

Wallis, Inc. Planning Meeting

Discussion of 2015 Health Care Options





2015 Planning Meeting

Agenda

- Claims Review
- Renewal Discussion
- Contribution Methodology
- Ancillary Benefits
- Voluntary Benefits
- Wellness
- ACA Data Collection

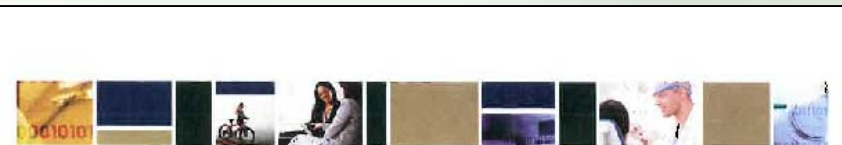


2015 Planning Meeting

Renewal Discussion

• CBIZ Choice

- Personalized
- Flexible
- Decision Support
- Predictability



What makes CBIZChoice the best choice?

CONSULTATION

- Benefit from the deep knowledge and expertise of CBIZ benefits, compliance, actuarial, payroll, compensation and tax professionals.
- We work with you to develop the best strategy and ensure the programs you offer comply with all ERISA, tax and Affordable Care Act requirements and implications.

EDUCATION

- Education to ensure complete understanding of the private exchange and defined contribution model.
- Guidance and tools to help you educate your employees.
- Multiple levels of education and decision-support tools to help employees understand their options and select the right protection.

ADVOCACY

- Ongoing support for your team throughout the life of the program, ensuring continued efficiency.
- Guidance and support for employees before, during and after the enrollment process via a call center, the web or in-person enrollment sessions.


How It Works

CBIZChoice makes it simple and enjoyable for employees to build a personalized benefits portfolio with:

- Easy-to-understand educational resources, including videos about key health and other insurance topics.
- Easy-to-use tools to compare plans side by side.

Explanations of why certain plans are recommended

- Transparent prices
- Sophisticated decision support that recommends a complete benefits portfolio based on one's health profile, financial status and preferences



THE PROCESS

- 1 Get Ready.**
Employees complete a simple questionnaire regarding their risk tolerance, financial position and health care preferences.
- 2 Get Set.**
They receive an unbiased, personalized recommendation that matches their needs with additional educational information and guidance.
- 3 Shop.**
They pick and purchase their portfolio of plans from a range of flexible and consumer-oriented offerings – both traditional and voluntary.

CBIZChoice – A comprehensive, powerful private exchange solution delivered by a team of specialists with a focus on consultation, education and advocacy – all resulting in a meaningful customer experience.





2015 Planning Meeting

Renewal Discussion

• Voluntary Benefits

– Popular among employees

- Accident Plan
- Hospital Indemnity Plan
- Critical Illness Plan
- Wellness credits (pay for the benefit)

– Customization of benefits – additional choices

– No charge to Wallis



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Wellness Return on Investment Opportunities for 2013 and Beyond



The CBIZ Wellness Solutions Process and Differentiators

Six Components of an Effective Health Risk Management and Wellness System

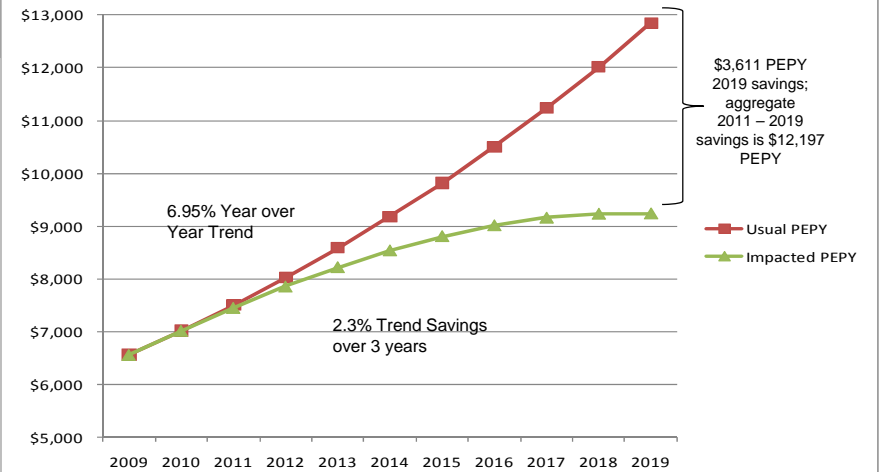


CBIZ Wellness Solutions Differentiators:

