THE ENTERPRISE FINANCIAL IMPACT CALCULATION

EFIC WHITE PAPER VERSION 1.0

Translating Health Plan Cost Improvement Into Enterprise Financial Impact

What is the measurable enterprise financial impact of improving the health plan cost structure?

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Executive Summary

Employer health plans represent a significant and recurring operating cost structure. Yet their financial impact is commonly evaluated only through renewal increases, premium comparisons, employee contributions, and projected savings.

Those measures are useful, but incomplete.

The Enterprise Financial Impact Calculation (EFIC) is a financial modeling methodology within the Strategic Health Benefits Cost Advisory (SHBCA) Framework. EFIC quantifies the enterprise financial impact associated with a selected health plan cost improvement assumption.

EFIC translates that assumption into defined executive financial measures, including:

- annual health plan cost improvement
- EBITDA impact
- EBITDA Margin Impact
- Equivalent Annual Revenue
- cash preservation
- cumulative financial impact
- future cost-base impact

Equivalent Annual Revenue expresses the modeled EBITDA impact as the amount of additional annual revenue the enterprise would otherwise need to generate, at its current EBITDA margin, to produce the same EBITDA contribution.

EFIC does not determine whether a specific level of improvement is achievable, nor does it guarantee future results. It applies a clearly disclosed improvement assumption to the employer's defined health plan cost and financial data.

Standard assumptions of 5%, 10%, 15%, and 20% may be modeled, together with a custom assumption when appropriate. This allows leadership to evaluate a base case and compare alternative scenarios without presenting any single outcome as certain.

Within the broader SHBCA Framework, HPESA evaluates the economic relationship between health plan cost growth and company performance. EFIC performs a different but complementary function. It quantifies the enterprise financial significance of a selected improvement in health plan cost structure.

EFIC reframes the health plan cost structure from a periodic insurance decision at renewal into a measurable component of ongoing enterprise financial performance.

The Missing Financial Question

Employer health plan decisions are commonly concentrated around the annual renewal.

Leadership receives a renewal increase, reviews plan design changes, considers employee contributions, compares alternatives, and determines how much additional cost the business can absorb. The process is usually treated as an insurance purchasing decision.

That approach focuses attention on the immediate renewal outcome while giving less consideration to the continuing financial effect of the health plan cost structure.

The renewal is an important event, but it is only one point in time.

Health plan cost continues throughout the year. It affects operating expense, EBITDA, cash flow, and the financial resources available for other business priorities. When health plan cost grows faster than the economics of the business, the effect compounds over time.

Conversely, an improvement in health plan cost structure may produce financial value well beyond the initial renewal period. A reduction in annual employer-paid health plan cost may improve EBITDA, strengthen EBITDA margin, preserve cash, reduce future cost compounding, support reinvestment, and improve financial resilience.

Yet these effects are rarely presented in a consistent financial model.

What is the measurable enterprise financial impact of improving the health plan cost structure?

EFIC addresses this gap by translating a selected health plan cost improvement assumption into defined enterprise financial measures.

What the Enterprise Financial Impact Calculation (EFIC) Measures

The Enterprise Financial Impact Calculation (EFIC) measures the enterprise financial impact associated with a selected improvement in health plan cost structure.

The methodology begins with the employer-paid annual health plan cost. A clearly disclosed improvement assumption is then applied to establish the modeled reduction in cost.

Annual Health Plan Cost Improvement

The modeled reduction in employer-paid annual health plan cost produced by the selected improvement assumption. This is the foundational EFIC calculation.

EBITDA Impact

The modeled contribution to EBITDA, assuming the cost improvement is realized and not offset by other expenses.

EBITDA Margin Impact

The modeled EBITDA contribution expressed relative to annual revenue.

Equivalent Annual Revenue

The amount of additional annual revenue the enterprise would otherwise need to generate, at its current EBITDA margin, to produce the same EBITDA contribution.

