



THE
PARTNERS
GROUP



WASHINGTON STATE HEALTHCARE LEADERS ASSOCIATION

COST SAVING ALTERNATIVES TO TRADITIONAL HEALTH PLANS

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October 28, 2025

AGENDA

- STATE OF THE FULLY INSURED HEALTHCARE MARKET
- MEDICAL EXPENSE REIMBURSEMENT PLAN
- INDIVIDUAL COVERAGE HEALTH REIMBURSEMENT ARRANGEMENT
- SELF FUNDED STOP LOSS CAPTIVE

The background of the slide is a dark, textured image showing the cross-sections of many stacked logs. The wood grain is visible on the circular faces of the logs. Centered over this background is the text "STATE OF THE MARKET" in a white, sans-serif font. Two thin, horizontal white lines are positioned above and below the text, framing it.

STATE OF THE MARKET

TPG'S BOOK OF BUSINESS

2025 WASHINGTON HEALTH TREND

10.1%*
Medical Trend

13.2%
Rx Trend

5.0%
Dental Trend

3.7%
Vision Trend

**10.3% PPO medical plans annual trend. 9.9% HMO medical plans annual trend.*



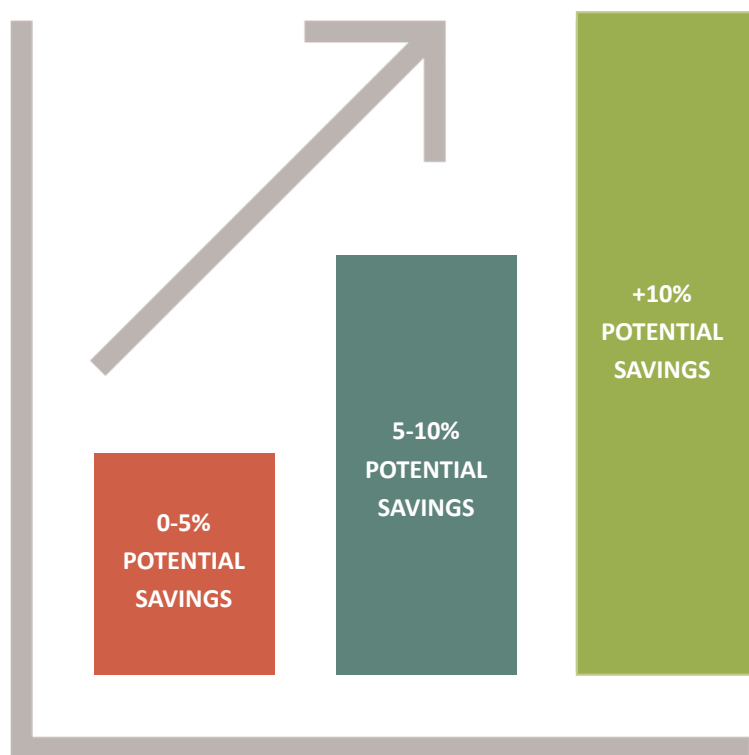
WASHINGTON REGIONAL CARRIER TREND SURVEY

PLAN DESIGN	HMO	PPO	RX	DENTAL	VISION
De-Identified Carrier Responses	5.9%	7.4%	12.0%	-	-
	12.9%	12.9%	15.4%	7.5%	5.0%
	-	13.3%	16.8%	4.0%	4.0%
	11.3%	-	11.3%	3.9%	3.5%
	9.5%	9.5%	11.3%	5.0%	3.0%
	-	11.0%	13.5%	5.4%	2.5%
	-	8.0%	12.5%	4.5%	4.0%
AVERAGE	9.9%	10.3%	13.2%	5.0%	3.7%

— 2026 RENEWAL LANDSCAPE

- Average 1/1/2026 fully insured renewal – 15% - 25%
- We've seen renewals as high as 44%
- 2025 saw double digit increases, and it is worse in 2026
- Price increases are unsustainable for employers
- Employers are looking for cost saving alternatives

FUNDING OPTIONS WITH SAVINGS OPPORTUNITIES



- ICHRA



- Reference Based Pricing
- Unbundled Self-Funding



- Bundled Self-Funding
- Self-Funded Captives
- Self-Funding ASO



- MERP
- Level Funding
- Fully Insured
- PEO



COST CONTAINMENT & PROACTIVE STRATEGY #1

MERP

WHAT ARE MEDICAL EXPENSE REIMBURSEMENT PLANS (MERP)?

