

SIIA ENDEAVORS



Written By Laura Carabello

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With participation at the 2023 SIIA Corporate Growth Forum (CGF) exceeding last year's inaugural event by nearly 25%, the recent CGF in Greenville, SC opened the doors for members to meet directly and pitch investment opportunities with some of the nation's leading venture capital and private equity firms.

Presentations followed by one-on-one meetings positioned emerging companies serving the self-insurance industry as ripe for immediate and future investment, mergers and acquisitions and growth. With 15+ private equity, investment bankers and investor groups – and a waiting list of others – as well 16 privately-held SIIA companies attending the CGF, the marketplace reflects enthusiasm and active interest for meaningful options.

The concept for developing this event germinated several years ago when Mike Ferguson, CEO of SIIA sat down with Orlo “Spike” Dietrich, a longtime supporter of SIIA who joined Ansley Capital Group as an Operating Partner in 2005.

“I have always admired SIIA’S leadership role within the self-funded community and completely supported Mike Ferguson’s vision to align the SIIA member companies with the investor community in a way that is not threatening,” says Dietrich. “From the SIIA membership perspective, working with investors is a complex process, and from personal experience, I can tell you it is very easy to disadvantage yourself, if you have no relevant experience.



Orlo “Spike” Dietrich

The purpose of the CGF is to both introduce the SIIA members to the investor community, and also to provide significant educational content that will serve the SIIA members well when their company begins to explore any type of transaction.”

He emphasizes that SIIA will also demonstrate value to investors since they are being asked to provide sponsorships that enable SIIA to produce this event and spend two and a half days assessing opportunities.

Another ongoing supporter of SIIA who credits the organization for being the basis of the company that he created 10 years ago, Richard Fleder, president and CEO of ELMCRx Solutions, LLC, praises SIIA for providing companies with the opportunity to meet people – whether or not they get an investment.



Richard Fleder

“I appreciate what SIIA has done for me and encourage member companies, especially those with point solutions, to attend and meet investors that are looking for potential targets to buy – today or tomorrow.” says Fleder. “Emerging companies should start investing in their futures by getting to know these PE and VC firms early on. They might be considered a bit small now

but that doesn’t mean they will be small tomorrow. It takes time, but this is a great place to start the conversation.”

Fleder says that despite high interest rates, deals are getting done, adding, “Every day, companies are being bought and sold and it’s not likely that rates will go down any time soon. Private equity has a lot of capacity or what we term ‘dry powder.’ The term is often used in terms of venture capitalists, where dry powder allows them to invest in opportunities as they arise.”

He is currently focusing on the Pharmacy Benefit Management space, looking for companies of all size, including small size point solutions companies that don’t get enough attention but have roll-up potential.

“This is the best place for us to meet these entities,” he says. “So when Mike Ferguson came to me a few years ago with the concept of organizing this event, I thought it was very relevant to what I’ve done. My appreciation for what SIIA has done for me was my desire to help Mike build up this conference.”

Given the positive feedback from all participants, Ferguson projects even greater support in the years ahead.

“We were pleased to grow attendance at this year’s event by more than 20% compared to last year. Going forward, we

are optimistic that even more members will want to participate as they better understand to value of the educational content being offered as well as the connection opportunities with important sources of capital.”



Peter Schwartz

KUDOS FROM INVESTORS

Here’s some fresh perspectives from a return sponsor, Peter Schwartz, vice president, LLR Partners: “We are attending and sponsoring the SIIA CGF for the second year and think there is no better event to extend our relationships and gain exposure to management teams and founders of emerging companies in the employer-sponsored healthcare space. We perceive companies in the self-funded as very interesting opportunities for collaboration and investment.”

He says that generally, the exposure and conversations at the event aligned with his expectations and pointed to significantly increased attendance at the 2023 which

opened expanded networking opportunities. Schwartz remains fairly optimistic about the financial climate to not only support the emerging companies but to also achieve success in the broader macro environment.

“We support companies in this segment and look forward to helping them achieve long term growth objectives and as well as to raise capital,” says Schwartz. “Our role as a a growth equity investor is to partner with existing management teams, acting as an advisor to support those running day-to-day operations.”

While there are not hard and fast rules as to the size companies that they consider, they usually look at a \$35-\$40 equity investment.

“We love companies in their earlier stage of maturation and like to help them mature” he adds.

For Grant Jackson, managing general partner of Council Capital since 2009, this event supports their belief that the industry is shifting to self-insurance and there is a pressing need for employers to get more help in managing health costs.

