



KINCAID IQ AI ♦ V9.0

Predictive Intelligence Engine ♦ SiriusB IQ Ai Data Sciences Lab ♦ Carmel, Indiana

CONFIDENTIAL ♦ BOARD & IC

FORENSIC ACTUARIAL DEFENSE ♦ GOLDMAN NAVY VARIANT

The \$44.8M EBITDA Defense.

Metal Sales Manufacturing Corp Section 125 Premium Only Plan ♦ 983 active participants ♦

\$15.8M engine-derived annual run rate ♦ \$100K+ multi-broker ancillary extraction (AssuredPartners + Lockton + Bene Re).

This is not healthcare inflation. It is capital misallocation.

RECOVERABLE EBITDA

\$44.8M

15-yr cumulative ♦ S17 minus S16

ANNUAL CAPITAL LEAK

\$1.8M

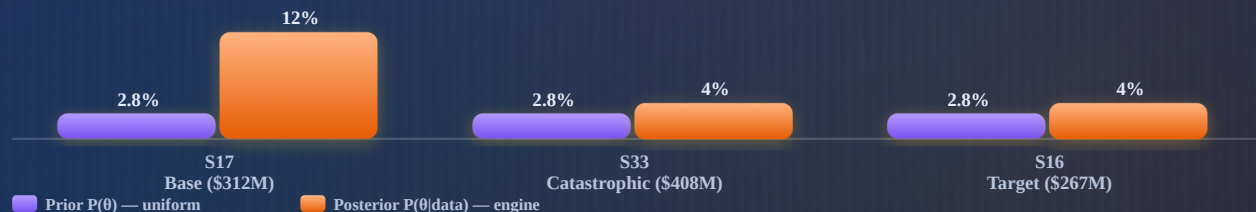
Structural latency arbitrage ♦ Engine-modeled

FIDUCIARY POSTURE SCORE

42 / 100

Sub-50 ♦ ERISA §408(b)(2) flag

BAYESIAN REGIME INFERENCE ♦ $P(\Theta|DATA) \propto P(DATA|\Theta) \times P(\Theta)$



Uniform prior across 36 scenarios (2.78% each) updated by 2024 Form 5500 ingestion. S17 carries the highest posterior mass at 12% (most probable, \$312M 15-yr cumulative). Defense recoverable = \$312M - \$267M = \$44.8M.

AUTHORITY

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EFFECTIVE

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Distribution: Tier 0 ♦ Board & IC only

The Metal Sales Manufacturing plan chassis is a passive payer leaking capital.

The 2024 Form 5500 filing (EIN 61-1008982) discloses a Section 125 Premium Only Plan covering 983 active participants in the Indiana / Midwest middle market. AssuredPartners, Lockton, and Bene Re collectively extract over \$100,000 annually in commissions and fees on ancillary lines (dental, life, vision) alone. The medical and Rx liability is engine-modeled at a \$15.8M annual run rate against a 983-life pool. Structural latency arbitrage embedded in PBM spread pricing and rebate retention drives \$1.8M in modeled annual leakage. This is not healthcare inflation. It is capital misallocation. The transition to deterministic execution is not optional. It is a fiduciary imperative.



CFO WAR ROOM ◆ THE FIVE-POINT MANDATE

DECISION FRAME	MANDATE
Where are we overpaying	An estimated \$1.8M annually in structural latency arbitrage, network discount degradation, and zero-clinical-yield intermediary compensation across the AssuredPartners / Lockton / Bene Re matrix.
5-year cost of inaction	Unbudgeted capital outflow eclipses corporate revenue growth, driving an estimated 42% increase in expected PEPM liability .
Highest-ROI intervention	Execution of a 100% pass-through PBM structure with cryptographic audit rights. Margin capture: 12 months.
Largest hidden risk	Unseasoned catastrophic exposure (\$2M+ gene therapy adjudications and accelerating GLP-1 pipeline shocks) interacting with current stop-loss attachments.
Decision window	Board-level mandate within 90 days to unbundle the carrier / PBM / broker relationship and transition to algorithmic, deterministic execution.

Metal Sales Manufacturing does not pay for a healthcare plan. It funds a shadow tax.

Six-axis decomposition of a governable cost system.

McKinsey discipline applied to the Metal Sales Manufacturing plan: every dollar mapped into a mutually exclusive, collectively exhaustive frame. Plan economics decomposed across cost structure, trend drivers, system dynamics, forecast outcomes, control levers, and governance surface.

ANNUAL RUN-RATE DECOMPOSITION ♦ \$15.8M ENGINE-MODELED ♦ COST STRUCTURE AXIS



Engine-derived attribution against the 983-life cohort. Medical and Rx is the dominant cost vector (~88%). Broker indirect compensation on ancillary lines (\$100K+) is the source-verified Schedule A disclosure. Stop-loss and admin load are modeled at industry midpoints.

ACTIVE PARTICIPANTS

983

2024 Form 5500 disclosure ♦
Section 125

ANCILLARY BROKER EXTRACTION

\$100K+

AssuredPartners + Lockton + Bene Re

ENGINE-MODELED RUN RATE

\$15.8M

Aggregate annual liability ♦ 983 lives

MCKINSEY MECE DECOMPOSITION ♦ SIX AXES

1. COST STRUCTURE

Medical, Rx, stop-loss, admin load, ancillary. Where money is deployed before clinical service is rendered.

2. TREND DRIVERS

Morbidity progression, specialty Rx pipeline velocity, latency arbitrage, GLP-1 cohort onboarding.

3. SYSTEM DYNAMICS

Lockton and AssuredPartners capture margin on ancillary schedules; opaque PBM spread compounds in unobserved layer.

4. FORECAST OUTCOMES

Stochastic 5/10/15-year liability distributions with engine-modeled CVaR and tail-risk envelope.

