



RGA

Large Medical & Rx Claims
Trends, new realities, and funding
from a health reinsurance perspective

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Who We are

- David Vnenchak is the Senior Vice President in charge of RGA's Healthcare Quota Share line of business. Prior to overseeing this line of business he spent almost ten years as the VP and actuary in charge of this business line. He has over 20 years of experience in healthcare insurance and reinsurance. He is a Fellow of the Society of Actuaries and a Member of the American academy of actuaries.

RGA at a Glance – RGA is Unique



RGA is the only global reinsurer focused exclusively on the life and health industry

RGA applies global resources and proven expertise to help clients achieve their goals

RGA anticipates market needs to help clients navigate an evolving insurance landscape

Total Assets

\$64.5 billion

Market Capitalization

\$8.8 billion

Total Net Premiums in 2018

\$10.5 billion

Total Revenues in 2018

\$12.9 billion

Net Income in 2018

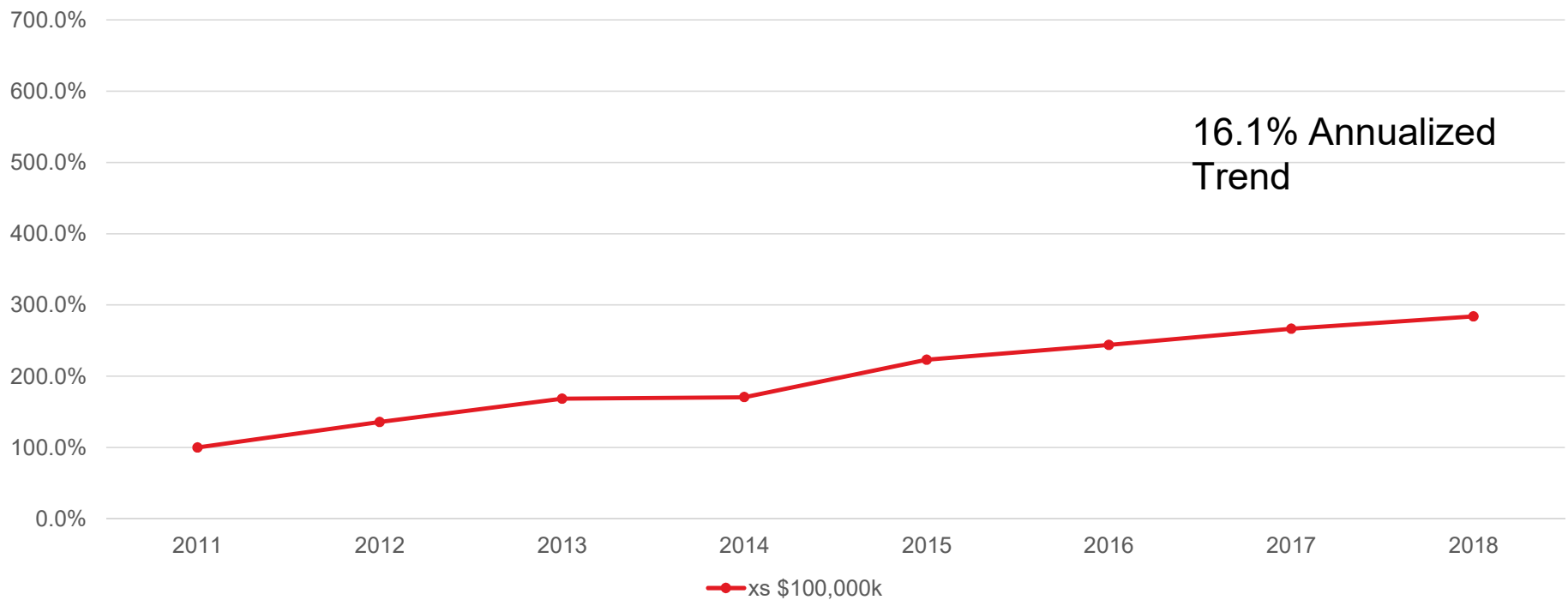
\$715.8 million

Financials as of December 31, 2018

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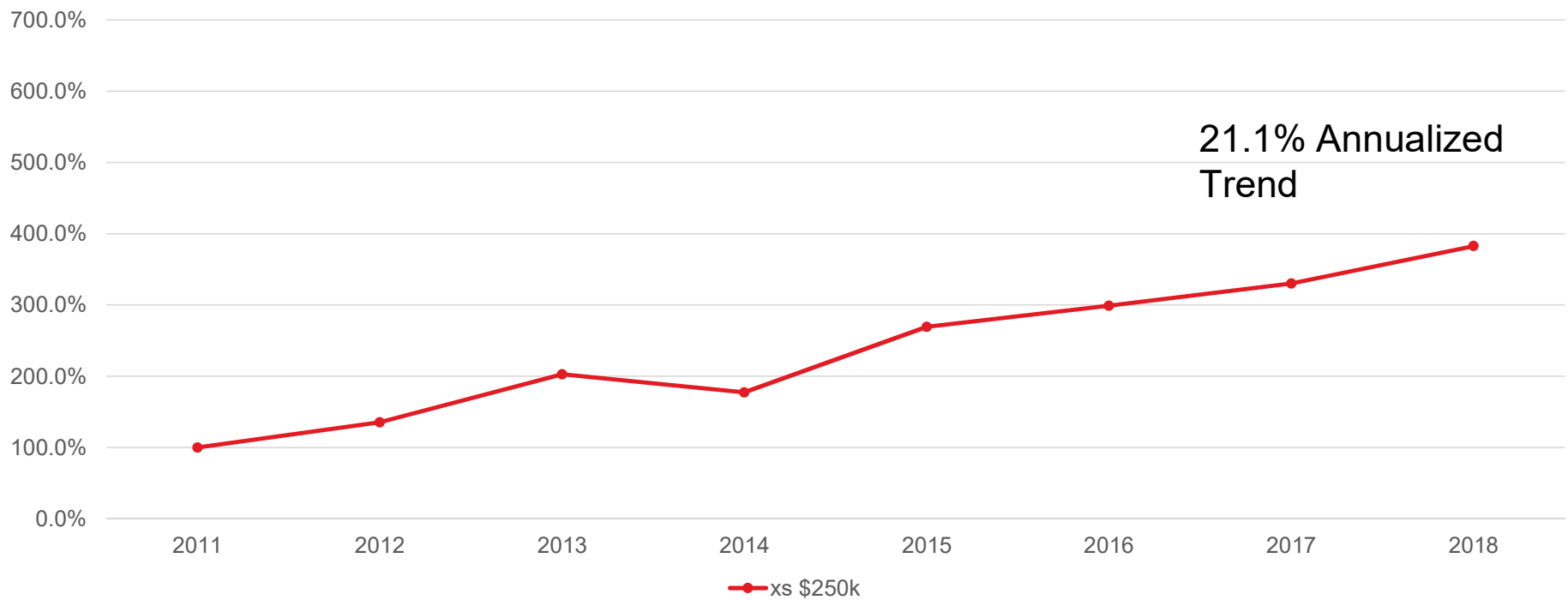
Employer Stop Loss claim frequency – xs \$100k

Claims per 100,000 Ees, Indexed to 2011



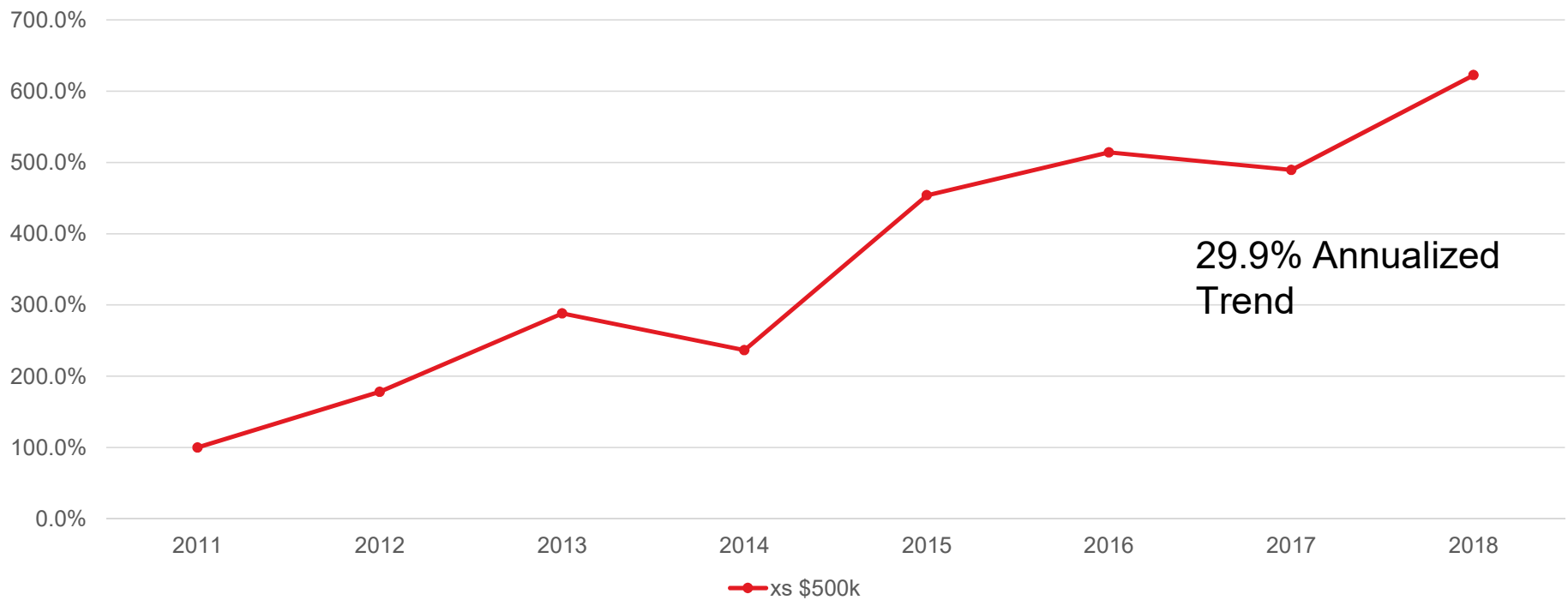
Employer Stop Loss claim frequency – xs \$250k

