



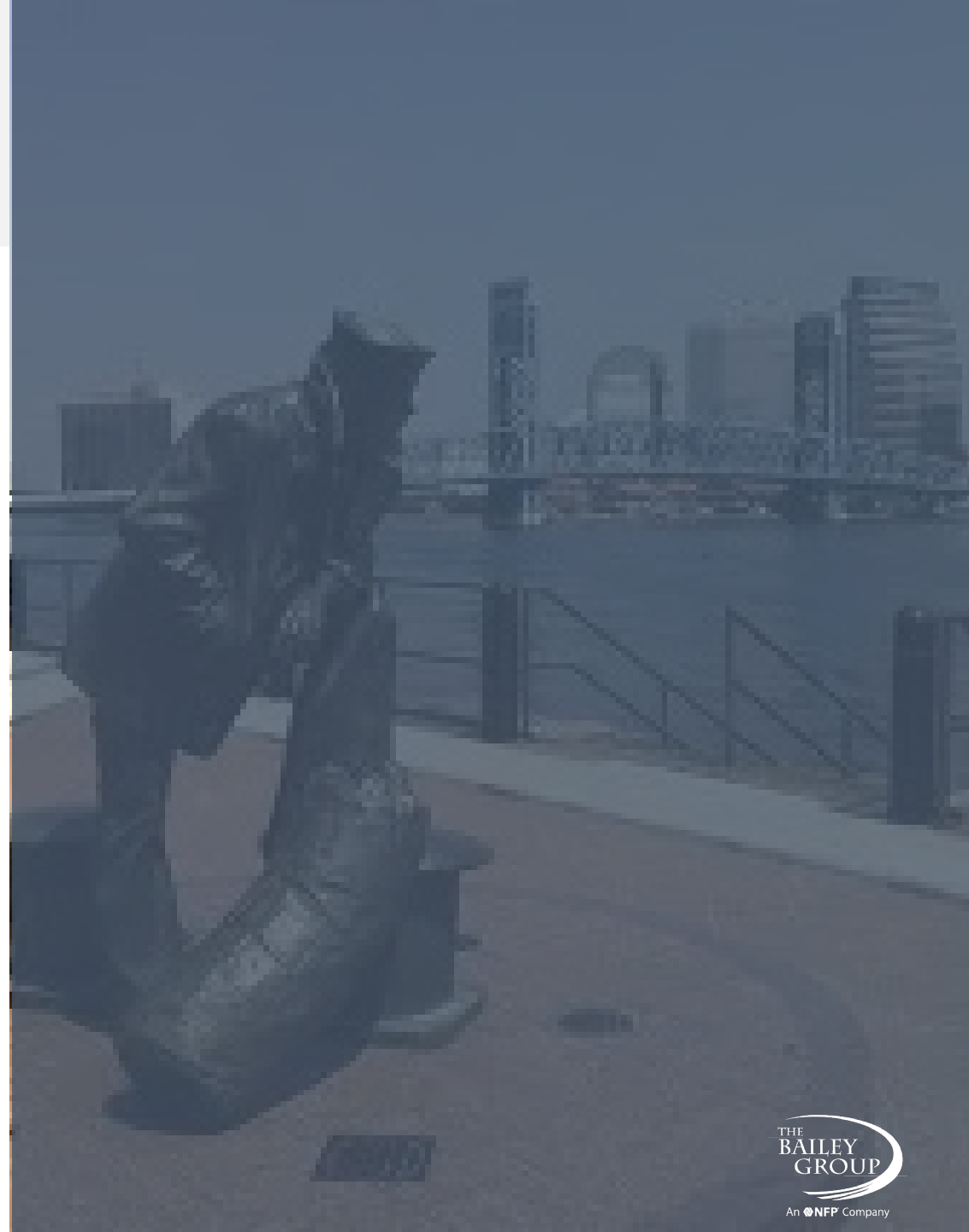
Medical/Pharmacy Cost Containment Strategy Project

City of Jacksonville



Agenda

- Organizational Overview/The Bailey Group
- Scope of Work Projects
 - Pharmacy Plan Analysis/PBM Carveout
 - Stop-Loss Review/Market Check
 - Medical Contribution Analysis/ Benchmarking
 - Benefits Eligible Population Evaluation
 - Medical Repricing/Carrier Discount Comparison
- Case Studies



Local Team with Global Presence



The Bailey Group is a local subsidiary of NFP's Atlantic region, headquartered in St. Augustine, FL



NFP is a global organization, headquartered in the US, with a growing presence across the country and in Canada and Europe



70k+

Corporate/employer clients

7,700+
professionals

#5

largest benefits consultancy by global revenue as ranked by Business Insurance

Evolution of NFP

On April 25, 2024, AON's acquisition of NFP closed, and NFP is now an **INDEPENDENT** and **CONNECTED** platform within AON.