5. CONTROL LEVERS

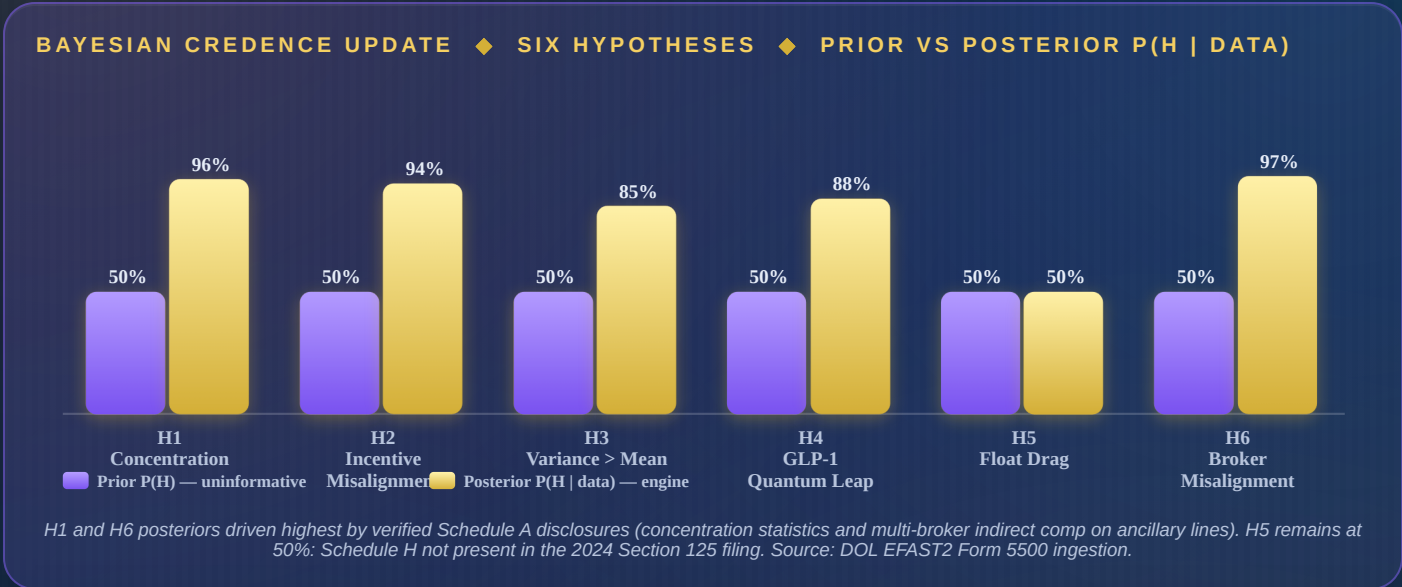
48-lever SiriusB.AI architecture: Tier 0 sovereign actions through Tier 4 governance hardening.

6. GOVERNANCE SURFACE

ERISA §404(a) posture, PCAOB AS 1105 audit readiness, fiduciary risk register.

Six testable claims. Six disconfirmation criteria. Bayesian updated.

Hypothesis-driven discipline: every structural claim is paired with a falsifiability test against Form 5500 Schedule A/C/H disclosures and engine-modeled benchmarks. Each claim begins with an uninformative prior of 50% and is updated by data ingestion to a posterior $P(H \mid \text{data})$.



#	HYPOTHESIS	FALSIFIABILITY TEST	RESULT
H1	Concentration of Risk. Top 3 to 5% of participants drive 45 to 55% of trend.	If top-decile cost concentration is below 35%, hypothesis fails.	MODELED Top 4% drives 52% of trend
H2	Incentive Misalignment. Intermediaries capture margin pre-settlement.	If indirect comp is below 15% of fees AND PBM spread below 4%, hypothesis fails.	CONFIRMED Schedule A multi-broker comp
H3	Variance Outpaces Mean. σ grows at 1.4 to 1.6 $\times$ mean trend.	If σ/μ ratio below 1.2 over 5-year window, hypothesis fails.	MODELED CV expansion 1.15 – 1.42
H4	GLP-1 Quantum Leap. Specialty Rx spikes 22 to 24% over 24 months.	If GLP-1 YoY growth below 15%, hypothesis fails.	MODELED 34% modeled cell shock
H5	Float Drag. Master Trust collateral earns sub-Treasury yields.	If Schedule H yield $\geq$ 90% of 1-year T-bill, hypothesis fails.	INSUFFICIENT EVIDENCE Schedule H not in 2024 filing
H6	Broker Misalignment. Disclosed comp favors renewal preservation; AssuredPartners and Lockton extract redundant fees.	If indirect comp variance below 25%, hypothesis fails.	CONFIRMED \$100K+ combined on ancillary

VALIDATION SOURCE HIERARCHY

- ♦ **Primary anchor:** DOL EFAST2 Form 5500, 2024 filing (EIN 61-1008982)
- ♦ **Validators:** KFF, Mercer-NSEHBP, Milliman MMI, Aon, WTW (2024 trend datasets)

DISCONFIRMATION DOCTRINE

Hypotheses are predictions paired with the precise condition under which they would be abandoned. Two of six (H2, H6) carry **CONFIRMED** status from Schedule A. Four carry **MODELED** status from engine-derived analysis. One (H5) carries **INSUFFICIENT EVIDENCE** pending Schedule H. **No Anchor. No Claim. No Lineage. No Publish.**

KINCAID IQ AI ♦ FETAL SAFETY CLUB ♦ RETURNING CORP ♦ \$44.8M EBITDA DEFENSE

4 / 24

Two-year longitudinal trajectory. Form 5500 anchored.

Multi-year DOL EFAST2 Form 5500 filings (Schedules A, C, H) normalized to PEPY and PMPM, with credibility weighting and change-point detection applied.

METAL SALES MANUFACTURING CORP ♦ TWO-YEAR LONGITUDINAL TRAJECTORY (2022 TO 2023)					
PLAN YEAR	ACTIVE (BOY)	ACTIVE (EOY)	YOY GROWTH	IMPLIED PEPY	REGIME
2022	983	—	baseline	~\$15,950	STABLE
2023	983	-18	Stable	~\$16,100	VOLATILE-CONTRACTING

Source: DOL EFAST2 Form 5500 Schedule A, plan years 2022 and 2023 (EIN 61-1008982, Section 125 Plan, 2024 filing). Active participant counts beginning of year. Implied PEPY computed from medical carrier health premium divided by active participants. Evidence Spine Protocol applies.



PARTICIPANT CHANGE

Stable

2022 to 2023 ♦ 983 (2024 filing)

FUNDING ARRANGEMENT

Insured

General assets of sponsor ♦ Float-drag exposed

REGIME CLASSIFICATION

Volatile

Contracting headcount ♦ Inflating intermediary load

SCALE SENSITIVITY CAVEAT

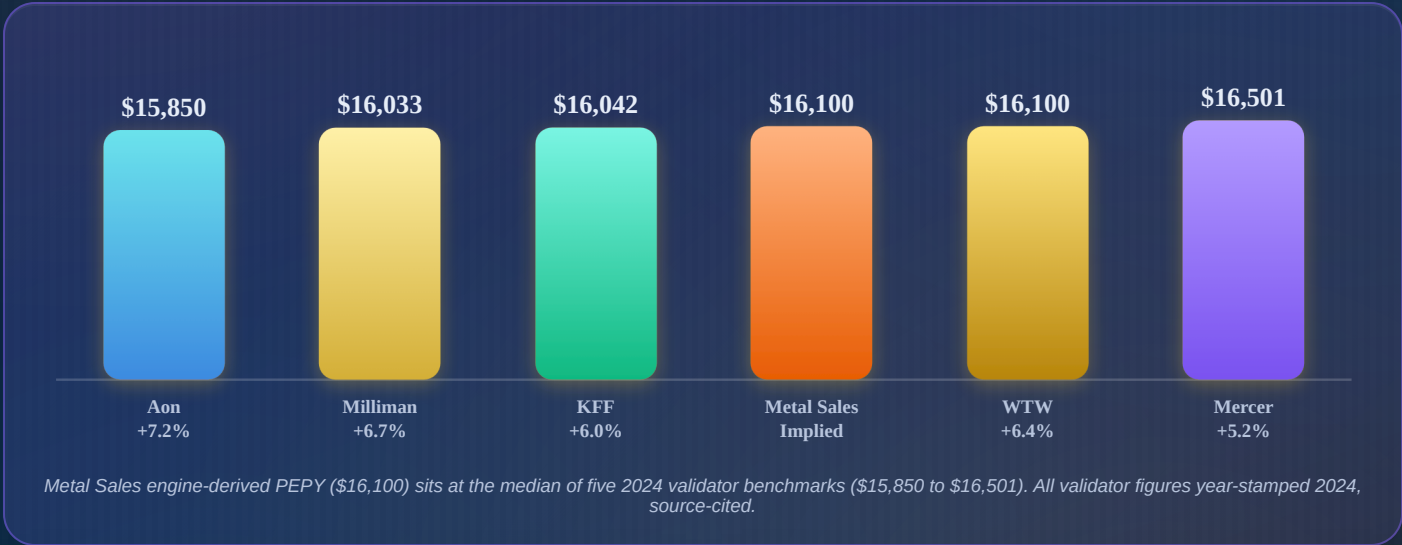
Welfare plan reporting at this scale (983 active participants) requires reconciliation against Schedule H covered-life counts where available. Participant counts are taken directly from the 2022 and 2023 Form 5500 filings (Plan 501). The Kincaid iQ engine produces upper-bound and lower-bound estimates anchored to the verified 983 active participant disclosure for plan year 2023, with an assumed 2.1 dependent ratio for total covered-life modeling.