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Grant Jackson

“We want to be in space,” he asserts. “Our goal is to find a hand full of companies that we feel meet the criteria now or in the next few years down the road. My definition of success is to invest in companies that were interested in this conference. We attend all the major SIIA conferences and need to be seen and know what matters to the companies in the industry.”

Jackson says that there are opportunities at this event for investment but hoped there were more companies attending and presenting. He perceives the financial climate to be supportive of these opportunities, adding, “As power shifts toward shorter sales cycles, this will have a positive impact on the market. We are seeking companies with \$10-100M enterprise value and are focusing on this self-insured marketplace. We do seek to control deals and have the ability to replace the CEO, but we do not want to operate the business.”

He expresses that hiring talent was tough this past year but ended well at the CEO and all levels, noting,

“We need to consider geography and depending upon the position, it has been easier to recruit talent along the eastern seaboard, while Georgia and Texas proved more difficult.”

Emphasizing his firm’s interest in sponsoring the CGF, Brian Poger, who joined Frazier Healthcare Partners in April 2022 as an Executive in Residence on the Growth Buyout team, says, “Frazier is a leader in equity growth focused on the private equity investor. We’ve performed well by partnering with great management teams and surrounding them with an extraordinary talent pool that can



Brian Poger

help those teams grow. This Corporate Growth Forum is right in our sweet spot.”

He points to the 25 members of Frazier’s world class executives in their Center of Excellence (COE) teams that work side by side, arm-in-arm with their portfolio companies.

“If the management team is looking to figure out technology, answer a data question or build a new product in the areas of AI, legal, financing or marketing, they can pull any of the COE team members for help. For companies seeking to add permanent talent to the team, they can partner with our human capital COE team to find the right talent to do that. For us, a growth forum makes a ton of sense. Personally, I’m spending a hundred percent of my time looking at the self-insured employer landscape.”

Poger learned about the opportunity to attend the event through the SIIA website and reached out to Mike Ferguson to see if there were opportunities to participate. Anticipating that he would get introductions to two or three potential companies for partnerships, he shares, “We are looking for relationships with dream team executives that perhaps are not immediate opportunities but may be partners in the future. I’m very bullish on the self-insured marketplace and the unique ecosystem of companies that serve this community – including SIIA.”

He anticipates that there will be more companies participating in this Growth Forum during subsequent events and encourages business leaders to make time for a meeting of this type next year. “The CGF is a great way to sharpen your saw and it’s a great way to meet folks who maybe you think you’ll never need. Maybe you think you’ll never want to take outside capital, but there’s a lot learn from these investors.”

Poger says that as a private equity firm that’s been around for 30+years, Frazier is currently investing out of a \$1.5 billion dollar fund, adding, “We like to make investments in profitable

service companies making \$10-75 million EBITDA or at least breakeven SaaS companies in the \$40-50 million dollar range. I think there’s plenty of capital available to support great companies -- venture capital, private equity, debt or whatever you need.”

Frazier doesn’t require a management role for its investments and if there’s a great management team in place, they partner with the current team members. But he also says that they don’t shy away from companies that need management roles, including CEOs.

When Raj Merchant, vice president at New Mountain Capital, was presented with the opportunity to sponsor and attend the CGF, he concluded that this was a unique way to meet with those in the industry that are driving innovation for self-funded employers.

“I wanted to meet with companies that are scaling their solutions, learn more about their growth plans & value proposition, and introduce New Mountain’s platform,” he explains. “CGF is a great way to meet with industry leaders who are addressing the unmet need for holistic cost containment within the ecosystem – the structure of the conference literally lets you shake hands with every attendee.”



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He says he attends similar conferences but really values this opportunity to have deeper conversations with folks, especially given the curated list of participants.

“CGF is structured in a way that you can have a handful of very deep conversations vs. trying to have numerous shorter conversations. In this structure you can really get into the ‘ins and outs’ of a business’ vision and value proposition, as well as better understand the goals of management teams.”

He continues, “There’s a ton of growth in the self-insured industry, with a number of companies offering innovative solutions to address rising medical costs for segment of employers that have been underserved. We appreciate the opportunity to meet companies that prioritize small-to-mid size employers and provide solutions that generate better health outcomes while also lowering medical costs. Rising medical cost have a disproportionate impact on mid-market employers, and these solutions are critical in today’s environment.”

