Witness History: How Exchanges Are Changing the World of Employee Benefits

May 6, 2015
About PlanSource

PlanSource provides the industry’s most flexible and extensible health exchange and benefits engagement platform in the cloud. PlanSource is a proven, SSAE16 SOC 2 Type 2 audited technology platform with an established network of more than 12,000 data exchange connections. More than 8,000 companies use the PlanSource Platform™ for benefits shopping, enrollment, billing and ongoing administration.
PlanSource Powers All Types of Exchanges
A multi-carrier exchange and benefits engagement platform

- Carrier-Sponsored
- State-Sponsored
- Broker-Sponsored
- PlanSource-Sponsored
Agenda

- Industry Overview and Trends
- PlanSource OneMarket™
- Technology Demo
- Q&A Session
How to Ask a Question

Type your question into the “Questions” panel
Will this webinar be recorded?

YES
Will we have access to a PDF of the slides?

YES
Today’s Speakers

Scott Carver
President
PlanSource

Nancy Sansom
Chief Marketing Officer
PlanSource
An Industry in Transformation
The U.S. Healthcare and benefits industries are undergoing seismic change

Impact on PlanSource Constituents

Consumers
- Expect consumer shopping experience and mobile tools
- Responsibility shifting to them
- Complex environment

Employers
- Largest component of labor costs outside of salaries/wages
- Concerned about regulatory compliance
- Must automate in order to comply

Brokers
- Compensation compression
- Service commoditization
- Plan standardization dilutes value proposition
- Technology now needs to be a core competency

Carriers
- Medical loss ratio restrictions
- Regulatory compliance
- Underwriting restrictions

Rising cost of healthcare
Increasing regulation and enforcement (ACA)
Number of uninsured
Technology-driven workforce
Convergence of group and individual product delivery
Carrier and broker systems lack flexibility to facilitate this transition
Mobile workforce
Proliferation and dominance of SaaS
Public Exchange Momentum
16.4 million uninsured people have gained coverage due to the ACA

*Includes public marketplace enrollment, Medicaid expansion, plus 2.3 million young adults that stayed on their parents’ plan since 2010.

Original CBO forecast was 13 million people enrolled by 2015.

Uninsured rate down 35% to 11.9% from a high of 18% in 2013

Source: Obamacarefacts.com
Public Exchange Momentum

If public exchanges are doing so well, should employers continue to offer benefits?

Employee benefits remain an important recruiting and retention tool.

71% of employees who are satisfied with a company’s benefits remain with their company.

Source: MetLife Employee Benefit Trends Study
Public Exchange Momentum

If public exchanges are doing so well, should employers continue to offer benefits?

And benefits drive employee satisfaction.

Employees who are very satisfied with benefits are 4x more likely to be very satisfied with their jobs.

Source: MetLife Employee Benefit Trends Study
The Move to Defined Contribution
Similar to the 80s shift to 401(k) plans, but technology may accelerate the trend

Traditional Group Benefits

CHANGE
Rising Costs
Healthcare Reform

2013
23%

New/Other Benefit Models

2016 and Beyond
69%

Disruptive Solutions
Dynamic Marketplace
OPPORTUNITY

Source: Aon Hewitt Study of 562 employers and their desire to move to defined contribution and private exchanges
The Move to Private Exchanges
A shift in the employer benefits strategy

FROM

Wholesale
Custom Benefit Plans
Defined Benefit
Employer Centric
Hands On

TO

Retail
Standard Offerings
Defined Contribution
Consumer Centric
Hands Off
What’s the Potential of Private Exchanges?

Nearly half of employers plan to consider using a private exchange before 2018.

**Millions of Enrollees**

- 2014: 2
- 2015: 5
- 2016: 15
- 2017: 20
- 2018: 45

**Growth Drivers**

- Increasing regulatory and admin requirements on employers
- Continued effects of the employer mandate on employers
- Exchanges are seen as a way to reduce costs and admin burdens
- Exchanges provide an alternative to migrate away from high-cost plans that will be subject to the 40% “Cadillac Tax” in 2018

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1 Private Exchange Evaluation Cooperative
2 Accenture
What’s in it for Employers?

- Control Costs
- Provide Choice to Employees
- Ensure Compliance
- Empower Employees
- Maintain Employee Loyalty
- Simplify Benefits Administration
What’s in it for Employees?

Choice

Flexibility

Knowledge

Satisfaction
How Fast will Private Exchanges Take Off?
Factors that will drive market viability

Value Created for Employers

- Will defined contribution impact cost trend?
- Will greater choice enhance employee satisfaction?
- Can exchanges relieve administration and compliance burden?