A **MERP** is an employer-funded plan that reimburses employees for out-of-pocket medical expenses that aren't fully covered by their primary group health insurance (e.g., deductibles, co-pays, coinsurance, etc.).

A MERP can be a powerful tool to enhance a health benefits package **cost-effectively**, especially when paired with a higher-deductible group health plan. However, **careful plan design, administration, and compliance oversight** are essential to avoid pitfalls and legal issues under the ACA and HIPAA

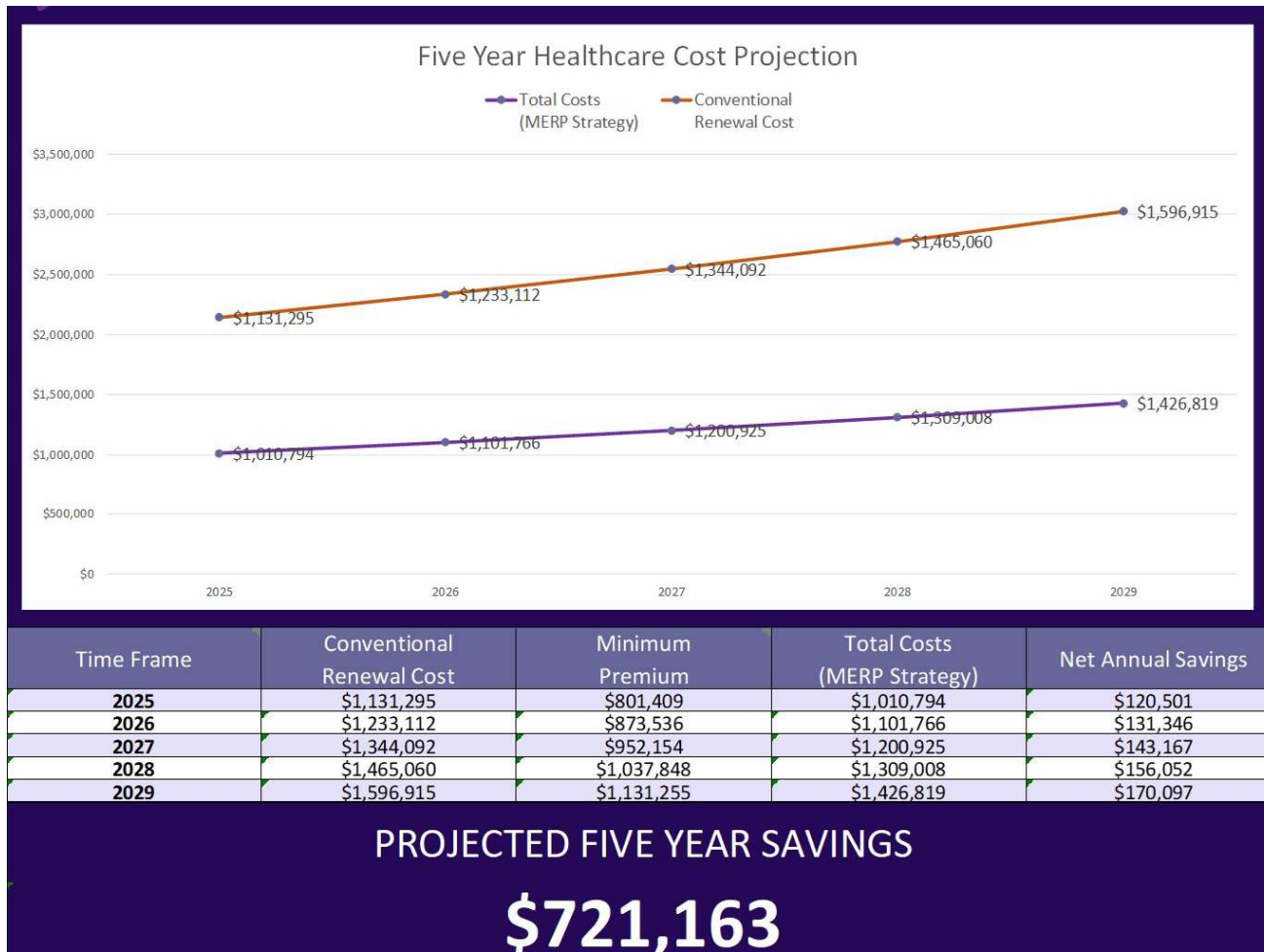
	FULLY INSURED PLANS	MERP PRODUCTS
RISK EXPOSURE	insurance providers carry all the risk for their clients	employer assumes the risk of reimbursing employees for eligible expenses
COST	employers must pay a monthly premium	employer sets an allowance for each employee that they can't exceed with their claims
COMPLEXITY	less administrative burden	involves more administrative work
CUSTOMIZATION	come in various preset designs with limited customization options	highly customizable as employers can choose their limits
TAX SAVINGS	business expenses that employers can deduct from their income before paying taxes.	business expense and aren't subject to payroll taxes

