



MASSACHUSETTS

# EXECUTIVE NARRATIVE DESIGN KICKOFF

JULY 8, 2025



OUR GOAL

Bring visual clarity and better narrative cues to our executive-level presentation designs

STORYTELLING

# THE DIAGNOSIS



MASSACHUSETTS



# 3

## communication challenges

### EXECUTIVE TEAMS ALWAYS FACE

#### 1. ONE SLIDE DOING MULTIPLE JOBS

“Is this slide a key insight? Supporting data? A recommendation? All three?”

“Don’t build slides, build a clear case”

#### 2. VISUAL FATIGUE

“Where do I look? I need visual clarity, not visual overload”

“Slide design should cue where I’m at in the story”

#### 3. SAYING EVERYTHING MEANS REMEMBERING NOTHING

“It’s not easy to Retain and Repeat the narrative”

“I can’t advocate for it if I can’t remember it”



# BOARD RETREAT PRESSURE TEST

**COMMERCIAL STRATEGY UPDATE**

Presented by: Dave Corkum, Chief Commercial Officer

BOARD RETREAT  
JUNE 5, 2025

1: Cover Slide

**SUMMARY**

The commercial market is evolving—and it's not monolithic. Major shifts are playing out by sub-segment, with significant implications for our membership and financial performance.

Market forces are driving this change. Rising costs, labor competition, and underperforming legacy solutions are all pushing employees to rethink their coverage models.

Business is shifting away from fully insured to level-funded, captives, professional employer organizations (PEOs), self-insured, and individual Coverage Health Reimbursement Arrangements (CHRAs) – as employees seek more flexibility, control and cost savings.

BCBSMA is heavily leveraged in large group insured. Our 55% share outpaces the Blue 80% nationally, but leaves us exposed as that segment shrinks.

Our strategy to improve our self-insured offering still holds, and we have made meaningful progress by forging partnerships for the launch of key capabilities in 2025. We need to reinforce this approach by competing more effectively in additional models like level-funded, captives and PEOs.

Employees want flexibility and results. To remain competitive, we must evolve our portfolio by strengthening our self-insured and alternative funding offerings, while making targeted improvements that deliver greater value across our entire commercial book.

**Discussion questions:**

- What guidance do you have on self-disrupting our traditional, higher-margin product offerings with new models that retain/deliver membership, though come with a lower margin?
- As the market moves toward these lower-margin models, what guidance do you have on how we position ourselves as a leader during that shift vs. as a follower learning from others' approaches?
- What feedback and guidance do you have on our approach to balancing near-term speed through partnerships with long-term strategic control as we broaden our commercial product portfolio?

2: Discussion Framing + Key Insights

We have about 2.5 million commercial members spread across our key segments. About two thirds are in self-insured products.

**15% OF MEMBERS** Managed Labor Self-Insured (Includes BSA)

**8% OF MEMBERS** Merged Market Insured (Includes BSA)

**27% OF MEMBERS** Large Group (Commercial (H+)) Insured (Includes BSA)

**1.5% OF MEMBERS** Mutual Capital Insured (Includes BSA)

**48% OF MEMBERS** Commercial Self-Insured (Includes BSA)

3: Segment Landscape Overview (Validating Data)

We lead in most commercial segments. However, our historically most profitable segments are declining, and our largest and growing segment – commercial self-insured – is the least profitable.

	Managed Market	Commercial Insured	Commercial Self-Insured
BCBSMA Membership	35K	106K	1,184K
Share in Massachusetts	1%	4%	50%
2025 Revenue	\$150	\$470	\$470M
2025 Margin	(4.9%)	(4.6%)	(22.9%)
Growth Outlook	↓	↓	↑

4: Key Insight + Financial Implication

As membership moves toward self-insured, Blue plans are losing fully insured members while gaining fully insured share.

**2023 SHARE OF THE COMMERCIAL MARKET**

Category	Members	Share	Change
Overall (All Plans - Blue and other plans)	1.2M	100%	-
Small Group-Fully Insured	3M	(4.5%)	-
Large Group-Fully Insured	3M	(3.9%)	-
Self-Insured	125M	3.2%	+56%
Total Commercial	129M	12%	+4%

Blue self-insured enrollment is up, but growth lags competitors as self-insured share is down.

6: Trend Data (Validating Data)

BCBSMA has significant exposure to large group insured, and these shifts are already visible in our book.

We are highly leveraged in large group insured... and we are already seeing meaningful shifts.

- 50% largest Blue plan by enrollment
- 7th largest Blue plan by enrollment
- ~100K members lost in large group insured since 2020
- ~30% increase in self-insured membership

As we expand our product portfolio of relevant offerings, our goal is to strengthen our ability to recapture lost fully insured membership in other products.

7: Internal Diagnostic (Key Internal Risk)

BCBSMA competes with players with dramatically different admin cost structures.

Company	Admin PMPM	Notes
National	~\$35	2024 National PMPM Benchmark
Leading Blue	~\$38	Top Quarter Benchmark
BCBSMA	~\$39	Adjusted 2024 BCBSMA Admin PMPM (includes BCBSMA)
Median Blue	~\$46	2024 Blue Median

Key insights: Scale advantages, Global offshore sourcing, Direct competitors after 2nd Blue bid, Leverage scale (large, multi-state Blue), Single-state geography requires accounting scale with others, Expensive labor market is a disadvantage, Some already outsourcing operations, Operational inefficiencies a challenge for smaller plans.

8: Cost Benchmarking (Validating Data)

National competitors are investing heavily in their capabilities, presenting challenges for mid-sized Blue plans like BCBSMA.

To create value and maintain their strategic advantages, plans require massive capability investment.

Annual Health Plan Investments: \$40M (Small Plan), \$100M (Mid-Size Plan), \$400M (Large Plan), \$1B+ (National Plan)

Key Insights: BCBSMA's capital spending is up, but not with leading health plans, However, national plans use their greater scale to invest more in absolute dollars, Investment scope also varies, with national seeing significant integrated healthcare services businesses.

9: Capability Gap Analysis (Validating Data)

Employers are navigating rising costs and underperforming legacy solutions—and they are seeking better answers.

- RISING COST PRESSURE:** Rising medical and pharmacy costs, Employees are more open to taking on risk in pursuit of savings.
- COMPETITIVE LABOR MARKET:** Employers are focused on attracting and retaining talent, Increasingly looking to tailor benefits that meet the unique needs of their workforce.
- UNDERPERFORMING INNOVATION:** High-promise concepts have failed to deliver, such as consumer-directed health plans and point solutions, Employees are looking for innovation that delivers.
- INTENSIFYING COMPETITION:** National are serving large accounts with tailored self-insured solutions, They are gaining traction in smaller segments through alternative funding models.
- DEMAND FOR PERSONALIZED ENGAGEMENT:** Focus on point solutions with measurable ROI and strong member engagement, Strong and growing interest in copay-based plans that are built using cost and quality data and designed to deliver greater specificity and member control through clear copays and transparent pricing.
- OTHER FUNDING MODELS:** Business is shifting away from fully insured to self-insured and alternative funding models.

Large national accounts are demanding integrated care-outs of key services, while smaller employers are increasingly drawn to alternative funding models.

5: Environmental Scan / Market Context

Many employers are turning to alternative models in pursuit of greater flexibility, control and cost savings.

Model	Description	Employer Size	Level of Maturity	BCBSMA Availability
Traditional Self-Insured	Full responsibility for costs - Employer assumes all administrative costs	Large	Established	Available
Third-Party Administrator (TPA)	Full responsibility for costs and general health plan administration with self-insured employer	Large	Established	Available & Improving
Captive	Self-insured plan design - Includes variable rate-of-return plan design	Medium	New	Actively Improving for Self-Insured COOH
Professional Employer Organization (PEO)	Partial self-insured model - Employer pays a price per-employee-month to manage large risks, retains all other costs	Small	Accelerating	Developing Strategy
Level Funded	Partial self-insured model - Employer pays a price per-employee-month to manage large risks, retains all other costs	Medium	Intermediate	Available & Improving
Traditional Fully Insured	Full monthly premium - Insurance company assumes all risk and administration	Medium	Established	Available
Individual Coverage Health Reimbursement Arrangement (ICHA)	Flexible employee choice - Employees provide a certain number of dollars for employees to buy and contribute to health insurance	Small	New	Developing Strategy

10: Overloaded: Landscape Mapping + Strategic Positioning + Risk Context

Individual Coverage Health Reimbursement Arrangements (CHRAs) offer an alternative to traditional group plans.

**When did CHRAs start?** Federal regulations created CHRAs in 2009 and consumers could first enroll January 1, 2020.

**How do CHRAs work?**

- Employees set a maximum allowance per employee
- Employees purchase individual health insurance and spend money on healthcare (at the merged market in Massachusetts)
- Employees request reimbursement for premiums and potentially other qualifying medical expenses
- Employees provide employees with tax-free reimbursement up to the maximum allowance

**Why CHRAs?**

- Employee-defined reimbursement limits – letting them choose their own fixed healthcare cost
- Flexibility to set different limits or offer / not offer CHRAs to different classes of employees
- To date, has expanded most to employees with seasonal workers, lower-wage workers, high turnover, and a mix of salaried and hourly workers

**Benefits for employees:**

- More options and control when choosing a health plan
- Can stay on their same plan when leaving a job

11: Explainer

ICHRA adoption has risen, and we anticipate continued market interest.