Cash Preservation

The amount of cash that may remain available to the enterprise rather than being used to fund health plan expense.

Cumulative Financial Impact

The total modeled financial effect over the selected analysis period.

Future Cost-Base Impact

The modeled effect of applying future health plan cost growth to a lower starting cost base.

EFIC separates calculation from recommendation.

The methodology does not independently determine whether the current plan structure should be changed, which alternative should be selected, whether a specific improvement level is achievable, or whether the modeled result will be fully realized. Those conclusions require separate analysis, evidence, and executive judgment.

Where the Enterprise Financial Impact Calculation (EFIC) Fits

The Enterprise Financial Impact Calculation (EFIC) is a financial modeling methodology within the Strategic Health Benefits Cost Advisory (SHBCA) Framework. Its role is specific.

EFIC does not independently evaluate whether the employer's current health plan cost structure is economically sustainable. It does not diagnose structural inefficiency, evaluate alternative funding arrangements, or recommend a particular health plan solution.

Within the SHBCA Framework:

- HPESA evaluates the relationship between health plan cost growth and the financial performance of the enterprise.
- SOBA evaluates the current health plan structure and potential alternatives.
- EFIC quantifies the enterprise financial impact associated with a selected health plan cost improvement assumption.

These methodologies are related, but they are not interchangeable. HPESA may establish that health plan cost growth is economically misaligned with company performance. SOBA may identify structural alternatives that warrant consideration. EFIC then allows leadership to understand the financial significance of improving the cost structure.

EFIC may also be used independently when leadership wishes to test the financial significance of a defined cost improvement scenario. In that application, the assumption must still be clearly stated and distinguished from a recommendation or expected result.

EFIC converts a defined health plan cost improvement assumption into a measurable enterprise financial impact.

The Enterprise Financial Impact Calculation (EFIC) Methodology

The Enterprise Financial Impact Calculation (EFIC) applies a defined health plan cost improvement assumption to the employer-paid annual health plan cost and translates the result into selected measures of enterprise financial impact.

1. Establish the Employer-Paid Annual Health Plan Cost

Use the employer's verified enrollment, plan costs, and actual contribution strategy. Total premium and employee contributions may be shown for context, but the standard EFIC cost basis is the employer-paid cost because it is the operating expense relevant to EBITDA.

2. Select the Health Plan Cost Improvement Assumption

Use 5%, 10%, 15%, 20%, or a custom assumption. The assumption is disclosed and is not presented as a promised or expected result.

3. Calculate the Gross Annual EFIC Impact

Multiply the employer-paid annual health plan cost by the selected improvement assumption.

4. Translate the Result Into Enterprise Financial Measures

Calculate EBITDA Impact, EBITDA Margin Impact, Equivalent Annual Revenue, Cash Preservation, Cumulative Financial Impact, and Future Cost-Base Impact as appropriate.

5. Model the Selected Time Horizon

Apply EFIC over a single year or a disclosed multi-year period.

6. Apply Adjustments and Offsets

Show implementation costs, transition expenses, recurring fees, timing differences, and other material offsets separately.

7. Calculate the Net EFIC Impact

Subtract disclosed adjustments and offsets from the gross impact. Distinguish first-year, ongoing, annual, and cumulative results.

8. Present Results as Scenarios

Compare a base case with alternative assumptions without treating any scenario as certain.

9. Disclose the Methodological Basis

Identify the cost basis, contribution strategy, assumption, financial inputs, analysis period, growth assumptions, adjustments, and data limitations.

Gross Annual EFIC Impact

Employer-Paid Annual Health Plan Cost × Selected Improvement Assumption

Define the cost basis. Select the improvement assumption. Calculate the gross impact. Apply adjustments. Translate the result into enterprise financial measures.

The Health Plan Cost Improvement Assumption

The Enterprise Financial Impact Calculation (EFIC) uses a clearly defined health plan cost improvement assumption as its central modeling input.

