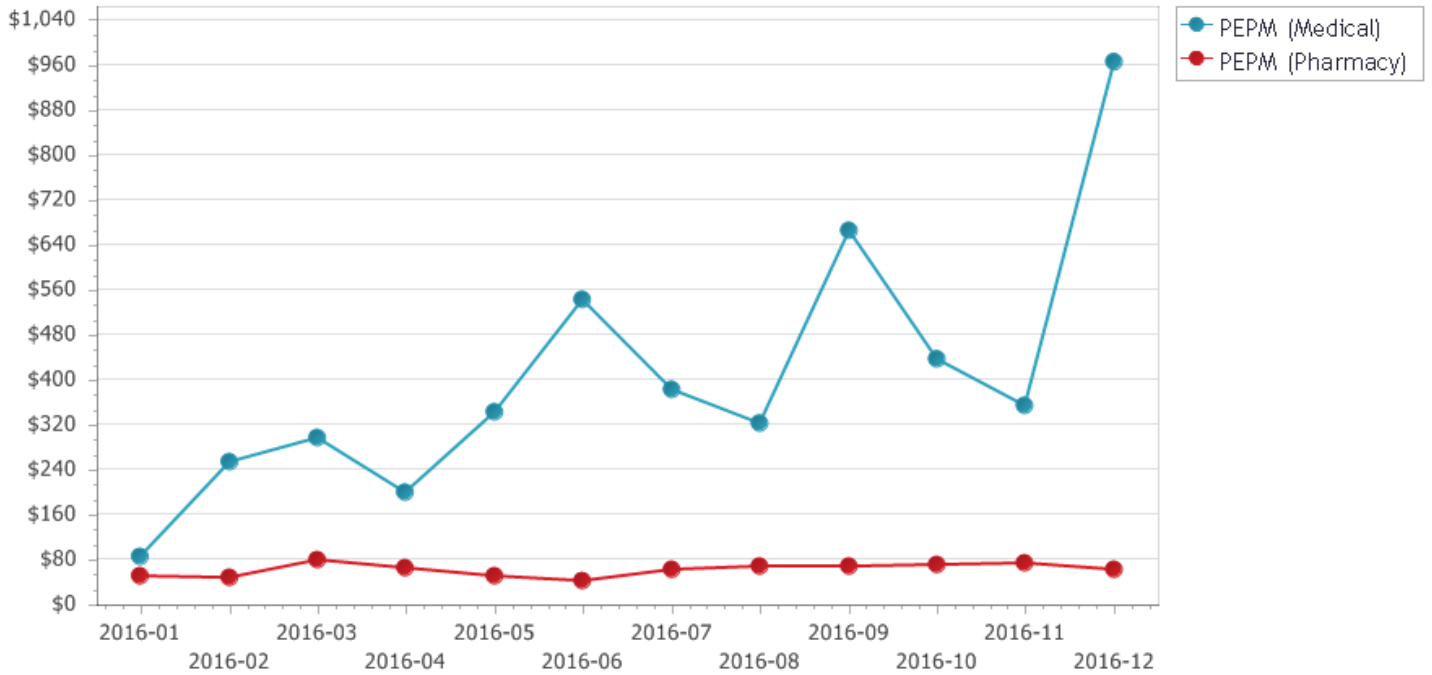
Aggregate Report (Paid)



MONTH PAID	# OF ENROLLED MEMBERS	# OF ENROLLED EMPLOYEES	# OF ENROLLED DEPENDENTS	PLAN PAID (PHARMACY)	PLAN PAID (MEDICAL)	MEMBER PAID (PHARMACY)	MEMBER PAID (MEDICAL)	# OF CLAIM SERVICE LINES
2016-01	444	167	277	\$8,403.46	\$14,305.62	\$7,564.16	\$3,632.97	391
2016-02	456	172	284	\$8,384.09	\$43,836.14	\$12,107.08	\$37,952.48	942
2016-03	471	178	293	\$14,298.88	\$52,800.50	\$9,516.40	\$28,965.18	834
2016-04	472	179	293	\$11,648.04	\$35,678.09	\$9,498.58	\$27,249.76	1,005
2016-05	475	181	294	\$9,222.64	\$62,221.79	\$9,474.42	\$31,676.61	1,180
2016-06	472	181	291	\$7,842.12	\$98,094.22	\$6,774.16	\$38,103.27	1,020
2016-07	480	181	299	\$11,488.90	\$69,508.49	\$10,845.88	\$20,423.78	987
2016-08	485	183	302	\$12,484.64	\$58,946.97	\$9,640.52	\$28,960.98	1,086
2016-09	488	186	302	\$12,722.26	\$123,590.36	\$7,840.76	\$14,637.70	921
2016-10	485	186	299	\$13,232.94	\$81,092.14	\$9,228.50	\$23,083.34	1,142
2016-11	482	184	298	\$13,495.83	\$65,026.00	\$7,384.00	\$22,319.49	886
2016-12	488	186	302	\$11,905.93	\$179,669.85	\$7,644.20	\$19,293.10	1,249
	526	202	324	\$135,129.73	\$884,770.17	\$107,518.66	\$296,298.66	11,643



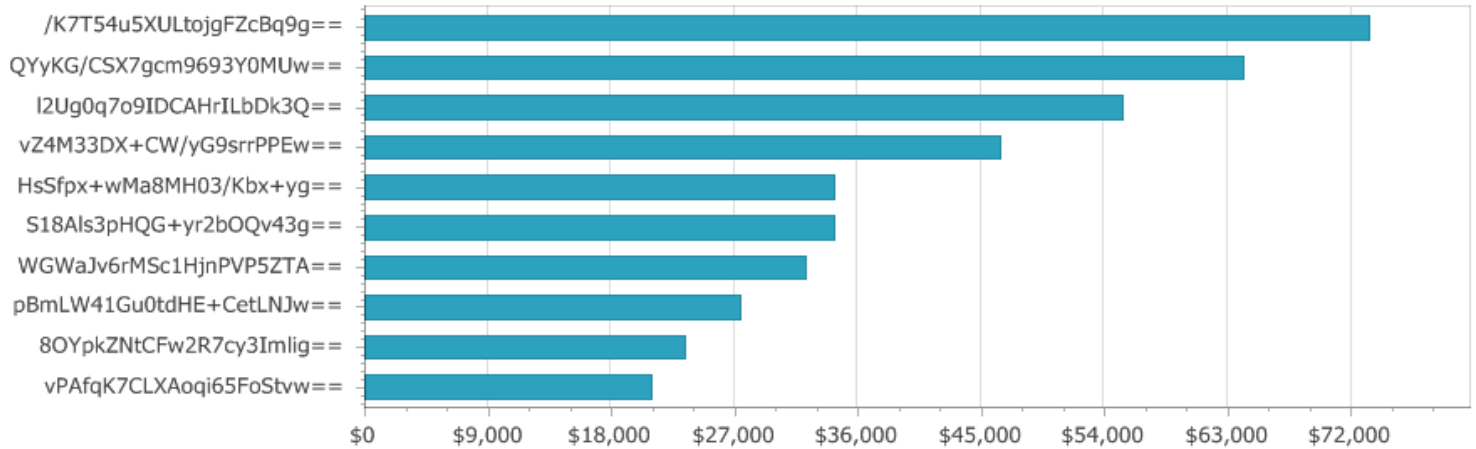
Aggregate Report Paid Analysis (PEPM/PMPM)



MONTH PAID	# OF ENROLLED MEMBERS	# OF ENROLLED EMPLOYEES	# OF ENROLLED DEPENDENTS	# OF CLAIM SERVICE LINES	PEPM (PHARMACY)	PEPM (MEDICAL)	PMPM (PHARMACY)	PMPM (MEDICAL)
2016-01	444	167	277	391	\$50.33	\$85.68	\$18.98	\$32.30
2016-02	456	172	284	942	\$48.74	\$254.86	\$18.41	\$96.24
2016-03	471	178	293	834	\$80.63	\$297.75	\$30.40	\$112.26
2016-04	472	179	293	1,005	\$65.07	\$199.32	\$24.68	\$75.59
2016-05	475	181	294	1,180	\$50.95	\$343.77	\$19.45	\$131.23
2016-06	472	181	291	1,020	\$43.33	\$541.96	\$16.61	\$207.83
2016-07	480	181	299	987	\$63.49	\$384.10	\$24.02	\$145.34
2016-08	485	183	302	1,086	\$68.22	\$322.11	\$25.74	\$121.54
2016-09	488	186	302	921	\$68.40	\$664.46	\$26.07	\$253.26
2016-10	485	186	299	1,142	\$71.53	\$438.34	\$27.40	\$167.88
2016-11	482	184	298	886	\$73.35	\$353.40	\$28.00	\$134.91
2016-12	488	186	302	1,249	\$64.01	\$965.97	\$24.40	\$368.18
	526	202	324	11,643				

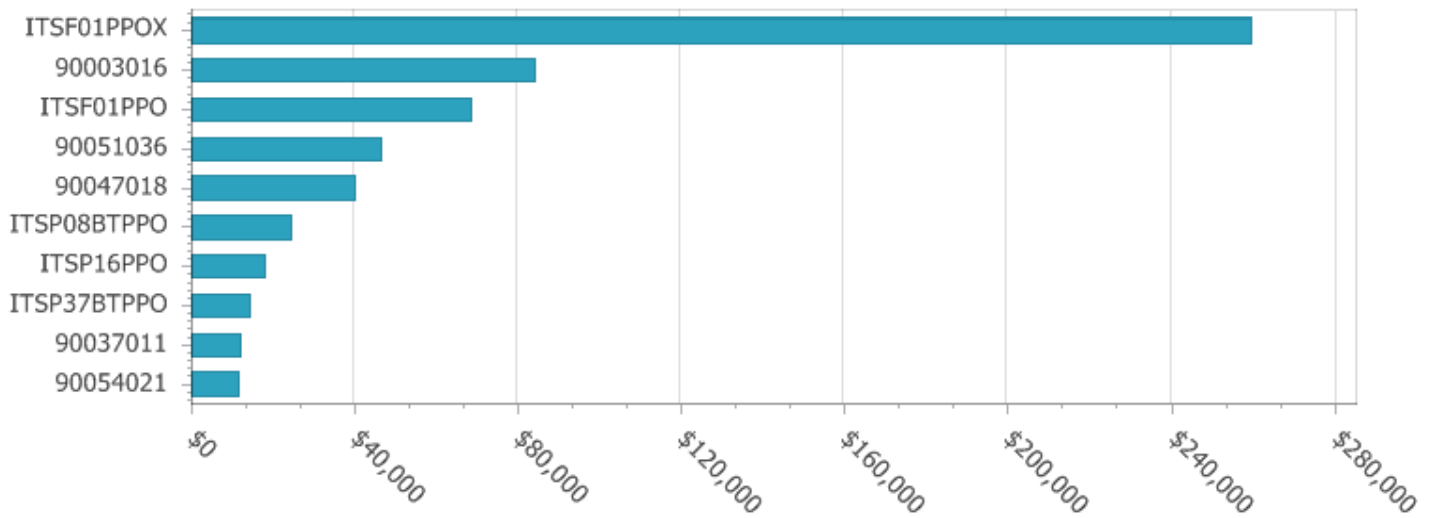


Top 10 Claimants



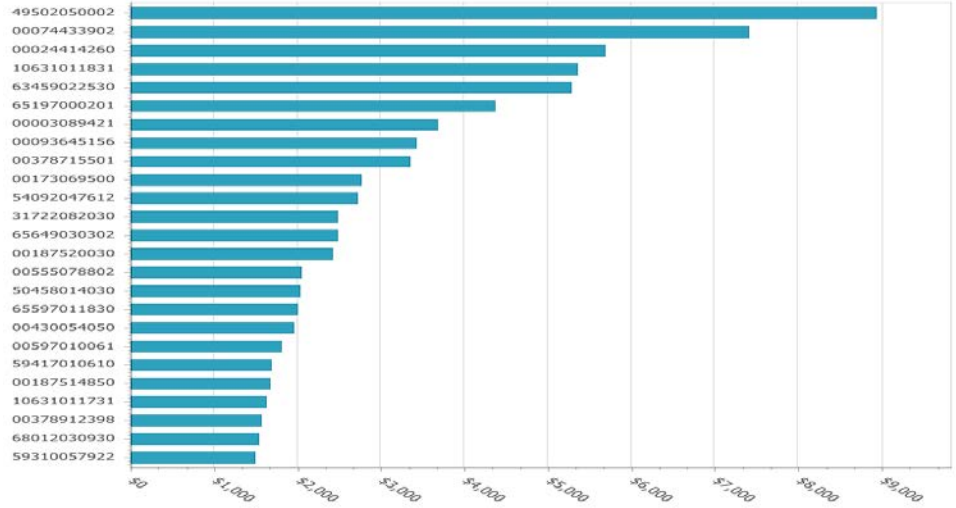
MEMBER ID	PLAN PAID	MEMBER PAID	% PLAN PAID OF TOTAL PLAN PAID	AGE	M/F	REL	TOP CONDITION
/K7T54u5XULtojgFzCq9g==	\$73,339.67	\$2,870.68	7.19%	63	M	SUBSCRIBER	Isch hrt dis, wo comp, w comorb, w CABG
QYyKG/CSX7gcm9693Y0MUw==	\$64,195.55	\$3,075.17	6.29%	26	M	SUBSCRIBER	Cong disorder CNS, wo comorb, wo surg
I2Ug0q7o9IDCAHrILbDk3Q==	\$55,336.89	\$4,680.20	5.43%	66	F	SUBSCRIBER	Jt degen -knee L/leg, wo comp, w comorb, w surg
vZ4M33DX+CW/yG9srrPPEw==	\$46,350.50	\$3,604.80	4.54%	22	F	DEPENDENT	Eating disorder
HsSfpx+wMa8MH03/Kbx+yg==	\$34,321.77	\$3,705.54	3.37%	57	M	SUBSCRIBER	Jt degen -knee L/leg, wo comp, wo comorb, w surg
S18Als3pHQG+yr2bOQv43g==	\$34,265.94	\$4,872.67	3.36%	32	F	SPOUSE	Jt degen -back, w comp, wo comorb, w surg
WGWaJv6rMSc1HjnPVP5ZTA==	\$32,173.23	\$7,405.32	3.15%	58	F	SPOUSE	Jt degen -neck, wo comp, wo comorb, w surg
pBmLW41Gu0tdHE+CetLNJw==	\$27,376.30	\$5,245.31	2.68%	63	F	SUBSCRIBER	Jt degen -back, w comp, w comorb, w surg
8OYpkZntCFw2R7cy3Imlig==	\$23,380.59	\$3,129.64	2.29%	30	F	SPOUSE	Pregnancy w delivery, w comp, wo comorb, w c-section
vPAfqK7CLXAoqi65FoStvw==	\$20,947.83	\$3,528.57	2.05%	42	F	SPOUSE	Pregnancy w delivery, w comp, wo comorb, w c-section
Remaining Members	\$608,211.63	\$361,699.42	59.63%				

