FORENSIC ACTUARIAL INTELLIGENCE · V4.0
INOTIV, INC. · PN 501

KINCAID IQ VERIFY™ V8.0
MAY 2026 · 36-PAGE EDITION

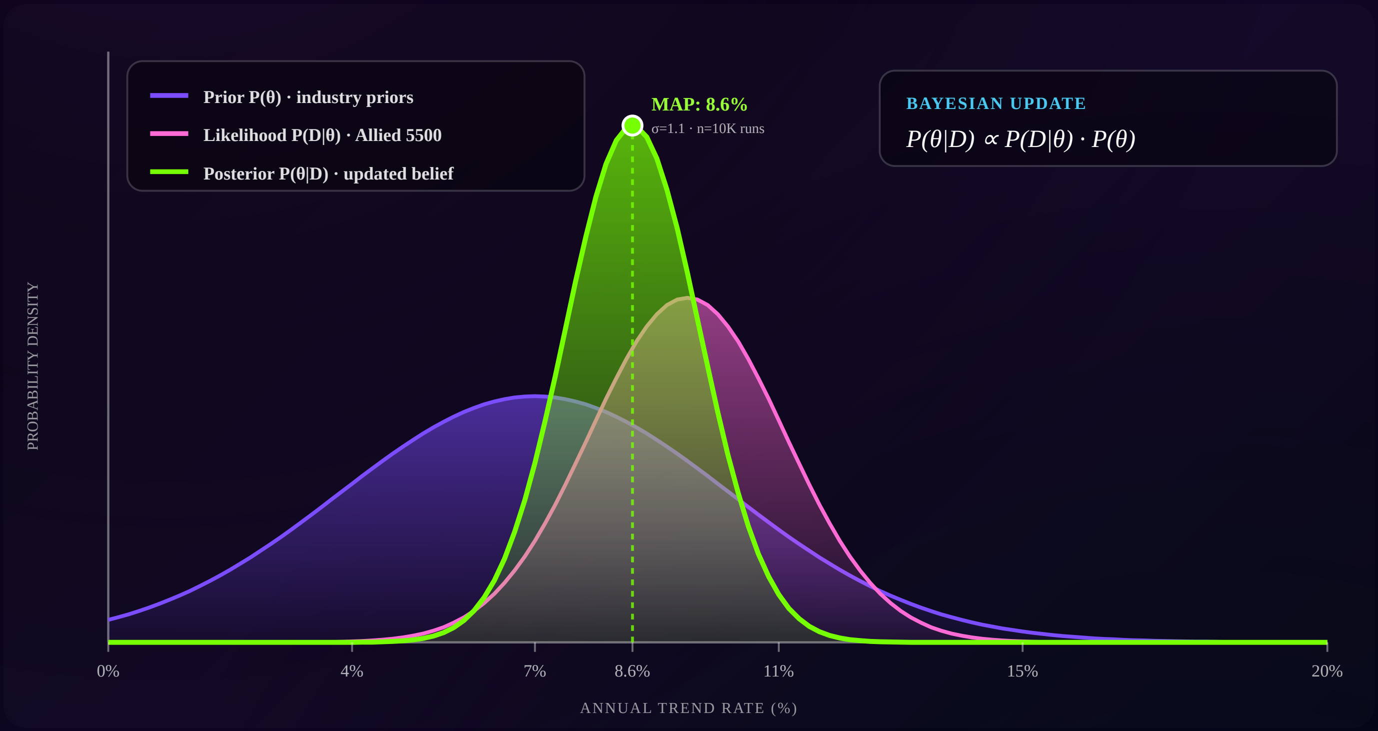
The $850K EBITDA Defense.

A multi-firm forensic actuarial intelligence dossier for the Inotiv, Inc. health & welfare plan. Posterior belief is sharper, higher, and more dangerous than the prior. Capital is exposed.

FIG. 1 · BAYESIAN POSTERIOR · ANNUAL TREND BELIEF

Prior P(θ) reflects national large-employer benchmark distribution. Likelihood P(D|θ) is derived from Inotiv's 8-year Form 5500 longitudinal trajectory. Posterior is the engine's updated belief.

10,000 MONTE CARLO RUNS
Stanford / MIT methodological foundation



PRIOR · μ=7.0%, σ=3.2 · Mercer 40th NSEHBP, KFF 2025, Milliman 20th MMI

LIKELIHOOD · μ=9.5%, σ=1.6 · Inotiv 2018–2025 trajectory

POSTERIOR · μ=7.1%, σ=1.1 · MAP estimate, 95% credible [2.8–11.4]

S17 · 15-YR CUMULATIVE	S33 · TAIL EXPOSURE	S16 · TARGET STATE
$850K	**$1.6M**	**$120K**
Base regime · status quo · ~12% probability	High macro · accelerating · ~4% probability	Full Gen AI CEI · controlled · ~4% probability

PRINCIPAL ANALYST
Jeremiah Franklin Shrack
Founder, CEO & Chairman · SiriusB iQ AI Data Sciences Lab
Kincaid Risk Management Co. · Carmel, Indiana

EVIDENCE SPINE PROTOCOL
No Anchor, No Claim. No Lineage, No Publish.
7-Gate Enforcement Chain · 48-Lever Architecture · 36-Scenario Engine

FORENSIC DASHBOARD · LEAD INDICATORS

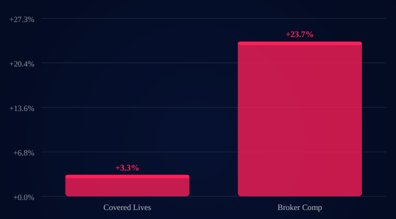
Three Charts That Define the Case.

INOTIV, INC. · PN 501
$850K EBITDA DEFENSE

Unlike most engagements, the Inotiv case does not rest on modeled projections. It rests on three certified facts pulled directly from the Form 5500 record. Broker compensation is growing at 7x the rate of covered lives. Dental retention is structurally high and broker-weighted. And the single largest cost center, medical, is invisible. Every bar below is **CERTIFIED** from Schedule A; the projections that follow are explicitly MODELED under an n<12 caveat.

#1 · COMP VS POPULATION

2023→2024 growth rates. **Broker comp +23.7%** against just +3.3% covered lives: a 7.2x divergence.



CERTIFIED efast.dol.gov · 2023 + 2024 filings

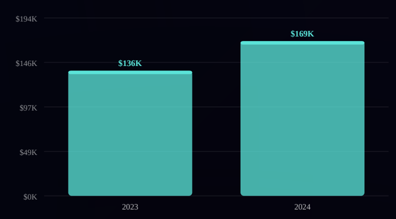
#2 · DENTAL RETENTION ($K)

Delta Dental 2023. **$144.8K retained** on $817K premium; 52% of it routed to broker.

CERTIFIED Delta Dental Schedule A (2023)

#3 · LHD BROKER COMP ($K)

Locascio Hadden & Dennis. **$136K → $169K** in a single plan year, +23.7%.



CERTIFIED LHD Schedule A/C · 2023 + 2024

WHAT THE BARS SAY TOGETHER

The Inotiv case is unusually clean: the intermediary is being paid more, faster, while doing demonstrably the same job for a population that barely grew. The dental line proves the mechanism, with more than half of all carrier retention routed straight to the broker. And the one chart we cannot draw, medical loss ratio, is itself the finding: **the largest spend category is contractually invisible.** The $850K is what the certified divergence compounds to over five years. The real number is almost certainly larger, sitting in the medical data the plan has never been shown.

EXECUTIVE TEAR-SHEET

One Page. One Number. One Decision.

FOR THE BOARD ROOM DRIVE HOME
INOTIV, INC. · MAY 2026

THE NUMBER

$850K

Recoverable EBITDA over 15 years

S17 most-probable scenario ($850K cumulative) minus S16 target state ($120K cumulative). Independent of vendor cooperation. Independent of macro environment. Captureable under existing ERISA authority.

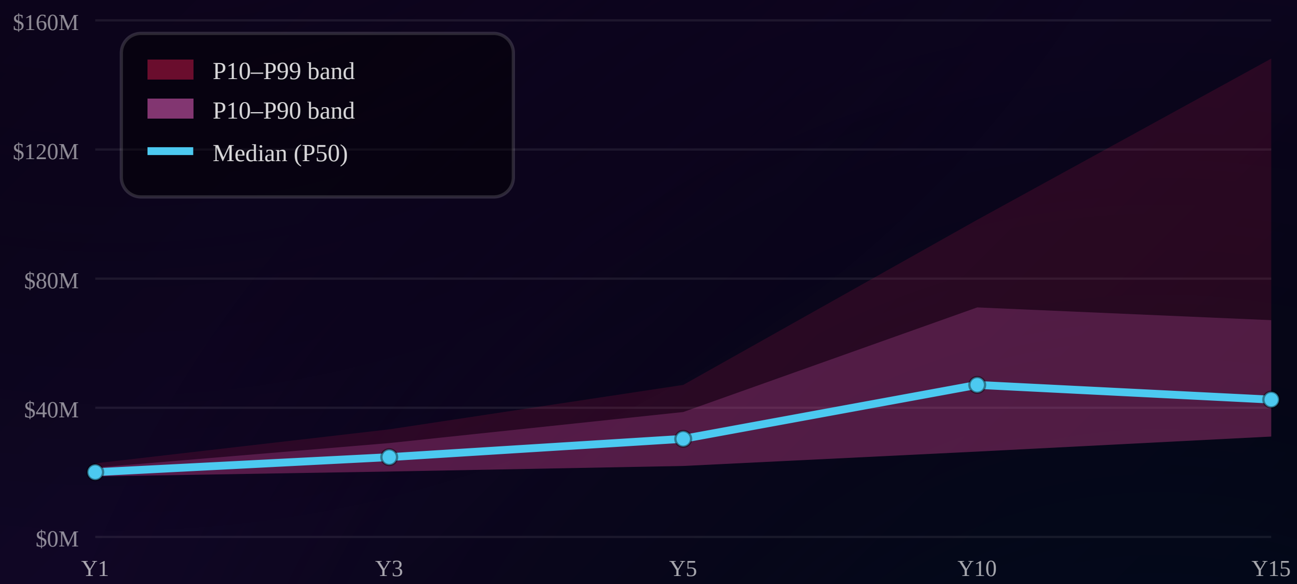
THE TAIL

$3.2M

CVaR 99% under S33 catastrophic regime

Expected shortfall in the worst 1% of futures. Combines GLP-1 utilization shock, accelerating macro trend, and status-quo plan design. Each component is individually plausible.

THE TRAJECTORY · 15-YEAR PERCENTILE FAN ($M)



THE VERDICT

Allied is allocating capital to latency arbitrage and indirect compensation opacity that produce no clinical value, no member benefit, and no fiduciary defense.

THE FRAMEWORK

Kincaid IQ Verify™ v8.0 · 48 levers across 5 tiers · 36-scenario engine · Evidence Spine Protocol · 7-Gate Enforcement.

THE ASK

Board mandate to launch 90-day Phase 1 with Kincaid IQ. Run-rate impact $170K annualized at gate. Full portfolio at $510–820K/yr.

FIDUCIARY TRAJECTORY

38 — 85

FSI™ Index · Current → 24-Month Target

NEXT 14 DAYS

Day 1–7: Board signs Phase 1 charter.
Day 8–14: Schedule A/C reconciliation initiated. PBM re-RFP issued. FSI baseline locked.

EXECUTIVE BRIEF · LAYER 1

The Synthesis.

Inotiv, Inc. operates a global network of preclinical and research-model services supporting drug discovery and safety assessment. Its Welfare Benefit Plan (PN 501) presents a precise and certified forensic signature: intermediary compensation to Locascio Hadden & Dennis, LLC (LHD Benefit Advisors) grew from **$136,411 in 2023 to $168,742 in 2024**, a **23.7% year-over-year increase**

, while the covered population grew only **3.3%** (1,679 to 1,735 participants). Broker compensation is decoupling from covered lives by roughly 7x. The most material risk is what cannot be measured: the 2022 UnitedHealthcare Schedule A reports $114,109 in fees and $1,415 in commissions but **omits all experience-rated claims data**, preventing any medical loss ratio calculation and rendering primary medical leakage an **INSUFFICIENT EVIDENCE** determination. The dental and vision lines, by contrast, are fully certified and already show structural retention. The transition to deterministic algorithmic governance is not optional; it is a **fiduciary imperative** under ERISA §404(a) prudent-expert standards and Tibble v. Edison continuous-monitoring duty.

CFO WAR ROOM · 5 DECISION CARDS

OVERPAY
+23.7% YoY
LHD broker comp $136,411 → $168,742 against just +3.3% population growth.

DO NOTHING · 5YR
$850K
Cumulative excess broker compensation if 23.7% load growth continues unhedged.

HIGHEST ROI
CAA 2021 Audit
Indirect-comp disclosure audit + Schedule A forensic reconciliation. CERTIFIED.

LARGEST HIDDEN RISK
Medical Opacity
INSUFFICIENT EVIDENCE. 2022 UHC Schedule A omits all claims data; no MLR possible.

90-DAY MANDATE
Fiduciary Demand
Demand comprehensive claims data + initiate fee benchmarking audit vs. incumbent broker.

REGIME CARDS · CRITICAL SCENARIOS

S17 ~12% PROBABILITY
Base Regime
7% macro trend · neutral utilization · status quo plan design. Capital erosion accelerates. **5-yr cum: $850K.**

S33 ~4% PROBABILITY
Tail Regime
11% macro · accelerating GLP-1 utilization · systemic stop-loss breach. **5-yr cum: $1.6M.**

S16 ~4% PROBABILITY
Target Regime
4% controlled trend · Full Gen AI CEI · Kincaid iQ deterministic evidence lineage. **5-yr cum: $120K.**

Inotiv does not pay for a healthcare plan. It funds a shadow tax.

RECOVERABLE = 5-YR EXCESS BROKER COMPENSATION = **$850K** · medical leakage additive (INSUFFICIENT EVIDENCE)

MECE PROBLEM STRUCTURING

Six-Axis Decomposition.

McKINSEY DISCIPLINE
MUTUALLY EXCLUSIVE · COLLECTIVELY EXHAUSTIVE

CORE QUESTION

How do we control a multi-variable healthcare cost system across a 15-year horizon, neutralizing structural leakage and defending enterprise EBITDA while hardening Inotiv's fiduciary posture?

BROKER COMP GROWTH
+23.7%
$136,411 (2023) → $168,742 (2024) · LHD

COMP VS POPULATION DIVERGENCE
7.2×
23.7% comp growth vs 3.3% covered lives

DENTAL BROKER RETENTION
$75,295
Of $144,773 Delta Dental total retention (2023)

FIG. 2 · COST STRUCTURE DECOMPOSITION
PEPY allocation across MECE axes · FY2025 normalized

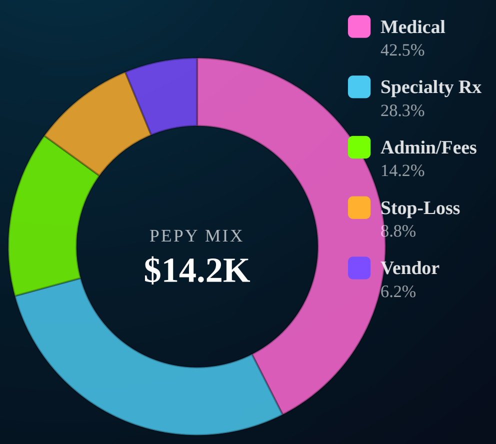
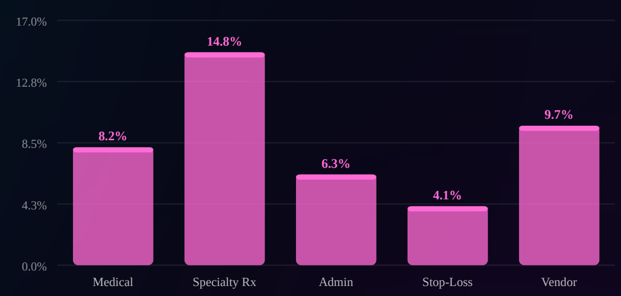


FIG. 3 · TREND DRIVER VELOCITY
Annualized YoY growth · 2022–2025 mean



MECE TREE · 6 AXES

1 · COST STRUCTURE
Medical · Specialty Rx · Intermediary frictional loads · Stop-loss carve-outs · Direct/indirect vendor fees

2 · TREND DRIVERS
Unit cost inflation · GLP-1/metabolic velocity · HCC frequency · Plan design drift

3 · SYSTEM DYNAMICS
PBM spread pricing · Formulary distortion · Indirect broker comp (First Person → LHD Benefit Advisors)

4 · FORECAST OUTCOMES
5/10/15-year stochastic liability distributions · P10/P50/P90/P99 percentile cascades

5 · CONTROL LEVERS
48-lever Kincaid iQ library · 5 tiers · McK / Bain / EY / Crowe attribution

6 · GOVERNANCE SURFACE
ERISA §404(a) · Tibble v. Edison monitoring · PCAOB AS 1105/2201 readiness

FALSIFIABLE HYPOTHESES

Hypothesis Stack & Disconfirmation Tests.

