



# HYLANT

## Health Plans:

Driving Good Health Through Innovation and Engagement



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[www.hylant.com](http://www.hylant.com)

# Agenda

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- 1 Today's Evolving Health Insurance Landscape
- 2 A Closer Look at Some New Group Health Concepts
- 3 ICHRAs
- 4 Alternative Funding Considerations
- 5 Q & A



# What is BUCAH?

- Blue Cross Blue Shield
- UnitedHealthcare
- Cigna
- Aetna
- Humana



# It is now BUCA.

- Blue Cross Blue Shield
- UnitedHealthcare
- Cigna
- Aetna



# BUCA Considerations

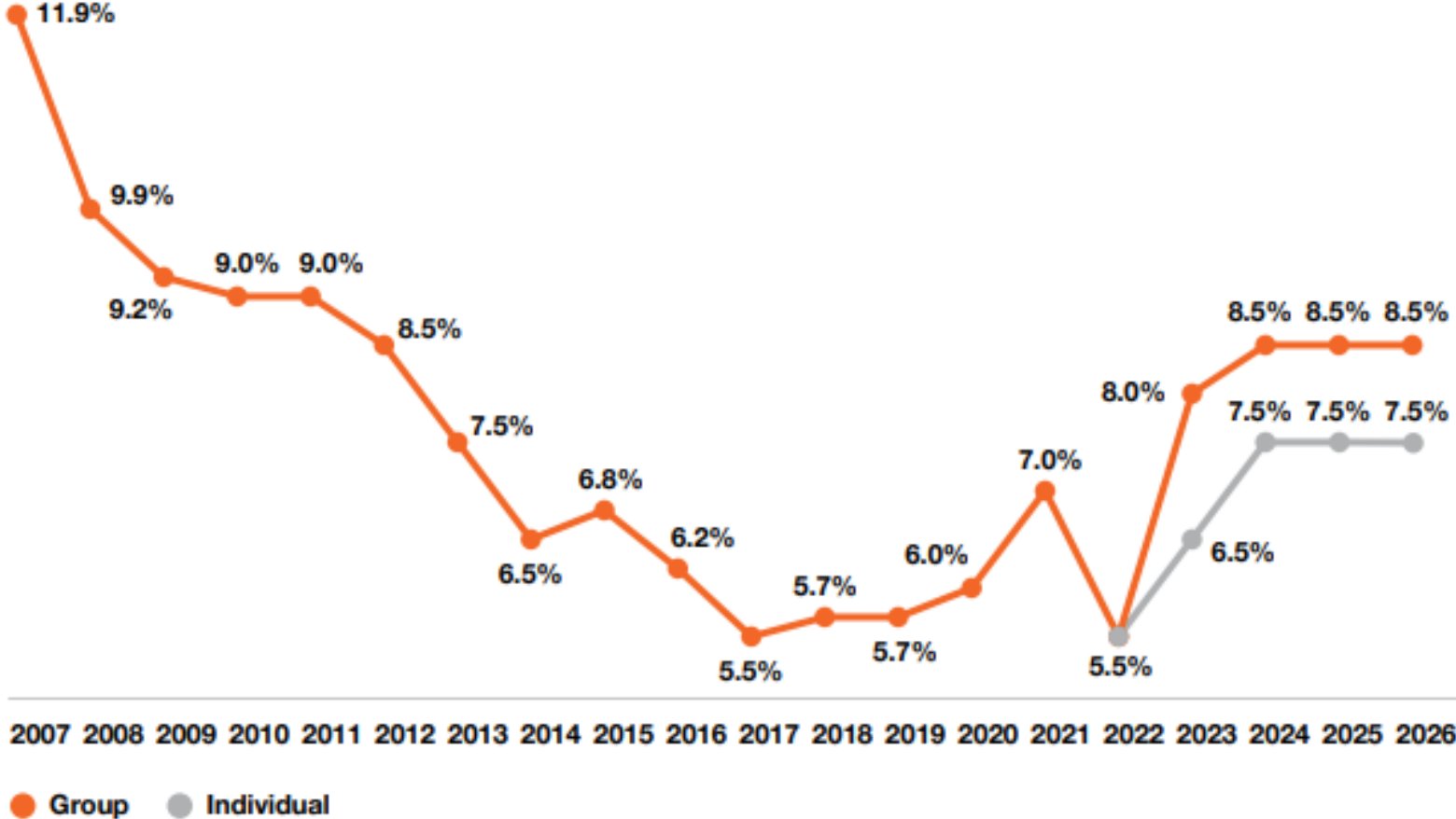
- Tried and true plans with historic performance
- Employees know how to use the benefits
- Member tools are very well built
- Plan choice is significant
- Cost increases may be unsustainable
- Providers recognize the ID card!
- No hidden charges for members – there are charges, just not hidden, based on member understanding.
- Competition varies by market. The more competitors, the longer this model sustains.