- Delivery of outcome based metrics and costs associated with health risks
- Health and Productivity Scorecard tied to strategic business objectives
- Analysis of results and vendor evaluation
- Integration and coordination of initiatives and data
- Engagement and participation strategies
- Effective incentive design and recognition strategies
- Benefit plan assessment, gap analysis and recommendations
- Value-based design expertise
- Customized evidenced-based interventions for your workforce
- Identification of reliable data sets and data collection from multiple sources
- Data repository access to comprehensively analyze data
- Development of wellness strategic plan and communication strategies
- Workplace assessment and strategies that enable access
- Policies and physical environment assessment and analysis
- Wellness team establishment, including on-site wellness coordinator
- Executive commitment to culture of health
- Return on Investment estimator
- Company wellness profile assessment

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Cost Savings Opportunity Example



* CBIZ ROI Estimator, excluding changes in other influencing factors (i.e. cost of drugs and procedures, services, unforeseen high claims, etc.); will track available actuals, conditions and trend going forward

1. Secure Senior Leadership Support

- A program needs the support of leadership so that all employees are aware that the wellness program is now a part of the strategic business plan of the organization and has a high priority.
- The program should be branded and the wellness programs goals and objectives published; an overall wellness goal should be made part of the annual business plan.
- Garner senior managers to visibly participate in the program.
- Establish a few senior leader and managers as “sponsors” of the program.
- Create communications about the program that come from senior leadership to employees.
- Encourage senior leadership to hold managers accountable to supporting the wellness program.

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2. Create a Sustainable Environment

- Evaluate workplace policies, benefits, workstation environments and wellness barriers (time, access, cost, technology) and develop action plans for feasible changes.
- Establish a smoking policy and healthy food policy. Establish and promote physical exercise opportunities: walking club, bike path, stair usage, low-impact equipment, organization-wide events, community events.
- Create a Wellness Committee of volunteers who believe in the value of health and embrace and advocate the wellness program to fellow employees. This group creates stakeholder ownership within the organization – sharing ideas, feedback and perceptions from employees – and shares information about the program with employees.
- Create wellness ambassadors in each department to encourage grass roots peer-to-peer socialization of wellness activities; they are engaged, ready to change, and share stories, publicize programs and create interested teams.

3. Obtain Baseline Data; Set Measurable Goals

- Encourage employees to take part in a Health Assessment because it is important for them to understand their health risks and “know their numbers”, and it will provide baseline data about the critical health risks impacting costs, quality and productivity.
- Encourage employees to participate in an on-site screening or to go to their physician for their annual exam, biometric lab work and preventive cancer screenings – early detection of health risks benefit both the person and the organization.
- Analyze medical claims data because it will also provide invaluable data to be utilized in the creating an effective wellness strategy.
- Set attainable and measurable goals for health risk improvement, utilizing evidence-based benchmarks (i.e. reduce tobacco use from 21% to 12% in the first year; or reduce obesity from 50% to 40%.) Multi-year planning is essential as change does not happen overnight.
- Review the strategic plan and goals with senior leadership.

Insert client/prospect logo here

Wellness Return on Investment Opportunities for 2013 and Beyond



4. Intervention Programming

- It is very helpful to create an annual calendar of wellness interventions and events because it identifies the specific actions/programs you will promote over the course of the year based on the population health risks you plan to focus on that year.
- For example, the organization may announce that it has adopted a new no-tobacco use policy going into effect next year; in anticipation of that two 6 week tobacco cessation programs with nicotine replacement therapy are offered during the course of the year to help employees succeed with the new policy
- Similarly, throughout the year there should be 2 or 3 scheduled programs in each of the following areas: weight loss, physical activity, healthy eating/nutrition, and stress/resiliency.
- Interventions should be aimed at the risks prevalent in the organization's population and align with your strategic objectives and the measurable goals you will assess and report.

5. Recognize, Reward and Engage Employees

- Incentives are a powerful way to create the initial tipping point to engagement
- Incentives must be valuable (\$240 - \$480 annually); tangible and intangible
- Tangible incentives include:
 - Cash (gift cards)
 - Merchandise (i.e. t-shirts, gift card, gym bag, raffle prizes)
 - Well days off
 - Medical plan enhancement (premium discount, spending accounts, deductibles)
- Intangible Incentives include:
 - Public recognition
 - Group activities and acceptance/approval from peers
 - Individual challenge
 - Company wellness event
 - A sense of accomplishment, belonging
- Behavior is situational: if you want to change behavior, change the situation and provide relevant new experiences.