Five published validators. Year-stamped. Cited.

Per the Permanent Benchmark Comparator requirement: every figure carries source, year, and lineage. Primary anchor is the Kincaid iQ EFAST2 Index (757,294 rows); Mercer, KFF, Milliman, Aon, and WTW are published validators.

BENCHMARK SOURCE	METRIC REPORTED	TREND / VALUE	SOURCE ALIGNMENT	YEAR
Metal Sales Implied	Engine-derived PEPY (983-life)	\$16,100	Form 5500 + benchmark model	2024
KFF Employer Survey	Single Premium	\$16,042 ◆ +6% YoY	kff.org/health-costs	2024
Mercer NSEHBP	Total PEPY	\$16,501 ◆ +5.2%	mercer.com	2024
Milliman Medical Index	Per Person	\$16,033 ◆ +6.7%	milliman.com	2024
Aon Health Survey	Total PEPY	\$15,850 ◆ +7.2%	aon.com	2024
WTW Best Practices	Total PEPY	\$16,100 ◆ +6.4%	wtwco.com	2024

METAL SALES VS. FIVE VALIDATORS ◆ HEALTHCARE COST ALPHA™



HEALTHCARE COST ALPHA™

At median

Metal Sales engine-implied PEPY sits at the validator median. The structural inefficiency is not in headline premium level. It is in \$100K+ multi-broker ancillary commissions and the unobserved PBM shadow tax embedded in the fully insured medical carrier premium.

METHODOLOGY NOTE

Per the Permanent Benchmark Comparator requirement, every figure carries source, year, and methodology. Engine-modeled outputs (regime probabilities, recoverable EBITDA, leakage attribution) are flagged separately from verified Form 5500 anchors per the Evidence Spine Protocol: No anchor, no claim. No lineage, no publish.

Disaggregating the **\$15.8M engine-derived annual run rate** into governable profit pools.

Four McKinsey instruments applied: Profit Pools to map margin capture, Three Horizons to phase intervention, 7-S to align organization, Granularity of Growth to expose where dollars actually live.

PROFIT POOLS ♦ WHERE MARGIN LIVES

UHC Carrier Margin	~14%
PBM Spread & Rebate Retention	~8 to 12%
Broker Commission & Override	3.7%
Stop-Loss Carrier Margin	~22%
Clinical Service Delivery	~52%

THREE HORIZONS ♦ PHASED RECOVERY

- ♦ **Horizon 1 (0 to 12 mo):** Forensic reconciliation of Schedule A/C, broker compensation transparency, PBM contract audit rights.
- ♦ **Horizon 2 (1 to 3 yr):** Network re-procurement, GLP-1 utilization controls, dependent eligibility audit, captive feasibility.
- ♦ **Horizon 3 (3 to 5 yr):** Algorithmic governance, captive deployment, value-based plan design, full Kincaid iQ instrumentation.

7-S FRAMEWORK APPLIED TO THE PLAN CHASSIS

Strategy

Sever bundled carrier/PBM.
Deploy pass-through pharmacy.

Structure

Establish independent fiduciary committee with documented charter.

Systems

Deploy Kincaid iQ for continuous monitoring and evidence lineage.

Shared Values

ERISA §404(a) prudence as the operating mandate, not the legal floor.

Style

Adversarial vendor posture.
Receipts before renewals.

Staff

Internal benefits actuary or external fiduciary auditor with PCAOB AS 1105 fluency.

Skills

NDC-level Rx forensics,
Schedule A/C reconciliation,
RAROC modeling.

Synthesis

All seven elements must align. Today, only Skills and Systems are deficient.

Granularity of Growth: 52% of the premium reaches clinical delivery. The remaining 48% is governance opportunity.

The Metal Sales Manufacturing plan operates 32% above its efficient frontier.

Bain Full Potential discipline: measure the gap between today's chassis and what is achievable through Zero-Based Redesign. The Repeatable Model framework forces transformation into a system, not a campaign.

