

I don't know any Superintendent, Finance, HR or Board Executive that can afford not to read this.

A Note from the Desk of Keith Lemer, CEO of WellNet Healthcare

Stay with me // [3-minute read](#).

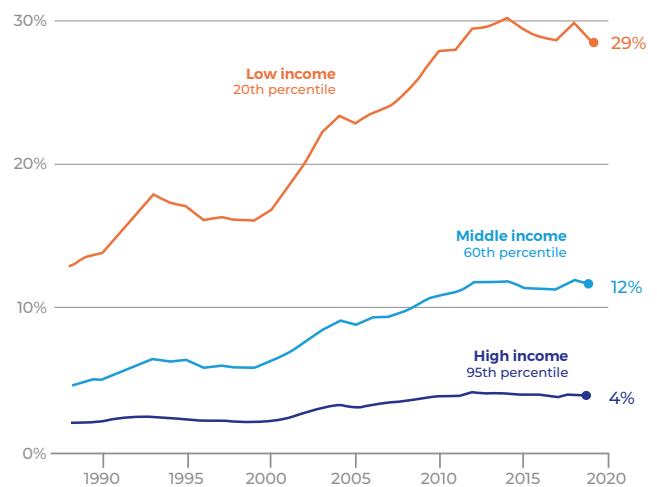
In the fast-paced realm of healthcare and finance, I aim to shed light on the growth of healthcare costs – the impact it has on you, your people, and the role that you can take to solve these challenges with an alternative lens.

Consider This:

- We know that the **rising cost of healthcare** is impacting families across the nation and eating into the profitability of companies that provide healthcare coverage to their employees.
- **By the Numbers:** In 1988, healthcare premiums on average accounted for 7.9% of a worker's total compensation, which includes wages and premiums. By 2019, that had increased to an average of 17.7%, with that figure will approach over 22% in 2025.
- **Employer health insurance has gotten more expensive as healthcare itself has gotten more expensive.** The average workplace health plan last year costs \$24,000 for family coverage, with employers covering 75% of that expense, according to the Kaiser Family Foundation.

Share of compensation going to health care premiums, by income level

Estimated among U.S. families with employer-sponsored health insurance; Annually, 1988-2019



Source: JAMA Network Open

This Brings Us to Our First Question:

- **What is driving all this growth**, and where is the money going?

The Driving Force: \$4.3 Trillion & The Network Effect

- **Think of healthcare like credit card processing.**
- **When these financial intermediaries are at the helm**, for credit cards-- the ultimate holders of the money and the risk are consumers --and for healthcare it's the government and employers.
- **The providers of care are doctors and hospitals.** The current middlemen, the **'Healthcare Services Companies,'** are merely facilitating the transaction and being a middleman is highly profitable.



- **These 'Healthcare Services Companies'** -facilitate \$4.3 trillion dollars in payments that are spent on healthcare every year in America. But let's look and see what's really going on here.
- **These Companies can leverage their position** as the financial middlemen because of something called the network effect. The power of the network increases as more doctors, hospitals, governments, and employers join.



- **Historically, other networks held tremendous power and resulted in major exploitation.** Think of the Railway Robber Barons in the 19th century or cable television in the 1980s, 90's and early 2000s - with their high prices and terrible service.



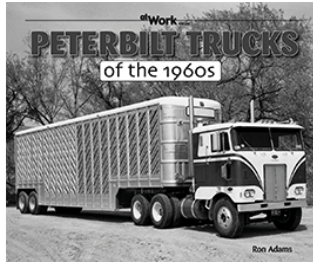
- **The healthcare system today operates in a very similar manner.** Charging exorbitant fees while providing generally subpar service. Have you ever been on hold and spoken with today's version of customer service?
- **But all businesses have an Achilles heel, a weakness,** and that's when they become too expensive, or the service gets so bad that people start looking around for a better way to do things. This eventually leads to **disintermediation**, or disruption.

What Does This Mean for You?

- **Think of how streaming services like Netflix, Hulu, and Apple+ are enabling millions of Americans to cut the cord and stop paying for basic cable.**



- **Or how long ago, people in business started using planes, cars, and trucks** to go around the railroads. This is exactly what is beginning to happen in healthcare.



- **Disintermediation, or disruption, becomes possible through innovation** be it regulatory, technological, or otherwise. In healthcare, this innovation is challenging the traditional healthcare system, as smart minds seek alternative ways to navigate the system.

WellNet's Role

- **'Health Services Companies' have gotten far too expensive** and are far too often providing poor quality services. As a result, some of the smartest minds are looking for ways to lead that disintermediation.
- **WellNet, as a leading Independent Third-Party Administrator (TPA), has embraced innovation** within the existing framework. By rebuilding efficient health plans, WellNet offers the same access to doctors, hospitals, and pharmacies (that you know and trust), while delivering bespoke self-funded health plans that focus on controlling the cost of the claim - *before it's paid*.

WellNet plans are tailored for your unique culture and pace for savings - running at 26% below the cost of those "Health Service Companies," in addition to an overall trend of 3.96% year-over-year.

The Way Forward

In the face of economic headwinds, it's crucial to consider stepping away from the traditional insurance carrier approach. As your renewal season approaches, I urge you and your advisor to contact us for a proposal. Alternatively, you can schedule a 15-minute joint meeting to learn more using this [link](#).

The landscape of health services is evolving, and WellNet is at the forefront of providing efficient and cost-effective alternatives. We invite you to join us on this transformative journey.

Best regards,

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Managing Your Healthcare Benefits Through The Virginia Consortium



Consortium Advantage

School System Receives:

- Lower:
 - Premiums
 - Claims &
 - Admin Costs
- Ownership of Unused Claim Reserves
- Single Monthly Billing
- Complete Pass-Through of Rx Rebates
- Lower Trend / Shared Risk

Employees Receive:

- Lower Prescription Costs
- 24/7 Access to Cigna Providers
- Incentivized Wellness Program
- Case Management
- Employee Assistance Programs
- High-touch Member Service

WellNet's Administration Value Proposition

- Elevated Claims Experience
- Dedicated Account Management
- Concierge Advocacy
- Ongoing Plan Management
- Accurate & Timely Reporting
- Celebrating their 30th year

Jefferson Health Plan Value Proposition

- Underwriting
- Vendor Management
- Health Plan Compliance
- Administration Support
- Approaching \$250m in reserves
- Fiscal Year 2023 Health Plan Trend: 3.36%

Other Features

- Public employers banding together to mitigate cost/risk
- Competes with Anthem's Local Choice
- Better Benefits/Local Delivery of Service/National network you know and trust
- Security of a fully insured model with the benefits of being self-funded
- Stabilization of premiums/Strong reserves
- Renewals line up with the state budget process. Rates locked in by February 15th for July 1 renewals
- No lasers
- If the School is in a deficit at the end of the year, they can borrow the money at zero percent interest for 3 years
- No RFP required
- Government Purchasing Structure/ Non-Profit

Experienced Partners



For additional information or to receive a quote

Please contact your advisor or WellNet Healthcare:

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