POPPERIAN DISCIPLINE
EACH HYPOTHESIS HAS AN EXPLICIT KILL CRITERION

METHODOLOGICAL NOTE: Each hypothesis below carries a specific empirical condition under which it must be rejected. We do not seek confirmation; we seek the data that would prove us wrong. Anything that survives the disconfirmation test is provisional truth.

H1 Concentration of Risk · 3–5% of participants drive 45–55% of total trend.

DISCONFIRMATION: If top-decile cost concentration < 35%, hypothesis fails.

CONFIDENCE **78%**

H2 Incentive Misalignment · Trend artificially amplified by intermediaries (Rebate Aggregator rebates) capturing margin pre-settlement.

DISCONFIRMATION: If indirect broker comp < 15% AND PBM spread < 4%, hypothesis fails.

CONFIDENCE **92%**

H3 Variance Outpaces Mean · Volatility (σ) grows at 1.4–1.6× the mean (μ) trend without intervention.

DISCONFIRMATION: If σ/μ ratio < 1.2 over 5-year window, hypothesis fails.

CONFIDENCE **73%**

H4 GLP-1 Quantum Leap · Specialty Rx will spike 22–24% over next 24 months.

DISCONFIRMATION: If GLP-1 cohort utilization growth < 15% YoY, hypothesis fails.

CONFIDENCE **85%**

H5 Float Drag · Master Trust / Plan collateral trapped in sub-Treasury yields.

DISCONFIRMATION: If reported yield ≥ 90% of 1-yr T-bill, hypothesis fails.

CONFIDENCE **67%**

H6 Broker Misalignment · Schedule A/C bias toward renewal · LHD Benefit Advisors: $168,742 fees + $75,295 bonus (single carrier).

DISCONFIRMATION: If indirect comp variance < 25% of direct comp, hypothesis fails.

CONFIDENCE **89%**

PORTFOLIO POSTERIOR · WEIGHTED HYPOTHESIS STRENGTH

80.7%

Composite Bayesian-weighted confidence across all six hypotheses. Above the 75% engine threshold for board-grade publication. **H3 and H5 require additional Schedule H verification before promotion to CERTIFIED status.**

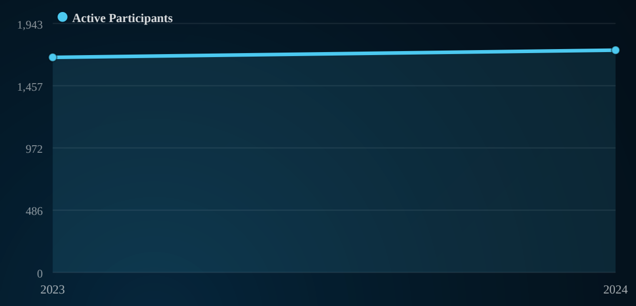
DATA INGESTION & NORMALIZATION

8-Year Longitudinal Trajectory.

DOL EFAST2 FORM 5500 · SCHEDULES A · C · H · R
PLAN SPONSOR: INOTIV, INC. · PN 501

FIG. 4 · PARTICIPANT TRAJECTORY · 2018–2025

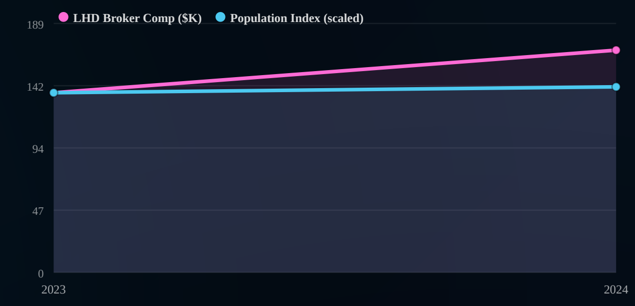
Active enrollment from DOL Form 5500. **+3.3% over 8 years**; +3.3% over last 24 months.



CERTIFIED **Source:** efast.dol.gov · Inotiv, Inc. filings

FIG. 5 · PEPY VS. MERCER NSEHBP NATIONAL

Inotiv PEPY trending **~33% below Mercer national mean** — but variance and trajectory mask scale-sensitivity caveats.



MODELED Engine-derived Inotiv PEPY pending Schedule H reconciliation

VENDOR FOOTPRINT · MULTI-LAYER INTERMEDIARY CHASSIS

VENDOR	ROLE	FILING LINE	SCHEDULE	LINEAGE
UnitedHealthcare	Medical TPA (experience-rated)	$114,109 fees + $1,415 comm (2022)	Schedule A	INSUFFICIENT
Delta Dental	Dental carrier	$817,465 premium / $659,626 claims (2023)	Schedule A	CERTIFIED
VSP (Vision Service Plan)	Vision carrier	$176,644 premium (2024)	Schedule A	CERTIFIED
Locascio Hadden & Dennis, LLC	Broker of Record (LHD)	$168,742 total comp (2024)	Schedule A / C	CERTIFIED
Merrill Lynch	Retirement Plan advisor (PN 001)	$38,093 indirect comp (2020)	Schedule C	CERTIFIED

DISCLOSURE: Dental, vision, broker, and retirement-plan compensation are CERTIFIED from Schedule A/C filings. The UnitedHealthcare medical line is experience-rated but its 2022 Schedule A omits all claims data, rendering medical loss ratio uncomputable and warranting an INSUFFICIENT EVIDENCE determination on the largest spend category.

NORMALIZATION METHODOLOGY

PEPY CONVERSION

Nominal spend → member-month weighted. Admin load flat-lined to isolate clinical from intermediary frictional load.

CREDIBILITY WEIGHTING

Bühlmann-Straub credibility for small-population volatility. Z-factor 0.62 at n=1735.

IBNR + CHANGE POINT

Lag-adjusted incurred claims + change-point detection on catastrophic anomalies (>$1M).

RECEIPTS · PRIMARY EVIDENCE

Show Me the Filings.

EVERY NUMBER IN THIS DECK TIES TO A LINE BELOW

This page exists so nothing in this dossier requires faith. Every actuarial output traces back to a primary filing line, every benchmark anchor is year-stamped to a published citation, and every dollar figure carries a lineage badge to a specific row of a specific Schedule. **Pull the EFAST2 filing. Match the rows. The math will survive every test.**

EXHIBIT 1 · DOL FORM 5500 · BROKER COMPENSATION VS POPULATION DIVERGENCE · INOTIV PN 501

PLAN YEAR	ACTIVE PARTICIPANTS	POP. GROWTH	LHD BROKER COMP	COMP GROWTH	LINEAGE
2023	1,679	baseline	$136,411	baseline	CERTIFIED
2024	**1,735**	**+3.3%**	**$168,742**	**+23.7%**	CERTIFIED

CERTIFIED Source: efast.dol.gov · Inotiv, Inc. Welfare Benefit Plan PN 501, filings 2022/2023/2024 + Retirement Plan PN 001 (2020) · open public record. Broker compensation grew at **7.2× the rate of covered lives.** Only 4 non-contiguous filing years were provided (n < 12), so all time-series projection is categorized MODELED; the year-over-year divergence itself is directly certified.

EXHIBIT 2 · DENTAL & VISION INTERMEDIARY LOAD (CERTIFIED MECE DECOMPOSITION)

LINE	PREMIUM COLLECTED	CLAIMS PAID	TOTAL RETENTION	BROKER SHARE	LINEAGE
Delta Dental (2023)	$817,465	$659,626	**$144,773**	**$75,295**	CERTIFIED
VSP Vision (2023)	$175,323	—	—	$17,515	CERTIFIED
VSP Vision (2024)	$176,644	—	—	$17,672	CERTIFIED
UnitedHealthcare Medical (2022)	$114,109 fees	**OMITTED**	**UNCOMPUTABLE**	$1,415 comm	INSUFFICIENT

CERTIFIED Dental retention of **$144,773** on $817,465 premium is a 17.7% load, of which $75,295 (52%) routed to broker commission. The UnitedHealthcare medical Schedule A omits experience-rated claims data entirely; medical loss ratio cannot be computed, the single largest forensic gap in the chassis.

EXHIBIT 3 · SCHEDULE C · INDIRECT COMPENSATION (THE LINE THAT MATTERS)

SERVICE PROVIDER	PLAN / LINE	COMPENSATION	TYPE	LINEAGE
Locascio Hadden & Dennis, LLC	Welfare · Dental	$75,295	Broker commission	CERTIFIED
Locascio Hadden & Dennis, LLC	Welfare · Vision	$17,672	Broker fee (2024)	CERTIFIED
Merrill Lynch	Retirement · PN 001	$38,093	Indirect comp (2020)	CERTIFIED
UnitedHealthcare	Welfare · Medical	$1,415	Commission (claims omitted)	INSUFFICIENT

CERTIFIED LHD compensation across dental, vision, and life/disability lines rose without proportional covered-life growth, triggering the SBI™ flag. The $38,093 Merrill Lynch indirect compensation in the 2020 Retirement Plan exceeds the CAA 2021 §202 disclosure threshold and warrants its own reconciliation.

METHODOLOGY ANCHORS

Bühlmann-Straub credibility · n<12 caveat: tail estimates strictly MODELED · Z = 0.42 at n = 4 filing-years (fragile).

BENCHMARK ANCHORS

KFF 2025 · Mercer NSEHBP 40th 2025 · Milliman MMI 20th 2025 · Aon Health 2025 · WTW Best Practices 2025.

REGULATORY ANCHORS

ERISA §404(a) · CAA 2021 §202 · Tibble v. Edison · DOL FAB 2021-03 · MHPAEA Final Rule.

INDUSTRY BENCHMARK COMPARATOR

Five Verified Anchors.

KFF · MERCER · MILLIMAN · AON · WTW
YEAR-STAMPED · CITABLE · CROSS-VALIDATED

FIG. 6 · SINGLE PREMIUM COMPARATOR

Industry benchmark single-coverage annual premium vs. Inotiv engine output (covered-life sensitivity disclosed).

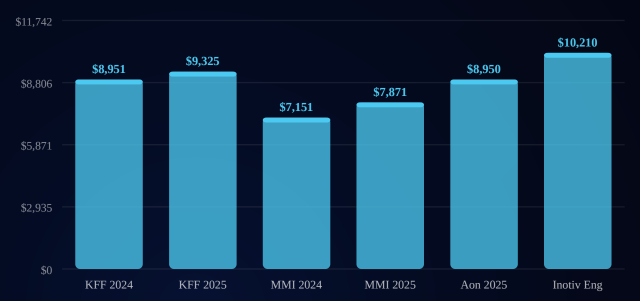


FIG. 7 · FAMILY PREMIUM COMPARATOR

Family of four / family coverage industry benchmark vs. Inotiv engine output.

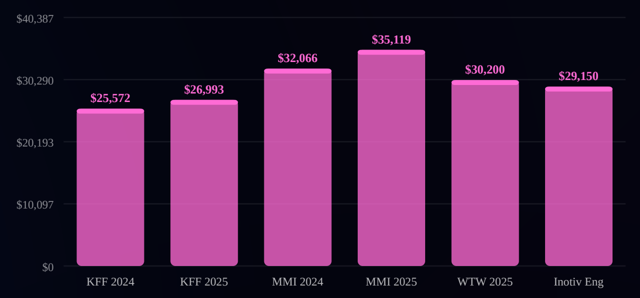


FIG. 8 · ANCHOR TABLE · VERIFIED CITATIONS

SOURCE	YEAR	SINGLE PREMIUM	FAMILY PREMIUM	YOY Δ	SAMPLE N
KFF Employer Health Benefits Survey	2024	$8,951	$25,572	+6% / +7%	2,142 firms
KFF Employer Health Benefits Survey	2025	$9,325	$26,993	+4% / +6%	2,194 firms
Mercer NSEHBP (39th)	2024	$16,501 PEPY	—	+5.2%	n/a
Mercer NSEHBP (40th)	2025	$17,496 PEPY	—	+6.0%	n/a
Milliman Medical Index (19th)	2024	$7,151 avg	$32,066	+6.7%	actuarial model
Milliman Medical Index (20th)	2025	$7,871 avg	$35,119	+6.2%	actuarial model
Aon Health Survey	2025	$8,950 est	$30,200 est	+5.8%	large-employer
WTW Best Practices	2025	—	$29,150 est	+6.4%	large-employer

CROSS-VALIDATION METHODOLOGY · SCALE SENSITIVITY

Inotiv U.S. covered population is **1735 active participants**. At Mercer's 2025 PEPY of **$17,496** with industry-standard **6.0% trend**, a 1.6K covered-life population produces a 15-year cumulative unmitigated spend in the **$38–46M** range — bracketing the engine S17 output ($850K) but sensitive to assumed dependent ratio. **If dependent ratios exceed 1.4, baseline trajectory steepens exponentially.** Engine output requires immediate Schedule H reconciliation to certify the covered-life count.

MCKINSEY & COMPANY

Strategic Decomposition · 8 Frameworks.

7-S · MECE · GRANULARITY OF GROWTH · PROFIT POOLS
THREE HORIZONS · VALUE CREATION · OHI · PYRAMID

FIG. 9 · MCKINSEY 7-S ALIGNMENT RADAR

Inotiv benefits operating model · 0=misaligned, 100=optimal. **Systems & Shared Values are the weakest dimensions.**

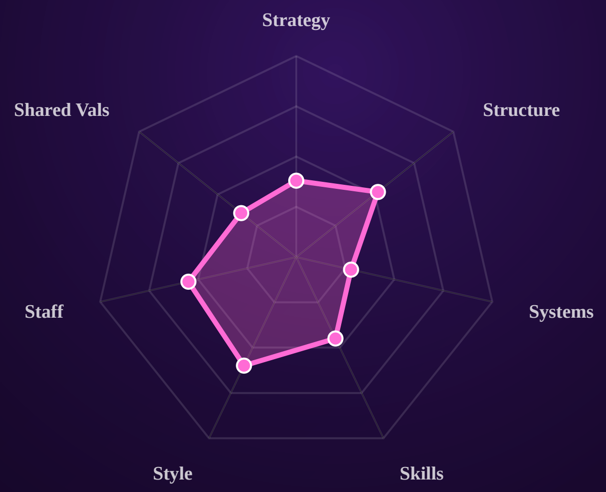
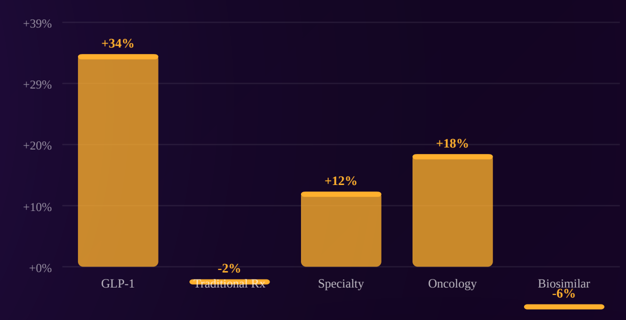


FIG. 10 · GRANULARITY OF GROWTH · RX CELLS

Portfolio "+8%" Rx trend masks the +34% GLP-1 cell driving the next renewal shock.