Together, The Bailey Group, NFP and Aon Represent



60,000+

Colleagues around the world



120+

Countries and sovereignties with Aon clients



\$110B+¹

Of bound premium placed annually in Commercial Risk



\$13.4B

2023 annual revenue



\$73.2B

Market capitalization (as of August 2024)



AON

NYSE symbol

1. Includes approximately \$55B of captive Premium.

The Bailey Group - Public Sector Clients



Employee Benefits Solutions



With a holistic, consultative approach to employee benefits, we start by assessing an employer's unique goals and objectives, along with the expectations of their employees, and continue with the development and execution of a customized strategy designed to meet those specific needs.

Whether it's a one-year or multi-year strategy, we're there for our clients every step of the way with the breadth of solutions, depth of knowledge and excellence in execution that enhance outcomes.



Solutions and expertise include:

- Employee benefits consulting
- Benefits compliance
- Benefits and HR technology
- Centers of Excellence:
 - Pharmacy management
 - Stop loss
 - PEO
 - Ancillary benefits
- Well-being and engagement
- Captive and alternative risk
- Employee communications
- International benefits
- Long-term care
- Actuarial and financial analysis
- Benchmarking and trend analysis

The Benefits Consulting Team



Mark Bailey
President



Sabrina Abare
SVP, Account
Management, Corporate
Benefits



Travis Cummings
Senior Vice President



Sherry Bugnet
Senior Account Executive



Madison Cofield
Senior Analyst

Additional Resources



Suzanne Spradley
Chief Compliance Officer

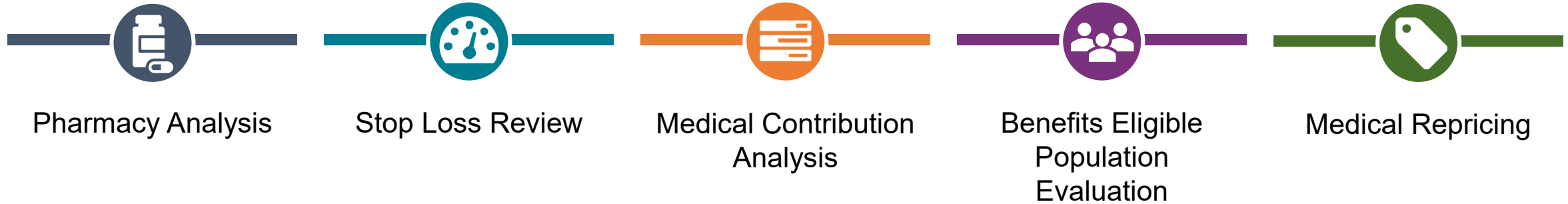


Pete Panno
Vice President, Actuarial
Services



Caitlin Roark
Communications Manager

Scope of Work Projects



Goals of Engagement

Ensure optimal efficiency and effectiveness of the self-funded health plan
Verify that implemented plans align with the organization's goals

Pharmacy Analysis Strategy

Collect pharmacy claims data history to understand group's specific drug claims history and leverage data analytics

Collaborate with pharmacy consultants to market pharmacy coverage and provide contract transparency

