



OKHEEI Board Meeting

February 6th, 2025



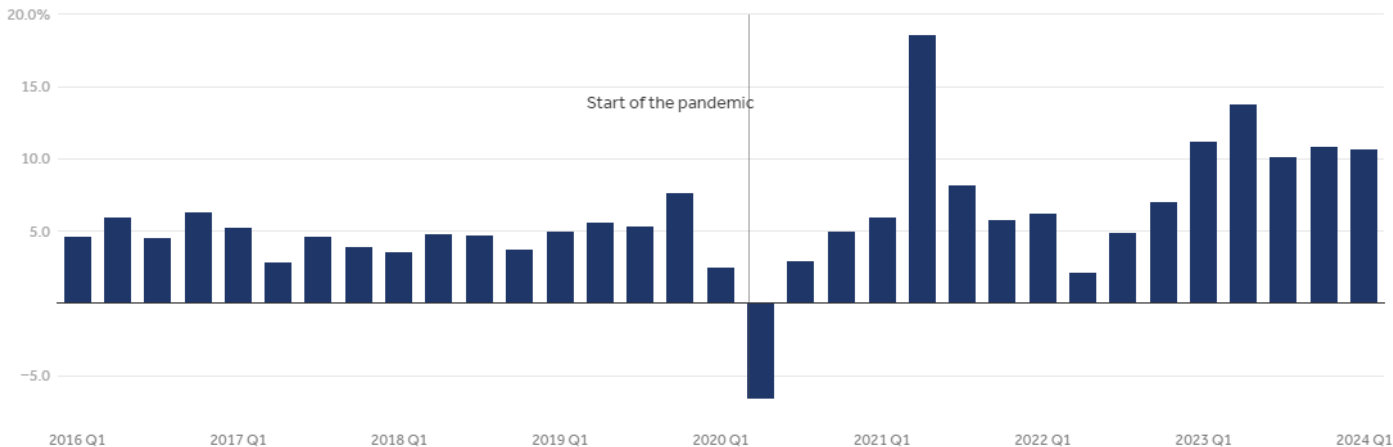
Gallagher

Insurance | Risk Management | Consulting

Annual Growth in Health Services

Annual growth in health services spending is now higher than before the pandemic

Year-over-year growth in health services spending, 2016 Q1 - 2024 Q1



Note: Data are not seasonally adjusted.

Conditions Spotlight:

Cardiovascular Disease and Cancer

In 2023, **cardiovascular disease/disorder moved into the #2** position for stop-loss reimbursements in both the single-year and four-year outlook, surpassing blood cancers in the four-year view for the first time.

With just under **\$1.2B** in spend over four years, and over 9,300 members with a high-cost claim, **cardiovascular disease significantly** impacts employee health and the **financial health of a self-funded business.**

Over 80% of adult cancer patients survive long-term. Compared to those without cancer, **cancer survivors had a 37% higher risk of CVD and 52% higher risk of heart failure.**

Cancer survivors are at increased risk for cardiovascular disease (CVD) and heart failure due to the effects of cancer itself and cancer treatments like chemotherapy.

Key Research Findings



Top 20 conditions

- 72% of all stop-loss claims came from the top 10 conditions.
- For the first time since we began producing this report, Cardiovascular has moved into the #2 spot for highest reimbursement over the four-year view; Leukemia, Lymphoma and Multiple Myeloma is now #3.
- During 2019-2022 policy years, 87% of employers experienced a high-cost claim.



High-cost injectable drugs

- Five new drugs are on the 20 high-cost injectable drugs list in 2023; two are used primarily in the treatment of cancer, one for immunodeficiency disorders, one for gout, and one for blood disorders.
- The top 10 injectable drugs all had over \$10M in total spend; Keytruda still at #1 with \$69.7M in spend.