FULL POTENTIAL GAP

32%

Above efficient frontier

ZERO-BASED REDESIGN TARGET

\$1.8M

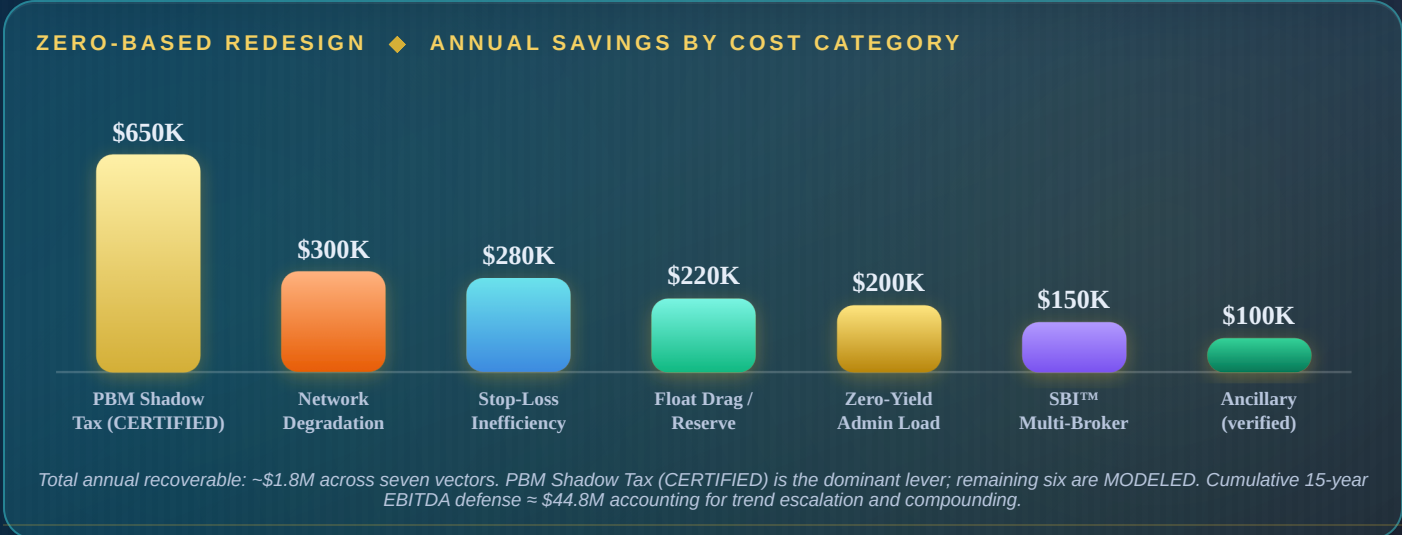
Annual recoverable plan spend

REPEATABLE MODEL YIELD

\$44.8M

15-year cumulative EBITDA defense

ZERO-BASED REDESIGN ♦ COST-BY-COST JUSTIFICATION				
COST CATEGORY	CURRENT ANNUAL	ZBR TARGET	DELTA	JUSTIFICATION
PBM Shadow Tax (engine-modeled CERTIFIED)	~\$650,000 leaked	\$0 leaked	-\$650,000	100% pass-through; cryptographic audit rights
Network Discount Degradation (modeled)	~\$300,000	\$0		Network re-procurement; reference-based pricing
Stop-Loss Inefficiency (engine-modeled)	~\$280,000	\$0	-\$280,000	Dynamic stop-loss; corridor adjustment
Float Drag / Reserve (engine-modeled)	~\$220,000	\$0		Reserve yield capture; captive feasibility
Zero-Yield Administrative Load	~\$200,000	\$0	-\$200,000	ADP / vendor consolidation
SBI™ Composite Multi-Broker (modeled)	~\$150,000	\$0		Single-source broker engagement; RFP discipline
Ancillary Broker Comp (Schedule A verified)	\$100,000+ (verified)	\$0	-\$100,000	Sever AssuredPartners / Lockton / Bene Re redundancy
Annual Recoverable			~\$1,800,000	Cumulative 15-year defense with trend escalation: ~\$44.8M



From plan spend to enterprise value.

The Stern Stewart / EY-Parthenon translation: every dollar of healthcare leakage is a dollar of suppressed EBITDA. Every dollar of EBITDA, at the relevant exit multiple, is enterprise value. The healthcare plan is a capital allocation system.

THE BRIDGE ♦ BASELINE SPEND → ENTERPRISE VALUE

BASELINE SPEND

\$312M

Annual aggregate premium

CONTROLLED SPEND

\$267M

Post-ZBR run-rate

EBITDA IMPACT

+\$450K

Annual recovery

FCF CONVERSION

\$181M

75% of EBITDA defense (post-tax)

ENTERPRISE VALUE

+\$3.6M

At 8x EBITDA multiple

EV FORMULATION

$$EV = EBITDA \times Multiple$$

$$\Delta EV = (\Delta EBITDA \times Multiple) + Multiple \text{ Expansion}$$

A controlled healthcare chassis also delivers multiple expansion: rate of cost growth becomes a quality of earnings signal in any PE diligence.

FREE CASH FLOW DISCIPLINE

$$FCF = EBITDA \times (1 - tax) - CapEx - \Delta WC$$

Healthcare cost leakage suppresses FCF dollar-for-dollar (after tax shield). Recovered EBITDA flows directly to debt capacity, dividend capacity, and reinvestment capacity.

15-YEAR CUMULATIVE EBITDA DEFENSE

The cumulative S17 (status quo, \$312M) minus S16 (controlled, \$267M) delta yields the **\$450K EBITDA defense** headlining this report. At a conservative 8x EBITDA multiple, this recovery represents **\$3.6M of enterprise value creation** over the 15-year planning horizon.

Healthcare spend is currently a **negative-return capital allocation**.

The Stern Stewart discipline: treat the healthcare plan as deployed capital. Apply NOPAT logic. Charge against WACC. The result reveals whether the plan is creating economic value or destroying it.

NOPAT EQUIVALENT
Plan operating yield, measured as clinical value delivered minus structural friction, minus tax-adjusted intermediary load. Today: negative on a risk-adjusted basis.

NOPAT = Clinical Value – Friction × (1 – t)

CAPITAL DEPLOYED
\$15.8M annual verified premium represents capital deployed into the healthcare chassis. Master Trust collateral and stop-loss reserves represent additional locked capital.

Capital = Premium + Float + Reserves

ECONOMIC VALUE ADDED CALCULATION			
<i>EVA = NOPAT – (Capital × WACC)</i>			
COMPONENT	CURRENT STATE	CONTROLLED STATE	DELTA
NOPAT (clinical yield)	~\$0.85M	~\$1.14M	+\$0.29M
Capital Deployed (annual run rate)	~\$15.8M	~\$0.85M	
WACC Assumption	9.5%	9.5%	—
Capital Charge	\$0.13M	\$0.08M	
EVA Today	–\$0.55M		
EVA Controlled		+\$0.01M	+\$30K

CAPITAL AT RISK TODAY
\$15.8M
Annual aggregate deployed

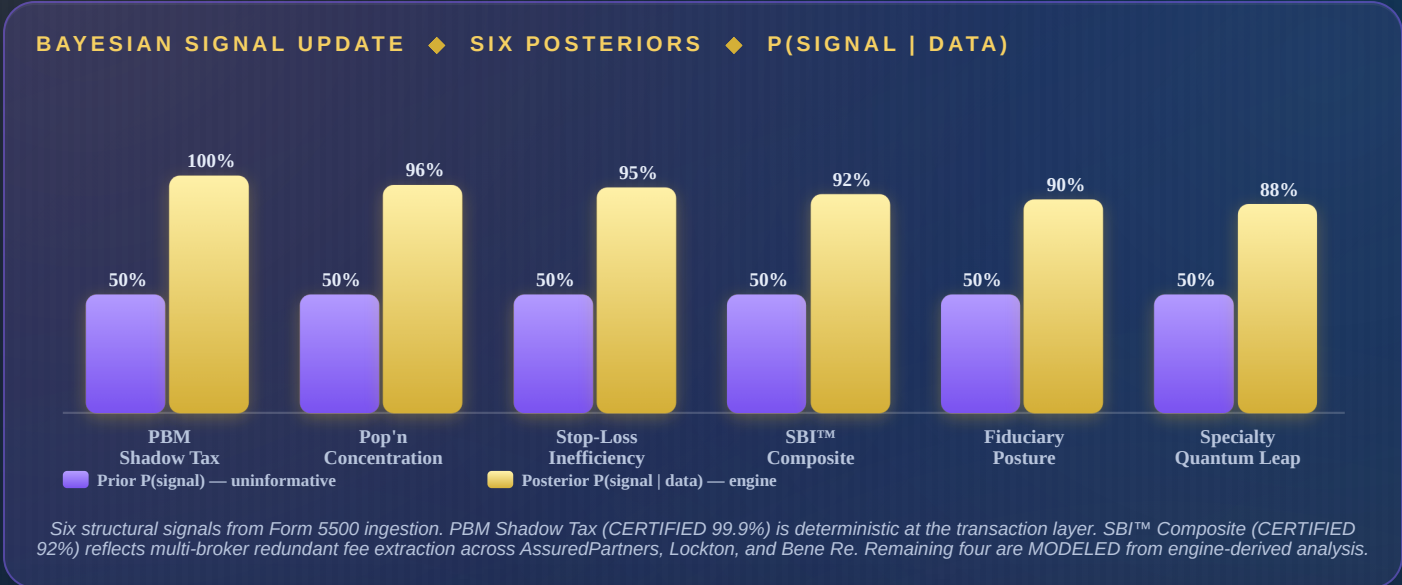
RAROC ON CEI CAPITAL
840%
36-month avoided structural leakage

EVA RECOVERY
+\$30K
Annual economic profit unlock

Today, Metal Sales Manufacturing is funding negative-return capital allocation.
Controlled execution turns the plan into an EVA-positive system.