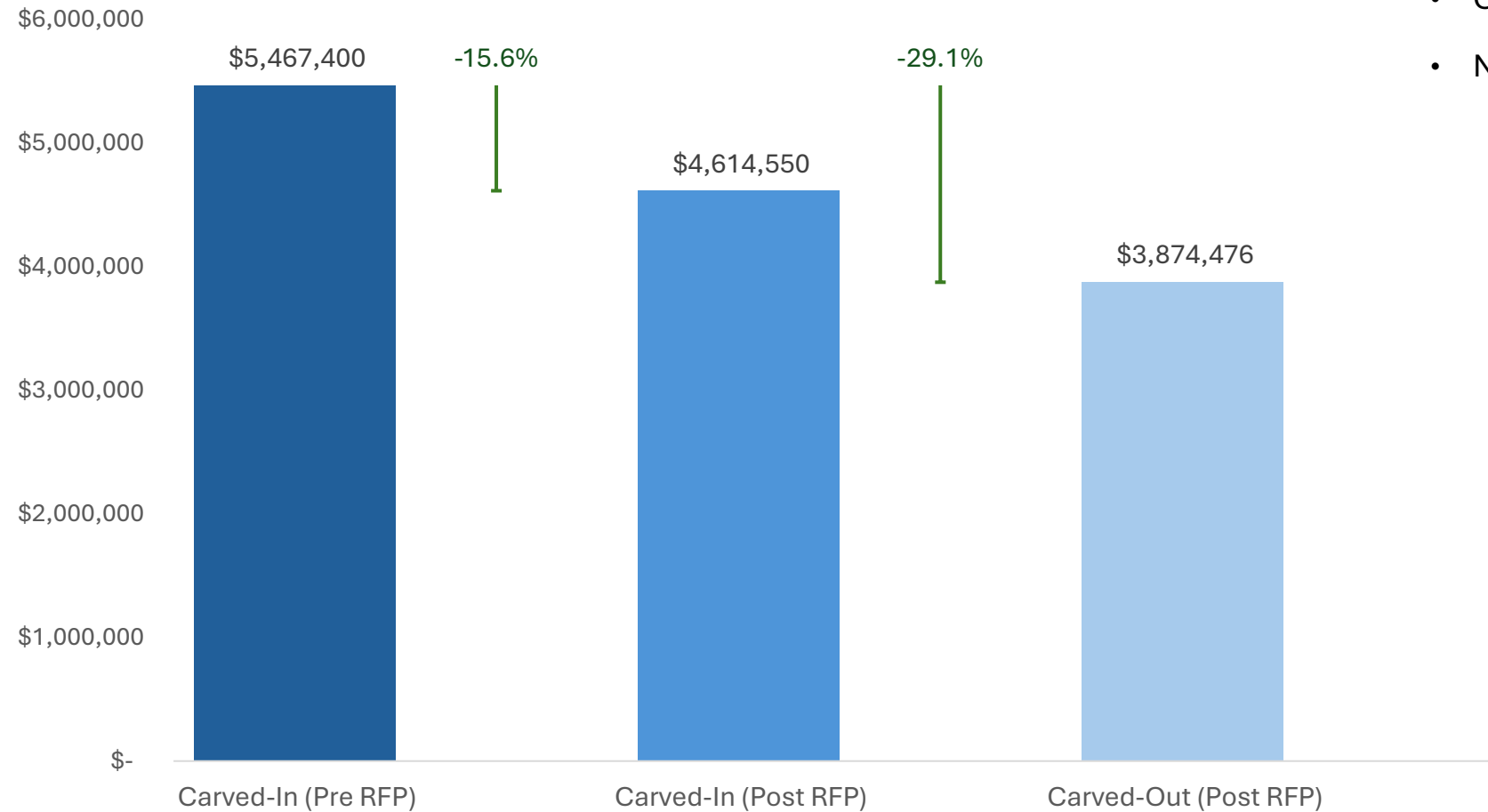
Identify ways to reduce prescription costs through contract negotiations and clinical programs

Recommend options with greatest savings, assuming minimal member disruption, including network and formulary disruptions

Recommend ongoing support to ensure the plan is running efficiently and adjusts to market changes

