



OKHEEI Board Meeting

April 3, 2025



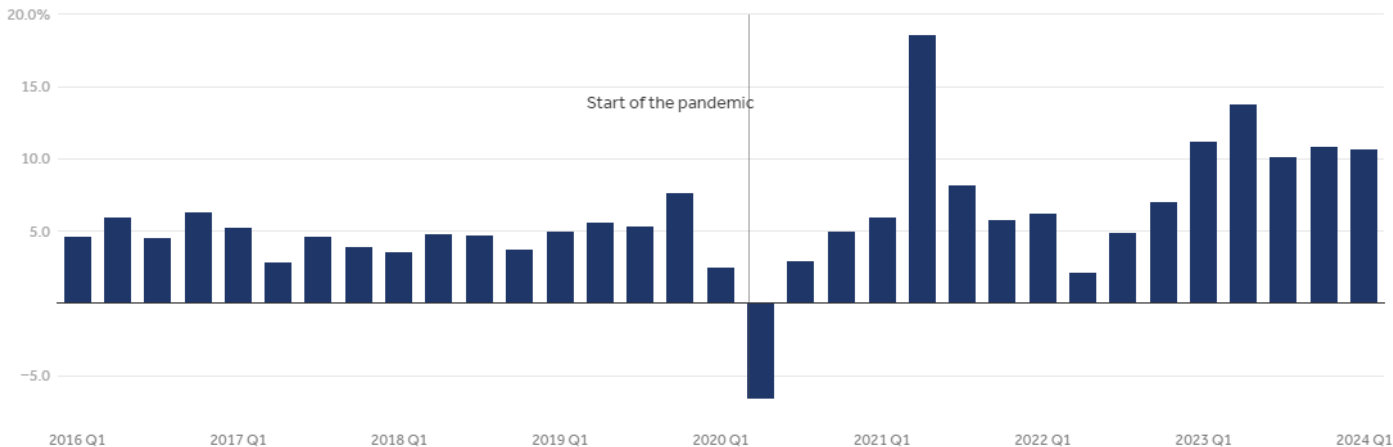
Gallagher

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.



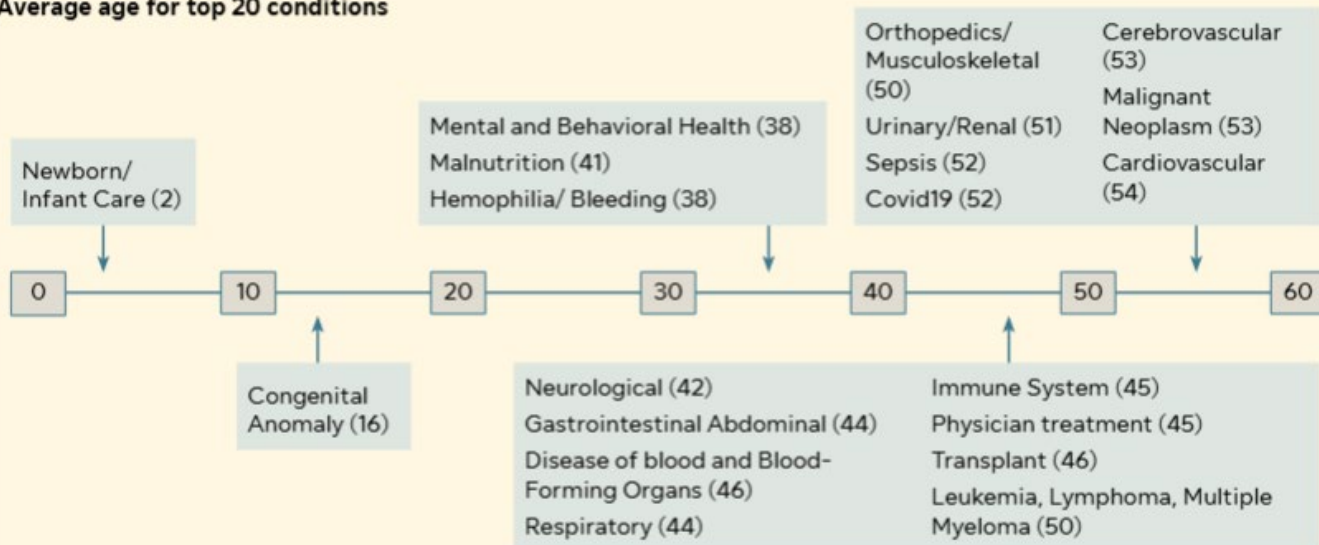
\$1M + claims

- 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



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 decrease 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>