# The Challenge – Medical Trend Over Time

Figure 1: PwC medical cost trends, 2007-2026

PwC projects medical cost trend to be 8.5% for Group and 7.5% for Individual in 2026, in line with 8.5% and 7.5% in 2025



Source: PwC analysis

# Health Plan Alternatives to BUCA

(not an all-inclusive list)



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**CENTIVO.**

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# Understand Your Appetite for Innovation



**Conservative**



**Explorer**



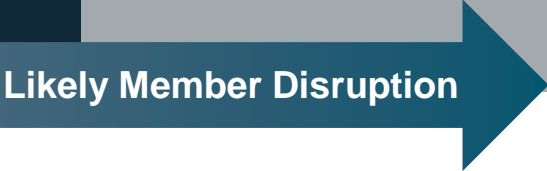
**Innovator**



**Advanced**



Low Member Disruption



Likely Member Disruption



# A Closer Look at Some New Health Plan Concepts

# “Cash Pay Plans” – No PPO Network

	Cash Pay Plan	Traditional Plan
ACA-compliant major medical health insurance	✓	✓
See any doctor without network restrictions*	✓	✗
Pick up your prescriptions at any pharmacy*	✓	✗
No prior-authorization	✓	✗
Easy access to any licensed mental health provider*	✓	✗
Know your costs ahead of time	✓	✗
VISA benefit card to pay providers directly	✓	✗
Employees can get cash back by shopping for care	✓	✗

This is an example of promotional material from a cash pay plan.

# “Cash Pay Plans” – Better Benefits

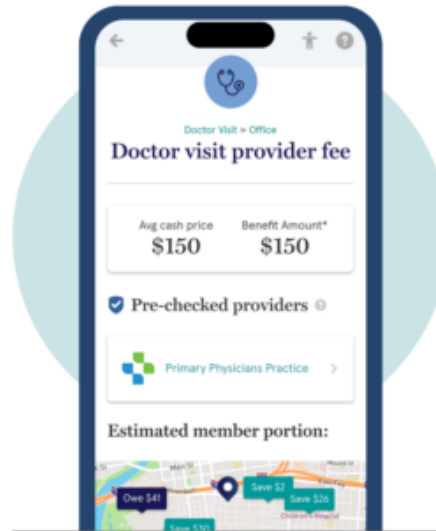
		Traditional Plan	Cash Pay Plan
<b>Core Details</b>	<ul style="list-style-type: none"> <li>• Deductible</li> <li>• Maximum Out-of-Pocket</li> <li>• Co-Insurance</li> </ul>	<p>\$3,000</p> <p>\$6,000</p> <p>20%</p>	<p><b>\$3,000</b></p> <p><b>\$3,000</b></p> <p><b>0%</b></p>
<b>Professional Services</b>	<ul style="list-style-type: none"> <li>• Primary care physician visit Copay</li> <li>• Specialist (including mental health) visit Copay</li> </ul>	<p>\$30</p> <p>\$70</p>	<p><b>\$0</b></p> <p><b>\$0</b></p>
<b>Prescription Drugs</b>	<ul style="list-style-type: none"> <li>• Generic Rx</li> <li>• Preferred brand name Rx</li> <li>• Brand name Rx</li> <li>• Specialty Rx</li> </ul>	<p>\$15</p> <p>\$40</p> <p>\$80</p> <p>\$300</p>	<p><b>\$0</b></p> <p><b>\$0</b></p> <p><b>\$0</b></p> <p><b>\$0</b></p>
<b>Hospital Services</b>	<ul style="list-style-type: none"> <li>• Inpatient care</li> <li>• Emergency Room services</li> </ul>	<p>20% after deductible is met</p> <p>20% after deductible is met</p>	<p><b>0% after deductible is met</b></p> <p><b>0% after deductible is met</b></p>

Cash Pay Plans often have a “scheduled” benefit that caps the amount the plan will pay toward a claim. This would add to the member responsibility should the member choose a provider that charges above the allowed amount.