**DEGREE OF ACCOUNT INTEREST**

Group	High	Medium	Low
Small Group (1-49)	56%	30%	14%
Medium Group (50-249)	55%	30%	15%
Large Group (250+)	74%	21%	5%

**ICHRA ENROLLMENT GROWTH POTENTIAL**

The biggest driver for ICHRA will be if individual market plans become less expensive than group plans.

ICHRA enrollment is projected to grow from 1.5M in 2024 to 5.7M in 2029.

**OUR POSTURE: POSITION TO CAPTURE GROWTH**

Progress to capture individual enrollment from groups using ICHRA, but not accelerate adoption.

12: Market Opportunity Scan (Validating Data)

Our response to market shifts: Strengthen our self-insured and alternative offerings, while making targeted improvements across our business.

Strategic Priority	Objective
IMPROVE SELF-INSURED OFFERINGS	To win large national self-insured accounts
STRENGTHEN PRODUCT AND FUNDING MODELS	To recapture membership that shifts out of fully insured
TARGET IMPROVEMENTS ACROSS OUR BOOK	To improve our value to new and existing clients, such as enhanced care and account tools

A drilldown on each of these three strategic priorities is included in the following pages.

13: Strategic Response Summary

We are taking targeted steps to improve our win rate with large national self-insured accounts.

NEAR TERM (WITHIN 1 YEAR)	MEDIUM TERM (1-2 YEARS)	LONG TERM (2+ YEARS)
Third-Party Administrator Partnership: Strategic National Alliance as our near-term, high-visibility administrative TPA partner. Implementing the TPA platform in 2025, providing large, complex accounts with a near-term solution for customized benefits.	Enhanced National Sourcing: Improve national sourcing with BCBSMA's Find a Doc tool and SmartShopper incentives.	Enhance BSA or Acquire TPA: Enhance that benefit administration (BSA) or acquire a TPA with national and capabilities. Enhance Core Platform: Optimize through partnerships with another Blue or targeted NASCO enhancements.
Nationally Tiered Product with Copay-Shared Plan: Offer a new product in 2025 that addresses broader access to the national alliance for highest accounts.	Point Solution Platform: Evaluation of point solution launch that aggregates offerings for COOH issuance.	AI-Driven Navigation and Experience: Leverage AI for enhanced, proactive navigation and experience.
Address Non-Standard Requests: Offer timely and effective responses to customized account requests.	Point Solution Navigation & Experience: Offer navigation to point solutions and improved member experience.	

14: Strategy Drilldown (1 of 3)

We need to complement self-insured improvements with stronger product and funding models to recapture more membership.

LEVEL-FUNDED	CAPTIVES	PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)	ICHRA
We re-evaluated our existing offering to the 50+ employee groups to find the growing down-market opportunity. Carefully evaluating the 100-500 employee segment to balance growth potential with margin discipline.	Evaluating captives as a potential addition to our alternative funding portfolio. Tracking account movement to determine market impact and inform future product development.	Refining and elevating marketing for CoreCo PEO to drive awareness and growth.	Monitoring the ICHRA market for opportunities to approach the individual market. Exploring launch of a highly affordable product in 2025 designed to grow and retain membership in the price-sensitive individual market.

15: Strategy Drilldown (2 of 3)

More broadly, we will take steps to strengthen performance across our commercial book to enhance our value to accounts.

STRATEGIC PRICING	SALES CRM	TOTAL COST OF CARE POSITION
Price based on value we deliver to accounts, rather than the value they bring us, while leveraging shared savings opportunities to enhance mutual benefits.	Launch a streamlined sales CRM. Customer relationship management to enhance our experience, contract management, sales reporting, and sales team capacity.	Clearly articulate and defend our total cost of care position, emphasizing our strengths in cost efficiency.
EMPLOYER PORTAL	SALES TEAM ANALYTIC TOOLS	CONSUMER EXPERIENCE
Launch an employer portal that enables full digital self-service for BCBSMA accounts, accelerating sales and operational and strengthening engagement.	Enhance transparency and leverage data-driven insights to optimize our prospecting and conversion strategies.	Leverage our strengths in consumer experience and service, and enhance our capability to guide members to the right care at the right time and place.

16: Strategy Drilldown (3 of 3)

**DISCUSSION QUESTIONS**

- What guidance do you have on self-disrupting our traditional, higher-margin product offerings with new models that retain/deliver membership, though come with a lower margin?
- As the market moves toward these lower-margin models, what guidance do you have on how we position ourselves as a leader during that shift vs. as a follower learning from others' approaches?
- What feedback and guidance do you have on our approach to balancing near-term speed through partnerships with long-term strategic control as we broaden our commercial product portfolio?

17: Discussion Framing / Questions (Duplicate of Slide 2)

1. ONE SLIDE DOING MULTIPLE JOBS

2. VISUAL FATIGUE

3. SAYING EVERYTHING MEANS REMEMBERING NOTHING



# ORIGINAL STORY

- BCBSMA is the market leader in most segments, but our most profitable ones are shrinking
- Commercial self-insured is the largest and least profitable segment
- Growth outlooks are mixed; margins vary significantly
- As membership shifts toward self-insured, Blues are losing fully insured members but gaining share within that smaller pool
- BCBSMA is heavily exposed to large group insured, which is declining
- We've already experienced member and revenue loss
- We face competitors with much lower admin cost structures (national carriers)
- National players benefit from automation, scale, and investment
- Their capabilities and cost advantages outpace ours
- ICHRAs are a new model with growing interest
- They allow employers to reimburse employees for individual coverage
- Adoption is rising; we are positioning to grow here
- We're targeting large, self-insured accounts with phased initiatives (short, medium, long-term)

## Summary

*"We're strengthening performance across our book with pricing, CRM, experience, and data investments."*

# RECOMMENDED STORY

## I. We're not losing all our business — just the profitable part

- We are gaining share in low-margin areas (like self-insured) while losing share in high-margin segments (like fully insured large group)
  - Our client mix is trending toward unprofitability
- validation validation validation

## II. Competitors are winning the price war and investment war

- They're leaner, faster, and investing more
  - We can't match their cost structure or capabilities today
- validation validation validation

## III. Here's how we start to win

- ICHRAs are a potential bright spot — but we need to move quickly and build real differentiation
- validation validation validation

## IV: These are the imperatives we're asking you to support

**"Because we're losing profitable business and gaining unprofitable business, our historic strengths are no longer aligned with market direction. We must change our client mix (by doing X), operating model (by doing Y), and growth priorities (by doing Z) — fast — or we'll lead the market into a margin dead end."**

# BEST PRACTICES

## CREATING CONSISTENT STRUCTURE

A clear narrative arc with clearly defined roles for every slide.

STEP 1 Organize around a few big plot points that in plain language capture:

- I) Our Insights
- II) Barriers
- III) The Path Forward

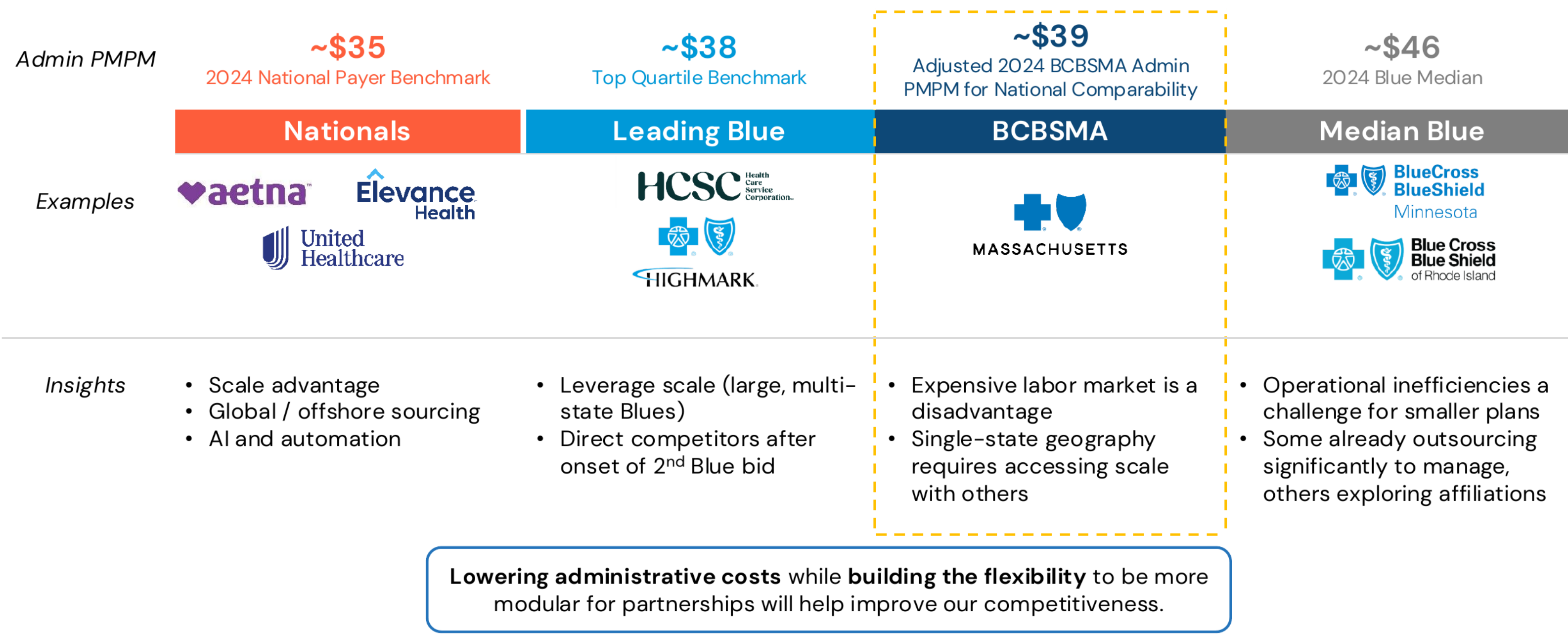
STEP 2 Build the case with short, definitive headlines that add detail

- Be direct, don't bury the lede

STEP 3 Thwart doubt with streamlined, validated data



# BCBSMA competes with players with dramatically different admin cost structures.



**Lowering administrative costs while building the flexibility to be more modular for partnerships will help improve our competitiveness.**

*Admin PMPM figures reflect adjustments of BCBSMA's admin categorizations to ensure comparable spend between other plans. For example, this analysis added to admin some costs that BCBSMA categorizes as 'medical' within our clinical areas and removed fees related to our dental, vision, and stop loss.*

## BEST PRACTICES DATA

STEP 3 **Thwart doubt** with streamlined, validated data

**A. RESIST DATA DUMPING** Use no more than two key data points

- Only include info that drives the story, everything else is background



# Competitors are winning the price war



Our admin costs are competitive with other Blues ... but not against our rivals.