The assumption represents the percentage reduction applied to the employer-paid annual health plan cost for the purpose of measuring enterprise financial impact. It must be distinguished from a guaranteed result, underwriting projection, contractual commitment, actuarial estimate, or prediction of future financial performance.

Standard EFIC Scenarios

- 5%
- 10%
- 15%
- 20%
- Custom percentage when appropriate

Base Case Selection

One scenario may be designated as the base case. It should represent the assumption considered most appropriate for executive evaluation based on the information available. The basis should be stated whenever possible and may be informed by HPESA, SOBA, market analysis, underwriting, vendor proposals, claims data, funding analysis, benchmarks, or other relevant evidence.

Sensitivity Analysis

Sensitivity analysis compares the enterprise financial impact produced by alternative assumptions using the same cost basis, EBITDA margin, time horizon, and calculation method. It shows how the modeled result changes when the assumption changes; it does not determine which result is most likely.

Assumption Discipline

An assumption should not be selected merely because it produces an attractive result. Where evidence is limited, EFIC should present a range of scenarios rather than a single figure with unwarranted certainty.

The assumption must be visible, the basis must be understandable, and the resulting financial impact must remain distinguishable from an expected or guaranteed outcome.

Enterprise Financial Impact Measures

The Enterprise Financial Impact Calculation (EFIC) translates a selected health plan cost improvement assumption into financial measures relevant to executive decision-making. Each measure should be calculated from the same disclosed cost basis, improvement assumption, analysis period, and set of adjustments.

Gross Annual EFIC Impact

The modeled reduction in employer-paid annual health plan cost before adjustments or offsets.

Gross Annual EFIC Impact

Employer-Paid Annual Health Plan Cost × Selected Improvement Assumption

Net Annual EFIC Impact

The modeled annual result after identified implementation costs, recurring expenses, offsets, and other material adjustments.

Net Annual EFIC Impact

Gross Annual EFIC Impact − Adjustments and Offsets

Modeled EBITDA Impact

The modeled contribution to EBITDA, assuming the cost improvement is realized, treated above EBITDA, and not offset elsewhere.

Modeled EBITDA Impact

Net Annual EFIC Impact

EBITDA Improvement Percentage

The Modeled EBITDA Impact expressed relative to current EBITDA.

EBITDA Improvement Percentage

Modeled EBITDA Impact ÷ Current EBITDA

Equivalent Annual Revenue

The amount of additional annual revenue required, at the current EBITDA margin, to produce the same EBITDA contribution. It is not actual or projected revenue.

Equivalent Annual Revenue

Modeled EBITDA Impact ÷ Current EBITDA Margin

EBITDA Margin Impact

The Modeled EBITDA Impact expressed relative to annual revenue.

EBITDA Margin Impact

Modeled EBITDA Impact ÷ Annual Revenue

Cash Preservation

The amount of cash that may remain available to the enterprise. Timing may differ from economic impact.

Cash Preservation

Net Annual EFIC Impact

Cumulative Financial Impact

The total modeled net financial impact over the selected analysis period.

Cumulative Financial Impact

Sum of Annual Net EFIC Impact Across the Analysis Period

Future Cost-Base Impact

The difference between the current and improved cost trajectories when future growth is applied.

Future Cost-Base Impact

Current Cost Trajectory − Improved Cost Trajectory

Materiality

The same dollar improvement may be highly material to one enterprise and comparatively modest to another. EFIC therefore considers both the absolute result and its significance relative to current health plan cost, EBITDA, EBITDA margin, annual revenue, cash requirements, and cumulative performance.

These measures do not create multiple claims of value from one result. They express the same modeled improvement through the financial measures leadership uses to evaluate enterprise performance.

Enterprise Financial Impact Calculation (EFIC) Base Case and Sensitivity Analysis

The Enterprise Financial Impact Calculation (EFIC) uses base-case and sensitivity analysis to show how different health plan cost improvement assumptions affect enterprise financial impact. This allows leadership to evaluate a range of modeled outcomes without relying on a single result.

