



DUE DILIGENCE



December 15, 2017  
FOR IMMEDIATE RELEASE

## **ALTERITY COMPLETES DUE DILIGENCE ON IMPENDING KEY BUSINESS ADD-ON FOR MARKETING FIRM**

### **New York, NY**

Alterity, a leading benefit and insurance advisory firm specializing in private equity transactions, was engaged by a large-cap private equity firm with more than \$25B of assets under management to provide operational due diligence on the integration of two health and welfare programs for a marketing company in the event of a possible add-on.

Alterity evaluated the plan designs and plan funding structures for each group and modeled out what the costs of each program would be if held separately or integrated. Using employee census data for both companies, Alterity was able to estimate the enrollment of the acquisition should those employees enroll in the plans of the parent company. Due to the varying differences in the existing employee contribution arrangements, Alterity estimated an increase of employer paid costs of 1.7% per employee per year (PEPY). The resulting adjustments to employee contributions also increased the potential of a higher employee enrollment rate for the target company, which would further increase employer costs. In all, Alterity estimated operating costs would increase by \$316K annually. These increased costs were reported back to the deal team so necessary adjustments to EBITDA could be made. Alterity then worked to develop synergy strategies to aid in the mitigation of the increased costs for the combined entity.

Through its analysis, Alterity also identified potential breaches of Penalty B of the Employer Shared Responsibility Provisions under the Affordable Care Act. While potential penalties were minimal, Alterity notified both the buyer and seller of the necessary cost-share adjustments that needed to be made to ensure compliance going forward.

**About Alterity:** The Alterity Group is a leading independent consulting firm offering advisory services designed to meet the unique needs of private equity firms and employers. The firm has relationships with 65% of the top 20 largest private equity firms across the U.S. and Canada. Alterity operates as an extension of deal, operations and procurement teams to help navigate the constantly evolving landscape of employee benefits and insurance to maximize value across portfolios.

Alterity is headquartered in New York with offices in Austin, Toronto, and London