2024 Blue Median  
Adjusted 2024 BCBSMA Admin PMPM for National Comparability  
Top Quartile Benchmark  
2024 National Payer Benchmark

## BEST PRACTICES DATA

STEP 3 Thwart doubt with streamlined, validated data

A. RESIST DATA DUMPING Use no more than two key data points

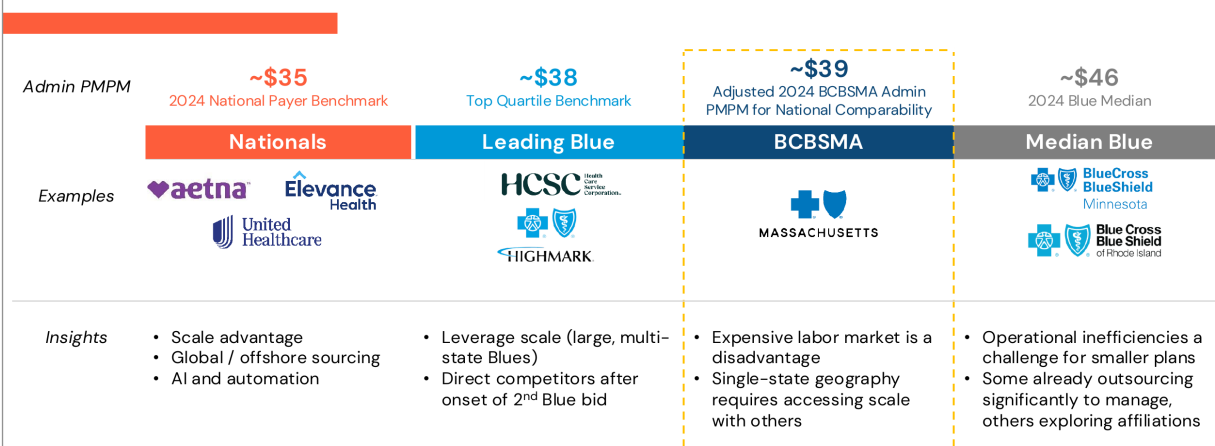
- Only include info that drives the story, everything else is background

### B. STATE WHAT THE DATA MEANS

Don't just show the chart —explain what it tells us and what comes next

- What's progressing
- What's stuck
- What needs input or alignment

### BCBSMA competes with players with dramatically different admin cost structures.



Lowering administrative costs while building the flexibility to be more modular for partnerships will help improve our competitiveness.

Admin PMPM figures reflect adjustments of BCBSMA's admin categorizations to ensure comparable spend between other plans. For example, this analysis added to admin some costs that BCBSMA categorizes as 'medical' within our clinical areas and removed fees related to our dental, vision, and stop loss.



# Competitors are winning the price war



~\$46  
Median Blue

~\$39  
BCBSMA

~\$38  
Leading Blue

- Scale advantage
- Global / offshore sourcing
- AI and automation

~\$35  
Nationals

- Expensive labor market is a disadvantage
- Single-state geography requires accessing scale with others

Our admin costs are competitive with other Blues ... but not against our rivals.

2024 Blue Median  
Adjusted 2024 BCBSMA Admin PMPM for National Comparability  
Top Quartile Benchmark  
2024 National Payer Benchmark

## BEST PRACTICES DATA

STEP 3 Thwart doubt with streamlined, validated data

A. RESIST DATA DUMPING Use no more than two key data points

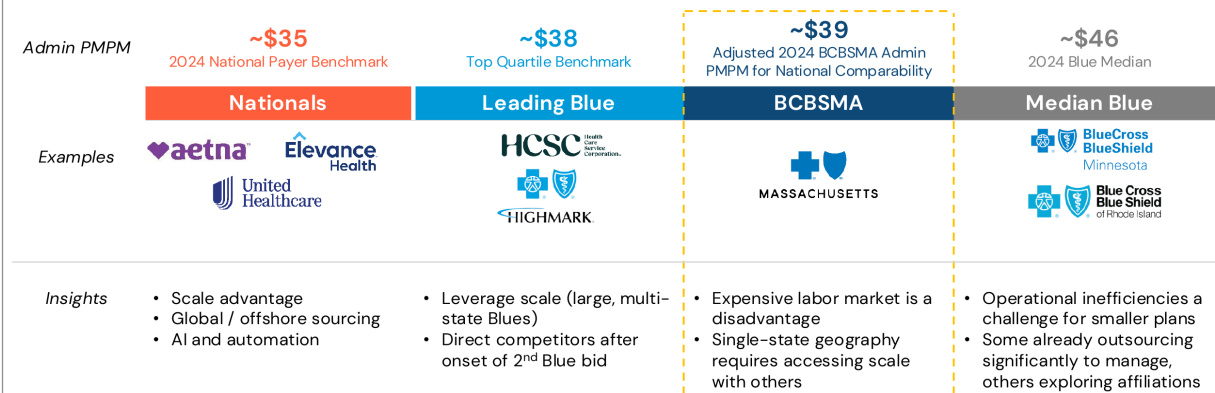
- Only include info that drives the story, everything else is background

### B. STATE WHAT THE DATA MEANS

Don't just show the chart —explain what it tells us and what comes next

- What's progressing
- What's stuck
- What needs input or alignment

### BCBSMA competes with players with dramatically different admin cost structures.



Lowering administrative costs while building the flexibility to be more modular for partnerships will help improve our competitiveness.

Admin PMPM figures reflect adjustments of BCBSMA's admin categorizations to ensure comparable spend between other plans. For example, this analysis added to admin some costs that BCBSMA categorizes as "medical" within our clinical areas and removed fees related to our dental, vision, and stop loss.



# DESIGN CLARITY | EXAMPLE

# BEST PRACTICES DESIGN

**COMMERCIAL STRATEGY UPDATE**

Presented by: Dave Corkum, Chief Commercial Officer

DOUG REHEAT  
JUNE 5, 2025

1: Cover Slide

**SUMMARY**

The commercial market is evolving—and it's not monolithic. Major shifts are playing out by sub-segment, with significant implications for our membership and financial performance.

Market forces are driving this change. Rising costs, labor competition, and underperforming legacy solutions are all pushing employees to rethink their coverage models.

Business is shifting away from fully insured to level-funded, capitated, professional employer organizations (PEOs), self-insured, and individual coverage health reimbursement arrangements (ICHRA)—as employees seek more flexibility, control and cost savings.

BCBSMA is heavily leveraged in large group insured. Our 55% share outpaces the Blue 50% nationally, but leaves us exposed as that segment shrinks.

Our strategy to improve our self-insured offering still holds, and we have made meaningful progress by building partnerships for the launch of key capabilities in 2025. We need to reinforce this approach by competing more effectively in additional models like level-funded, capitated and PEOs.

Employers want flexibility and results. To remain competitive, we must evolve our portfolio by strengthening our self-insured and alternative funding offerings, while making targeted improvements that deliver greater value across our entire commercial book.

**Discussion questions:**

- What guidance do you have on self-disrupting our traditional, higher-margin product offerings with new models that retain/deliver membership, though come with a lower margin?
- As the market moves toward these lower-margin models, what guidance do you have on how we position ourselves as a leader showing that shifts vs. as a follower learning from others' approaches?
- What feedback and guidance do you have on our approach to balancing near-term speed through partnerships with long-term strategic control as we broaden our commercial product portfolio?

2: Discussion Framing + Key Insights

We have about 2.5 million commercial members spread across our key segments. About two thirds are in self-insured products.

**15% OF MEMBERS** Multi-labor Self-insured (Includes BSA)

**8% OF MEMBERS** Merged Market Insured (Includes BSA)

**27% OF MEMBERS** Large Group (Commercial (H+)) Insured (Includes BSA)

**48% OF MEMBERS** Commercial Self-insured (Includes BSA)

**1.5% OF MEMBERS** Mutual Capital Insured (Includes BSA)

3: Segment Landscape Overview (Validating Data)

We lead in most commercial segments. However, our historically most profitable segments are declining, and our largest and growing segment – commercial self-insured – is the least profitable.

	Merged Market	Commercial Insured	Commercial Self-insured
BCBSMA Membership	35K	106K	1,104K
Share in Massachusetts	1%	4%	56%
2025 Revenue	\$150	\$470	\$470K
2025 Margin	(4.9%)	(4.6%)	(22.9%)
Growth Outlook	↓	↓	↑

4: Key Insight + Financial Implication

Employers are navigating rising costs and underperforming legacy solutions—and they are seeking better answers.