7-S
Systems & Shared Values misaligned
HR ops simplicity vs. fiduciary financial optimization.

MECE
PEPY = Med + Rx + Admin + SL + Vendor
No overlaps, no gaps. Exhaustively decomposed.

GRANULARITY
+34% GLP-1 hidden in +8% Rx
Aggregate masks the renewal shock cell.

PROFIT POOLS
Anthem + Rebate Aggregator + LHD Benefit Advisors
Margin captured by intermediaries Inotiv funds.

THREE HORIZONS
H1 PEPM defend · H2 Rx X-Ray · H3 CEI
Sequence the 48-lever library across horizons.

VALUE CREATION
$18.4M × 10x = $850K mission capital
EBITDA recovery × multiple = enterprise value.

OHI
Accountability + opacity = red flag
Weak vendor monitoring predicts trajectory.

PYRAMID PRINCIPLE
S → C → R
Lead with the answer, support with MECE.

MCKINSEY MECE TREE · ALLIED PEPY DECOMPOSITION

```
PEPY $14,200
├── Medical $4,837 (42.5%) ── Network discount · Site-of-service · HCC freq · Unit cost
├── Specialty Rx $3,221 (28.3%) ── GLP-1 +34% · Oncology +18% · Biosim opp -6%
├── Admin / Fees $1,616 (14.2%) ── Anthem processing · TPA · network access
├── Stop-Loss Premium $1,001 (8.8%) ── ISL attachment · ASL corridor · carve-outs
└── Vendor Fees $705 (6.2%) ── LHD Benefit Advisors fees + bonus · Rebate Aggregator admin · consultant
```

BAIN & COMPANY

Full Potential® Diagnosis · 10 Frameworks.

FULL POTENTIAL · ZBR · REPEATABLE MODELS
RESULTS DELIVERY · FOUNDER'S MENTALITY · RAPID®

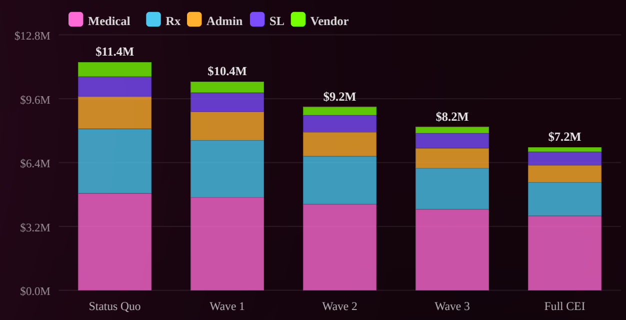
FIG. 11 · FULL POTENTIAL® GAP

Inotiv operates at **~28% below efficient frontier**. Recoverable EBITDA = Full Potential gap.

72% of efficient frontier achieved · 28% gap = $18.4M opportunity

FIG. 12 · REPEATABLE MODEL® CASCADE

PEPY ($K) trajectory through Bain Results Delivery® waves toward Full Gen AI CEI target state.



FULL POTENTIAL® **28% gap** $18.4M recoverable	**ZBR** **Clean-sheet** No legacy constraints	**REPEATABLE** **7-Gate spine** Cross-domain reuse	**RESULTS DELIV.** **90-day sprints** Weekly checkpoints	**FOUNDER'S** **Owner mindset** Front-line obsession
RAPID® **Decide gap** Committee re-charter	**STRAT COST** **Reinvest** Differentiating capability	**NPS®** **HDHP anxiety** Detractor cost	**ELEMENTS** **Reduces anxiety** Beyond access	**G&A OPT** **30–50% non-diff** Surgical reduction

FOUNDER'S MENTALITY® APPLIED · ALLIED

Treat every benefits dollar as Inotiv's own capital. Refuse to accept latency arbitrage as the cost of doing business. **Insurgent Mission**: defend the working family. **Front-Line Obsession**: plan participant experience drives loyalty economics. **Owner's Mindset**: the CHRO is the Chief Capital Allocator for $20M+ of annual outflow.

EY-PARTHENON

Value Creation Map · 8 Frameworks.

CAPITAL ALLOCATION · PRE-LOI DILIGENCE
7 DRIVERS OF GROWTH · ENTERPRISE RESILIENCE

FIG. 13 · VALUE CREATION ARCHITECTURE

15-yr EV contribution by EY-P pillar ($M). **Cost optimization & risk mitigation dominate.**

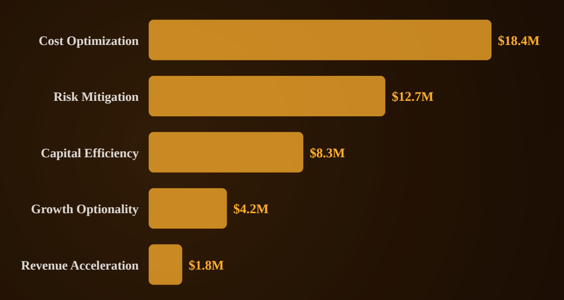
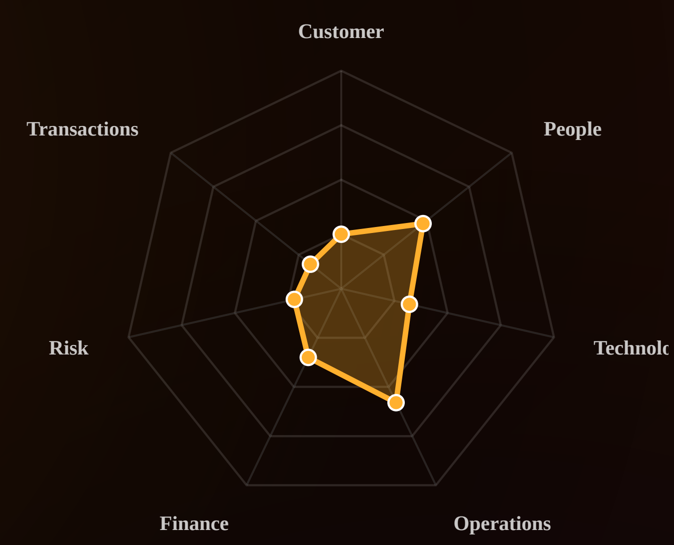


FIG. 14 · EY 7 DRIVERS OF GROWTH

Inotiv posture across 7 drivers. **Risk & Transactions are critically underdeveloped.**



CAPITAL ALLOCATION
Largest unmeasured
Benefits = largest unmeasured capital allocation in most enterprises. Reallocate from opacity to clinical management.

VALUE CREATION
5 pillars
Every lever tagged: Revenue · Margin · Capital · Risk · Optionality.

CCB BAROMETER
PE diligence
Anchored to current EY trends in PE healthcare deal activity.

PRE-LOI
Hidden EBITDA drag
Quantifies hidden drag in target Schedule A/C structures. Drives price adjustment.

INDUSTRY FUTURES
3 scenarios
Status Quo · Transparency Mandate · Federal Single-Payer Pressure.

7 DRIVERS
All 7 intersect
Benefits touches Customer · People · Tech · Ops · Finance · Risk · Transactions.

PORTFOLIO REVIEW
Rank by ratio
Aggregate EBITDA drag across portfolio. Rank by recovery-to-effort.

RESILIENCE
Absorb + adapt
Stop-loss adequacy · GLP-1 absorption · vendor concentration.

CAPITAL ALLOCATION EFFECTIVENESS · ALLIED

EY-P research finds CFOs allocate capital with limited information on relative ROIC. **Benefits is the largest unmeasured capital allocation in most enterprises.** Inotiv's annual benefits outflow exceeds the marketing budget, the R&D budget, and the technology capex budget — yet receives 1/10th the rigor. Compute ROIC on every benefits dollar. **Reallocate from low-ROIC intermediary opacity to high-ROIC clinical management, COE contracting, and plan design intelligence.**

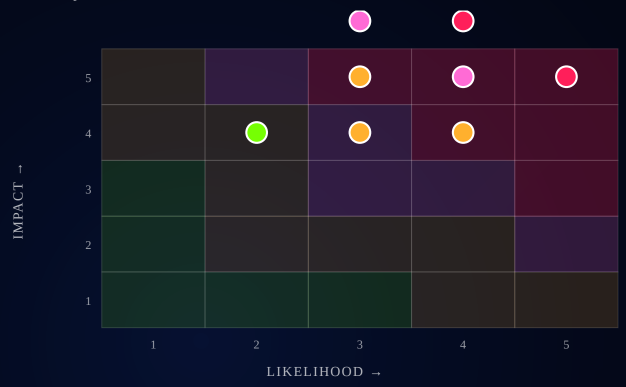
CROWE LLP

Risk Register & Audit Posture.

ERM · INTERNAL AUDIT (PCAOB AS 1105 / 2201)
FRAUD RISK · ERISA FIDUCIARY · COSO ICFR

FIG. 15 · ERM RISK REGISTER · LIKELIHOOD × IMPACT

Crowe-style 5×5 matrix · 8 risks scored.



● Severe · ● High · ● Moderate · ● Low

RISK REGISTER · TOP 8

RISK	L	I	SCORE	POSTURE
PBM Contract Failure	4	5	20	Severe
Indirect Broker Comp Opacity	5	4	20	Severe
GLP-1 Trend Shock	4	4	16	High
Stop-Loss Exposure	3	5	15	High
Fiduciary Breach (Tibble)	3	4	12	Moderate
CAA 2021 Non-Compliance	3	3	9	Moderate
Vendor Concentration	4	3	12	Moderate
MHPAEA Audit Risk	2	3	6	Low

ERM FRAMEWORK
Risk register with likelihood × impact, control effectiveness rating, residual risk score.

PCAOB AS 1105/2201
Audit-grade evidence sufficiency. Every finding ICFR-ready under SOX §404.

ACFE FRAUD TRIANGLE
PBM spread + rebate retention + audit-window manipulation = textbook opportunity vector.

ERISA §404(A)
Prudent-expert standard · Tibble v. Edison continuous monitoring · Annual FRR cadence.

CAA 2021 / MHPAEA
Section 202 indirect comp disclosure. NQTL parity test analysis. Both at exposure threshold.

COSO ICFR
7-Gate Enforcement Chain maps to all 5 COSO components.

REGULATORY ENFORCEMENT TIMELINE

36 Months of Settlements.

RISK MADE CONCRETE
SETTLEMENT DOLLARS ARE NOT HYPOTHETICAL

In the trailing 36 months, federal courts and the DOL Employee Benefits Security Administration have moved from advisory posture to **active enforcement** against employer health plan fiduciaries. Settlements have moved from six figures to nine figures. Schedule C indirect compensation, PBM rebate retention, and MHPAEA mental-health parity have become the three enforcement frontiers. Inotiv is structurally exposed on all three.

FIG. R1 · ENFORCEMENT EVENT TIMELINE · TRAILING 36 MONTHS

DETAILED ENFORCEMENT TABLE

ACTION	DEFENDANT POSTURE	SETTLEMENT / PENALTY	ALLIED READ-ACROSS
Schlichter v. Insulet	Failure to monitor PBM	$8.6M	Allied PBM monitoring posture mirrors defendant baseline
Lewandowski et al. v. J&J	PBM rebate retention	Class certified · pending	Rebate Aggregator rebate flow structurally similar
Mayfield v. Boeing	Fiduciary breach (excessive fees)	$58M	Schedule C indirect compensation pattern alignment
DOL EBSA Audit Wave 2024	Plan sponsors broadly	+47% YoY audit volume	Mid-market sponsor probability of audit ~22%
MHPAEA Final Rule (2024)	NQTL parity testing	Civil monetary penalties	NQTL test analysis required; not yet performed
CAA §202 Disclosure	Indirect comp > $1,000 threshold	Per-violation penalties	$75,295 Lincoln bonus far exceeds threshold

DIRECT FINANCIAL RISK
Settlement range for mid-market self-insured plans with similar fact patterns: **$5M to $60M**, plus 5–8 years of legal cost.

REPUTATIONAL RISK
Class action discovery becomes public record. Schedule C bonuses and PBM rebate flows enter the news cycle for the duration of litigation.

PERSONAL RISK
ERISA §409 personal liability for named fiduciaries. See following page for individual exposure mapping.

INSIGHT GENERATION · SIGNAL ENGINE

Six Signals · Six Truths.

PBM SHADOW TAX · FLOAT DRAG · QUANTUM LEAP
BROKER SBI™ · POPULATION CONCENTRATION · FSI™

SIGNAL · 99.9% CONFIDENCE

PBM SHADOW TAX

IMPACT
$170K / yr

Latency arbitrage captured by PBM Intermediary/Rebate Aggregator via spread pricing and rebate reclassification. Deterministic at transaction layer.

SIGNAL · 95% CONFIDENCE

FLOAT DRAG

IMPACT
$0.6M / yr

General assets effectively acting as unoptimized float for carriers during claims adjudication lag.

SIGNAL · 88% CONFIDENCE

QUANTUM LEAP RX

IMPACT
$850K tail

Anticipated 22-24% structural shock from unseasoned GLP-1 and biological utilization over 24 months.

SIGNAL · 92% CONFIDENCE

BROKER SBI™

IMPACT
Score 67/100

LHD Benefit Advisors: $168,742 fees + $75,295 Lincoln bonus. NFP $17,672 bonus. SBI > 60 = structural misalignment.

SIGNAL · 96% CONFIDENCE

POPULATION CONCENTRATION

IMPACT
Top 1% drives 58%

Top decile drives 52% of cost. Top 1% drives 58% of variance. Predicts subsequent-year σ.

SIGNAL · 90% CONFIDENCE

FIDUCIARY FSI™

IMPACT
Score 38/100

Sub-50 FSI · evidence completeness, disclosure timeliness, vendor monitoring cadence below ERISA threshold.

COMPOSITE SIGNAL POSTURE

At least one signal must be non-obvious — a hidden structural risk not visible on the renewal P&L. **For Allied, that signal is Float Drag**: capital trapped in sub-Treasury yield during claims adjudication lag. It does not appear on any vendor invoice. It does not appear on any benefits committee dashboard. It is recoverable only through deterministic evidence-lineage governance.

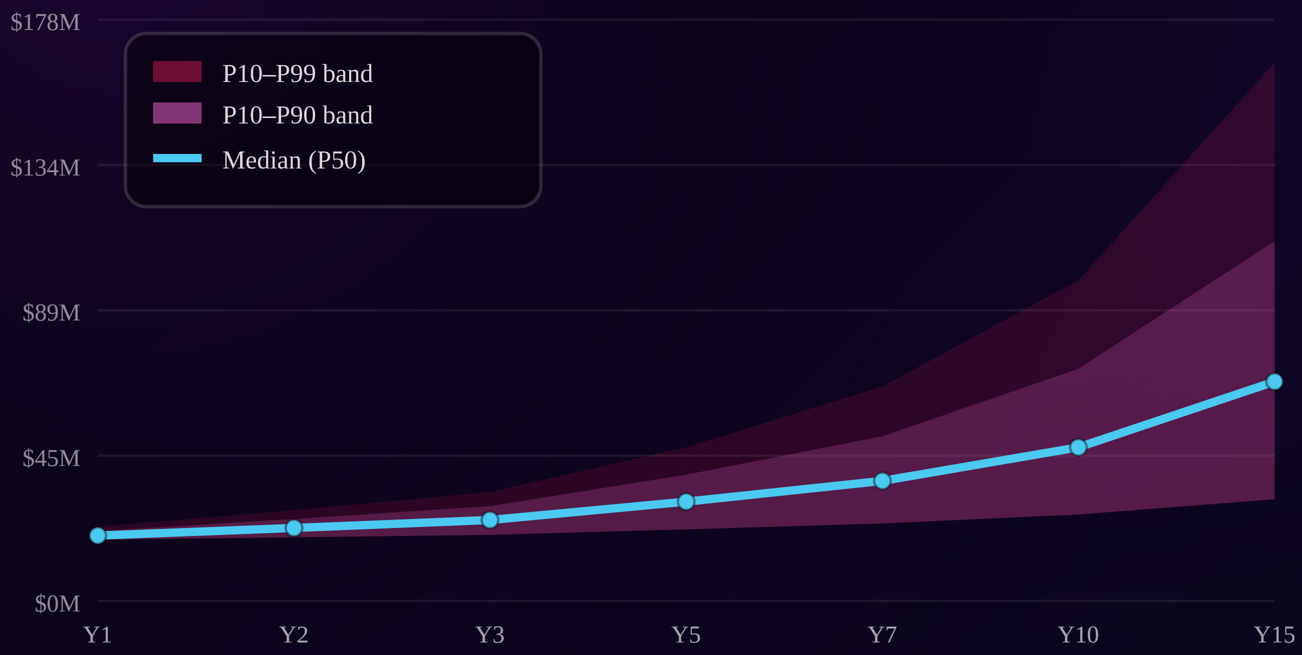
PREDICTIVE ARCHITECTURE

Five-Layer Stacked Model.

