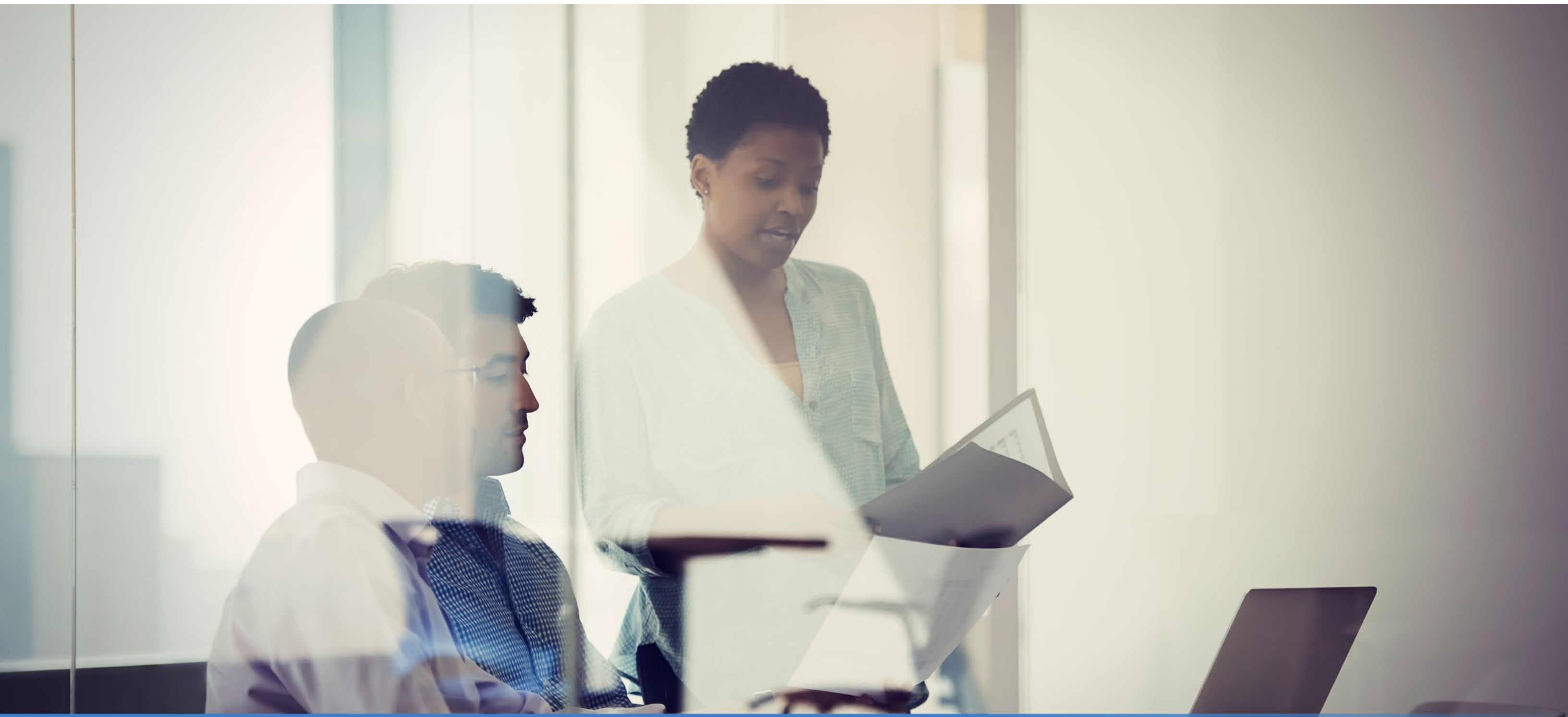
EXHIBIT B

RISK strategies

WHITE PAPER



Fully Insured vs. Self Funding

Exploring funding options for efficiently financing healthcare spend

Understanding the pros and cons of funding models

Advantages and disadvantages to consider when determining the right funding strategy for your organization.

Fully insured healthcare plans

Fully insured plans are typically utilized by employers with less than 250 employees, although employers of any size can be fully insured. In a fully insured plan, the employer pays a fixed premium to the insurance carrier based on headcount.