- RISING COST PRESSURE**
  - Rising medical and pharmacy costs.
  - Employers are more open to taking on-risk in pursuit of savings.
- COMPETITIVE LABOR MARKET**
  - Employers are focused on attracting and retaining talent.
  - Increasingly looking to tailor benefits that meet the unique needs of their workforce.
- UNDERPERFORMING INNOVATION**
  - High-promise concepts have failed to deliver, such as consumer-directed health plans and point solutions.
  - Employers are looking for innovation that delivers.

**INTERESTING COMPETITION**

- Nationals are serving large accounts with tailored self-insured solutions.
- They are gaining traction in smaller segments through alternative funding models.

**DEMAND FOR PERSONALIZED ENGAGEMENT**

- Focus on point solutions with measurable ROI and strong member engagement.
- Strong and growing interest in copay-based plans that are built using cost and quality data and designed to offer greater specificity and member control through clear copays and transparent pricing.

**OTHER FUNDING MODELS**

- Business is shifting away from fully insured to self-insured and alternative funding models.

Large national accounts are demanding integrated care-outs of key services, while smaller employers are increasingly drawn to alternative funding models.

5: Environmental Scan / Market Context

As membership moves toward self-insured, Blue plans are losing fully insured members while gaining fully insured share.

**2023 SHARE OF THE COMMERCIAL MARKET**

Overall (All payers- Blue and other plans)	BCBS (All Blue including BCBSMA)
Members	Members
2.5M	1.3M
27%	55%

Blue fully insured enrollment down but share is up. Blue self-insured enrollment is up, but growth lags competitors as self-insured share is down.

6: Trend Data (Validating Data)

BCBSMA has significant exposure to large group insured, and these shifts are already visible in our book.

We are highly leveraged in large group insured... and we are already seeing meaningful shifts.

- 50% BCBSMA share in large group insured compared to 47% for the Blue System.
- 7th largest Blue plan by large group insured membership.
- ~100K members lost in large group insured since 2020.
- ~30% in recent years, we have experienced a loss of direct fully insured members for our self-insured offering.

As we expand our product portfolio of relevant offerings, our goal is to strengthen our ability to recapture lost fully insured membership in other products.

7: Internal Diagnostic (Key Internal Risk)

BCBSMA competes with players with dramatically different admin cost structures.

Admin PMPM	-\$35	-\$38	-\$39	-\$46
2024 National Peer Benchmark	Top Quartile Benchmark	Admitted 2024 BCBSMA Annual Premium National Competitor	2024 Blue Median	
Nationals	Leading Blue	BCBSMA	Median Blue	

Insights:

- Scale advantages
- Global offshore sourcing
- AI and automation
- Leverage scale (large, multi-state Blue)
- Direct competitors allow with others
- Expensive labor market is a disadvantage
- Single-state geography requires accounting scale with others
- Operational inefficiencies a challenge for smaller plans
- Some already outsourcing significantly to manage others' employer affiliations

Leveraging administrative costs while building the flexibility to be more modular for partnerships will help improve our competitiveness.

8: Cost Benchmarking (Validating Data)

National competitors are investing heavily in their capabilities, presenting challenges for mid-sized Blue plans like BCBSMA.

To create value and maintain their strategic advantages, plans require massive capability investment.

Annual Health Plan Investments:

- \$40M (Small Plan)
- \$100M (Mid-Size Plan)
- \$400M (Large Plan)
- \$1B+ (National Plan)

Key Insights:

- BCBSMA's capital spending is up but not matching national peers.
- However, smaller- to mid-sized Blue plans cannot keep pace with investment of larger plans.
- However, national plans use their greater scale to invest more in absolute dollars.
- Investment scope also varies, with national seeing significant integrated healthcare services businesses.

9: Capability Gap Analysis (Validating Data)

Many employers are turning to alternative models in pursuit of greater flexibility, control and cost savings.

Model	Description	Employer Size	Level of Maturity	BCBSMA Availability
Traditional Self-insured	Full responsibility for costs - Employer assumes all risk/financing events	Large	Established	Available
Third-Party Administration (TPA)	TPA responsible for costs and general health plan administration with self-insured employer	Large	Established	Available & Improving
Capitated Plan	Fixed-fee per member per month - Employer pays a fixed monthly amount to cover costs for employees' care and expenses	Medium	New	Actively Implementing for Self-insured COOH
Professional Employer Organization (PEO)	Provider of self-insured health - Employer pays a fixed monthly premium to cover costs for employees' care and expenses	Small	Established	Accelerating
Level-Funded	Fixed monthly premium - Insurance company covers the risk and employer gets a potential refund	Medium	Intermediate	Developing for 100+
Traditional Fully Insured	Fixed monthly premium - Insurance company covers the risk and employer gets a potential refund	Medium	Established	Available
Individual Coverage Health Reimbursement Arrangement (ICHRA)	Flexible employee choice - Employer provides a defined monthly amount for employees to buy individual health insurance	Small	New	Developing Strategy

10: Overloaded: Landscape Mapping + Strategic Positioning + Risk Context

Individual Coverage Health Reimbursement Arrangements (ICHRA) offer an alternative to traditional group plans.

**When did ICHRAs start?**

Federal regulations created ICHRAs in 2020 and consumers could first enroll January 1, 2020.

**How do ICHRAs work?**

- Employers set a maximum allowance per employee.
- Employees purchase individual health insurance and spend money on healthcare (at the merged market in Massachusetts).
- Employees request reimbursement for premiums and potentially other qualifying medical expenses.
- Employers provide employees with tax-free reimbursement up to the maximum allowance.

**Why ICHRAs?**

**Benefits for employers:**

- Employee-defined reimbursement limits – letting them choose their own fixed healthcare cost.
- Flexibility to set different limits or offer / not offer ICHRAs to different classes of employees.
- To date, has appealed most to employees with seasonal workers, lower-wage workers, high turnover, and a mix of salaried and hourly workers.

**Benefits for employees:**

- More options and control when choosing a health plan.
- Can stay on their same plan when leaving a job.

11: Explainer

ICHRA adoption has risen, and we anticipate continued market interest.

**DEGREE OF ACCOUNT INTEREST**

High: 56%, Medium: 30%, Low: 14%

**ICHRA ENROLLMENT GROWTH POTENTIAL**

The biggest driver for ICHRAs will be if individual market plans become less expensive than group plans.

44% of executives National plan

**OUR POSTURE: POSITION TO CAPTURE GROWTH**

Progress to capture individual enrollment from groups using ICHRAs, but not accelerate adoption.

12: Market Opportunity Scan (Validating Data)

Our response to market shifts: Strengthen our self-insured and alternative offerings, while making targeted improvements across our business.

- IMPROVE SELF-INSURED OFFERINGS** - To win large national self-insured accounts
- STRENGTHEN PRODUCT AND FUNDING MODELS** - To recapture membership that shifts out of fully insured
- TARGET IMPROVEMENTS ACROSS OUR BOOK** - To prepare our value for near and distant markets, such as enhanced care and account tools

A drilldown on each of these three strategic priorities is included in the following pages.

13: Strategic Response Summary

We are taking targeted steps to improve our win rate with large national self-insured accounts.

NEAR TERM (WITHIN 1 YEAR)	MEDIUM TERM (1-2 YEARS)	LONG TERM (2+ YEARS)
<ul style="list-style-type: none"> <li>Third-Party Administration Partnership - Strategic National Alliance as our near-term, high-growth administrative TPA partner</li> <li>Implementing the TPA platform in 2025, providing large, corporate accounts with a near-term solution for customized benefits</li> <li>Nationally Tiered Product with Copay-Shared Plan - Introducing a new product in 2025 that addresses employer needs for the value-based performance across the National Alliance for largest accounts</li> <li>Point Solution Platform - Evaluation of point solution platform that aggregates offerings for COOH launch</li> <li>Address Non-Standard Requests - Offer timely and effective responses to customized account requests</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced National Sourcing - Improve national sourcing with BCBSMA's Find a Doc tool and SmartShopper incentives</li> <li>Point Solution Navigation &amp; Experience - Offer navigation to point solutions and improved member experience</li> </ul>	<ul style="list-style-type: none"> <li>Enhance BSA or Acquire TPA - Enhance that BSA with enhanced BSA and acquire TPA with enhanced capabilities</li> <li>Enhance Core Platform - Optimize through partnerships with another Blue or large NASCO enhancements</li> <li>All-Driven Navigation and Experience - Leverage AI for enhanced, proactive navigation and experience</li> </ul>

14: Strategy Drilldown (1 of 3)

We need to complement self-insured improvements with stronger product and funding models to recapture more membership.

LEVEL-FUNDED	CAPTIVES	PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)	ICHRA
<ul style="list-style-type: none"> <li>We re-evaluated our existing offering to the 50-employee group to the 100-employee group to better align with market demand</li> <li>Continually evaluating the 100-500 employee segment to balance growth potential with margin discipline</li> </ul>	<ul style="list-style-type: none"> <li>Evaluating captives as a potential addition to our alternative funding portfolio</li> <li>Tracking account movement to determine market impact and inform future product development</li> </ul>	<ul style="list-style-type: none"> <li>Building and elevating marketing for Core PEO to drive awareness and growth</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring the ICHRA market for opportunities to approach the individual market</li> <li>Exploring launch of a highly affordable product in 2025 designed to grow and retain membership in the price-sensitive individual market</li> </ul>

15: Strategy Drilldown (2 of 3)

More broadly, we will take steps to strengthen performance across our commercial book to enhance our value to accounts.

