

Session - Self-Funding in the New World Order

The Rules & Regulations, the Current Best Practices and the Future Opportunities

Adam Russo, Esq.

Co-Founder and Chief Executive Officer

The Phia Group, LLC

Working Lunch

Lunch
Sponsored by



Twenty-five years ago, The Phia Group was nothing more than a dream. No outside investors, no loans, no safety net—just \$8,000, donated hand-me-down furniture and computer equipment from friends and family, and an unwavering belief that there was a better way to serve the healthcare industry.

2000



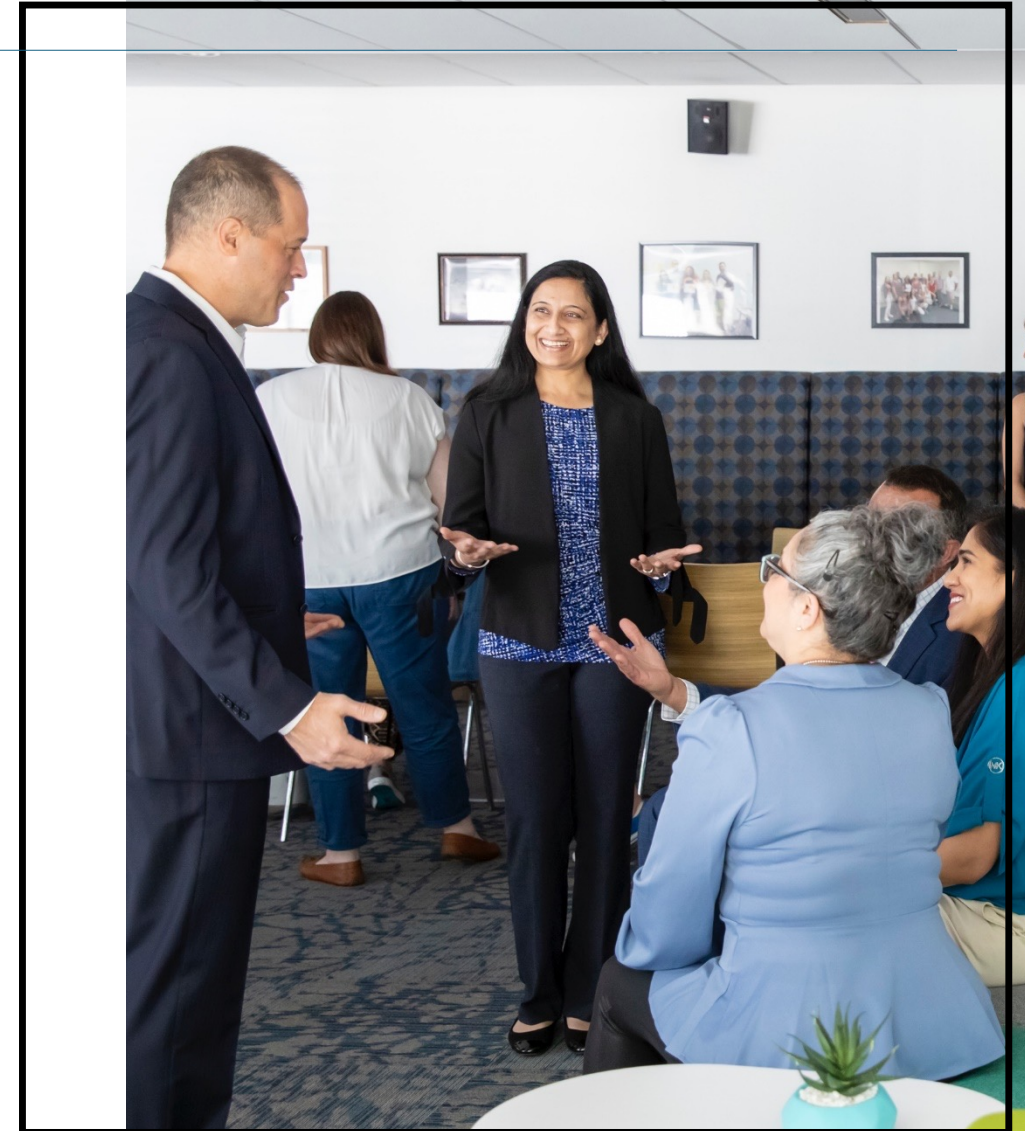
2025



Who is The Phia Group?

