National Health Care Benefits Summit

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Presented by:

ValidationInstitute

High Performance Health Care:

The Most Promising Path to Meaningful Health Care Change

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Brian Klepper is a health care analyst and commentator, active nationally. He is EVP of the Validation Institute, which conducts independent, third party validation of health care vendor performance. He is also Principal of Worksite Health Advisors, which connects health care purchasers to high performance vendors. He speaks and writes extensively on clinics, high performance health care and the management of clinical and financial risk.

He is a regular contributor to the health care trade press, a reviewer for the journals Health Affairs and The Journal of Ambulatory Care Management, and an advisor to several health care firms and foundations. A purchaser advocate, he has focused on the market and policy dynamics of the health care cost crisis, and readily available solutions to purchasers willing to approach the problem laterally. The George Washington University Masters in Health Administration Program ranked Brian's Care & Cost, the top 2016 blog by a health care professional. Feedspot named it a 2017 top 100 health care blog.

In his spare time, Brian is an offshore sailor.

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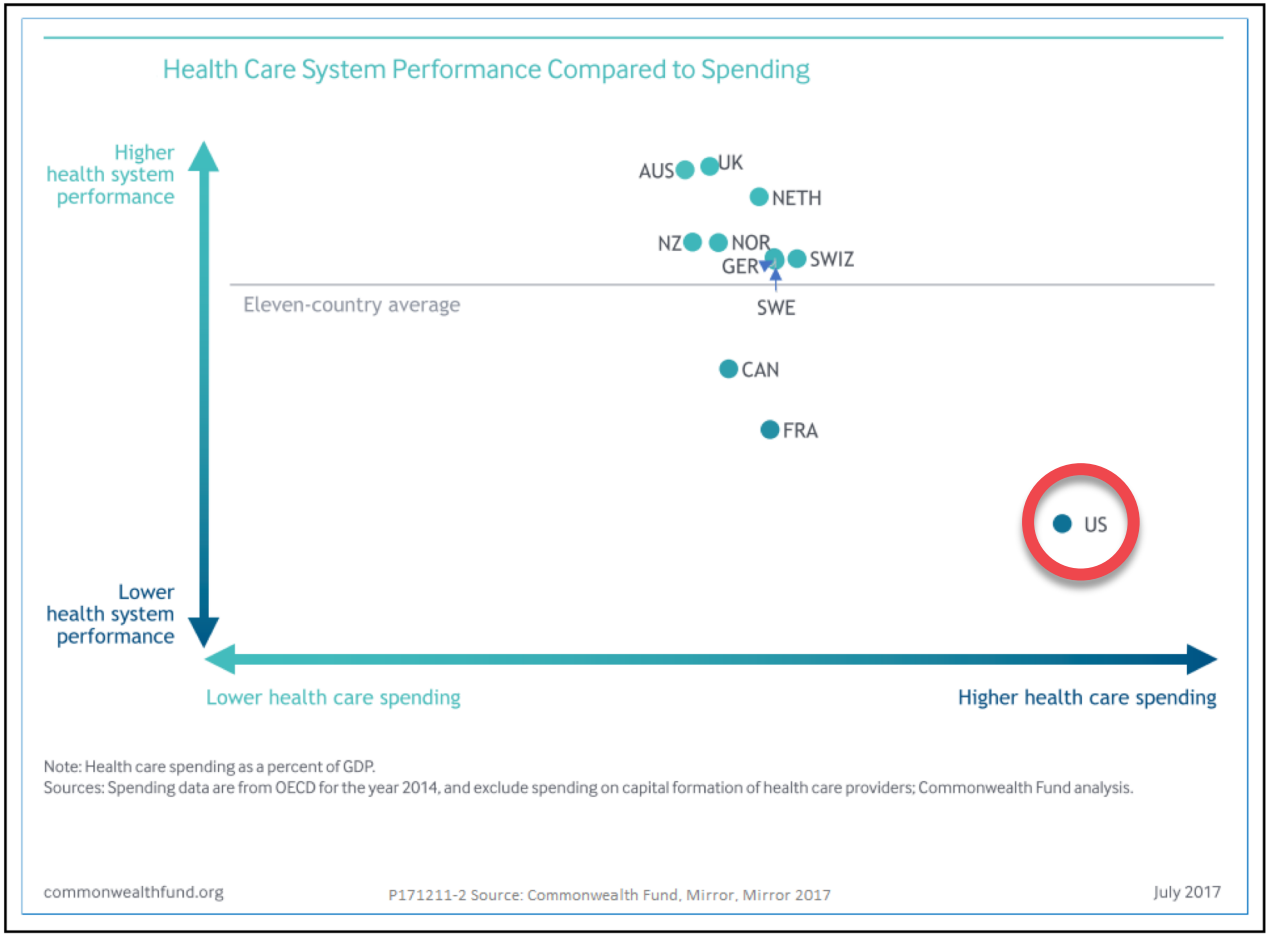
The State of U.S. Health Care Today