Assume an employer-paid annual health plan cost of $3,667,098, annual revenue of $60,000,000, current EBITDA of $6,000,000, and a current EBITDA margin of 10%. No adjustments are included in the initial comparison.

Improvement Assumption	Gross Annual EFIC Impact	EBITDA Improvement	Equivalent Annual Revenue	EBITDA Margin Impact
5%	$183,355	3.1%	$1,833,550	0.31 points
10%	$366,710	6.1%	$3,667,100	0.61 points
15%	$550,065	9.2%	$5,500,650	0.92 points
20%	$733,420	12.2%	$7,334,200	1.22 points

Evaluating Materiality

Sensitivity analysis helps leadership determine whether conservative scenarios remain financially meaningful, how much implementation cost the opportunity can support, and whether the modeled impact justifies further analysis or action.

Incorporating Adjustments

If the 10% scenario produces a Gross Annual EFIC Impact of $366,710, first-year implementation and transition costs are $75,000, and recurring annual administrative costs are $25,000, the first-year Net EFIC Impact is $266,710 and the ongoing annual Net EFIC Impact is $341,710.

First-Year Net Equivalent Annual Revenue

$266,710 ÷ 10% = $2,667,100

Ongoing Net Equivalent Annual Revenue

$341,710 ÷ 10% = $3,417,100

Sensitivity analysis allows leadership to evaluate the enterprise significance of health plan cost improvement without treating any single assumption as certain.

Illustrative Enterprise Financial Impact Calculation (EFIC)

The following hypothetical example demonstrates how the Enterprise Financial Impact Calculation (EFIC) translates a benchmark-based health plan cost assumption into enterprise financial impact. The employer profile is illustrative. The health plan cost basis is developed from recognized national premium benchmarks rather than inferred from employee count alone.

Benchmark Basis

Assume the employer has 300 employees enrolled in its health plan. For illustration, enrollment is distributed using private-sector coverage-tier data from the Medical Expenditure Panel Survey (MEPS).

Coverage Tier	Percentage	Enrolled Employees
Employee only	55.6%	167
Employee plus one	18.6%	56
Family	25.8%	77
Total	100%	300

The premium assumptions use the Kaiser Family Foundation (KFF) 2025 Employer Health Benefits Survey for employee-only and family coverage and the 2024 MEPS private-sector benchmark for employee-plus-one coverage.

Coverage Tier	Employees	Annual Benchmark Premium	Estimated Total
Employee only	167	$9,325	$1,557,275
Employee plus one	56	$16,931	$948,136
Family	77	$26,993	$2,078,461
Estimated Total Annual Premium	300		$4,583,872

Employer Contribution Strategy

For illustration only, assume the employer pays 80% of total premium cost and employees pay 20% through pretax payroll deductions. In an employer-specific EFIC analysis, the employer's actual contribution strategy replaces this assumption.

Premium Responsibility	Percentage	Annual Amount
Employer contribution	80%	$3,667,098
Employee contribution	20%	$916,774
Total annual premium	100%	$4,583,872

The standard EFIC cost basis is the employer-paid annual health plan cost of approximately $3,667,098 because that is the direct operating expense relevant to EBITDA.

Employer Financial Profile

- Annual revenue: $60,000,000
- Current EBITDA: $6,000,000
- Current EBITDA margin: 10%
- Employer-paid annual health plan cost: $3,667,098
- Enrolled employees: 300

Selected Base Case

Gross Annual EFIC Impact

$3,667,098 × 10% = $366,710

Gross Enterprise Financial Impact

Gross EBITDA Improvement

$366,710 ÷ $6,000,000 = 6.1%

Gross Equivalent Annual Revenue

$366,710 ÷ 10% = $3,667,100

Gross EBITDA Margin Impact

$366,710 ÷ $60,000,000 = 0.61 percentage points

Adjustments and Offsets

- First-year implementation and transition costs: $75,000
- Recurring annual administrative costs: $25,000