# Cash Pay Plans – Member Engagement



Employees can pay for any care they need



Access information to decide on their care



And are incentivized to make smart care decisions

# Cash Pay Plan Considerations

- Provider offices and front-office staff may be unfamiliar with these plans.
- Members are presented with choices that require decisions.
- Patients must use member tools to successfully engage.
- The contract may not prohibit balance billing.
- Employees will not want to give up the zero-cost items in future renewals.
- Is it easy when the patient needs to obtain care?
- Member education is required and should be ongoing.



# Plans That Incentivize Higher-Quality, Lower-Cost Care

- Offered by BUCA carriers with broad, national PPO network
- Typically, zero-deductible plans
- Copay-only plans
- Members are encouraged to use higher-quality, lower-cost providers through plan design
- Lower copays for certain providers
- App-based digital experience

Sample Plan Design		
Out-of-Pocket Maximum (OOPM):		\$5,000
Deductible:		None
Coinsurance:		None
Copays	Preventive	Free
	Office visit (PCP and SCP)	\$15–\$100
	Urgent care	\$50
	Emergency room	\$500
	Maternity delivery	\$900–\$1,700
	Complex imaging	\$125–\$775
	Physical therapy	\$10–\$75
	Procedures (Office, OP, IP, etc.)	\$40–\$3,000
	Prescription drugs (Tier 1/Tier 2/Tier 3)	\$20/\$60/\$90

# Cost Savings from Incentive-Based Plans



## Optimizing care and reducing waste

- **More than half** of the reduction in total cost of care comes from reducing utilization of potentially wasteful procedures
  - Surgical procedures vs. PT
  - UC vs. Emergency Room
  - Virtual vs. in-person care