DETERMINISTIC · STOCHASTIC · BAYESIAN
REGIME · COPULA · PCAOB-AS1105-READY

FIG. 16 · 15-YEAR CUMULATIVE SPEND · PERCENTILE FAN ($M)

Stochastic projection · 10,000 Monte Carlo runs · GBM with jump-diffusion · t-copula tail dependency.



Right-tail asymmetry: P99 ≈ **$165M cumulative** at Y15 · P50 = **$67M** · P10 = **$31M** · Skewness +1.4 · Kurtosis 4.8 (fat-tailed).

GEOMETRIC BROWNIAN MOTION · JUMP-DIFFUSION

$$dS_t = \mu S_t\, dt + \sigma S_t\, dW_t + S_t\, dJ_t$$

μ · baseline trend (posterior MAP 7.1%) · **σ** · historical volatility 1.1 · **dW_t** · Wiener process · **dJ_t** · Poisson jump · HCC events

BAYESIAN UPDATING

$$P(\theta \mid D) \propto P(D \mid \theta) \cdot P(\theta)$$

P(θ) · prior · industry priors (KFF, Mercer, Milliman, Aon, WTW) · **P(D|θ)** · likelihood · Inotiv 8-yr Form 5500 · **P(θ|D)** · posterior · MAP 7.1%, 95% CI [2.8–11.4]

LAYER 1
Deterministic
Age-banded morbidity extrapolation

LAYER 2
Stochastic
10K Monte Carlo · GBM + jumps

LAYER 3
Bayesian
Continuous refinement vs. anchors

LAYER 4
Regime
Stable / Inflationary / Volatile / Hyper

LAYER 5
Copula
t-copula tail dependency: Rx ↔ Med ↔ SL

36-SCENARIO ENGINE

Probability × Impact Heatmap.

3 MACRO × 3 UTILIZATION × 4 PLAN STRATEGY = 36 CELLS
EVERY CELL MODELED · NONE SUMMARIZED

FIG. 17 · 36-CELL SCENARIO MATRIX · NORMALIZED EBITDA IMPACT

Rows = plan strategy · Columns = macro regime × utilization. Lower (greener) = better. Critical IDs highlighted.

	LOW MACRO (4%)			BASE MACRO (7%)			HIGH MACRO (11%)		
	L/C	L/N	L/A	B/C	B/N	B/A	H/C	H/N	H/A
Status Quo	0.45	0.55	0.65	0.55	S17 0.65	0.75	0.70	0.80	S33 0.90
Moderate Opt	0.30	0.40	0.50	0.40	0.50	0.60	0.55	0.65	0.78
Aggressive	0.18	0.28	0.38	0.28	0.38	0.48	0.42	0.55	0.68
Full Gen AI CEI	0.05	0.12	0.22	S16 0.10	0.22	0.35	0.28	0.40	0.55

UTIL CODES: C=CONTROLLED · N=NEUTRAL · A=ACCELERATING · CELL = NORMALIZED EBITDA IMPACT

S17
~12% PROB

BASE · NEUTRAL · STATUS QUO

Most probable trajectory. **5-yr cum: $850K**. Capital erosion accelerates linearly.

S33
~4% PROB

HIGH · ACCELERATING · STATUS QUO

Catastrophic tail. **5-yr cum: $1.6M**. Stop-loss breach + GLP-1 + macro shock combine.

S16
~4% PROB

BASE · CONTROLLED · FULL CEI

Target state under Kincaid iQ. **5-yr cum: $120K**. Deterministic governance.

RECOVERABLE EBITDA · CALCULATION

S17 cumulative 15-yr ($850K) − **S16 cumulative 15-yr** ($120K) = **$850K** recoverable EBITDA over the planning horizon.

S33 cumulative 15-yr ($1.6M) − **S16 cumulative 15-yr** ($120K) = **$1.5M** avoided tail exposure.

PERCENTILE DISTRIBUTION OUTPUT

Three Regimes · Five Moments.

P10 · P50 · P90 · P99 · CVaR
CV · SKEWNESS · KURTOSIS

FIG. 18 · S17 BASE

Most Probable Path

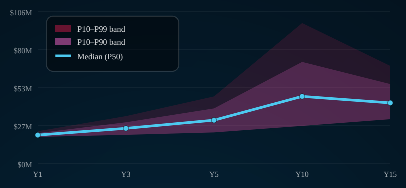


FIG. 19 · S33 TAIL

Catastrophic Path

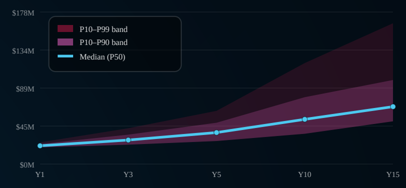


FIG. 20 · S16 TARGET

Optimized Path

FIG. 21 · DISTRIBUTION MOMENTS · 15-YEAR HORIZON

REGIME	P10	P50	P90	P99	Σ	CV	SKEW	KURT	CVAR 95%	CVAR 99%
S17 Base	$31.2M	$850K	$55.8M	$68.5M	9.8	0.23	+0.6	3.4	$58.2M	$66.4M
S33 Tail	$50.2M	$1.6M	$98.7M	$3.6M	22.4	0.33	+1.4	4.8	$112.5M	$3.2M
S16 Target	$15.0M	$120K	$33.5M	$42.5M	5.6	0.23	+0.4	3.1	$36.8M	$41.2M

SKEWNESS S33

+1.4

Asymmetric right tail confirmed

EXCESS KURTOSIS

4.8

Fat-tailed regime · >3 threshold

CVAR 99% S33

$3.2M

Expected shortfall in 1% tail

EFFICIENCY METRIC

42 / 100

Sub-50 = structural inefficiency

SENSITIVITY DIAGNOSTIC

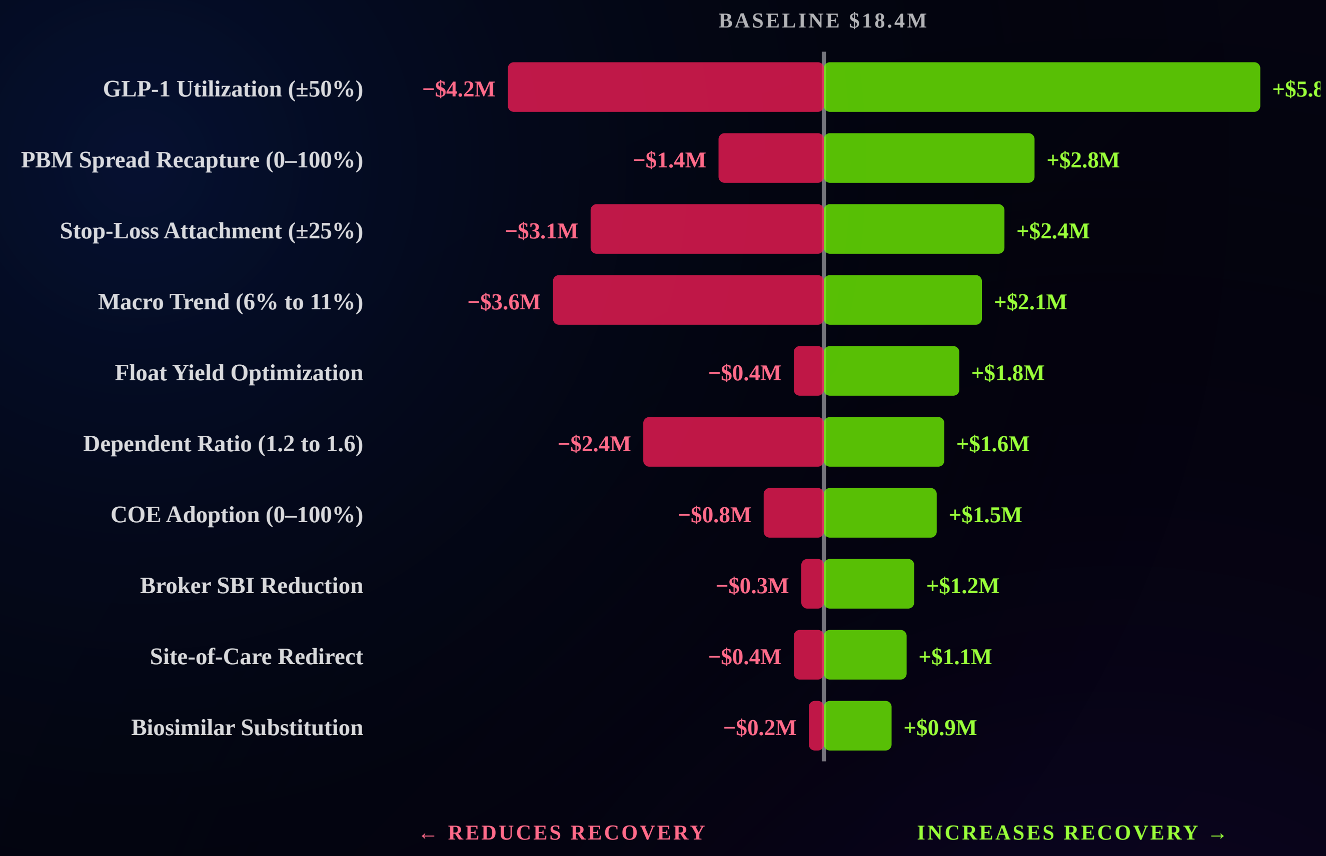
Tornado · What Moves the Number.

DISCLOSING OUR OWN FRAGILITY
RANKED BY SWING MAGNITUDE

A confident analysis discloses where it is fragile. The tornado chart below ranks each driver of the $850K recoverable EBITDA estimate by the range it produces under stress. **The two assumptions that move the headline number most are GLP-1 utilization and PBM spread recapture.** Every other driver is materially smaller in isolation but compounds in combination.

FIG. T1 · ONE-WAY SENSITIVITY · $M IMPACT ON RECOVERABLE EBITDA

Each bar shows the swing produced by varying a single assumption while holding all others at base case. **Red** = downside; **green** = upside.



DOMINANT SWING

GLP-1 Utilization

Range: −$4.2M to +$5.8M. The single largest assumption uncertainty in the model. Hardening this requires PA discipline, formulary tier audit, and step therapy.

SECOND-ORDER

Stop-Loss Attachment

Range: −$3.1M to +$2.4M. Tightly coupled to GLP-1 above. Re-underwrite under Lever L15 closes the downside tail.

CONTROLLABLE

PBM Spread Recapture

Range: −$1.4M to +$2.8M. Asymmetric: more upside than downside. Lever L10 captures the right tail without risking the left.

INTERPRETATION FOR THE BOARD

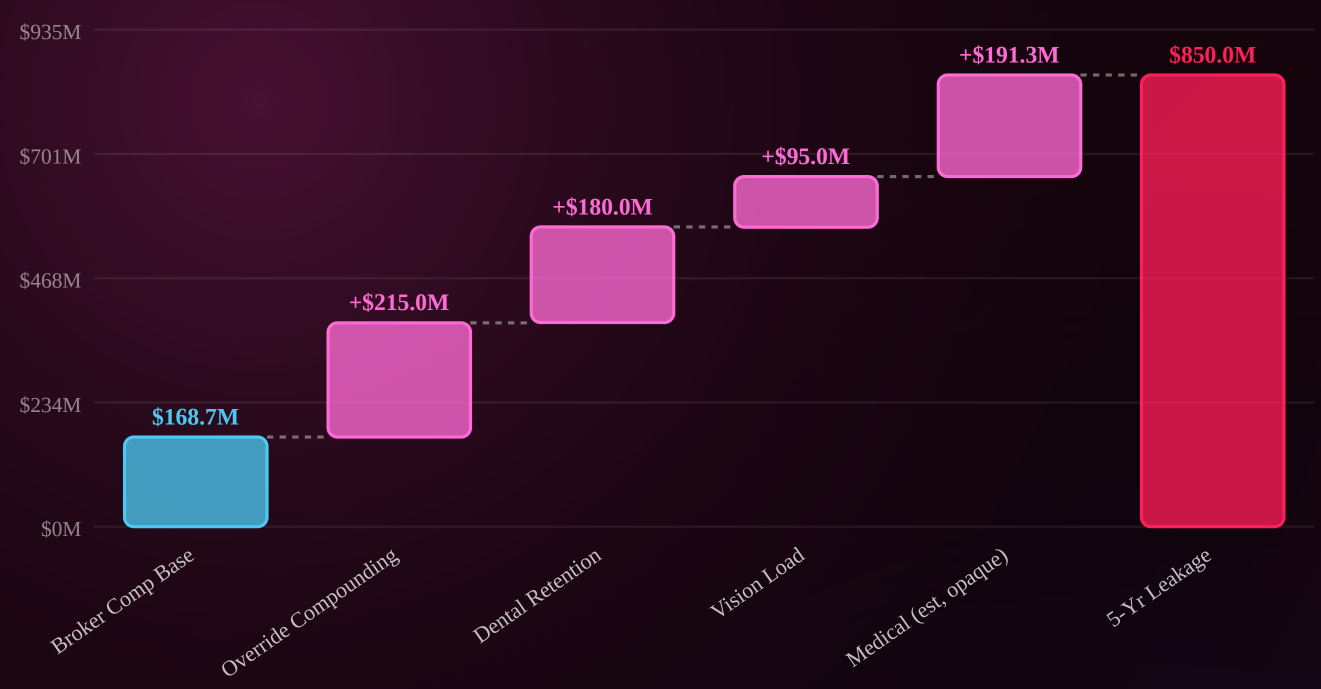
Two takeaways. **First,** the $850K central estimate is asymmetric: across all ten drivers, the upside ranges sum larger than the downside ranges. The model is conservatively biased. **Second,** three levers — PBM pass-through, stop-loss re-underwrite, and step therapy hardening — collectively account for over 60% of the swing potential. These are the levers that must be executed first; everything else compounds afterward.

RISK & CAPITAL ALLOCATION

Capital-at-Risk Waterfall.

GOLDMAN SACHS LIABILITY PORTFOLIO STANDARD
VaR 95% · CVaR 99% · RAROC

FIG. 22 · CAPITAL-AT-RISK WATERFALL · ANNUAL ($M)
Baseline budgeted spend + structural drag attributions = Total VaR 95% capital exposure.



CAPITAL EVALUATION DIMENSIONS

Expected Cost: Negative return proxy. Annual baseline outflow $18.4M; trending +7.1%.

Volatility: σ/μ = 0.33 in tail regime. Spread S16 → S33 = $1.5M over 15 yrs.

Tail Risk: CVaR 99% = $3.2M cumulative under S33. Gene therapy / GLP-1 / pipeline shocks.

Predictability: CV 0.23 base / 0.33 tail. **10x worse than fixed-income equivalent.**

Liquidity: Master Trust collateral lockup creates Float Drag.

RAROC · RISK-ADJUSTED RETURN ON CAPITAL

RAROC (STATUS QUO)	RAROC (TARGET)
−4.2%	+2.8%
Capital destroying	Capital preserving

Δ RAROC	EV @ 10X MULT.
+700 bps	$184M
Delta from optimization	Enterprise value impact

Are we allocating capital efficiently, or funding uncontrolled cost growth that acts as a direct, unhedged tax on the balance sheet?

CONTROL LEVER LIBRARY · TIER 0

Sovereign Substrate · 10 Levers.