ADVANTAGES	DISADVANTAGES
+ **Premiums are guaranteed** and make budgeting reliable. + **Plan administration is easy.** Employers simply pay the monthly premium, and the carrier manages the rest. + The **carrier assumes all risk.** + The GUSVI has obtained a ***participating contract*** **that allows them to recoup a portion of premium payments** if claims are lower than projected. This also gives them access to some data to help inform if it makes sense to consider an alternative funding model. However, it should be noted that some participating contracts have deficit carry-forward provisions creating a level of risk. + The GUSVI has also obtained a 60-day premium deferral meaning premiums are paid in the end versus the beginning.	– Employers will be **limited in how much data can be accessed** to identify cost drivers, especially if they are smaller; each carrier determines what details are available based on group size. Nor will they have visibility into pharmacy rebates, and they will not receive any pharmacy rebates directly. – These plans are **inflexible**—it is hard to unbundle plan elements to manage costs and there are limitations on plan design. For instance, pharmacy claims cannot be procured through a third-party Pharmacy Benefit Manager (PBM) to realize better discounts and rebates. – **Annual premium increases** are out of an employer's control due to lack of access to critical claims data that would allow them to proactively manage their plan and costs such as high-cost medical and pharmacy claims. Employers are largely limited to adjusting plan design to manage cost.

Self-funded healthcare plans

Self-funded plans are those where the employer assumes the financial costs and risks of the healthcare benefits program. Because of the higher risk, comprehensive stop-loss coverage is an essential component of a financially sound self-funded benefits program.

ADVANTAGES

- They allow for **customization** to the plan design.
- **Full access to claims data** gives employers complete visibility into claims drivers and trends. This enables them to make informed decisions on where to target cost reductions (e.g., disease management programs, benefit plan changes, or stop-loss provisions) and how to structure employee wellness programs. For instance, they can carve out coverage for diabetes management if data shows the condition is prevalent in the employee population.
- **Plans can be unbundled.** Employers can unbundle as few or as many components as makes sense for them to manage costs and risks. For instance, they can engage a stop-loss carrier to cede risk associated with high-cost claimants. Or engage a Pharmacy Benefits Manager (PBM) directly to lower prescription costs & provide rebates.
- **Employers can reduce costs** while keeping benefits and employee payroll contributions constant.
  - They can fully capture favorable claims experience.
  - They also benefit from savings generated from health and wellness initiatives.
  - Administration is less expensive without sacrificing a reduction in services.
  - The basis for premium taxes is reduced compared to fully insured plans.
  - They can reinvest savings in other benefit program areas.
- **Employers can work with their benefits consultant to evaluate and choose network options for better discounts and lower disruption, such as:**
  - Traditional PPO/POS networks
  - Narrow and high-performance networks
  - Referenced Based Pricing (RBP) models
  - Direct provider contracting models
- Organizations can **avoid state-imposed coverage mandates** such as fertility treatment coverage and additional state-mandated COBRA coverage.

Self-funded healthcare plans (cont'd)

DISADVANTAGES

- **All funding rates are projections based on past claims experience and are NOT GUARANTEED.**
- **If claims and administrative costs exceed projections then the EMPLOYER is responsible for the excess costs.**
- **Additional administrative responsibilities.** Both DOP and Finance will need to assume additional duties related to compliance, banking, reserving, stop-loss, and others.
- There is no premium deferral.
- If claims dollars are not in the bank account, claims will **NOT** be paid.
- **The employer's assets are exposed to any liability** created by legal action against the self-funded plan.
- Organizations need to be able to manage **greater cost fluctuation and budget uncertainty.** The company's finance department needs to fund claims weekly or even daily. If a large claim comes in, there must be sufficient cash to float it until the stop-loss carrier provides reimbursement (assuming stop-loss coverage is carved out).

Government of The United States Virgin Islands - Considerations

Cash Management - $3.9 million needed on a weekly basis to fund expected claims costs. Procedures will need to be established to maintain funds in a dedicated account & collection of funds from semi-autonomous agencies.

Projected Program Cost - $208 million inclusive of semi-autonomous agencies. Fully insured renewal offer "as is" is a 19.5% increase vs. self funding is a 17% increase.

Estimated Savings - Approximately $11 million in pharmacy rebates in the 1st year up to $13 million by 3rd year.

Financial Risk - The primary drawback of self-funding is the potential for high, unexpected medical claims that could strain the Government's finances. If claims dollars are not funded to the claims bank account, claims will not be paid.

Historical Claims Experience & Rate Increases -

Fiscal Year	Loss Ratio	Actual Claims Increase Year-over-Year	Final Renewal Increase
2021	89%	14.5%	7.6%
2022	89%	3.0%	3.0%
2023	92%	7.2%	4.9%
2024	107%	7.1%	0.0%
2025	108%	18.0%	8.0%