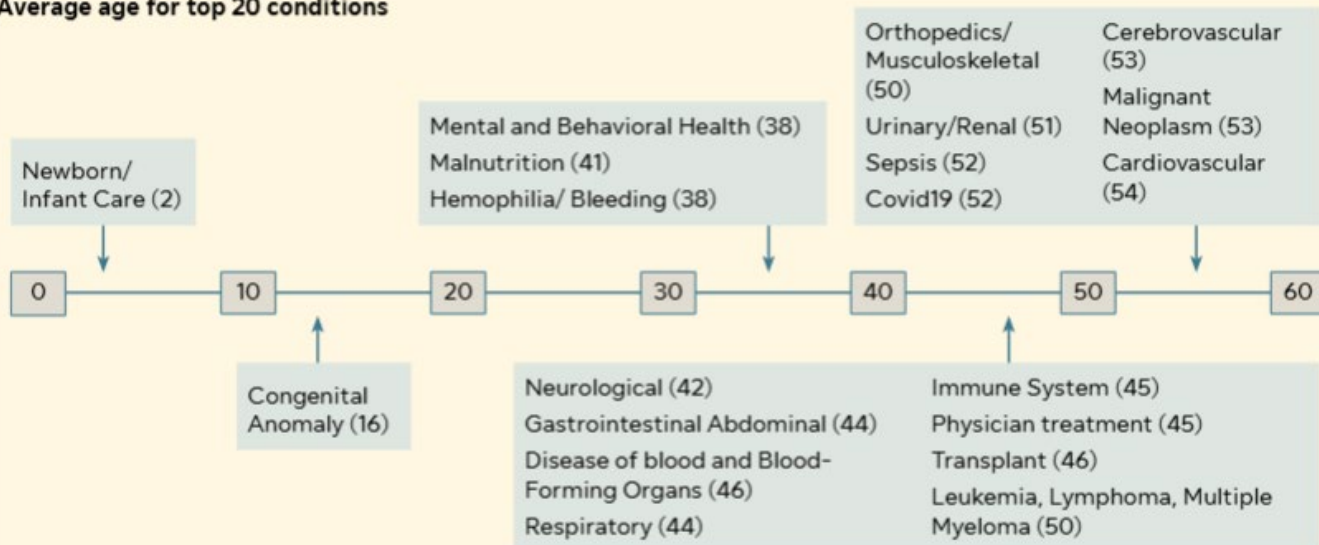
\$1M + claims

- Million-dollar claims rose 8% on a claims per million covered employees basis over the past year and are up 50% over the past four years.
- 32 members had a claim over \$3M; 9 of those claims were over \$5M, with a highest claim over \$11M.
- 16 of 32 of our members with a \$3M+ claim were impacted by Congenital Anomalies.

Impact of member age on high-cost claims

- Malignant Neoplasm was the top condition for all age bands except for under 2 years, which was Newborn/Infant care
- 39% of total spend on all claims came from members age 40-59, but only 23% of million-dollar plus claims were from members in this age band
- Members under 2 make up the highest percentage of million-dollar claims; with members under 19 making up over half of all million-dollar+ claims (compared to 20% of all claims)

Average age for top 20 conditions



Key Insights for Employers

- Consider engaging employees in programs that focus on general health management such as monitoring of blood pressure and blood sugar, weight management and exercise to decrease the likelihood of a serious health condition.
- Look for benefits that provide a multidisciplinary approach to care, such as adding dietician and nutritionist support for patients whose diet or weight may cause or complicate a serious health condition.
- Remember the importance of mental health support, including for members who are experiencing a chronic or acute high-cost condition and may have an increased need for services.
- Provide members help with navigating the complex healthcare system so they can access the right care at the right time.

Financial Monitoring Report

Month	2022	2023	2024
January	\$2,627,171	\$2,358,183	\$2,651,773
February	\$2,294,055	\$2,007,749	\$2,210,418
March	\$2,741,946	\$2,334,529	\$3,155,523
April	\$2,267,055	\$2,038,228	\$2,554,272
May	\$2,450,239	\$3,035,085	\$3,001,017
June	\$2,374,806	\$2,892,724	\$2,413,355
July	\$2,584,094	\$2,378,873	\$3,350,728
August	\$2,678,015	\$2,821,730	\$3,109,216
September	\$2,760,208	\$2,527,118	\$2,910,601
October	\$2,543,168	\$2,895,897	\$3,377,313
November	\$2,523,292	\$2,679,234	\$3,554,043
December	\$2,726,352	\$3,301,286	
Net Claims	\$30,570,403	\$31,270,638	\$32,288,260
Average Monthly Enrollment	3352	2994	2999
Net Claims PEPM	\$760.00	\$870.37	\$978.61
% Increase/Decrease from Prior	N/A	14.52%	12.44%
Admin Fees	N/A	N/A	-\$1,485,720
Stop Loss Fees	N/A	N/A	\$1,898,805
Total Fixed Costs	N/A	N/A	\$413,085
Total Fixed Costs PEPM	N/A	N/A	\$12.52

- Total Medical claims increase 13% from 2023
- Total Pharmacy claims increased 23.2% (\$2,070,000 Million)