Industry Thought Leaders:

- Headquartered in Canton, MA - offices in Louisville and Boise
- 30+ full-time attorneys on staff
- Over 20M lives - health plans, TPAs, stop-loss and captives
- Active sponsors at SIIA, HCAA, SBPA, and more
- Frequent keynote speakers, panelists for industry events
- Amicus briefs such as *U.S. Supreme Court v. Montanile*
- Webinars attended by thousands of industry leaders
- Podcasts covering topics from politics to regulatory issues
- Consistently voted as a **Best Place to Work Nationally**
- By creating culture of consumerism, Phia Group offers **FREE healthcare** to its employees and families
- Phia is top sponsor of **Boys & Girls Clubs of Metro South**
- 3 service lines: **Subrogation, Consulting, & Provider Relations**





THE PROBLEM

Healthcare Costs Too Much and the Price Is Increasing; Employers Are Forced to Offset Costs Through Higher Co-Pays and Deductibles



OUR PURPOSE

To Make Health Benefits Affordable for Employers and Employees



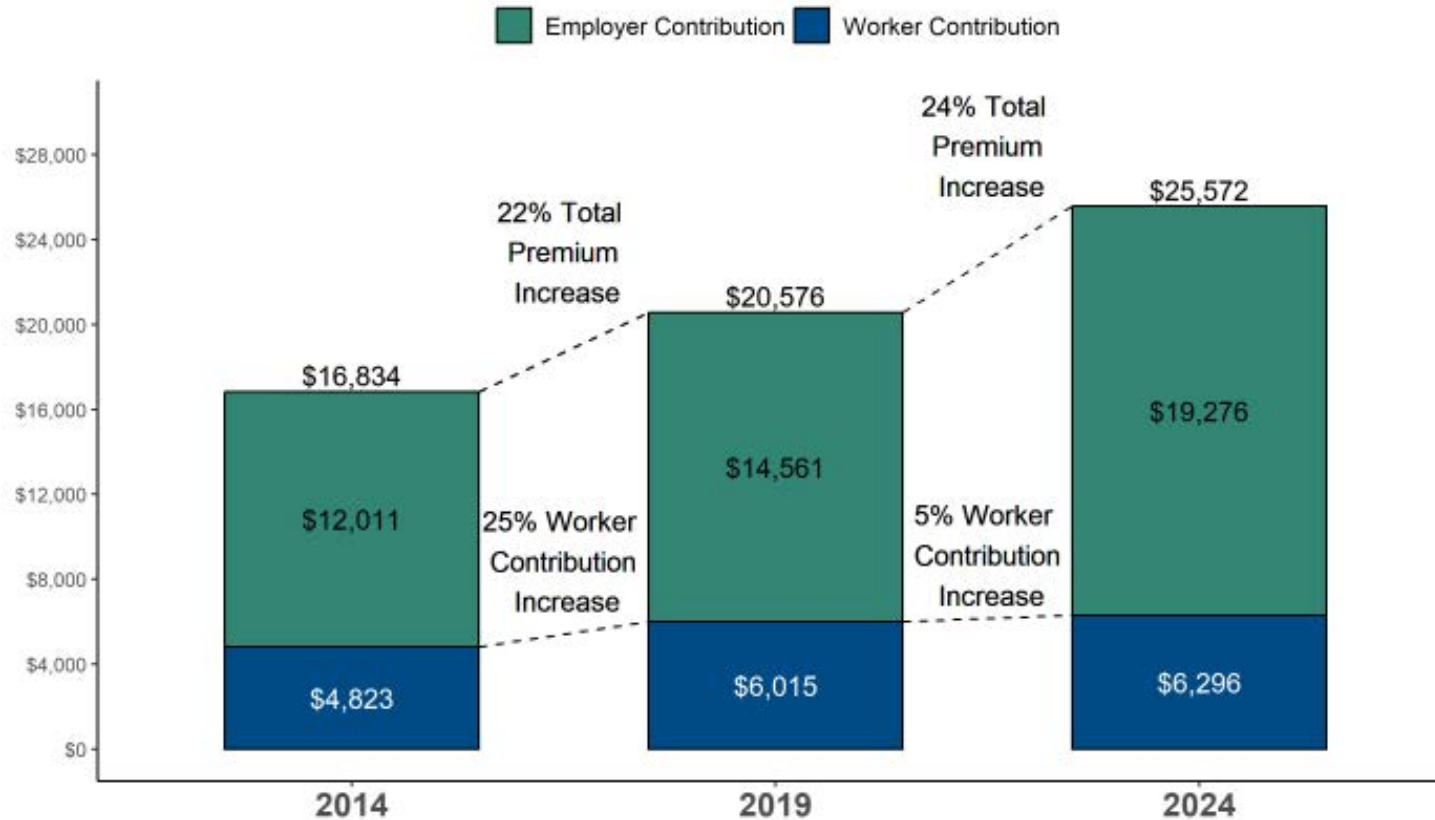
WHY?