MEDICAL EXPENSE REIMBURSEMENT PLAN STRUCTURE

Building Your Custom Health Plan



MERP POTENTIAL LONG-TERM SAVINGS





COST CONTAINMENT & PROACTIVE STRATEGY #2

ICHRA

ICHRA – INDIVIDUAL COVERAGE HEALTH REIMBURSEMENT ARRANGEMENT

ICHRAs	vs.	Traditional Group Plans
1 EMPLOYEES CHOOSE OWN PLAN THROUGH THE INDIVIDUAL MARKETPLACE 2 EMPLOYEES HANDLE THEIR OWN PLAN ENROLLMENT, RENEWALS, AND RISK MANAGEMENT 3 MORE COST CONTROL SINCE REIMBURSEMENT LIMITS ARE PREDETERMINED 4 EMPLOYEES OWN THEIR PLANS AND CAN STAY ON THEM EVEN IF THEY CHANGE JOBS		1 EMPLOYERS CHOOSE ONE GROUP PLAN THAT ALL EMPLOYEES HAVE 2 EMPLOYERS HANDLE PLAN ENROLLMENT, RENEWALS, AND RISK MANAGEMENT FOR THEIR EMPLOYEES 3 LESS COST CONTROL DUE TO SURPRISE RATE INCREASES EACH YEAR 4 EMPLOYEES DO NOT OWN THEIR PLANS, SO THEY LOSE COVERAGE IF THEY CHANGE JOBS

MEDICAL OPTIONS - ICHRA

ICHRA Advantages

The Individual Coverage Health Reimbursement Arrangement (ICHRA) is a powerful tool for modernizing health benefits, offering flexibility and control to employers and employees alike.

ICHRA:

- + is a qualified group health plan that fulfills the large employer mandate for ALEs.
- + can be offered by employers as an alternative to traditional group health insurance coverage.
- + allows employers to give employees pre-tax dollars to purchase health individual insurance.
- + offers employees the ability to choose their own health plan tailored to their unique needs.



**Stabilizes
employer costs**



**Guaranteed
issue plans**



**No participation
requirements**

ICHRA Complexities

1 Setup and Compliance

- Calculating affordability
- Classifying employee contributions
- Age-banding determination

2 Change Management

- Employee education
- Plan comparison and selection
- Carrier relations

3 Administrative Burden

- Payroll deduction calculations and reporting
- Direct carrier payments
- Year-round support

At Remodel Health, we don't just offer ICHRA solutions; we provide the wisdom and guidance necessary to successfully implement and manage these complex arrangements. Our approach is grounded in years of experience in the individual health benefits space, long before ICHRA became the innovative solution it is today.