Financial Monitoring Report

Total Medical/Rx Claims

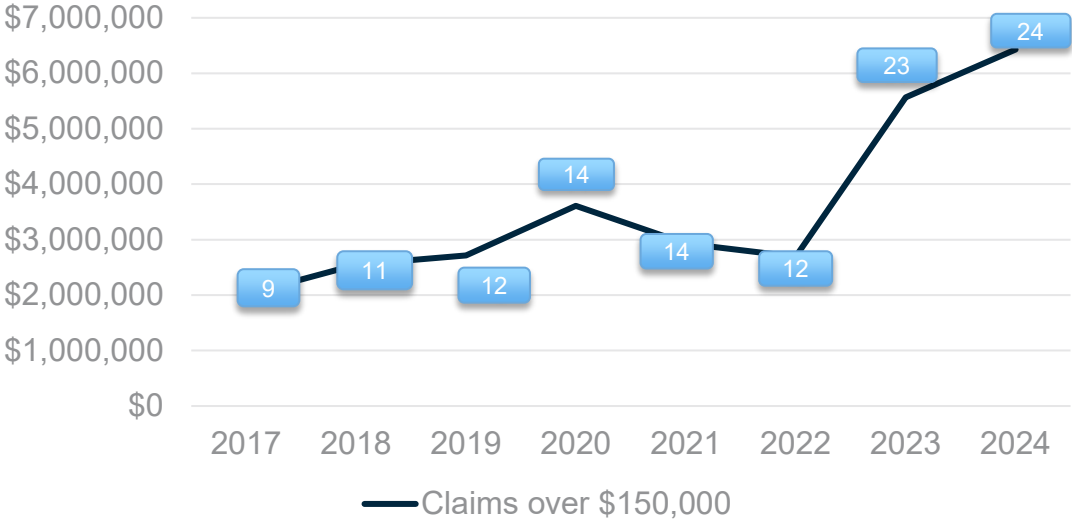
Month	2023	2024	2025
January	\$2,358,183	\$2,651,773	\$3,057,896
February	\$2,007,749	\$2,210,418	\$2,648,720
March	\$2,334,529	\$3,155,523	
April	\$2,038,228	\$2,554,272	
May	\$3,035,085	\$3,001,017	
June	\$2,892,724	\$2,413,355	
July	\$2,378,873	\$3,350,728	
August	\$2,821,730	\$3,109,216	
September	\$2,527,118	\$2,910,601	
October	\$2,895,897	\$3,377,313	
November	\$2,679,234	\$3,554,043	
December	\$3,301,286	\$3,787,419	
Net Claims	\$31,270,638	\$36,075,679	\$5,706,615
Average Monthly Enrollment	2994	3001	3022
Net Claims PEPM	\$870.37	\$1,001.94	\$944.18
% Increase/Decrease from Prior	N/A	15.12%	-5.76%
Admin Fees	N/A	N/A	-\$514,888
Stop Loss Fees	N/A	N/A	\$388,206
Total Fixed Costs	N/A	N/A	-\$126,682
Total Fixed Costs PEPM	N/A	N/A	-\$20.96