Claims per 100,000 Ees, Indexed to 2011



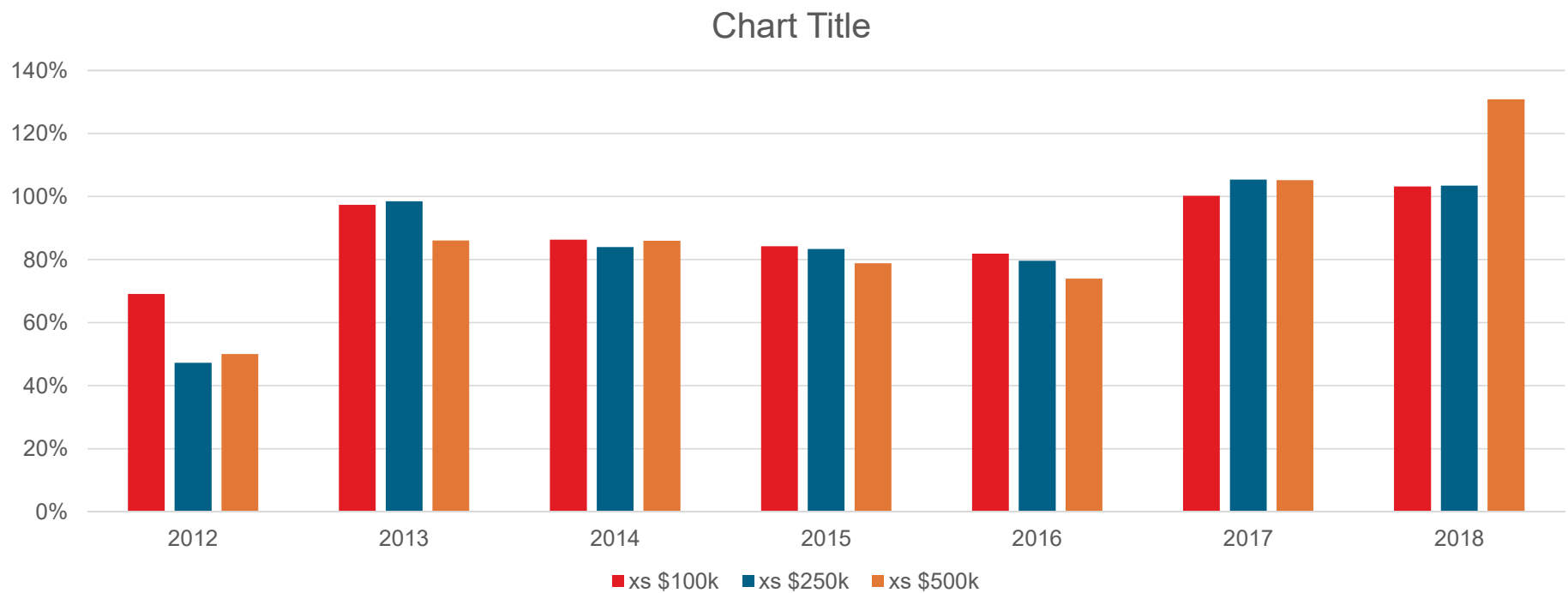
Employer Stop Loss claim frequency – xs \$500k

Claims per 100,000 Ees, Indexed to 2011



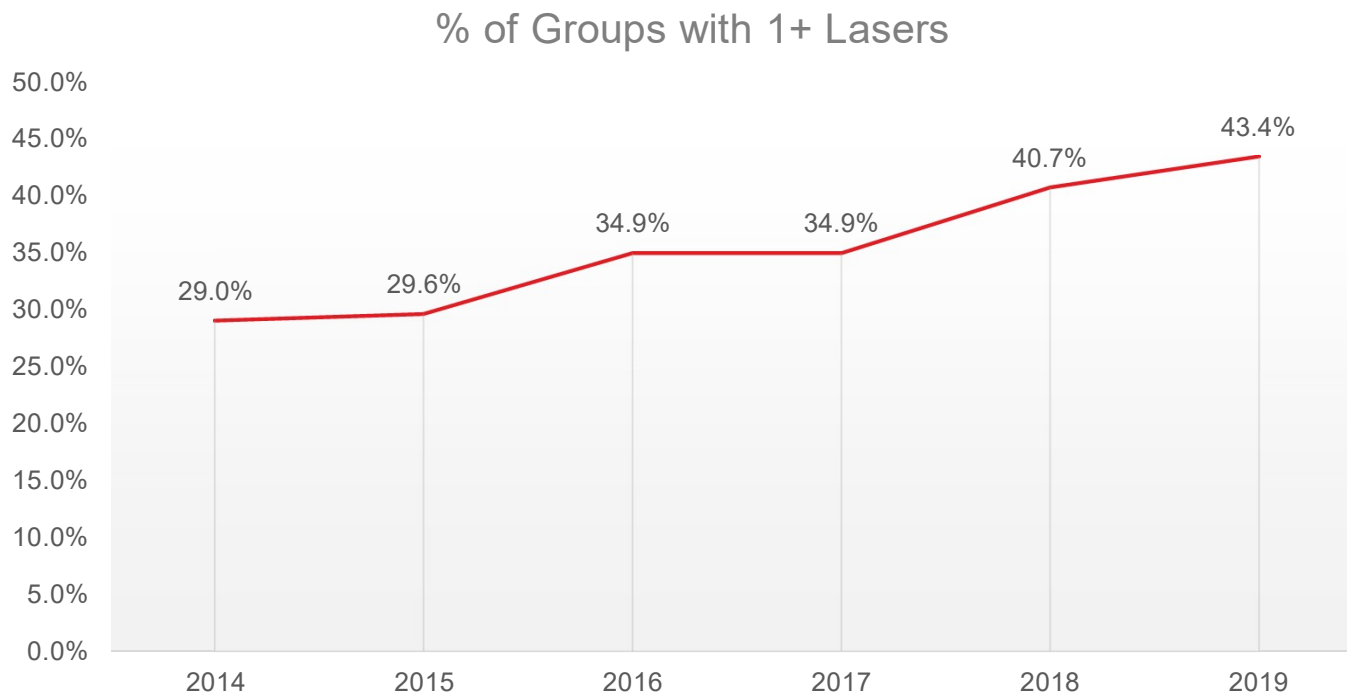
Claim Cost PEPM relativities BUCA vs. TPA business