Top 10 Providers



CODE	PROVIDER NAME	NETWORK CATEGORY	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	MEMBER PAID	# OF CLAIMS	# OF CLAIMANTS
ITSF01PPOX	ITS HOSPITAL NTWK ALT	No	\$259,308.78	29.31%	\$23,452.32	36	25
90003016	SHAWNEE MISSION MEDICAL CENTER	No	\$84,101.59	9.51%	\$3,757.22	14	10
ITSF01PPO	ITS HOSPITAL NTWK STD	No	\$68,530.69	7.75%	\$26,379.53	124	71
90051036	PROVIDENCE MEDICAL CENTER	No	\$46,208.85	5.22%	\$0.00	3	1
90047018	NORTH KANSAS CITY HOSPITAL	No	\$40,051.46	4.53%	\$1,462.25	12	6
ITSP08BTPO	ITS FAM PRAC	No	\$24,568.65	2.78%	\$8,889.15	208	91
ITSP16PPO	ITS OB/GYN	No	\$17,810.59	2.01%	\$6,476.91	60	23
ITSP37BTPO	ITS PED	No	\$14,070.89	1.59%	\$1,524.66	64	29
90037011	LIBERTY HOSPITAL	No	\$11,793.27	1.33%	\$407.33	4	4
90054021	RESEARCH MEDICAL CENTER	No	\$11,485.00	1.30%	\$0.00	1	1
Remaining Providers			\$306,840.40	34.68%	\$223,949.29	2,894	1,516

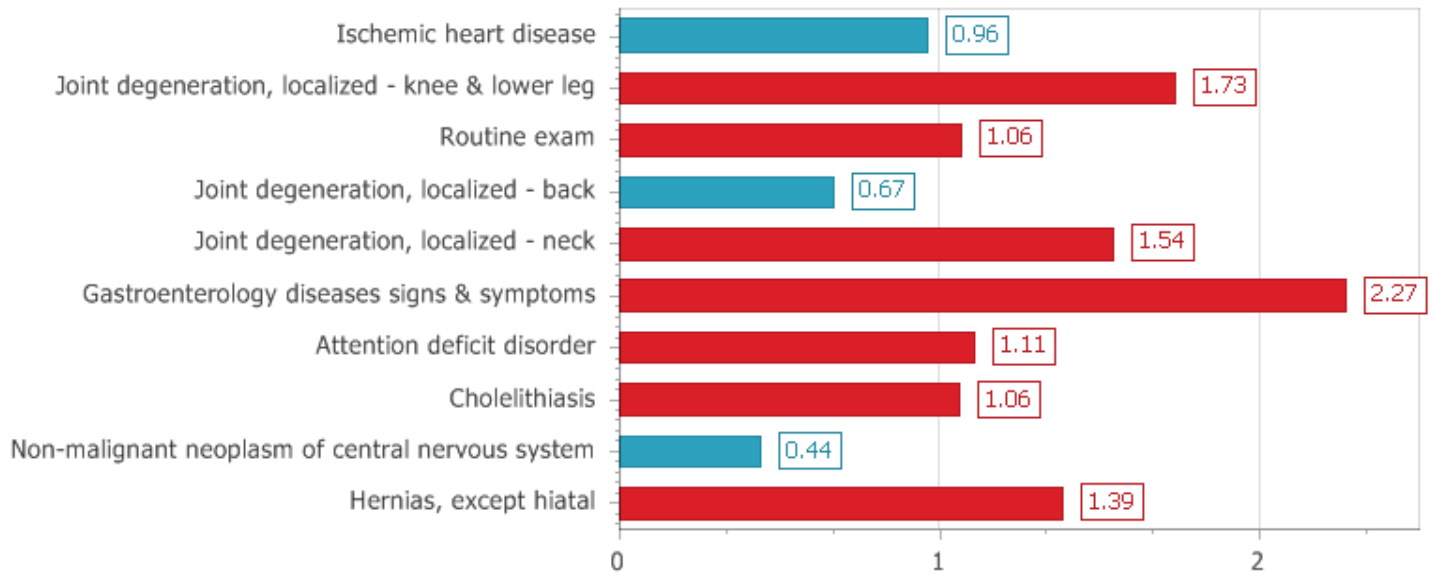
Top 25 NDC by Plan Paid



NDC DESCRIPTION (DRUG NAME)	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	MEMBER PAID	# OF CLAIMANTS	TOP CONDITION
EPIPEN	\$8,930.20	6.61%	\$440.00	6	Environmental trauma
Humira	\$7,393.05	5.47%	\$80.00	1	Inflam bowel disease, w comp, wo comorb, wo surg
Multaq	\$5,682.54	4.21%	\$960.00	1	Oth conduction disorder, wo comp, w comorb
Absorica	\$5,344.23	3.95%	\$2,102.26	1	Acne
Nuvigil	\$5,264.20	3.90%	\$800.00	1	unavailable
Dyrenium	\$4,361.23	3.23%	\$360.00	1	unavailable
ELIQUIS	\$3,673.21	2.72%	\$560.00	1	unavailable
Esomeprazole Magnesium	\$3,421.47	2.53%	\$280.00	1	Jt degen -back, wo comp, w comorb, wo surg
Budesonide	\$3,345.08	2.48%	\$15.00	1	unavailable
ADVAIR	\$2,749.08	2.03%	\$1,018.18	3	unavailable
Lialda	\$2,707.50	2.00%	\$120.00	1	Inflam bowel disease, w comp, wo comorb, wo surg
Aripiprazole	\$2,474.12	1.83%	\$180.00	2	Mood disorder, bipolar, wo comp, wo comorb
XIFAXAN	\$2,472.33	1.83%	\$160.00	2	Oth infect disease intest/abd, wo surg
Carac	\$2,408.51	1.78%	\$80.00	1	Non mal neo skin, w comp, wo surg
Dextroamphetamine Saccharate, Amphetamine Aspartate, Dextroamphetamine Sulfate, and Amphetamine Sulfate	\$2,042.56	1.51%	\$120.00	1	Attention deficit disorder, wo comp
INVOKANA	\$2,020.44	1.50%	\$240.00	1	Diabetes, wo comp, wo comorb, wo surg
Tribenzor	\$1,994.55	1.48%	\$880.00	1	unavailable
Minastrin 24 Fe	\$1,942.15	1.44%	\$0.00	1	unavailable
Spiriva Respimat	\$1,802.52	1.33%	\$920.84	1	unavailable
Vyvanse	\$1,681.40	1.24%	\$800.00	1	Attention deficit disorder, wo comp
Retin-A MICRO	\$1,657.08	1.23%	\$160.00	1	Acne
Absorica	\$1,622.23	1.20%	\$478.36	1	Acne
FENTANYL	\$1,564.68	1.16%	\$150.00	1	Jt degen -neck, wo comp, wo comorb, wo surg
Uceris	\$1,526.96	1.13%	\$80.00	1	Inflam bowel disease, w comp, wo comorb, wo surg
PROAIR	\$1,486.12	1.10%	\$1,832.20	26	Asthma, w comp, wo comorb
Remaining NDC Codes	\$55,562.29	41.12%	\$94,701.82	1,514	



Top 10 Conditions: Benchmark Comparison

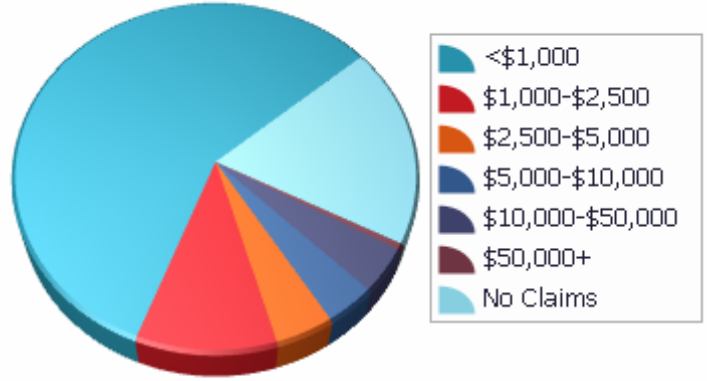
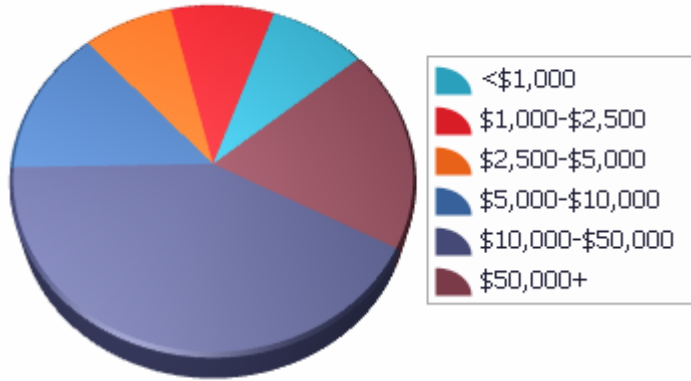


EPISODE	# CLAIMANTS	TOTAL PAID	BENCHMARK SCALE (1 = NORM)	\$ OVER OR UNDER (\$0 = NORM)
Ischemic heart disease	5	\$86,049.21	0.96	(\$3,243.47)
Joint degeneration, localized - knee & lower leg	9	\$79,775.03	1.73	\$33,791.38
Routine exam	212	\$60,153.45	1.06	\$3,629.09
Joint degeneration, localized - back	12	\$59,075.12	0.67	(\$29,260.53)
Joint degeneration, localized - neck	5	\$37,371.52	1.54	\$13,145.66
Gastroenterology diseases signs & symptoms	18	\$22,404.69	2.27	\$12,534.39
Attention deficit disorder	12	\$17,510.55	1.11	\$1,692.87
Cholelithiasis	3	\$16,445.26	1.06	\$933.37
Non-malignant neoplasm of central nervous system	1	\$16,315.12	0.44	(\$20,696.14)
Hernias, except hiatal	2	\$13,568.88	1.39	\$3,777.26
All Others	307	\$373,375.24	0.91	(\$37,386.07)
		\$782,044.07	1.03	(\$21,082.19)

Member Cost Ranges

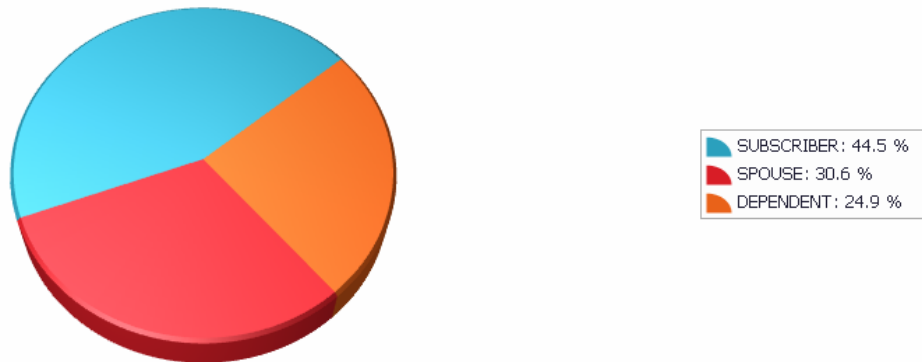
Company Cost

Member Count



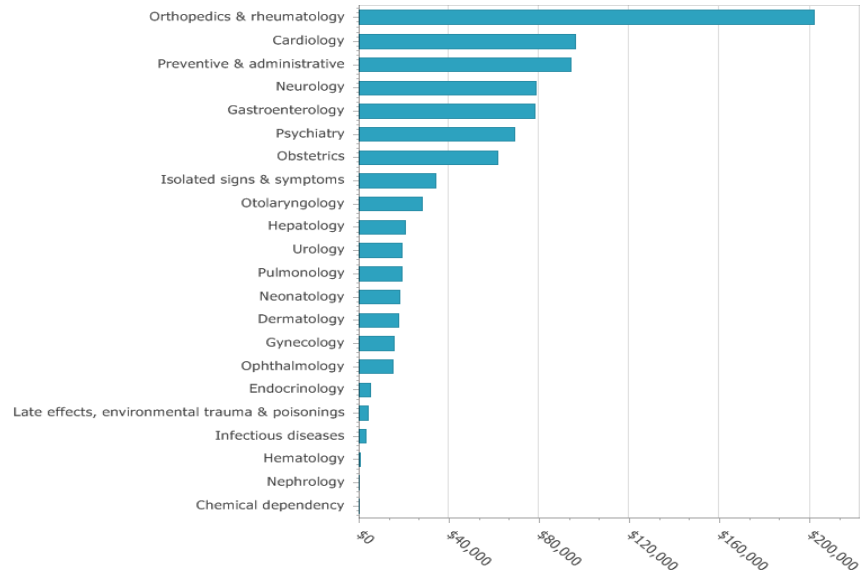
CLAIMANT COST RANGE	PLAN PAID	MEMBER PAID	% PLAN PAID OF TOTAL PLAN PAID	# OF ENROLLED MEMBERS	% MEMBERS OF ENROLLED MEMBERS
<\$1,000	\$87,068.32	\$172,517.66	8.54%	305	57.98%
\$1,000-\$2,500	\$92,247.27	\$63,013.81	9.04%	55	10.46%
\$2,500-\$5,000	\$80,901.09	\$35,319.77	7.93%	23	4.37%
\$5,000-\$10,000	\$139,513.00	\$44,248.12	13.68%	20	3.80%
\$10,000-\$50,000	\$427,298.11	\$78,091.91	41.90%	22	4.18%
\$50,000+	\$192,872.11	\$10,626.05	18.91%	3	0.57%
No Claims	\$0.00	\$0.00	0.00%	98	18.63%
	\$1,019,899.90	\$403,817.32		526	