➤ March claims were \$3,623,445

Year over Year Large Claim Trend

2017 – Dec 2024

Claimants over \$150,000



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

Financial Monitoring Report

2025

Paid Month	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year-to-Date			
													Total	PEPM		
Enrollment																
Subscribers	3,012	3,032													6,044	
Members	4,173	4,194													8,367	
Contract Size	1.39	1.38													1.38	
Claim Payments																
Medical Claims	\$1,540,466	\$1,384,006													\$2,924,473	\$483.86
Pharmacy Claims	\$1,272,812	\$1,040,877													\$2,313,690	\$382.81
Rx Rebates	\$0	\$0													\$0	\$0.00
Access Fees	\$420	\$144													\$563	\$0.09
Claims Over Specific	\$0	\$0													\$0	\$0.00
Total Claim Payments	\$2,813,699	\$2,425,027													\$5,238,726	\$866.76
Total Claim Payments PEPM	\$934.16	\$799.81														
ZERO Card																
Claims	\$244,617	\$223,836													\$468,453	\$77.51
Fee	\$36,702	\$33,575													\$70,278	\$11.63
Total ZERO Card Cost	\$281,319	\$257,411													\$538,731	\$89.13
Fixed Costs																
Administrative Fees	(\$256,592)	(\$258,296)													(\$514,888)	(\$85.19)
Consulting Fee	\$12,000	\$12,000													\$24,000	\$3.97
Stop Loss Premiums	\$193,461	\$194,745													\$388,206	\$64.23
Total Fixed Costs	(\$51,132)	(\$51,551)													(\$102,682)	(\$16.99)
Total Plan Cost	\$3,043,887	\$2,630,888													\$5,674,774	\$938.91
Employee Contributions ⁽¹⁾	\$883,368	\$885,567													\$1,768,936	\$292.68
Employer Cost	\$2,160,518	\$1,745,320													\$3,905,839	\$646.23
Budget Comparison																
Budgeted Cost ⁽¹⁾	\$2,809,861	\$2,823,051													\$5,632,912	\$931.98
Actual Cost	\$3,043,887	\$2,630,888													\$5,674,774	\$938.91
Surplus/(Deficit)	(\$234,026)	\$192,163													(\$41,863)	(\$6.93)

- March claims were \$3,623,445
- Enrollment for March was 3,077

Financial Monitoring Report

2025

Jan 2025 - Feb 2025

Encrypted Member ID	Relationship	Age/Gender Band	Leading Diagnostic Category	Inpatient Paid	Outpatient Paid	Professional Paid	Pharmacy Paid	Paid	Currently Enrolled
8055372538182095603	Dependent	Male <1-19	Congenital	\$183,248	\$8,788	\$5,836	\$0	\$197,872	Yes
4823970337043225382	Subscriber	Male 65+	Circulatory	\$118,387	\$53,577	\$4,590	\$1,039	\$177,593	Yes
7180053246399946936	Spouse	Male 50-59	Neoplasms	\$0	\$29,389	\$105,295	\$700	\$135,384	No
2705283036506510957	Dependent	Male 30-39	Not Available	\$0	\$0	\$0	\$120,302	\$120,302	Yes
7759998979243994847	Dependent	Female 20-29	Nervous	\$0	\$117,308	\$1,193	\$13	\$118,514	Yes
4850519090187719359	Subscriber	Female 65+	Injury/Poisoning	\$97,439	\$1,977	\$7,792	\$10	\$107,218	Yes
8170386933036993022	Subscriber	Female 65+	Circulatory	\$0	\$100,707	\$3,005	\$3,034	\$106,746	Yes
5216747861808814841	Dependent	Male 20-29	Neoplasms	\$40,635	\$48,223	\$4,962	\$124	\$93,944	Yes
3875324696770548825	Subscriber	Female 60-64	Health Status	\$19,780	\$119	\$48,860	\$2,905	\$71,664	Yes
1551646551029925302	Subscriber	Female 30-39	Not Available	\$23,980	\$129	\$4,058	\$41,099	\$69,266	No
1596297841876702074	Subscriber	Male 65+	Neoplasms	\$0	\$60,375	\$1,212	\$1,216	\$62,803	Yes
71688589810862671	Subscriber	Male 50-59	Circulatory	\$0	\$508	\$57,665	\$1,154	\$59,327	Yes
4873211461728015041	Subscriber	Male 60-64	Not Available	\$0	\$0	\$574	\$55,539	\$56,113	Yes
3450973281981287829	Spouse	Female 50-59	Blood	\$0	\$43,840	\$1,928	\$6,194	\$51,962	Yes
7262772390996018847	Subscriber	Female 50-59	Not Available	\$0	\$3,662	\$2,431	\$45,009	\$51,102	Yes
High Cost Claimant Total				\$483,469	\$468,602	\$249,401	\$278,338	\$1,479,810	

➤ For the same time period last year, Plan had 8 members over \$50,000 for \$639,886. All were ongoing and 1 member was trending towards \$1,000,000 in pharmacy costs.