When asked why his firm chose to attend the SIIA CGF, Harrison



Harrison Hunter

Hunter, a managing director at Stone Point Capital, responded, “The conference was a chance to interact with businesses that could be strategically interesting for one of our portfolio companies. Our firm spends a lot of time in the self-insured employer ecosystem, and we always enjoy getting to interact with earlier stage companies across the ecosystem.”

He said that the event met his expectations for making productive connections that can help their existing portfolio and build relationships for future investments.

“I think that there are opportunities for investment, given our fund’s size,” he continues. ‘Many of the investment opportunities are likely through one of our portfolio companies, although we are quite active so that’s a good outcome for us. We also believe in building relationships that could result in investment down the road.”

He also believes that the financial climate supports these opportunities, noting, “While the current macro environment is difficult, I think that the secular trends within the self-insured ecosystem are strong enough to offset near-term economic headwinds. Our firm is on the larger end of the sponsors, typically



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focusing on \$30M+ in EBITDA.

He indicates that the firm is quite active in the ecosystem and has a number of existing investments that could be acquirers of businesses at the conference. They do not seek a management role, rather they back management teams and look to support them through strategic support and capital.

Finally, a noteworthy commentary from Trey Marinello, a Managing Director in Houlihan Lokey's Healthcare Group whose investment banking experience includes buy-side and sell-side M&A advisory, capital raising, and strategic advisory services for privately held and publicly traded companies.

"This is an opportunity to help both sides of a deal and drive the best outcome," he explains. "Our position is running a successful process to arrive at the best terms and treatments. Both sides should walk away equally unhappy!"

Marinello is primarily on the sell side and plays a more advisory role on the buy side.

"This is an event that offers us a better understanding of the ecosystem and an opportunity to knowing the middle market," says Marinello. "Smaller companies with innovative ideas are usually flexible and need our services to guide them through the processes. Bite size, smaller deals that are often complementary do well in this type of financial environment where there are strategic acquirers. It's a good time to be a seller."

"PITCHING PERFECTLY"

Here's a select group of SIIA member companies that provided their perspectives and enthusiasm for participating in the CGF.

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G. David Adamson, MD, FRCSC, FACOG, FACSMD, chair and CEO, Advanced Reproductive Care, Inc. (ARC), was excited to share his company’s focus on family benefits, how people think about these services and gaps in needed coverage.

“Employers now realize how important these benefits are for individuals the value to companies who offer the benefits to prospective and current employees,” he explains. “Family forming is a great investment, helping companies to recruit and retain talent. We’ve been helping organizations for 25+ years and have a foothold in the market. Now we are ready scale our business and serve the self insurance marketplace.”



G. David Adamson

Dr. Adamson expressed his enthusiasm for presenting the ARC business model at the CGF and anticipates that investors will find his approach of great value in helping employers meet the needs of employees who have a fertility issue. The company has grown

organically and is cash flow positive and has no debt, but management is investing profits back into the business to generate growth.

“We have no outside funding at this point but now we are looking for outside funds so that we can grow the company faster,” he says. “Historically, our company has been in the direct-to-consumer market, helping patients with financing and assisting our clinics with administrative services. But we have turned our focus in the last three years to the employer benefit space and this has been a positive change that has led to rapid expansion.

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He says that they are now are ready to reach out and serve many more employers and that's the reason he came to this meeting, adding, "We're excited to be here and talk to people who can boost our opportunities for better promotion and deliver patient-centric healthcare with better outcomes at lower cost."

For 25 years, ARC Fertility has helped people achieve their dream of growing their families. The company has been largely going to employer and broker meetings and is working with some high-profile consultants. The CGF is important as they start looking at the investor space.

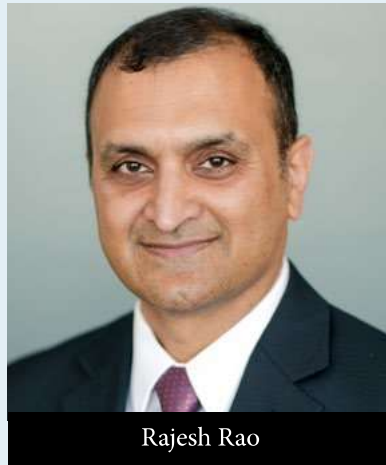
INDUS HEALTH

<https://www.indushealth.com/>

Raj Rao, CEO, Indus Health enjoyed the event and found it be a worthwhile investment of his time. Here's the two things he appreciated most about the CGF:

- Drew an interesting cross-section of industry players with domain expertise in the self-insurance arena
- A wealth of relevant working knowledge about corporate growth and investment to draw from.