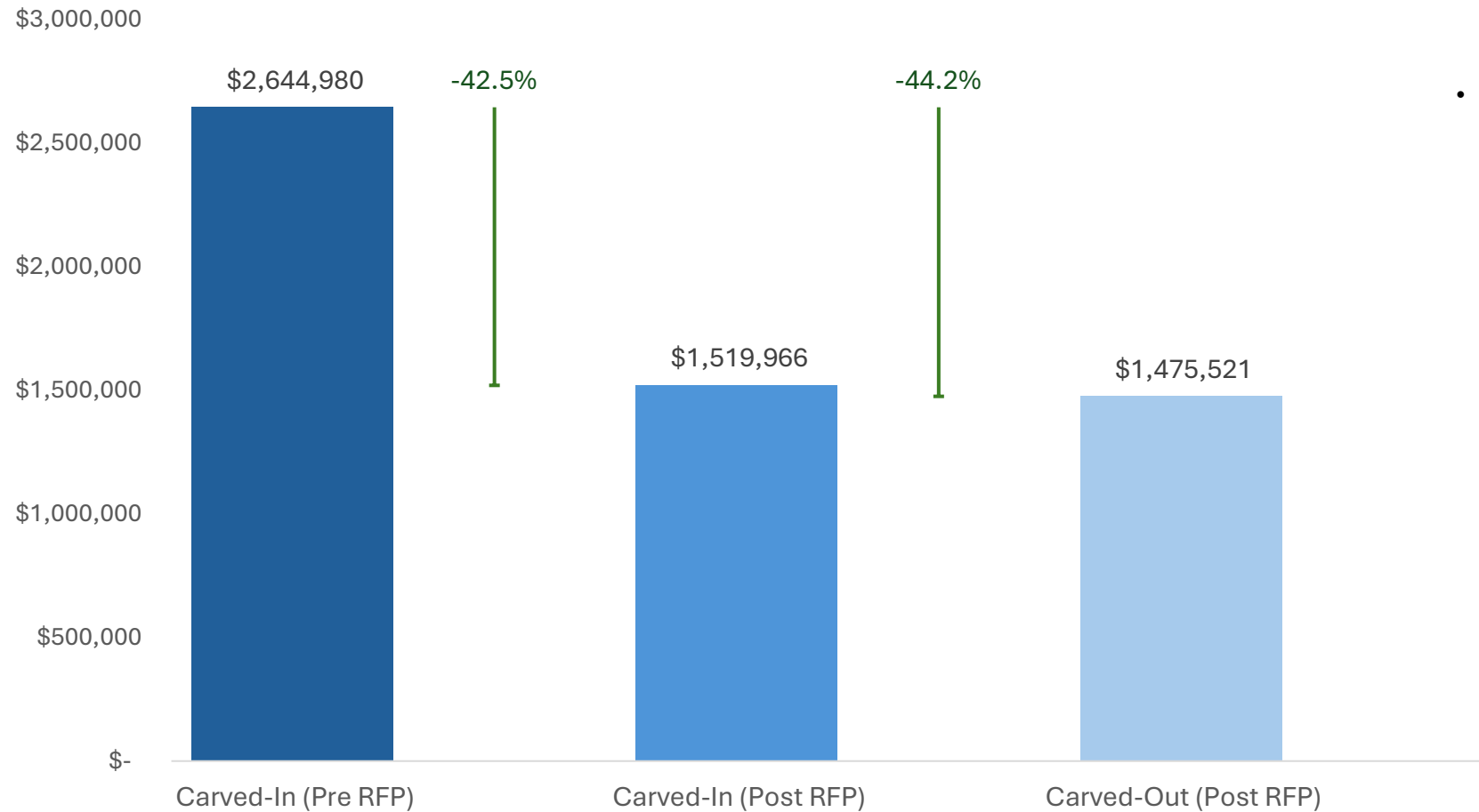
Pharmacy Carve-Out Case Study 1

- School District based in Florida
- 2,500 employees
- Carved-in with Florida Blue
- New contract effective 1/1/2025