MEDICAL OPTIONS - ICHRA

	Cigna Base HDHP 1650	Cigna Buy Up PPO 1000	Ambetter Secure Care 5 (WA)
	Cigna	Cigna	Ambetter
Deductible (individual/family)	\$1,650 / \$3,300	\$1,000 / \$2,000	\$1,450 / \$2,900
Coinsurance	20%	20%	20%
Out-of-pocket maximum (individual/family)	\$7,050 / \$14,100	\$5,000 / \$10,000	\$7,500 / \$150,00
Office visit copay (primary care/specialist)	20% after deductible	\$25 / \$25	\$15 / \$35
Prescription drugs	\$10/\$35/\$70/20%	\$10/\$35/\$70/20%	\$3/\$30/25%/30%
2025 Annual Premium	\$1,989,575		—
Remodel Subscription Fee	—		\$126,360
2026 Projected Annual Premium	—		\$2,053,475
Projected Renewal Total Cost	\$2,551,858		\$2,179,835

- ❖ These are general rates which do not include tobacco usage (Additional Cost)
- ❖ All Copayment and Coinsurance costs shown are after deductible has been met, if a deductible applies
- ❖ This is an estimate based on current participation
- ❖ Remodel Health subscription fee utilizes a \$65 PEPM

- Illustrative example of a comparable plan on the individual marketplace; although employees may choose any plan available for their location



MEDICAL OPTIONS - ICHRA

- Employees receive contributions dollars to purchase plan with proof of insurance



Employer Contribution Cost Breakdown

Effective Dates 1/1/26

Quote Highlights

Total quoted medical employees: 162

Waivers: 73

Total eligible employees: 235

	Current Employer Spend	Renewal Employer Spend	Projected Budget 90% Employee 30% Dependent Cost of Selected Plans
			Remodel Health 2026
Current Employees	162	162	162
Monthly Contributions	\$120,726	\$154,709	\$127,252
Annual Contributions	\$1,448,706	\$1,856,502	\$1,527,029
Remodel Health Annual Fee	—	—	\$126,360
Projected Annual Employer Cost	\$1,448,706	\$1,856,502	\$1,653,389

* The designed contribution meets affordability for all individuals based on the census information provided. Offering an ICHRA that does not meet affordability creates organizational exposure to Part B penalties



MEDICAL OPTIONS - ICHRA

 Contribution Table Ambetter Secure Care 5 (WA03) 90% Employee 30% Spouse 30% Dependent Contribution Employees can use their contribution dollars to purchase any plan they choose. They receive the contribution with proof of insurance. This is delivered to the employer by Remodel Health.			
Age	Employee	Spouse	Child
64 and over	\$1,072	\$357	\$357
63	\$1,055	\$352	\$352
62	\$1,027	\$342	\$342
61	\$1,004	\$335	\$335
60	\$970	\$323	\$323
59	\$930	\$310	\$310
58	\$910	\$303	\$303
57	\$871	\$290	\$290
56	\$834	\$278	\$278
55	\$797	\$266	\$266
54	\$763	\$254	\$254
53	\$729	\$243	\$243
52	\$697	\$232	\$232
51	\$666	\$222	\$222
50	\$638	\$213	\$213
49	\$610	\$203	\$203
48	\$584	\$195	\$195
47	\$558	\$186	\$186
46	\$536	\$179	\$179
45	\$516	\$172	\$172
44	\$499	\$166	\$166
43	\$485	\$162	\$162
42	\$473	\$158	\$158
41	\$465	\$155	\$155
40	\$457	\$152	\$152
39	\$451	\$150	\$150



The background of the slide is a dark, textured image showing the cross-sections of many stacked logs. The wood grain is visible on the circular faces of the logs, creating a repeating pattern of concentric circles and radial lines. The overall color is a deep, muted brown.

COST CONTAINMENT & PROACTIVE STRATEGY #3

SELF FUNDED STOP LOSS CAPTIVE

WHAT IS A SELF-FUNDED GROUP CAPTIVE

- A captive is a group purchasing arrangement for stop-loss reinsurance. Each company still funds its own predictable claims, uses its own chosen network, but shares a portion of the high-cost risk. By purchasing stop-loss reinsurance at the collective group level, rates are more favorable and stable year-over-year.



WHAT IS A CAPTIVE AND WHO IS A GOOD FIT

Who should consider captives?