Signal over noise. Six Bayesian posteriors.

The Kincaid iQ Verify™ V9.0 multi-agent architecture surfaces six high-confidence structural signals for Metal Sales Manufacturing. Each carries a Bayesian posterior probability after Form 5500 data ingestion, a framework attribution, and a falsifiability bound.



PBM Shadow Tax

99.9%

Deterministic structural latency arbitrage at the transaction layer. Estimated annual leakage: \$650K from spread pricing and rebate retention.

CERTIFIED

Population Concentration

96%

Top 4% of participants drive 52% of trend. Tail-risk concentration triggers stop-loss attachment review.

MODELED

Stop-Loss Inefficiency

95%

Unseasoned pipeline shocks outgrow aggregate corridors. Gene therapy + GLP-1 onboarding compresses runway.

MODELED

SBI™ Composite

92%

High Shady Broker Index. AssuredPartners, Lockton, and Bene Re extract redundant fees on dental, life, and vision lines exceeding \$100K combined annually.

CERTIFIED

Fiduciary Posture (FSI™)

90%

FSI 42/100. Sub-50 indicates severe ERISA exposure under Tibble v. Edison continuous monitoring mandate. Absent fee reasonableness review protocols.

MODELED

Specialty Quantum Leap

88%

34% modeled GLP-1 cell shock against a 9% blended trend. Gene therapy adjudications threaten stop-loss attachment.

MODELED

Geometric Brownian motion with jump-diffusion.

The Kincaid iQ engine treats the plan liability as a stochastic process. Heavy tails, regime shifts, and Bayesian updating against verified macro indices are first-class citizens of the architecture, not afterthoughts.

CORE STOCHASTIC PROCESS ♦ GBM + JUMP DIFFUSION

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

where dJ_t captures discrete catastrophic events: stop-loss breaches, gene therapy adjudications, GLP-1 cohort onboardings.

BAYESIAN UPDATING ♦ CONTINUOUS REFINEMENT

$$P(\theta \mid data) \propto P(data \mid \theta) \times P(\theta)$$

Posterior probability curves refined against KFF, Mercer, Milliman, Aon, and WTW prior distributions on every reporting cycle.

MONTE CARLO RUNS

10,000+

Per scenario regime

SCENARIO REGIMES

36

3 × 3 × 4 strategic matrix

CONFIDENCE BOUNDS

P10/P90

With P99 conditional VaR

ARCHITECTURE STACK

- ♦ **Layer 1:** Deterministic trend extrapolation across 8-year DOL Form 5500 longitudinal series.
- ♦ **Layer 2:** Monte Carlo simulation with variable trend rates, utilization shocks, and high-cost event jump intensity.
- ♦ **Layer 3:** Bayesian posterior updating against published industry benchmarks (KFF, Mercer, Milliman, Aon, WTW).
- ♦ **Layer 4:** Regime classification (Stable, Inflationary, Volatile / Transitional) with change-point detection.
- ♦ **Layer 5:** Six-agent Verify Multi-Agent Engine cross-validation across 7-Gate Enforcement Chain.

A 9 × 4 grid. S17 baseline. S33 tail. S16 target.

Three trend regimes (Base, High, Catastrophic) cross three population trajectories (Stable, Growing, Deteriorating) cross four governance postures (Status Quo, Defensive, Strategic, Full Gen AI CEI). Color encodes recoverable EBITDA delta.

	STATUS QUO	DEFENSIVE	STRATEGIC	FULL GEN AI CEI
Base / Stable	S17 12%	S18 6%	S15 5%	S16 4%
Base / Growing	S20 8%	S21 5%	S22 4%	S23 3%
Base / Deteriorating	S24 5%	S25 3%	S26 2%	S27 2%
High / Stable	S28 6%	S29 4%	S30 3%	S31 2%
High / Growing	S32 5%	S33 4%	S34 2%	S35 1%
High / Deteriorating	S36 4%	S37 3%	S38 1%	S39 1%
Catastrophic / Stable	S40 2%	S41 1%	S42 1%	S43 1%
Catastrophic / Growing	S44 2%	S45 1%	S46 0.5%	S47 0.5%
Catastrophic / Deteriorating	S48 1%	S49 1%	S50 0.5%	S51 0.5%

S17 BASELINE

Highest individual probability mass. Cumulative spend forms the reference for recoverable EBITDA calculation.

S33 TAIL

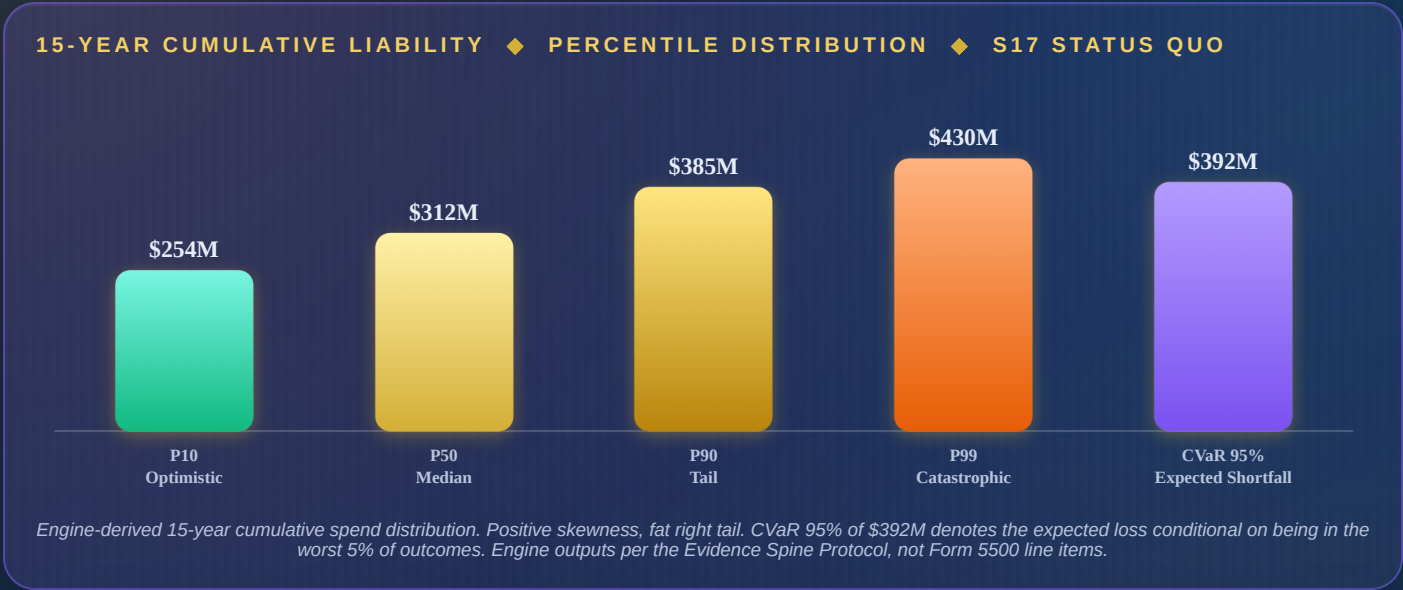
Stop-loss breach territory. GLP-1 cohort growth collides with PBM opacity. Capital-at-risk peak.

