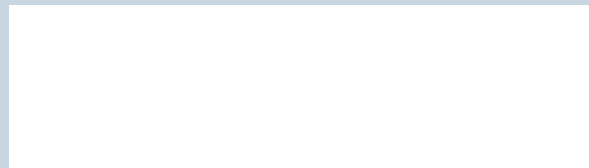
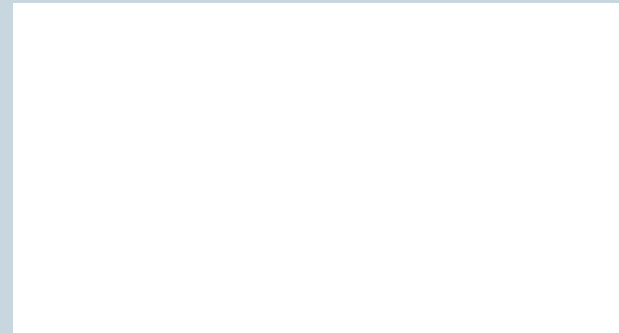


The Health Care Delivery Evolution

June 21, 2018



Agenda



Agenda

Today's topics

Health Care Delivery Overview

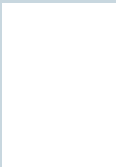
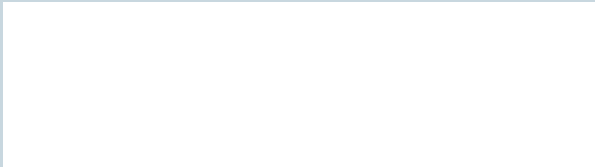
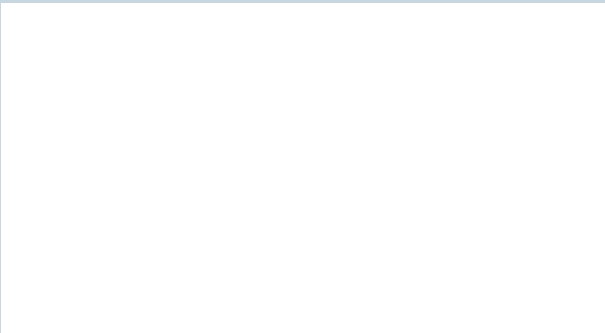
National, Regional, and Local Health Care Delivery Solutions

- Network Products and Solutions
- Direct Contracting
- Telemedicine
- Centers of Excellence
- On-Site/Near-Site Clinics

How Do Employers Get Started?

Questions

Health Care Delivery Overview



Health Care Delivery Solutions

National, Regional and Local Solutions
Supplemented by Decision Support Tools — Concierge Navigation — Clinical Integration —
Change Management and Communication

| Telemedicine | Centers of Excellence | Near-Site and Onsite Health Centers | Network Products and Solutions | Direct Contracting Opportunities ^{^^^} |
|--|--|--|---|---|
| <ul style="list-style-type: none"> Telemedicine available through carrier partnerships or directly with carve-out vendors | <ul style="list-style-type: none"> Carrier-based solutions; primarily focused on quality but have limited navigation support Carve-out vendor solutions; typically focused on quality with bundled case rate pricing | <ul style="list-style-type: none"> Near-site centers[^] or onsite centers^{^^} Services ranging from occupational health and acute / episodic to primary care, PCMHs Employer sponsored, local health systems, or carve-outs (e.g., Crossover Health) as vendor partners | <ul style="list-style-type: none"> Carrier-based solutions (e.g., product-model ACOs, high-performance networks, value-based contracting initiatives) Carve-out vendor high performance network (e.g., Imagine Health) | <ul style="list-style-type: none"> ACOs Custom centers of excellence Targeted quality/efficiency health system negotiation discussions |