- **Company Size:** Between 50–1,000 employees, large enough to benefit from data credibility but not large enough to completely self-insure without pooling
- **Companies who want Financial Stability:** Willing to invest in a long-term strategy, not just chasing the lowest premium this year.
- **Cultural Fit:** Leadership that views benefits as part of the talent strategy, not just a line-item expense.
- **Appetite for Transparency:** Companies that want visibility into claims, pharmacy spend, and cost drivers—so they can do something to improve their long-term risk profile.
- **Frustration with Status Quo:** Employers tired of fully insured renewals without any real explanation.



ADVANTAGES OVER TRADITIONAL SELF-FUNDING

Better Purchasing Power

- By pooling risk across multiple employers, captives negotiate stronger stop-loss coverage. This means lower fixed costs and more favorable contract terms.

Return of Underwriting Profits

- In a traditional self-funded arrangement with a large carrier, any stop-loss profits belong to the insurer. In a captive, those profits are returned to the member companies. Over time, this dividend can meaningfully offset healthcare costs.

Executive Visibility and Expense Control

- Employers gain access to robust claims data that most bundled carrier products simply don't provide. With that visibility, you can make targeted interventions on pharmacy, chronic conditions, and high-cost claimants.

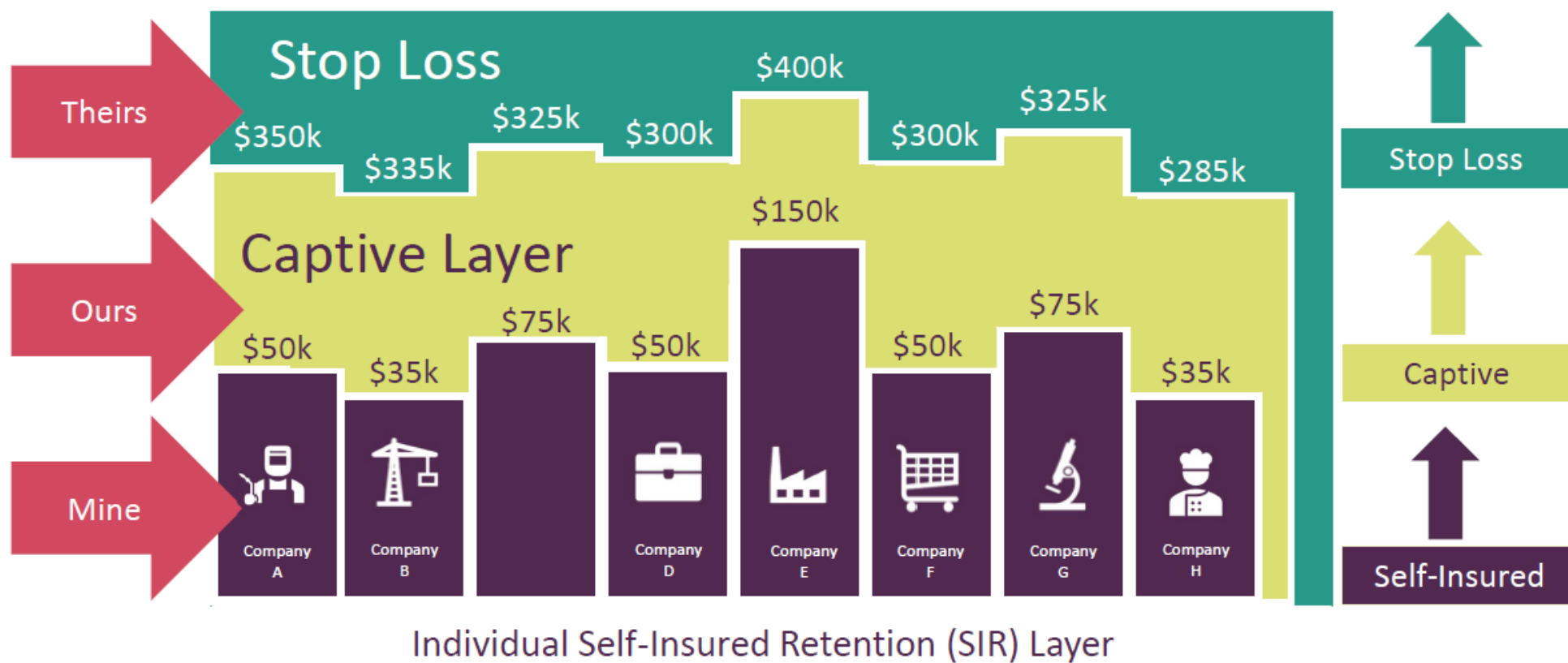
Long-Term Cost Stability

- Instead of riding the rollercoaster of fully insured renewals, captives create predictability. Sharing risk among like-minded employers dampens volatility, and the structure aligns incentives toward keeping costs in check.

