



PART TWO

How to Read a Roundstone Proposal: Mastering Funding Comparisons



Eddie Castro

Regional Practice Leader
at Roundstone



Jennifer Trudel

Customer Outcomes Manager
at Roundstone



Bob Pace

Regional Practice Leader
at Roundstone



Group Medical Captive Proposal

Employer: ABC Company

Advisor: XYZ Advisor

Regional Practice Leader: Ian Woidke

Client Manager: Dan Santora

Underwriter: Calli Gasparro

Proposal #: ABC

Specific Deductible: \$150,000

Coverage Period: 1/1/2025 - 12/31/2025

Claims Administrator: Allied Benefit Systems

Network/PBM: Cigna/True Rx

Page 1: Cover Page

Employer Name

Advisor Name

Regional Practice Leader Name

Client Manager Name

Underwriter Name

Proposal #

Specific Deductible

Coverage Period

Claims Administrator

Network/ PBM



You Deserve Better

Most businesses feel trapped by the rising costs of health insurance — double-digit increases year over year and higher employee contributions are the norm. Roundstone helps employers like you find a solution that offers transparency and control over your healthcare spend. You and your advisor can take advantage of Roundstone's reporting and cost containment strategies to better manage this top 3 business expense. Follow the journey below to better understand why businesses like yours are moving to Roundstone's self-funded captive for their health insurance needs.



Page 2: Roundstone Value Proposition



Meet the January Insight Pool

When you join with other Roundstone captive participants, you're joining other mid-market employers just like you who want to be in the driver's seat when it comes to controlling their health insurance spend. Current captive participants in the Insight pool have **saved over \$84.7M since joining Roundstone**. You're in good company in the Insight pool — learn more below.

NUMBER OF EMPLOYERS IN POOL

565

TOTAL EMPLOYER GROUPS

INDUSTRY SUMMARY

Public • Private • Non-profit

insurance **real estate**
wholesale & retail
services
manufacturing **finance**

NUMBER OF LIVES IN POOL

118,170

TOTAL MEMBERS

PREVIOUS YEAR'S DISTRIBUTIONS

\$10.50M

PREMIUM RETURNED TO POOL PARTICIPANTS

POOL TESTIMONIALS

"Over the last five years, we've come up with some substantial savings by virtue of being self-insured. Our savings? \$329,905."

Chief Executive Officer
Manufacturing

"We decided to switch in an effort to reduce costs while maintaining benefits plan quality for employees. We've saved almost \$3M in just 5 years. The way I look at it, every fifth year, I get a free year of insurance."

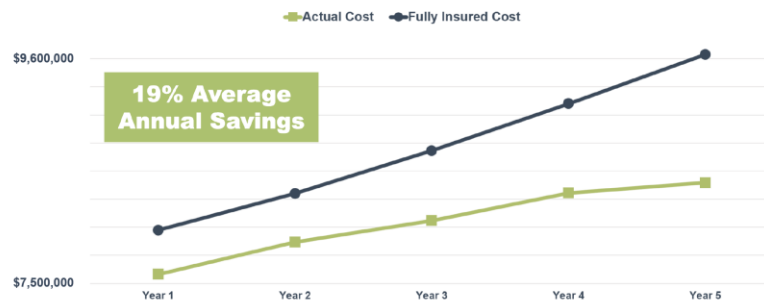
VP of Human Resources
Manufacturing

Page 3: Insight Pool



Roundstone Delivers Long-Term Savings

The graph below displays the experience of a typical 100 employee company in their first five years with Roundstone. We took Actual Cost and the Fully Insured rates for all groups participating in a Roundstone captive for at least five years, and then calculated the annual average per employee. That per employee cost was then multiplied by 100 for this example. This 100 employee company **saved \$1,353,336 over the first five years with Roundstone** – equal to about one year of Actual Cost.