Financial Monitoring Report

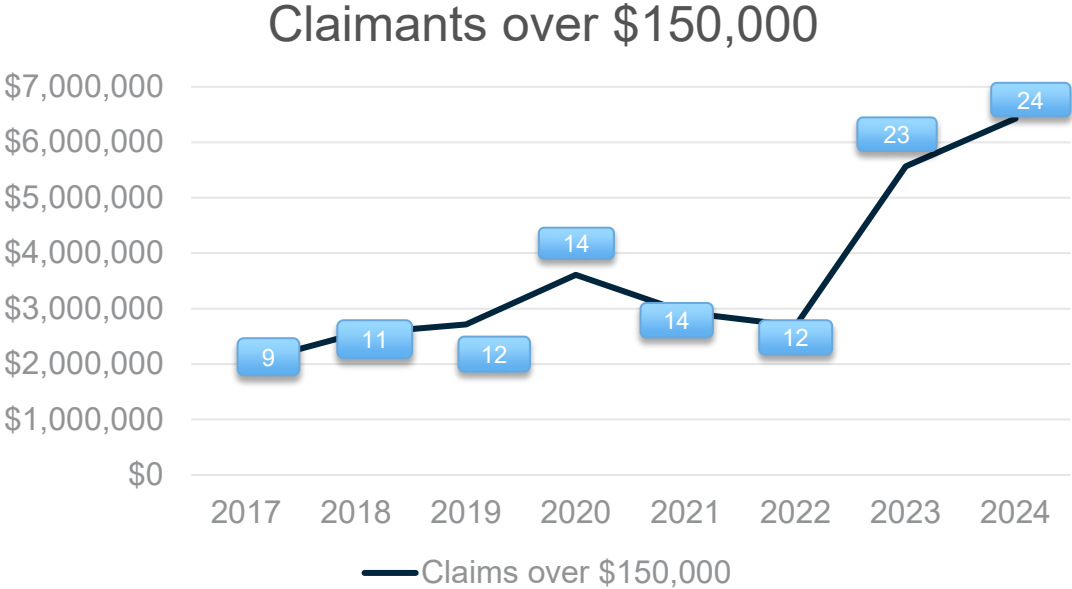
2024

Paid Month	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Year-to-Date Total	PEPM
Enrollment														
Subscribers	2,995	3,012	3,020	3,024	3,030	2,986	2,968	2,930	3,012	3,008	3,009		32,994	
Members	4,204	4,226	4,244	4,249	4,240	4,191	4,176	4,126	4,235	4,215	4,202		46,308	
Contract Size	1.40	1.40	1.41	1.41	1.40	1.40	1.41	1.41	1.41	1.40	1.40		1.40	
Claim Payments														
Medical Claims	\$1,399,206	\$1,046,262	\$1,722,478	\$1,183,653	\$1,323,099	\$1,116,546	\$2,133,384	\$1,594,198	\$1,622,672	\$2,035,317	\$2,003,931		\$17,180,746	\$520.72
Pharmacy Claims	\$937,514	\$829,867	\$1,137,422	\$1,054,134	\$1,450,510	\$901,230	\$934,920	\$1,283,134	\$1,054,437	\$1,082,689	\$1,268,901		\$11,934,757	\$361.73
Rx Rebates	\$0	\$0	\$0	(\$681,199)	(\$378,600)	\$0	\$0	\$0	\$0	\$0	\$0		(\$1,059,799)	(\$32.12)
Access Fees	\$89	\$69	\$300	\$32	\$87	\$51	\$2,095	\$141	\$395	\$248	\$289		\$3,795	\$0.12
Claims Over Specific	\$0	\$0	(\$47,631)	(\$214,236)	(\$430,839)	(\$7,532)	(\$141,473)	(\$102,363)	(\$126,775)	(\$208,312)	(\$228,813)		(\$1,507,974)	(\$45.70)
Total Claim Payments	\$2,336,809	\$1,876,198	\$2,812,568	\$1,342,383	\$1,964,258	\$2,010,294	\$2,928,926	\$2,775,110	\$2,550,730	\$2,909,942	\$3,044,309		\$26,551,526	\$804.74
Total Claim Payments PEPM	\$780.24	\$622.91	\$931.31	\$443.91	\$648.27	\$673.24	\$986.83	\$947.14	\$846.86	\$967.40	\$1,011.73			
ZERO Card														
Claims	\$315,053	\$334,289	\$295,623	\$316,486	\$227,408	\$395,579	\$282,425	\$231,883	\$233,491	\$259,307	\$281,211		\$3,172,756	\$96.16
Fee	\$31,505	\$33,429	\$29,562	\$31,648	\$22,741	\$39,558	\$28,242	\$23,188	\$23,349	\$25,931	\$28,121		\$317,275	\$9.62
Total ZERO Card Cost	\$346,558	\$367,718	\$325,185	\$348,134	\$250,149	\$435,137	\$310,667	\$255,072	\$256,841	\$285,238	\$309,332		\$3,490,031	\$105.78
Fixed Costs														
Administrative Fees	(\$134,865)	(\$135,630)	(\$135,991)	(\$136,171)	(\$136,441)	(\$134,460)	(\$133,649)	(\$131,938)	(\$135,630)	(\$135,450)	(\$135,495)		(\$1,485,720)	(\$45.03)
Consulting Fee	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000		\$132,000	\$4.00