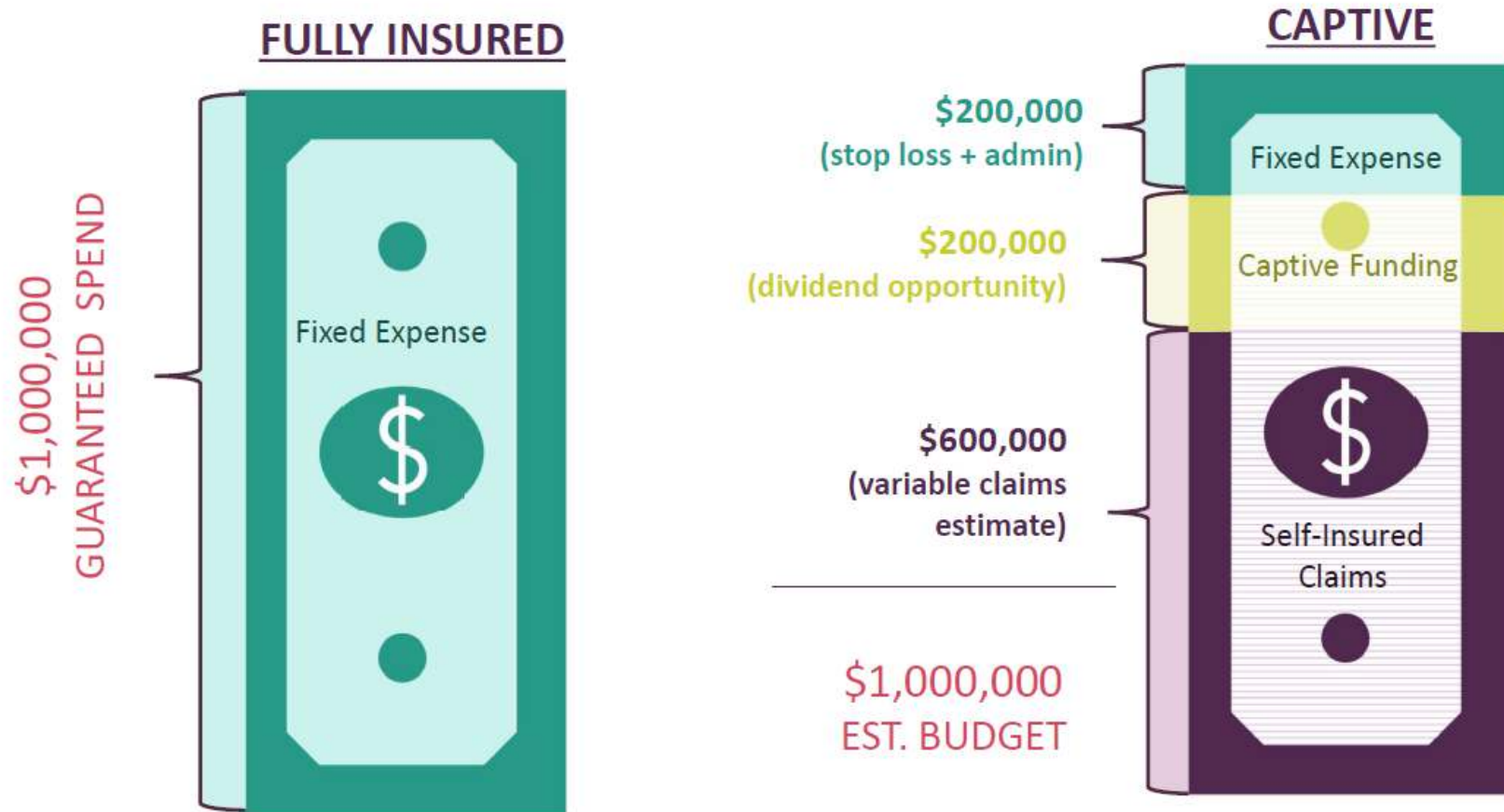
Customization

- Captive members often have more freedom to choose networks, pharmacy benefit managers, and wellness strategies. That means designing a plan that fits your workforce, not one-size-fits-all from a large insurer

HOW ARE CAPTIVES STRUCTURED?