Because Hardworking Americans Deserve Access to High Quality, Affordable Healthcare

Premium Contributions

Figure A

Average Annual Worker and Employer Premium Contributions for Family Coverage, 2014, 2019, and 2024



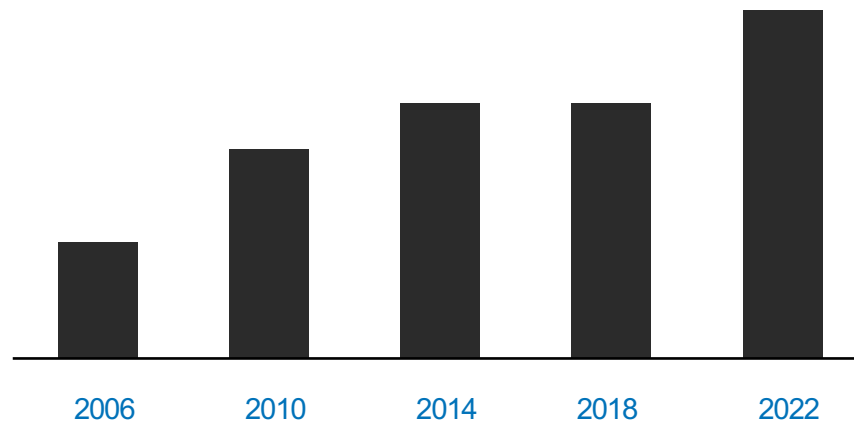
- Average annual premiums for employer-sponsored health insurance in 2024 are \$8,951 for single coverage and \$25,572 for family coverage
- U.S. employers expect health insurance costs to rise an average 5.8% in 2025

SOURCE: KFF Employer Health Benefits Survey, 2019 and 2024; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

2025 Cost Drivers

- Small & Midsize Market
 - Employers with 50-499 EEs reported highest cost increases, 9% without cost containment and 6.3% with cost-management
- Biggest Cost Drivers
 - GLP-1s
 - Cell & Gene Therapies
 - Prescription Drugs
 - Healthcare Worker Shortage & Inflation

% of EEs Enrolled in Self Funded Plan has Gone from 55% in 2006 to 65% in 2022



Review Plan Claim Data

Once You Review the Data it Tells You the Story Regarding Pricing,
Utilization, Overcharges, and Risk Management

