



Legend Re Agenda

May 15-17, 2023

Nashville, Tennessee

aspire
20
23

Welcome to Music City!

We're Excited to See You.



Table of Contents

02

Welcome

03

Table of Contents

04

Think About The Future

05

Meet Your Captive Board

06

Meet Your ParetoHealth Speakers

07–08

Some Logistics: Lanyards, Music City Hall Details, Meeting Pins

09

Pop-Up Shop, Executive Headshots

10–12

Breakout Session Descriptions

13–16

Meeting Agenda

17–21

Glossary of Terms

22–25

Notes

26

Thank You to Our Sponsors

27

About ParetoHealth



It's time to think about the future.

This meeting is more than just another business conference, innovation summit, or owners' meeting. It is an opportunity to bring together the strategic leaders and stakeholders in a key part of your business. From owners, HR, and finance, we are anticipating exciting developments and a clear direction. Your benefits consultants and our ParetoHealth team are ready to lend their experience and expertise. Our cost-containment partners are here to share how they can support and strengthen your plans.

While we plan, we are all thinking about how to future-proof your health benefits plan – to make sure that it continues to provide everything you need for many years to come.

This means leadership, planning, and action. It means that we need to continue our collective pursuit of excellence: attracting new, healthy groups, changing the thinking in our communities about healthcare, and using our cutting-edge cost management solutions to their full extent. As always, the greatest innovation in healthcare financing is you. Now is the time to do more, to do better than we did yesterday.

As we take the next few days to share our insights and plans, let's keep thinking far beyond the next twelve months.

Welcome to "Legend Re's Aspire 2023."

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MAP**



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MATERIALS**



Meet your Captive Board – Legend Re



Joe Bellavance

Bellavance Beverage
Hooksett, New Hampshire
Captive Member since 2018
Term expires in 2023



 New Board Member

Ted Borgstadt

TrestleTree, LLC
Fayetteville, Arkansas
Captive Member since 2020
Term expires in 2025



Bob Coppage

Wagman Industries
York, Pennsylvania
Captive Member since 2019
Term expires in 2025



 New Board Member

Terri Fanz-Falzone

Engel Machinery, Inc.
York, Pennsylvania
Captive Members since 2018
Term Expires in 2025



John Naughton

Pareto Captive of Tennessee
Pareto Appointee



Joel Pina

Keystone Risk Partners
Pareto Appointee



E.J. Ponto

Geophysical Survey Systems
Nashua, New Hampshire
Captive Member since 2018
Term expires in 2023



Joseph Reyes

PET Processors
Painesville, Ohio
Captive Member since 2021
Term expires in 2024



 New Board Member

Carrie Saia

Holton Community Hospital
Holton, Kansas
Captive Member since 2015
Term expires in 2025

Interested in serving on the board in the future? Our election season kicks off in November – watch for emails calling for candidates!

But a Board isn't the only way to be involved!

Have you heard of our Member Advisory Committees? These committees meet virtually and provide feedback and input to ParetoHealth in three areas: Cost Management, Communications, and Member Experience. If you're interested in serving, please email:

Tammy Sedey
sedey@paretohealth.com

Meet Your ParetoHealth Speakers



Andrew Cavenagh

Chief Executive Officer
cavenagh@paretohealth.com



Andrew Clayton

President
clayton@paretohealth.com



Maureen Becker

Chief People Officer
becker@paretohealth.com



Adam Booth

Vice President of Sales
booth@paretohealth.com



Stephen Hansen

Vice President of Sales
hansen@paretohealth.com



Michael Harmon

Vice President of Sales
harmon@paretohealth.com



Ashley Hull

Senior Vice President
ashley@paretohealth.com



Jack Longstreth

Senior Vice President of Sales
longstreth@paretohealth.com



Kelly Marolf

Director, People Operations
kmarolf@paretohealth.com



Kristen McKenna

Senior Vice President
mckenna@paretohealth.com



Catharine Thurston

Senior Vice President
thurston@paretohealth.com



Mike Wright

Chief Sales Officer
wright@paretohealth.com

LEARN MORE ABOUT
OUR TEAM



A Note about Your Lanyards & Pins

Did you know that the lanyard colors correspond to roles?

- Members
- Prospective Members
- Consultants
- ParetoHealth Staff
- Sponsors



Meeting Venue

We're excited to welcome a record number of attendees to this year's Meeting!