Partner Resources

- ✓ Happy, healthy employees are better for your business.
- ✓ Help employees improve health behaviors and reduce health risks/costs by taking advantage of tools and services offered through your provider partner(s).
- ✓ The medical plan you have in place may have integrated tools and services that detect high risk members who may benefit from clinical programs, thereby addressing more complex health conditions and diseases.
- ✓ By detecting health risks early, employees and their dependents may reduce precursors of chronic diseases and help improve their quality of life which can ultimately improving your organization's bottom line.
- ✓ These tools and services may be typically included with an employer's medical benefits at no additional cost:
 - ✓ **Health Assessment**
 - ✓ **24-hour Help Lines**
 - ✓ **Mental Health Programs**
 - ✓ **Health & Wellness Publications**
 - ✓ **Online Health Coach Programs**
 - ✓ **Chronic Disease/Condition Programs**
 - ✓ **Maternity Programs**
 - ✓ **Tobacco Cessation Programs**
 - ✓ **Preventive Care Reminders**
 - ✓ **Health & Wellness Discounts**

6. Measure Outcomes and Adjust

- Incorporating an evaluation strategy is critical to monitoring the success of the wellness program and being able to report the progress to senior management with business-minded metrics
- This entails measuring the data from year to year and program to program to analyze the impact of each of the elements of the wellness program, as well as the overall wellness process.
- Measurements include assessing the stratification of risks across the population and evaluating risk prevalence in the population (i.e. obesity, cholesterol, blood pressure, tobacco use, stress, diabetes, physical inactivity).
- Evaluation that shows an impact has a greater likelihood of ongoing senior leadership support for the wellness initiatives.
- Measurable goals can be expanded each year as the working environment gradually shifts to a more supportive culture of wellness.

Example Multi-Year Strategy

Year One:

- Branding/Culture/Operational Commitment
- Define Vision and Strategy
- Setting Expectations
- Rewarding Participation

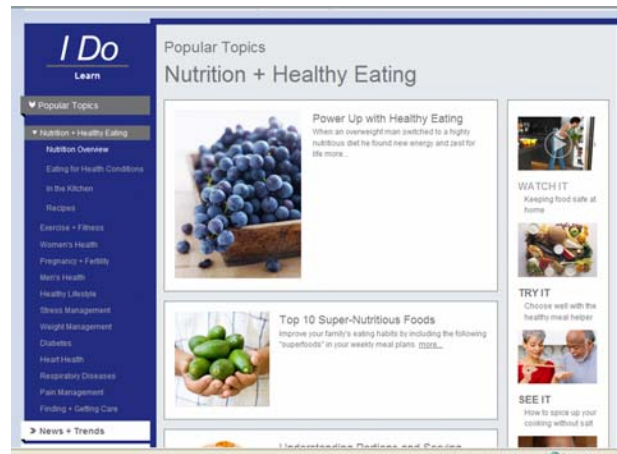
Year Two:

- Rewarding Participation and Improvement
- Expanding Engagement
- Capturing Process and Impact

Year Three:

- Rewarding Participation, Improvement and Achievement
- Reporting Outcomes
- Return on Investment

An integrated strategy that addresses as many of the costs and impacts of health as possible is key: medical, prescription, dental, vision, absence, disability, workers' compensation, safety, mental behavioral health, etc.





Wallis Companies

2014-15 8-Month Claims Review

Presented December 9, 2014

Current Period: March 2014 – October 2014 | Prior Period: March 2013 – October 2013

Membership

Average membership was 645 in the current period, essentially unchanged from the prior period. The average number of subscribers decreased 2.2%, while the average number of dependents increased 3.7%. Thus, the average contract size increased 2.9% to 1.97.