First-Year Net EFIC Impact

$366,710 − $75,000 − $25,000 = $266,710

Ongoing Annual Net EFIC Impact

$366,710 − $25,000 = $341,710

Measure	First-Year Net Result	Ongoing Annual Net Result
Net EFIC Impact	$266,710	$341,710
EBITDA Improvement	4.4%	5.7%

Measure	First-Year Net Result	Ongoing Annual Net Result
Equivalent Annual Revenue	$2,667,100	$3,417,100
EBITDA Margin Impact	0.44 percentage points	0.57 percentage points

Five-Year Cumulative Impact

Assume the improved cost structure is maintained for five years and employer-paid health plan cost grows by 6% annually under both the current and improved cost trajectories.

Year	Current Cost Trajectory	Improved Cost Trajectory	Gross Annual Difference
1	$3,667,098	$3,300,388	$366,710
2	$3,887,124	$3,498,411	$388,712
3	$4,120,351	$3,708,316	$412,035
4	$4,367,572	$3,930,815	$436,757
5	$4,629,626	$4,166,664	$462,963

The cumulative gross difference is approximately $2,067,177. After deducting the $75,000 first-year transition cost and five years of $25,000 recurring annual administrative costs, the modeled five-year Net EFIC Impact is approximately $1,867,177.

EFIC Executive Output

EFIC Measure	Result
Enrolled employees	300
Estimated total annual premium	$4,583,872
Illustrative employer contribution	80%
Employer-paid annual health plan cost	$3,667,098
Selected improvement assumption	10%
Gross Annual EFIC Impact	$366,710
Gross EBITDA Improvement	6.1%
Gross Equivalent Annual Revenue	$3,667,100

EFIC Measure	Result
Gross EBITDA Margin Impact	0.61 percentage points
First-Year Net EFIC Impact	$266,710
First-Year Net Equivalent Annual Revenue	$2,667,100
Ongoing Annual Net EFIC Impact	$341,710
Ongoing Net Equivalent Annual Revenue	$3,417,100
Five-Year Net EFIC Impact	$1,867,177

These are not separate claims of value. They are different expressions of the same modeled improvement.

Source Notes

The illustrative Enterprise Financial Impact Calculation (EFIC) uses nationally published employer-sponsored health plan data to establish a realistic benchmark cost basis.

Kaiser Family Foundation (KFF)

Employee-only and family premium benchmarks are drawn from the Kaiser Family Foundation (KFF) 2025 Employer Health Benefits Survey. KFF reported average annual premiums of $9,325 for employee-only coverage and $26,993 for family coverage.

Primary source: KFF, 2025 Employer Health Benefits Survey, published October 22, 2025. https://www.kff.org/health-costs/2025-employer-health-benefits-survey/

Medical Expenditure Panel Survey (MEPS)

Employee-plus-one premium data and the illustrative coverage-tier distribution are drawn from the Medical Expenditure Panel Survey (MEPS) Insurance Component, administered by the Agency for Healthcare Research and Quality. The 2024 private-sector average employee-plus-one premium was $16,931.

Primary source: Agency for Healthcare Research and Quality, Health Insurance Benefits at Private Employers: Estimates from the 2024 Insurance Component of the Medical Expenditure Panel Survey. https://meps.ahrq.gov/data_files/publications/rf54/rf54.shtml

Illustrative Assumptions

- 300 enrolled employees
- $60 million in annual revenue
- $6 million in current EBITDA
- 10% current EBITDA margin

- 80% illustrative employer premium contribution
- 10% health plan cost improvement assumption
- $75,000 first-year implementation and transition costs
- $25,000 recurring annual administrative costs
- 6% annual health plan cost growth assumption

In an employer-specific EFIC analysis, verified employer data and the employer's actual contribution strategy replace all illustrative assumptions.