Relationships



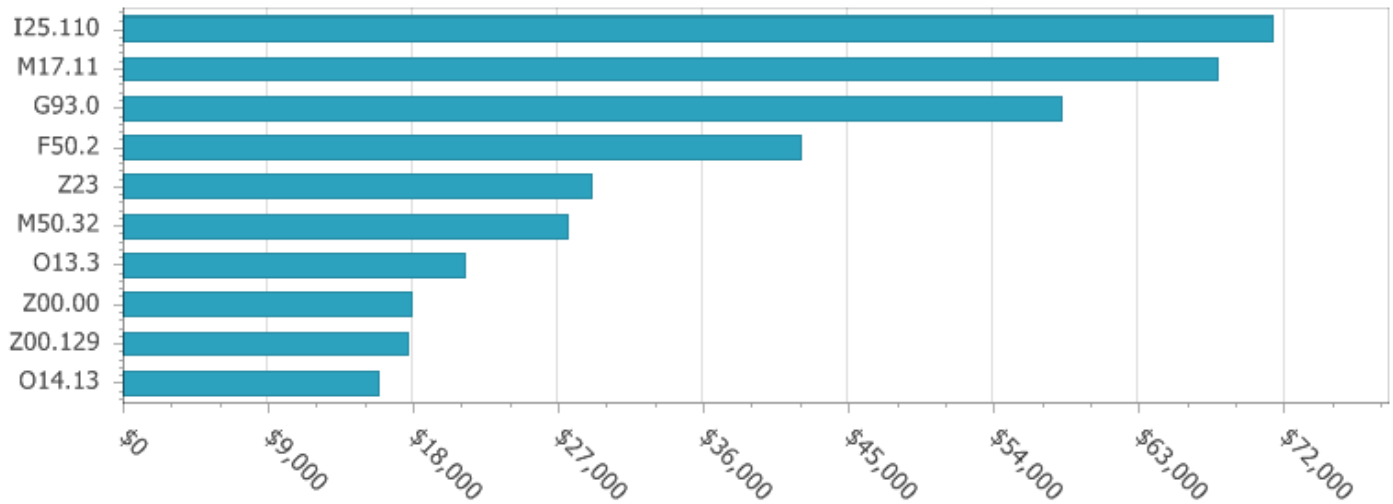
RELATIONSHIP	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	# OF CLAIMANTS	MEMBER PAID	PER MEMBER PER MONTH
SUBSCRIBER	\$454,343.64	44.55%	158	\$146,523.66	\$79.86
SPOUSE	\$312,097.43	30.60%	94	\$143,947.29	\$54.86
DEPENDENT	\$253,458.83	24.85%	176	\$113,346.37	\$44.55
	\$1,019,899.90		428	\$403,817.32	\$179.27

Diagnosis Categories



MAJOR DIAGNOSTIC CATEGORY	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	# OF CLAIMANTS	MEMBER PAID
Orthopedics & rheumatology	\$201,802.16	22.99%	113	\$66,439.85
Cardiology	\$95,895.93	10.93%	34	\$17,060.19
Preventive & administrative	\$94,057.63	10.72%	256	\$4,657.03
Neurology	\$78,415.73	8.93%	29	\$10,187.86
Gastroenterology	\$78,160.35	8.91%	54	\$18,487.87
Psychiatry	\$69,067.46	7.87%	46	\$19,647.42
Obstetrics	\$61,285.28	6.98%	11	\$22,024.33
Isolated signs & symptoms	\$34,101.01	3.89%	149	\$10,650.49
Otolaryngology	\$27,998.96	3.19%	141	\$29,840.66
Hepatology	\$20,674.74	2.36%	9	\$7,317.61
Urology	\$19,011.17	2.17%	37	\$7,643.46
Pulmonology	\$18,991.03	2.16%	46	\$12,457.32
Neonatology	\$18,047.77	2.06%	8	\$611.32
Dermatology	\$17,374.60	1.98%	115	\$32,642.63
Gynecology	\$15,659.88	1.78%	28	\$9,929.59
Ophthalmology	\$14,767.00	1.68%	49	\$12,538.55
Endocrinology	\$4,849.84	0.55%	78	\$5,826.83
Late effects, environmental trauma & poisonings	\$3,970.68	0.45%	4	\$1,612.29
Infectious diseases	\$3,013.59	0.34%	7	\$498.05
Hematology	\$345.94	0.04%	6	\$415.51
Nephrology	\$113.38	0.01%	3	\$100.00
Chemical dependency	\$21.65	0.00%	1	\$0.00

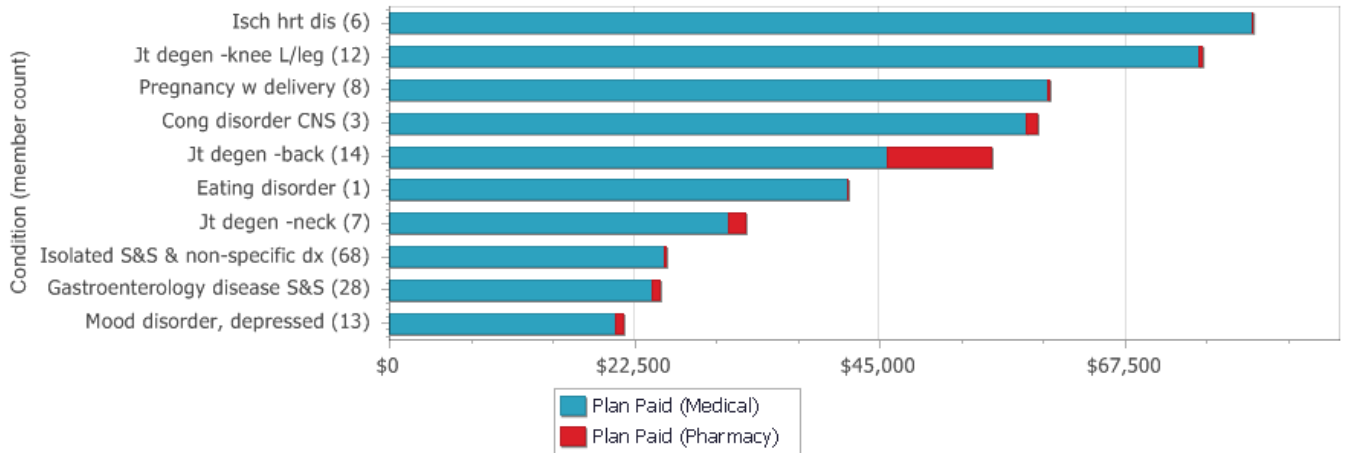
Top 10 Diagnosis



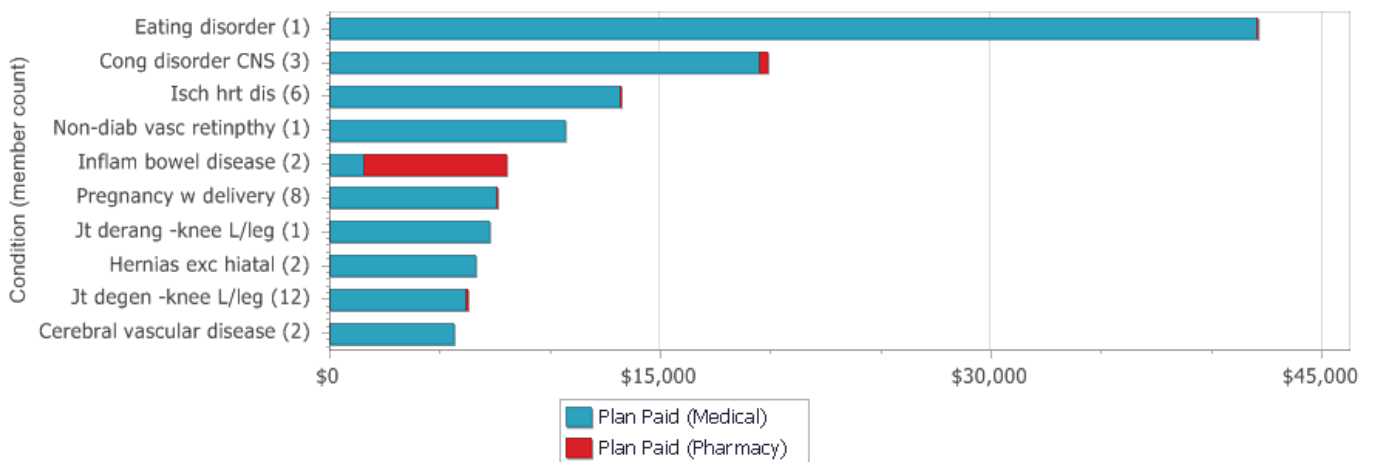
CODE	DIAGNOSIS	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	MEMBER PAID
I25.110	Athscl heart disease of native cor art w unstable ang pctrs	\$71,324.56	8.06%	\$0.00
M17.11	Unilateral primary osteoarthritis, right knee	\$67,915.36	7.68%	\$454.01
G93.0	Cerebral cysts	\$58,196.09	6.58%	\$0.00
F50.2	Bulimia nervosa	\$41,982.81	4.75%	\$2,958.66
Z23	Encounter for immunization	\$28,989.95	3.28%	\$160.86
M50.32	Other cervical disc degeneration, mid-cervical region	\$27,516.12	3.11%	\$0.00
O13.3	Gestational htn w/o significant proteinuria, third trimester	\$21,194.67	2.40%	\$2,032.95
Z00.00	Encntr for general adult medical exam w/o abnormal findings	\$17,904.99	2.02%	\$288.84
Z00.129	Encntr for routine child health exam w/o abnormal findings	\$17,623.19	1.99%	\$0.00
O14.13	Severe pre-eclampsia, third trimester	\$15,826.18	1.79%	\$1,477.82
Remaining Diagnoses		\$516,296.25	58.35%	\$288,925.52

Top 10 Conditions

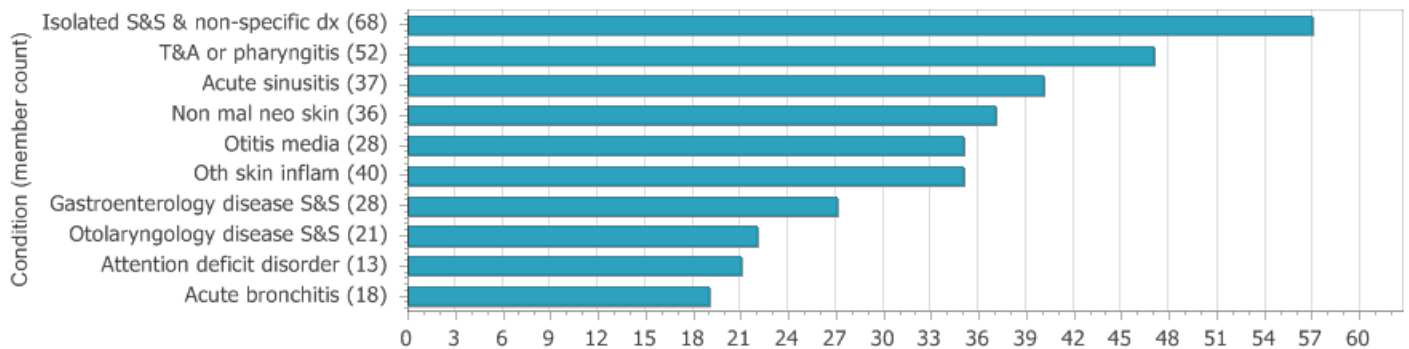
Top 10 Conditions By Total Paid



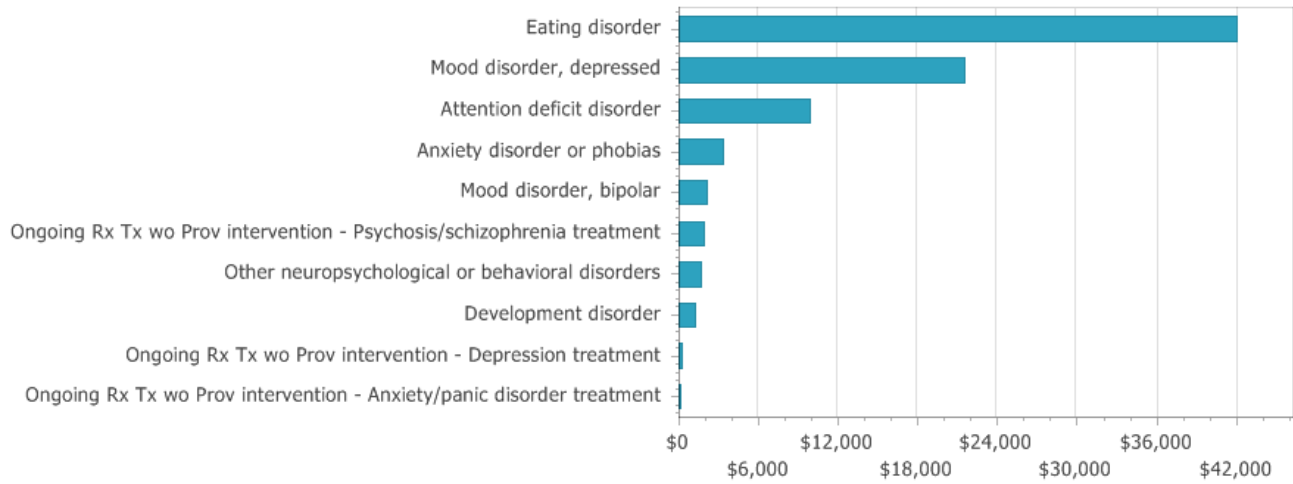
Top 10 Conditions By Average Plan Paid Per Member