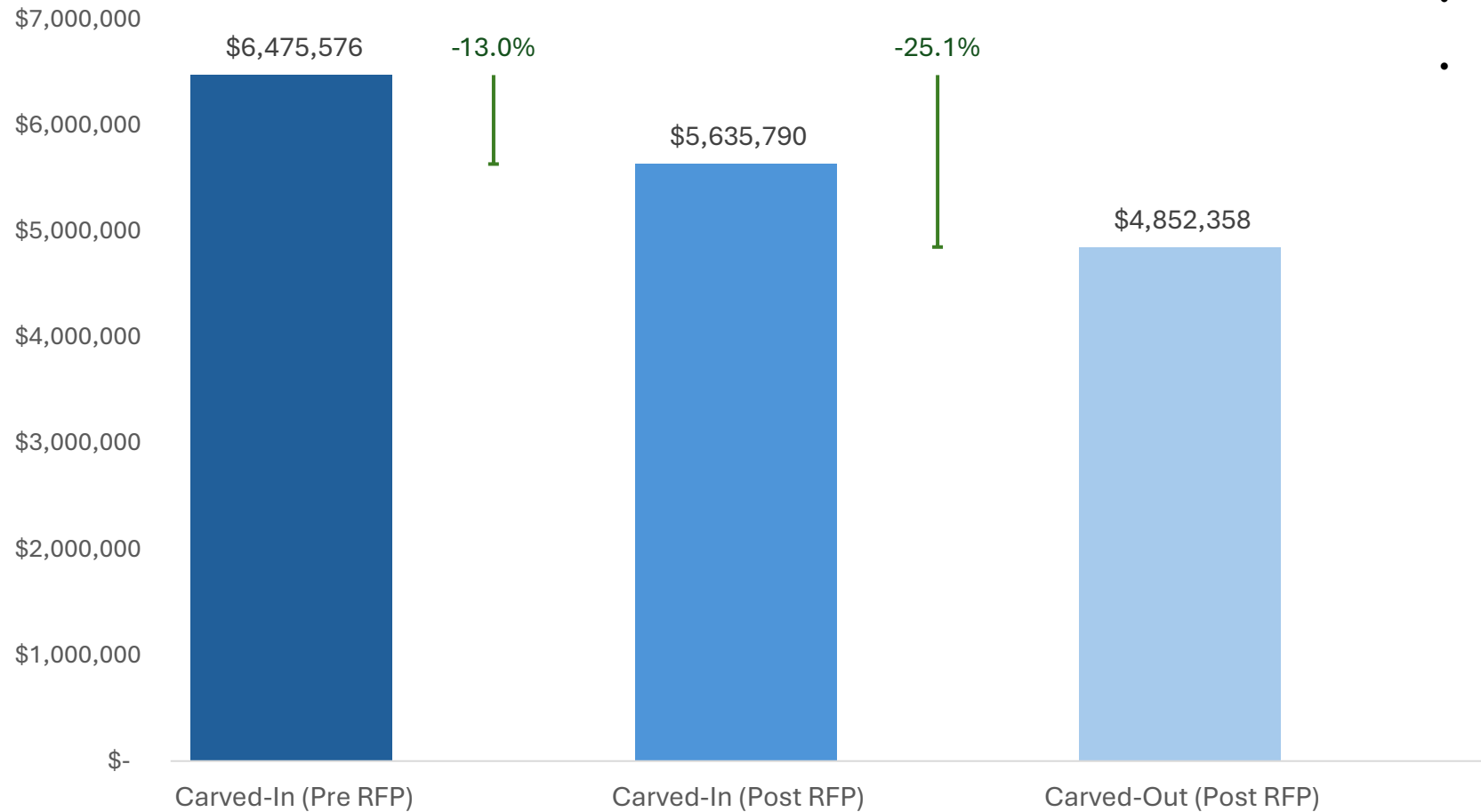
Pharmacy Carve-Out Case Study 2

- Non-Profit Employer
- 1,000 employees
- Carved-in with Aetna (benefited from RFP process in year one and stayed carved-in)
- New contract effective 1/1/2025



Pharmacy Carve-Out Case Study 3

- Private Sector Employer
- 2,500 employees
- Carved-in with Florida Blue
- New contract effective 1/1/2025



Stop Loss Review

Review
current stop
loss
insurance
coverage and
limits

Conduct
market
comparisons
for
competitive
pricing

Analyze
contract
terms and
renewal
conditions

Engage with
carriers for
enhanced
risk
management

Review
reimbursement
audit process



CARRIER/CONTRACTS	Current \$225,000	Renewal \$225,000	Alternative \$225,000	Alternative \$225,000	Alternative \$250,000	Alternative \$250,000	Alternative \$250,000
Stop Loss Carrier	Wellpoint	Wellpoint	ISU / BCBS	Voya	Wellpoint	ISU / BCBS	Voya
Specific Deductible	225,000	225,000	225,000	225,000	250,000	250,000	250,000
Specific Contract	36/12	48/12	24/12	24/12	48/12	24/12	24/12
Aggregate Contract	36/12	48/12	24/12	24/12	48/12	24/12	24/12
Pre-Certification	BCBS	BCBS	BCBS	BCBS	BCBS	BCBS	BCBS
PPO Network	BCBS	BCBS	BCBS	BCBS	BCBS	BCBS	BCBS
FIXED COSTS Premium/Fees							
Employee Specific w Gene Therapy	\$ 62.06	\$ 90.72	\$ 85.26	\$ 84.29	\$ 84.70	\$ 75.91	\$ 80.11
Family Specific w Gene Therapy	\$ 184.36	\$ 274.17	\$ 236.15	\$ 254.03	\$ 255.31	\$ 209.88	\$ 240.93
Aggregate Premium	\$ 5.40	\$ 6.05	\$ 6.75	\$ 8.26	\$ 7.26	\$ 7.32	\$ 8.89
Total Fixed Cost EE	\$ 67.46	\$ 96.77	\$ 92.01	\$ 92.55	\$ 91.96	\$ 83.23	\$ 89.00
Total Fixed Cost FAM	\$ 189.76	\$ 280.22	\$ 242.90	\$ 262.29	\$ 262.57	\$ 217.20	\$ 249.82
Monthly Fixed Cost EE	\$ 14,368.98	\$ 20,612.01	\$ 19,598.13	\$ 19,713.15	\$ 19,587.48	\$ 17,727.99	\$ 18,957.00
Monthly Fixed Cost FAM	\$ 54,461.12	\$ 80,423.14	\$ 69,712.30	\$ 75,277.23	\$ 75,357.59	\$ 62,336.40	\$ 71,698.34
TOTAL MONTHLY	\$ 68,830.10	\$ 101,035.15	\$ 89,310.43	\$ 94,990.38	\$ 94,945.07	\$ 80,064.39	\$ 90,655.34
Increase/Decrease	0.00%	46.79%	29.75%	38.01%	37.94%	16.32%	31.71%
			17.03%				
TOTAL ANNUALLY	\$ 825,961.20	\$ 1,212,421.80	\$ 1,071,725.16	\$ 1,139,884.56	\$ 1,139,340.84	\$ 960,772.68	\$ 1,087,864.08
Annual savings over renewal			\$ (140,696.64)	\$ (72,537.24)	\$ (73,080.96)	\$ (251,649.12)	\$ (124,557.72)
Carrier Rating	A	A	A+	A	A	A+	A
Notes	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy	Includes \$4.75 for Gene Therapy
Disclosure Status		Firm through 8/31/25	Firm through 8/21/25	NOT FIRM	Firm through 8/31/25	Firm through 8/21/25	NOT FIRM
Lasters at Renewal	No lasers at renewal	No lasers at renewal	No lasers at renewal	No lasers at renewal	No lasers at renewal	No lasers at renewal	No lasers at renewal
Rate Caps	50%	50%	50%	50%	50%	50%	50%