To accommodate the demand, most of the event (including all meeting sessions) will take place at Nashville's Convention Center known as "Music City Center." The Center is conveniently located across the street from the Omni.

The Welcome Reception will take place on the second floor of the Omni. The Omni is also the meeting place for early morning exercise activities.

Keep an eye out for our guides who will be stationed at various locations and holding paddle signs. They're available to assist with questions and directions.



MUSIC CITY
FLOOR PLAN



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MATERIALS



We hope you're enjoying the meeting pins! Remember to bring them to future meetings to adorn your lanyard and we'll offer the opportunity to earn new pins. They're badges of merit and great conversation starters. Here's a key to the pins offered at this Meeting:

Members' Meeting



Attended the Members' Meeting in Nashville



ParetoHealth Member

Membership



Founding Member of the Captive



Captive Board Member



Member Advisory Committee Member



ParetoHealth Champions



First Year in the Captive



Five Years in the Captive

Consultants



ParetoHealth Inner Circle Consultant



ParetoHealth Apex Consultant



ParetoHealth Core Consultant



CAPSULE – Consultant App

Sponsors



Sun Life



Meritain Health



SmithRx



Magellan Rx Management



Allied



Health Plans, Inc.



CancerCARE



KISxCard

Special Pins



Cut a Rug – top dancer at the Members' Gala



Vilfredo Award Winner



New Members' Meeting Features!

ParetoHealth Passports & Pop-Up Shop

Check the back of your nametag for a list of fun opportunities to earn “points” on your ParetoHealth passport. As you earn points, we’ll mark your passport to commemorate your achievement, then redeem your points for gifts at the ParetoHealth Pop-Up shop. Don’t need another sweatshirt? Turn in your points and we’ll make a charitable donation instead.

Executive Headshots

Need an updated headshot? Follow us on LinkedIn, then swing by our Executive Headshot “photo booth” in the Hospitality Suite, and moments later you’ll receive your new pictures, compliments of ParetoHealth.

Hours: Monday, 11am – 3pm, Tuesday 7am – 9:30am and 12:15pm – 5pm.

Hospitality Suite *sponsored by Magellan Rx, Allied and HPI*

If you need a break from meetings or just need to plug in stop by the Hospitality Suite located at the Music City Center, Level 2, Room 206. Refreshments and snacks provided.

Hours: Monday, 11am – 3pm, Tuesday 7am – 5pm.

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GET MEETING MATERIALS



Breakout Session Descriptions

- **80/20 with ParetoHealth Podcast**
Join us for a live taping of the 80/20 with ParetoHealth podcast, hosted by Andrew Cavenagh and Andrew Clayton who will be joined by some special guests.
- **A TPA's Perspective to Optimizing Your Benefits with HPI**
Health Plans, Inc. (HPI) is a "ParetoHealth preferred" TPA that participates in the ICM platform. Attend this session to learn more about their offering.
- **CancerCARE – The Complete Cancer Solution***
CancerCARE is among the programs that are part of ParetoHealth's Integrated Cost Management, offering Members the ability to control the high cost of cancer claims and facilitate better outcomes for patients.
- **Captive Financials***
This session provides an explanation of the captive financial structure and captive financial statements.
- **Critical HR Priorities for 2023 and Beyond**
In this highly interactive session, we'll "crowdsource" and present ten emerging hot topics in HR and discuss steps you should take now to navigate these trends.
- **HR Roundtable: Action Planning**
As a follow-up to the presentation "Critical HR Priorities for 2023 and Beyond," participants in this session will break into small group discussions and brainstorm action plans to address the emerging HR topics discussed in the earlier session.
- **Innovative Medical and Cost Management Solutions with Allied**
Allied is a "ParetoHealth preferred" TPA that participates in the ICM platform. Attend this session to learn more about their offering.
- **Introduction to KISxCard***
The KISxCard program offers direct contracting, connecting plan members with healthcare providers for planned surgeries and imaging procedures, offering financial savings to employer and employee alike. Attend this session to learn more.
- **Introduction to Magellan Rx Management***
Magellan Rx Management is a pharmacy benefit manager (PBM) that is part of the Pareto Rx Consortium ("PRxC"). This session is for those looking to learn more about their offering.
- **Introduction to SmithRx***
SmithRx is a pharmacy benefit manager (PBM) that is part of the Pareto Rx Consortium ("PRxC"). Come to this session to learn more about their offering.
- **MCCI and Playbooks***
During this session, we will highlight one of the core features of our ICM platform: the Playbook. Participants will get an inside look into how ParetoHealth leverages actionable data to deliver cost saving opportunities to Consultants and Members. We will also discuss the latest on the Member Cost Containment Index survey and results. Scan the Meeting Materials QR code on page 8 to access reports for this session.

