

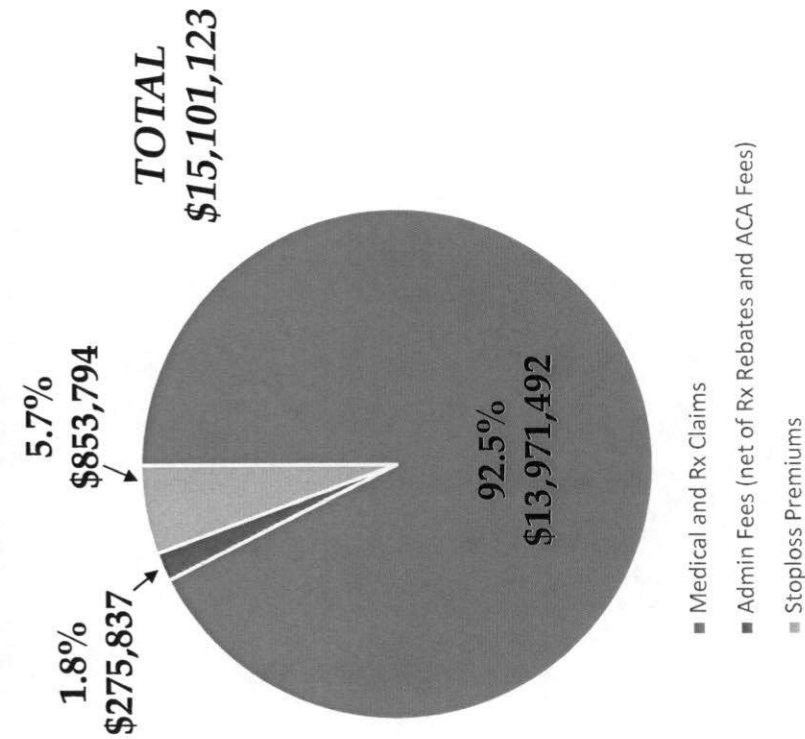
Cost Analysis

Webb County Health Plan

TEXAS ASSOCIATION *of* COUNTIES

Webb County Health Plan: Projected costs for Plan Year 2017

(based on TAC HEBP renewal rates)



Expected Claims - Medical	\$10,246,576
Expected Claims - Rx	\$3,724,916
Total Expected Claims	\$13,971,492
Stoploss - Individual (\$220K)*	\$794,430
Stoploss - Aggregate (125%)	\$59,364
Total Stoploss Premiums	\$853,794
Administrative Fee	\$645,147
Less Rx Rebates **	-\$270,894
Less 2016 ACA Fees paid by TAC	-\$98,416
Net Administrative Fee	\$275,837
Total Fixed Costs (SL + Admin Fee)	\$1,129,631
Total Fixed Costs + Expected Claims	\$15,101,123

* Decrease premium by \$136,188 if Attachment Point increased to \$250K
 * Decrease premium by \$75,951 if Attachment Point increased to \$235K
 ** 2016 YTD; 2017 Rebates have been improved through recent contract negotiations and will yield higher returns for the same Rx utilization.



TEXAS ASSOCIATION of COUNTIES
 HEALTH AND EMPLOYEE BENEFITS POOL



The value of BCBSTX network discounts

Total Network Discount Analysis	
Discount:	Net Discount
Service:	Best of Competitors
Comparison:	BCBS Actual
Covered Amount	\$43,009,590
Subscribers	1,456
Total Allowed Amount	\$13,460,338
Overall Discount	72.0%
	68.7%

BCBSTX has a \$1.4 Million advantage over the Best of Competitors

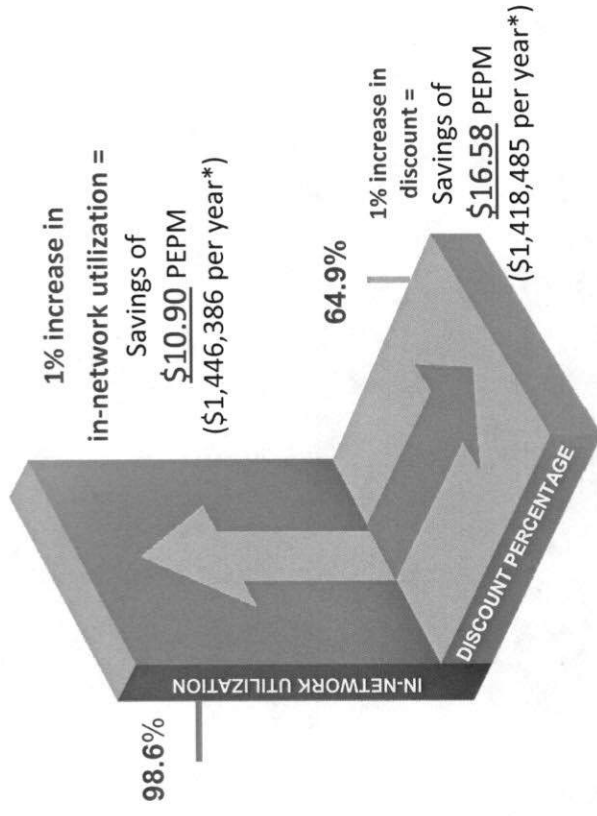
BCBS Discount Advantage	3.3%
Total BCBS Advantage	\$ 1,413,746.14
Allowed PEPM Savings	\$ 80.94

This competitive analysis is based on claims and discount information that is provided by carriers to major consulting firms for the purpose of analyzing cost across the nation. BCBS participates in the national database and receives results of the analysis by market, however all of the competitor names are blinded for each market except for BCBS. The claims and discount information for all carriers is reflective of the period from 01/11/2013 to 12/31/2013.