DOLLAR BREAKDOWN



COMPARISON TO OTHER OPTIONS

	Fully Insured	Level Funded	Self Funded	EB Captive
Available for Smaller Employers	✓	✓	×	✓
Fixed Annual Payment	✓	✓	×	×
Plan Design Flexibility	×	×	✓	✓
Claims Information	×	✓	✓	✓
Reward for Performance	×	Some	✓	✓
Manageable Risk Level	×	✓	×	✓
Renewal Stability	×	×	×	✓
Group Purchasing Power	×	×	×	✓
Peer Group Support & Sharing	×	×	×	✓



The background of the slide is a close-up photograph of many stacked logs, showing their circular cross-sections. The wood grain is visible on each log. A dark, semi-transparent overlay covers the entire image, and the text "MEET THE PARTNERS GROUP" is centered in white. Two thin white horizontal lines are positioned above and below the text.

MEET THE PARTNERS GROUP

PARTNERING WITH TPG MEANS...

INVESTMENT IN

- Relationships
- Growth
- Top talent & expertise
- Local insight
- National reach
- Long-term stability
- Innovative technology
- Health & wellbeing

EMPLOYERS

INDIVIDUALS

BUSINESSES

FAMILIES

ONE PARTNER ADVANTAGE®



300+ EMPLOYEES
IN 5 LOCATIONS

LOOKING OUT FOR YOUR
FUTURE FOR MORE THAN

40
YEARS

95%

CLIENT
RETENTION

10%

CHARITABLE
GIVING

ONE PARTNER ADVANTAGE®

SINGLE RESOURCE FOR YOUR CONSULTING, INSURANCE, & FINANCIAL NEEDS

Reach your goals by partnering with experts who make the complicated easy.



Integrated team of specialists



Coordinated strategies & solutions



Saving time & money



RECOGNITION & AWARDS

We are honored to work for a company that continues to be recognized by employees and major media outlets across the Pacific Northwest.



Years awarded: 2023, 2022, 2021, 2020, 2016, 2015, 2012, 2011, 2010, 2008, 2007, 2006, 2002, 2001



Years awarded: 2023: #3, 2022: #3, 2021: #2, 2020: #5, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009



Years awarded: 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014



Years awarded: 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001

PUGET SOUND BUSINESS JOURNAL



2022 WASHINGTON'S BEST WORKPLACES

Years awarded: 2022, 2021, 2020, 2019



Years awarded: 2021, 2020, 2017, 2015

YOUR DEDICATED TPG TEAM



EMILY YOUNG
Employee Benefits
Consultant, Shareholder

Emily has been in the employee benefits industry for 16 years. She came to TPG after 12 years as a senior account executive at UNUM, consulting on life, disability, leave management, dental, vision, and supplemental health benefits. She is an expert in HR technology systems and online enrollment solutions. Emily works with clients across many industries, ranging in size from 50–2,500 employees. She will serve as your co-consultant, providing strategic planning and goal execution, as well as a high level of ongoing support.

Emily attended the University of Washington where she majored in Finance and Marketing. Outside of work, Emily enjoys traveling and staying active with her husband, two sons, and energetic puppy.



Stuart Croff
Employee Benefits
Consultant, Shareholder

Stuart has more than 15 years of experience in the health insurance industry. Prior to TPG, he spent seven years with major health insurance carriers in the Pacific Northwest, including Cigna, Premera Blue Cross, and Regence BlueShield. His expertise includes benefit plan design, negotiation and alternative funding strategies for employers with 50–10,000 employees. Prior to working in insurance, Stuart focused on payroll and human resource information systems. He has a passion for helping employers achieve their strategic goals by delivering creative solutions that cater to their long-term needs. In his free time, Stuart enjoys the outdoors with his wife and son, golfing and participating in water and snow sports.