*Denotes a session that may be particularly helpful for first-time Meeting attendees.

Breakout Session Descriptions

- **Magellan Rx Management for Existing Clients**
Current Magellan Rx clients, attend this session to touch base with Magellan Rx! Learn about their latest offerings and service updates.
- **Member to Member: Conquering Employee Communication & Engagement**
This room is set aside for Members who wish to meet in small groups to discuss employee communication and engagement. Please note: this is not a formal, moderated session but rather an opportunity for informal discussion. Feel free to circulate among tables and/or leave to attend a different session if the discussion does not meet with your expectations.
- **Member to Member: Developing a Long-Term Strategic Plan**
This room is set aside for Members who wish to meet in small groups to discuss their experiences around developing a long-term strategic plan. Please note: this is not a formal, moderated session but rather an opportunity for informal discussion. Feel free to circulate among tables and/or leave to attend a different session if the discussion does not meet with your expectations.
- **Member to Member: Experience in Rx**
This room is set aside for Members who wish to meet in small groups to discuss their experiences around managing prescription drug benefits. Please note: this is not a formal, moderated session but rather an opportunity for informal discussion. Feel free to circulate among tables and/or leave to attend a different session if the discussion does not meet with your expectations.
- **Member to Member: Grappling with Hot Topics in Benefits**
This room is set aside for Members who wish to meet in small groups to discuss current hot topics in benefits such as generic drug shortages, health benefits for transgender employees, and weight loss drugs – among others. Please note: this is not a formal, moderated session but rather an opportunity for informal discussion. Feel free to circulate among tables and/or leave to attend a different session if the discussion does not meet with your expectations.
- **Member to Member: HR Chat by Industry**
This room is set aside for Members who wish to meet in small groups to discuss HR topics by industry. Tables will be dedicated to blue and white-collar industries. Please note: this is not a formal, moderated session but rather an opportunity for informal discussion. Feel free to circulate among tables and/or leave to attend a different session if the discussion does not meet with your expectations.
- **Meritain Health and the Meritain Pharmacy Solutions**
Meritain Health is a preferred TPA within ParetoHealth's ICM platform. Their integrated PBM solution, Meritain Pharmacy Solutions, is part of PRxC. Come to this session to learn more about their offering.
- **Pharmacy 101***
Does pharmacy leave you flummoxed? Join this session for a crash course in navigating your pharmaceutical benefits and learn best practices to contain your pharmacy costs.

*Denotes a session that may be particularly helpful for first-time Meeting attendees.

Breakout Session Descriptions



Practical Experiences with Cost Management*

A panel discussion hosted by Members of the Cost Containment Member Advisory Committee (MAC). Hear their experiences with various cost management programs, get practical advice and insight on how to successfully implement programs and initiatives, and an opportunity to ask questions on the topic.



Renewal Primer*

A primer on all aspects of renewals – from the calendar and logistics to how renewals are calculated.



Roundtable Discussion for CFOs and Finance Executives

Collaboration is the heart of the Members' Meeting experience and this session features the opportunity for roundtable discussion with your Finance Executive peers.



SmithRx for Existing Clients

Current SmithRx clients, attend this session to touch base with SmithRx! Learn about their latest offerings and service updates.

*Denotes a session that may be particularly helpful for first-time Meeting attendees.

Meeting Agenda

Monday, May 15

8:00 AM – 7:00 PM

Registration Open — Music City Center, Level 2, Prefunction Space

Stop by registration and pick up your nametag and materials and get a warm welcome from your friends at ParetoHealth.

Noon – 1:00 PM

Early Arrivals Lunch *sponsored by Magellan Rx* — Music City Center, Level 4, Karl F. Dean Grand Ballroom A

In town early? Join us for lunch!