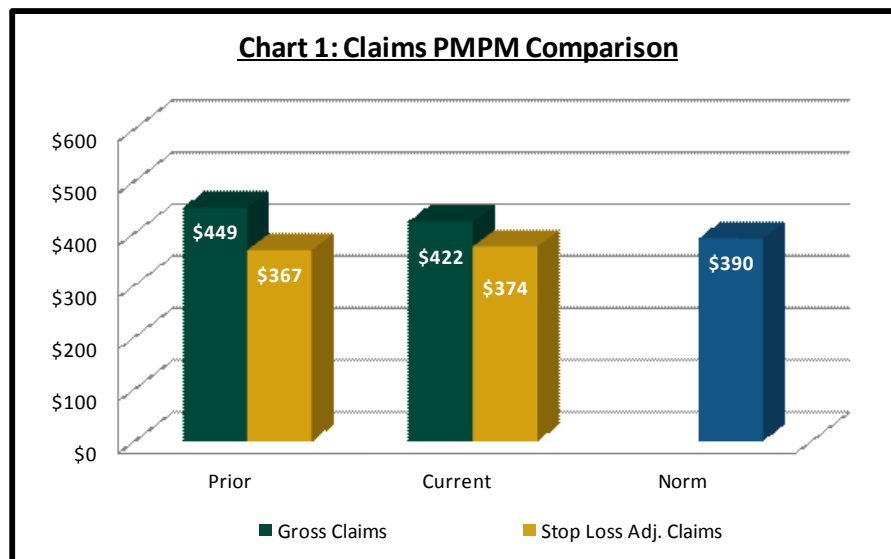
Table 1: Membership Summary

	Current	Prior	% Change
Average Subscribers	328	336	-2.2%
Average Dependents	317	306	3.7%
Average Members	645	641	0.6%
Average Contract Size	1.97	1.91	2.9%

Paid Claims Experience

Total Claims

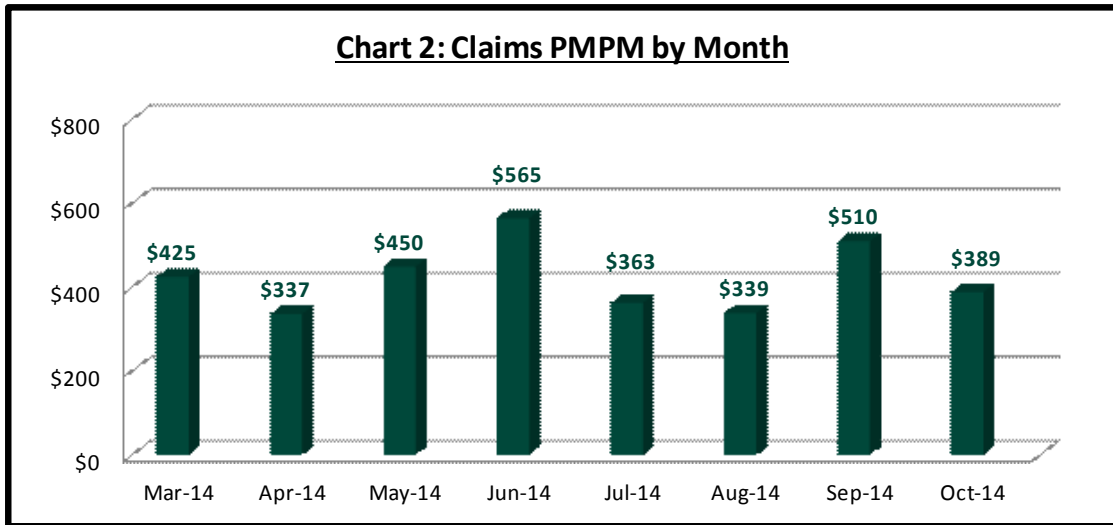
Gross claims were \$2,178,910, or \$422 per member per month (PMPM), in the current period. Removing claims exceeding stop loss (\$247,910 total removed), stop loss adjusted claims were \$374 PMPM. This is less than a 2% increase over the prior period's stop loss adjusted claims of \$367 PMPM.



¹UHC industry norms (service industry) extracted from Healthplan Performance Review for the period 7/1/12 to 6/30/13, trended 8%.

Claims by Month

Chart 2 below shows gross claims PMPM by month for the current period.



Claimant Size Distribution

There were 561 claimants in the current period. Three of these claimants have exceeded the \$85,000 SSL threshold:

- \$279,417 — End stage renal disease (Termed)
- \$128,504 — Regional enteritis
- \$94,989 — Radiotherapy (Termed; Cobra?)

A total of eight claimants exceeded \$50,000 in the current period. Similarly, nine claimants exceeded \$50,000 in the prior period. Please see Appendix for additional details on the high cost claimants.

Chart 3 on the following page shows the percentage of total claimants (green bar) and percentage of total claims (gold bar) for specified claimant size ranges. For example, the eight claimants exceeding \$50,000 represent 1.4% of the 561 claimants and 37.9% of the total claims cost.