U.S. Health Care Has Lost Its Way

- Dominant health care organizations now depend on excess
- 55 years of FFS reimbursement have bloated U.S. care and cost patterns
- U.S. care patterns different than in other developed countries
- PwC (2008) estimated that >50% of total U.S. spend provides zero value
- Half of orthopedic and spine care is unnecessary, inappropriate, or ineffective
- Half of cardiometabolic care too
- No evidence that ⅔ of recently FDA-approved cancer drugs work

We Have Low System Performance



High Performance Health Care

High Performance Health Care Vendors

Offer clinical or financial risk management solutions that consistently deliver better health outcomes and/or lower cost than conventional approaches in high value niches.

High Value Risk Management Modules

- Advanced Primary Care Medical Homes
- Musculoskeletal Disorder Management
- Cardiometabolic Care Management
- Surgical Risk Management
- Allergy Management
- Dialysis Management
- Nearshore Centers of Excellence
- Claims Review
- Drug Management
- Imaging Management
- Large Claims Resolution
- 2nd Opinion

The Sociology of High Provider Performance

- Mission-driven, passionate
- Data- & evidence-driven
- High subject matter expertise in a niche
- Deconstructed a problem and devised, then refined, an unconventional solution
- Dedicated to continuous quality improvement
- Willingness to financially guarantee results

Legacy Health Care Motivation

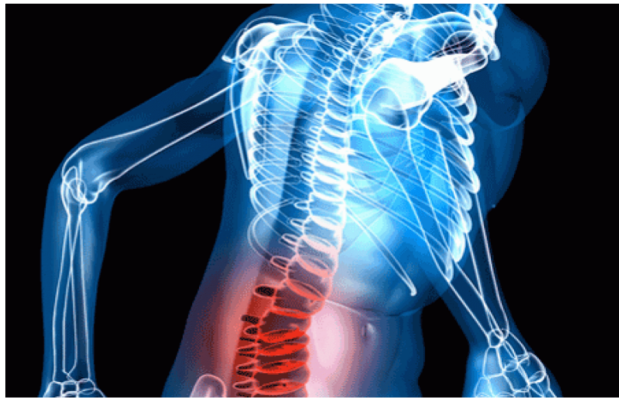
Major Health Plan Stock Price Growth - 3/15/09 - 12/13/19						
	Humana	United	CIGNA	Anthem	Dow-Jones	S&P 500
May 15, 2009	31.58	27.51	21.66	46.88	8268.64	756.55
December 13, 2019	353.13	285.48	189.87	284.12	28,135.38	3,168.80
Stock PriceGrowth	**1118%**	**1038%**	**877%**	**606%**	**340%**	**419%**
Avg Growth/Qtr*	26.6%	24.7%	20.9%	14.4%	8.1%	10.0%
Growth re: DJI	**3.29**	**3.05**	**2.58**	**1.78**		
Growth re: S&P	**2.67**	**2.48**	**2.09**	**1.45**		

*42 Quarters a/o 12/13/2019

Health plan stock price growth has been terrific under the current paradigm. Plans have made more as health care has cost more. They've shown little interest so far in more efficient programs.

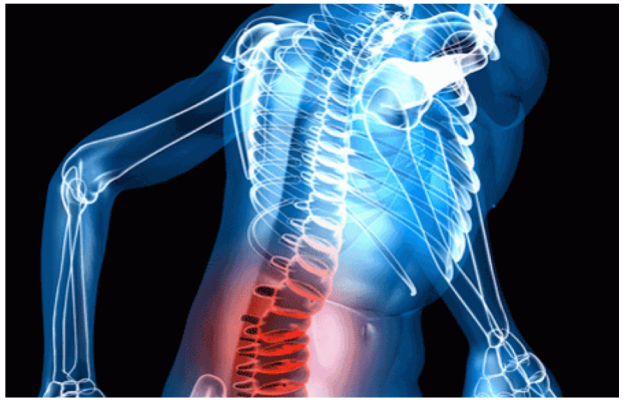
High Performance Examples

Example 1: Musculoskeletal Condition Management



- Musculoskeletal conditions typically represent 20%-25% of group health spend and 80% of occupational health spend
- Musculoskeletal Care Consumes 4%-5% of the Entire US Economy
- The WHO says it's the largest condition category
- New approach based originally on physical therapy sub-discipline, Mechanical Diagnosis and Training (MDT), highly credible approach from New Zealand
- Rigorous data infrastructure w/ continuous quality improvement