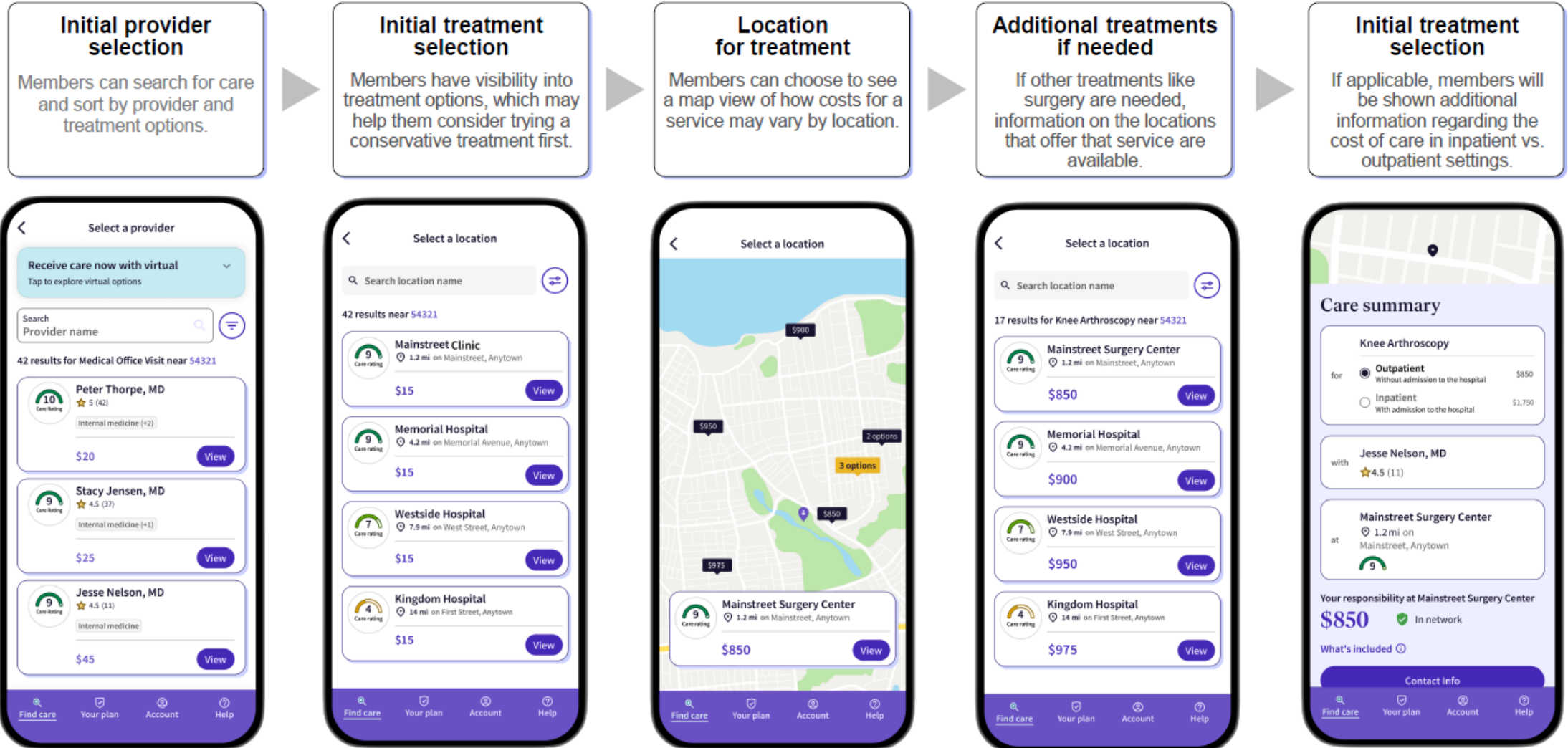


## Right provider Right setting

- **The remainder** of the reduction in total cost of care comes from getting members to choose more efficient providers and locations
  - OP vs. IP utilization
  - ASC vs. outpatient

**Sample carrier projection:** 15% Savings when compared to traditional PPO plans.

# Incentive-Based Plans – Digital Member Experience



# Incentive-Based Plan Considerations

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- Does it bend the cost curve enough?
- Carrot versus stick approach is welcomed by employees.
- Focused on improved outcomes while reducing cost.
- Continuous member education will improve chances for success.
- Use of tools is optional AND critical.
- Incentives must be meaningful and easy to access.
- Many plan choices.





# ICHRAs

# Individual Coverage Health Reimbursement Arrangement (ICHRA)

- Alternative to traditional group health plans
- Employer-funded, tax-advantaged health benefit
- Allows employers to help their employees pay for individual health insurance premiums
- Employer sets the allowance of tax-free money for each eligible employee
  - Employer contribution can vary based on certain classes (i.e., hourly, salaried)
- Employees shop for their own individual coverage through a marketplace operated by an ICHRA administrator
- Employers cannot offer both a group health plan and ICHRA to the same population
  - Could offer ICHRA to Hourly employees, but group health plan to Salaried employees

# ICHRA Considerations

## Advantages

### EMPLOYER

- Cost predictability through a set budget; may take a federal income tax deduction for contributions
- No annual renewals with carriers or plan selections to make
- Can class out employees to contribute specifically for each employee class
- No minimum participation requirements
- Can be designed to satisfy the ACA employer mandate
- No longer able to help employees with their plans

### EMPLOYEE

- Flexibility to choose the plan to meet their needs
- Portable so an employee may keep the policy after employment if desired
- Value of the coverage is not taxable to covered employees
- Employee premiums for coverage not offered through an exchange can be made pre-tax through Section 125

## Disadvantages

### EMPLOYER

- Administration is complex – choosing the right partner is key
- Many ICHRA administrators are very new
- **Requires** considerable **ongoing** employee education
- Payroll integration for deductions may be difficult
- Challenging re-entry to the group market
- No longer able to help employees with their plans