- STRATEGIC PRICING** - Price based on value we deliver to accounts, rather than the value they bring us, while leveraging shared savings opportunities to enhance mutual benefits
- SALES CRM** - Launch a streamlined sales CRM/ Customer relationship management to enhance our experience, account management, sales reporting, and sales team capacity
- TOTAL COST OF CARE POSITION** - Clearly articulate and defend our total cost of care position, emphasizing our strengths in cost efficiency
- EMPLOYER PORTAL** - Launch an employer portal that enables full digital self-service for BCBSMA accounts, accelerating access and responsiveness and strengthening engagement
- SALES TEAM ANALYTIC TOOLS** - Enhance transparency and leverage data-driven insights to optimize our prospecting and recruitment strategies
- CONSUMER EXPERIENCE** - Leverage our strengths in consumer experience and service, and enhance our capability that guide members to the right care at the right time and place

16: Strategy Drilldown (3 of 3)

**DISCUSSION QUESTIONS**

- What guidance do you have on self-disrupting our traditional, higher-margin product offerings with new models that retain/deliver membership, though come with a lower margin?
- As the market moves toward these lower-margin models, what guidance do you have on how we position ourselves as a leader showing that shifts vs. as a follower learning from others' approaches?
- What feedback and guidance do you have on our approach to balancing near-term speed through partnerships with long-term strategic control as we broaden our commercial product portfolio?

17: Discussion Framing / Questions (Duplicate of Slide 2)

## STEP 4 Use design to clarify by cueing the role of each slide

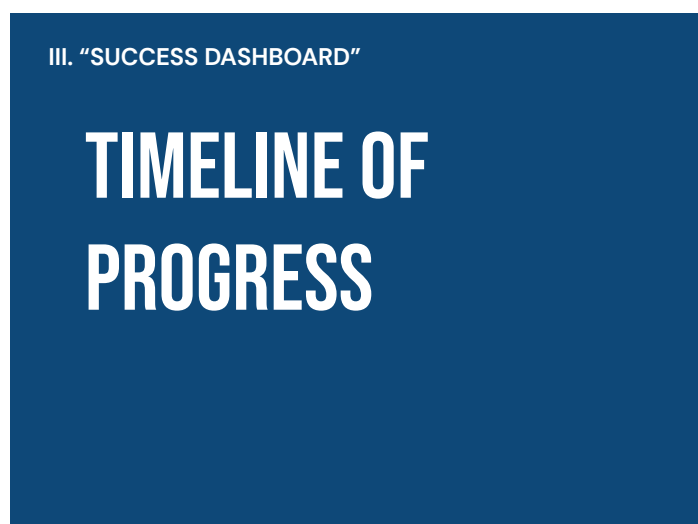
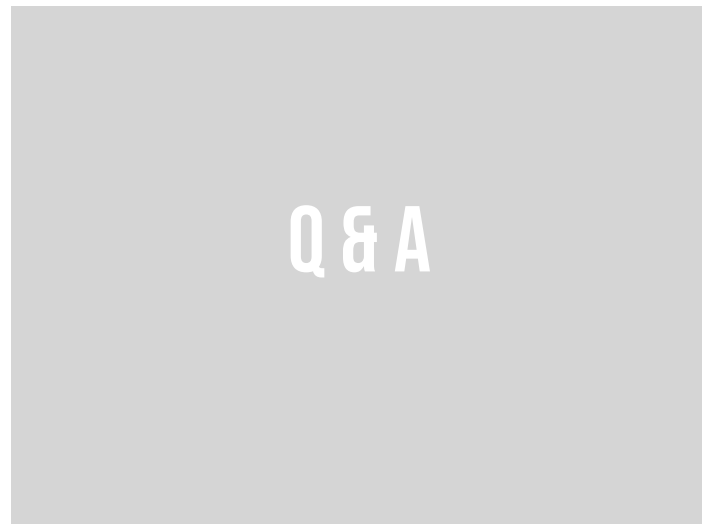
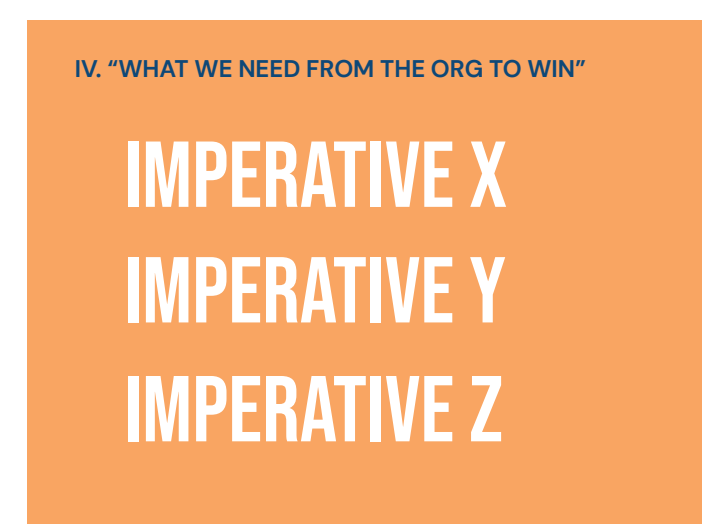
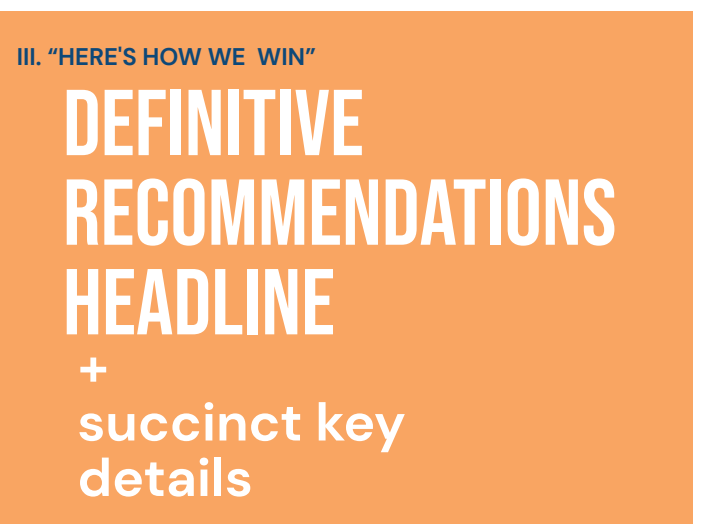
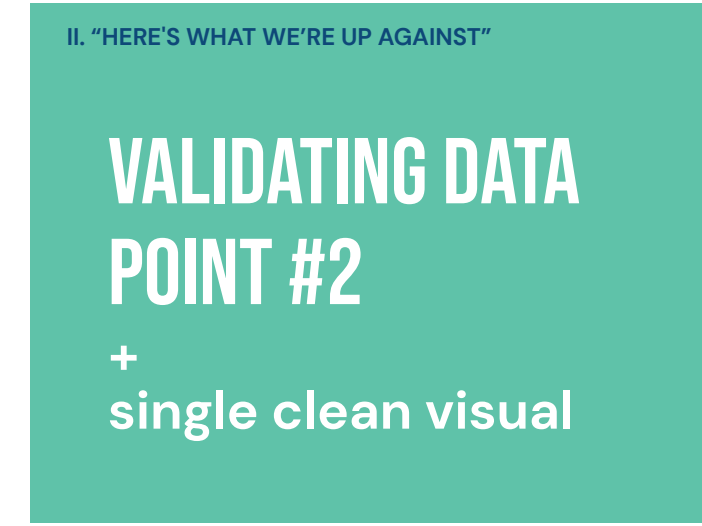
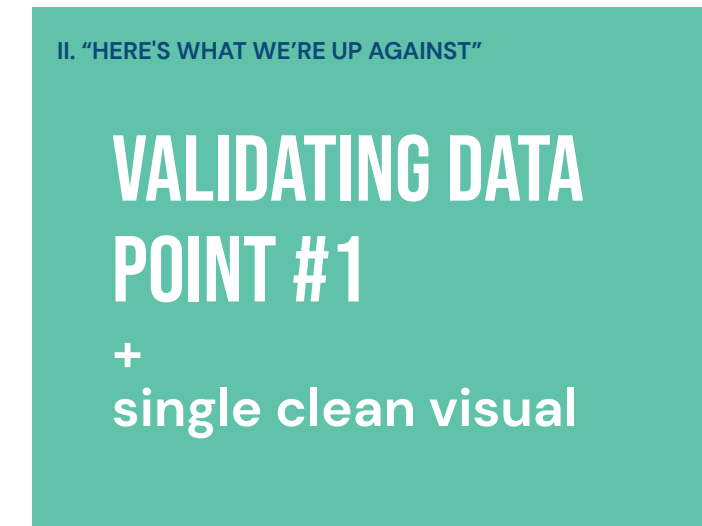
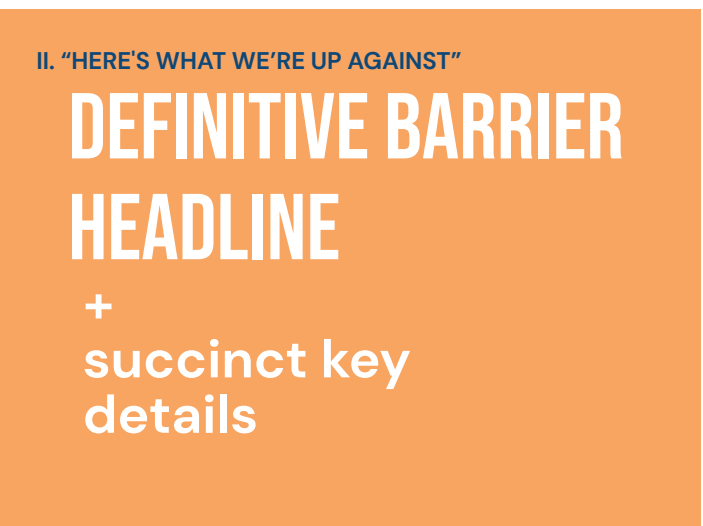
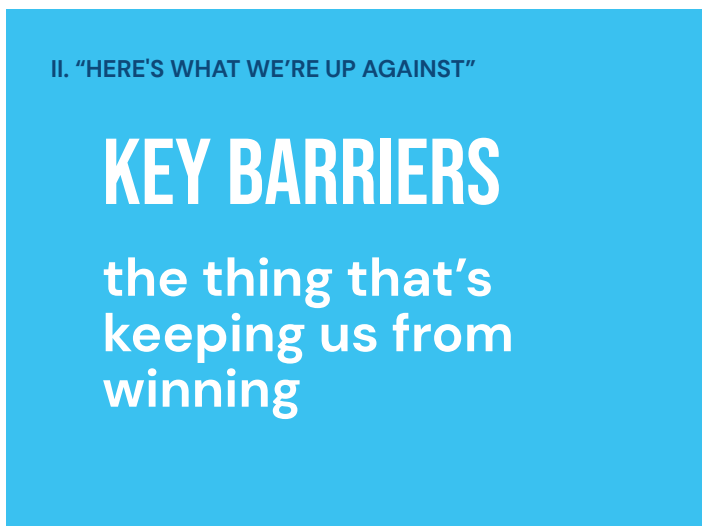
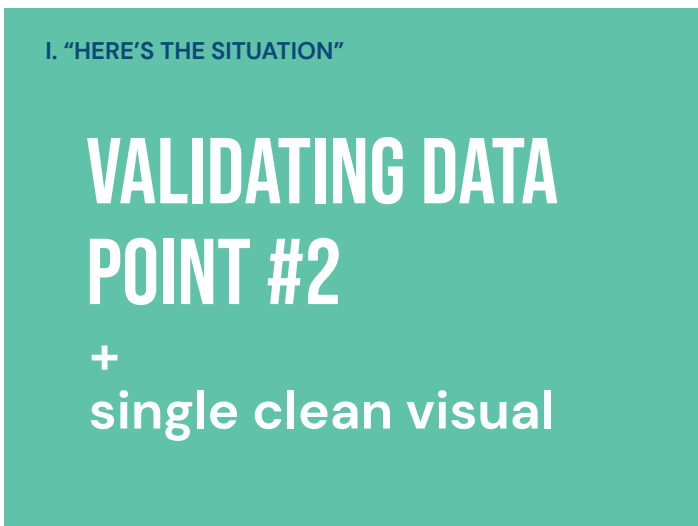
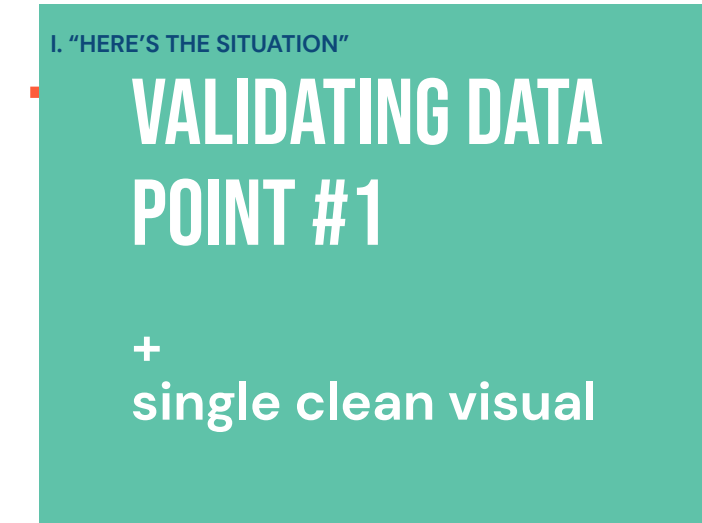
Our current graphic system doesn't tell us where we are in the story