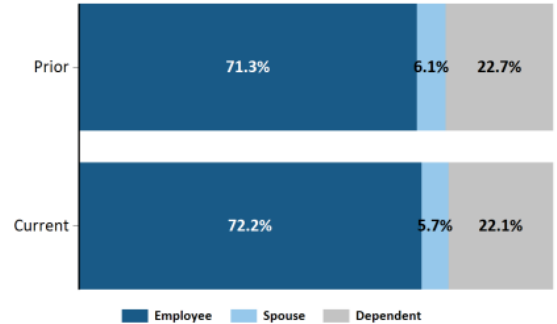
Medical Demographics

2025

Medical Demographics

	Jan 2024 - Feb 2024	Jan 2025 - Feb 2025	% Change
Average Membership	4,214	4,184	-0.7%
Employee	3,003	3,022	0.6%
Spouse	255	237	-7.1%
Dependent	956	925	-3.2%
Average Contract Size	1.4	1.4	
Average Age	39.5	39.3	-0.5%
Employee	46.8	46.3	-1.1%
Spouse	51.3	50.6	-1.4%
Dependent	13.4	13.3	-0.7%
% Under 30	32.2%	32.5%	
% 30 to 49	31.6%	32.5%	
% 50 to 64	31.4%	30.5%	
% 65+	4.8%	4.6%	
Gender			
Proportion of Males	44.1%	44.0%	
Proportion of Females	55.9%	56.0%	
Females Ages 20-44	21.7%	22.2%	

Average Medical Membership



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

Pharmacy Report

2025

Key Indicators Summary

Key Indicators Summary	Feb 2025	Jan 2024 - Feb 2024	Jan 2025 - Feb 2025	% Change
Unique Pharmacy Members	4,194	4,298	4,234	-1.5%
Claimants	1,768	2,220	2,338	5.3%
Prescriptions	5,540	10,977	12,110	10.3%
Prescriptions PMPM	1.32	1.30	1.45	11.1%
Paid	\$1,040,877	\$1,767,381	\$2,313,690	30.9%
Paid PMPM	\$248.18	\$209.73	\$276.53	31.8%
Allowed	\$1,242,651	\$2,119,223	\$2,706,960	27.7%
Allowed PMPM	\$296.29	\$251.48	\$323.53	28.6%
Avg. Ingredient Cost/Prescription	\$224.03	\$192.65	\$223.27	15.9%
Generic Dispensing Rate	84.0%	85.5%	83.5%	-2.3%
Generic Substitution Rate	99.1%	99.0%	99.1%	0.1%
Out of Pocket Percent of Allowed	16.3%	16.7%	14.6%	-12.3%
Retail as a Percent of Prescriptions	99.2%	99.5%	99.5%	-0.1%
Mail Order as a Percent of Prescriptions	0.8%	0.5%	0.5%	11.2%
Specialty Percent of Total Prescriptions	1.2%	1.2%	1.2%	-1.2%
Specialty Percent of Total Paid	44.2%	55.7%	46.5%	-16.4%
Specialty Average Ingredient Cost/Prescription	\$8,324.77	\$8,619.38	\$8,697.97	0.9%