Example 1: Musculoskeletal Condition Management



- After >800,000 patient encounters, data shows better health outcomes - pain reduction, range of motion, activities of daily living - in half the recovery time and half the cost of conventional orthopedics
- Approach produces significant reductions in surgeries, imaging, injections, Rx and recurrent events
- Clients like Michelin, U.S. Army, General Dynamics, Whole Foods Market
- Will guarantee a 25% reduction in MSK spend on patients they touch

Example 2: Claims Review

- Many kinds of medical claims review
- Errors and intentional misrepresentations consume significant cost
- One firm offers review of legality/illegality of hospital-based claims
- Typical identification/recovery of 17%-25% of hospital payments, translating to recovery of 5%-10% of total health care spend

Returns on Investment

Typical Net Savings with Select High Performance Health Care Programs[1]

Program	Niche As A Percentage of Total Health care Spend[2]	Savings Within Niche[2]	Savings From Total Health Care Spend[3]	Per Employee Per Year Savings[3] **(PEPY)**
Primary Care[4]	10.0%	30.0%	3.0%	$444
Direct Contracting[5]	18.0%	35.0%	6.3%	$932
Diabetes/ Cardiometabolic Care Mgmt[6]	17.0%	30.0%	5.1%	$755
Musculoskeletal Disorder Mgmt	14.0%	35.0%	4.9%	$725
Imaging	6.0%	30.0%	1.8%	$266
Cancer	7.0%	25.0%	1.8%	$259
Specialty Pharmacy (Rx) Management	6.0%	35.0%	2.1%	$311
Rx Pricing Optimization	10.0%	15.0%	1.5%	$222
Rx Formulary Optimization	10.0%	15.0%	1.5%	$222
Across Offerings			28.0%	$4,137
Brian Klepper, bklepper@worksitehealthadvisors.com				

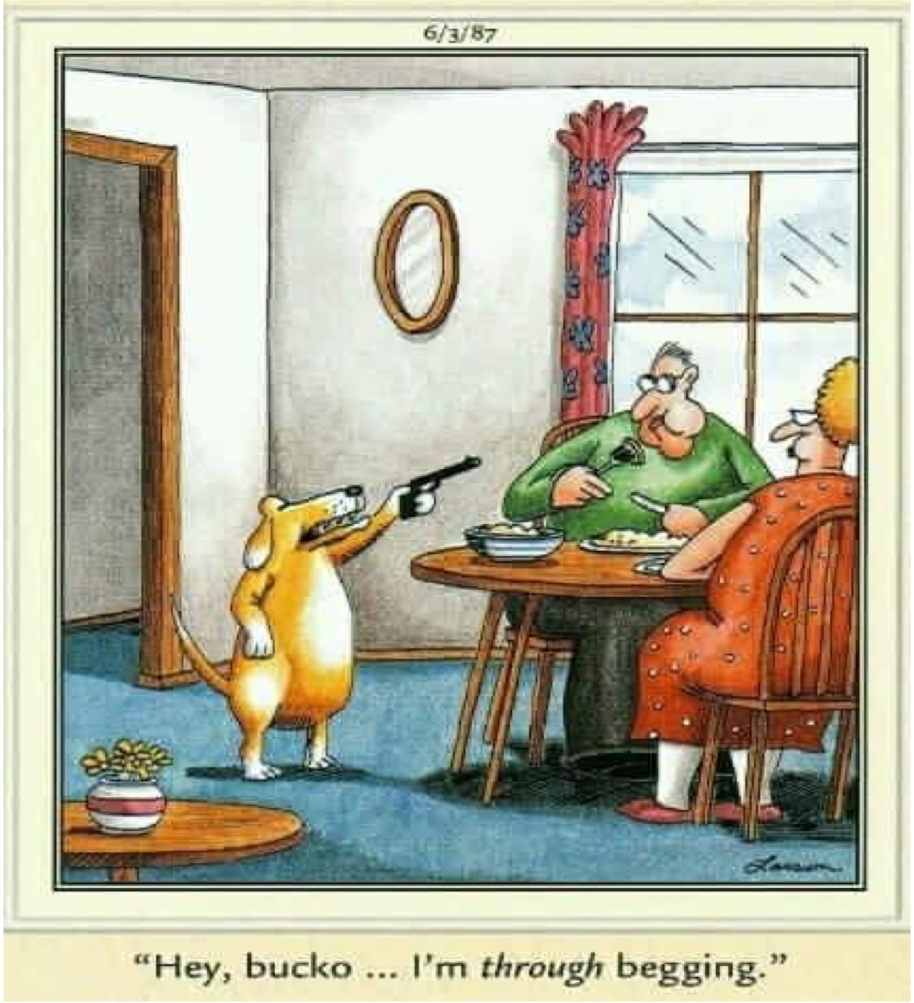
[1] Savings Net of Services Fees. Values Are Estimates, Intended to be Illustrative Rather Than Precise. [2] Solution Results May Interact & Not Be Cumulative. [3] Assumes 2019 Blended Rate of $14,800 Per Employee Per Year (PEPY) Health Plan Costs Per NBGH 2018 [4] Primary care typically consumes about 10% of total health care spend, but influences care and cost throughout the care continuum, driving appropriate and disrupting inappropriate treatment practices. [5] Included Reference-based Pricing, Bundled Pricing and Centers of Excellence [6] Included Diabetes, Coronary Artery Disease, Hypertension, Chronic Kidney Disease and Obesity