1:00 PM – 2:45 PM

First-Timer's Meeting — Music City Center, Karl F. Dean Grand Ballroom B-C

This session will present a review of the basics – from the mechanics of the captive program, to financial structure, cost-management for starters, and more. This session is strongly recommended for those attending their first Members' Meeting, as well as seasoned captive Members and new board members looking for a refresher on the basics. It's great (and necessary) foundation for the rest of the Meeting.

1:00 PM – 3:45 PM

Breakout Sessions

Please see page 11 for descriptions of sessions. Choose the sessions of interest to you.

1:00 PM – 1:45 PM

- MCCI and Playbooks – Music City Center, Level 2, Meeting Room 207
- Captive Financials – Music City Center, Level 2, Meeting Room 209

2:00 PM – 2:45 PM

- Renewal Primer – Music City Center, Level 2, Meeting Room 207
- Pharmacy 101 – Music City Center, Level 2, Meeting Room 209
- CancerCARE – The Complete Cancer Solution – Music City Center, Level 2, Meeting Room 208

3:00 PM – 3:45 PM

- Introduction to SmithRx – Music City Center, Level 2, Meeting Room 207
- Introduction to Magellan Rx Management – Music City Center, Level 2, Meeting Room 209
- Introduction to KISxCard – Music City Center, Level 2, Meeting Room 205
- Member to Member: Experience in Rx – Music City Center, Level 2, Meeting Room 202
- Meritain Health and the Meritain Pharmacy Solutions – Music City Center, Level 2, Meeting Room 208
- A TPA's Perspective to Optimizing Your Benefits with HPI – Music City Center, Level 2, Meeting Room 204
- Innovative Medical and Cost Management Solutions with Allied – Music City Center, Level 2, Meeting Room 201

*Alternative venue due to inclement weather

4:00 PM – 6:00 PM

Welcome Reception *sponsored by SmithRx* — Omni Nashville, Level 2, Broadway Prefunction Space
Join us for a Welcome Reception sponsored by SmithRx.

Tuesday, May 16

7:00 AM – 5:00 PM

Registration — Music City Center, Level 2, Prefunction Space

7:00 AM – 8:00 AM

Morning Workout: Country Line Dancing — Omni Nashville, Level 2, Broadway Ballroom J-K
Kick off the day and get into the swing of Nashville by breaking a sweat as you learn to country line dance!

8:30 AM – 9:15 AM

Breakfast *sponsored by KISxCard* — Music City Center, Level 4, Karl F. Dean Grand Ballroom A

9:30 AM – 11:15 AM

General Session — Music City Center, Level 4, Karl F. Dean Grand Ballroom B-C

Topics include:

- **Welcoming Remarks**
- **State of the Industry** – the latest trends from the stop loss industry and what you, as an employer, need to know as you plan for 2024
- **State of ParetoHealth** – updates from ParetoHealth and opportunities on the horizon for Members in 2023 and beyond
- **State of the Captive** – updates on Legend Re, including growth and performance

11:30 AM – 12:15 PM

Breakout Sessions

Please see page 11 for descriptions of sessions. Choose the sessions of interest to you. Many sessions are repeated to allow multiple opportunities to catch the session.

Morning Breakout Sessions

- **MCCI and Playbooks** – Music City Center, Level 4, Karl F. Dean Grand Ballroom B-C
- **Captive Financials** – Music City Center, Level 2, Meeting Room 207
- **Meritain Health and the Meritain Pharmacy Solutions** – Music City Center, Level 2, Meeting Room 209
- **Introduction to KISxCard** – Music City Center, Level 2, Meeting Room 205
- **Member to Member: HR Chat by Industry** – Music City Center, Level 2, Meeting Room 202
- **CancerCARE – The Complete Cancer Solution** – Music City Center, Level 2, Meeting Room 208
- **A TPA's Perspective to Optimizing Your Benefits with HPI** – Music City Center, Level 2, Meeting Room 204
- **Innovative Medical and Cost Management Solutions with Allied** – Music City Center, Level 2, Meeting Room 201

12:15 PM – 1:15 PM

Lunch — Music City Center, Level 4, Karl F. Dean Grand Ballroom A

1:30 PM – 4:45 PM

Afternoon Breakout Sessions

Please see page 11 for descriptions of sessions. Choose the sessions of interest to you. Many sessions are repeated to allow multiple opportunities to catch the session.