	Florida Blue		Florida Blue				
	Current \$425,000	Initial Renewal \$425,000	Alternative \$450,000	Alternative \$475,000	Alternative \$500,000	Alternative \$550,000	Alternative \$600,000
Specific Deductible	\$425,000	\$425,000	\$450,000	\$475,000	\$500,000	\$550,000	\$600,000
Contract Type	12/18	12/18	12/18	12/18	12/18	12/18	12/18
Expenses Included	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx	Medical & Rx
Agg. Composite Factor							
Annual Attachment Point	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Agg Benefit Maximum	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Lasers	#1 - \$1.2M	#1 - \$1.2M	#1 - \$1.2M	#1 - \$1.2M	#1 - \$1.2M	#1 - \$1.2M	#1 - \$1.2M
Premium Summary							
Monthly Rate - Specific							
Single	\$13.91	\$22.86	\$21.23	\$19.87	\$17.69	\$15.92	\$14.47
Family	\$44.40	\$59.09	\$53.88	\$49.54	\$47.89	\$42.07	\$37.19
Composite	\$26.68	\$38.04	\$34.91	\$32.30	\$30.34	\$26.87	\$23.99
Monthly Specific Premium	\$120,834	\$172,283	\$158,107	\$146,287	\$137,410	\$121,694	\$108,651
Monthly Rate Aggregate							
Monthly Agg. Premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Monthly Premium	\$120,834	\$172,283	\$158,107	\$146,287	\$137,410	\$121,694	\$108,651
Total Annual Premium	\$1,450,005	\$2,067,398	\$1,897,289	\$1,755,440	\$1,648,918	\$1,460,331	\$1,303,809
Annual Increase/Decrease		\$617,393	\$447,284	\$305,436	\$198,914	\$10,326	-\$146,196
Percentage Change		42.58%	30.85%	21.06%	13.72%	0.71%	-10.08%
Annual Increase/Decrease with Spec.							
Deductible Change		\$617,393	\$489,822	\$373,322	\$291,800	\$103,213	-\$53,310
Percentage Change		42.58%	33.78%	25.75%	20.12%	7.12%	-3.68%