WALLIS OIL COMPANIES
FIXED COST / STOP LOSS / ATTACHMENT FACTOR
UNITED HEALTHCARE: Renewal Date - March 1, 2015

		CURRENT OPTION UNITED HEALTHCARE	RENEWAL OPTION UNITED HEALTHCARE - \$85,000 SSL	Anthem Quote - \$85,000 SSL	Coventry Quote - \$85,000 SSL	Cigna Quote - \$85,000 SSL			
Cost Factors		United Healthcare 3/1/14 - 2/28/15	United Healthcare 3/1/15 - 2/28/16	Anthem 3/1/15 - 2/28/16	Coventry 3/1/15 - 2/28/16	Cigna 3/1/15 - 2/28/16			
Administration Fee	330	\$48.97	\$47.90	\$44.28	\$36.92	\$26.56			
	Monthly	\$16,160	\$15,807	\$14,612	\$12,184	\$8,765			
	Annual	\$193,921	\$189,684	\$175,349	\$146,203	\$105,178			
			-2.19%	-9.58%	-24.61%	-45.76%			
Specific Stop Loss:	330	<u>\$85,000 Paid</u>	<u>\$85,000 Paid</u>	<u>\$85,000 - 18/12</u>	<u>\$85,000 - 18/12</u>	<u>\$85,000 - 18/12</u>			
	Monthly	\$91.39	\$103.22	\$102.35	\$91.01	\$102.25			
	Annual	\$30,159	\$34,063	\$33,776	\$30,033	\$33,743			
			12.94%	11.99%	-0.42%	11.88%			
Aggregate Stop Loss:	330	<u>Paid Contract 125%</u>	<u>Paid Contract 125%</u>	<u>18/12 Contract 125%</u>	<u>18/12 Contract 125%</u>	<u>18/12 Contract 125%</u>			
	Monthly	\$7.14	\$8.08	\$5.31	\$8.01	\$8.79			
	Annual	\$2,356	\$2,666	\$1,752	\$2,643	\$2,901			
			13.17%	-25.63%	12.18%	23.11%			
Total Fixed Costs:	330	\$147.50	\$159.20	\$151.94	\$135.94	\$137.60			
	Monthly	\$48,675	\$52,536	\$50,140	\$44,860	\$45,408			
	Annual	\$584,100	\$630,432	\$601,682	\$538,322	\$544,896			
		\$46,332	7.93%	\$17,582	3.01%	(\$92,110)	-7.84%	(\$56,786)	-6.71%
CLAIM PROJECTION INFORMATION PEP		COMPOSITE	COMPOSITE	COMPOSITE	COMPOSITE	COMPOSITE			
	Maximum per Employee	\$873.94	\$989.38	\$921.98	\$1,027.01	\$981.24			
	Expected per Employee (Max/1.25)	\$699.15	\$791.50	\$737.58	\$821.61	\$784.99			
	<small>Current Claims PEPM 3/1/14-10/31/14</small>	\$746	13.21%	5.50%	17.51%	12.28%			
CLAIMS + FIXED									
	Maximum	\$1,021.44	\$1,148.58	\$1,073.92	\$1,162.95	\$1,118.84			
	Annual	\$4,044,902	\$4,548,377	\$4,252,723	\$4,605,282	\$4,430,606			
	Expected	\$846.65	\$950.70	\$889.52	\$957.55	\$922.59			
	"Expected" Annual Cost	\$3,352,742	\$3,764,788	\$3,522,515	\$3,791,890	\$3,653,464			

Important Notes / Assumptions

There are no lasers with the renewal.

Administration Fees include \$12.00 PEPM CBIZ commission

CBIZ projection for total cost for 2015-2016

Current Wallis Oil Funding PEPM

\$949

Expected	Pessimistic	Optimistic
\$989	\$1,021	\$957

2015

Employee Benefits Open Enrollment

**Health* Dental* Vision
Wallis Paid Life* Supplemental
Life* Short Term Disability
Flexible Spending Accounts**



We are excited to introduce our newly formatted communication pieces and a second plan option for Health Insurance for 2015! For the first time since 2003, Wallis will offer two plans for health insurance as a part of our ongoing efforts to offer affordable, cost-effective options to our employees and their families. Health Insurance costs continue to be a challenge, and we are reinforcing, through plan design and contribution methods, our philosophy of asking those who use the plan the most to pay the most and for all employees to take active steps to improve their health and be good consumers. This year we've incorporated a change in methodology used to calculate contributions which focuses the most dollars on coverage for employees and their children. We know that, for some, the changes will be a burden. Unfortunately, we had to make some difficult decisions, despite tough negotiations with carriers. On a more positive note, aggressive bids from alternative carriers and strong negotiations with current carriers have resulted in decreases in premium for other plans. Please review the information we've provided carefully, so that you can make the right decisions for you and your family. Don't hesitate to contact your HR team with any questions or concerns.