Actual claims paid 06/01/2015 to 05/31/2016 for Texas Assoc of Counties/TAC were mapped against the BCBS discount estimates derived by the independent discount analysis and then mapped a second time against the best discounts for non-BCBS carrier for each market. Only carriers with a market share of 5% or more were considered in this process. Utilizing the data from an independent consulting firm, we are able to determine the competitive position of BCBS against the best discounts of all major competitors.



The value of BCBSTX network discounts



How much are you saving with BCBSTX?

In-network utilization among Laredo MSA BCBSTX members.

98.6%

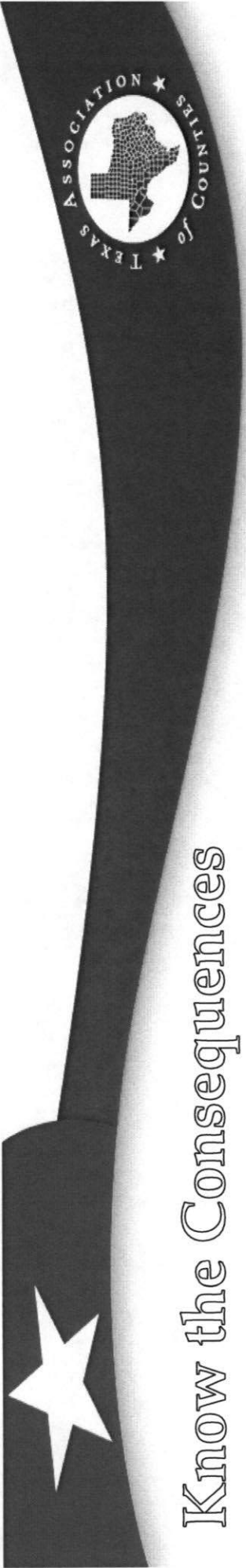
Average discount for BCBSTX paid claims in Laredo MSA.

64.9%

TAC HEBP has Network Discount Guarantee

69.6%

*Example 91% in-network utilization and 60% discount will cost Webb Co. \$2,864,871 in additional claims costs.



Know the Consequences

Best Case:

Pay **\$1.4 Million** in Additional Claims Cost
(98.6% in-network utilization).

Likely Case:

Pay **\$2.8 Million** in additional claims cost
(91% in-network utilization).

Probable Case:

Pay **\$4.2 Million** in additional
claims cost (84% in-network utilization).

Are you comparing apples to apples?



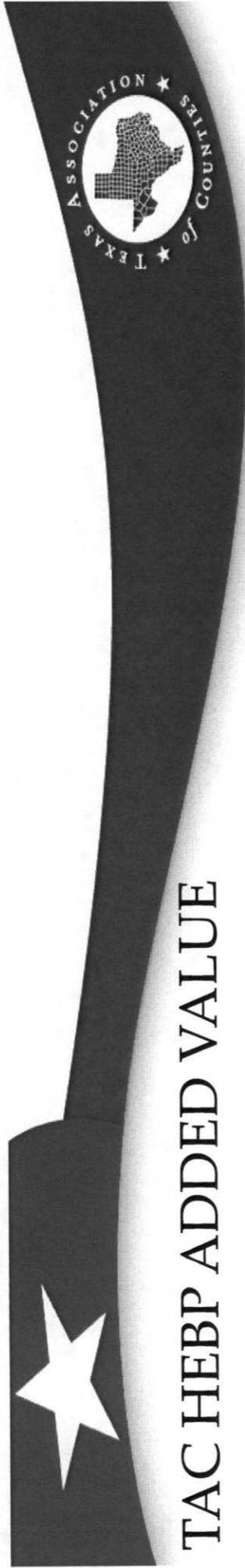
When comparing proposals, have you asked these questions?

- What is the carrier's in-network utilization percentage for Webb County? Does the in-network utilization calculation include access to subcontracted, rented, or wrap networks?
- If the carrier utilizes a subcontracted, rented, or wrap network, what additional administrative costs are you paying that subcontracted network, and how much of the discount does the carrier retain? (so-called "shared savings" – which can be as much as 30%-40% of the discount)
- What is the guaranteed network discount? Remember to account for any percentage that will be retained by the carrier or network.
- How do the Pharmacy rebates compare to your current contract?

REMEMBER: Fixed costs account for less than 8% of your healthcare spend. The greatest potential for savings lies in reducing the cost of claims, so network discounts and rebates are hugely important.



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL



TAC HEBP ADDED VALUE

- TAC HEBP's negotiating power with medical and pharmacy networks is based on nearly 50,000 lives, compared to Webb County as an individual entity with less than 4,000 lives
- Stop Loss contracts will mirror Webb County's benefits providing solid/seamless coverage:
 - ~ Guaranteed Rate (firm rate, no additional reports, information or review required)
 - ~ Integrated claims processing - no Stoploss claims to file
 - ~ Immediate funding
 - ~ Alternate attachment points included in proposal, which would reduce fixed costs
- Dedicated Employee Benefits Specialist, Benefits Consultant, and Wellness Consultant; support for employee education, enrollment events, Health Fairs, etc. provided at no charge

No hidden fees/charges via "Shared Savings"

No Rx Admin Fees
No Mail Order Rx Dispensing fees

Webb Co ACA Fees
Paid by TAC
(\$98,416 for 2016)

ACA Reporting and Tracking Service
(\$17,500 value)