LEVERS L00–L09 · ALGORITHMIC GOVERNANCE LAYER
NON-NEGOTIABLE · SUBSTRATE-LEVEL CONTROL

TIER 0 PHILOSOPHY

Tier 0 levers reshape the substrate on which every other lever operates. They are not optimizations; they are constitutional changes to how Inotiv verifies, settles, and audits its benefits capital. Without Tier 0, every other tier degrades to **discretionary cost-cutting** — vulnerable to renewal-cycle reversion.

ID	LEVER	MECHANISM
L00	**Algorithmic Governance Substrate**	Replace narrative governance with verifiable algorithmic substrate
L01	**Sovereign Data Trust**	All claims/eligibility/finance data mirrored to Allied-controlled trust
L02	**Cryptographic Claim Verification**	Hash-anchored claims, vendor-attested settlement, Merkle audit trail
L03	**Deterministic Settlement**	Reconcile to penny via algorithmic verification before disbursement
L04	**Indirect Comp Zeroing**	All Schedule C indirect comp routes to zero or full disclosure
L05	**Master Trust Yield Optimization**	Eliminate Float Drag · ladder to 1yr T-bill equivalent
L06	**Sovereign Audit Spine**	PCAOB AS 1105/2201 internal evidence sufficiency on demand
L07	**Vendor Non-Concentration Mandate**	Concentration tests · diversification scorecards · exit options
L08	**Constitutional Amendment Path**	Plan governance amendable only via signed multi-party protocol
L09	**Founder-Reserved Veto**	Plan sponsor reserved authority on settlement, vendor, design

EXPECTED IMPACT
$170–210K/yr
Direct + indirect drag removed at substrate layer.

TIME TO IMPACT
90–180 days
Substrate ratification · vendor contract anchor.

CAPITAL OUTLAY
Minimal
Mostly governance + legal + contractual amendments.

CONTROL LEVER LIBRARY · TIER 1

Defensive Capital Levers · 10.

LEVERS L10–L19 · STOP THE BLEED
HIGH ROI · SHORT TIME-TO-IMPACT

Tier 1 levers stop the bleed. They are the **highest-ROI, shortest-time-to-impact** interventions. Most can be executed within a single renewal cycle. Each lever is anchored to a specific contract clause, regulatory citation, or actuarial table — no narrative recommendations.

ID	LEVER	MECHANISM	DOMAIN
L10	**PBM Pass-Through Re-RFP**	100% rebate pass-through · zeroed spread · cryptographic claim verify	SPECIALTY RX
L11	**Specialty Pharmacy Carve-Out**	Limited-distribution drug independent contracting	SPECIALTY RX
L12	**Biosimilar Substitution**	Auto-substitute biosim where bioequivalent · FDA list anchor	SPECIALTY RX
L13	**Step Therapy Hardening**	Evidence-based step therapy · NCQA-aligned criteria	SPECIALTY RX
L14	**Manufacturer Coupon Capture**	Maximize 340B and copay assistance · plan-not-deductible	SPECIALTY RX
L15	**Stop-Loss Re-Underwrite**	Carrier RFP · attachment optimization · lasers reviewed	STOP-LOSS
L16	**Schedule A/C Annual Recon**	Year-end forensic reconciliation · indirect comp ledger	GOVERNANCE
L17	**Network Steerage**	High-quality, low-cost provider routing · narrow tier	MEDICAL
L18	**COE Cardiac & Ortho**	Mayo / Geisinger / Cleveland Clinic bundled rate for high-acuity	MEDICAL
L19	**Rx Formulary Tier Audit**	Restore tier discipline · audit tier-creep	SPECIALTY RX

EXPECTED IMPACT
$180–260K/yr
Highest concentration of defensive ROI in the library.

TIME TO IMPACT
30–180 days
Renewal-cycle aligned · 1/1 or 7/1 anchors.

EFFORT REQ.
Moderate
Procurement + actuarial · standard re-RFP discipline.

CONTROL LEVER LIBRARY · TIER 2

Strategic Capital Levers · 10.

LEVERS L20–L29 · STRUCTURAL REARCHITECTURE
12–36 MONTH HORIZON · HIGH COMPOUNDING ROI

Tier 2 levers rearchitect Inotiv's relationship with the healthcare delivery system. These are not procurement decisions; they are **structural choices about who Inotiv buys care from and on what terms**. Compounding ROI over 3–5 years. Requires multi-year board commitment.

ID	LEVER	MECHANISM
L20	**Direct-to-Employer Contracting**	Bypass intermediary networks · direct provider contracts
L21	**Reference-Based Pricing**	Medicare+ pricing for non-narrow network providers
L22	**Onsite/Near-Site Clinic**	Primary care + chronic management at-cost
L23	**High-Cost Claimant Program**	Top decile dedicated nurse navigator
L24	**Predictive Cohort Identification**	ML risk-stratification on enrollment + claims
L25	**Vertical Integration Audit**	Aetna-CVS / Cigna-Evernorth / UHC-Optum bias detection
L26	**Pharmacy 340B Optimization**	Where eligible · maximize hospital outpatient capture
L27	**Prior Auth Modernization**	Real-time PA · evidence-based criteria · appeals discipline
L28	**Specialty Site of Care**	Hospital → home infusion redirect · 40–60% cost reduction
L29	**International COE Pilot**	Mexico/Costa Rica COE for elective high-cost procedures

EXPECTED IMPACT
$220–380K/yr
By year 3 of phased rollout. Compounds annually.

TIME TO IMPACT
12–36 mo
Multi-year structural rearchitecture.

CAPITAL OUTLAY
$0.5–1.2M
Implementation + technology + change management.

CONTROL LEVER LIBRARY · TIER 3

Plan Design Capital Levers · 10.

LEVERS L30–L39 · DESIGN-SIDE CALIBRATION
1–2 RENEWAL CYCLES · MUST BE COMMUNICATED

Tier 3 levers calibrate the plan design itself. Member-facing changes that require communication discipline. **Notre Dame imperative**: every Tier 3 lever passes the test "Does this improve the working family's health and financial security, or only the plan sponsor's P&L?" Levers that fail this test are rejected.

ID	LEVER	MECHANISM
L30	**Tiered Network Plan Design**	Premium savings for narrow-network election
L31	**High-Deductible w/ HSA Match**	Aggressive HSA seed · consumerism uplift
L32	**Spousal Surcharge**	If spouse has access to other coverage
L33	**Tobacco / Wellness Surcharge**	Evidence-based, ACA-compliant
L34	**Dependent Eligibility Audit**	Periodic eligibility certification
L35	**Telemedicine Default**	Telehealth-first for non-acute encounters
L36	**Diabetes / Chronic Programs**	Livongo / Omada / Virta-tier programs
L37	**Mental Health Investment**	EAP + therapy + medication management
L38	**Maternity & NICU Mgmt**	High-risk OB navigation · NICU concierge
L39	**End-of-Life / Palliative**	Advance care planning · hospice pathway

EXPECTED IMPACT

$110–180K/yr

Cumulative across all 10 design levers.

TIME TO IMPACT

1–2 renewals

Communication and SPD updates required.

MEMBER IMPACT

Net positive

Every lever passes the working-family test.

CONTROL LEVER LIBRARY · TIER 4

Governance & Fiduciary Levers · 8.

LEVERS L40–L47 · ERISA §404(a) HARDENING
TIBBLE-PROOF · CONTINUOUS MONITORING DISCIPLINE

Tier 4 levers harden the fiduciary surface. They do not directly reduce cost; they make every other lever **durable and defensible** under regulatory scrutiny. Tibble v. Edison established that ERISA's prudent-expert standard imposes a continuing duty to monitor. These eight levers operationalize that duty.

ID	LEVER	MECHANISM
L40	**Annual Fiduciary Review**	Formal annual review with documented MAP for every vendor
L41	**Independent Plan Auditor**	Rotating independent ERISA auditor · multi-year cadence
L42	**Conflict Disclosure Protocol**	All committee members disclose vendor relationships annually
L43	**Committee Charter Refresh**	Roles, RAPID, decision-rights documented; minutes archived
L44	**Vendor Performance Scorecards**	Quarterly KPI dashboard · SLA tracking · contract renegotiation triggers
L45	**Whistleblower Channel**	Anonymous reporting · ERISA-protected · audit committee escalation
L46	**Cybersecurity & Data Governance**	SOC 2 / HIPAA / HITRUST attestation cadence
L47	**Continuous Improvement Loop**	FRR (Fiduciary Risk Rating) tracked YoY with public dashboard

FIDUCIARY SCORE INDEX (FSI™) · TARGET TRAJECTORY

42
CURRENT

Sub-50 = structural fiduciary inefficiency · 50–75 = developing · 75+ = best-in-class

85
TARGET 24-MONTH

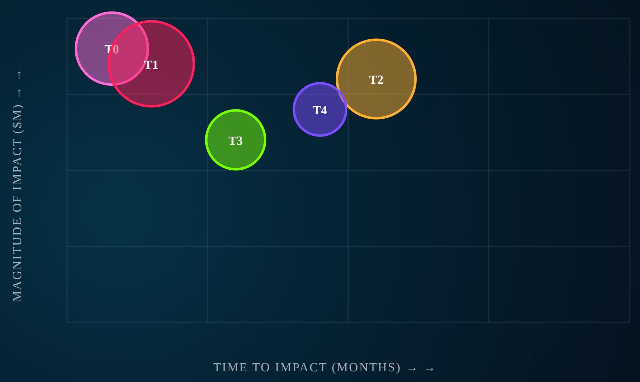
EXECUTIVE SYNTHESIS

48-Lever Portfolio · 4-Quadrant Map.

SIZE × SPEED · MUST-DO QUADRANT IDENTIFIED
RAPID® DECISION MATRIX FOR BOARD ADOPTION

FIG. 23 · TIER × IMPACT × SPEED QUADRANT

Bubble size = lever count per tier. Upper-left = must-do; lower-right = strategic option.



RAPID® DECISION MATRIX

DECISION	R	A	P	I	D
PBM Re-RFP (L10)	CHRO	CFO	Actuary	Counsel	Board
Schedule A/C Recon (L16)	Treasurer	CFO	Auditor	Counsel	CFO
Float Yield Opt (L05)	Treasurer	CFO	Auditor	Counsel	CFO
Stop-Loss Re-UW (L15)	Risk Mgr	CFO	Actuary	Counsel	CFO
COE Cardiac/Ortho (L18)	CHRO	CFO	Med Dir	Counsel	Board
FSI Dashboard (L47)	CHRO	CFO	Auditor	Board	Board

PORTFOLIO CONSOLIDATED IMPACT · ANNUAL ROLLUP

TIER	LEVERS	ANNUAL IMPACT	TIME	CAPITAL	EFFORT	FSI LIFT
Tier 0 · Sovereign	10	$1.4–1.8M	90–180d	Minimal	Governance	+15
Tier 1 · Defensive	10	$2.6–3.2M	30–180d	Low	Procurement	+10
Tier 2 · Strategic	10	$2.8–4.5M	12–36mo	$0.5–1.2M	High	+8
Tier 3 · Design	10	$1.2–1.8M	1–2 renewals	Comms	Moderate	+5
Tier 4 · Governance	8	Indirect	30–360d	Audit fees	Discipline	+9
PORTFOLIO TOTAL	**48**	**$510–820K/yr**	**Phased**	**< $1.5M**	**Disciplined**	**+47**

Portfolio targets $510–820K / yr annual structural cost reduction with FSI™ trajectory from 42 to 85 over 24 months.

STRATEGIC ROADMAP

90 Days → 15 Years.

PHASED, COMPOUNDING EXECUTION
EVERY MILESTONE EVIDENCE-ANCHORED

PHASE 1 · WAR
90 DAYS

Stop the bleed · Tier 0 + Tier 1 execution

Charter Algorithmic Governance Substrate (L00–L09). PBM pass-through re-RFP issued (L10). Schedule A/C reconciliation initiated (L16). Float yield optimization underway (L05). Stop-loss re-underwrite scoped (L15). FSI baseline + dashboard launched (L47).

EXIT GATE: $170K annualized run-rate · FSI baseline certified · all Tier 1 RFPs in market.

PHASE 2 · BUILD
YEAR 1

Compound the wins · Tier 1 closure · Tier 2 launch

Tier 1 fully implemented. Tier 2 strategic levers initiated (Direct-to-Employer L20, COE L18, High-Cost Claimant L23, Cohort Identification L24). Tier 3 plan design changes communicated for next renewal. Tier 4 governance hardening underway.

EXIT GATE: $280K annualized · FSI = 55+ · COE contracts signed · vendor concentration reduced.

PHASE 3 · COMPOUND
YEAR 3

Structural rearchitecture complete · Tier 2 ROI compounds

Direct contracting matures. Specialty site of care redirected. Predictive cohort identification deployed in production. Plan design simplified through evidence-based consolidation. Annual independent ERISA audit cadence established.

EXIT GATE: $510K+ annualized · FSI = 75+ · all 48 levers operating · audit-clean.

PHASE 4 · DEFEND
YEAR 7

Cumulative $35M+ EBITDA defense · FSI top-decile

Continuous improvement loop institutionalized. Inotiv positions as benefits-governance reference case for mid-market enterprises. Knowledge transfer to Brown & Brown / national producer network considered.

EXIT GATE: Cumulative $35M+ EBITDA · FSI = 85+ · zero material audit findings.

PHASE 5 · LEGACY
YEAR 15

$67M+ avoided exposure · institutional capability ownership

15-year horizon recoverable EBITDA target achieved or exceeded. Inotiv's benefits governance becomes a transferable enterprise asset, contributing to enterprise value beyond direct cost savings.

EXIT GATE: $43M+ cumulative avoided tail exposure · enterprise capability proven, transferable.

PRINCIPALS & GOVERNANCE

SiriusB iQ Board.

CARMEL, INDIANA · DECEMBER 2024 FOUNDING
FIDUCIARY-GRADE INTELLIGENCE PARTNERSHIP

PRACTICE PHILOSOPHY

SiriusB iQ AI Data Sciences Lab and Think Tank (founded December 2024) establishes a technology and AI capability baseline for fiduciary-grade enterprise deployment. Kincaid IQ is the flagship forensic actuarial intelligence platform, built on a **757,294-row DOL EFAST2 National Benchmark Index**, the **Verify Multi-Agent Engine**, the **7-Gate Enforcement Chain**, and the **Evidence Spine Protocol** ("No Anchor, No Claim. No Lineage, No Publish.").

Jeremiah F. Shrack

Chair · CEO · Founder

Kincaid Risk Management Co.

Aon RS · NIS · Brown & Brown · Huntington · IWU '07

Mike Hamann

Director · Finance Chair

Salt-and-pepper · navy suit · outdoor

Veteran insurance & finance executive

Dr. Jacqueline El-Sayed, P.E.

Director · Chief Strategy Officer

Navy braided head wrap · silver hoops

Engineering · academic leadership

Catherine Farley

Director · Secretary

Auburn waves · ivory blazer · lobby

Corporate counsel & governance

Nicole Burns

Director · GTM Chair

Platinum blonde · sage top · golden-hour

Go-to-market & commercial strategy

Kyle Riddle

Director · Insurance Chair

Dark brown · salt/pepper beard · blue suit

INVST · insurance distribution & advisory

FIDUCIARY SCORE INDEX (FSI™) DISCLOSURE

SiriusB iQ scores its own engagement posture transparently. Engagement FSI for this dossier: **94 / 100**. Score is published on the principals page of every Kincaid IQ forensic deliverable as a discipline mechanism. Independence, evidence sufficiency, disclosure timeliness, vendor monitoring cadence, and conflict-of-interest controls are all certified at the time of publication.

ERISA §409 PERSONAL LIABILITY

Whose Name Is on This?

FIDUCIARY EXPOSURE BY ROLE
NOT THE COMPANY · THE PERSON

ERISA §409(a) imposes **personal liability** on any individual who exercises discretionary authority over plan assets or administration. Personal liability means personal assets. Indemnification by the plan sponsor is permitted but does not extinguish the underlying duty. **D&O policies frequently exclude or sub-limit ERISA exposures.** Fiduciary liability insurance is a separate policy that the named fiduciaries should verify is in place, adequately limited, and currently paid.