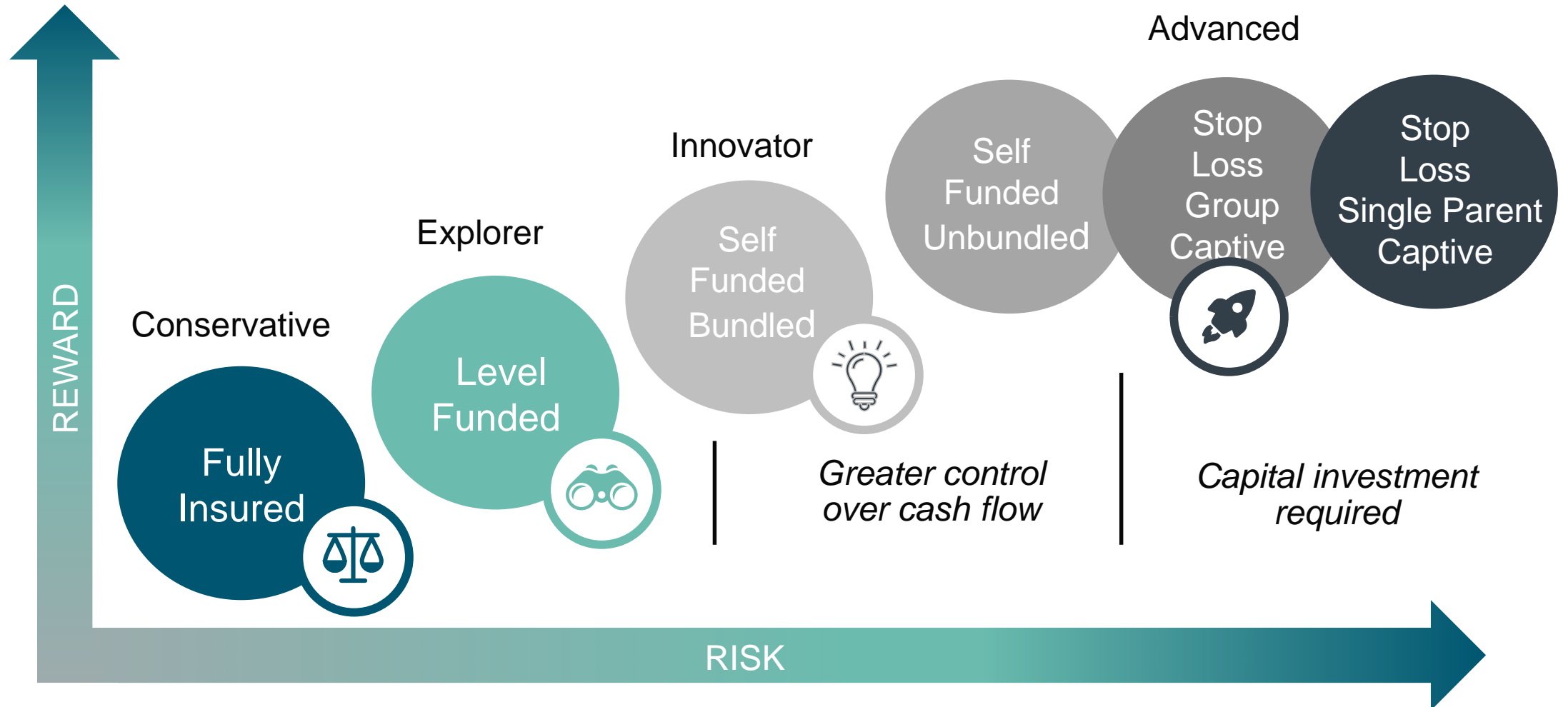
### EMPLOYEE

- Plans/carriers/networks/prices vary by region
- Available plans in some locations may not be as favorable as group coverage
- Entire health systems may be out of network for ACA plans
- No dedicated customer support, employees deal with their carrier directly
- An employer offering affordable coverage ICHRA makes employees ineligible for marketplace subsidies



# Alternative Funding Strategies

# Funding Strategies Continuum





# Captive Strategies

# Captives

*There are generally two types of captives*

## SINGLE PARENT CAPTIVE

- Most often used with property and casualty coverage
- Legal entity limited to the ownership of one covered entity

## GROUP CAPTIVE

- Most common for employee benefits stop loss coverage
- Legal entity includes members of several organizations
- Typically board-governed
- Best when formed with like-minded companies interested in risk mitigation

# Medical Stop Loss Captive

## FINANCIAL

- Potential short- and long-term savings
- Financial reward for being better-than-average
- Capture investment returns
- May allow for more cost-effective stop loss insurance for smaller employers

## CONTROL

- Greater predictability / credibility of claims
- Ability to better manage premium volatility from year to year by the captive layer funding
- Be rewarded for good loss prevention and claims management

## FLEXIBILITY

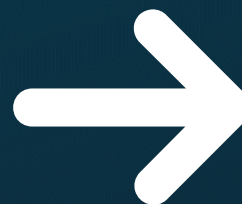
- Ability to craft coverages to meet specific insured's needs
- Options for customized value-added services
- Insulated from market conditions; address insured needs, not the insurance market

# Who Should Consider a Captive?

## *Traits of companies who should consider a captive*



- Financially stable
- Good claims history over time
- Current low loss ratio
- Committed to long-term strategy
- Willing to work with other companies
- Good risk management practices
- Proactive approach to cost containment
- Willing to make capital investment



**Company or  
Group of  
Companies**

# Captive Considerations

- Potential to incur unexpectedly large losses
- Additional compliance requirements
- Meeting and maintaining capital requirements
- Accessing capital for competing needs
- Potential to distribute profits
- Winding down program upon termination
- Restrictions on selling or transferring ownership
- Focus and commitment must be long-term
- Overcoming the learning curve



A group of people's hands are stacked together in a circle, symbolizing teamwork and collaboration. The image is overlaid with a dark blue, semi-transparent filter. The text "Thank You for Sharing Your Time." is centered over the image in a white, bold, sans-serif font.

**Thank You for Sharing Your Time.**