1:30 PM – 2:15 PM

Afternoon Breakout Session 1

- **Critical HR Priorities for 2023 and Beyond** – Music City Center, Level 4, Karl F. Dean Grand Ballroom B-C
- **“80/20 with ParetoHealth” Podcast Taping** – Music City Center, Level 2, Meeting Room 207
- **Introduction to SmithRx** – Music City Center, Level 2, Meeting Room 209
- **Captive Financials** – Music City Center, Level 2, Meeting Room 205
- **Member to Member: Grappling with Hot Topics in Benefits** – Music City Center, Level 2, Meeting Room 202
- **Magellan Rx Management for Existing Clients** – Music City Center, Level 2, Meeting Room 208
- **Introduction to KISxCard** – Music City Center, Level 2, Meeting Room 204
- **Meritain Health and the Meritain Pharmacy Solutions** – Music City Center, Level 2, Meeting Room 201

2:30 PM – 3:15 PM

Afternoon Breakout Session 2

- **HR Roundtable: Action Planning** – Music City Center, Level 4, Karl F. Dean Grand Ballroom A
- **Pharmacy 101** – Music City Center, Level 2, Meeting Room 207
- **Renewal Primer** – Music City Center, Level 4, Karl F. Dean Grand Ballroom B-C
- **Magellan Rx Management for New Clients** – Music City Center, Level 2, Meeting Room 209
- **CancerCARE – The Complete Cancer Solution** – Music City Center, Level 2, Meeting Room 205
- **Member to Member: Developing a Long-Term Strategic Plan** – Music City Center, Level 2, Meeting Room 202
- **SmithRx for Existing Clients** – Music City Center, Level 2, Meeting Room 208
- **A TPA’s Perspective to Optimizing Your Benefits with HPI** – Music City Center, Level 2, Meeting Room 204
- **Innovative Medical and Cost Management Solutions with Allied** – Music City Center, Level 2, Meeting Room 201

3:15 PM – 3:45 PM

Snack Break – Music City Center, Level 2, Prefunction Space

4:00 PM – 4:45 PM

Afternoon Breakout Session 3

- **Roundtable Discussion for CFOs and Finance Executives** – Music City Center, Level 4, Karl F. Dean Grand Ballroom A
- **Practical Experiences with Cost Management** – Level 4, Karl F. Dean Grand Ballroom B-C
- **Introduction to Magellan Rx Management** – Music City Center, Level 2, Meeting Room 209
- **Introduction to SmithRx** – Music City Center, Level 2, Meeting Room 205

- **Member to Member: Conquering Employee Communication & Engagement** – Music City Center, Level 2, Meeting Room 202
- **Renewal Primer** – Music City Center, Level 2, Meeting Room 208
- **Consultant Meeting** – Music City Center, Level 2, Meeting Room 207
All ParetoHealth consultants are requested to attend this session for updates and planning.

6:00 PM – 10:00 PM

Members' Gala *sponsored by Sun Life* – “Assembly Food Hall” at 5055 Broadway (Fifth + Broadway building) Entrance is off Broadway and sits just behind Hattie B's. Look for the Pareto flags on the rooftop.

Enjoy dinner, music, and dancing. (Remember, contrary to its name, the Members' Gala is a casual affair.)

Wednesday, May 17

6:45 AM – 7:30 AM

Morning Workout: Guided Walk/Run — Departing from the Omni Nashville, Main Lobby
Walkers and runners of all abilities are welcome to join us for a bit of early morning exercise.

8:00 AM – 8:45 AM

- **Breakfast** *sponsored by CancerCARE* — Music City Center, Level 2, Prefunction Space
- **Leadership Breakfast** — Music City Center, Level 2, Meeting Room 204
Current, past, and incoming Legend Re board Members, as well as Members of the Member Advisory Committees and ParetoHealth Champions are invited to gather for breakfast and planning.

9:00 AM – 10:30 AM

Legend Re Members' Meeting — Music City Center, Level 2, Meeting Room 207
This session is open to current Members of the Legend Re captive only.

9:00 AM – 10:30 AM

Prospective Members' Meeting — Music City Center, Level 2, Meeting Room 209
All ParetoHealth consultants are requested to attend this session for updates and planning.

10:30 AM

Departure

Glossary of Terms

80/20 with ParetoHealth

The ParetoHealth podcast, hosted by Andrew Cavenagh and Andrew Clayton. We're gearing up to launch Season 2, but catch up on past episodes here: paretohealth.com/podcast.