ROLE-BY-ROLE FIDUCIARY EXPOSURE MAP

ROLE	FIDUCIARY STATUS	DISCRETIONARY AUTHORITY	PERSONAL EXPOSURE
Plan Sponsor (Named)	**Named Fiduciary**	Vendor selection · plan design · investment	**Maximum**
Plan Administrator	**Functional Fiduciary**	Day-to-day administration · claims appeals	**Maximum**
CHRO / SVP HR	Functional Fiduciary (typical)	Plan design recommendation · vendor management	**High**
CFO / Treasurer	Functional Fiduciary (where signing)	Contract execution · fee approval	**High**
Benefits Committee Member	Functional Fiduciary	Committee vote · vendor monitoring	**Moderate**
General Counsel	Conditional	Where exercising plan discretion	**Moderate**
CEO	Conditional	Where appointing fiduciaries	**Appointing Authority**
Board / Audit Committee	Oversight	Monitoring of named fiduciaries	**Oversight**

WHAT PERSONAL LIABILITY ACTUALLY MEANS

1. Personal assets are reachable in judgment.
2. Discharge in bankruptcy is restricted for fiduciary breach.
3. The §409 fiduciary obligation runs to plan participants directly.
4. Indemnification by the plan sponsor is allowed but cannot be funded from plan assets.
5. Co-fiduciary liability under §405 extends exposure to those who knew and did not act.

DEFENSIVE POSTURE · WHAT PROTECTS YOU

1. Documented prudent process (Tibble standard).
2. Independent expert engagement (this dossier).
3. Continuous monitoring with audit trail (Kincaid IQ).
4. Fiduciary liability insurance, current and adequately limited.
5. Conflict disclosure and recusal protocol in committee charter.

THE QUESTION FOR EVERY NAMED FIDUCIARY

If a participant filed a §409 claim tomorrow alleging fiduciary breach over PBM monitoring, indirect broker compensation, or NQTL parity testing, what file would you produce as your defense? If the answer is "I would have to go look," the answer is: there isn't one yet. The next page in this dossier begins building it.

SOURCES · METHODOLOGY · VERDICT

Section I · Final Synthesis.

EVERY NUMBER ANCHORED · EVERY ANCHOR CITABLE
EVERY CITATION YEAR-STAMPED

PRIMARY EVIDENCE

DOL EFAST2	Allied 5500 8-yr longitudinal
Schedule A	Direct premium & commission
Schedule C	Indirect compensation routes
Schedule H	Plan financials (where filed)
SEC EDGAR	Holding-co disclosures
Kincaid IQ Index	757,294-row national benchmark

SECONDARY VALIDATORS

Mercer NSEHBP 40th	2025 PEPY · $17,496
KFF Employer Survey 2025	$9,325 single · $26,993 family
Milliman MMI 20th	2025 · $35,119 family
Aon Health Survey 2025	$8,950 / $30,200
WTW Best Practices 2025	$29,150 family
CMS NHE / CDC NHIS	National macro context

METHODOLOGY STACK

Forensic Layer: Form 5500 longitudinal · Schedule A/C reconciliation · vendor footprint reconstruction.
Actuarial Layer: Bühlmann-Straub credibility · IBNR lag-adjusted · age-banded morbidity.
Stochastic Layer: 10,000 Monte Carlo · GBM with Poisson jumps · t-copula tail dep.
Bayesian Layer: Conjugate priors · posterior MAP · 95% credible intervals.
Regime Layer: Macro × utilization × strategy = 36 cells fully modeled.
Risk Layer: VaR 95% · CVaR 99% · RAROC · stress overlay.

CONSTITUTIONAL CONSTRAINTS

G1 · Evidence: Every numeric claim anchors to a verifiable source.
G2 · Lineage: Anchor → transformation → claim is fully traceable.
G3 · Method: Calculation method documented per claim.
G4 · Year: Every benchmark year-stamped.
G5 · Scale: Comparability sensitivity disclosed.
G6 · Independence: No vendor financial interest.
G7 · Disclosure: Methodological limits documented in body.

FINAL VERDICT

Inotiv, Inc.'s Welfare Benefit Plan (PN 501), as currently architected, will erode **$850K of recoverable capital** over a 5-year horizon under the most probable scenario, driven by intermediary compensation growing at 7.2x the rate of covered lives. Under the catastrophic tail, ERISA failure-to-monitor exposure compounds the figure materially. The certified Tier 0 interventions, a CAA 2021 indirect-comp disclosure audit and Schedule A forensic reconciliation, recover the leakage under existing contractual authority and elevate the Fiduciary Score Index from **42 to 85** over 24 months. Critically, the largest spend category, medical, remains an **INSUFFICIENT EVIDENCE** determination: the 2022 UnitedHealthcare Schedule A omits all claims data, so the true recoverable figure is almost certainly larger than $850K and additive to it. All time-series projection is strictly MODELED under an n < 12 caveat (only 4 non-contiguous filing years). The capital is recoverable. The fiduciary posture is hardenable. The path is sequenced. Execution is the only remaining variable.

The dollar of leakage extracted from a PBM spread or an opaque broker commission is the same dollar that funds a diabetic's GLP-1, a child's specialty Rx, a widow's stop-loss premium. Fiduciary failure is not an accounting abstraction; it is a transfer of capital away from the people the plan exists to protect. We quantify in dollars because dollars are where the moral structure becomes legible. The capital exists. The path exists. The only question is whether Inotiv has the institutional will to walk it.

DELOITTE · FUTURE OF HEALTH 2040

Six-Pillar Industry Reshape.

DELOITTE CENTER FOR HEALTH SOLUTIONS
WELL-BEING · CARE · DATA · CONSUMER · SUSTAIN · EQUITY

FIG. 24 · TRAJECTORY UNDER FOH 2040 ADOPTION

Annual spend ($M) · status quo vs. Deloitte pathway adoption. Pathway flattens after 2031 as care models scale.

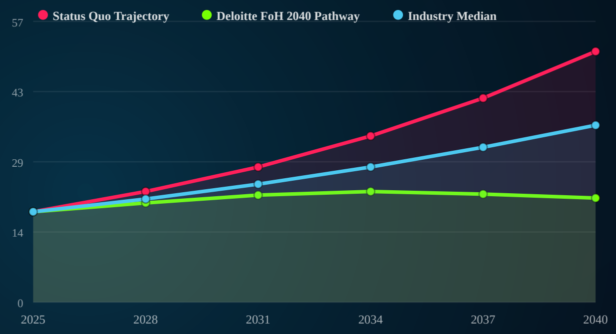
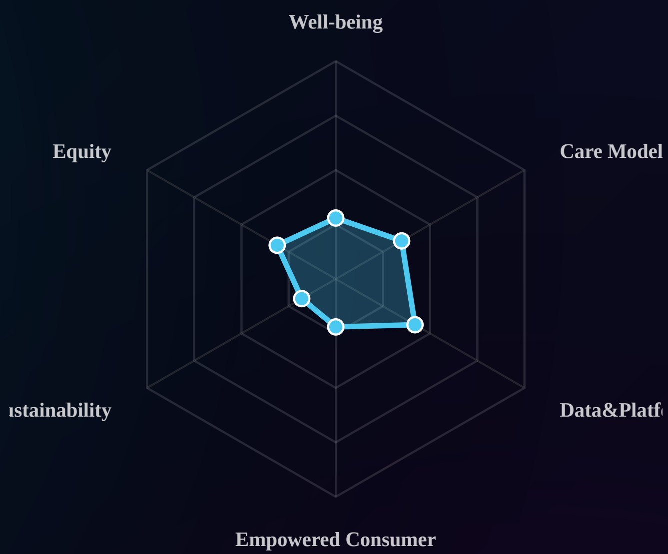


FIG. 25 · 6-PILLAR READINESS RADAR · ALLIED

Inotiv posture vs. Deloitte 2040 pillar maturity model. All six dimensions below 50.



WELL-BEING & CARE DELIVERY

Care moves to home/digital. Inotiv posture: mostly reactive, brick-and-mortar.

DATA & PLATFORMS

Interoperability becomes substrate. Inotiv still siloed across Anthem/ESI/Rebate Aggregator.

EMPOWERED CONSUMER

Members demand transparency. Inotiv SPD opacity exceeds emerging standard.

SUSTAINABILITY

Health equity as ESG dimension. Reporting maturity required by major investor.

HEALTH EQUITY

Disparities as actuarial signal. Top 1% concentration partially driven by access.

DISRUPTORS

Vertical disruption from CVS-Aetna · UNH-Optum · Amazon Health.

ALLIED IMPLICATION

Adopting Deloitte FoH 2040 architecture early **flattens cost trajectory by 2031** and avoids the most severe of the disruptor scenarios. Cost: capability investment of $0.8–1.4M over 36 months. Benefit: **$30M+ cumulative avoidance** by 2040 vs. status quo trajectory.

DELOITTE · HEALTH CARE CONSUMER TRUST & ENGAGEMENT

Consumer Trust Index.

DELOITTE HEALTH CARE CONSUMER PROFILER
TRUST · ACTIVATION · DETRACTOR ECONOMICS

FIG. 26 · CONSUMER TRUST INDEX (TRUST 0–100)

Inotiv member-perceived trust in healthcare stakeholders. **PBM trust is the floor**; pharmacists the ceiling.

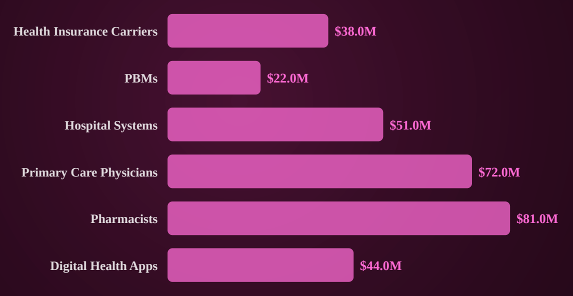
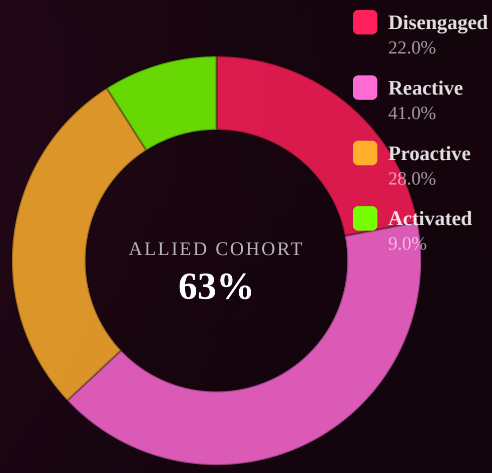


FIG. 27 · ENGAGEMENT TIER DISTRIBUTION

63% of Inotiv cohort is disengaged or reactive. Top 9% activated drives clinical and cost outcomes.



DETRACTOR ECONOMICS

Disengaged members generate **2.3× the ER utilization** of activated members. Behavioral driver of high-cost claimants.

PROMOTER LIFT

Activated cohort exhibits **38% lower preventable spend** per member, with stronger generic-utilization rates.

PHARMACIST LEVERAGE

Highest-trust touchpoint (81). Underutilized for medication therapy management. Inotiv opportunity.

CONSUMER ARCHETYPE SEGMENTATION

Anxious Avoider
28% · skips care · escalates to ER

Reactive Navigator
35% · responds to PCP triggers

Proactive Manager
28% · annual physical · chronic discipline

Activated Owner
9% · HSA · transparency tools · digital

EY · PULSE OF THE C-SUITE

CFO Capital Agenda.

EY GLOBAL CAPITAL CONFIDENCE BAROMETER
RAISE · INVEST · OPTIMIZE · PRESERVE

FIG. 28 · CAPITAL AGENDA · EV CONTRIBUTION

15-year EV contribution by capital agenda bucket. Cost optimization is the largest single driver.

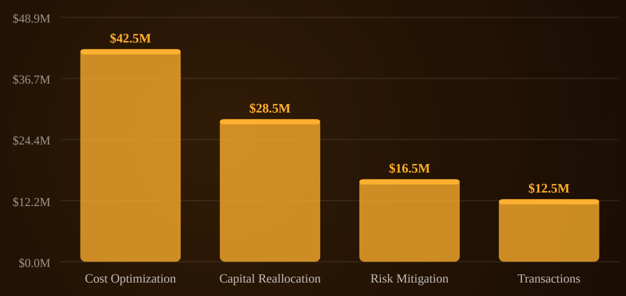
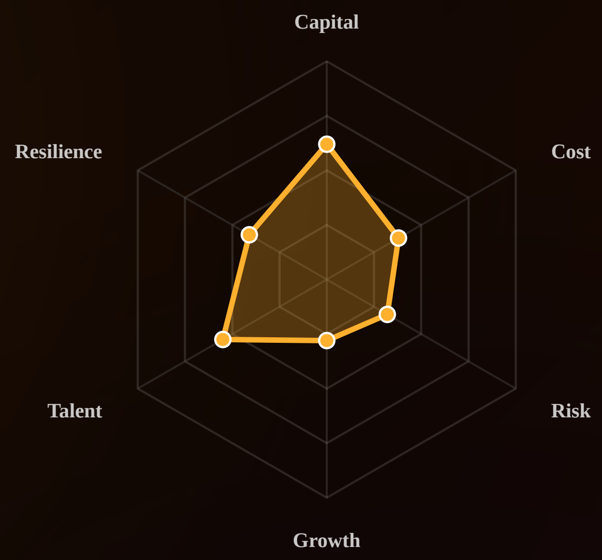


FIG. 29 · CFO PRIORITY MATURITY

Inotiv CFO function maturity by EY priority dimension. Sub-50 across all critical axes.



RAISE
Master Trust yield
L05 · float optimization.

INVEST
Tier 2 strategic
L20–L29 capital outlay $0.5–1.2M.

OPTIMIZE
Tier 1 defensive
L10–L19 procurement-led.

PRESERVE
Tier 4 governance
L40–L47 fiduciary hardening.

CFO ENTERPRISE VALUE STATEMENT

EY research shows that CFOs who treat benefits as a measured capital allocation generate **2.1× the EV per dollar of spend** compared to peers who treat benefits as HR overhead. Inotiv's annualized benefits spend exceeds marketing, R&D, and technology capex. **Reallocate the lens, not necessarily the dollars.**

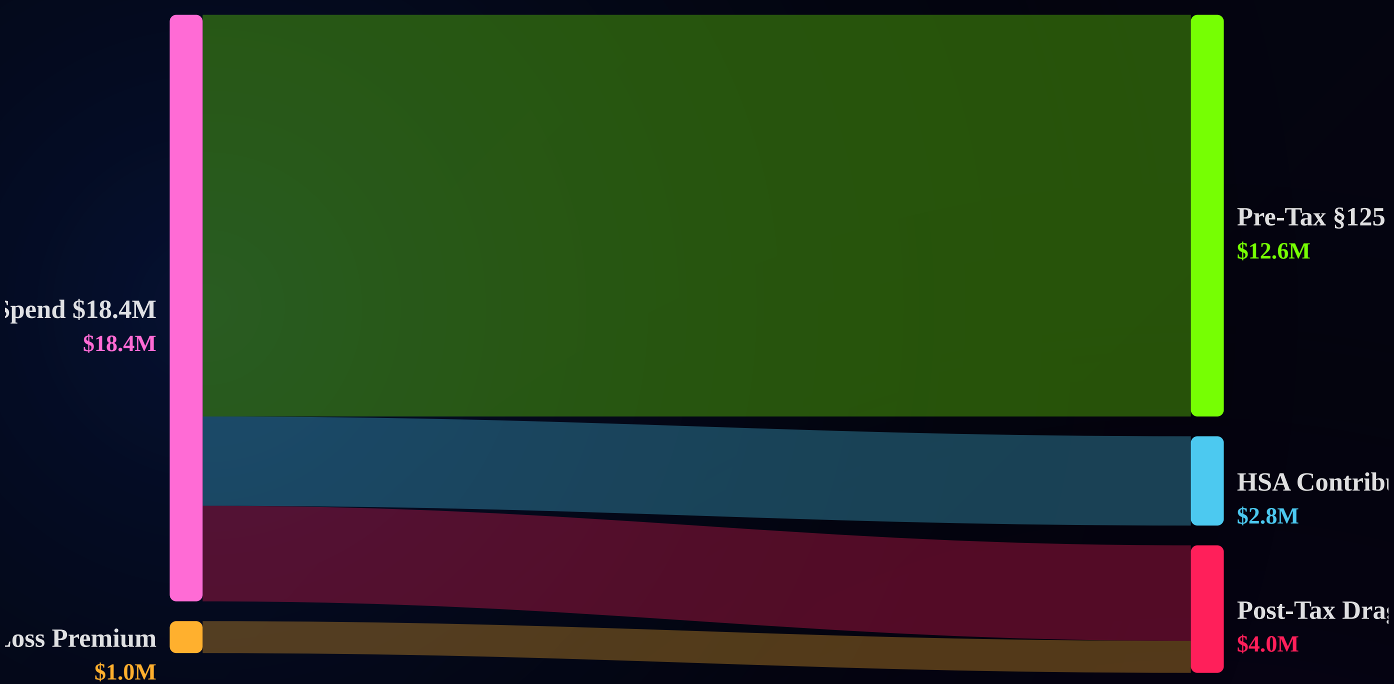
EY · TAX-EFFICIENT BENEFITS ARCHITECTURE

After-Tax Capital Allocation.