BUCA Administered business vs. TPA Administered business



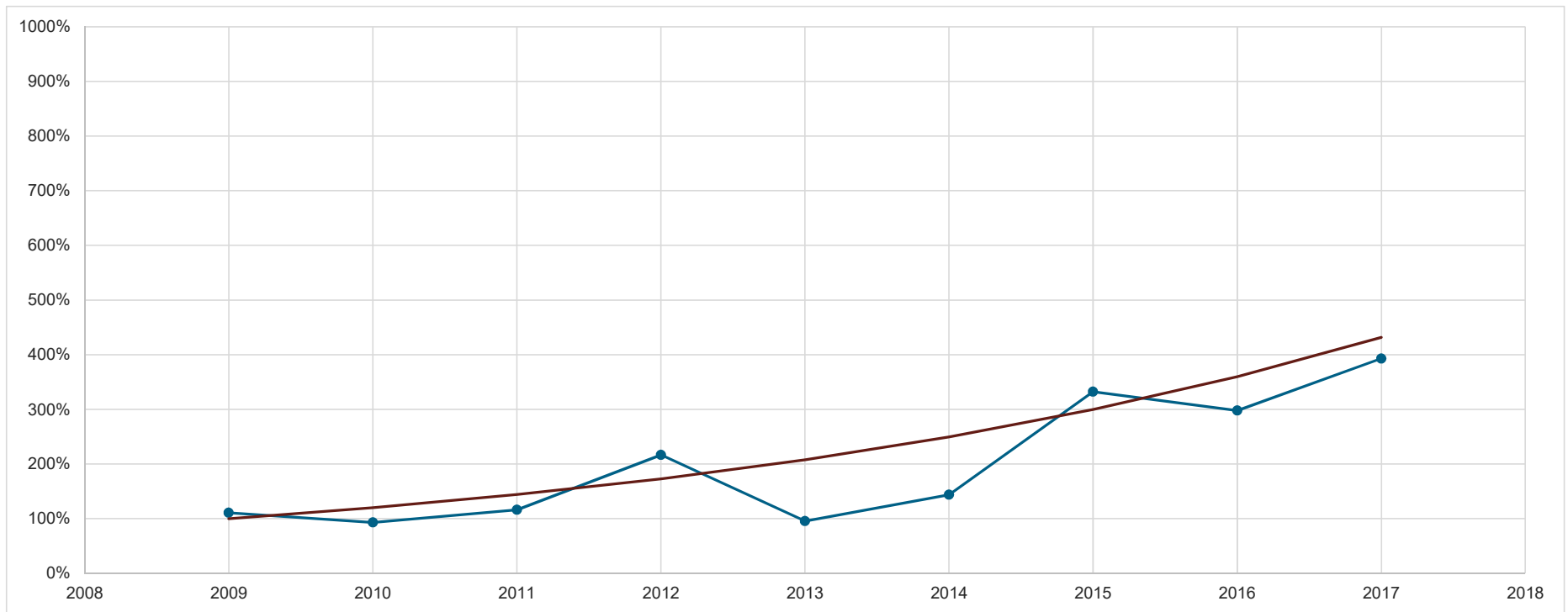
Data Analytics – Laser Prevalence

Lasers are becoming more common



Claim Cost per Layer - \$1 million xs of \$1 million