Then You Can Design the Plan to Meet Needs of Population

7th Semi-Annual Hospital Price Transparency Report 11/24

- Hospital Price Transparency Rule was intended to empower healthcare consumers
- Federal Hospital Price Transparency Rule effective 1/1/21 requires hospitals to post all prices online in form of single machine-readable file of charges
- For all items, services, and drugs by all plans, the de-identified minimum and maximum negotiated rates, and all discounted cash prices, as well as prices for 300 most common services
- Latest review analyzed the websites of 2,000 hospitals and found only 21% of them – 421 hospitals - to be fully compliant with requirements of the rule
- The widespread noncompliance of hospitals due to files not having prices clearly associated with plan names and not following required formats
- Assessed each hospital for its “Pricing Data Sufficiency” based on the availability of actual prices found. Only 17% of hospitals reviewed – 335 - were found to be sufficient



FAT Joe!



The Problem?

We Are Fighting Against Human Nature



If it costs more, it must be better.

(“Momma said you get what you pay for.”)

“This is the Best Hospital”

Diapers and Wipes



The Special MS MRI Machine

Changing Member Behavior is Hard!



Its Why You Need:

Awareness – Tools We Use

**Mandatory Health Plan Workshops
for All Employees**

Discuss Incentive Programs and Create Consumerism!
Get Them to Care About the Cost and Quality of Care

Urgent Care – Co-pays waived when utilizing Urgent Care instead of an Emergency Room; save the ER for real emergencies!

Example of Independent Urgent Care – Carewell

Not Independent – Mass General Brigham Urgent Care

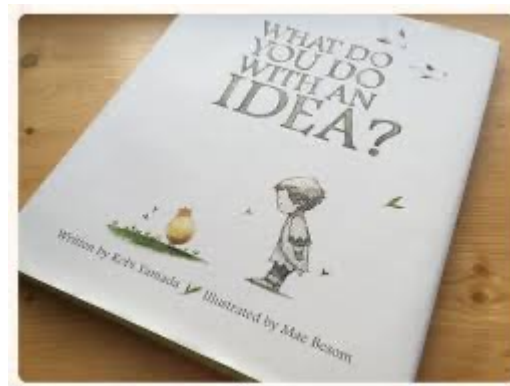
Health Consumerism

The Phia Group's Plan Participants Are:

1. Provided with Price Transparency
2. Provided with Quality Metrics
3. Incentivized to Care about Cost AND Quality of Care!
4. FREE HEALTH PLAN ENROLLMENT / NO CONTRIBUTIONS OR PREMIUMS FOR ENTIRE FAMILY

The 1 Mgmt Book My Leadership Must Read

- What Do You Do With An Idea?
- One day, I had an idea - at first I didn't think much of it – it seemed strange so I acted like it didn't belong to me.
- I worried what others would think so I hid it but I felt better when it was around.
- I showed it to people – many said it was a waste of time but I protected and fed it – it grew – realized its good to see things differently
- Then my idea evolved right before my eyes – it spread its wings – it was now part of everything - you can change the world



Phia Has Always Been There



Out of Network Solutions

Wrap Networks are Out – Expect 75% Savings from Billed Charges at Minimum



- Customize plan language and payment strategies
- Ignite repricing technology replaces wraps with defensible rates
- Build a custom ecosystem of direct contracts to increase quality and lower costs for members and their families
- NSA open negotiations and Independent Dispute Resolution (IDR) processes are led by attorneys and designed for alignment
- Key to success is factoring in regulatory compliance, costs, financial benchmarks, quality, severity and more
- Resolve balance bills with independent legal representation to **ensure no one is left alone**

Brookings Initial NSA Data Results

Median IDR decision is 370 % of Medicare

50% higher than mean in-network commercial prices

Definitely not how CMS expected this to all play out

Phia strategy and coordinated client partnership improve results in NSA

- Phia received case timely.
- Phia established as the contact.
- Phia used multi benchmark supported offer based on reasonable costs and market
- Phia developed an established relationship and cadence with the provider system