Roundstone Delivers Cost Containment Solutions

Roundstone delivers transparency and control to employers looking for cost savings opportunities through our Cost Savings Investigators — also known as the CSI Team. Eligible plans also have access to Roundstone's CSI Dashboard, which allows you to gain insight into top claim trends and monitor claim costs anytime, anywhere. This online access to in-depth claim reporting gives you the opportunity to proactively manage your health plan's costs and realize savings year over year.



Page 4: Long-Term Savings



Proposal Summary

Proposal Summary	
Contract Basis	12/12 TLO
Effective Date	January 1, 2025
Renewal Date	January 1, 2026 (Renewal Contract 24/12)
Enrollment	740 Enrolled

Average, Projected and Maximum Costs

It is unlikely the maximum cost will be your actual cost because 100% of your claim funding is variable. Your projected cost is a better expectation of your healthcare spend because most of the variable costs will be less than the worst case scenario. In fact, an average Roundstone captive participant **spends 3% less than the projected cost** indicated in their proposal. Less than 1% of groups have ever spent their maximum cost.

	Roundstone	Renewal
Premium Equivalent	\$8,374,148	\$9,340,694
Scenarios		
Annual Average Cost	\$8,122,924	-13%
Annual Projected Cost	\$8,374,148	-10%
Annual Maximum Cost	\$10,132,731	8%

Annual Cost Summary

	Roundstone
Administrative	\$676,123
Specific Premium	\$1,278,986
Aggregate Premium	\$29,126
Max Employer Claims	\$8,076,893

Page 5: Proposal Summary & Cost



Volatility Protection

The chart below outlines risk allocation between your risk taking, risk sharing, and risk shifting layers of coverage. A claim passes from your sole responsibility (risk taking), into the captive's shared responsibility (risk sharing), and finally to the reinsurer's responsibility (risk shifting), dependent upon each claim's dollar amount. The accumulation or aggregate of claims under your Specific Deductible accrue toward the Maximum Employer Claims, after which claims then are reinsured by the captive.



Cost Projection

Below is the breakdown of your costs in each layer at both projected and maximum levels. The totals equal the Annual Projected Costs and Annual Maximum Costs on page 5.

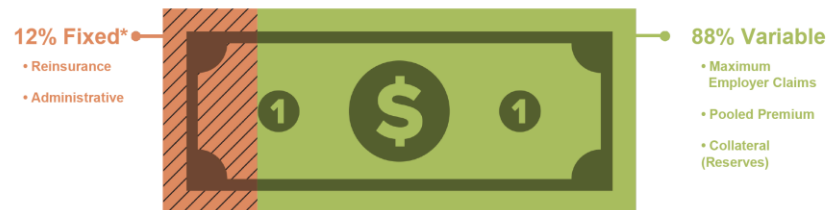
	Projected	Maximum
Risk Taking	\$6,461,514	\$8,076,893
Risk Sharing	\$664,877	\$736,479
Collateral (Reserves)	\$0	\$71,602
Risk Shifting	\$571,634	\$571,634
Administrative Costs	\$676,123	\$676,123
TOTAL	\$8,374,148	\$10,132,731

Page 6: Volatility Protection



Variable Costs = Savings

One strength Roundstone's group medical captive program delivers is enhanced variable cost funding. This allows for a greater return on savings over the long-term. All unused funds in the employer claims account are retained by the employer. Unused funds in the risk-sharing pool are also returned to each participating employer on a pro rata basis. The remaining 12% of costs are fixed — **a stark contrast from 100% fixed costs with traditional health insurance companies.**



**In traditional, fully insured health insurance programs, all fees are 100% fixed with zero chance to recoup unused funds.*

Fixed vs. Variable Costs

Fixed Costs	Projected	Maximum	% of Maximum
Reinsurance	\$571,634	\$571,634	6%
Administrative	\$676,123	\$676,123	6%
TOTAL FIXED	\$1,247,757	\$1,247,757	12%