Carrier Participation

- 5x more likely for employers to use defined contribution on a private exchange

Administrative Simplicity

- 88% of employees show increased benefit satisfaction with more plan choices

Consumer Experience

- 75% of PlanSource private exchange customers use our built-in ACA engine

Regulatory Implications

Confidential and proprietary
How Fast will Private Exchanges Take Off?

Factors that will drive market viability

- Will enough carriers participate to ensure adequate choice?
- Will carriers agree to compete side-by-side?
- Can underwriting intelligence drive more favorable pricing?

Value Created for Employers

Carrier Participation

Administrative Simplicity

Consumer Experience

Regulatory Implications

Health insurance carriers are still reluctant to participate in multiple private exchanges.

Side-by-side competition in the fully insured segment is rare but carriers are considering it.

Consumer analytics is key to helping insurance carriers compete in new retail marketplace models.
How Fast will Private Exchanges Take Off?
Factors that will drive market viability

<table>
<thead>
<tr>
<th>Value Created for Employers</th>
<th>Carrier Participation</th>
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<tbody>
<tr>
<td>• Will exchanges simplify admin tasks for all stakeholders?</td>
<td>• Are carriers and platforms integrated enough to support automation from quote-to-card?</td>
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91% of customers believe the private exchange has simplified administration of their benefit portfolios

Employer-level shopping is still disconnected and manual in most private exchanges

Administrative Simplicity

Consumer Experience

Regulatory Implications
How Fast will Private Exchanges Take Off?

Factors that will drive market viability

- Can platforms migrate from benefit enrollment to consumer engagement?
- Will consumer choices impact cost trend?

83% of consumers select the recommended plan or the “you may want to consider” plan

3x increase in number of plans offered with a private exchange (6-9 plans versus 2-3 plans)
How Fast will Private Exchanges Take Off?
Factors that will drive market viability

- Will regulation enable private exchanges to be a viable option?
- Will public exchanges enjoy unique advantages and cannibalize the private market?

52% of new customers indicate that access to compliance technology was a top reason to join OneMarket

Regulatory environment unlikely to drive adoption long term. Other drivers must materialize.
Which Companies Benefit Most?

Strong value proposition for small employers despite current focus on large employers

- Control Costs
- Provide Choice
- Ensure Compliance
- Simplify Benefits Admin
- Maintain Employee Loyalty
- Empower Employees

Comparing Small–Mid Company (light blue) and Large–National Company (dark gray) across different potential values:

- High Potential Value
- Medium Potential
- Low Potential Value
Elements of a Successful Exchange

An exchange must be able to provide comprehensive, quote-to-card technology

Data Mining & Analytics
- Plan Modeling
- Funding Strategies
- Buying Behavior

Employer Shopping
- New Business
- Renewals
- Carrier/Plan Selection

Customer Onboarding
- Scalable
- Repeatable
- Extensible to key stakeholders

Consumer Shopping
- Retail Ecommerce experience
- Personalized
- Non-Digital Support

Plan Administration
- Adds, Terms, Changes
- Business rule adjudication
- Transaction Processing

Compliance
- Look-back Periods
- Reporting
- Subsidy/Tax Calcs

Data Management & Distribution
- Disparate Inbound Formats
- Outbound to Carriers
- Bi-directional – Payroll/HRIS

Treasury Administration
- Bill Presentment
- Payment & Collection
- Reconciliation & Remittance

Serves a Diverse Array of Constituents
- Consumers
- Employers
- Brokers
- Carriers
Agenda

☑ Industry Overview and Trends
PlanSource OneMarket™
Technology Demo
Q&A Session
One consumer-friendly marketplace for public / private exchanges
OneMarket™ Participating Carriers
Convergence of product and technology to create a unique benefits marketplace
Getting Started with OneMarket™
Employer shopping and onboarding is quick and easy

1. Specify one or more national or regional medical carriers and plans.

2. Select from the PlanSource warehouse of ancillary/voluntary carriers and plans.

3. Decide how much you want to contribute to employee benefits.

4. Upload your employee census information.

5. Leverage PlanSource partners for services such as COBRA and FSA/HSA administration, dependent eligibility audits and on-site enrollment support.
Benefits Administration and Compliance

HR Teams simplify, automate and standardize with OneMarket™

- ACA Compliance
- Custom Branding
- COBRA Administration
- Cost Calculations
- Employee Communications
- Bill Creation and Reconciliation
- Configurable Reporting
- Eligibility Management
- Benefits Program Setup
- Open Enrollment
Employee Shopping and Enrollment
Consumer-friendly shopping and enrollment with OneMarket™

- Employee Shopping
- Educational Content
- Personalized Plan Recommendations
- Defined Contribution
- Employee Communications
- Benefit Enrollment
- Life Event Changes
- PlanSource Mobile App
- Español
- Spanish Language Support
- Wellness Programs & Incentives
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How to find out more:

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