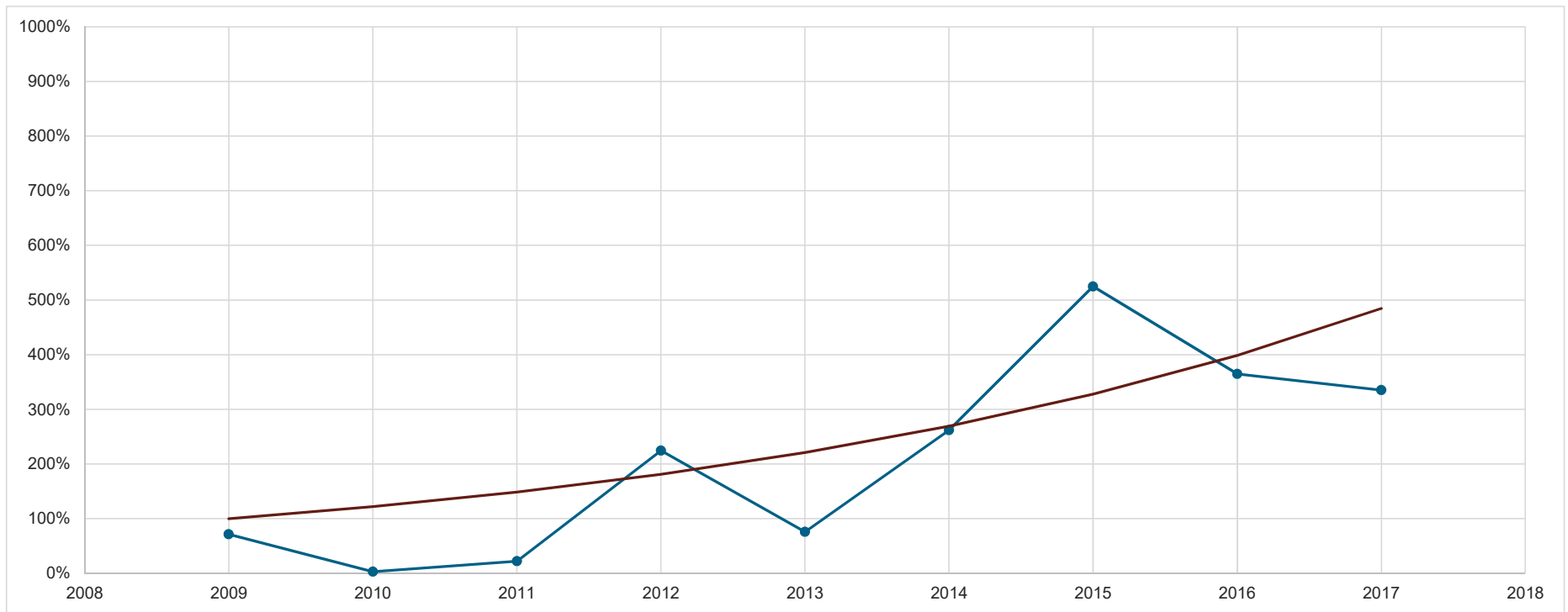
Indexed to 2009



RGA Commercial Experience Database 2009 – through 12/31/2018

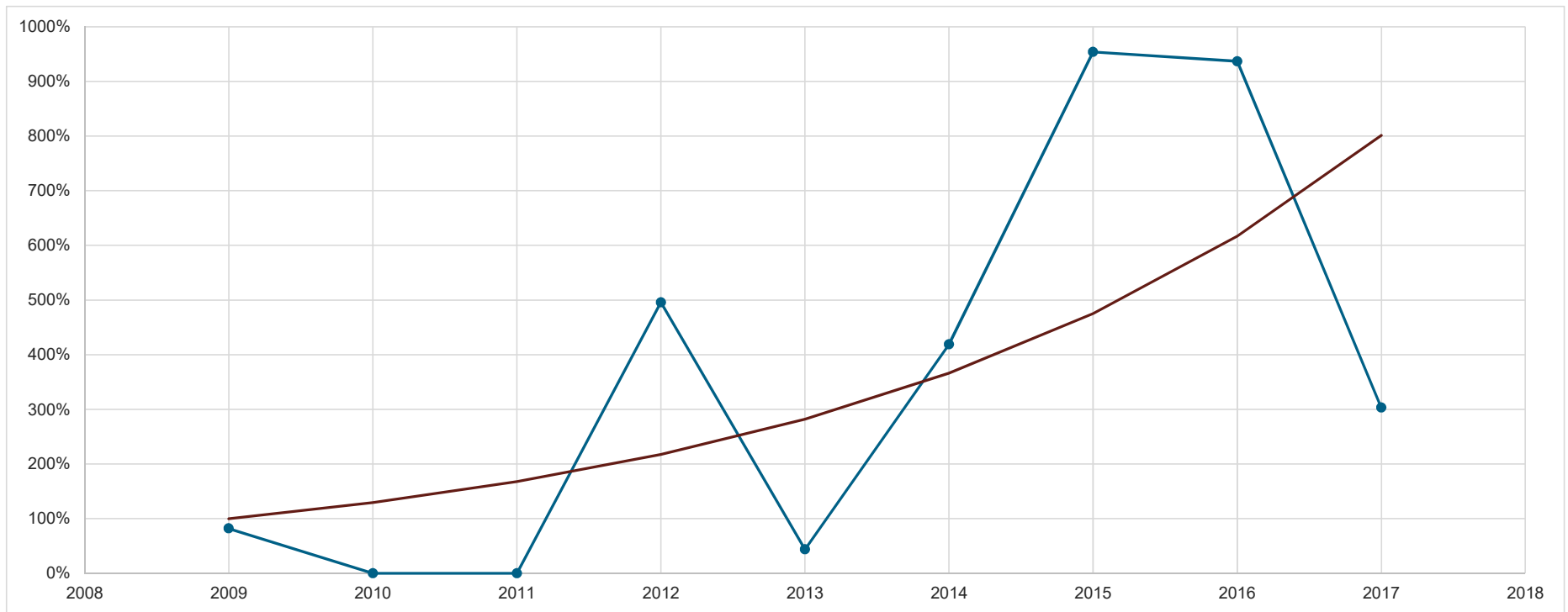
Claim Cost per Layer - \$1 million xs of \$2 million