Variable Costs	Projected	Maximum	% of Maximum
Employer Claims	\$6,461,514	\$8,076,893	80%
Pooled Premium	\$664,877	\$736,479	7%
Collateral (Reserves)	\$0	\$71,602	1%
TOTAL VARIABLE	\$7,126,391	\$8,884,974	88%
TOTAL COSTS*	\$8,374,148	\$10,132,731	100%

**Over the past 10 years, less than 1% of our groups have hit the maximum.*

Page 7: Variable Costs



Detailed Plan Costs

Specific Deductible		\$150,000	\$150,000	\$150,000
Specific/Individual Coverage	Enrollment	Contract	Annualized	PEPM
Specific Contract Premium	740	\$1,278,986	\$1,278,986	\$144.03
Collateral (Reserves)		\$71,602	\$71,602	\$8.06
Aggregate Coverage	Enrollment	Contract	Annualized	PEPM
Aggregate Contract Premium	740	\$29,126	\$29,126	\$3.28
Max Employer Claims	740	\$8,076,893	\$8,076,893	\$909.56
Plan Costs	Enrollment	Contract	Annualized	PEPM
TPA Fee	740	\$488,400	\$488,400	\$55.00
Consultant Fee	740	\$187,723	\$187,723	\$21.14

Certain non-stop loss related costs are estimated based on the data provided. Employer's TPA or consultant can confirm or update these costs.

Summary	Contract	Annual
Stop Loss Premium	\$1,308,113	\$1,308,113
Max Employer Claims	\$8,076,893	\$8,076,893
Plan Costs	\$676,123	\$676,123
Maximum Cost	\$10,132,731	\$10,132,731
PROJECTED COST	\$8,374,148	\$8,374,148
PROJECTED PEPM	\$943.03	\$943.03

Page 8: Detailed Plan Cost



Plan Design

Specific Deductible \$150,000

These Illustrative Rates are for budgeting purposes only. These Premium Equivalent rates are comprised of estimated claims, administrative cost, and broker compensation and will never appear as bundled rates on an invoice.

	HSA 2000		POS 1000	
	In Network	Out of Network	In Network	Out of Network
Deductible	2000	4000	1000	5000
Coinsurance	80%	60%	80%	60%
Out-of-Pocket Max	6900	12000	6000	10000
Drug				
Generic	SAAO		10	
Formulary	SAAO		35	
Non-Formulary	SAAO		70	

*SAAO = Same As Any Other

Optional Tiered Breakdown

Current Enrollment	HSA 2000	POS 1000
Single	424	159
Employee + Spouse	31	13
Employee + Child	42	15
Employee + Family	40	16
TOTAL ENROLLMENT = 740		
Projected Annual Costs	HSA 2000	POS 1000
Single	\$696.39	\$853.70
Employee + Spouse	\$1,462.41	\$1,792.79
Employee + Child	\$1,288.34	\$1,579.34
Employee + Family	\$2,019.56	\$2,475.74
TOTAL PROJECTED ANNUAL COSTS = \$8,374,148		
Midpoint (between Projected and Maximum)	HSA 2000	POS 1000
Single	\$766.54	\$939.69
Employee + Spouse	\$1,609.72	\$1,973.37
Employee + Child	\$1,418.11	\$1,738.42
Employee + Family	\$2,222.98	\$2,725.11
MIDPOINT = \$9,217,638		
Maximum Annual Costs	HSA 2000	POS 1000
Single	\$836.68	\$1,025.68
Employee + Spouse	\$1,757.02	\$2,153.95
Employee + Child	\$1,547.88	\$1,897.50
Employee + Family	\$2,426.40	\$2,974.49
TOTAL MAXIMUM ANNUAL COSTS = \$10,061,129		

*Collateral is not included

Page 9: Plan Design



Terminal Liability Options

This Proposal includes Specific and Aggregate Terminal Liability Options, subject to the terms and conditions set forth in the Policy. These options provide run-out coverage for covered expenses incurred prior to the Policy termination date and paid within 90 days after the Policy termination date. These options are void under early Policy termination or moving to another self-funded arrangement. Option election must occur at least 60 days prior to the end of the Policy contract period.