Aggregate Deductible (Aggregate Attachment Point)

The employer's maximum liability on the accumulation of small claims below their specific deductible. After a group "hits" the aggregate limit, the stop loss carrier steps in and pays the remaining claims. The aggregate limit is often 125% of expected claims which are calculated based on the demographics of the group.

Aggregate Factor

A dollar figure that is multiplied by the number of covered persons each month during the contract period to calculate the annual aggregate deductible.

Aggregate Stop-Loss

Coverage that protects an employer against the accumulation of total claims that exceed a stated level. This protects the employer from an abnormally large number of small claims (compare to Specific Stop-Loss below).

Allied Benefit Systems

A "ParetoHealth preferred" TPA that participates in the ICM platform.

Apex/Core Status

Consultants status based on a combination of metrics related to growth and retention of clients with ParetoHealth.

Broker of Record ("BOR")

The licensed agent (broker) engaged by an employer to manage their benefits plan.

CancerCARE

ParetoHealth oncology partner program that offers personalized care, national resources, and expert medical teams to optimize treatment for cancer patients.

Capital Investment

Financial investment contributed by each Member of the captive program in exchange for an equity share in the captive.

Captive Board

The Captive Management Committee, consisting of five elected captive Members and two ParetoHealth appointees.

Captive Member ("Member")

An employer group that joins the captive program.

CAR-T

A cell-based gene therapy where cells that are genetically engineered to bind to cancer cells and kill them. The cost of CAR-T treatment can range from \$350K to more than \$2M.

Care Coordination

The process of streamlining, synchronizing, and organizing patient care by sharing information with all participants and providers involved in a patient's care with the aim of making it more effective.

Carrier

The insurance company working with a self-funded plan that assumes the risk and provides coverage and service in accordance with the stop-loss policy.

Carve Out

When a self-funded group transfers financial obligations for a specific healthcare condition – such as organ transplants or premature births – to a third party.

Case Management

Collaborative process resulting in a recommended treatment for a patient to optimize outcome and cost efficiency.

Claims Experience

Past loss experience that factors into calculation of future insurance premiums.

Claims Loss Triangles

Line graphs used to track captive performance by program year. These line graphs show the accumulation of stop-loss claims over the course of the program year.

COBRA

Consolidated Omnibus Budget Reconciliation Act mandates the offering of benefits to former employees.

Compound Annual Growth Rate (“CAGR”)

Average rate of revenue growth between two years.

Consultant

An insurance professional who has placed business with ParetoHealth, differentiating themselves from “brokers” by offering their clients a highly strategic and long-term approach to managing and controlling the cost of employee health benefits.

The Contrarian

The ParetoHealth blog, offering fresh perspectives and insights on health insurance and self-funding. Read past posts and subscribe by visiting paretohealth.com/blog.

Cost Containment

Efforts designed to reduce or eliminate unnecessary or preventable charges to the plan.

Data Analytics

The process of compiling and analyzing data to glean actionable insights and drive decisions.

Distribution

Funds that are dispersed to Members, typically consisting of earnings and profits and/or a release of excess capital.

Fixed Costs

Costs, other than claims, which are paid on a monthly basis – for instance, premium, access fees, and TPA fees.

Gene Therapy

Genetically modifying cells in order to treat disease by repairing defective genetic material.

HealthJoy

Chat-based, concierge-like care coordination program delivered via mobile device. ParetoHealth Members can enroll in HealthJoy and gain access to provider recommendations, telemedicine consults, claims advocacy, and prescription savings.

HIPAA (The Health Insurance Portability and Accountability Act of 1996)

The Health Insurance Portability and Accountability Act which governs protection of private health information.

HPI (Health Plans Inc.)

A “ParetoHealth preferred” TPA that participates in the ICM platform.

ICM (Integrated Cost Management)

ParetoHealth’s ICM platform offers Members: access to Integrated Point Solutions (cost containment programs that are integrated with preferred PBMs and TPAs for seamless efficiency), Interventions (identification of real-time cost-savings opportunities that are based on certain triggering events or diagnoses), and Playbooks (retrospective analysis of personalized Member data to aid in long-term strategic planning).