Executive Interpretation of the Enterprise Financial Impact Calculation (EFIC)

The Enterprise Financial Impact Calculation (EFIC) is designed to help leadership understand the financial significance of a selected health plan cost improvement assumption. It does not replace underwriting, actuarial analysis, structural evaluation, or executive judgment.

What does an improvement in health plan cost structure mean to the financial performance of the enterprise?

Annual Financial Impact

What is the modeled annual financial effect?

Gross impact shows the result before adjustments. Net impact shows the result after identified implementation costs, recurring expenses, timing differences, and other material adjustments.

EBITDA Impact

How significant is the modeled improvement relative to current EBITDA?

The EBITDA impact places the result within the financial scale of the enterprise.

Equivalent Annual Revenue

How much additional annual revenue would be required to produce the same EBITDA impact?

This is a comparative measure of economic scale, not actual or projected revenue.

EBITDA Margin Impact

What is the modeled contribution to EBITDA margin?

The result shows the modeled EBITDA contribution relative to annual revenue.

Cash Preservation

How much cash may remain available for other enterprise priorities?

EFIC identifies the modeled amount but does not prescribe its use.

Cumulative Financial Impact

What is the longer-term financial effect?

This may include recurring annual impact and reduced future cost compounding.

Proper Executive Use

EFIC allows leadership to evaluate health plan cost structure alongside other decisions involving operating expense, EBITDA, EBITDA margin, cash, investment, and revenue requirements.

EFIC does not tell leadership what decision to make. It gives leadership a clearer financial basis upon which to make the decision.

Enterprise Financial Impact Calculation (EFIC) Defined Terminology

Employer-Paid Annual Health Plan Cost

The employer’s defined annual health plan operating cost after applying its actual contribution strategy.

Health Plan Cost Improvement Assumption

The percentage reduction applied to the employer-paid annual health plan cost for modeling purposes.

Gross Annual EFIC Impact

The modeled annual improvement before adjustments and offsets.

Net Annual EFIC Impact

The modeled annual impact after adjustments and offsets.

Modeled EBITDA Impact

The modeled contribution to EBITDA, assuming the result is realized and not offset elsewhere.

EBITDA Improvement Percentage

The Modeled EBITDA Impact as a percentage of current EBITDA.

Equivalent Annual Revenue

The additional annual revenue required, at the current EBITDA margin, to produce the same EBITDA contribution.

EBITDA Margin Impact

The Modeled EBITDA Impact expressed relative to annual revenue.

Cash Preservation

The modeled cash that may remain available to the enterprise.

First-Year Net EFIC Impact

The net impact during the first year after timing and first-year costs.

Ongoing Annual Net EFIC Impact

The net annual impact after nonrecurring first-year costs are removed.

Cumulative Financial Impact

The total modeled net impact over the analysis period.

Current Cost Trajectory

The modeled future cost if the existing cost structure continues.

Improved Cost Trajectory

The modeled future cost after the selected improvement assumption.

Future Cost-Base Impact

The effect of applying future cost growth to a lower starting cost base.

Base Case

The primary assumption selected for executive evaluation.

Sensitivity Analysis

The comparison of results under different improvement assumptions.

Modeled Result

A result calculated from disclosed inputs and assumptions.

Realized Result

The actual result measured after implementation.

Enterprise Financial Impact Calculation (EFIC) Formula Summary

Gross Annual EFIC Impact

Employer-Paid Annual Health Plan Cost × Improvement Assumption

Net Annual EFIC Impact

Gross Annual EFIC Impact − Adjustments and Offsets

Modeled EBITDA Impact

Net Annual EFIC Impact

EBITDA Improvement Percentage

Modeled EBITDA Impact ÷ Current EBITDA

Equivalent Annual Revenue

Modeled EBITDA Impact ÷ Current EBITDA Margin

EBITDA Margin Impact

Modeled EBITDA Impact ÷ Annual Revenue

Modeled Cash Preservation

Net Annual EFIC Impact

Cumulative Financial Impact

Sum of Annual Net EFIC Impact Across the Analysis Period

Future Health Plan Cost

Prior-Year Health Plan Cost × (1 + Annual Growth Assumption)