		\$200,000 ISL	\$225,000 ISL	\$250,000 ISL	\$275,000 ISL	\$300,000 ISL	\$350,000 ISL	\$400,000 ISL
Expected Annual Reimbursements		\$995,658	\$868,393	\$765,625	\$680,398	\$613,470	\$508,780	\$431,814
Expected Monthly Premium (PEPM)	Count	\$200,000 ISL	\$225,000 ISL	\$250,000 ISL	\$275,000 ISL	\$300,000 ISL	\$350,000 ISL	\$400,000 ISL
Employee Only	718	\$80.83	\$70.50	\$62.16	\$55.24	\$49.80	\$41.31	\$35.06
Employee + Family	331	\$242.44	\$211.45	\$186.43	\$165.68	\$149.38	\$123.89	\$105.15
Expected Monthly Premium		\$138,286	\$120,610	\$106,337	\$94,500	\$85,204	\$70,664	\$59,974
Expected Annual Premium		\$1,659,429	\$1,447,321	\$1,276,041	\$1,133,997	\$1,022,450	\$847,967	\$719,690
Standard Deviation of Reimbursements*		\$808,263	\$779,046	\$752,577	\$728,207	\$705,299	\$664,169	\$630,123
Value-at-Risk (10%) of Reimbursements**		\$228,016	\$151,901	\$88,474	\$45,162	\$18,275	\$0	\$0
Value-at-Risk (20%) of Reimbursements**		\$375,130	\$274,948	\$201,398	\$136,350	\$98,185	\$26,656	\$0
Value-at-Risk (30%) of Reimbursements**		\$499,596	\$392,448	\$306,699	\$234,821	\$174,312	\$101,525	\$40,227
Value-at-Risk (40%) of Reimbursements**		\$629,952	\$505,458	\$404,306	\$326,359	\$261,310	\$174,742	\$103,327
Value-at-Risk (50%) of Reimbursements**		\$781,754	\$658,579	\$544,090	\$457,244	\$390,624	\$288,822	\$204,790
Value-at-Risk (60%) of Reimbursements**		\$954,716	\$829,961	\$724,174	\$629,464	\$548,852	\$415,326	\$312,244
Value-at-Risk (70%) of Reimbursements**		\$1,143,152	\$1,009,004	\$889,589	\$788,307	\$702,967	\$575,555	\$479,751
Value-at-Risk (80%) of Reimbursements**		\$1,520,546	\$1,354,511	\$1,193,420	\$1,075,099	\$963,596	\$821,003	\$720,580
Value-at-Risk (90%) of Reimbursements**		\$2,118,111	\$1,928,352	\$1,766,301	\$1,624,495	\$1,497,684	\$1,300,265	\$1,141,316
Expected Members with Claims above ISL***		5.88	4.54	3.77	2.99	2.47	1.77	1.36

*Standard Deviation is a statistic used to indicate a whole data set's deviation relative to its expected value. If data points are more spread out from the expected value, there is a higher standard deviation within the data set. Standard deviation estimates have been provided for illustration only. NFP Actuarial cautions that any credibility percentages stated in this analysis are related to expected reimbursements only and not standard deviations. As such, take caution in any additional modeling based on these estimates.

**Value-at-Risk is a statistic that measures risk exposure by calculating the data value-at-risk with a given probability. For example, Value-at-Risk (90%) of Reimbursements for \$200,000 ISL is equal to \$2,118,111. This means that there is a 90% chance that reimbursements are below \$2,118,111. Value-at-Risk estimates have been provided for illustration only. NFP Actuarial cautions that any credibility percentages stated in this analysis are related to expected reimbursements only and not Value-at-Risk. As such, take caution in any additional modeling based on these estimates.

***Expected members with claims above ISL have been provided for illustration only. NFP Actuarial cautions that any credibility percentages stated in this analysis are related to expected reimbursements only and not expected members with claims above ISL. As such, take caution in any additional modeling based on these expected members with claims above ISL.

Medical Contribution Analysis/ Benchmarking

Analyze and
benchmark
employee
medical
contribution
levels

Review salary tier
contribution
strategy

Identify
disparities and
opportunities for
adjustments

Ensure
competitive and
equitable
contribution
strategy

Inner Outer
○ Current ● Current
● Prior ○ Prior

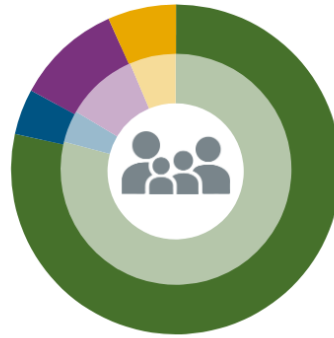
BY PLAN



	Current	Prior
Green	25.5%	24.2%
Yellow	23.4%	24.8%
Red	19.4%	19.6%
Waived	31.7%	31.4%

● Green ● Yellow ● Red ● Waived

BY TIER



	Current	Prior
EE Only	78.5%	79.1%
EE & Spouse	4.5%	4.4%
EE & Child(ren)	10.4%	10.1%
EE & Family	6.7%	6.4%

● EE Only ● EE & Spouse ● EE & Child(ren) ● EE & Family

BY GENDER



	Current	Prior
F	73.1%	72.5%
M	26.9%	27.5%

● F ● M

BY GENERATION



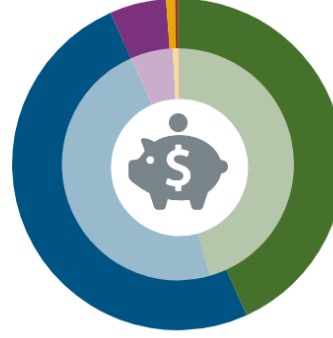
	Current	Prior
Gen Z	6.7%	4.9%
Millennials	28.4%	27.8%
Gen X	37.8%	37.8%
Baby Boomers	25.2%	27.4%
Traditionalist	1.9%	2.1%