Top 10 Conditions By Prevalence*

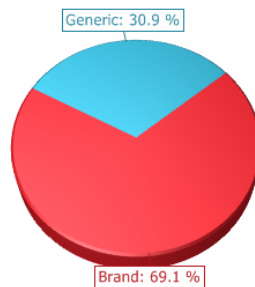


Top 10 Mental Health Conditions



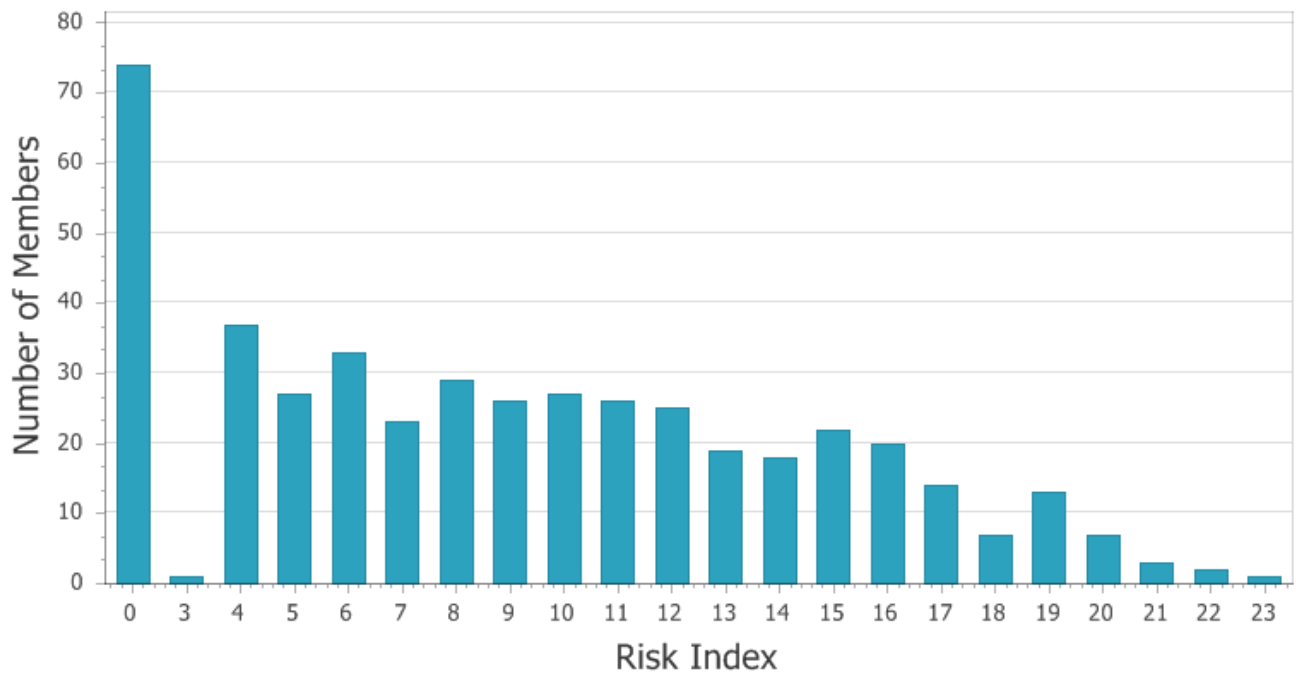
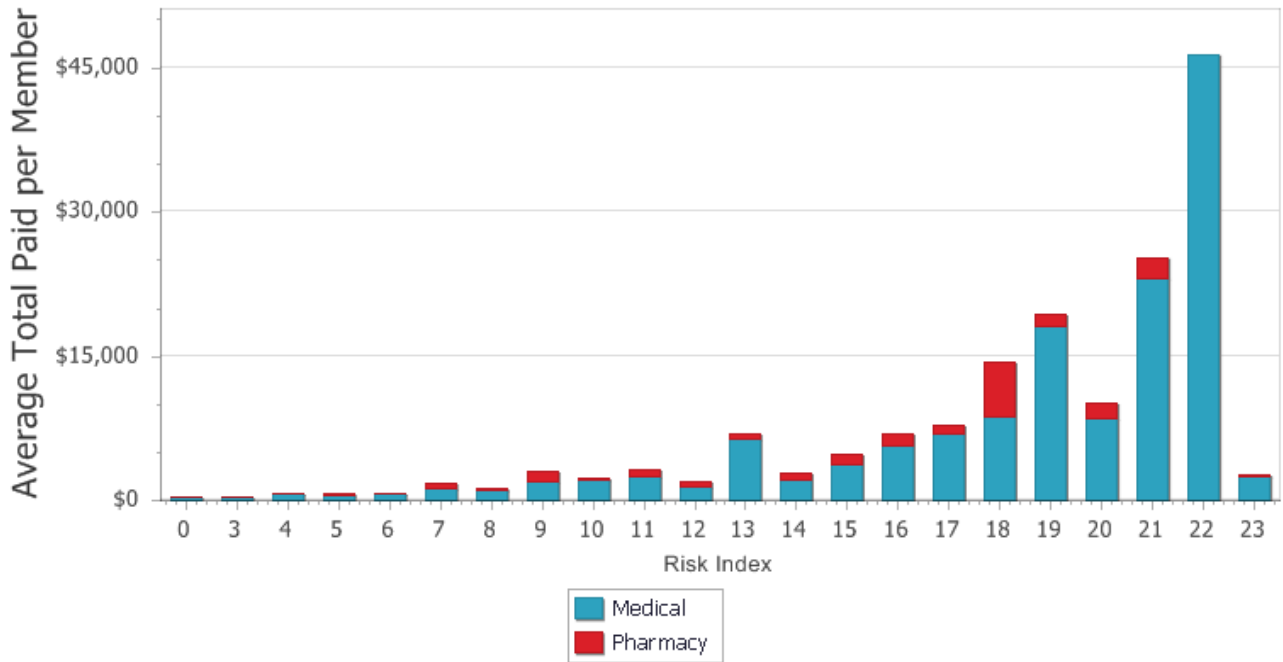
CONDITION	PLAN PAID	PLAN PAID (MEDICAL)	PLAN PAID (PHARMACY)	# OF CLAIMANTS
Eating disorder	\$42,047.38	\$42,036.12	\$11.26	1
Mood disorder, depressed	\$21,483.88	\$20,749.77	\$734.11	13
Attention deficit disorder	\$9,914.90	\$900.87	\$9,014.03	13
Anxiety disorder or phobias	\$3,289.14	\$2,647.54	\$641.60	10
Mood disorder, bipolar	\$2,131.68	\$571.82	\$1,559.86	2
Ongoing Rx Tx wo Prov intervention - Psychosis/schizophrenia treatment	\$1,911.85	\$0.00	\$1,911.85	2
Other neuropsychological or behavioral disorders	\$1,656.28	\$967.38	\$688.90	14
Development disorder	\$1,193.96	\$1,193.96	\$0.00	2
Ongoing Rx Tx wo Prov intervention - Depression treatment	\$268.89	\$0.00	\$268.89	25
Ongoing Rx Tx wo Prov intervention - Anxiety/panic disorder treatment	\$56.53	\$0.00	\$56.53	20
Remaining mental conditions	\$24.49	\$21.65	\$2.84	3

Drug Type



DRUG CLASSIFICATION	PLAN PAID	% PLAN PAID OF TOTAL PLAN PAID	MEMBER PAID	# OF CLAIMANTS	# OF CLAIM SERVICE LINES	PER EMPLOYEE PER MONTH
Generic	\$41,696.26	30.86%	\$58,228.36	304	3,376	\$19.29
Brand	\$93,433.47	69.14%	\$49,290.30	134	425	\$43.23
	\$135,129.73		\$107,518.66		3,801	\$62.52

Risk Index VS Total Paid





SECTION FIVE

5

Strategic Plan

Innovations and Considerations

Centers of Excellence

providing coverage for certain procedures only when doctors and facilities with **exceptional performance** records perform the service



High Performance Networks

normally smaller networks of providers with proven efficiencies

Result in lower premiums and better outcomes



Pharmacy Innovations

CBIZ' Pharmacy Consultants analyze the feasibility of achieving savings by contracting with purchasing coalitions



**IMPROVE
PRICE
TRANSPARENCY**

Referenced Based Pricing

outside of a traditional hospital network, high cost claims are negotiated by a cost management firm resulting in **substantial savings**



Decision-Support Technology

interactive "decision tree" responses to help participants narrow their choices based on their personal preferences



Healthcare and Hospital Collaborations

special provider contracting that exchanges deeper discounts for partnership with a high-quality hospital provider



3 Year Strategic Plan

GOALS	
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STRATEGY	2017	2018	2019
PLAN DESIGN & PERFORMANCE	<ul style="list-style-type: none"> ▪ Evaluate Self-Funded Dental Options ▪ Review Group Voluntary Products ▪ Evaluate Employer Paid STD Option ▪ Review Adding Life Lock 		
PRICING EFFICIENCY/ COST CONTAINMENT	<ul style="list-style-type: none"> ▪ Evaluate BlueCross Rx Options ▪ Review Blue Select Plus Network ▪ PCMH and BSP Education to Employees 	<ul style="list-style-type: none"> ▪ Implement PCMH Incentive 	<ul style="list-style-type: none"> ▪ Continued PCMH and BSP Education and Measurement
POPULATION HEALTH STATUS & WELLBEING PROGRAMMING	<ul style="list-style-type: none"> ▪ Build Continuity Between Colorado and Missouri Offices ▪ Evaluate HSA contribution tied to Wellness ▪ Tie Wellness incentive to silver status ▪ Increase Engagement in Vitality ▪ Increase EE Wellness Incentive ▪ Implement a Financial Wellbeing strategy 		
POLICIES AND PROCEDURES	<ul style="list-style-type: none"> ▪ Wrap Document Review and Completion ▪ Compliance Checklist Review 		
COMMUNICATION/ OPEN ENROLLMENT	<ul style="list-style-type: none"> ▪ Evaluate Alternative Ben Admin Options ▪ Evaluate additional ACA Reporting tools ▪ Engagement in Healthcare Consumerism Tools (Rx Savings and Telemedicine) 		

CLIENT STRUCTURE	<ul style="list-style-type: none"> ▪ Organization Changes ▪ New Locations ▪ Leadership Changes ▪ Other
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USE COMPANY SERVICE TIMELINE 2017

MONTH	ACTIVITIES / DELIVERABLES	RESPONSIBLE
January	<ul style="list-style-type: none"> ▪ Post Renewal/Carrier Transition Tasks ▪ Monthly Financial Overview 	CBIZ/USE/Carriers CBIZ
February	<ul style="list-style-type: none"> ▪ Carrier Document Delivery ▪ Document Delivery ▪ Monthly Financial Overview 	BCBSKC CBIZ CBIZ
March	<ul style="list-style-type: none"> ▪ Document Review ▪ Monthly Financial Overview 	CBIZ CBIZ
April	<ul style="list-style-type: none"> ▪ Quarterly Claims Dashboard ▪ Monthly Financial Overview 	CBIZ/USE CBIZ
May	<ul style="list-style-type: none"> ▪ Annual Performance Summary Review / Benchmarking / Timeline ▪ 5500 Preparation ▪ Issue Ben Admin RFP ▪ Monthly Financial Overview 	CBIZ/USE CBIZ CBIZ/USE CBIZ
June	<ul style="list-style-type: none"> ▪ Ben Admin Review, Final Decisions, and Begin Migration Process ▪ Compliance Checklist and Updated Contract and Admin Process Review ▪ Finalize G0365 Renewal and Communication ▪ Monthly Financial Overview 	CBIZ/USE CBIZ/USE CBIZ/G0365 CBIZ
July	<ul style="list-style-type: none"> ▪ Renewal Planning (projections, funding options, communications, technology) ▪ Quarterly Claims Analysis ▪ Develop RFP (if applicable) ▪ Monthly Financial Overview 	CBIZ/USE CBIZ/USE CBIZ CBIZ
August	<ul style="list-style-type: none"> ▪ Issue RFP (if applicable) ▪ Blue Cross Renewal Delivery ▪ Monthly Financial Overview 	CBIZ CBIZ/BCBSKC CBIZ
September	<ul style="list-style-type: none"> ▪ Renewal Presentation/RFP Results ▪ Monthly Financial Overview 	CBIZ/USE CBIZ
October	<ul style="list-style-type: none"> ▪ Renewal Decisions (Additional Option Evaluation) ▪ Contribution Strategies and Calculations ▪ Open Enrollment/Communication Strategy Implementation (drafts, etc.) ▪ Implementation and Renewal Document Review ▪ Quarterly Claims Utilization Analysis ▪ Monthly Financial Overview 	USE CBIZ/USE CBIZ/USE/Carriers CBIZ/USE CBIZ/USE CBIZ
November	<ul style="list-style-type: none"> ▪ Open Enrollment ▪ Monthly Financial Overview 	CBIZ/USE/Carriers CBIZ
December	<ul style="list-style-type: none"> ▪ Enrollment elections finalized with carriers ▪ Monthly Financial Overview 	CBIZ/USE/Carriers CBIZ
As Needed/ Ongoing	<ul style="list-style-type: none"> ▪ Regulatory Updates “Benefit Beat” and Healthcare Reform Bulletins ▪ Time Sensitive Communication “At Issue” ▪ Client Service Support ▪ Claim Resolution Support ▪ Billing & Eligibility Errors ▪ Wellness Newsletters ▪ Monthly Compliance Calls 	CBIZ

CBIZ Ongoing Performance Metrics - 2017

CBIZ is currently receiving a combination of direct commission dollars and indirect compensation from BlueCross BlueShield of Kansas City. The total amount received from Blue Cross is approximately \$52,000. CBIZ also has an ongoing agreement with US Engineering for which \$8,000 additional dollars are available for compensation contingent on achieving the agreed upon performance metrics for the 2017 plan year.

CBIZ Direct Compensation	CBIZ Indirect Compensation	Total Projected 2017 Annual CBIZ Compensation
\$1, 774 Flat Monthly	2% Override	\$52,000
\$21,000 Annually (approximate)	\$31,000 Annually (approximate)	

CBIZ Performance Metrics	2017 Status
Monthly Delivery of Financial Overview	Ongoing
Review and Implement Alternative Ben Admin Solutions	Ongoing
Assist in the Application of the Edington CBIZ Next Practice Award	Ongoing
24 Hour Response Time for Email and Phone Calls	Ongoing

CBIZ Historical Performance Metrics – 2014-2016

CBIZ and USE previously agreed on a \$55,000 annual service fee, of which \$8,000 of CBIZ Compensation is contingent on performance objectives completed by CBIZ within the first 12 month period of the agreement and ongoing.