# DESIGN CLARITY | EXAMPLE



1: Cover Slide



= PLOT POINT TEMPLATE | Design Role: "Where am I in the story?"



= HEADLINE TEMPLATE | Design Role: "News I need to know"



= VALIDATION TEMPLATE | Design Role: "Data that gives me confidence in the plan"



= TIMELINE OF PROGRESS TEMPLATE | Design Role: "Is this helping us meet the Business Plan Priorities?"

## BEST PRACTICES DESIGN

**STEP 4 Use design to clarify** by cueing the role of each slide

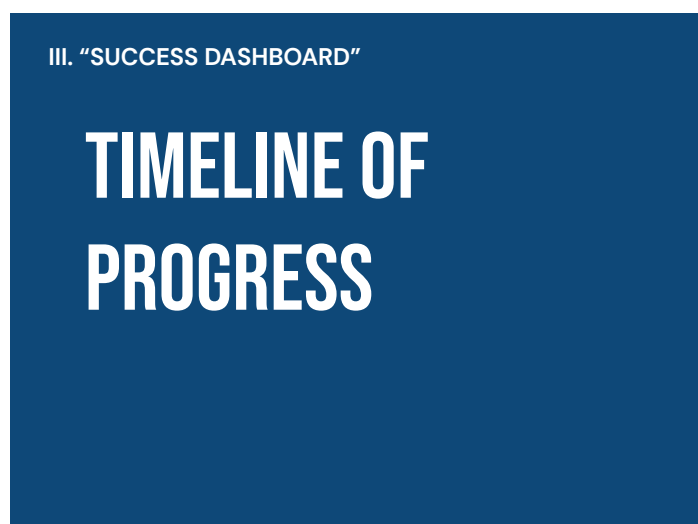
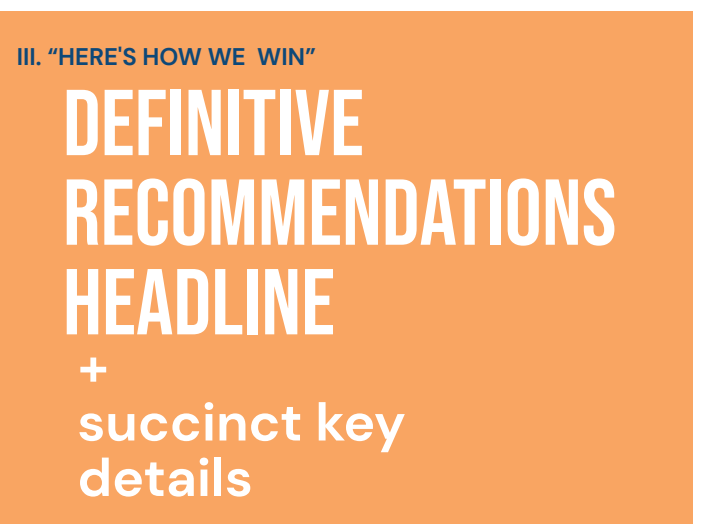
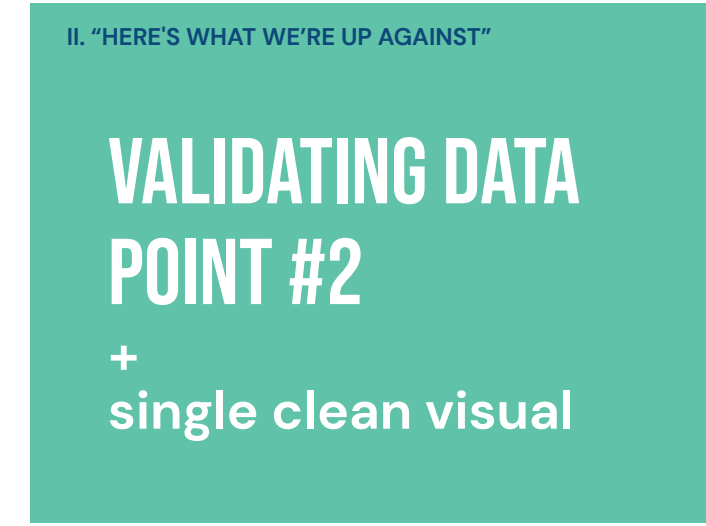
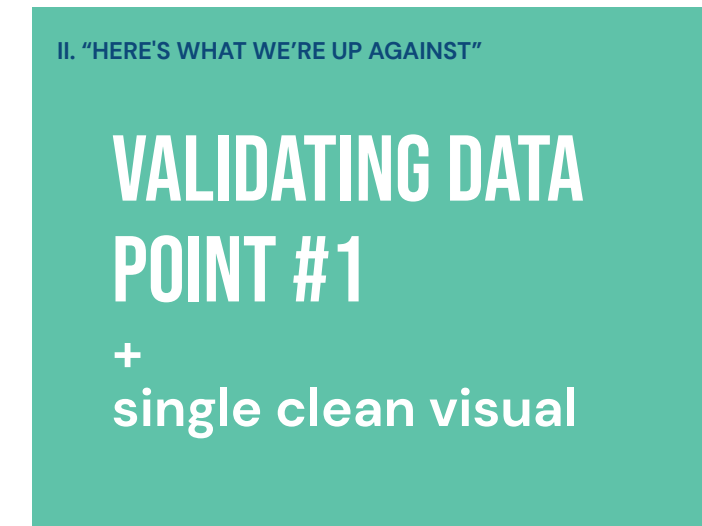
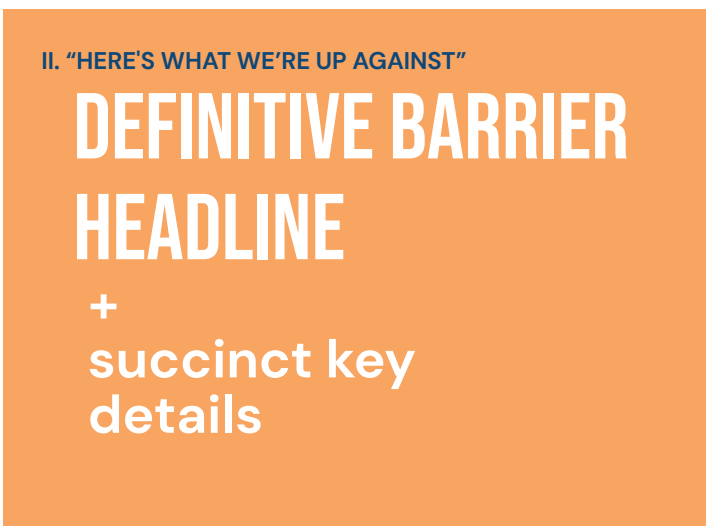
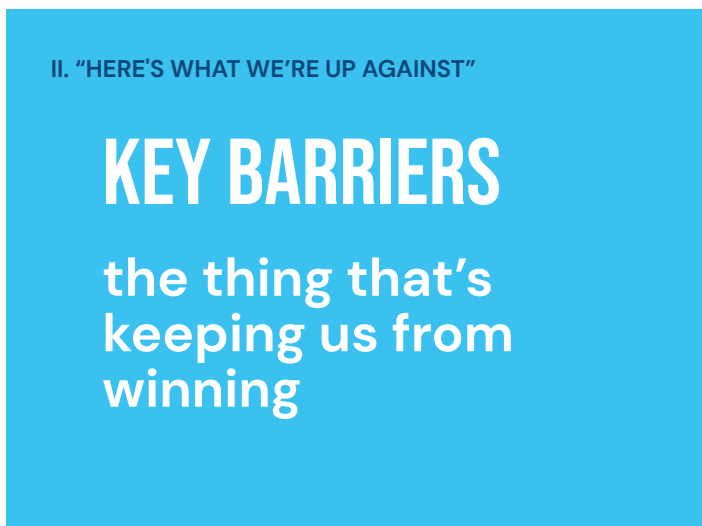
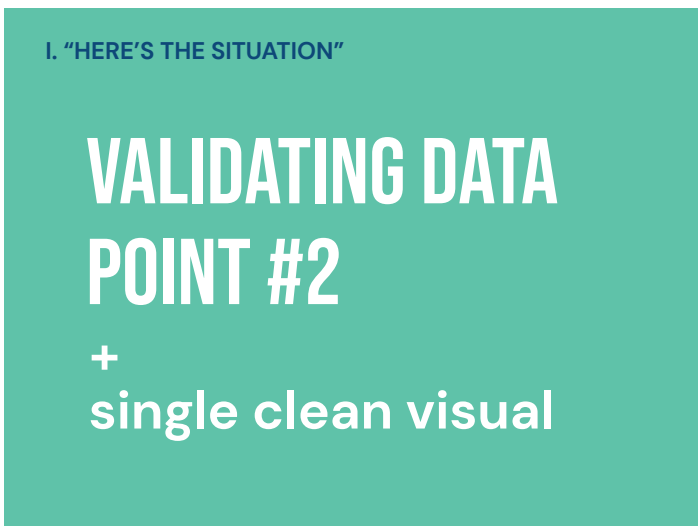
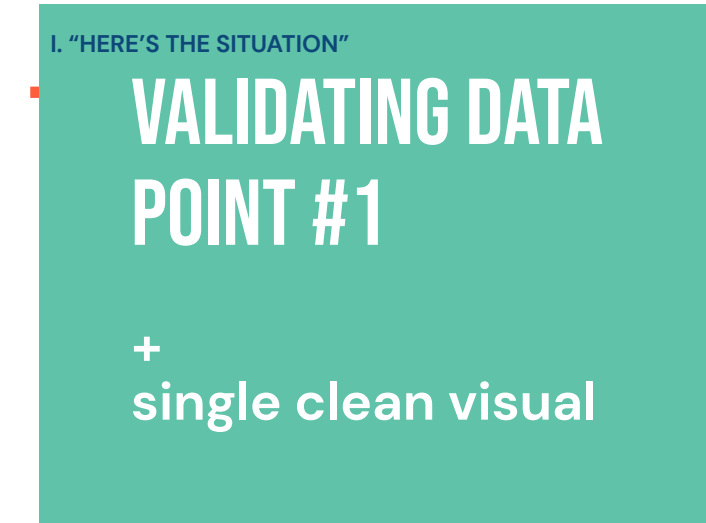
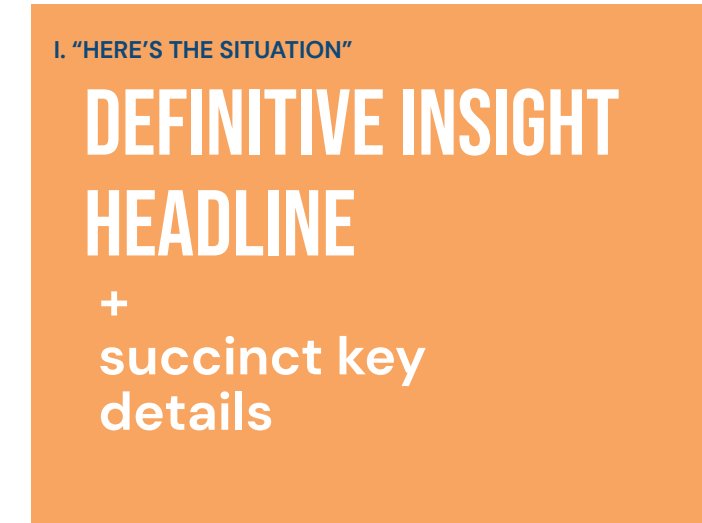
**A. VISUALLY CUE THE ROLE OF EACH SLIDE** Update visual system so the 'job' of each slide is signaled by its design - Use consistently in every deck



# DESIGN CLARITY | EXAMPLE



1: Cover Slide



= PLOT POINT TEMPLATE | Design Role: "Where am I in the story?"



= HEADLINE TEMPLATE | Design Role: "News I need to know"



= VALIDATION TEMPLATE | Design Role: "Data that gives me confidence in the plan"



= TIMELINE OF PROGRESS TEMPLATE | Design Role: "Is this helping us meet the Business Plan Priorities?"

## BEST PRACTICES DESIGN

**STEP 4 Use design to clarify** by cueing the role of each slide

**A. VISUALLY CUE THE ROLE OF EACH SLIDE** Update visual system so the 'job' of each slide is signaled by its design - Use consistently in every deck

**B. USE WHITE SPACE STRATEGICALLY** Help people focus. Give their brains space to absorb what matters.

**C. ONE POINT PER SLIDE** Keep it focused. Each slide should have one role and keep supporting detail to the minimum



## RECOMMENDED STORY | SUMMARY

### I. We're not losing all our business — just the profitable part

- We are gaining share in low-margin areas (like self-insured) while losing share in high-margin segments (like fully insured large group)
- Our client mix is trending toward unprofitability

validation validation validation

### II. Competitors are winning the price war and investment war

- They're leaner, faster, and investing more
- We can't match their cost structure or capabilities today

validation validation validation

### III. Here's how we start to win

- ICHRAs are a potential bright spot — but we need to move quickly and build real differentiation

validation validation validation

### IV: These are the imperatives we're asking you to support

“Because we're losing profitable business and gaining unprofitable business, our historic strengths are no longer aligned with market direction. We must change our client mix (**by doing X**), operating model (**by doing Y**), and growth priorities (**by doing Z**) — fast — or we'll lead the market into a margin dead end.”

Macro Priorities — ‘Timeline of Progress’