Stop Loss Premiums	\$172,362	\$173,341	\$173,801	\$174,031	\$174,377	\$171,844	\$170,808	\$168,622	\$173,341	\$173,110	\$173,168		\$1,898,805	\$57.55
Total Fixed Costs	\$49,497	\$49,710	\$49,810	\$49,860	\$49,936	\$49,385	\$49,159	\$48,684	\$49,710	\$49,660	\$49,673		\$545,085	\$16.52
Total Plan Cost	\$2,732,864	\$2,293,626	\$3,187,564	\$1,740,378	\$2,264,342	\$2,494,816	\$3,288,753	\$3,078,865	\$2,857,280	\$3,244,840	\$3,403,314		\$30,586,642	\$927.04
Employee Contributions ⁽¹⁾	\$292,662	\$294,833	\$297,891	\$297,589	\$292,904	\$292,291	\$292,683	\$287,178	\$294,668	\$290,304	\$286,616		\$3,219,618	\$97.58
Employer Cost	\$2,440,203	\$1,998,793	\$2,889,673	\$1,442,789	\$1,971,438	\$2,202,525	\$2,996,070	\$2,791,688	\$2,562,613	\$2,954,536	\$3,116,698		\$27,367,024	\$829.45
Budget Comparison														
Budgeted Cost ⁽¹⁾	\$2,487,589	\$2,501,180	\$2,509,384	\$2,511,325	\$2,511,007	\$2,477,021	\$2,462,845	\$2,431,380	\$2,496,612	\$2,489,097	\$2,485,485		\$27,362,926	\$829.33
Actual Cost	\$2,732,864	\$2,293,626	\$3,187,564	\$1,740,378	\$2,264,342	\$2,494,816	\$3,288,753	\$3,078,865	\$2,857,280	\$3,244,840	\$3,403,314		\$30,586,642	\$927.04
Surplus/(Deficit)	(\$245,276)	\$207,554	(\$678,180)	\$770,947	\$246,665	(\$17,795)	(\$825,908)	(\$647,485)	(\$360,668)	(\$755,743)	(\$917,828)		(\$3,223,716)	(\$97.71)

- Compared to 2023, Fixed Costs have decreased from \$27.31 PEPM to \$16.52 (40%) – Result from renewal negotiations
- Compared to 2023, Claims Costs have risen from \$732.46 PEPM to \$804.74 (9.9%)

Year over Year Large Claim Trend

2017 – Nov 2024



Note: Blue boxes represent # of members that exceeded \$150k in claims

2023 – Above members represent \$5,567,852 in paid claims

2024 – Above members represent \$6,040,431 in paid claims

Medical Claim Distribution

2024

Paid Band	Claimants	Claimants %	Paid	Paid %	Paid/Claimant
Less than \$200	1,198	27.3%	\$40,983	0.2%	\$34
\$200 - \$1,000	1,548	35.3%	\$795,859	4.6%	\$514
\$1,001 - \$5,000	1,120	25.5%	\$2,432,381	14.2%	\$2,172
\$5,001 - \$10,000	211	4.8%	\$1,503,751	8.8%	\$7,127
\$10,001 - \$30,000	192	4.4%	\$3,245,704	18.9%	\$16,905
\$30,001 - \$50,000	54	1.2%	\$2,051,331	12.0%	\$37,988
Summary <= \$50,000	4,323	98.6%	\$10,070,008	58.7%	\$2,329