KISxCard

Direct contracting helps connect plan members with healthcare providers who offer transparent bundled prices for over 400 surgery and imaging procedures. Employers can expect to save an average of 50% on services while employees get access to the care they need for \$0.

KRP (Keystone Risk Partners)

The captive's domicile manager, tasked with day-to-day bookkeeping, financial reporting, regulatory reporting, verifying the computation and posting of capital, and coordination execution of investments.

Lasers

Lasers are higher individual-specific deductibles. It's common practice in the insurance industry to issue a laser when a high-risk individual is identified. Carriers often exclude these "known risks" because it saves them from covering future claims incurred by these high-cost claimants. Unfortunately, though, the laser means the employer bears the sole costs of these high claims, since they are not covered by stop-loss.

Leveraged Trend

A projection of how much the cost of catastrophic claims (i.e., those covered by stop-loss insurance) will rise over time, as a function of first dollar claims. Leveraged trend increases the amount of carrier liability if the employer's liability (in the form of the deductible) remains the same each year.

Loss Ratio

The ratio used of claims reimbursed by the insurance company versus the premium collected to reimburse all claims.

Magellan Rx Management

A PBM that participates in PRxC.

Medical Trend

Year over year increase in cost for the same medical treatment, service, or procedure.

Member Cost Containment Index ("MCCI")

ParetoHealth captive members complete an annual survey known as the MCCI survey which quantifies the steps the Member took to contain costs in a given year. The survey results in a score that allows Members to assess their individual year-over-year progress and see how it compares to other Members. The MCCI score impacts each Member's renewal rates.

Meritain Health

A "ParetoHealth preferred" TPA that participates in the ICM platform.

Meritain Pharmacy Solutions ("MPS")

CVS/Caremark PBM available only through Meritain and participates in PRxC.

Net Premium

The portion of premium that a carrier retains in exchange for assuming risk.

Network Effect

The way that the size and scale of the captive, the informed decision-making of its Members in cost reduction, and beneficial outcomes for Consultants and carriers all combine to create our shared success.

NICU Claims

Neonatal intensive care unit claims, typically resulting from infants with complications and premature births. The typical NICU claim can cost hundreds of thousands of dollars, but with proper management, costs can be mitigated and medical outcomes improved.

Notional Capital Report

Annual report issued to each ParetoHealth Member detailing the amount of capital contributed by the Member, the amount of capital consumed or rolled over to a new program year, and any earnings and profits attributable to that Member.

Ocean Effect

The way that a captive with greater pooled resources is able to disperse the impact of high claims, as opposed to smaller programs where single catastrophic claims can put the entire program at risk.

ParetoHealth Champions Program

A program in which ParetoHealth Members act as ambassadors, volunteering to speak with prospective members and leading regular introductory calls with new captive Members.

ParetoHealth PlayBooks

ParetoHealth Playbooks offer customized, strategic cost-savings solutions that help optimize plan design and reduce healthcare costs based on the specific data of the Member. ICM Members receive three different playbooks – Participant Optimization, Pharmacy and Medical.

Pareto Rx Consortium (“PRxC”)

Through a combination of best-in-class PBM contracts, an industry-leading Rx consulting firm, and a suite of innovative specialty drug solutions, the Pareto Rx Consortium enables members to save up to 25% on their total Rx spend.

PBM (Pharmacy Benefits Manager)

A PBM is a third-party administrator of a prescription drug program that is primarily responsible for processing and paying prescription drug claims. PBMs typically negotiate discounts and rebates with drug manufacturers, contract with pharmacies, and develop and maintain the drug formulary. ParetoHealth experts negotiate pharmacy benefits manager (PBM) contracts on behalf of its Members and monitors PBM performance to ensure compliance with preferred pricing and rebate guarantees.

Phia (The Phia Group)

ParetoHealth Members have access to the Phia Group, offering comprehensive consulting and legal services, plan document drafting and review, and third-party post-claim appeal fiduciary responsibility.

ProgenyHealth

Company dedicated to Maternity and NICU care management. ProgenyHealth offers ParetoHealth Members best-in-class service for the health of mothers and children, including a pursuit of better outcomes for premature and medically complex infant cases.

The Pulse

Newsletter for ParetoHealth Members and Consultants, delivered via email on the first of each month.

Quantum Health

Healthcare navigation program available to ParetoHealth Members, offering personal team of nurses, benefits experts and claims specialists to support your employees’ unique healthcare needs.