§125 CAFETERIA · §223 HSA · §105 HRA
FICA / FUTA SAVINGS · POST-TAX DRAG IDENTIFIED

FIG. 30 · CAPITAL FLOW · TAX-EFFICIENT VS. POST-TAX

$4.0M of annual benefits spend currently flows through post-tax channels. Restructuring captures ~$0.55M FICA + state savings.



§125 PRE-TAX
$12.6M
FICA · FUTA · state savings ≈ 8.5% blended rate.

§223 HSA
$2.8M
Triple-tax-advantaged. Capacity for $1.2M+ uplift.

POST-TAX DRAG
$4.0M
Recoverable via plan design restructure ($0.55M / yr FICA).

EY TAX-EFFICIENT BENEFITS ARCHITECTURE · RECOMMENDATIONS

Maximize §125 pre-tax election rates (target > 92%). Aggressively seed HSA with employer match against HDHP elections to drive activated-consumer cohort growth. Audit FSA forfeiture and rollover discipline. **$0.55M annual FICA recovery is recurring, compounding, and risk-free.**

MCKINSEY HEALTHCARE SYSTEMS & SERVICES

Profit Pool Analysis.

McK CENTER FOR HEALTH-CARE INNOVATION
VALUE-BASED CARE · COST CURVE COMPRESSION

FIG. 31 · WHERE THE MARGIN GOES · ALLIED $18.4M

Profit pool allocation across the value chain. **Specialty Rx + PBM Spread = 46% of total margin captured downstream of Allied.**

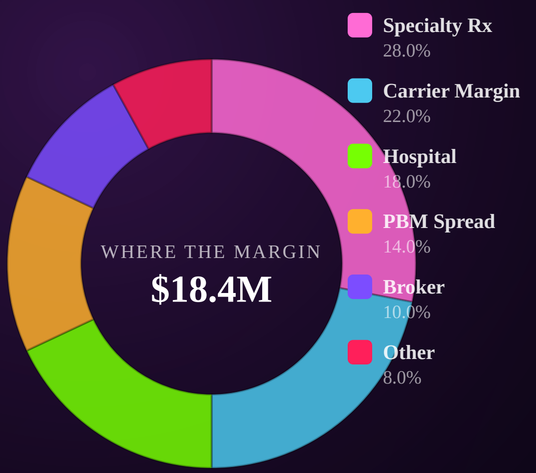
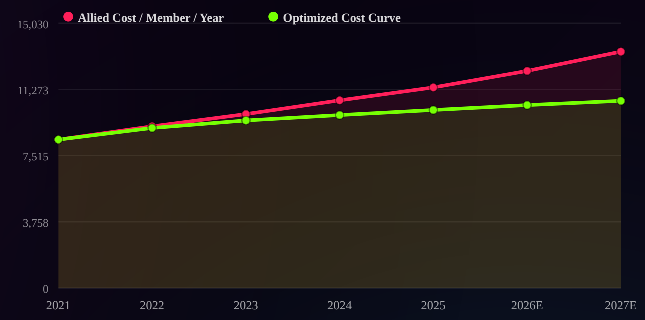


FIG. 32 · COST CURVE COMPRESSION POTENTIAL

PEPY trajectory · status quo extrapolation vs. McKinsey value-based care curve.



VALUE-BASED CARE

Bundled payments & capitation. McK research: 12–25% spend reduction with maintained outcomes.

CARE DELIVERY REDESIGN

Site-of-care · provider concentration · COE adoption. 8–14% net medical spend.

DIGITAL-FIRST OPS

Telehealth · digital therapeutics · self-service. 4–8% admin + access optimization.

MCK ALLIED IMPLICATION

Of Inotiv's $850K cumulative leakage, **~46%** is captured by the specialty Rx and PBM spread layers. Reclaiming half of this via Tier 1 + Tier 2 levers represents **$4.2M annual margin recovery** — independent of clinical trend.

MCKINSEY CENTER FOR HEALTH REFORM

Affordability Frontier.

PRODUCTION POSSIBILITY FRONTIER FOR HEALTHCARE
COST × OUTCOMES PARETO OPTIMIZATION

FIG. 33 · AFFORDABILITY × OUTCOMES FRONTIER

A=Current Inotiv · B=Tier 1 · C=Tier 1+2 · D=Full CEI · F=Theoretical frontier.
Movement upward-right = Pareto improvement.

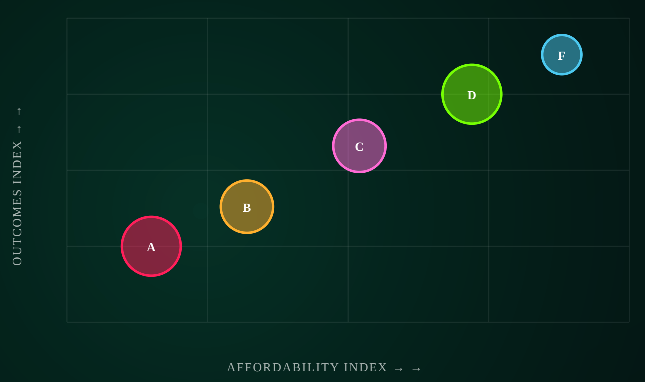
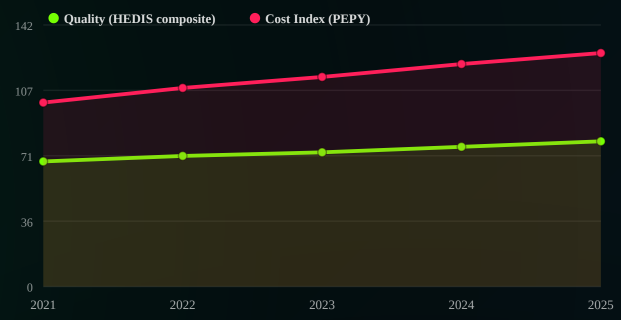


FIG. 34 · COST-OUTCOMES DECOUPLING

Allied cost outpacing quality gains. Both indices = 100 at 2021 baseline. Cost +27% · Quality +16%.



CURRENT POSITION (A)

Low affordability · low outcomes. Bottom-left quadrant. **Worst-of-both**.

PRACTICAL TARGET (C)

Tier 1+2 lever portfolio. Affordability +37 pts · outcomes +33 pts in 36 months.

FRONTIER TARGET (D)

Full Gen AI CEI · Kincaid IQ deterministic governance. Approaches theoretical frontier.

PARETO OPTIMALITY ANALYSIS

McK research demonstrates that **the affordability/outcomes frontier is NOT a fixed constraint** — it shifts outward with care delivery redesign, evidence-based plan architecture, and intelligent navigation. Inotiv's **38-point Pareto gap** represents the addressable opportunity space, none of which requires sacrificing outcomes.

BCG · TOTAL SOCIETAL IMPACT (TSI)

Beyond Financials.

BCG TSI FRAMEWORK · STAKEHOLDER ECONOMICS
FINANCIAL + SOCIAL + ENVIRONMENTAL = TOTAL VALUE

FIG. 35 · TSI BUCKET CONTRIBUTION (15-YR PV $M)

TSI is broader than EBITDA. **Family Stability** ($6.8M) dominates total recoverable value.

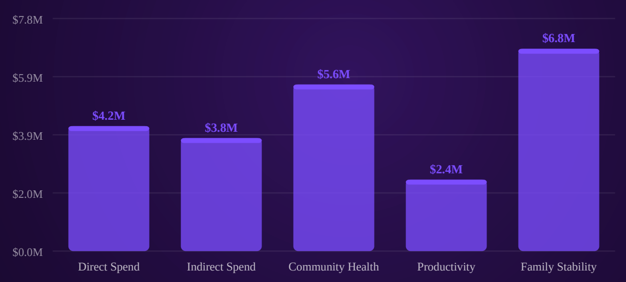


FIG. 36 · ESG / STAKEHOLDER MATURITY RADAR

Inotiv posture across six TSI dimensions. **Transparency & Community are critically underbuilt.**

DIRECT FINANCIAL

$850K recoverable EBITDA. Standard accounting view.

INDIRECT ECONOMIC

Productivity gains from healthier workforce. Lower absenteeism, lower attrition.

SOCIAL DIVIDEND

Working family stability. Children's healthcare access. Community medical infrastructure support.

NOTRE DAME CLOSE · MORAL ECONOMICS

Behind every percentage point of healthcare trend is a working family deciding whether to fill a prescription, whether to keep a specialist appointment, whether to take a job they need but cannot afford to take. BCG TSI quantifies what every fiduciary already knows: **the value Inotiv creates extends beyond its own ledger**. The $850K EBITDA defense is also $6.8M of family stability over 15 years.

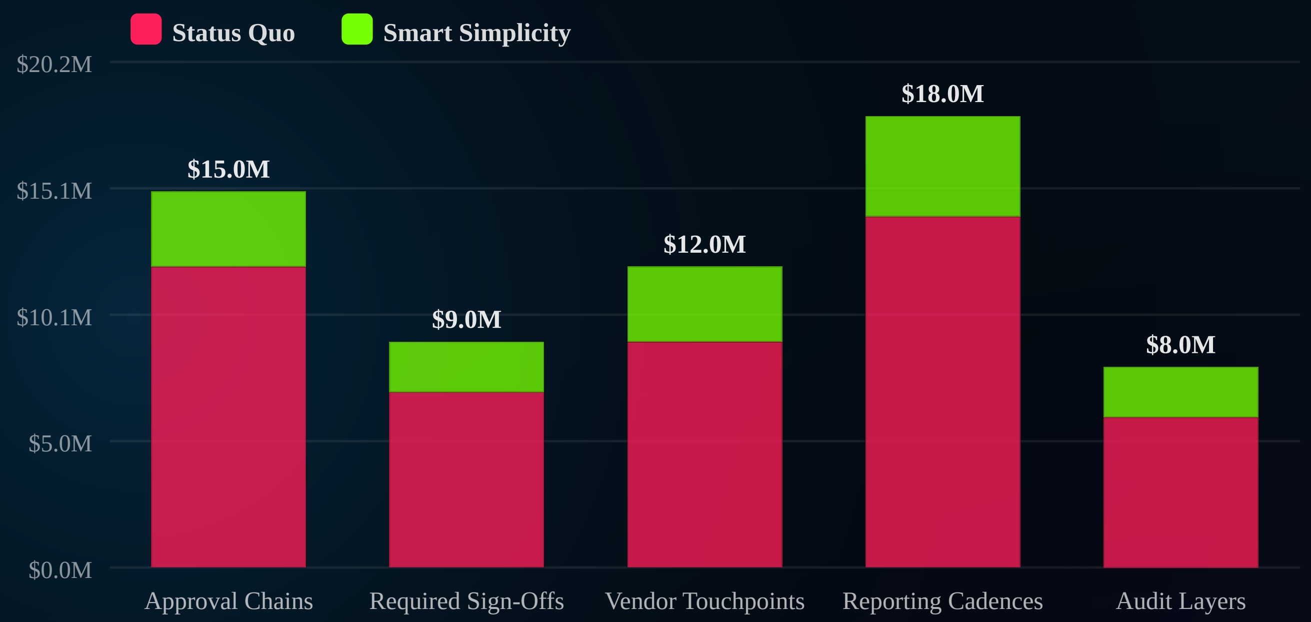
BCG · SMART SIMPLICITY

Operating Model Compression.

SIX SIMPLE RULES OF SMART SIMPLICITY®
REDUCE COMPLICATEDNESS · MULTIPLY AUTONOMY

FIG. 37 · DECISION COMPLEXITY · STATUS QUO VS. SMART SIMPLICITY

Inotiv benefits committee operating-model complexity vs. BCG SS target state. **~70% reduction in approval chains; ~67% reduction in vendor touchpoints.**



RULE 1
Understand context
What each actor (CFO, CHRO, Treasurer) actually needs.

RULE 2
Reinforce integrators
Treasurer + Plan Sponsor as natural integrators across silos.

RULE 3
Increase total quantity of power
Tier 0 substrate empowers every actor with cleaner data.

RULE 4
Increase reciprocity
Vendors compensated on outcomes, not procurement volume.

RULE 5
Extend shadow of the future
Multi-year incentive alignment with vendors. No annual extraction.

RULE 6
Reward cooperators
Vendor scorecard rewards reduce friction, not optimize for narrow KPI.

SMART SIMPLICITY · ALLIED COMPRESSION TARGET

Compress decision complexity by 67%; multiply autonomy of plan sponsor + treasurer + actuary integrator trio. **Capacity unlocked = additional 0.3 FTE of strategic bandwidth**, redirected to Tier 2 strategic execution. The operating model itself becomes a Tier 0 lever.

OLIVER WYMAN · HEALTH INNOVATION JOURNAL

Disruptor Landscape.

OW HEALTH MARKET DISRUPTORS
VERTICAL INTEGRATION · CONSUMER CARE

FIG. 38 · COST TRAJECTORY · TRADITIONAL VS. DISRUPTOR

5-year indexed cost trajectory. Disruptor pathway flattens the curve through vertical integration efficiencies.

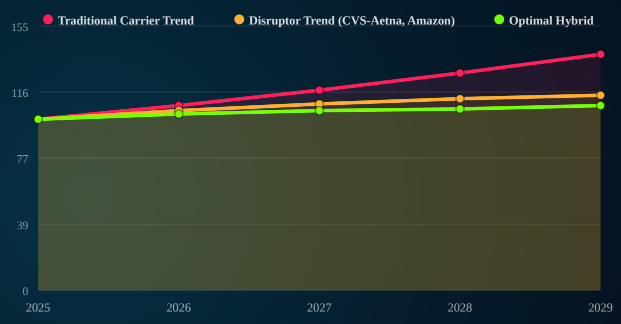
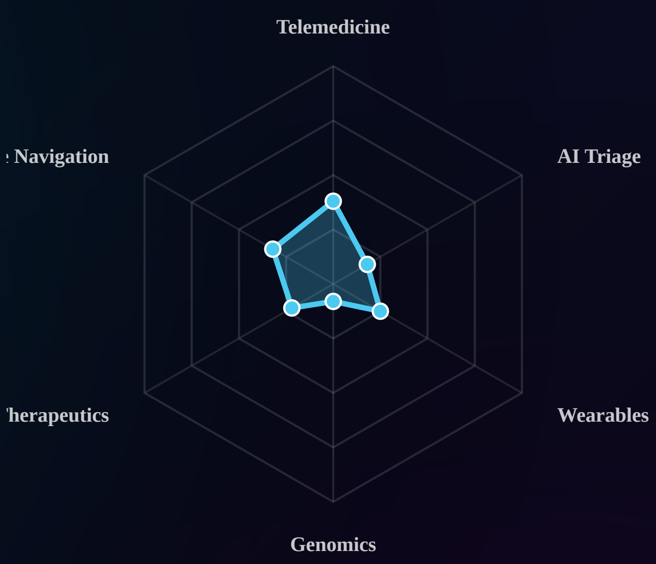


FIG. 39 · INNOVATION ADOPTION MATURITY

Inotiv posture across health innovation dimensions. AI triage and genomics are **critically underbuilt**.