Phia Settlements Averaging 190% of Medicare To Date

WE WIN 65% OF ARBITRATIONS – INDUSTRY AVERAGE 14%

Ignite – Care Empowered Pricing Technologies

We Now Empower TPAs with Technology- Enabled Provider Selection and Access Support

Facility Compare
(Cost/Quality/Balance Billing)

THE PHIA GROUP
EMPOWERING PLANS

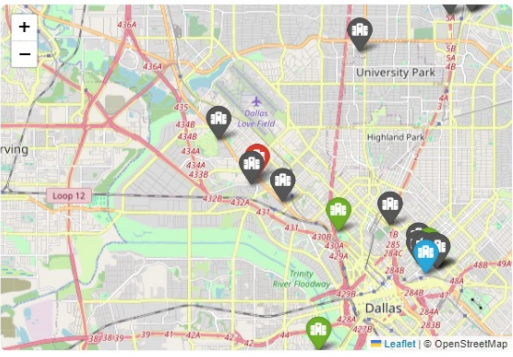
Search Facilities

Dallas

Search by City or Zip

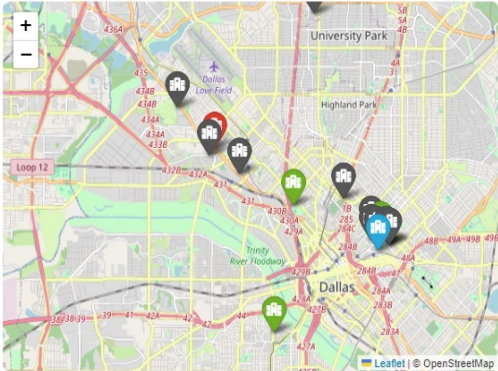
Dallas - 48 results

Map View

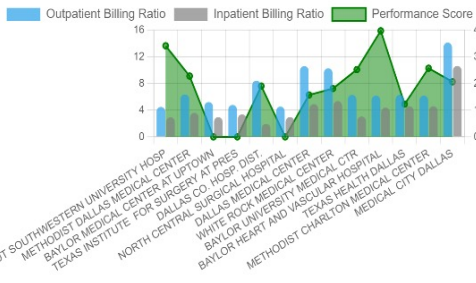


Cost & Quality Chart

Map View



Cost & Quality Chart





Facility List

Facility Name	Address	City	State	Zip Code
UT SOUTHWESTERN UNIVERSITY HOSP	6201 HARRY HINES BLVD	DALLAS	TX	75235-
TEXAS SCOTTISH RITE HOSPITAL FOR CRI	2222 WELBORN STREET	DALLAS	TX	75219
METHODIST REHABILITATION HOSPITAL	3020 WEST WHEATLAND ROAD	DALLAS	TX	75237
OUR CHILDRENS HOUSE	3301 SWISS AVENUE	DALLAS	TX	75204
KINDRED HOSPITAL DALLAS CENTRAL	8050 MEADOW ROAD	DALLAS	TX	75231
KPC PROMISE HOSPITAL OF DALLAS	7850 BROOKHOLLOW ROAD	DALLAS	TX	75235
MEDICAL CITY GREEN OAKS HOSPITAL	7808 CLODUS FIELDS DRIVE	DALLAS	TX	75251