Quota Share

An arrangement where the stop loss carrier and the captive agree to share premiums and losses according to a fixed percentage.

Rate Cap

Capping a renewal rate change at a maximum increase in any given year.

Run-In Coverage

Coverage provided via the stop-loss policy for claims incurred prior to the effective date and paid after the effective date.

Run-Out Coverage

Coverage provided via the stop-loss policy for claims that are incurred during a policy period but not paid until after the policy period.

Self-Funding

The method of providing employee benefits in which the group does not purchase conventional health insurance but rather elects to pay claims directly (generally through the services of a TPA) and purchase stop-loss insurance to cover abnormal risks and claim fluctuations.

SmartMatch

ParetoHealth Members have access to the SmartMatch “SmartConnect” program. SmartMatch proactively targets Medicare-eligible participants three times per year through proactive e-mail and home mailer campaigns with the aim of transitioning participants off of the employer’s health plan and onto a Medicare plan, often at significantly reduced savings for the participant and employer alike.

SmithRx

A PBM that participates in the PRxC program.

Specialty Drugs

High-cost pharmaceuticals used to treat complex conditions, including injectible or infused “biologic” drugs that are derived from living organisms.

Specific Attachment Point

The threshold at which a group stops paying for an individual’s claim and the stop-loss protection assumes payment responsibility.

Specific Deductible

The specified dollar amount paid on an individual claimant by an employer’s plan before the stop-loss policy will reimburse additional expenses. This amount is also referred to as the employer’s liability under the contract.

Specific Stop-Loss

Coverage that protects an employer against an individual high-dollar claim.

Springbuk

ParetoHealth Members can enroll in Springbuk, a data analytics program, to facilitate access to data, understand causes of claims, make informed cost containment decisions, and predict future spending.

Stop-loss Insurance

Excess insurance that protects an employer against catastrophic or unpredictable claims.

Stop-loss Carrier

Insurance company offering stop-loss insurance.

Legend Holdings, LLC

Company established for the sole purpose of owning and operating the captive, Legend.

Legend Re, LLC

Captive, owned and operated by Legend Re Holdings, LLC.

Third Party Administrator (“TPA”)

A company that provides claims and administrative services and provider network access for a self-funded client.

Trend

A prediction of how much costs will rise over the next policy period. It is one of the factors used to calculate new business and renewal pricing for health plans and stop-loss insurance. Trend rates are different for Medical and Rx.

Utilization Review (“UR”)

Process of certifying medical necessity for hospitalizations and procedures. Typically handled by an outside vendor arranged by the producer.

Wellness Programs

Programs designed to promote health and wellness, usually through a workplace. Offerings can include premium discounts, cash rewards, gym memberships, and other incentives to encourage participation.

Notes

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Thank You!

ParetoHealth sincerely thanks our sponsors for supporting our mission and for their very generous contributions to this Legend Re Members' Meeting.

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About ParetoHealth

We're in it for the greater good

ParetoHealth was founded in 2011 to help small and medium-sized businesses fight the rising cost of employee health benefits. We blazed the trail with financing solutions that reduce the risks in self-insurance while delivering significant savings – and we continue to lead with a growing ecosystem of partners and world-class healthcare benefits.

To date we've helped over 2,200 Members, covering more than 810,000 lives gain access to those health benefits. Together we are fortified as we continue the charge to dismantle outdated employee health insurance approaches and challenge organizations to build new ways of bringing affordable healthcare to their employees.

Every aspect of ParetoHealth's solution is designed to support and enhance this basic goal. As our captives expand, they become even more robust and stable. By taking a selective approach to new business, our risk pool remains healthy. By taking a proactive approach to cost containment in a member-owned captive, economic incentives are aligned.

For the select group of benefits consultants who work with us, we represent a better solution for your clients. When we see a stagnant industry, we see an opportunity to grow your business while doing some good. With our benefits funding solution and your hands-on expertise, ParetoHealth is unstoppable.

We don't take ourselves too seriously, but we take our mission very seriously. We want to pull an archaic industry into the future. We've seen remarkable progress as we've stood toe-to-toe against "Big Insurance", however the best part is standing as a united front, side by side, with our consultants, partners, employees, and captive Members on the right side of the fight.

www.paretohealth.com