What Does Open Enrollment Mean?

Open enrollment is the one time during the year when employees can make changes in elections and coverage in most plans. **NOW IS THE TIME TO ACT!**

Employees not enrolled in a plan can enroll.

Employees currently enrolled can make changes in elections

or discontinue participation.

Employees cannot make changes, enroll, or drop coverage from most plans any other time during the year, unless they experience a qualifying event.

Who Is Eligible?

Employees working at least 30 hours per week and who have been employed full-time at least 60 days.

Where Do We Find Forms?

An electronic enrollment form is located on the Wallis Pipeline under HR Forms. This benefit enrollment form is used for all company benefits. Please complete the form online, print, sign it, and return it to HR no later than 2/20/15.

*Make It
convenient!*

ENROLLMENT FORMS DUE

2/20/15

Coverage Effective Date

March 1, 2015

If you would like to make plan changes, drop coverage, or enroll, you must do so NOW! No exceptions will be made for late forms, as enrollment modifications must be reported to carriers timely and entered into payroll prior to March checks.

The Benefit Enrollment Form used for all benefits is available on the Wallis Pipeline. Please complete the form online, print, sign the form, and submit it to HR before due date.

If employees have questions or concerns, please contact HR. We'll be happy to help!

What Do I Need to Do?

Health, Dental, Vision, Life, Short Term Disability....

Current participants – To continue your coverage in the Health, Dental, Vision, Supplemental Life or Short Term Disability without changes to your current elections, do nothing. To make changes to coverage, complete electronic enrollment form, print, sign, and return to the HR Department.

Employees wanting to drop coverage – Complete waiver on electronic enrollment form, print, sign, and return to the HR Department.

Employees wanting to enroll – complete electronic enrollment form, print, sign, and return to the HR Department,

Flexible Spending Account....

Current participants – complete electronic enrollment form and return to the HR Department by February 20, 2015. This is an annual IRS requirement!

Employees wanting to stop contributions - Do nothing. You will automatically be removed from the Plan.

Employees wanting to participate – complete electronic enrollment form, print, sign, and return to the HR Department.

Important Enrollment Information

- Employees Currently Enrolled in the Health, Dental, Vision, Supplemental Life, or Short Term Disability will continue to be enrolled in those programs based on current elections. Flexible Spending participants **MUST** complete documents to reenroll each year.
- Changes, drops, or enrollments in Health, Dental, and Vision can only be made during open enrollment, unless you experience a qualifying event during the year.
- Though you can drop Supplemental Life coverage at any time, you can only enroll and make changes during open enrollment. The changes allowed for qualifying events are limited to adding coverage for new dependents.
- Though you can drop STD coverage mid-year, enrollments and changes can only be made during open enrollment. There are no exceptions for qualifying events.

- Increases in Supplemental Life/AD&D coverage will require completion of a medical questionnaire and be subject to underwriting approval, unless the employee is requesting an increase of no more than \$10,000 for himself/herself and the total coverage for the employee will be no more than \$100,000. Similar restrictions apply to new enrollees who have previously waived coverage. Contact HR for additional details.
- STD Participants should consider modifying benefit amounts based on income changes. Benefit amounts do not automatically adjust based on income.
- Employees enrolling or modifying coverage in some plans may be subject to plan restrictions. Contact HR for additional information.

2015 Benefit Plan Changes

UnitedHealthcare Medical

The **In-Network Out of Pocket Maximum** (\$6,350 individual/\$12,700 family) will now include all prescription drug copays.

There will be no benefit changes in the **Current Plan (Plan A)**.

There will be a **Second Medical Plan (Plan B)** offered this year.

- The in-network **Deductible** will be \$2500 for an individual and \$5000 for a family in Plan B.
- There will be no **Inpatient Hospital or Outpatient Surgery** copayments in Plan B.
- All other benefits will be the same as Plan A.

Cigna Dental

Good news! Participants will see a **9.4% decrease in dental rates**, and there are **no changes in plan benefits**. In addition, a guaranteed 3% increase for next year was negotiated to lock in rates.

Cigna Vision

Though there is a **6.2% increase in cost**, there are **no plan changes** and a 2 year rate guarantee.

Company Paid Life Insurance

There will be **no change in benefits or carrier**. The rate paid by Wallis will decrease 9.7%, with a 2 year rate guarantee.