2016 CBIZ Performance Metrics	Status
Deliver Monthly Financial Dashboard	Achieved
Review and Market Disability Plans	Achieved
Assist in the application process for Healthiest Employer	Achieved
24 hour response time for email and phone calls	Achieved

2015 CBIZ Performance Metrics	Status
Early Renewal Delivery/Market Medical Plan	Achieved
Deliver quarterly claims dashboard	Achieved
Implement Vitality Wellness Program	Achieved
24 hour response time for email and phone calls	Achieved

2014 CBIZ Performance Metrics	Status
24 hour response time for email and phone calls Annual fee for service	Achieved
CBIZ provides a three year strategy and first tasks are implemented	Achieved
CBIZ develops an employee incentive structure for the next three years that will increase employee engagement	Achieved

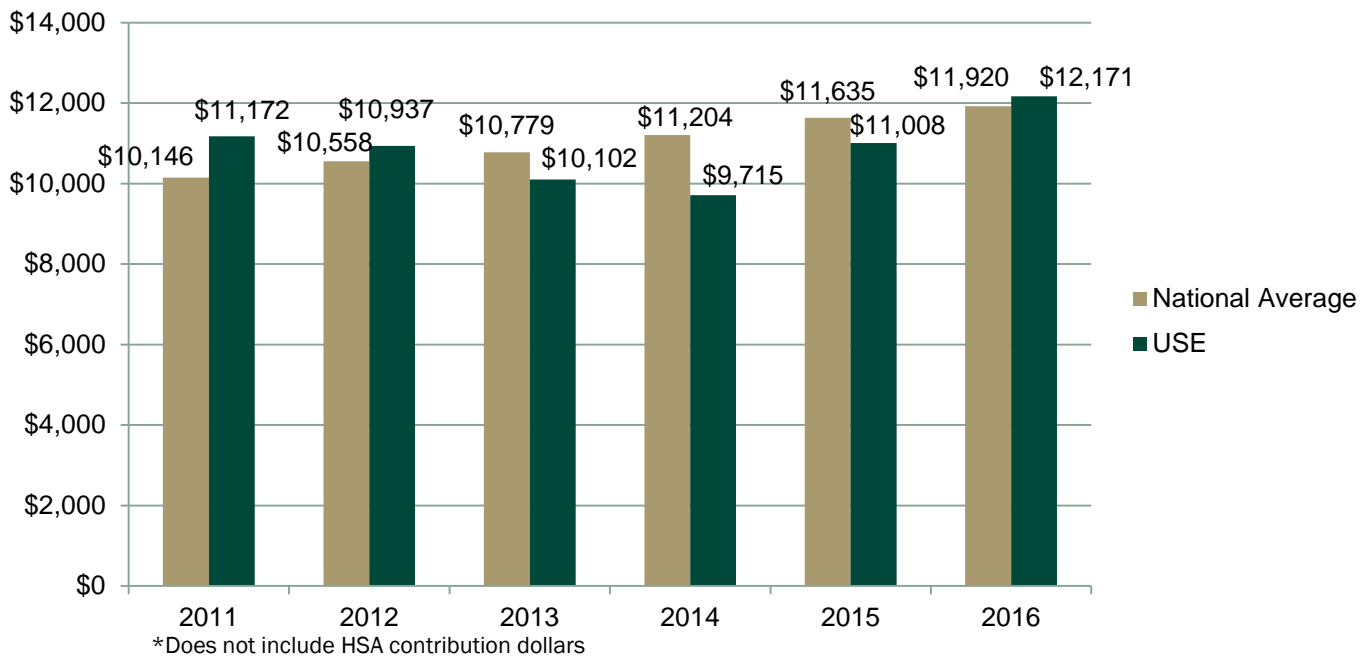


SECTION SIX

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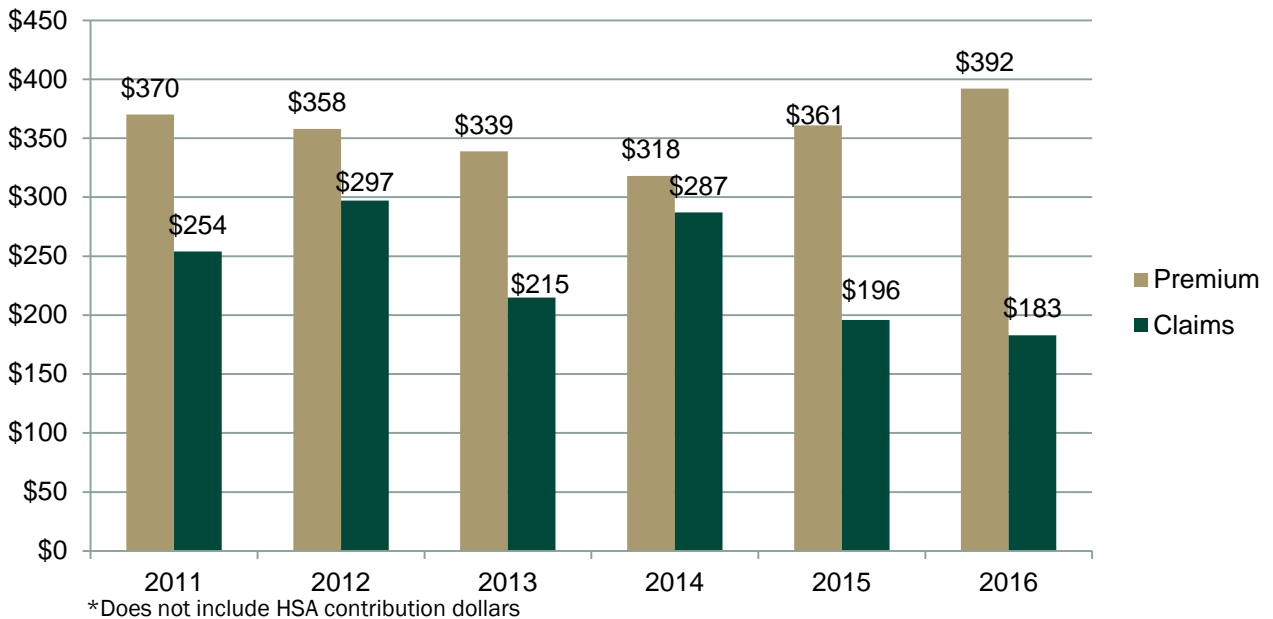
*Benchmarking and Trend
Information*

Health Benefit Cost for Active Employees:



Source: Mercer National Survey of Employer-Sponsored Health Plans 2016

Per Member Per Month Premium versus Claims, 2011- 2016:



Factors Driving PEPY:

- Plan Design
- Dependent Contributions
- Percent Enrolled
- High Usage



Medical Plan Design

PPO/HSA Plan Provision Observations Includes – Construction/Engineering Industry

Zywave Industry Specific data for the construction/professional services. Results for the basic plan design components suggest that current benefits are within norm.

PPO Construction/Engineering Benchmarking

Source	Average Deductible	Average Individual OOP	Average In-Network Coinsurance	Average Copays
Zywave PPO	\$1,000-\$1,999	\$6,000-\$6,999	80-89% / 100%	\$25-\$29 PCP / \$40-\$49 Spec
EFCG PPO (AEC)	\$750	\$3,000	N/A	\$25
USE PPO	\$1,000	\$3,500	80%	\$25/\$50

HDHP Construction/Engineering Benchmarking

Source	Average Deductible	Average Individual OOP	Average In-Network Coinsurance	Average Copays
Zywave HDHP	\$2,000-\$2,999	\$3,000-\$3,999 / \$5,000-\$5,999	100%	\$0-\$50 PCP / \$0 Spec
ECCF HDHP (Engineering & Construction Compensation Forum)	\$1,975	\$4,618	N/A	N/A
USE HDHP HSA	\$3,000	\$4,000	100%	Deductible

National Benchmarking

Source	Average Deductible	Average Individual OOP	Average In-Network Coinsurance	Average Copays
Kaiser (All Plans)	\$1,478	\$4,343	81%	\$24 PCP/\$38 Spec
Zywave (All Plans)	\$2,000-\$2,999	\$6,000-\$6,999	100%	\$25 PCP/ \$20-\$59 Spec
Mercer CDHP	\$1,800	\$3,600	79%	80%
Mercer PPO/POS	\$500	\$1,500	80%	\$40



Medical Plan: PPO and HSA

Employer Cost Sharing

Source	Average Contribution for Single Coverage		Average Contribution for Family Coverage	
	%	\$	%	\$
Mercer HSA	20%	\$85	27%	\$338
Mercer 2015 PPO	24%	\$130	32%	\$472
ECCF HDHP	18%	\$90	23%	\$324
EFCG (PPO Only)	24%	\$134	35%	\$607
Kaiser PPO	22%	\$112	36%	\$555
Kaiser All Plans	21%	\$100	33%	\$506
USE PPO	23%	\$141	30%	\$531
USE HSA	0%	\$0	12%	\$176

NOTES:

1. US Engineering contributions listed are the wellness employee rate.

Source: Mercer National Survey of Employer-Sponsored Health Plans 2015/2016
 Kaiser/HRET Health Benefits Survey
 Note: 2016 Survey available May 2017





Comparison of In-Network Benefits Construction and Engineering Firms

The table below shows the 2017 plan designs and premium data for CBIZ construction client sample, with those companies in the same industry and with multi-site/state organizations.

This information is intended to provide a high-level comparison of primary plan components and premiums/contributions.

# of Employees	US Engineering		Firm A			Firm B		Firm C		Firm D		Firm F		
	100-500		500-1000			1000+		1000+		100-250		1000+		
	Construction Only		Construction + Architecture/Engineering			Construction Only		Construction + Architecture/Engineering		Construction Only		Engineering		
Medical	PPO HDHP	PPO	Buy-Up PPO	Base PPO	QHDHP	PPO HDHP	PPO	PPO	HDHP w/ HRA	PPO HDHP	Traditional PPO	HSA	HRA 1	HRA 2
Estimated Actuarial Plan Value* with HSA/HRA Contribution	.698 76% w/ HSA Contrib	0.813%	86.9%	84.2%	77.2% No HSA Contrib	71.5% 79% w/ HSA Contrib	79.2%	87.5%	78.8% 84% w/ HRA Contrib \$500/\$1,000	76.6% No HSA Contrib \$500/\$1,000	83.4%			
Individual/Family Contributions	\$500/\$1,000					\$1,250/\$1,750								
Coinsurance	100%	80%	90%	90%	100%	100%	80%	80%	80%	100%	80%	80%	80%	80%
Deductible														
Individual	\$3,000	\$1,000	\$350	\$600	\$2,600	\$3,500	\$600	\$500	\$1,500	\$2,600	\$750	\$3,000	\$3,000	\$1,500
Family	\$6,000	\$2,000	\$700	\$1,200	\$5,200	\$7,000	\$1,800	\$1,000	\$3,000	\$5,200	\$1,500	\$6,000	\$6,000	\$3,000
Office Visit Copay	Deductible	\$25 (PCP) / \$50 (SPEC)	\$40	\$40	Deductible + Coins	Deductible	\$35 (PCP) / \$70 (SPEC)	\$25	Deductible	Deductible	\$35	Ded then 40%	Ded then 20%	
Out-of-Pocket Maximum														
Individual	\$4,000	\$3,500	\$1,600	\$2,600	\$2,600	\$3,500	\$6,600	\$1,750	\$3,250	\$2,600	\$3,500	\$4,500	\$4,500	\$4,500
Family	\$8,000	\$7,000	\$3,200	\$5,200	\$5,200	\$7,000	\$12,700	\$5,250	\$6,500	\$5,200	\$7,000	\$9,000	\$10,000	\$10,000
Pharmacy	\$15/\$40/\$80/\$100	\$15/\$40/\$80/\$100	\$10/\$35/60	\$10/\$35/60	Same as Medical	Deductible	\$5/\$40/\$55	\$12/\$35/\$60	\$12/\$35/\$60	Deductible	\$10/\$20/\$50	Ded then 20%	\$10/\$45/\$65/\$85	\$10/\$45/\$65/\$85
Monthly Premiums														
Employee Only	\$411	\$552	\$616	\$571	\$396	\$384	\$420	-	-	\$530	\$557	\$474	\$503	\$530
Employee & Spouse	\$807	\$1,028	\$1,294	\$1,200	\$832	-	-	-	-	\$1,039	\$1,093	\$972	\$1,068	\$1,126
Employee & Child(ren)	\$766	\$977	\$1,109	\$1,028	\$713	-	-	-	-	\$1,113	\$1,171	\$900	\$989	\$1,043
Full Family	\$1,291	\$1,654	\$1,725	\$1,600	\$1,110	\$920	\$1,010	-	-	\$1,723	\$1,812	\$1,482	\$1,623	\$1,712
Employee Contribution														
Employee Only	\$55	\$195	\$222	\$211	\$79	\$0	\$5	\$182	\$135	\$53	\$84	\$64	\$98	\$155
Employee + Spouse	\$235	\$457	\$466	\$444	\$175	-	-	-	-	\$129	\$164	\$108	\$216	\$297
Employee + Child(ren)	\$174	\$385	\$399	\$381	\$128	-	-	-	-	\$140	\$176	\$95	\$195	\$278
Family	\$285	\$641	\$621	\$592	\$266	\$0	\$87	-	-	\$232	\$272	\$173	\$333	\$440
Comments	Wellness requirements for \$0 contribution option, Firm is on a semi-self funded platform					Firm is self funded				Wellness requirements for \$0 contribution option for the HDHP		ER HSA Cont. \$500/\$1,000	HRA \$500/\$750/\$1,000	

* Actuarial Value is the percentage of expenses that the plan pays versus the member on average.



SECTION SEVEN

7

Compliance and ACA Review

Employer Shared Responsibility Mandate Overview:

- Applicable to employers employing 50 or more full-time plus full-time equivalent employees
- Risk of excise tax if adequate and affordable coverage not offered to individuals working 30-plus hours per week
- Determining ALE status: Average number of employees and their hours of service in preceding year determines ALE status for the current year
- Employee defined as “common-law employee”
 - Does not include leased employees, sole proprietor, partner in partnership, 2-percent S-Corp shareholders, or real estate agents and direct sellers (“IRC Section 3508 employees”)
 - Full-time employee (FTE): One who works average of 30 hrs/week (130 hrs/calendar month = 30 hrs/week)

Affordability Standard for purposes of employer’s risk of excise tax- percentage amount tied to inflation:

- 9.56 percent in 2015
- 9.66 percent in 2016
- 9.69 percent in 2017

Note: Affordability is based on the lowest cost employee contribution for single coverage. There are a number of tests for affordability, including ensuring a minimum annual pay or ensuring a minimum hourly rate of pay. Each minimum is calculated based on that lowest cost single contribution. There’s also a special affordability safe harbor when the ratio of the minimum affordability annual pay to the single FPL is 100% or less. Based on 2016 updates, the threshold to meet the FPL safe harbor is \$95.63 per month.