Specific Terminal Liability Option:

Provides 90 days of run-out on Specific Stop Loss Coverage. In consideration for the Specific Terminal Liability Option, the group will be required to pay additional specific premium of \$189,492 (\$150,000 specific deductible) upon option election, in accordance with the terms of the Policy.

Aggregate Terminal Liability Option:

Provides 90 days of run-out on Aggregate Stop Loss Coverage. Aggregate factors for the run-out period will be the quoted aggregate factors multiplied by a completion factor of 1.25 retroactive to the effective date. In consideration for the Aggregate Terminal Liability Option, the group will be required to pay additional aggregate premium of \$5,000.

Proposal Qualifications, Assumptions & Conditions

Rates and Factors in this Proposal are subject to the following qualifications, assumptions and conditions.

Qualifications

- The terms of this offer are tentative and based on the information and data provided to Roundstone Management, Ltd. This offer is subject to change upon receipt and review of additional information requested. All required information must be received by us within the time period indicated, otherwise we reserve the right to withdraw terms and return any premiums remitted.
- The terms of this offer are subject to revision if there is a change in the Policy period or plan benefits.
- Final rates and factors will be determined upon receipt of the final census that provides plan selection and coverage type.
- The Actively-at-Work provision applies and will only be waived upon receipt and approval of the Plan Sponsor Disclosure Form.
- Specific coverage includes Advanced Funding courtesy, which assists policyholders with funding of eligible catastrophic specific excess loss claims by expediting the reimbursement process.
- State implemented surcharges, pool charges and/or covered lives assessments may not be covered under the Policy.
- The Plan Costs (TPA/PBM fees and Consultant fees) in this proposal are estimates based on a default set of services. Therefore, your total costs may vary based on your specific TPA and PBM set of services and associated fees and/or credits including but not limited to claims editing and RX Rebates.
- Maximum Costs includes Specific and Aggregate Stop Loss Premium, Plan Costs(TPA/PBM and Consultant fee), Maximum Employer Claims (Aggregate paid claims prior to deduction for Rx rebates, provider refunds, subrogation amounts, and extra contractual claims), and Collateral. Note that all are subject to change with change in enrollment.
- Any (1) Rx rebates earned (regardless of receipt or rebate credit model) or (2) Provider refunds, subrogation amounts, and extra contractual claims shall be netted against the calculated aggregate loss.

Assumptions

This Proposal is made subject to the following assumptions which are incorporated as terms of this Proposal:

- This Proposal is based upon the plan benefits identified in this Proposal.
- Commissions are not included in the stop loss premium.
- Minimum participation is 50% of eligible employees, excluding valid waivers.
- Plan engagement of an approved third-party claims administrator.
- Plan must have pre-certification, utilization review and large case management.
- Utilization of Cigna Network(s) and True Rx Pharmacy Benefit Manager.
- Typographical errors or omissions in this Proposal are not binding and, in such instance, a revised Proposal will be issued to correct.
- Certain non-stop loss related costs are estimated based on the data provided. Employer's TPA or consultant can confirm or update these costs.
- The issue date of this proposal is 1/1/2025 and will be valid through 12/31/2025.
- Contract basis for aggregate and specific 12/12 TLO.
- Lines of coverage for aggregate Medical, RX Card.
- This quote uses an aggregate attachment corridor of 125%.
- Lines of coverage for specific Medical, RX Card.
- Maximum Annual Reimbursement: Aggregate=\$1,000,000/Specific=Unlimited.
- Carrier: A.M. Best A rated carrier class XV
- Retirees are not included.

Page 10,11 & 12: Boiler Plate Language



Thank you.



Contact us.

19621 Lake Rd, Rocky River, OH 44116



440.617.0333



info@roundstoneinsurance.com



RoundstoneInsurance.com