Top 10 Specialty Drugs by Ingredient Cost for the Current Period

Brand Name	Specialty Class	Ingredient Cost	Prescriptions	Avg. Ingredient Cost/ Prescription	Specialty Claimants
HUMIRA PEN INJ 40/0.4ML	AUTOIMMUNE	\$144,715	17	\$8,512.67	8
ENBREL SRCLK INJ 50MG/ML	AUTOIMMUNE	\$126,524	15	\$8,434.93	8
STELARA INJ 90MG/ML	AUTOIMMUNE	\$121,702	7	\$17,385.93	3
TRIKAFTA TAB	CYSTIC FIBROSIS	\$84,638	3	\$28,212.81	2
GALAFOLD CAP 123MG	ENZYME DEFICIENCIES	\$68,525	2	\$34,262.43	1
RINVOQ TAB 15MG ER	AUTOIMMUNE	\$50,747	7	\$7,249.58	4
SKYRIZI PEN INJ 150MG/ML	AUTOIMMUNE	\$46,952	6	\$7,825.27	2
JYNARQUE PAK 45-15MG	ENDOCRINE	\$45,558	2	\$22,778.91	1
CALQUENCE TAB 100MG	CANCER	\$45,374	4	\$11,343.40	1
REZUROCK TAB 200MG	OTHER NON-CATEGORIZE	\$39,034	2	\$19,517.18	1
All Other		\$496,136	81	\$6,125.13	45
Summary		\$1,269,904	146	\$8,697.97	74

*Reminder: 2025 Prime
Formulary Move
- \$493k est. savings

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”. Note: Discuss Wellness Deductible Credit of \$250.

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

Illustrative

2026 RFP

Renewal Marketing

Medical Plan Alternative Providers

- Gallagher Benefits marketing in progress to self-funded TPA's, networks and stop loss carriers.
 - Reminder - Some markets will not allow "firm and final" due to early timing requirements of renewal.

Dental Plan – Coming out of rate guarantee. Out to Market

- Preventive Plan Loss Ratio – 111% - 11% increase - \$2.02 on ee only rate per month
- Low Plan Loss Ratio – 112% - 12% increase - \$4.44 on ee only rate per month
- High Plan Loss Ratio – 132% - 20% increase - \$10.06 on ee only rate per month

Vision Plan – In Rate Guarantee

Life & Disability – The Standard

- Basic Life – Renewal step increase from \$.14 to \$.155. Negotiated down from a 39% increase
 - **169%** loss ratio (deficit of ~\$1.8M) since 1/2019 (inception)
 - Actives loss ratio ~**119%** (deficit of \$450k)
 - Retiree loss ratio ~**517%** (deficit of \$1.34M)
- Voluntary Life – Rate Pass w/ 2-year rate guarantee
- Short-Term Disability – Rate Pass w/ 2-year rate guarantee
- Long-Term Disability – Rate Pass w/ 2-year rate guarantee

2026 Renewal

Renewal Option 1 Plan Changes

1. Plan OOP Max's & Rx Specialty Change

Recommend increase OOP by \$500 on Plans A, B and C

- Plan A – Increasing OOP to \$4,000 single / \$11,000 Family
- Plan B – Increasing OOP to \$4,500 single / \$12,500 Family
- Plan C – Increasing OOP to \$5,500 single / \$15,500 Family
- Plan F – Leave benefits “as is”
- Have tiered Coinsurance/Copays for Plans A, B, and C.

Benefits	Plan A	Plan B	Plan C
Coinsurance	80%	80%	70%
Office Visit PCP/SP	\$20 / \$40	\$35 / \$60	\$50 / \$100
Urgent Care	\$50	\$50	\$50

2. Prime Formulary

OKHEEI plan is on the Balanced Formulary as of 2025. Fully Insured book of business for Prime Therapeutics is on the Performance Formulary.

Performance Select Formulary

Excluded Classes: Acne

- H2 Antagonists
- NSAs
- Nasal Steroids
- Other OTCs
- Vision Enhancement Agents

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.

2026 Strategic Solutions

- 1. Separate Rx Deductible.**
- 2. Contribution Adjustments for pre-65 retirees.**
- 3. Deductible and Office Visit Copay Adjustments.**
- 4. Removal of Weight Loss Rx.**
- 5. Evaluate for competitive. TPA and Network options.**
- 6. Pharmacy Formulary & Network options.**
- 7. Consumer Driven Program Design.**

Additional Ideas:

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.

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