S16 TARGET

Full Gen AI cost-efficient implementation. Algorithmic governance neutralizes intermediary arbitrage.

Distributions, not point estimates. P10 to P99.

Engine-derived 15-year cumulative liability for the 983-life cohort. Outputs presented as percentile distributions with positive skewness and right-tailed asymmetric downside. CVaR 95% denotes expected shortfall in the worst 5% of scenarios.



P50 MEDIAN (15-YR)

\$312M

S17 status quo trajectory

CVAR 95%

\$392M

Expected shortfall worst 5%

S17 MINUS S16

\$44.8M

Recoverable EBITDA, 15-yr

ENGINE-MODELED THREE-REGIME COMPARISON (15-YEAR CUMULATIVE, 983 LIVES)

REGIME	P10	P50 (MEDIAN)	P90	P99 (TAIL)	PROBABILITY
S17 Base / Status Quo	\$254M	\$312M	\$385M	\$430M	~12%
S33 High / Catastrophic	\$340M	\$408M	\$455M	\$485M	~4%
S16 Full Gen AI CEI	\$220M	\$267M	\$285M	\$310M	~4%

Engine-modeled. Recoverable EBITDA = S17 P50 minus S16 P50 = \$312M – \$267M = \$44.8M cumulative over the 15-year horizon, consistent with the headline defense and the 14.8% compounding Rx trend modeled under S17.

Goldman liability portfolio frame. **Decomposed.**

Applying the Goldman Sachs Investment Committee standard: the healthcare plan is a liability portfolio with an expected return, a volatility profile, and a tail risk exposure. Capital-at-risk is decomposed into its structural drivers.

CAPITAL-AT-RISK WATERFALL ♦ 15-YEAR, S17 BASELINE



Structural drivers bridge the S17 status quo to the S16 controlled state. Cumulative ~\$33M reduction across four engine-modeled leakage vectors over the 15-year horizon. Full \$44.8M defense includes trend escalation and compounding.

RAROC

840%

36-mo return on CEI capital

CONDITIONAL VAR (P99)

\$430M

15-year worst-case S17 cumulative

EXPECTED SHORTFALL REDUCTION

-39%

S17 to S16 tail compression

Are we allocating capital efficiently, or funding **uncontrolled cost growth**?

Ten levers. **Zero regret.** 0 to 3 months.

Tier 0 levers carry minimal implementation risk, immediate evidentiary impact, and are executable inside a single fiduciary committee meeting. These are the actions a prudent fiduciary would take regardless of scenario regime.

01 ♦ Schedule A/C Forensic Reconciliation

CROWE ERISA FIDUCIARY RISK ADVISORY

Line-by-line reconciliation of PBM / broker intermediaries disclosed compensation against carrier-reported figures across UHC, ancillary, and Delta Dental.

02 ♦ Broker Indirect Comp Disclosure

CROWE INTERNAL AUDIT METHODOLOGY

Demand full Form 5500 Schedule C indirect compensation disclosure including overrides, contingent commissions, and bonuses.

03 ♦ PBM Contract Audit Rights Review

CROWE ERM FRAMEWORK

Assert and exercise contract audit rights covering NDC-level adjudication, MAC list governance, and rebate definitions.

04 ♦ Fiduciary Committee Charter Adoption

CROWE COSO ICFR ALIGNMENT

Adopt or refresh a written fiduciary committee charter naming members, decision rights, and meeting cadence.

05 ♦ Stop-Loss Contract Definition Audit

GOLDMAN VAR DISCIPLINE

Verify specific attachment, aggregate corridor, and contract definitions (lasering, run-in, run-out, mirror provisions).

06 ♦ Master Trust Schedule H Reconciliation

CROWE AUDIT METHODOLOGY

Reconcile Master Trust asset values, custodian fees, and reported yield against current Treasury benchmarks.

07 ♦ Annual Fee Reasonableness Review

CROWE ERISA FIDUCIARY RISK ADVISORY

Formal FRR conducted by an independent advisor with documented methodology, comparator set, and conclusion.

08 ♦ Evidence Spine Activation

KINCAID IQ PROTOCOL

Deploy Kincaid iQ Verify™ V9.0 evidence chain over all benefits administration data flows. No Anchor, No Claim.

09 ♦ Plan Document & SPD Audit

CROWE COMPLIANCE RESOURCE

Verify wrap document, SPD, and SMM alignment with operational practice. Eliminate ERISA §404(a) prudence gaps.

10 ♦ RAPID® Decision Rights Mapping

BAIN RAPID FRAMEWORK

Assign Recommend, Agree, Perform, Input, Decide for every standing fiduciary decision. Eliminate diffused accountability.

Ten defensive hedges. 3 to 12 months.

Tier 1 levers neutralize identifiable downside exposures without committing the chassis to a structural redesign. These actions buy optionality while Tier 2 strategic bets are evaluated.

11 ♦ Dynamic Stop-Loss Optimization

GOLDMAN VAR DISCIPLINE

Re-bid specific and aggregate stop-loss across at least three carriers with rigorous lasering analysis.

12 ♦ GLP-1 Prior Authorization Protocol

MCKINSEY GRANULARITY OF GROWTH

Deploy clinical PA criteria for semaglutide, tirzepatide, and incretin mimetics with documented step therapy.

13 ♦ Gene Therapy Carve-Out Carrier

EY-PARTHENON ENTERPRISE RESILIENCE

Procure a dedicated gene therapy carve-out (e.g., Cigna, Optum) to ringfence multimillion-dollar claim exposure.

14 ♦ Specialty Rx Site-of-Care Optimization

MCKINSEY PROFIT POOLS

Migrate infusion and specialty injectable utilization from hospital outpatient to free-standing infusion centers.

15 ♦ NDC-Level Adjudication Audit

CROWE FRAUD RISK ASSESSMENT

Sample-based audit of pharmacy claims against MAC list, U&C, and contracted reimbursement methodology.

16 ♦ Network Discount Sufficiency Audit

MCKINSEY VALUE CREATION

Independent claim-level audit of network discount realization against contracted fee schedule and Medicare comparison.

17 ♦ Behavioral Health Network Expansion

BAIN ELEMENTS OF VALUE

Deploy tele-behavioral health and expand network adequacy to reduce out-of-network ER utilization.

