

PCS Group Forum August 17, 2022

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August 17 Agenda

- First session-Use of Payment info
- Second session-How to reduce cost of prescription drugs?

Before we tackle drug costs

- Remember you are THE fiduciary which means, courtesy of Sarbanes-Oxley, you are obligated to spend your employees' dollars very responsibly and that failure to do so, in an intelligent, analytical, best practices manner can hold you **PERSONALLY** responsible for their losses with treble damages AND D&O insurance does not protect incompetent CFOs.

Why worry?

Years ago, these regulations changed 401k advisors for pension and 401k plans. That is why many investment firms no longer want your 401k business. (the 12 b1 disclosures)

Next huge legal arena will be incompetent lazy CFOs who trust their brokers and get sued by employees fed up by runaway healthcare costs. Class action suit will bankrupt CFOs.

Explain to your spouse when you lose your net worth for trusting your broker!

Prescriptions are key!!

Represent about one third of your spend

Represent over half of some of your employee's spend

Growing double digit every year-obviously not sustainable

Do the math-if one third grows that fast, your spend HAS to increase double digits every year! You have to squeeze to employees!

2023 renewal?

What % did 2021 and 2022 healthcare renewals Increase? Vs Budget?

Did broker help you reduce total cost?

Or did you have to tweak the plan to squeeze the costs to your employees?

Do you have a benefit plan or a health care claims processing plan?

EMPLOYEES are not stupid. Maybe you are!

Don't blame HR

CFO has to own the intersection of a company's risk and resources! It is your job!

Healthcare is your responsibility (might as well admit it because the lawyers declared it)

If you rely on your broker, you are a pawn in their scheme.

Brokers, carriers, PBMS work together in case you haven't figured it out.

When you go to market, it looks the same. They just offer you different ways to squeeze the balloon.

Cost control starts with info

- Do you understand your PBM contract?
- Receive the cost info AND analysis?:
- Do you audit as allowed?
- Master conflict of interest scheme.
- Do you understand rebates? It's your money.
- Understand the 2021 legislation changes?

Best practice summary

- Very simply-brokers are not your partners they don't work for you.
- You will never understand the model-it is a masterpiece and legislature is in the pocket of the lobbyists.
- You need an independent advisor on your side of the table.
- Period. Full Stop.

Suggestions

- Get an advisor tomorrow.
- Decide if they lead your renewal or advise you.
- Pay them on performance Win Win Win
- Several year journey. Should reduce costs about 25% (maybe more) instead of double digit increases every year.
- Doing the same is the definition of insanity!

Slide decks on the website!

- Visit the website www.thecfosolution.org
- Enter via PCS portal
- Working on eliminating the password.
- Go to table of contents and find several great educational presentations
- 215.421.8291 gbender@thecfosolution.org
- Hire advisors-we can help!