Savings vs. Friction

What Can We Do?

What It Will Take for Change

A critical mass of large and mid-sized purchasers (employers and unions) who become sufficiently frustrated that they become willing to supplant legacy health care approaches with proven high performance/high value approaches.



To Succeed …

To Succeed by Overcoming the Entrenched Structure, High Performance Vendors Must Make Purchasers Irresistible Offers

"Work with Us and We'll Guarantee Better Health Outcomes at 20+% Reduction in Total Spend."

Accomplishing these results requires creating bundles of integrated "Risk Management Modules."

High Performance Platforms

Integration of Multiple Risk Management Modules Under a Single Organizational Umbrella

Capabilities will come together, integrate and gain market leverage through platforms - e.g., TPAs, Worksite Clinics, Captives - designed to manage full continuum risk with optimal administrative simplicity.

They will grow in capability, and could ultimately supplant health plans.

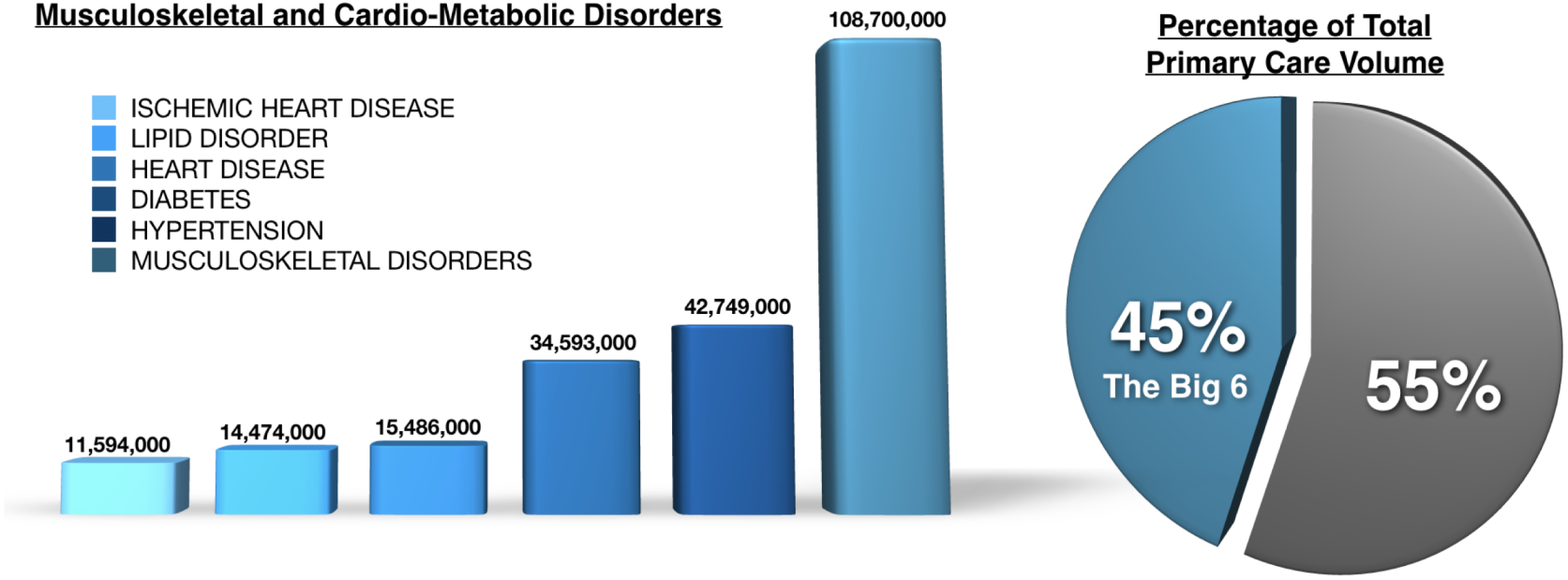
Leveraging Primary Care

- Primary Care is the logical basis for a disruptive value-based network.
- Primary Care in its current state has limited capability to shift quality and cost due to critical gaps in training.
- Employers have the capability to redesign the healthcare system and catapult innovation.
- Optimizing Primary Care requires new training around best practices in key areas of medicine.