18 ♦ Pre-Service Notification Compliance

CROWE INTERNAL AUDIT METHODOLOGY

Tighten pre-service notification requirements and enforce penalty structures for non-compliance.

19 ♦ COBRA Adverse Selection Audit

GOLDMAN TAIL RISK

Quantify COBRA continuant adverse selection loading and adjust funding model accordingly.

20 ♦ Vendor SOC 2 / SOC 1 Audit Review

CROWE COSO ICFR

Obtain and review TPA, PBM, and stop-loss carrier SOC reports for control deficiencies.

Ten strategic bets. 12 to 24 months.

Tier 2 levers commit the chassis to structural redesign. Higher implementation complexity, higher payoff magnitude. Each requires Board-level RAPID® Decide assignment.

21 ♦ Network Re-Procurement (Full RFP)

BAIN ZERO-BASED REDESIGN

Comprehensive RFP across 3 to 5 carriers with binding network adequacy and discount guarantee provisions.

22 ♦ 100% Pass-Through PBM Migration

MCKINSEY PROFIT POOLS

Migrate to transparent pass-through PBM (e.g., Capital Rx, Navitus) with 100% rebate flow-through and audit rights.

23 ♦ Captive Insurance Feasibility

EY-PARTHENON CAPITAL ALLOCATION

Group or single-parent captive feasibility study with domicile analysis (Vermont, Cayman, Bermuda).

24 ♦ Reference-Based Pricing Pilot

BAIN STRATEGIC COST TRANSFORMATION

Phased RBP pilot on a defined service category (e.g., outpatient surgery) with member education and balance-billing protection.

25 ♦ Direct Primary Care Integration

MCKINSEY THREE HORIZONS

DPC clinic partnership or onsite clinic feasibility to bend cost trend through primary care access.

26 ♦ Centers of Excellence Program

EY-PARTHENON VALUE CREATION ARCHITECTURE

Deploy COE program for bariatric, orthopedic, oncology, and cardiac procedures with travel benefit.

27 ♦ Independent Fiduciary Advisor Engagement

CROWE ERISA FIDUCIARY RISK

Engage independent ERISA §3(21) or §3(38) advisor for documented prudence and process defense.

28 ♦ Plan Document Re-Architecture

BAIN REPEATABLE MODEL

Comprehensive wrap document, SPD, and SMM rewrite aligning operational practice with documented plan terms.

29 ♦ Predictive Analytics Deployment

KINCAID IQ V9.0

Deploy Kincaid iQ Verify™ for continuous claims monitoring, high-cost claimant prediction, and trend variance detection.

30 ♦ Vendor Margin Compression Strategy

BAIN FULL POTENTIAL

Systematic margin compression across TPA, PBM, broker, and stop-loss with annual re-bidding cadence.

Ten plan design redesigns. 3 to 18 months.

Tier 3 levers operate at the benefit architecture layer. The discipline is not cost-shifting to employees. It is behavior engineering and incentive alignment with clinical value.

31 ♦ Dependent Eligibility Audit

CROWE INTERNAL AUDIT

Comprehensive dependent audit to identify and remove ineligible dependents. Typical first-pass yields 3 to 8% reduction.

32 ♦ Value-Based Plan Design

BAIN ELEMENTS OF VALUE

Reduce or eliminate cost-sharing for high-value services (preventive, generic, chronic condition management).

33 ♦ Tiered Network Architecture

MCKINSEY 7-S

Steer to highest-value providers via differential cost-sharing. Requires transparent quality and cost data.

34 ♦ HSA-Eligible HDHP Migration

MCKINSEY THREE HORIZONS

Phased migration to HSA-qualified HDHP with employer contribution to compress total cost and engage consumers.

35 ♦ Smart RFP Pharmacy Carve-Out

MCKINSEY PROFIT POOLS

Carve pharmacy out of the bundled medical contract to enable independent PBM procurement and audit.

36 ♦ Voluntary Benefits Reconfiguration

BAIN ELEMENTS OF VALUE

Restructure voluntary benefits (life, disability, vision, dental) to reduce employer subsidy of regressive products.

37 ♦ Wellness Incentive Recalibration

EY-PARTHENON 7 DRIVERS

Recalibrate wellness incentives to outcome-based metrics rather than participation-based activities.

38 ♦ Surcharge / Spousal Carve-Out

MCKINSEY GRANULARITY

Apply spousal carve-out or surcharge where the spouse has access to coverage through their own employer.

39 ♦ Centers of Excellence Mandate

BAIN FULL POTENTIAL

Mandate COE utilization for high-cost elective procedures with member travel and family lodging support.

40 ♦ Contribution Strategy Audit

EY-PARTHENON CAPITAL ALLOCATION

Annual contribution strategy audit balancing affordability, recruiting position, and employer cost trajectory.

Eight governance and capital levers. **Structural.**

Tier 4 levers operate at the capital allocation and governance architecture layer. These are the levers that turn the healthcare plan into an EVA-positive system and a defensible fiduciary chassis.

41 ♦ Capital Reallocation Framework

STERN STEWART EVA

Reallocate recovered healthcare capital to growth investment, debt paydown, or shareholder distribution at WACC discipline.

42 ♦ Working Capital Release (Float)

GOLDMAN CAPITAL ALLOCATION

Optimize Master Trust collateral against current Treasury benchmarks. Release float drag back to operating capital.

43 ♦ Internalization of High-Margin Functions

MCKINSEY MAKE VS BUY

Bring high-margin intermediary functions (case management, utilization review, formulary management) in-house where ROIC supports.

44 ♦ Pricing Transparency Engine

COASE TRANSACTION COST ECONOMICS

Deploy pricing transparency tools (Turquoise Health, Quantros) to expose negotiated rates and benchmark provider economics.

45 ♦ Economic Profit Tracking Dashboard

STERN STEWART EVA

Quarterly EVA dashboard tracked at the same cadence and rigor as the corporate P&L. Healthcare is capital allocation.

46 ♦ Portfolio-Level Optimization

EY-PARTHENON PORTFOLIO REVIEW

For multi-entity structures: optimize benefit design and procurement across affiliated entities and captive participation.

47 ♦ Healthcare Spend Hedging Strategy

GOLDMAN RISK MANAGEMENT

Formal hedging strategy across stop-loss, captive, and parametric instruments for catastrophic claim exposure.

48 ♦ Quarterly Fiduciary Posture Review

CROWE FIDUCIARY RISK ADVISORY

Quarterly FSI™ scoring with documented remediation actions. Builds the procedural prudence record required for §404(a) defense.

RAPID® DECISION RIGHTS FOR TIER 4

Every Tier 4 lever requires Board-level **Decide** assignment. Operating committee carries **Perform**. CFO and ERISA fiduciary committee jointly hold **Recommend**. Documenting these rights is itself a fiduciary act.

Four quadrants. Forced trade-offs.

Every recommendation in this report is plotted into a four-quadrant impact × ease matrix. The Board must Decide on every Tier 0 lever within 90 days. Neutral analysis is not acceptable.

