Medical Captive Solution

What is a Captive?

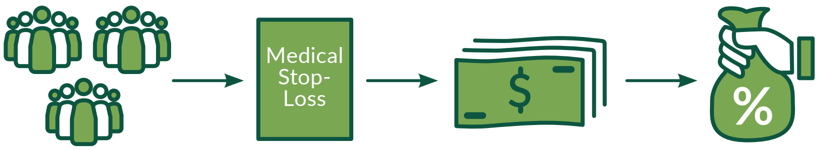
A group captive is a health insurance pool formed by companies joining together to reduce their health plan costs. It reduces claims volatility and offers the opportunity to capture additional savings.

Advantages Provided:

- **Stabilizes** costs over multiple plan years for predictable budgeting
- **Minimizes** volatility by spreading risk across a larger population of individuals, potentially lowering costs
- **Controls** and manages benefit exposure and claims data

Why? Control Risk and Experience Savings

Your company assumes no more risk than it would through traditional self-insurance options, yet it may experience additional savings, which are returned to your company through dividends.



Companies join together to reduce the risk of medical spend → Shared risk shifts to the "captive layer" → Pay the premium → Based on the performance of the total population, there may be a dividend

Our stop-loss captive program, powered by Roundstone Insurance, allows small to mid-size companies to gain control over their health insurance costs through self-funding methods historically used by larger companies. In the standard stop-loss reinsurance market, all profits are retained by the insurance carrier. Our program is different. Employers, as participants, utilize a captive to share risk, allowing them to retain underwriting profits. Employers participating in the Roundstone captive have consistently received average premium dividends of 8% per year.[1]

Reasons to Choose a Captive[2]

- Benefit from traditional advantages of self funding with immediate cost savings of 4% to 5%
- Lower the cost of your benefit program over time
- Reduce claims volatility through captive pooling
- Maintain independence of plan design, network and TPA
- Share population health best practices with other fully engaged employers
- Purchase lower commercial stop-loss reinsurance
- Potential profit sharing / receipt of dividend from cost savings
- Gain access to critical healthcare data
- Protect employees and employers from unsustainable medical inflation

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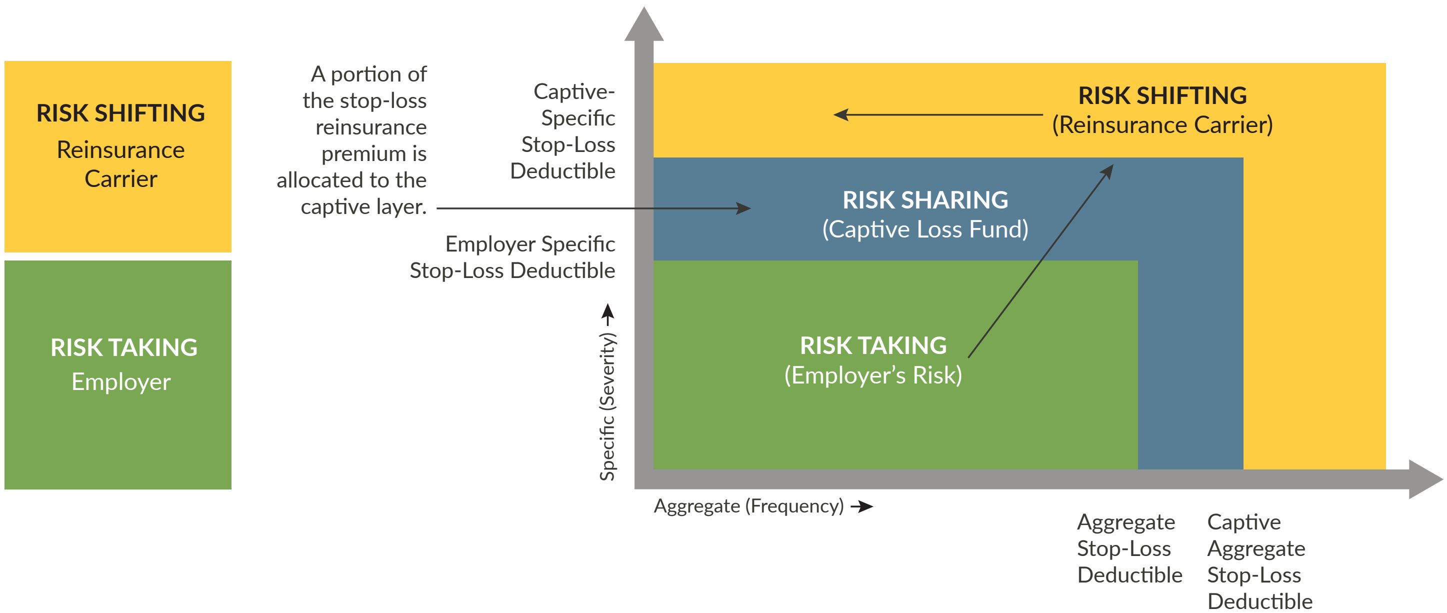
A stop-loss captive shares risk across a larger employee pool. Participating companies may capture savings from the shared claims experience.

Scenario:
Self-Funding w/o Captive

Scenario:
Self-Funding w/Captive



Who Should Consider a Captive?

Ideal for companies with 50-1,000 employees

- Fully insured or self funded and ready for control of data
- Stable workforce
- Strong executive leadership
- Long-term strategic vision
- Wellness culture and program
- Employers seeking financial stability

How It Works. What Does a Captive Involve?

- Risk taking by the employer up to a set limit for the least severe, most predictable layer of risk
- Risk sharing among a group of companies up to a set limit for the moderately severe, moderately predictable layer of risk
- Risk shifting to a reinsurance company for the least predictable, most severe layer of risk

Experience the Advantages of Healthy State's Solution

- Transparency: We provide regular medical and claims data reporting, plus up-front fixed and variable cost information.
- Cost Effective: Healthy State's offerings encompass cost-containment strategies, including disease management and wellness initiatives. Benefit spend is variable and remains with the employer if it is not spent on claims.
- Turnkey: Simple and effective. We'll help get the program started and make the transition seamless for your HR department and your employees.

[1] Past performance is not a guarantee of future performance. [2] Typical results may not be achieved in all instances.

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