● Gen Z ● Millennials ● Gen X ● Baby Boomers ● Traditionalist

Gen Z (Born 1997 - 2010)
Gen X (Born 1965 - 1980)

Millennials (Born 1981 - 1996)
Baby Boomers (Born 1946 - 1964)

BY SALARY



	Current	Prior
< \$40K	43.2%	45.6%
\$40K < \$70K	50.2%	47.8%
\$70K < \$100K	5.5%	5.7%
\$100K < \$130K	0.9%	0.7%
\$130K +	0.3%	0.2%

● < \$40K ● \$40K < \$70K ● \$70K < \$100K ● \$100K < \$130K ● \$130K +

Current: Average Salary: \$43,815
Prior: Average Salary: \$42,683

Median Salary: \$43,899
Median Salary: \$42,525

BY TENURE



	Current	Prior
< 2	32.3%	23.3%
2-4	20.8%	23.9%
5-9	20.1%	22.4%
10-14	8.1%	9.3%
15+	18.6%	21.1%

● < 2 ● 2-4 ● 5-9 ● 10-14 ● 15+

Current: Average Tenure: 7.77 years
Prior: Average Tenure: 8.78 years

Median Tenure: 4.07 years
Median Tenure: 5.36 years

Benefits Eligibility Evaluation

Assess benefits eligible
employees across
agencies

Include subsidiaries in
population evaluation

Provide analysis of
information and advise
on coverage options for
subsidiaries

Medical Repricing/Carrier Discount

Reprice medical plans based on current market data

Compare carrier discounts and pricing structures

Identify cost-saving opportunities through repricing

Recommend optimal carriers based on financial impact

Interactive Cost Containment Solutions and TPNet

An overview of recommended cost containment solutions

Based on a library of solutions that is customized to a group's specific goals

Scored based on potential savings, member disruption and HR resources

Adjusted for both severity and frequency



Summary Rate Analysis



Inpatient / Outpatient Totals

	Blue Cross Blue Shield PPO	Aetna PPO	United Healthcare PPO
Outpatient (CPT Codes)	1.00	0.75	0.91
Inpatient (DRG Codes)	1.00	1.09	1.08
Average	1.00	0.92	0.99

* Benchmark is set to Blue Cross Blue Shield PPO

Best Carrier Rates by State



Case Study: Harmonization & Leveraging Local Market Knowledge

- **Goal: (When NFP Hired)** Harmonize two different divisions/entities that had different carriers, benefits, and funding mechanisms and actuarial values for the plans for which they offer.
- **Background:** Manufacturing employer across Carolinas and Georgia with approximately 1,300 employees on a self-funded PPO plan with a \$1,250 deductible, and another newly acquired entity of 535 employees which was self-funded with an HDHP and PPO plan which were less rich in benefits.
- **Solution:** NFP performed a harmonization study and evaluated the actuarial value of each of the plans, including the potential high pharmacy claims on the self-funded plan. Focus was on competitive plan designs, contributions across entities, and best carrier for the footprint.
- **Negotiations and Tools Utilized:** NFP conducted an RFP to all carriers and potential solutions including but not limited to creative network solutions, captives, third party administrators, and point solutions. Leveraged our local market knowledge, TPNet for transparency, and Aon actuarial tools. Utilized pharmacy savings through NFP partnership with Mark Cuban- RxSaveCard
- **Recommendation:** A blended plan and contributions strategy with a two-year harmonization. The combined medical and pharmacy plan we recommended was a blend of actuarial values, leveraged some carrier fees and funds, and did not push costs on employees. Second year we implemented Surest plan design as an alternative way to steer to cost effective providers and members achieved savings with transparency.
- **Financials:** First year, saved about 6.8% in overall spending compared to the pre-harmonized plans. In 2025, those who enrolled in Surest experienced an additional 8% cost savings with a better overall plan design and experience.



Case Study: Jacksonville Police Officers and Fire Fighters Health Insurance Trust

Separated from City of Jacksonville July 2019

- Carved out pharmacy to a PBM
 - Maximized rebate potential
 - Implemented targeted clinical programs to manage and contain costs
 - Implemented \$0 copay generic only
- Carved out stop loss
 - Market annually
 - Implemented gene therapy coverage
- Annual contribution strategy evaluation
 - Recommend JPOFFHIT/Employee contribution adjustments as needed per actuary
 - Retiree funding analysis
- Enhanced ancillary offerings while creating savings for JPOFFHIT/employees
 - Generated \$150k to assist with paying for ben admin
 - Transitioned worksite plans to group platform
- Added call center to enhance employee customer service experience
- Implemented robust wellness program





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