Paid Band	Claimants	Claimants %	Paid	Paid %	Paid/Claimant
\$50,001 - \$75,000	25	0.6%	\$1,501,462	8.8%	\$60,058
\$75,001 - \$100,000	14	0.3%	\$1,231,088	7.2%	\$87,935
\$100,001 - \$150,000	14	0.3%	\$1,694,801	9.9%	\$121,057
\$150,001 - \$200,000	4	0.1%	\$655,772	3.8%	\$163,943
\$200,001 - \$250,000	3	0.1%	\$636,394	3.7%	\$212,131
\$250,001 - \$500,000	2	0.0%	\$796,110	4.6%	\$398,055
\$500,001+	1	0.0%	\$566,020	3.3%	\$566,020
Summary \$50,001 or Greater	63	1.4%	\$7,081,648	41.3%	\$112,407
Combined Summary	4,386	100.0%	\$17,151,656	100.0%	\$3,911

- 63% of claimants had claims < \$1k
- 88.5% of claimants had claims < \$5k
- Claimants with claims over \$50k represented 1.4% of total membership, but 41.3% of claims.

43% of OKHEEI's enrollment is in Plan B (43%), which has a \$3,500 OOP max. Only 23% is enrolled in Plan A.

Medical Demographics

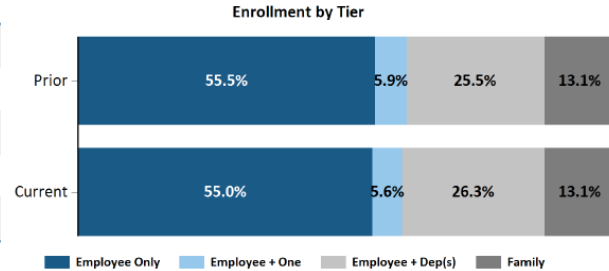
2024

Medical Demographics

	Jan 2023 - Nov 2023	Jan 2024 - Nov 2024	% Change
Average Membership	4,165	4,210	1.1%
Employee	2,987	2,999	0.4%
Spouse	255	252	-1.2%
Dependent	922	959	4.0%
Average Contract Size	1.4	1.4	
Average Age	40.0	39.3	-1.8%
Employee	47.1	46.6	-1.1%
Spouse	51.7	50.8	-1.7%
Dependent	13.5	13.3	-1.5%
% Under 30	31.0%	32.6%	
% 30 to 49	31.7%	31.8%	
% 50 to 64	32.1%	30.9%	
% 65+	5.1%	4.7%	

Gender

Proportion of Males	44.0%	44.0%
Proportion of Females	56.0%	56.0%
Females Ages 20-44	21.7%	21.9%



Less than 17% of employers across the U.S. offer a \$0 employee contribution

Strategic Solutions

OKHEEI Plan Advantages

1. Coverage available for employee not residing in State of Oklahoma
2. Control over plan budget
3. Control over plan design and all coverages offered
4. Control over administration processes
5. Control over vendors and third parties
6. Robust \$0 out of pocket benefit program – Zero Card
7. Superior service model for employees, retirees, and their dependents
8. Create custom benefits package that is above benchmark to attract and retain top talent
9. Own vs Rent

2024 & 2025 Plan Change Recap

Sustainability and Proactive Plan Management

Recap	Response
BCBSOK 2024 Renewal Recap	<p>0% Increase</p> <ul style="list-style-type: none">Starting in 2024, Flex Access was added to result in \$700k estimated savings to Rx Specialty spendFor 2024, Gallagher Pharmacy Team negotiated contract with Prime for an estimated 3-5% of savingsIn 2024, OKHEEI increased plan cost share to Blue Options Plans to decrease member cost share outside the state of OklahomaIn 24/25, OKHEEI streamlined the retiree eligibility process within Empyrean Ben Admin System to ensure accuracy and timeliness of retiree eligibility
BCBSOK 2025 Renewal Recap	Released Renewal at +86%; Revised Renewal +24.4%
BCBSOK Cost Containment Options	<p>Several Cost Containment Approaches were evaluated (bold was elected):</p> <ul style="list-style-type: none">Plan OOP Max's & Rx Specialty Change - \$794k est. savingsPrime Formulary Move - \$493k est. savingsNo New Laser provision in Stop Loss ContractSeparate Rx Deductible to mimic state plan – Significant estimated savingsDeductibles and Office Visit Copays – Little financial impactRemoval of Weight Loss Drugs - \$568k est. savings (2.5%)Realignment of Employee Contribution Strategy by College – Savings ranges by college
FINAL 2025 Decisions	<p>OKHEEI Final fixed cost increase of -88.7% (\$531,188)</p> <ul style="list-style-type: none">Did not require a change in stop loss contracts <p>Final renewal increase of 15.7% in total expected cost (claims driven).</p>

1. GLP-1

Given the effectiveness of the new weight loss agents, there is more pressure for employers and health plans to cover these agents. For OKEEI, GLP-1 prescriptions doubled from 2022 (848) to 2023 (1642). Weight loss medications increased from 100 in 2022 to 338. This was an increase of over \$800,000 in plan spend over the two periods alone.