Indexed to 2009



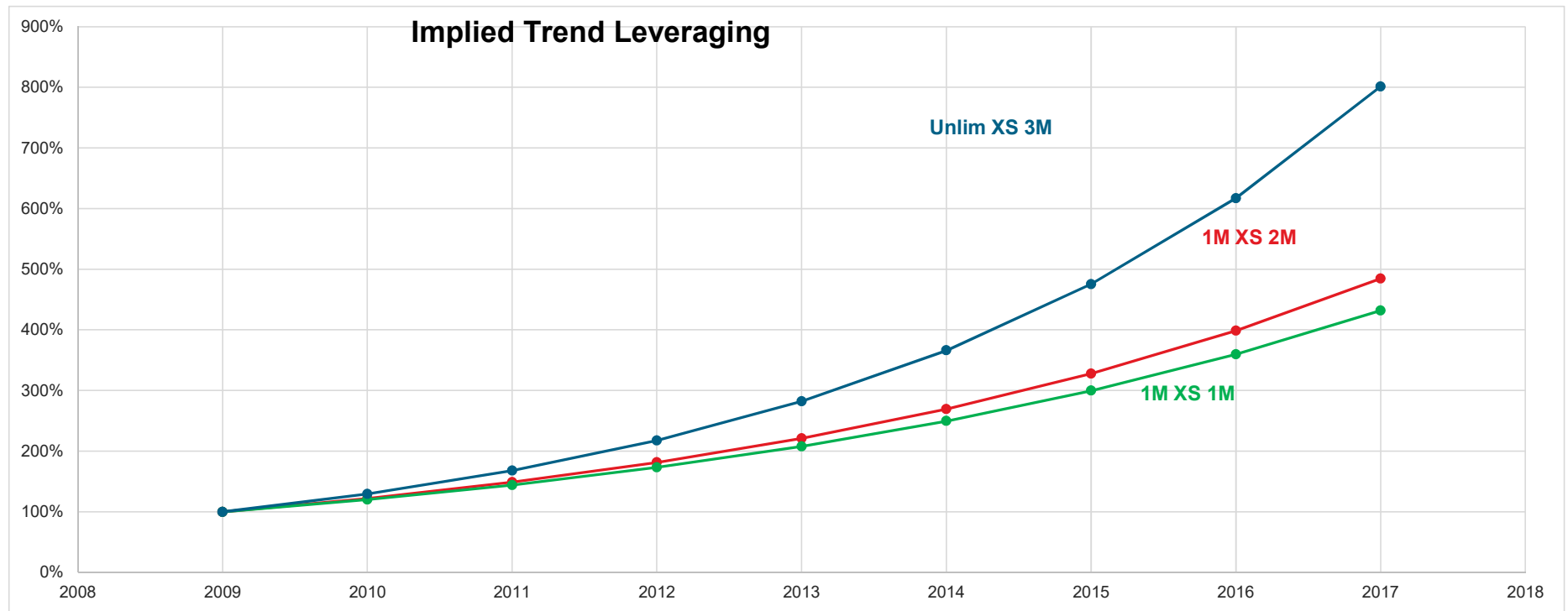
Claim Cost per Layer - \$1 million xs of \$3 million