Facility List

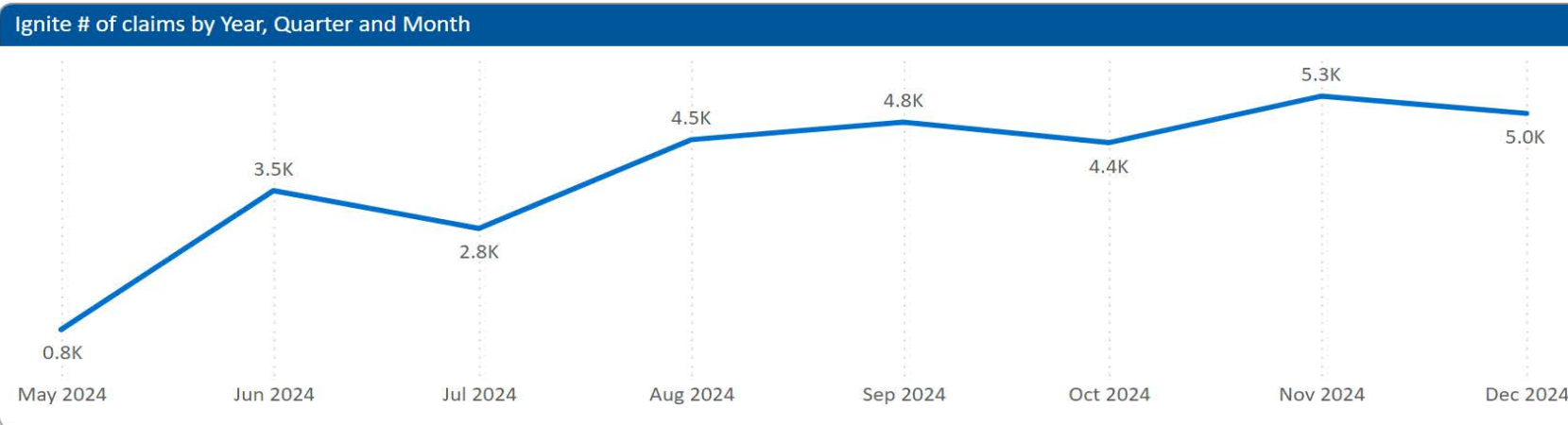
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# of groups	# of claims	Billed Charges	Allowed	Savings	% of Savings	Date
16	31.3K	\$80.5M	\$10.6M	\$69.8M	86.7%	<div>1/1/2024</div> <div>12/31/2024</div>



Top 10 Claims (Charges)

Claim Index #	Billed Charges	Allowed	Ignite % Savings
+ 7869	\$1,124,181	\$3,393	99.7%
+ 5941	\$655,786	\$10,617	98.4%
+ 11550	\$463,840	\$9,033	98.1%
+ 1262	\$460,534	\$1,813	99.6%
+ 1039	\$445,070	\$7,502	98.3%
+ 17784	\$433,957	\$2,262	99.5%
+ 11549	\$387,305	\$8,780	97.7%
+ 3612	\$373,680	\$8,455	97.7%
+ 5549	\$320,985	\$1,444	99.6%
+ 26506	\$314,331	\$16,051	94.9%
Total	\$4,979,670	\$69,351	98.6%



Year	Billed Charges	Allowed	Savings	% Savings
2024	\$80,458,016	\$10,594,294	\$69,768,399	86.7%
Qtr 2	\$9,542,247	\$1,258,652	\$8,274,921	86.7%
May	\$1,180,963	\$231,686	\$949,277	80.4%
June	\$8,361,284	\$1,026,966	\$7,325,644	87.6%
Qtr 3	\$31,589,117	\$4,013,516	\$27,575,602	87.3%
July	\$6,255,240	\$868,367	\$5,386,873	86.1%
August	\$12,622,613	\$1,533,491	\$11,089,121	87.9%
September	\$12,711,264	\$1,611,657	\$11,099,608	87.3%
Qtr 4	\$39,326,652	\$5,322,127	\$33,917,876	86.2%
October	\$11,699,267	\$1,722,707	\$9,967,053	85.2%
November	\$14,312,373	\$1,854,067	\$12,410,705	86.7%
December	\$13,315,012	\$1,745,353	\$11,540,119	86.7%
Total	\$80,458,016	\$10,594,294	\$69,768,399	86.7%

Phia Healthcare Index Released 1/28/25

States that ranked at top had high quality care and lower aggressive billing practices - whereas the states that ranked low on the list had more aggressive billing rates. This dynamic clearly highlights the opaque healthcare system across the United States.