- The “SuperClinic” model represents the next generation of primary care.

PRIMARY CARE

US Patient Volume

The following data represents 505 Million Primary Care Encounters from 2015.



Source: CDC National Ambulatory Survey Data, 2015

PRIMARY CARE DISTRIBUTION

Care Pathway by Patient Diagnosis

GENERAL CATEGORIES

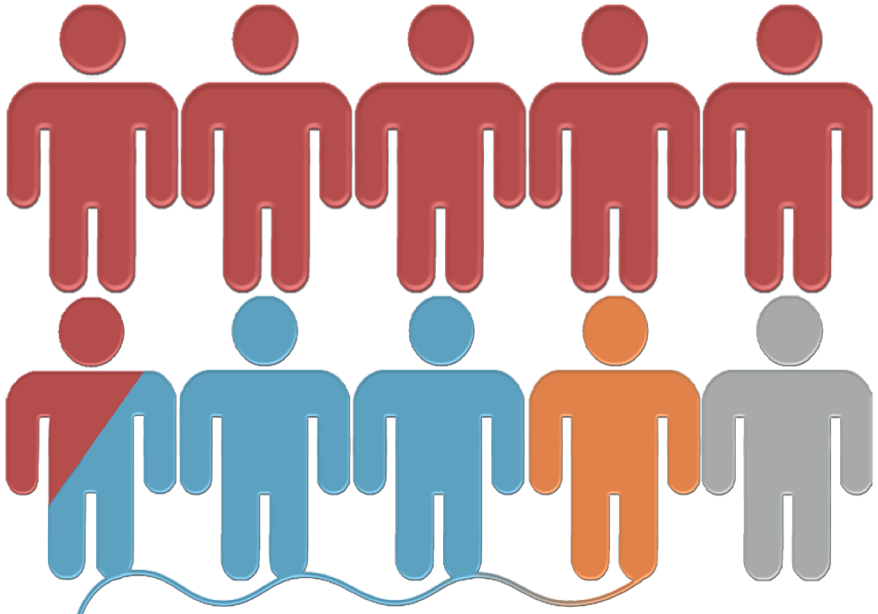
Primary Care possesses sufficient education for diagnoses and treatment of these cases.

- GENERAL CONDITIONS
  - Cough, Flu, Pink Eye, Well-Care, etc

SPECIALTY CATEGORIES

Primary Care CURRENTLY LACKS sufficient education for diagnoses and treatment of these cases.

- MUSCULOSKELETAL CONDITIONS
- CARDIOMETABOLIC CONDITIONS
- COMPLEX CONDITIONS



75% OF SPECIALIST REFERRALS OUTSIDE OF PCP CARE ARE MSK OR CMB

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Wrap Up

A Value-Focused Community

Comprised largely of Benefits Managers, Benefits Advisors and Innovative Vendors, is emerging and has become a vital vehicle for information exchange, relationship development, knowledge about performance and collaboration

Key Takeaways

- High value providers are out there, though they're often not in conventional networks.
- It is possible to obtain much better quality at greatly reduced cost.
- More and more purchasers are systematically seeking high performing vendors.
- Demanding excellence and value is the best way to drive positive health system change.

Questions? Contact Me.

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