Employer Shared Responsibility Penalties:

Potential Tax Excise Tax Penalties

‘No Coverage’ Excise Tax IRC § 4980H(a)		‘Inadequate or Unaffordable’ Excise Tax IRC § 4980H(b)	
2015	\$2,080	2015	\$3,120
2016	\$2,160	2016	\$3,240
2017	\$2,260	2017	\$3,390
2018 (proposed)	\$2,320	2018 (proposed)	\$3,480

Steps in Assessment and Collection of IRS Penalties

1. Following tax returns filed by both individuals and employer, IRS will calculate potential ESR payment and contact employer of potential liability
2. Once IRS contacts employer, the employer will have opportunity to respond to IRS inquiry prior to assessment or “notice and demand” for payment
3. IRS would then determine liability and send notice and demand for payment to employer, if applicable

Employer Appeals to Marketplace Determinations

- Employers may receive notification from marketplace indicating one (or more) employees applied for marketplace coverage and deemed eligible for premium tax credit due to employer failing to offer MEC that meets minimum value
 - *Marketplace determinations do not trigger ESR penalties*
- Employer has right to appeal marketplace determination by following Center for Medicare and Medicaid Services’ process
 - *No standard format but appeal should be written and submitted within timeframe indicated in notice from marketplace*

- Only appeal marketplace determination if:
 - ✓ Full-time employee offered minimum valued affordable coverage; or
 - ✓ Individual covered by MEC
 Otherwise, do not appeal
- Marketplace appeal is based on current year

Reporting and Filing Obligations:

Code Sections 6055 and 6056 Reporting Obligations

- **Section 6055:** Forms 1094-B and 1095-B filed by all entities (without regard to plan size) providing minimum essential coverage (MEC) during calendar year, including:
 - ✓ Insurers for insured plans
 - ✓ Plan sponsors of self-funded plans
- **Section 6056:** Forms 1094-C and Form 1095-C filed by employers employing 50-plus full-time equivalent employees (FTEE)

Deadlines for Filing and Distributing 2016 Forms 1094 and 1095

- Due date for filing 2016 Forms 1094 and 1095 with IRS
 - No later than Feb. 28, 2017 (March 31, 2017 if filing electronically)
- Due date for furnishing 2016 Form 1095 to Individuals:
 - Jan. 31, 2017 (Extended to March 2, 2017)
 - Electronic distribution OK as long as IRS rules followed, including individual's consent to receive Form 1095 electronically

Form W-2 Reporting Reminders

- Aggregate Cost of Health Coverage (Box 12, Code DD)
- Employer Contributions to Health Savings Accounts (Box 12 – Code W)

Increased Tax Information Reporting Penalties

- Beginning 2017, increase in potential IRS penalties assessed for failure to file information returns or provide payee statements (Forms W-2, 1099, 1094, 1095, etc.)
 - Failure to file correct information return: \$260 per return; total penalty cap of \$3,218,500 per calendar year
 - Failure to provide correct payee statement: \$260 per; total penalty cap of \$3,218,500 per calendar year
 - Special rules apply that increase the per-statement and total penalties if there is intentional disregard of requirement to file returns and furnish required statements

ACA Section 1557: Nondiscrimination in Health Plans, Programs and Activities

Note: A preliminary injunction temporarily suspends the requirement for insurers, plans and providers to comply with gender identity component of the law.

ACA Section 1557 requires nondiscrimination in health coverage, programs and activities, i.e., individuals cannot be discriminated against or prohibited from participating in health-related programs or denied health coverage on basis of race, color, national origin, sex, age or disability.

Rules apply to “covered entities,” defined as:

- ✓ Insurers and third-party administrators receiving federal funding
- ✓ Self-funded employers receiving federal funding (hospitals, nursing homes, etc.)

Other existing nondiscrimination-type rules still enforced include:

- Title VII of the Civil Rights Act of 1964 (enforced by EEOC)
- Executive Order 11246 prohibits discrimination in employment by covered contractors (enforced by DOL's Office of Federal Contract Compliance Programs (OFCCP))

ACA Cost-Sharing Restrictions:

Out-of-Pocket (OOP) Limits

(Deductibles, Co-insurance and Co-payments)

	<i>INDIVIDUAL/SELF-ONLY COVERAGE</i>	<i>FAMILY/COVERAGE FOR > ONE</i>
ACA Plans*	\$6,850 (for 2016) \$7,150 (for 2017) \$7,350 (proposed for 2018)	\$13,700 (for 2016) \$14,300 (for 2017) \$14,700 (proposed for 2018)
High-Deductible Health Plan (HDHP) used with Health Savings Account (HSA)	\$6,550 (for both 2016 and 2017)	\$13,100 (for both 2016 and 2017)

ACA Cost-Share Restriction Reminders

- **Individual OOP Limit Applies to Family Maximum Limit**
 - Beginning Jan. 1, 2016, an individual cannot be subject to more than the individual statutory OOP limit on essential health benefits, even if covered by family plan
 - Two separate cost-sharing limits for different benefits permissible *Example:* one for comprehensive medical plan; one for prescription drug plan. Combined cost share cannot exceed the overall limit
- **HSA-Embedded Deductible**
 - Embedded deductible can be no lower than family statutory limit

ACA Fee Reminders:

- **Transitional Reinsurance Reporting and Collection of Fees (2016 Final Year)** Submit annual enrollment count and schedule one or two contribution payment dates by Nov. 15, 2016:
 - Full contribution (\$27 per covered life) due by Jan. 17, 2017
 - OR*
 - Two-part contribution:
 - Part 1 payment (\$21.60 per covered life) due by Jan. 17, 2017
 - Part 2 payment (\$5.40 per covered life) due by Nov. 15, 2017
- **Patient-Centered Outcomes Research Institute (PCORI) Fees**
 - For policy and plan years ending between Oct. 1, 2016, and Oct. 1, 2017, PCORI fee will be \$2.26 multiplied by number of covered lives under policy or plan
 - PCORI fees paid annually via IRS Form 720 (generally due July 31)

Suspended ACA Fees

- Cadillac tax suspended until 2020
- Health insurance provider fee suspended in 2017
- Excise tax on medical devices suspended for sales made Jan. 1, 2016, through Dec. 31, 2017



Subject: **The GOP Proposal to Repeal and Replace the Affordable Care Act**
Date: March 9, 2017

As follow-up to President Trump’s Executive Order in January (see CBIZ *Health Reform Bulletin 126*), the 115th Congress has begun the process of trying to modify the Affordable Care Act (ACA). On March 6, 2017, a two-part reconciliation bill, known collectively as the “**American Health Care Act**” (AHCA), was introduced by the Republican leadership. The proposal was passed through the Ways and Means Committee and the Energy and Commerce Committees today. And by the time you are reading this, it is likely that additional action has been taken. Speaker Paul Ryan has indicated that it is his intent to make every effort to move this legislation as quickly as possible. The reality is that this may, or may not, happen.

Following is a brief summary of certain aspects of the AHCA, with particular focus on the potential impact on employer-sponsored health care. Before getting into specifics of the proposal, it may be helpful to understand that a full repeal of the ACA would require a super majority of 60 votes to get through the Senate. A reconciliation measure, on the other hand, only requires a simple majority of 51 votes in the Senate but is only available for revenue and budgetary provisions. For this reason, the AHCA leaves most of the ACA’s provisions in place.

The AHCA would **retain** certain ACA insurance market reforms such as:

- ◆ Coverage of:
 - ✓ Preexisting conditions;
 - ✓ Adult children up to age 26;
 - ✓ 10 essential health benefit categories; and
 - ✓ Preventive benefits with no cost sharing.
- ◆ No cap on lifetime and annual limits.
- ◆ Guaranteed availability and renewability of coverage.
- ◆ Out-of-pocket expenditure caps.
- ◆ Prohibition of discrimination based on health status, race, nationality, disability, age, or sex
- ◆ Cadillac tax on high cost of employer-sponsored coverage. While this provision is currently delayed until 2020, the AHCA further delays the effective date until 2025.
- ◆ The income threshold for the medical expense tax deduction would be returned to 7.5% of income from 10% under the ACA.

The AHCA intends to **expand** Health Savings Accounts (HSA) beginning in 2018 in the following ways:

- ◆ Would increase the annual tax-free contribution limit to equal the limit on out-of-pocket cost sharing under qualified high deductible health plans. Thus, the basic limit would be \$6,550 in the case of self-only coverage and \$13,100 in the case of family coverage beginning in 2018 (subject to indexing);
- ◆ Both spouses could make catch up contributions to the same HSA;
- ◆ Would modify qualified medical expense definition to include over-the-counter medications;

- Would reduce tax penalty for HSA withdrawals used for non-qualified expenses from 20 percent to 10 percent; and
- Would create a special rule for certain medical expenses incurred prior to establishing an HSA.

The AHCA would **repeal** certain ACA provisions including:

- ❑ The **individual mandate** which requires individuals to maintain minimum health coverage or pay a tax. While the AHCA retains the actual provision of the law, the amount of the penalty is reduced to zero in the proposal and would be made retroactive to those impacted by the penalty in 2016.

Instead of the individual mandate, under AHCA, beginning in open enrollment for benefit year 2019, there would be a 12-month look-back period to determine if an individual experienced a lapse in continuous health coverage of 63 days or longer. If the gap in coverage exceeds 63 days, then the individual would be assessed a flat 30 percent late-enrollment surcharge on top of the base premium. This late-enrollment surcharge would be the same across all markets, regardless of health status.

- ❑ The **employer shared responsibility mandate** that requires public and private employers employing 50 or more full-time employees to offer adequate and affordable health coverage to their employees. While the AHCA retains the provision of the law, the potential penalties pursuant to IRC Section 4980H(a), the “no coverage” excise tax, and Section 4980H(b), the “inadequate or unaffordable” excise tax, is reduced to zero. If this provision is preserved in the final law, it would be made retroactive to those impacted by the penalty in 2016. As for the required Form 1094/1095 reporting by employers and insurers, the AHCA appears to retain this reporting and disclosure obligation.
- ❑ The **Small Business Tax Credit**, beginning in 2020.

Additional **repeals** include the following, which would become effective in 2018:

- Flexible medical spending account cap (currently indexed in 2017 at \$2,600);
- Health insurance tax imposed on insurers;
- Reduction of Medicare Part D retiree drug subsidy;
- Medicare tax imposed on high earners – the unearned income and 0.9 percent tax surcharge;
- Medical device excise tax;
- Branded prescription drug tax;
- As mentioned above in the HSA section and as applicable to other reimbursement arrangements, the tax favored status of over-the-counter medications would be returned; and
- The 3.8% net investment tax on individuals, estates, and trusts with income above certain levels.

The AHCA would also repeal the ACA premium tax credits. The AHCA would replace this with an advanced, refundable tax credit for the purchase of state-approved, major medical health insurance and unsubsidized COBRA coverage for U. S. citizens who do not have access to employer or government-sponsored coverage, or who are otherwise exempt. The credits are age-adjusted as follows:

Age of Individual	Amount of Credit
Under 30	\$2,000
Between 30 and 39	\$2,500
Between 40 and 49	\$3,000
Between 50 and 59	\$3,500
Over 60	\$4,000

The credits are capped at \$14,000, and are available to individuals whose income is less than \$75,000 per year (\$150,000 joint filers). The credit phases out by \$100 for every \$1,000 in income higher than those thresholds.

Additional AHCA Provisions

- ◆ The proposal calls for a change in permissible age variations in health insurance premium rates. Currently, the law limits the cost of the most generous plan for older individuals to three times the cost of the least generous plan for younger individuals. The AHCA would loosen the ratio to five-to-one and allows states to set their own ratio.

- ◆ The AHCA would create a “Patient and State Stability Fund” to provide:
 - ✓ Financial assistance to high-risk individuals and those with high utilization rates;
 - ✓ Reinsurance incentives to stabilize individual market premium;
 - ✓ Promotion of participation and insurance options in individual and small group markets;
 - ✓ Promotion of preventive, dental, vision, mental health and substance abuse services; and
 - ✓ Direct provider reimbursement.

The Path to Passage

The newly-appointed HHS Secretary Tom Price states that the AHCA is “*a work in progress*”; the first step being this legislation. The second step would be a review of all ACA-related regulations and pronouncements, followed by the third step of additional legislation.

According to Speaker Paul Ryan, now that the Ways and Means and the Energy and Commerce Committees have completed their markups of the bill, the proposal now travels to the Budget Committee, followed by a review from the Rules Committee. Once these committee reviews are accomplished, the AHCA would go to the floor for a final vote. It would then go to the Senate for consideration.

In this passage path, however, are many sources of contention against the proposal including:

- ✓ Democrats;
- ✓ Conservative Republicans;
- ✓ Moderate Republicans, particularly in states expanding Medicaid;
- ✓ Lack of scoring by the Congressional Budget Office; and
- ✓ Interest groups such as the American Association of Retired Persons (AARP), the American Medical Association (AMA), and the American Hospital Association (AHA), among others.

We will keep you apprised as developments occur. In the interim, remember that the Affordable Care Act still remains in force.

About the Author: Karen R. McLeese is Vice President of Employee Benefit Regulatory Affairs for CBIZ Benefits & Insurance Services, Inc., a division of CBIZ, Inc. She serves as in-house counsel, with particular emphasis on monitoring and interpreting state and federal employee benefits law. Ms. McLeese is based in the CBIZ Kansas City office.