Top 10

1. Minnesota
2. Hawaii
3. Montana
4. South Dakota
5. Oregon
6. Iowa
7. Utah
8. Rhode Island
9. New York
10. Maine

The bottom state was Nevada

40. Arizona
41. Colorado
42. Mississippi
43. Kentucky
44. West Virginia
45. Florida
46. New Mexico
47. Texas
48. South Carolina
49. Nevada

**Maryland was excluded due to its unique all-payer model, which regulates hospital payments differently from other states.

- *The Phia Group Healthcare Index* rankings and additional insights, visit <https://www.phiagroup.com/Media/Posts/invisible-truth-of-healthcare>.
- To generate these rankings, The Phia Group combined clinician and facility data from publicly available CMS sources, incorporating both quality metrics and cost data derived from Medicare payment files.

ICE: The Phia Difference

- ♥ Business strategy and solutions consulting to maximize benefits
- **10-1 ROI versus comparable insourcing**
- Regulatory and compliance consulting
- High dollar claim and stop-loss reimbursement disputes
- Plan document assessments and reviews
- Employee handbook reviews
- Gap-free review - all core documents
- Third party contract reviews - vendor point solutions
- ASA and BAA reviews and templates



The ICE portal is the digital hub for e-learning, reference material, and ICE-client exclusive content, as well as our SoPhia A/I tool for ongoing support

AI and Healthcare

- Future of AI will create ways to treat, diagnose, cure or prevent diseases - balance risks and benefits.
- CBS News - ChatGPT acquired 57 million monthly users in 1st month - took TikTok 9 months.
- Gartner study estimated that by end 2025, generative AI will account for 10% of all data produced.

Introducing SoPhia

- Innovative, curated AI chatbot for healthcare regulatory compliance tailored to industry-specific info
 - Accesses decades worth of The Phia Group's intellectual capital to produce results
 - Designed to provide immediate responses and support your needs with intelligent and interactive tech
- ✓ Does a company AI policy exist?
- ✓ Consider the HITL (i.e., keeping a human in the loop) approach

To Incorporate?	Or Not?
Can summarize and analyze case law, regulations, and articles	Requires regular audits to verify data credibility
Can have conversations (written or oral) with materials	Must monitor for potential bias and enforce corrective measures
Can complete complex data analysis with curated data	Must stay up to date with requirements and evolving AI regulations
GPT apps can be used to automate analysis; Copilot is in windows and office 365	Additional considerations to safeguard privacy and security of personal and health information

Weight Loss Drugs

US Centers for Disease Control - 40% of US adults are obese - costs insurers \$173 billion annually.

FDA Approves Zepbound Weight Loss Drug to Treat Obstructive Sleep Apnea

- On 12/20/24, FDA approved Zepbound to treat obstructive sleep apnea. If this drug is prescribed to someone with obstructive sleep apnea, it cannot be excluded as a weight loss drug.
- Costs \$1,100/month - require prior authorization to ensure prescribed in way that is covered under Plan.
- Epic Research said 1.7% of people in US were prescribed semaglutide medication in 2023.

Fiduciary Checklist

- What is Plan’s intent with respect to covering weight loss drugs?
- 25% of employers covered in 2023 vs. 43% covered in 2024 - October 2024 Accolade survey
- North Dakota is first to add Wegovy-like drugs to essential health benefits package
- Wegovy - \$17,000/year, Zepbound - \$12,000/year

To Cover?	To Exclude?
Potential better, safer long-term results	Potential long-term side effects
Avoid various obesity related conditions	High costs
Limit coverage to certain drugs	Access

PACE®: The Phia Difference

Appeals Nationally:

- **14% of claims are denied** (commercial markets) and the average value is \$22,000
- **54% of denials are overturned**
 - Medical Necessity
 - Experimental and Investigational
 - Off-label Use RX
 - Payment Methodology Disputes
- ♥ Plans, members, and their families are comforted knowing that their appeals are examined by experienced objective professionals



Appeals and fiduciary liability are on the rise – disclaimers tied to these issues do nothing. We lead the final appeals process, coordinate all matters and accept responsibility for all fiduciary penalties and damages.