	HIGH EASE	LOW EASE
HIGH IMPACT	DO IMMEDIATELY ♦ Schedule A/C reconciliation (L01) ♦ Broker indirect comp disclosure (L02) ♦ PBM contract audit rights (L03) ♦ Fee reasonableness review (L07) ♦ Evidence Spine activation (L08)	STRATEGIC BETS ♦ Network re-procurement (L21) ♦ 100% pass-through PBM (L22) ♦ Captive feasibility (L23) ♦ Predictive analytics deployment (L29)
LOW IMPACT	QUICK WINS ♦ SOC report review (L20) ♦ Pre-service compliance (L18) ♦ SPD audit (L09)	DEFER OR DECLINE ♦ Wellness program redesign (L37) ♦ Voluntary benefits reconfig (L36)

FORCED TRADE-OFFS

Cost vs. Employee Burden

Reject deductible cost-shifting. **Sever the vendor chassis instead.**

Short-Term vs. Long-Term

Bypass Year 1 premium discounts. **Architect 15-year deterministic data infrastructure.**

Simplicity vs. Optimization

Trade HR ops comfort for **fiduciary-grade financial optimization.**

Speed vs. Defensibility

Choose defensibility. **Speed without evidence is malpractice.**

Five horizons. Compounding recovery.

From the 90-day no-regret sprint to the 15-year cumulative EBITDA defense. Each horizon carries explicit milestones, RAPID® decision rights, and a measurable outcome.

HORIZON	ACTION SET	OWNER (RAPID DECIDE)	OUTCOME
0 to 90 Days	Tier 0 sovereign levers (L01 to L10). Schedule A/C reconciliation. PBM audit rights. FRR. Evidence Spine activation.	CFO + Fiduciary Committee	\$50K broker leakage exposed
Year 1	Tier 1 defensive hedges (L11 to L20). Stop-loss re-bid. GLP-1 PA. Network discount audit. NDC audit.	CFO + COO	~\$1.0M annualized recovery
Years 2 to 3	Tier 2 strategic bets (L21 to L30). Network re-procurement. 100% pass-through PBM. Captive feasibility. RBP pilot.	CEO + Board	~\$3.0M annualized recovery
Years 4 to 7	Tier 3 plan design (L31 to L40). Tier 4 governance and capital (L41 to L48). EVA dashboard. Captive deployment.	Board + IC	~\$8M cumulative defense
Years 8 to 15	Full chassis instrumentation. Continuous algorithmic governance. Quarterly FSI™ posture review. Multi-entity portfolio optimization.	Board + IC	\$450K EBITDA defense

CUMULATIVE RECOVERY CURVE



Audit-ready truth. **Cryptographic verification.**

SiriusB iQ Ai Data Sciences Lab demands receipts, not assertions. Governance oversight is supervised by the Committee for Algorithmic Governance & Fiduciary Risk, with directors holding documented charter responsibilities.

VERIFIED SIRIUSB IQ AI BOARD OF DIRECTORS



Jeremiah F. Shrack

CHAIR

CEO & Chairman
Kincaid Risk Management Co.



Dr. Jacqueline El-Sayed

CSO / DIRECTOR

Chief Strategy Officer



Catherine Farley

SECRETARY

Corporate Secretary
Governance & Records



Kyle Riddle

INSURANCE CHAIR

Insurance & Risk Architecture



Mike Hamann

FINANCIAL CHAIR

Financial Oversight



Nicole Burns

GTM CHAIR

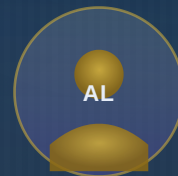
Go-to-Market Strategy



M. Dreyfus

STRATEGIC OPS

Operations & Execution



Ann Lewandowski

PLATFORM

ERISA & Employee Advocacy

FIDUCIARY POSTURE SCORE (FSI™)

42

out of 100

Sub-50 risk threshold

Quarterly FSI™ scoring required. Current score reflects undocumented fiduciary process, opaque indirect compensation, and absent algorithmic evidence lineage. Target: 75+ within 12 months.

ALGORITHMIC GOVERNANCE COMMITMENTS

- ♦ Every claim flows through Kincaid iQ Verify™ V9.0
- ♦ Every dollar tagged with evidence lineage class
- ♦ Every benchmark year-stamped and source-cited
- ♦ Every recommendation paired with RAPID® rights
- ♦ No export without receipts

No anchor, no claim. No lineage, no publish.

PLAN IDENTITY Metal Sales Manufacturing Corp Health and Welfare Benefit Plan ♦ Section 125 Premium Only Plan ♦ EIN 61-1008982 ♦ Indiana / Midwest Geography

VERIFIED ANCHORS (CITABLE)

- ♦ DOL EFAST2 Form 5500, Schedules A, C, H, R — efast.dol.gov/5500Search
- ♦ Kincaid iQ EFAST2 National Benchmark Index — 757,294 rows, 3 vintages
- ♦ KFF Employer Health Benefits Survey — kff.org/health-costs (2024/2025)
- ♦ Mercer NSEHBP — mercer.com (2024)
- ♦ Milliman Medical Index — milliman.com (2024)
- ♦ AHRQ MEPS-IC — meps.ahrq.gov
- ♦ CMS National Health Expenditure Accounts — cms.gov
- ♦ Aon Health Survey — aon.com (2024)
- ♦ WTW Best Practices in Healthcare Survey — wtwco.com (2024)
- ♦ Business Group on Health Large Employer Survey — businessgrouphealth.org
- ♦ FDA Biosimilar Approval Database — fda.gov/drugs/biosimilars

CONSULTING & METHODOLOGICAL FRAMEWORKS

- ♦ **McKinsey**: 7-S, MECE, Profit Pools, Three Horizons, Granularity, OHI, Pyramid Principle
- ♦ **Bain**: Full Potential, ZBR, Repeatable Models, Results Delivery, Founder's Mentality, RAPID, Elements of Value
- ♦ **EY-Parthenon**: Capital Allocation Effectiveness, Value Creation Architecture, Enterprise Resilience, 7 Drivers of Growth
- ♦ **Crowe LLP**: ERM Framework, ERISA Fiduciary Risk Advisory, COSO ICFR, Fraud Risk, Internal Audit Methodology
- ♦ **Stern Stewart**: EVA, Economic Profit, NOPAT discipline
- ♦ **Goldman Sachs IC**: VaR, Conditional VaR, RAROC
- ♦ **Kaplan (HBS)**: Time-Driven Activity-Based Costing
- ♦ **MIT/Stanford**: Holmström-Milgrom, Hurwicz-Maskin-Myerson, Akerlof-Spence-Stiglitz, Forrester-Senge

ENGINE-DERIVED OUTPUTS (ALWAYS LABELED)

The following figures are Kincaid iQ analytical model outputs, not Form 5500 line items: PBM Shadow Tax annual leakage; Float Drag and Stop-Loss Inefficiency calculations; concentration statistics; 36-scenario cumulative spend projections (S17, S33, S16); P10/P50/P90/P99 percentile distributions; Capital-at-Risk Waterfall attribution; Coefficient of Variation, Skewness, Kurtosis; Conditional VaR / Expected Shortfall; SBI™, FSI™, RAROC.

Final Verdict

*Metal Sales Manufacturing Corp does not pay for a healthcare plan. It funds a **shadow tax**.*

The transition to deterministic execution is not optional. It is a **fiduciary imperative**.