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SECTION EIGHT

8

Exhibits





U.S. Engineering Company
 Medical Benefits Comparison - BCBSKC Plan
 January 1, 2017

MEDICAL	USE BCBSKC Cost Plus		USE BCBSKC Cost Plus	
Carrier Website	www.bluekc.com		www.bluekc.com	
Plan Type & Network	Preferred Care Blue		Blue Saver	
	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>
Annual Deductible (calendar year)				
Individual	\$1,000	\$2,000	\$3,000	\$9,000
Family	\$2,000	\$4,000	\$6,000	\$18,000
Coinsurance				
Member Pays	20%	50%	0%	20%
Maximum Out-of-pocket (calendar year) ⁽¹⁾				
Individual	\$3,500	\$7,000	\$4,000	\$18,000
Family	\$7,000	\$14,000	\$8,000	\$36,000
Lifetime Maximum				
Per Individual	Unlimited		Unlimited	
Preventive Care				
Adult and Child Routine Physicals	Covered at 100%	Ded. Then 50%	Covered at 100%	Ded. Then 40%
Physician Services				
Office Visits	\$25 Copay / \$50 Spec.	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Urgent Care	\$75 Copay	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Vision Exam	N/A	N/A	N/A	N/A
Occupational & Speech Therapy				
Short Term Rehab (speech, physical, occupational) ⁽²⁾				
Outpatient Cardiac Rehab	Ded. Then 20%	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Chiropractic Care Services	\$25 Copay / \$50 Spec. Ded. Then 20%	Ded. Then 50% Ded. Then 50%	Ded. Then 0% Ded. Then 0%	Ded. Then 40% Ded. Then 40%
Hospital Services				
Inpatient Care	Ded. Then 20%	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Outpatient Surgery	Ded. Then 20%	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Outpatient Nonsurgical Care	Ded. Then 20%	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Emergency room				
Advanced Radiological Imaging (MRI, MRA, CAT & PET scans)	\$150 Copay		Ded. Then 0%	
Prescription Drugs	\$0 Copay	Ded. Then 50%	Ded. Then 0%	Ded. Then 40%
Prescription Drugs				
Deductible			Medical Plan Deductible then:	Medical Deductible then:
Level 1 / Level 2 / Level 3 / Level 4	\$15/\$40/\$80	\$15/\$40/\$80 then 50%	\$15/\$40/\$80	\$15/\$40/\$80 then 50%
Mail Order (90 Day Supply)	2.5X		2.5X	

(1) Out-of-pocket amount includes coinsurance, deductible and copays.

(2) 40 day maximum for PT and OT, 20 day maximum for Speech and Hearing

CBIZ Benefits & Insurance Services has been and will continue to be committed to acting in our client's best interest by providing services and products that meet our client's needs as communicated to CBIZ. From time to time, CBIZ may participate in agreements with one or more insurance companies or third party vendors, in connection with the insurance related transactions, to receive additional compensation or consideration. These compensation arrangements are provided to CBIZ as a result of the performance and expertise by which products and services are provided to the client and may result in enhancing CBIZ's ability to access certain markets and services on behalf of CBIZ clients. More information regarding these agreements and the consideration received pursuant to these agreements is available upon written request.

USE 2017 Contribution Strategy Suggested Funding - Max + Fixed Costs

	Total Enrollment September 2016	Non-Wellness Enrollment 2016	2016 Total Budget/Mo	2016 ER Budget	2016 ER %	2016 EE Cost	2016 EE Non-Wellness Penalty	Non-Wellness Enrollment 2017	2017 Total Budget/Mo	2017 ER Budget	2016 ER %	2017 ER %	2017 EE Cost	EE Bi-weekly Wellness	2017 EE Non-Wellness Penalty	EE Bi-weekly Non-Wellness	Increase/Decrease in EE Contribution	
PPO																		
Employee	23	0	\$603.61	\$463.04	77%	\$140.57	\$55.00	8	\$552.02	\$411.45	75%	75%	\$140.57	\$64.88	\$55.00	\$90.26	\$0.00	
Employee/Spouse	8	0	\$1,124.75	\$776.83	69%	\$347.92	\$110.00	5	\$1,028.61	\$680.69	66%	66%	\$347.92	\$160.58	\$110.00	\$211.35	\$0.00	
Employee/Child(ren)	9	0	\$1,068.52	\$737.97	69%	\$330.55	\$55.00	3	\$977.17	\$646.62	66%	66%	\$330.55	\$152.56	\$55.00	\$177.95	\$0.00	
Family	25	2	\$1,799.62	\$1,268.48	70%	\$531.14	\$110.00	9	\$1,654.79	\$1,123.65	68%	68%	\$531.14	\$245.14	\$110.00	\$295.91	\$0.00	
Totals	65	2	\$929,859	\$662,619	71%	\$267,239	\$2,640	25	\$853,075	\$585,836	69%	69%	\$267,239		\$25,740		0%	
QHDHP																		
Employee	48	1	\$448.83	\$448.83	100%	\$0.00	\$55.00	8	\$411.94	\$411.94	100%	100%	\$0.00	\$0.00	\$55.00	\$25.38	\$0.00	
Employee/Spouse	15	3	\$880.18	\$754.34	86%	\$125.84	\$110.00	5	\$807.28	\$681.44	84%	84%	\$125.84	\$58.08	\$110.00	\$108.85	\$0.00	
Employee/Child(ren)	6	0	\$836.17	\$716.66	86%	\$119.51	\$55.00	2	\$766.90	\$647.39	84%	84%	\$119.51	\$55.16	\$55.00	\$80.54	\$0.00	
Family	48	1	\$1,408.28	\$1,232.56	88%	\$175.72	\$110.00	6	\$1,291.64	\$1,115.92	86%	86%	\$175.72	\$81.10	\$110.00	\$131.87	\$0.00	
Totals	117	5	\$1,288,332	\$1,155,861	90%	\$132,471	\$5,940	21	\$1,181,789	\$1,049,319		89%	\$132,471		\$21,120			
ER HSA Seed			\$99,750					\$131,400										
Totals	182	7	\$2,317,941	\$1,909,651	82%	\$408,290	\$8,580	46	\$2,166,265	\$1,719,695		79%	\$446,570			\$46,860		
Changes								39	-\$151,676	-\$189,956			\$38,280			\$38,280		

H S A	Employee	48	\$600	\$28,800
	EE/SP	15	\$1,000	\$15,000
	EE/CH	6	\$1,000	\$6,000
	Family	48	\$1,700	\$81,600
	Total			\$131,400

US Engineering Company Holdings
2017 Dental and Vision Contributions - Employee Cost Neutral SOLD

Dental		2016 Total	2016 ER	2016	2016 EE	2016	2016	2017 Total	2017	2017	2017 EE	2017	2017
		Cost/Mo	Cost/Mo	ER %	Cost/Mo	EE %	EE Bi-Weekly	Cost/Mo	ER Cost	ER %	Cost	EE %	EE Bi-Weekly
Current	4-Tier							Renewal					
PPO													
Employee	69	\$35.79	\$30.84	86%	\$4.95	14%	\$2.28	\$38.79	\$33.84	87%	\$4.95	13%	\$2.28
Employee/Spouse	27	\$71.59	\$61.70	86%	\$9.89	14%	\$4.56	\$76.96	\$67.07	87%	\$9.89	13%	\$4.56
Employee/Child(ren)	16	\$87.44	\$75.35	86%	\$12.09	14%	\$5.58	\$94.00	\$81.91	87%	\$12.09	13%	\$5.58
Family	70	\$118.04	\$101.56	86%	\$16.49	14%	\$7.61	\$126.89	\$110.40	87%	\$16.49	13%	\$7.61
Monthly Total		\$14,064.28	\$12,108.66		\$1,956.32			\$15,140.73	\$13,184.41		\$1,956.32		
Annual Total		\$168,771.36	\$145,303.92		\$23,475.84			\$181,688.76	\$158,212.92		\$23,475.84		1.00
								7.65%	8.88%		0.00%		

Vision	Monthly	Bi-Weekly
Employee	\$6.80	\$3.14
Employee/Spouse	\$13.46	\$6.21
Employee/Child(ren)	\$13.18	\$6.08
Family	\$20.05	\$9.25

Historic Renewal

Medical

Cigna 2016 Renewal

- Loss Ratio
 - Incurred Through April 2015 – 76.66%
 - 10 Claimants > \$25,000
 - Loss Ratio Less Claims over \$100k pooling (\$108,422.99) – 68%
 - Prior through May 2014 – 88.33 %
- Initial Cigna Renewal – 9.57%
 - No Plan Changes
 - Unable to provide unblended increase
- Market Results – Competitive Options
 - Aetna – Blended .04%
 - BCBSKC FI - 0%
 - BCBSKC CP – 1st Year Ex (13.9%)
- 1st Year Max - (1.0%)
 - Humana – Blended 4.66%
 - UHC – 9.2%
 - Cigna FINAL Renewal – 5%
- Final Decision –
 - Moved to Blue Cross Cost Plus Option
 - 1st Year Ex (13.9%)
- 1st Year Max - (1.0%)
 - Funding to Max 1st year
 - 3% rate cap for 2017 on admin and access fees
 - Matching Current Plan Designs
 - \$10,000 Wellness Fund
 - Pooling \$100,000
 - Compass Concierge
 - Flat \$1,774/month commission was built into the rates – CBIZ will receive the 2% Blue Cross override commissions – this will offset the consulting fee paid by US Engineering
- Contributions –
 - Employee contributions remained constant
 - HSA and Wellness Dollars remained the same as well

Cigna 2015 Renewal

- Loss Ratio
 - Through may 2014- 88.33% (target 84.15%); 9 claimants >\$25k
 - Loss Ratio less claims over \$100k pooling (\$133,448.13) 79.7%
 - Prior through April 2013- 68% Cigna (target %83.0%) – Loss Ratio less claims over \$75k pooling (\$293,066.74) 50%
- Cigna Renewal:
 - Initial 2015 proposed renewal calculation increase of 28.9%
 - Final 13.36%
- Marketing Results:
 - Competitive Plan Options
 - Blue Cross Cost Plus (1.9% at expected; 20.9% at max)
 - UHC Fully Insured (blend d11% over current)
- Final Renewal Decisions:
 - Remained with Cigna at the 13.36%
 - \$10,000 Wellness Fund included by Cigna
 - Plan Design
 - Compliance – All Copays towards Out of Pocket maximums
 - Increased rehab benefit from 20 to 60 visits per cal. Yr
 - Contributions
 - Continued defined contribution based on QHDHP (reduced contribution to family tiers slightly)
 - HSA contribution reduced from (\$750/\$1000/\$1500) to (\$500/\$750/\$1250)
 - Estimated USE increase of \$111k with dual option and defined contribution (subject to tier changes/additions)

Historic Renewal

Medical Continued

Cigna 2014 Renewal

- Initial Cigna renewal requested a 5.5% increase. Negotiated to 2% and final increase was 0% due to packaged savings discount for moving life and disability products to Cigna.
- 3% increase with 2013 renewal resulting in 1.5% 2 year renewal trend for 2013-2014
- Moved from a 2-tier premium structure to 4-tier and revised contribution strategy resulting in the same company premium contributions regardless of plan elected.
- OOP maximums remained the same, but now include all copays (med/rx) due to ACA going forward.
- HSA Contribution was revised from \$1000/\$2000 to \$750/\$1000/\$1500.

Cigna- 2013 Renewal

- Original requested renewal increase of 19.48% and was adjusted 14.48% for an initial renewal offering of 5%. The final renewal net of commissions was 3% with no changes to plan design.
- USE increased their contribution to employees HSA plans to \$1000/\$2000 for family

Dental

2016 Dental Renewal

- Initial Renewal – 15%
 - Final Negotiated Renewal 9.9%
 - No changes to plan design
- Guaranteed for 12 months

2014 Dental Renewal

- Initial Guardian renewal was 0%
- Performed full RFP and received proposals from the market.
- Moved dental plan to Delta Dental of KS with a 2 year rate guarantee.
 - Consolidate dental plans from 2 offerings to 1 enhanced plan resulting in a 3.5% decrease over current rates
 - Initial and final renewal resulted in a rate pass and no plan changes

2013 Dental Renewal - Guardian

- Initial dental renewal was a no change. The final renewal net of commissions -3.5%. USE decided to change the contributions from being bundled with the medical and paid by USE to a separate premium that is contributory for the employees.

Vision

2016 Vision Renewal

- Rates under guarantee until January 1, 2018

2014 Vision Renewal

- Separated vision benefits from the medical plan and marketed voluntary vision.
- Implemented a new vision plan with Superior Vision with a 4 year rate guarantee.

2013 Vision Renewal - Cigna

- Initial vision increase was 3%. The final renewal increase net of commissions was 1%. The decision was made by USE to continue to build the vision premium with the medical contributions. The vision plan is built into the Open Access PPO and a separate vision plan is automatically given to those employees who enroll in the HSA at no cost to the employee.

Historic Renewal

Life/AD&D and Disability

2016 Life/AD&D and Disability Renewal

- Life and LTD plans under rate guarantee until 2017

2014 Life/AD&D and Disability Renewal

- Initial Guardian renewal was 0%, due to service issues with the life and disability products all Guardian plans were marketed.
- Moved all products to Cigna and received 2% package savings off the medical.
- Move to Cigna also resulted in approximately \$52,000 savings in premium annually.

2013 Life/AD&D and Disability Renewal- Guardian

- Initial Life/AD&D renewal was a no change. Final renewal net of commissions was -4.5%. The life benefit was changed for classes 2, 3, 4 and 5 to a flat \$50,000.
- Initial LTD renewal was a no change. Final renewal net of commissions was -5.6%. The Guarantee Issue amount for Class was removed International Coverage
- Voluntary life - No change to rates or benefits. Commissions were left in the voluntary life and AD&D products
-

Voluntary – Assurant

2014 Renewal

- Received a rate pass on all Assurant products and renewed with no plan changes.

2013 Renewal

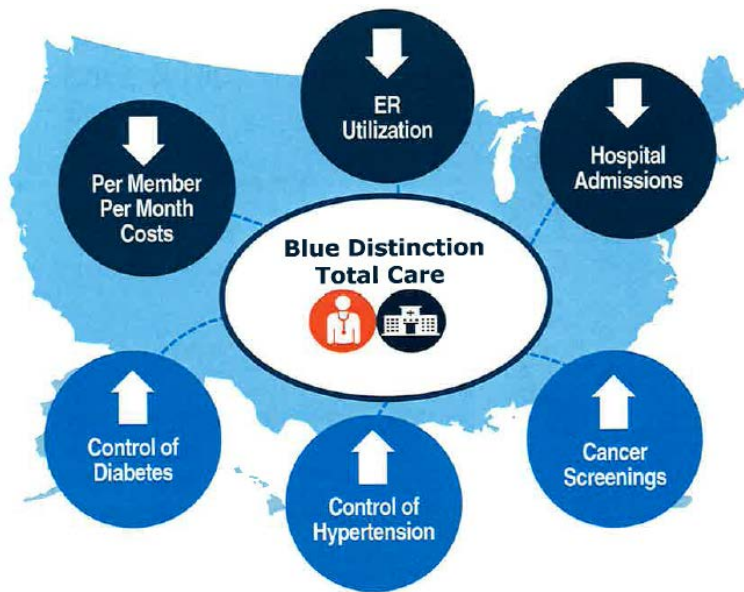
- Critical illness was moved from Guardian to Assurant and Voluntary STD and Accident were added to the voluntary product offerings in 2013.