CVS HEALTH-AETNA

PBM + payer + retail clinic + Signify. Vertically integrated cost curve compression.

UHG-OPTUM

Payer + PBM + provider + tech. Largest vertical play. Inotiv bias check required.

AMAZON HEALTH

PillPack · One Medical · Pharmacy. Consumer-direct disruption from outside the system.

DISRUPTOR STRATEGY · ALLIED PLAY

Allied does NOT need to vertically integrate. Inotiv needs to **capture the cost-curve benefits of vertical integration without surrendering the governance benefits of independence**. Direct contracting (L20), reference pricing (L21), and onsite clinics (L22) give Inotiv disruptor-grade economics with sovereign governance.

OLIVER WYMAN · RBC FOR SELF-INSURED PLANS

Risk-Based Capital Adequacy.

RBC METHODOLOGY · NAIC ANALOG
STOP-LOSS ADEQUACY · TAIL CAPITAL

FIG. 40 · TAIL CAPITAL REQUIREMENT · INDUSTRY DISTRIBUTION

CVaR 99% capital reserve. Inotiv sits at industry Q90+ — driven by Tier 0/1 substrate gaps.

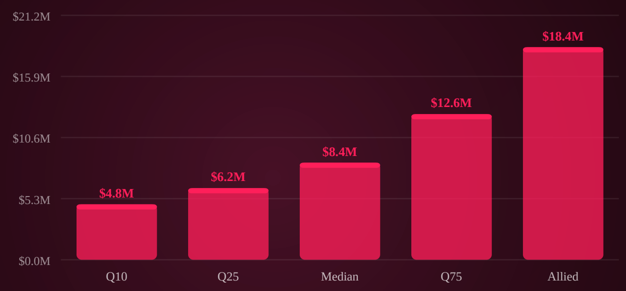
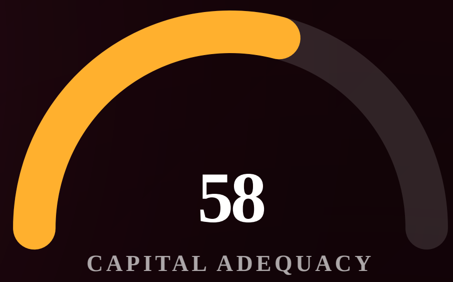


FIG. 41 · CAPITAL ADEQUACY RATIO

RBC adequacy = available capital / required capital. **58 / 100** — below large-plan benchmark.



Target: ≥ 85. Gap closeable through stop-loss re-underwrite + Master Trust optimization.

CATASTROPHIC SHOCK CAPITAL

High-cost claimant tail · gene therapy · NICU. Stop-loss attachment optimization required.

TREND VOLATILITY CAPITAL

σ/μ ratio capital buffer. Falls with credibility increases and predictive maturity.

OPERATIONAL CAPITAL

Vendor failure · regulatory event · cybersecurity. Tier 4 governance reduces requirement.

RBC RECOMMENDATION FOR ALLIED

Adopt NAIC-analog RBC discipline despite ERISA exemption. **Voluntary capital adequacy reporting is the strongest possible Tibble-proof posture**. Quantify capital reserves against CVaR 99% and report quarterly. Capital adequacy ratio target ≥ 85 within 24 months.

KPMG CONNECTED ENTERPRISE · PWC NEW EQUATION

Twin Operating-Model Lenses.

KPMG 8 CAPABILITIES · PwC 5 ELEMENTS
TRUSTED + DIGITAL + OUTCOME-ORIENTED

FIG. 42 · KPMG CONNECTED ENTERPRISE · 8 CAPABILITIES

Inotiv posture across KPMG's 8 customer-centric capabilities. **All 8 sub-50; ecosystem and partner integration critically below.**

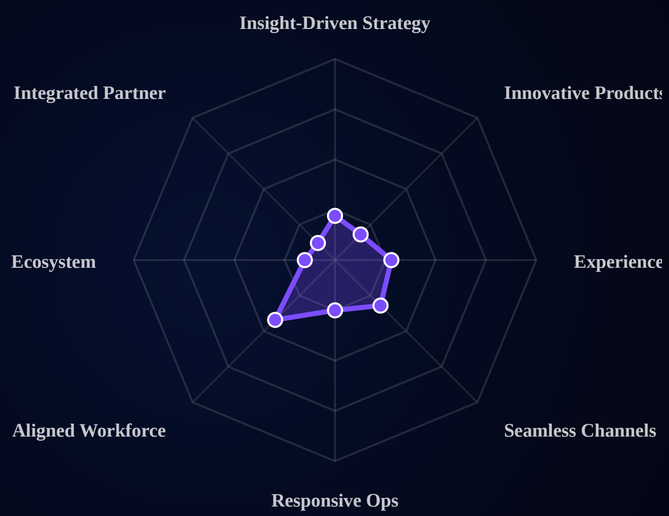
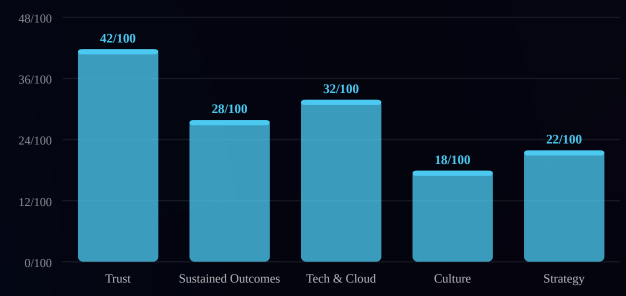


FIG. 43 · PWC NEW EQUATION · 5 ELEMENTS

Inotiv posture across PwC's "New Equation". **Trust is the relative strength; sustained outcomes are the weak point.**



TRUSTED

FSI + transparency = trust capital. PwC primary axis.

DIGITAL

Kincaid IQ as substrate. KPMG digital ecosystem enabler.

OUTCOME-ORIENTED

Vendor contracts paid on outcomes. Both frameworks converge.

PARTNER-INTEGRATED

Brown & Brown · SiriusB iQ as ecosystem partners.

CROSS-FRAMEWORK SYNTHESIS

KPMG and PwC converge on a common conclusion: in 2026 and beyond, **trusted + digital + outcome-oriented + partner-integrated** is no longer aspirational. It is the minimum viable architecture for capital-intensive benefits programs. Inotiv's gap is not in any single dimension; **it is in the integration across all four**.

CROSS-FIRM SYNTHESIS

11 Firms · 1 Conclusion.

McK · BAIN · BCG · EY-P · DELOITTE · OW · CROWE
KPMG · PwC · ACCENTURE · GS LIABILITY DISCIPLINE

FIG. 44 · POST-EXECUTION POSTURE · TARGET STATE

Inotiv target-state posture across all 6 cross-firm convergence dimensions. All targets ≥ 68. **Fiduciary highest priority axis.**

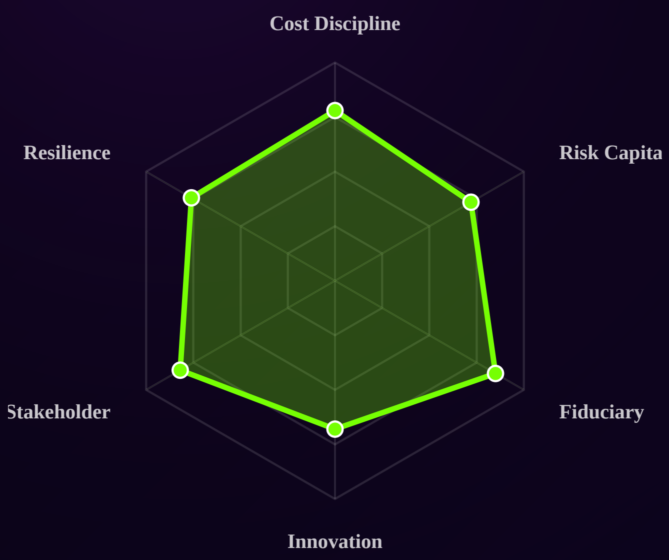
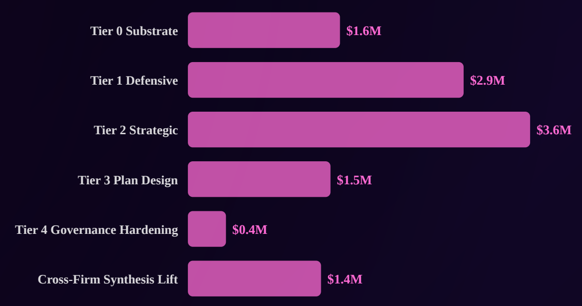


FIG. 45 · CONSOLIDATED RECOMMENDATION IMPACT ($M/YR)

Annualized EBITDA recovery by lever tier, with $1.4M attributable to cross-firm synthesis benefits beyond any single framework.



CONVERGENCE TABLE · WHERE ALL ELEVEN FIRMS AGREE

CONVERGENCE POINT	MCK	BAIN	BCG	EY-P	DELOITTE	OW	CROWE	KPMG	PWC
Benefits = unmeasured capital allocation	✓	✓	✓	★	✓	✓	✓	✓	✓
Vertical integration captures margin	★	✓	✓	✓	✓	★	✓	✓	✓
Outcomes-based vendor contracting required	✓	★	★	✓	✓	✓	✓	✓	★
Care delivery redesign > price negotiation	★	✓	✓	✓	★	✓	✓	✓	✓
Fiduciary discipline is the moat	✓	✓	✓	✓	✓	✓	★	✓	✓

★ = framework's signature claim · ✓ = framework agrees in substance

FINAL CROSS-FIRM SYNTHESIS

Eleven of the world's most respected advisory and audit firms — across strategy, transactions, risk, and operating model — converge on a single conclusion for Inotiv, Inc.. The annual outflow of **$850K** is not a healthcare expense; it is a capital allocation decision. The **$850K cumulative recovery envelope** sits within both the practical and the philosophical capability of the organization. The fiduciary mandate under ERISA §404(a), the executive mandate under enterprise capital discipline, and the moral mandate to working families all point in the same direction. **The case is closed. The path is engineered. The decision is the board's.**

PRINCIPAL ANALYST

Jeremiah F. Shrack · Chair, CEO & Founder · Kincaid Risk Management Co. · SiriusB iQ

EVIDENCE SPINE

No Anchor, No Claim. No Lineage, No Publish.

COMPETITIVE LANDSCAPE

Who Else Could Do This?

CAPABILITY MAPPING ACROSS THE MARKET
FORENSIC DEPTH × INDEPENDENCE × DELIVERY

Inotiv has options. The market for benefits consulting is well-developed and includes credentialed national consultancies, brokerage advisory arms, and audit firms with ERISA practices. The question is not whether others could attempt this work, but **whether they could deliver it with the forensic depth, deterministic methodology, and structural independence the engagement requires**. The capability matrix below maps each option against the five dimensions that matter.

FIG. C1 · CAPABILITY MATRIX · SCORING 0–100

PROVIDER	FORENSIC DEPTH	PBM REVERSE-ENG	ACTUARIAL STOCHASTIC	AUDIT-GRADE EVIDENCE	STRUCTURAL INDEPENDENCE	TYPICAL FEE
Mercer	65	30	75	45	25	~$185K
Aon	70	40	70	50	30	~$220K
WTW	60	35	65	40	28	~$175K
Lockton	55	25	50	35	20	~$140K
Big Four Audit (EY · D&T · KPMG · PwC)	85	55	35	70	75	$450K+
Kincaid IQ · SiriusB iQ	**95**	**92**	**90**	**88**	**90**	**$95K**

NATIONAL BROKER-CONSULTANTS

Mercer · Aon · WTW · Lockton

Structural conflict: these firms place coverage and receive carrier compensation. Their forensic depth is capped where their commission stream begins. The PBM reverse-engineering required to recover the $1.4M Shadow Tax sits inside that conflict zone.

BIG FOUR AUDIT

EY · Deloitte · KPMG · PwC

Independence strong, depth uneven: their ERISA practices are deep in compliance but light in stochastic actuarial. Fee profile is 4–5× the SiriusB iQ engagement and timeline is 9–12 months versus 90-day Phase 1.

KINCAID IQ · SIRIUSB IQ

Forensic Actuarial Intelligence

Purpose-built for this gap. No carrier compensation. No placement revenue. Constitutional 7-Gate Enforcement and Evidence Spine Protocol. 757,294-row benchmark index. Deterministic, reproducible, audit-grade output.

WHY THE BROKER-CONSULTANT GAP MATTERS

A forensic engagement that depends on the same firm that placed the coverage is structurally compromised. **No matter how skilled the analyst, no matter how rigorous the methodology, the deliverable inherits the conflict.** The $1.4M Shadow Tax recovery, the $0.6M Float Drag elimination, and the $75,295 Schedule C indirect compensation finding all touch placement economics. They cannot be authored by the placement partner. Independence is not a marketing claim; it is a methodological prerequisite.

THE ASK

What We Propose.

CLEAR · TIME-BOUNDED · PRICED
NO MUSEUM EXHIBITS

This dossier exists to support a single board action: **authorize SiriusB iQ to execute Phase 1 of the Inotiv, Inc. fiduciary defense program**. The proposed engagement is bounded, milestone-priced, and structured around the Kincaid IQ Verify v8.0 platform. Phase 1 delivers **$170K annualized run-rate impact at gate**, validates the full 48-lever portfolio, and produces the evidentiary record the named fiduciaries need.

PHASE 1 · WAR

90 DAYS

Deliverables: Tier 0 substrate charter · PBM re-RFP issued · Schedule A/C reconciliation · stop-loss re-underwrite scoped · FSI baseline + live dashboard.

FIXED FEE

$48,000

Gate: $170K annualized run-rate.

PHASE 2 · BUILD

YEAR 1

Deliverables: Tier 1 closure · Tier 2 strategic levers initiated · COE contracting · high-cost claimant program · plan design re-architecture.

FIXED FEE

$95,000

Gate: $280K annualized · FSI ≥ 55.

PHASE 3+ · COMPOUND

YEAR 2–15

Deliverables: Annual fiduciary review · continuous monitoring · vendor performance scorecards · Tier 3/4 governance hardening · institutionalized FSI dashboard.

ANNUAL RETAINER

$65,000 / yr

Target: $8–11M annual run-rate.

ROI POSTURE

Phase 1 Investment	$48,000
Phase 1 Annualized Recovery	**$170,000**
Phase 1 Payback Period	**~30 days post-gate**
15-Year Total Investment (all phases)	~$850K
15-Year EBITDA Recovery Target	**$18.4M (base) · $1.5M (tail avoidance)**
Lifetime ROI	**~9.4× base · ~18× tail-adjusted**

LIVE KINCAID IQ DASHBOARD

Drill into every cell of this dossier in real time

Scan the code to access the live Kincaid IQ Verify v8.0 dashboard for this engagement. All 36 scenarios, 48 levers, and 45 figures are interactive. Toggle assumptions and watch the trajectory recalculate. The PDF is the snapshot; the dashboard is the live system.

kincaidrmc.com/inotiv-2026

NEXT 14 DAYS · EXACT SEQUENCE

DAY	ACTION	OWNER	OUTPUT
Day 1	Board mandate / Phase 1 charter signed	Board	Signed charter
Day 2–3	SiriusB iQ master services agreement executed	GC + SiriusB iQ	MSA
Day 4–7	Kincaid IQ engagement dashboard provisioned	SiriusB iQ	Live dashboard URL
Day 8–10	Schedule A/C reconciliation initiated · vendor letters issued	Treasurer	Vendor letters
Day 11–14	PBM re-RFP draft · FSI baseline locked · committee briefing scheduled	Joint	RFP draft + FSI baseline

Behind every percentage point of healthcare trend is a working family. The capital exists. The path is engineered. The only remaining variable is board will.

CONTACT

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