IndusHealth serves as a medical travel program administrator for corporate self-insured health



Rajesh Rao

insurance plans that offer their members the choice of traveling outside their home territory to obtain certain elective medical procedures. IndusHealth offers comprehensive personalized travel and treatment programs for Americans desiring care in world-class hospitals as an alternative to what has become oppressively expensive care across the U.S. These inclusive programs begin with an initial physician referral and continue through treatment, recuperation, and return home.

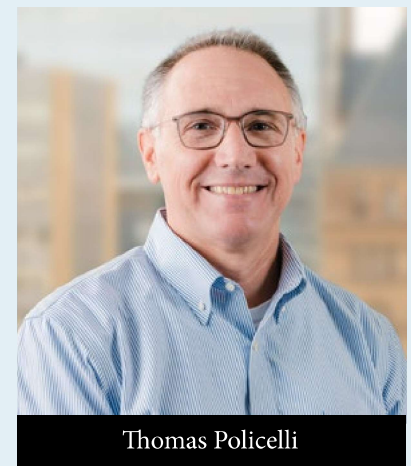
"Unlike large conferences that prove challenging to find and connect with the right people, I didn't come across anyone that seemed out of place in this context," says Rao. "It had a relaxed yet energetic feel to be able to exchange ideas and put my knowledge and theories to the test with other innovators, entrepreneurs, investors and domain experts. The sessions and panel discussions provided excellent information and content."

Rao urges other business leaders providing solutions to self-insured employers to consider leveraging this forum at pretty much any stage of their business growth, adding, "Kudos to you and the SIIA team for your hospitality and pulling off another wonderful event!"

PAYMEDIX

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Tom Policelli, CEO, PayMedix, a consumer engagement and healthcare financing platform dedicated to solving the growing problem of high out-of-pocket costs for everyone: providers, patients, and employers, shares his high-level satisfaction with the event.



Thomas Policelli

"What I liked were the one-on-one conversations, which were great discussions with decision-makers and provided a very efficient opportunity to connect. Overall, the intimate nature of the conference allowed for candid discussions. The meeting was very well organized,

ENDEAVORS

and the conversations were specific around the challenges we face in the marketplace.”

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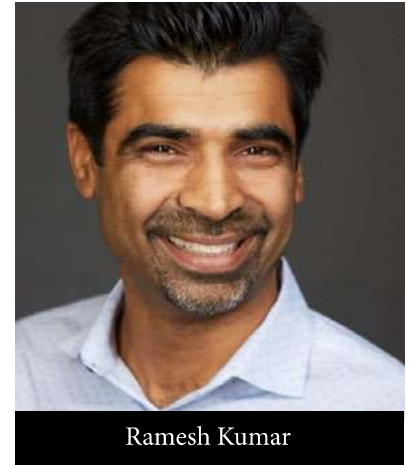
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Gary Becker, CEO, ScriptSourcing says that as a business owner, it’s important to learn from experts and maximize a company’s enterprise value.

“SIIA’s conference was power packed with presenters and panelists which included business owners, attorneys, bankers and investment institutions,” he shares. “The networking was terrific as everyone was willing to share their expertise. Thank you SIIA for putting together such an impactful event.”

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Ramesh Kumar

ZAKIPOINT HEALTH

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Ramesh Kumar, co-founder and CEO zakipoint Health, characterizes the CGF as an intimate event where participants were engaged and open to discussions throughout the experience.

“The speakers and participants were strategic thinkers, insightful in sharing industry trends, challenges and opportunities,” says Kumar. “They presented what individual companies need to do to grow or transact.”

zakipoint Health’s mission is to find meaning in healthcare data to bring transparency, direction, and value to people from their healthcare usage and spend. zakipoint Health provides SaaS platform that brings in all the



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healthcare data into one place for the employer and the members on the plan to support members for their on-going plan queries, and out of pocket cost estimation, and intelligently steer them to the right places of care at the right time.

Kumar also enjoyed meeting the private equity investors and building relationships with many of them, sharing, “It was a pleasure to chat with investors who understand our space and are happy to help the self-funded industry grow. And biking in Greenville was icing on the cake!” ■

Laura Carabello holds a degree in Journalism from the Newhouse School of Communications at Syracuse University, is a recognized expert in medical travel, and is a widely published writer on healthcare issues. She is a Principal at CPR Strategic Marketing Communications. www.waves.cpronline.com