Indexed to 2009

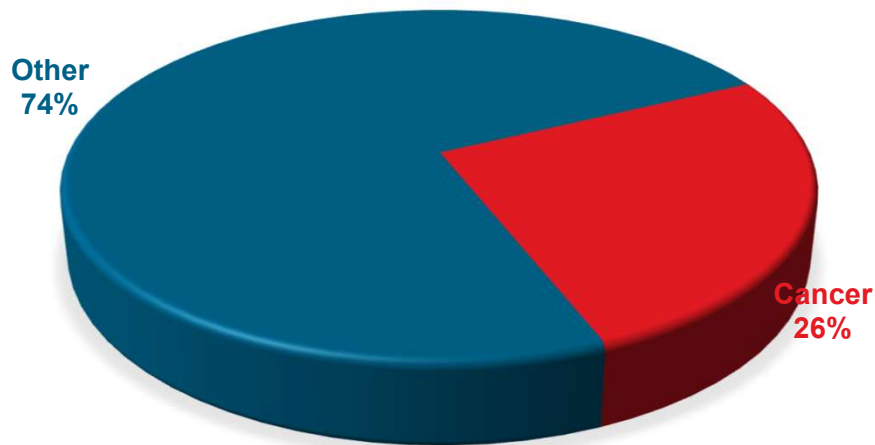


Leveraging Impact

Indexed to 2009



Cancer Claims in Stop Loss – Total Spend

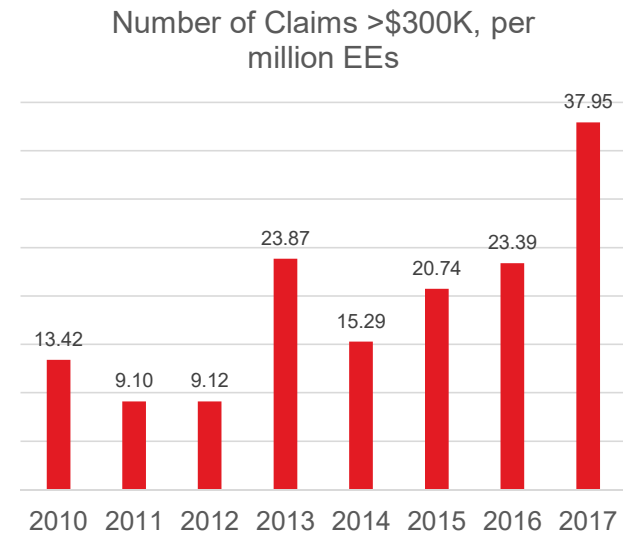
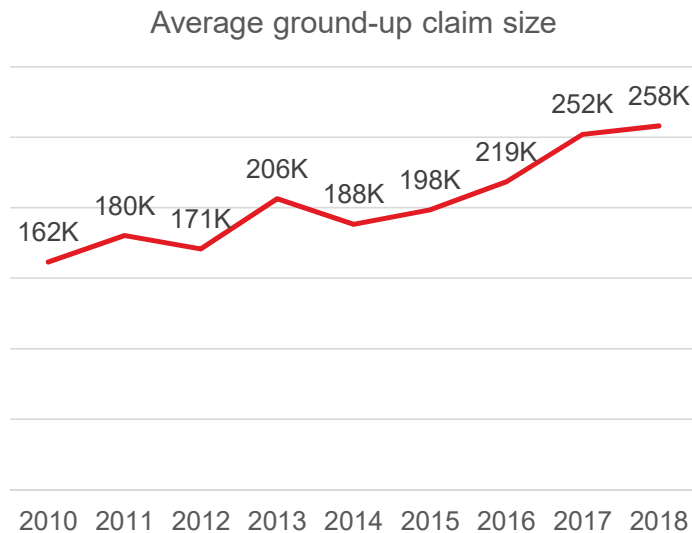


Cancer-related claims account for more than one quarter of all spec stop loss claims spend ¹

1. Based on RGA portfolio data, 2015-2018

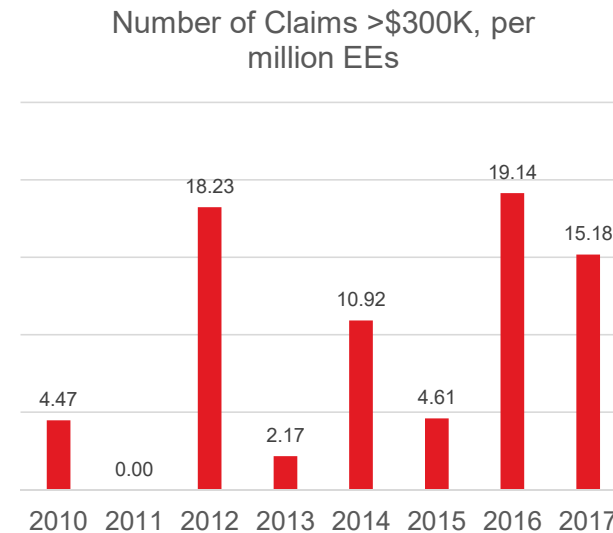
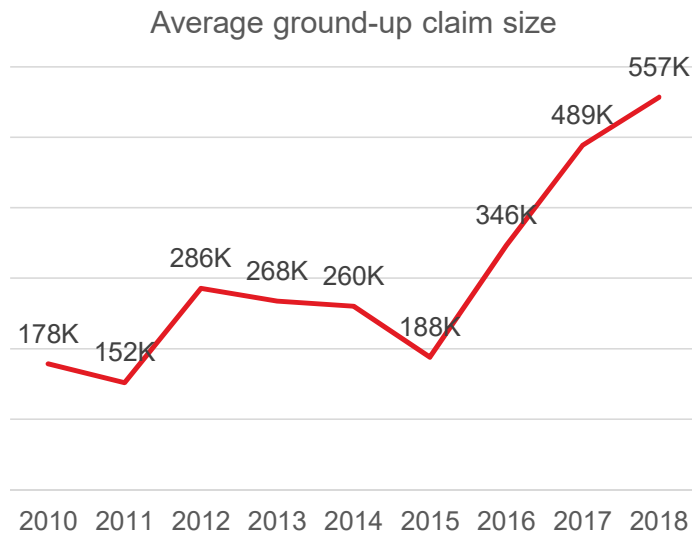
Severity/Frequency Trend: Lung Cancer