# Our goal today: Endorse today's Narrative protocols and apply our best practices to September's leadership updates

## BEST PRACTICES

### CREATING CONSISTENT STRUCTURE

A clear narrative arc with clearly defined roles for every slide.

**STEP 1 Organize around a few big plot points** that in plain language capture:  
I) Our Insights  
II) Barriers  
III) The Path Forward

**STEP 2 Build the case with short, definitive headlines** that add detail  
- Be direct, don't bury the lede

**STEP 3 Thwart doubt** with streamlined, validated data

**STEP 4 Use visuals to clarify** through design best-practices

**STEP 5 Anchor back to goals** — the 5 Macro Priorities

STORYTELLING

# THE ASSIGNMENT



MASSACHUSETTS



# Develop design templates that create visual distinction between the 3 slide typologies

## I. We're not losing all our business — just the profitable part

- We are gaining share in low-margin areas (like self-insured) while losing share in high-margin segments (like fully insured large group)
- Our client mix is trending toward unprofitability

validation validation validation

## II. Competitors are winning the price war and investment war

- They're leaner, faster, and investing more
- We can't match their cost structure or capabilities today

validation validation validation

## III. Here's how we start to win

- ICHRAs are a potential bright spot — but we need to move quickly and build real differentiation

validation validation validation

## IV: These are the imperatives we're asking you to support

**“Because we’re losing profitable business and gaining unprofitable business, our historic strengths are no longer aligned with market direction. We must change our client mix (by doing X), operating model (by doing Y), and growth priorities (by doing Z) — fast — or we’ll lead the market into a margin dead end.”**

Macro Priorities — ‘Timeline of Progress’



# Develop design templates that create visual distinction between the 3 slide typologies

## I. We're not losing all our business — just the profitable part

- We are gaining share in low-margin areas (like self-insured) while losing share in high-margin segments (like fully insured large group)
- Our client mix is trending toward unprofitability

validation validation validation

## II. Competitors are winning the price war and investment war

- They're leaner, faster, and investing more
- We can't match their cost structure or capabilities today

validation validation validation

## III. Here's how we start to win

- ICHRAs are a potential bright spot — but we need to move quickly and build real differentiation

validation validation validation

## IV: These are the imperatives we're asking you to support

“Because we're losing profitable business and gaining unprofitable business, our historic strengths are no longer aligned with market direction. We must change our client mix (by doing X), operating model (by doing Y), and growth priorities (by doing Z) — fast — or we'll lead the market into a margin dead end.”