2024

Current/ Prior Rank	Plan Therapeutic Class	Prescriptions	Utilizing Members	Ingredient Cost	Avg. Ingredient Cost/ Prescription (Current)	Avg. Ingredient Cost/ Prescription (Prior)	% Generic	Rank by Volume
1	1 Incretin Mimetic Agents	1,586	218	\$1,523,497	\$960.59	\$902.66		9
2	2 Anti-Obesity Agents	808	150	\$890,059	\$1,101.56	\$1,200.31		25
3	4 Calcitonin Gene-Related Peptide (CGRP) Receptor Antag	378	65	\$398,843	\$1,055.14	\$976.94		47
4	3 Sodium-Glucose Co-Transporter 2 (SGLT2) Inhibitors	699	96	\$390,968	\$559.33	\$548.63		30
5	7 Direct Factor Xa Inhibitors	433	68	\$238,652	\$551.16	\$527.53		44
6	6 Sympathomimetics	1,237	437	\$223,106	\$180.36	\$199.83	57.3%	14
7	10 Antipsychotics - Misc.	146	23	\$134,261	\$919.59	\$1,149.53	35.6%	93
8	5 Insulin	347	47	\$129,626	\$373.56	\$484.10		50
9	8 Amphetamines	986	161	\$122,020	\$123.75	\$160.68	80.6%	17
10	Digestive Enzymes	25	4	\$104,967	\$4,198.68	\$2,930.03		165
	All Other	58,720	3,580	\$2,360,430	\$40.20	\$38.46	91.4%	
	Summary	65,365	3,624	\$6,516,429	\$99.69	\$86.58	84.5%	

1. Separate Rx Deductible

1. Gallagher evaluated adding separate deductible on Rx plan to **mimic State Plan**. This would erode value and add significant cost back to the member. Recommend OKHEEI does not add separate Rx deductible

2. Deductibles and Office Visit Copays

1. Gallagher evaluated increase in office visit copays and deductible. Neither would have significant impact to overall plan cost. Recommendation to leave “as is”

3. Employee Contributions

1. OKHEEI allows for each college to independently set employee contributions. Employers use employee contributions to offset total plan expense. Considering the plan enrollment distribution, Gallagher recommends a strategic look into the overall design of the contribution strategy.

2026 Renewal

What does a successful 2026 look like to you?

Anticipated Timeline

Activity	Target Date
2024 Claims Review	January
Census Request Due Date	January 15 th
Expected Renewal Receipt from Incumbent Carrier	March 10 th
Renewal Presentation	May 20 th
Renewal Decisions Due	May 31 st
Annual Open Enrollment	Sept/October
OE Elections Due to Carriers	November 15 th
Renewal Effective Date	January 1, 2026

OKHEEI Renewal requires a lock in of rates in May of each year. This limits the market but has served as an advantage to history of large claims occurring in late Q2-Q4.

Disclaimers

- The intent of this analysis is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It should not be construed as, nor is it intended to provide legal advice. Laws may be complex and subject to change. This information is based on current interpretation of the law and is not guaranteed. Questions regarding specific issues should be addressed by legal counsel who specializes in this practice area.
- This analysis is for illustrative purposes and is not a guarantee of future expenses, claims, costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information for further details in this regard.
- Gallagher Benefit Services, Inc., has provided this timeline as a resource to help identify and clarify submission requirements and dates for this project. Although the timeline was created to be as comprehensive as possible, it should not be assumed that the information is all-inclusive and error-free, nor is the sequence of events outlined in exact chronological order. All information is provided for informational and educational purposes only and is not intended to provide legal, investment, tax or accounting advice and should not be relied upon in that regard. Your financial and tax situation may be unique and therefore you should independently consult your attorney and accountant regarding any legal and tax implications.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.



Gallagher

Insurance | Risk Management | Consulting