Steady increase in average claim size



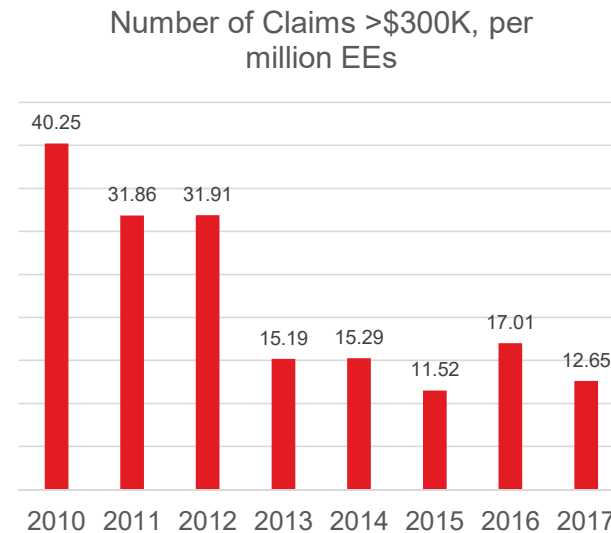
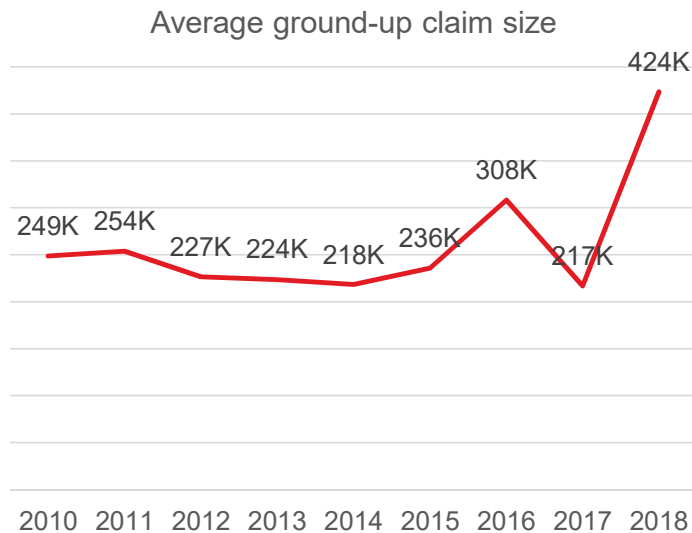
Severity/Frequency Trend: Malignant Melanoma

In recent years we have seen larger claims for treatment of this diagnosis



Non-Hodgkin's Lymphomas

Fewer large claims (>\$300k) from 2013 through 2017; poised to change



Real Specialty Rx Claims

Condition	R ^{TR2} _{TB6}	Cost/Dose	Cost/Year
Urea Cycle Ds	Ravicti Oral	\$79k/m	\$1,020,150
Melanoma	Yervoy* IV	\$285k x6	\$1,470,000
aHUS, MG	Soliris IV	\$152k/dose	\$1,600,000
Autoimmune	Gammagard IV	Varied	\$1,237,157
Factor VIII	Helixate SQ	Varied	\$1,275,000
Factor VII	NovoSeven SQ	Varied	\$2,102,934
Primary Immunodeficiency	Hizentra SQ	\$35-89k	\$1,235,000
FactorVII	NovoSeven	\$71k/m	\$1,170,236
B Cell Lymphoma	CAR T – Yescarta	(n/a)	\$1,100,000
B Cell Lymphoma and ALL	CAR T – Kymriah	(n/a)	\$1,400,000
Inherited Retinal DZ	Luxturna-Subretinal	\$850k / event	\$900,000
SMA	Spinraza- IT	\$180-206k	\$925,000
SMA	Spinraza- IT	\$340k/dose	\$1,112,000

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TB3 Over 7000 rare diseases impacting estimated 30 mil in US per Frances Collins NIH. Some claims developed via open enrollment after the pp began, some are due to new drugs that entered the market mid plan yr. Expect new emerging drug approved 12/16 r Spinraza- used to treat SMA- a rare neuromuscular disorder intrathecal 3 loading doses 14 days apart and another at 30 d then q 4 mos new pending approval-Zolgensma- gene therapy costs \$2mil efficacy vs \$5 mil, manufacturer price- a one time tx. Types 1-4 , infants type 1 most severe SMA is caused by a defective or missing gene known as SMN1. Without this gene, infants with Type 1 SMA quickly lose the motor neurons that are responsible for basic muscle functions such as breathing, swallowing, speaking and walking. If untreated, it eventually leads to paralysis or death, typically by the age of 24 months. Our XS side had a member with BC for Spinraza over \$4mil. Life long therapy at q 4 mos.

Tomlin, Barbara, 3/1/2019

TB6 HowGood news for members with these diseases. How do we estimate these costs and how do we continue to pay? Many members will more than likely be excluded

Tomlin, Barbara, 3/1/2019



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Questions?