Macro Priorities — 'Timeline of Progress'

### 1. PLOT POINT SLIDE

**ROLE:** Cues the narrative is progressing to a major new point

- Visually works as a 'chapter' header
- Consider bigger, bolder use of font or color
- Consider a visual background to signal that progression of the story

### 2. DEFINITIVE HEADLINE SLIDE

**ROLE:** Provides pertinent details

- Each slide should prioritize a single supporting headline that tells a key piece of 'news' of the chapter
- A short amount of copy to support details
- A visual or two that helps illustrate this 'news' might help. But they are not necessary

### 3. DATA VALIDATION SLIDE

**ROLE:** Present clean, irrefutable supporting facts to remove doubt

- How does this format visually stand out from the other two?
- Must be flexible enough to support many forms of data, but have formatting cues that set the design apart



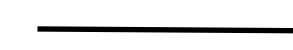
II. Competitors are winning the price war and investment war



1. PLOT POINT SLIDE

For the template exercise, use these elements

- They're leaner, faster, and investing more



2. DEFINITIVE HEADLINE SLIDE



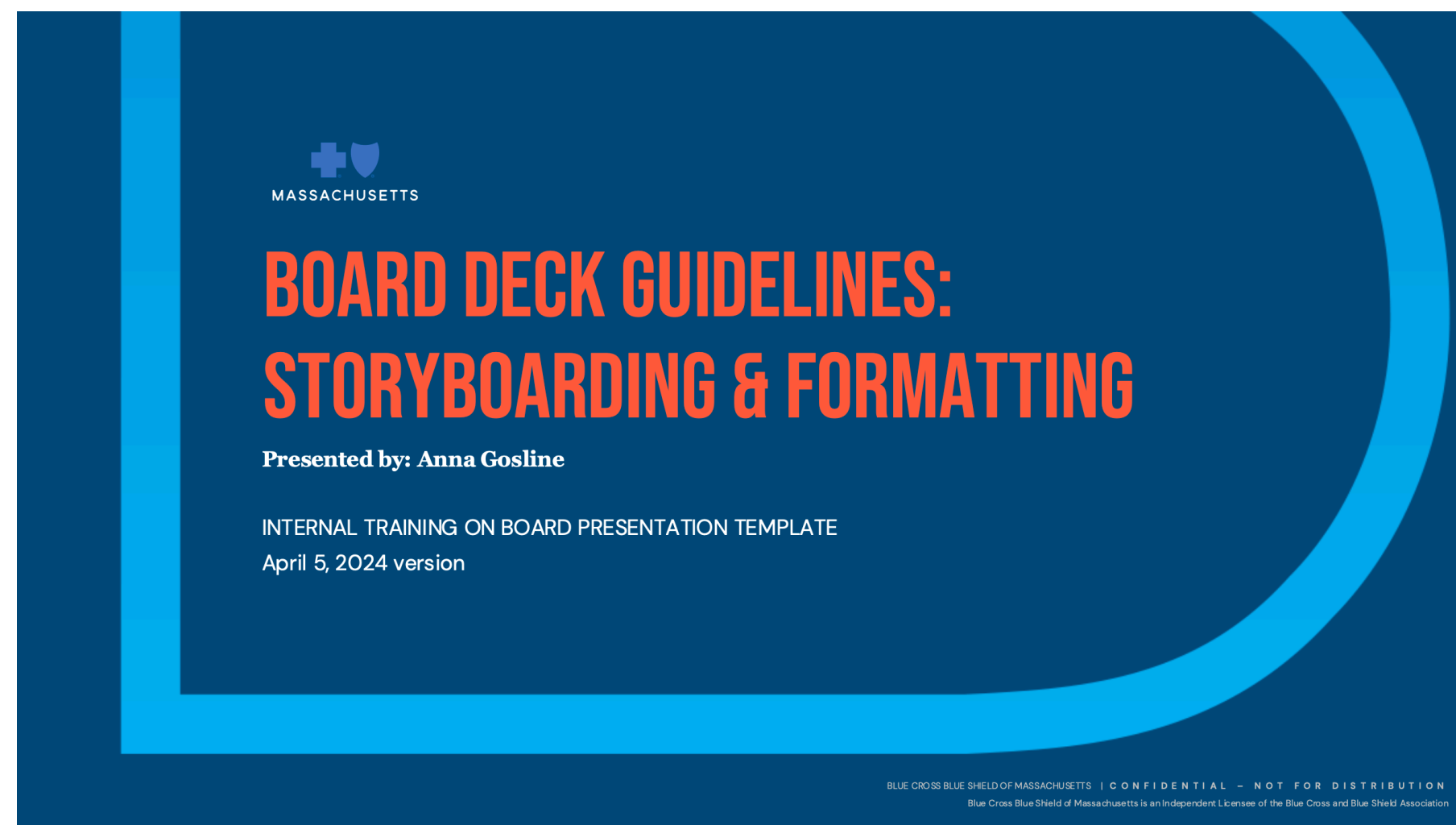
3. DATA VALIDATION SLIDE



## REFERENCES

Do your best to follow the Board Guidelines as a starting point, but call out when you feel the 'rules' inhibit our design objectives

For reference, the Board Retreat deck is also available for your review



STORYTELLING

# THE SCHEDULE

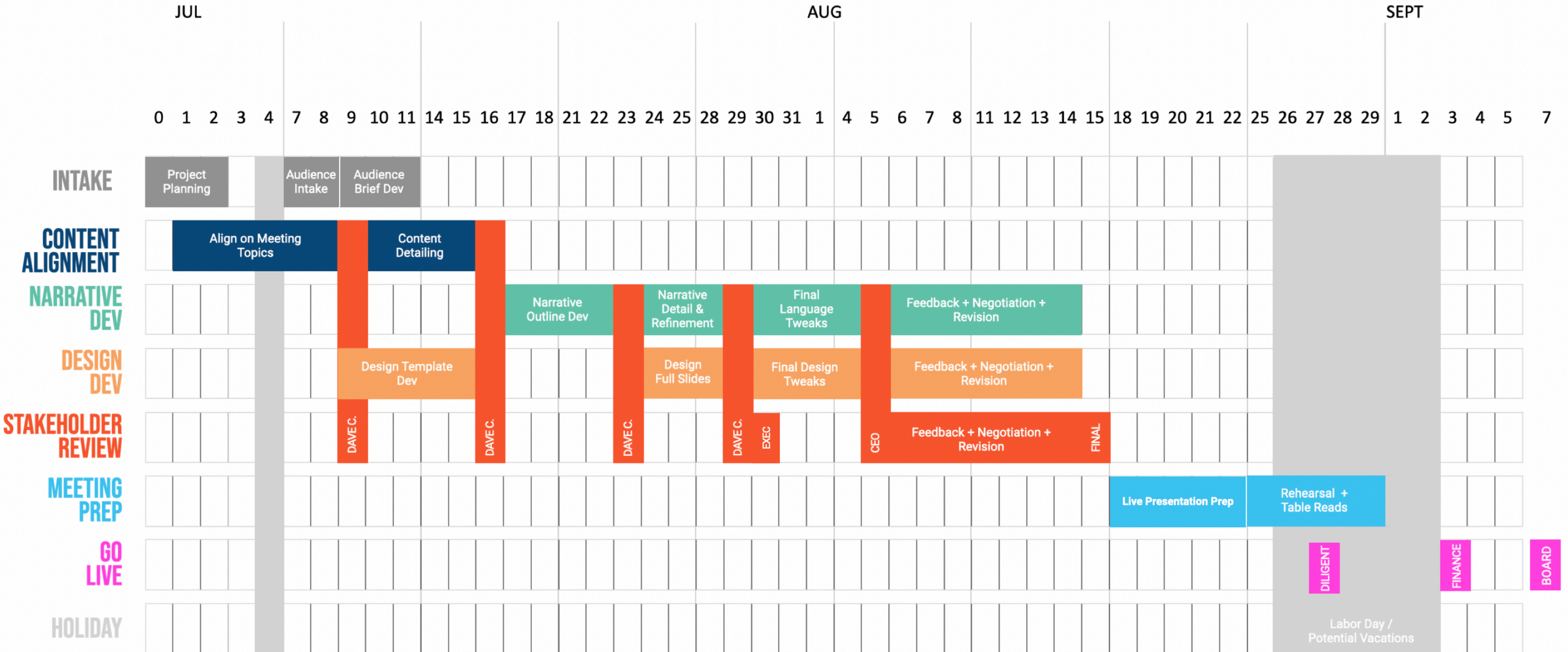


MASSACHUSETTS



# OUR ROADMAP

## Building stronger executive narratives: a timeline





MASSACHUSETTS

**THANKS**