Wellness Program

2014 Renewal

- Wellness premium incentive was expanded to include spouses covered on the medical plan. Incentive requirements included completion of online Health Risk Assessment and Biometric Screenings to earn a Premium Incentive of \$55/month for an individual and \$110/month for a spouse.

Blue Distinction Total Care



- Blue Card PPO/PCMH and ACO value-based programs
- Providers contractually accountable for improving health outcomes and lowering healthcare costs for their patients.
- Distinctively local and tailored to address the unique needs of each community
- Providers receive Medical Value Payments based on quality and cost performance

118,000

Participating Providers

13 Million

Members

Blue Distinction Specialty Care Program

- Bariatric Surgery
- Knee & Hip Spine
- Cardiac Complex
- Cancer Transplants

Blue Distinction Centers

Recognize facilities delivering quality, specialty care

Blue Distinction Centers +

Recognize facilities delivering quality, cost-efficient specialty care



New Doctor & Hospital Finder



Pharmacy Utilization Management

Step Therapy	Generics Preferred	Generics Preferred with Physician Choice
Members must try first line, clinically effective, lower-cost medications before they can obtain a higher cost medication.	If a member receives a brand name medication when a generic is available, the member pays the copayment plus the difference in cost.	If the physician writes the script for brand name, the member will not pay the difference in cost.
Standard Blue KC Program	Available Option	Available Option
Medium Disruption	Medium Disruption	Medium Disruption

Home Delivery Programs

My RX Choices	HD Active Choice	HD Incentive Choice	Exclusive Home Delivery
Targeted educational communication to promote the use of home delivery and Accredo Specialty pharmacy.	Members must notify ESI on their choice on maintenance meds: retail or mail. No penalty to remain at retail as long as the member notifies ESI by the deadline.	Plan design encourages members to use home delivery for maintenance meds. After 2 refills, the retail copayment increases.	Maintenance meds must be filled at home delivery. Not covered at retail after two refills.
Standard Blue KC Program	Available Option	Available Option	Available Option
No Disruption	Medium Disruption	Medium Disruption	High Disruption

Pharmacy Networks

Blue KC National Plus	Express Advantage Network (EAN) with national Plus Wrap	Walgreen's Advantage Available 1/1/18
<ul style="list-style-type: none"> 70,000+ pharmacies Broadest network option All major chains and many local pharmacies 	<ul style="list-style-type: none"> 68,000+ pharmacies Tiered network option - Lower copay/coinsurance at EAN and higher copay/coinsurance at Natl Plus Minimum \$10 tier differential recommended <u>Group must qualify based on 30% disruption analysis</u> <p><i>Walmart, Costco, Kroger and Rite Aid are anchors. Walgreen's and CVS/Target are excluded.</i></p>	<ul style="list-style-type: none"> 41,000+ pharmacies <u>Group must qualify based on 30% disruption analysis</u> <p>Includes a limited number of major pharmacy chains, anchored by Walgreens.</p> <p>CVS/Target are excluded.</p>
Standard Blue KC Network	Available Option	Available Option
No Disruption	Medium Disruption	High Disruption

Pharmacy Formularies

Blue KC Formulary	High Performance Formulary
<ul style="list-style-type: none"> Standard Formulary 	<ul style="list-style-type: none"> Generic based formulary All therapy classes represented Non-Preferred drugs are not covered
Standard Blue KC Formulary	Available Option
No Disruption	High Disruption

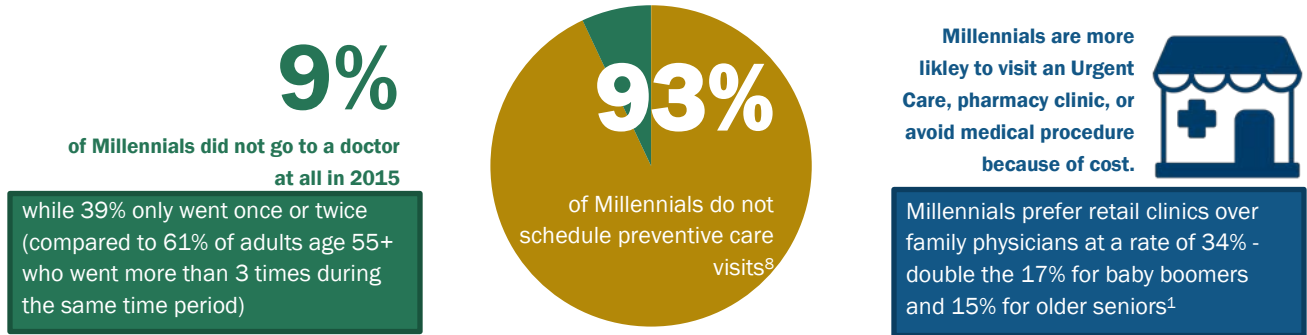
What Millennials Want from Employee Benefits/Workplace Perks

Overall Findings

- Millennials value flexibility
 - This applies to the workplace as a whole, not just to employee benefits¹
- Millennials value choice
 - Millennials like to comparison shop – they are used to looking up reviews for everything from hair care products to their primary care physician²
 - Millennials perform extensive online research, identify the right providers, and get others opinions before making decisions³
- Millennials are frugal when it comes to health care

The Millennial Approach to Healthcare and Implications for Employee Benefits Programs

- Millennials are “the instant gratification generation” – they value efficiency and customer service in healthcare, just as they do in other services⁴
- Millennials are not currently using healthcare to the same extent previous generations are – could be both an age factor and a generational factor, because older people necessarily use more healthcare than younger people
 - Millennials are somewhat less likely than both Baby Boomers and Gen Xers to find value in their employee benefits package and/or to consider them “extremely important”⁵
 - Millennials are less likely to have visited a doctor’s office in the last year than non-millennials and more likely to have treated a condition at home or self-diagnosed a condition before/instead of going to a doctor⁶



- Millennials are driven by lower premiums⁷
 - Millennials are also more likely than other generations to ask for discounts on medical care – 19% compared to 8% of the general population⁸
 - Millennials show demonstrably higher participation rates in HSAs when offered than their Boomer and Gen X counterparts⁹

¹ The 2017 Deloitte Millennial Survey; hereafter Deloitte; see also Landrum, Sarah. “The Work Benefits That Are Making Millennials Happy.” *Forbes*, Jan. 23, 2017.
² Hidalgo, Jason. “Here’s How Millennials Could Change Health Care.” *USA Today* and the *Reno Gazette Journal*, Feb. 7, 2016.
³ The Road Ahead in U.S. Healthcare: Will Patients Take The Wheel? PNC Healthcare Survey, 2015; hereinafter PNC Healthcare Survey
⁴ Hidalgo
⁵ EBRI: Worker Opinions About Employee Benefits: Differences Among Millennials, Baby Boomers, and Generation X Have Implications for Plan Sponsors, December 2015, Vol. 36, No.12, hereafter EBRI
⁶ UHC Consumerism: Attitudes, Perceptions, & Behaviors, p. 21, hereafter UHC Consumerism
⁷ Hidalgo, see also Barnett
⁸ Hidalgo, citing PwC 2015



- What does this mean for your medical benefits strategy?
 - Higher deductible plans coupled with savings options (HSAs, FSAs) and voluntary products to fill the gap
 - Online Benefit Education and Enrollment and Concierge Services
 - Concierge services tap into Millennials’ desire to comparison shop and keep costs as low as possible¹⁰
 - Millennials are more likely than Baby Boomers and Gen Xers to be very likely or extremely likely to use third-party decision support and online enrollment programs when provided at no cost¹¹

- Telemedicine – Millennials are at home with digital communication and media. Although they have traditionally had low utilization of physician office visits and primary care¹² telemedicine could bridge that gap by reaching them on their own terms – through a medium they feel comfortable with and on their own time.
 - Millennials do not want to see a doctor in person – they are “used to reaching out when they need something, getting instant gratification, moving on and only coming back when they have the need again.”¹³
 - Corresponds with demonstrated likelihood to visit retail clinics, etc. over a family physician¹⁴

Salesforce-Harris poll found



- On Site or Near Site Clinics – Again, tapping into Millennials’ preference for flexibility and convenience, on site or near site clinics may overcome the Millennial hesitance to use health services. May correlate to preference for retail clinics etc.¹⁵

Recommended Non-Medical Benefit Programs/Perks for High Millennial Employee Engagement

- Student Loan Repayment Programs and Tuition Assistance – Millennials are heavily burdened by student loan debt on the whole, with an average balance of \$27,000 in 2014¹⁶



⁹ EBRI
¹⁰ See, e.g., Purchasing Power and The Employee Perks Report 2016
¹¹ EBRI
¹² EBRI, see also UHC Consumerism p. 23/115
¹³ Hidalgo p. 2
¹⁴ UHC Consumerism, *supra* at footnote 7
¹⁵ *Supra* at footnote 5
¹⁶ Gallup– How Millennials Want to Work and Live, 2016; *hereafter* Gallup



- SoFi also states that 81% of job seekers would be more willing to stay with their current company if leaving meant losing student loan repayment benefits¹⁷
- 49% of younger workers would prefer to have help paying their student loans rather than contributions to retirement accounts¹⁸

- One survey showed that among at least two segments of Millennials, tuition assistance is the fifth most valued benefit out of a set of 15 benefits surveyed¹⁹
- Paid Parental Leave and Other Extended Time Off
- 40% of Millennial women would select paid parental leave as a premium benefit; and 32% of Millennial men would select paid sabbaticals after a time of service²⁰
 - PTO generally is reported as a highly valued benefit to Millennials across multiple sources²¹
- Life insurance – Though some sources report that Millennials are less likely than other generations to take employer sponsored group life insurance²², other sources indicate that they believe it to be one of their most important benefits, unlike other generations.²³
- Auto insurance – one survey showed that among at least three sub-segments of Millennials, auto insurance was in the top five most valued employee benefits²⁴
- Pet Insurance – where offered, Millennials have substantially higher rates of uptake than either Boomers or Gen Xers (41% vs. 8% for Boomers and 15% for Gen Xers)
- Wellbeing Programs that Encompass the Whole Person²⁵
 - Purchasing Power found that wellness programs were in the top 5 most valued benefits for at least three sub-segments of the Millennial population²⁶
 - Health Risk Assessments and Biometric Screenings²⁷
 - Can also help your Millennial population identify potential health difficulties since they are not seeking regular preventive care
 - Massage²⁸
 - Yoga²⁹
 - Alternative medicine (i.e. acupuncture, massage)³⁰
- Portable Benefits³¹
- “Creative” or Non-Traditional Financial Benefits
 - Financial Planning Services



¹⁷ Daniel, Jen and O’Connor, Tim: BusinessSolver Vision 20/16 Voluntary Benefits – VICE Style Presentation; see also Peanut Butter

¹⁸ Id.

¹⁹ Purchasing Power: *Beyond the Generations: Ultimate Customization: Matching Voluntary Benefits to Segments with Generations*, February 2017; hereafter Purchasing Power

²⁰ The Employee Perks Report 2016: Three Generations, One Workforce: What perks do Boomers, Gen X, and Millennials really want?, hereafter The Employee Perks Report 2016

²¹ See, e.g., The Employee Perks Report 2016

²² EBRI

²³ The Employee Perks Report 2016; see also EBRI

²⁴ Purchasing Power

²⁵ Gallup; see also Deloitte, which states that Millennials are interested in holistic well-being in all aspects of their jobs

²⁶ Purchasing Power

²⁷ See The Employee Perks Report 2016

²⁸ Id.

²⁹ Id.

³⁰ Id.

³¹ Purchasing Power, see also “The Millennial Benefits Perspective: Turning Stereotypes Around.” Drawn from the 14th Annual MetLife U.S. Employee Benefit Trends Survey, hereafter MetLife

- Employee Ownership or stock purchase programs³²

Programs to Consider Implementing with Millennial Employees after Further Education

- Long and Short Term Disability – Although the EBRI survey concludes that Millennials have lower rates of disability insurance uptake than other generations, a savvy employer can make the case why Millennials need this coverage³³
- Voluntary Benefits – Accident, Critical Illness, Hospital Indemnity, etc.: As with disability, the key here is to emphasize the potential cost savings when looking at the price of the insurance vs. the ultimate hit to the employee’s bottom line if the worst were to happen. According to 2012 data, Millennials want benefits packages that maximize protection and minimize uncertainty.³⁴
 - More Millennials and Gen Xers (54% and 53%) have delayed or avoided treatment for a medical problem due to costs than Baby Boomers (37%) and seniors (18%)³⁵
 - Particularly powerful when paired with educational materials and decision support, especially for older Millennials who are parents³⁶

Programs that Millennials Do Not Find Value In

- Adoption assistance³⁷
- Cyber security insurance³⁸
- Elder Care³⁹

Things to Consider

- Remember that all Millennials are not alike. Even though they are often talked about as a single, massive cohort, keep in mind that the oldest Millennials are now in their mid-30s (the oldest Millennials by the earliest definition will be 37 this year, while the youngest are 19) and are more likely to be married and have children than their younger counterparts, who are still entering the workforce as new college and high school graduates. These groups have different lifestyles and therefore different benefit needs.⁴⁰

Also keep in mind that by the definition that ends Millennial birth years at the latest date (2000), anyone graduating high school after 2018 will no longer be a Millennial but will instead belong to the next generation – so the wave of new Millennials coming into the



³² Purchasing Power

³³ See, e.g. Huddleston, Cameron. “Why Millennials need to worry about Disability and Social Security.” *GoBanking*.

³⁴ Howe, Neil. “How the Millennial Generation is Transforming Employee Benefits.” *Benefits Quarterly*, second quarter 2014, citing 2012 MetLife Survey

³⁵ PNC Healthcare Survey

³⁶ “Millennials, Voluntary Benefits and Family Matters: How to reach workers who may not be as young as you think they are.” *ThinkAdvisor*, April 12, 2017.

³⁷ Purchasing Power

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ MetLife