Future Cost-Base Impact

Current Cost Trajectory − Improved Cost Trajectory

Per-Capita Impact

Net Annual EFIC Impact ÷ Applicable Population

Every EFIC calculation should identify the cost basis, employer contribution strategy, improvement assumption, EBITDA and EBITDA margin, annual revenue, analysis period, growth assumptions, adjustments and offsets, and whether each result is gross, net, annual, or cumulative.

Enterprise Financial Impact Calculation (EFIC) Methodological Limitations and Disclosures

The Enterprise Financial Impact Calculation (EFIC) is a financial modeling methodology. Its results depend on the accuracy of the underlying data, the reasonableness of the selected assumptions, the calculation method used, and the extent to which the modeled improvement is ultimately realized.

Dependence on Source Data

Incomplete, inconsistent, or inaccurate health plan and enterprise financial data may materially affect the result.

Benchmark Data

Benchmark-based analyses must distinguish published external data, illustrative assumptions, and verified employer information. Benchmarks should not be presented as though they describe a specific employer.

Assumption Risk

EFIC does not independently establish that the selected improvement assumption is achievable. Where evidence is limited, leadership should place greater weight on sensitivity analysis.

Modeled Versus Realized Results

Actual results may differ because of claims volatility, enrollment, workforce changes, benefit design, contribution changes, timing, vendor performance, contract terms, utilization, regulation, accounting treatment, operational execution, and broader business conditions.

EBITDA Treatment

EFIC assumes the improvement is realized, included above EBITDA, and not offset elsewhere. EFIC does not provide an accounting opinion.

Equivalent Annual Revenue

Equivalent Annual Revenue is not actual revenue, projected revenue, a sales forecast, enterprise value, or a valuation conclusion. It is sensitive to the EBITDA margin used.

Gross and Net Results

Material implementation costs, recurring expenses, transition costs, and offsets should be disclosed and reflected in net results.

Timing of Financial Realization

Annualized impact may differ from first-year realized impact. EFIC should distinguish annualized, first-year, ongoing, and cumulative results.

Multi-Year Analysis

Reliability decreases as the analysis period extends and the number of assumptions increases. Multi-year results are scenario-based estimates, not precise forecasts.

Benefit Quality and Workforce Considerations

EFIC does not independently evaluate benefits, provider access, employee experience, clinical quality, disruption, balance-billing protection, administration, or workforce competitiveness.

Tax Considerations

EFIC may present pretax results unless otherwise stated and does not provide tax advice.

No Recommendation or Guarantee

An EFIC result is not a recommendation, savings guarantee, actuarial certification, accounting opinion, legal opinion, tax opinion, or investment recommendation.

EFIC should be relied upon only to the extent that its inputs, assumptions, and calculation basis are supportable and clearly disclosed.

Conclusion

Employer health plan cost is not merely an insurance expense reviewed once a year at renewal. It is a recurring operating cost structure with measurable consequences for EBITDA, EBITDA margin, cash flow, and long-term enterprise financial performance.

The Enterprise Financial Impact Calculation (EFIC) provides a disciplined method for translating a selected health plan cost improvement assumption into those financial terms.

EFIC calculates the modeled impact on annual employer-paid health plan cost, EBITDA, EBITDA margin, Equivalent Annual Revenue, cash preservation, cumulative financial impact, and the future cost base.

EFIC does not predict or guarantee results. Its value lies in making the assumption visible, applying the calculation consistently, and showing leadership the enterprise significance of the modeled improvement.

By doing so, EFIC moves the discussion beyond the annual renewal and into the broader economics of the business.

EFIC reframes the health plan cost structure from a periodic insurance decision at renewal into a measurable component of ongoing enterprise financial performance.