NQTL Analysis

- As of January 1, 2025, Plan Fiduciaries Must Certify:
 - Acted prudently in selecting a qualified service provider for NQTL testing
 - Received and reviewed the NQTL Comparative Analysis
 - Discussed findings and recommendations of analysis with that provider
- Largest focus area is network design, adequacy, & reimbursement rates to providers
- Autism Spectrum Disorder and eating disorders now MH diagnoses - services must be offered in parity
- ERISA Plan Documentation – members with adverse benefit determination can request it - no need to appeal first
- Phia Provides Fiduciary Certification Template with each NQTL Comparative Analysis

HPI
Subrogation Value Report



Report Date: 04/10/2025

Phia Effective Date: 5/11/2006



113,481 Members



250,583 Total Records



3,786 Total Investigations



1,194 Active Cases



\$12,088,604 Related Claims Paid



\$8,659,169 Expected Recoveries



\$327,217 Expected Recoveries – Short Term

Industry Comparison

1 Active Case For Every 95 Members Vs. Industry Average Of 1 Active Case For Every 500 Members

Historical Average of \$30 Recovered Per Member Per Year Vs. Industry Average Of \$5 Per Member Per Year

2025 To Date

Claims Paid Amount	Recovered Amount	Recovery %
\$1,125,347	\$748,476	66.5%
Records Reviewed	Investigations	Cases Activated
5,311	3,865	1,253

Historical Recovery Rate Of Cases

Total Claims Paid On Cases	Total Recovery By Phia On Cases	Your Recovery %	Phia BOB Recovery %
\$39,581,184	\$28,352,336	71.6%	55.9%

Average Case Age Number Of Days From Accident Date To Settlement



Your Average is 594 Days



83.0% Of Your Cases Are MVAs



Phia BOB Average is 637 Days

Recovery - Mass Torts

Average MVA Case Value is \$8,000 in Claims Paid by Plan

Average Mass Tort is \$170,000

- 3M: Proactively Pursuing Subrogation Rights in “Forever Chemicals” Settlement
- Examples - Devices (knee, hip), Toxic Ovarian Cancer (Talc Powder), Toxic Non-Hodgkin Lymphoma (Round Up)
- Key is Access to All Claims Data including Pharmacy
- A "PFA chemical" refers to "per- and polyfluoroalkyl substance" (PFAS), which is a group of synthetic chemicals known for their ability to resist heat, oil, grease, and water, often used in consumer products like non-stick cookware and stain-resistant fabrics
- PFAS are very persistent in the environment and are sometimes called "forever chemicals" because they don't easily break down.

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latest industry news?

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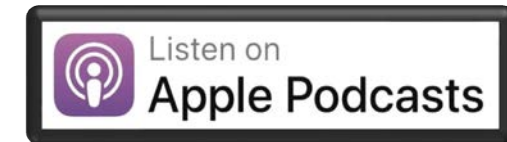
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Journavx: Is Relief on the Way?

February 11, 2025

By: David Ostrowsky Every year, tens of millions of opioid prescriptions are written for Americans experiencing searing pain caused by broken bones, burns, procedures, and wounds. In most cases, the medications produce efficacious results without causing patients to become overly dependent and ultimately addicted. Still, there is a relatively small percentage of users (numbering in the tens of thousands) who develop severe – and sometimes fatal – addictions, hence the well-chronicled national opioid crisis that has descended on humanity this century. Though health insurers and healthcare providers may continue steering patients toward these affordable, generally effective opioid prescriptions, an intriguing ...



Thanks for Listening!

Thank You.



Adam Russo, Esq.

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