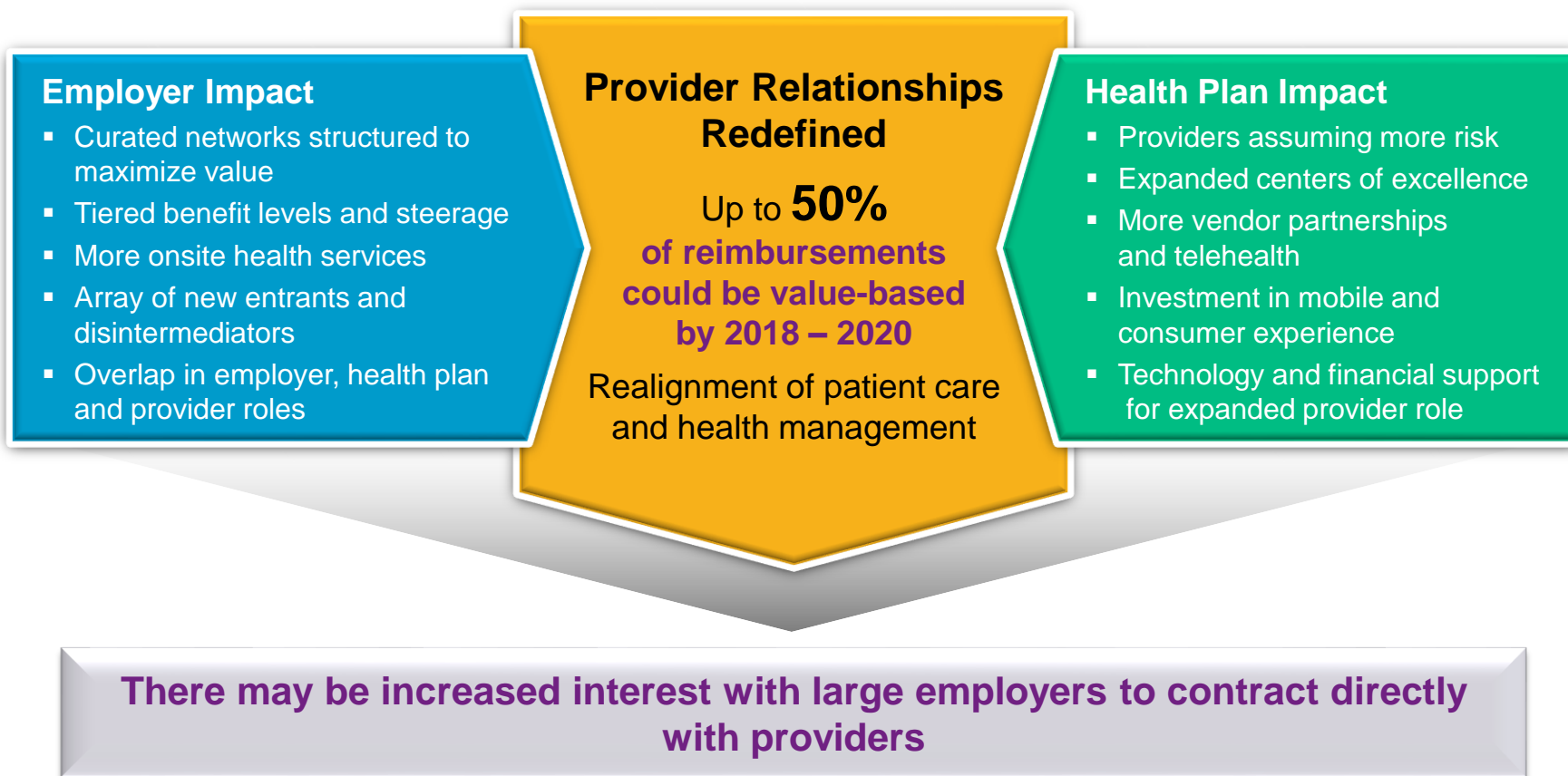
[^] Typically requires 500+ employees

^{^^} Typically requires 1,000+ employees in a geography

^{^^^} Typically requires 5,000+ employees in a geography and a higher degree of provider readiness

Health Care Delivery

Market dynamics impacting employers and health plans



Source: Willis Towers Watson estimate based on market indicators.

Health Care Access and Delivery is a Top Priority...

How important will the following priorities be to your organization's health care activities over the next three years?



Pharmacy management

76%

18%



Employee well-being

(physical, emotional, financial, and social)

68%

26%



Health care access/delivery

(e.g., telemedicine, onsite/near-site, accountable care organizations, select contracting)

57%

32%



Increase emphasis on employee accounts as part of our health care strategy

(HRAs, HSAs, FSAs)

55%

30%



Improve employee navigation support

46%

37%



Behavioral health

45%

42%

Sample: Employers with at least 200 employees.

Note: Percentage responding 4 or 5 on a 5-point extent scale.

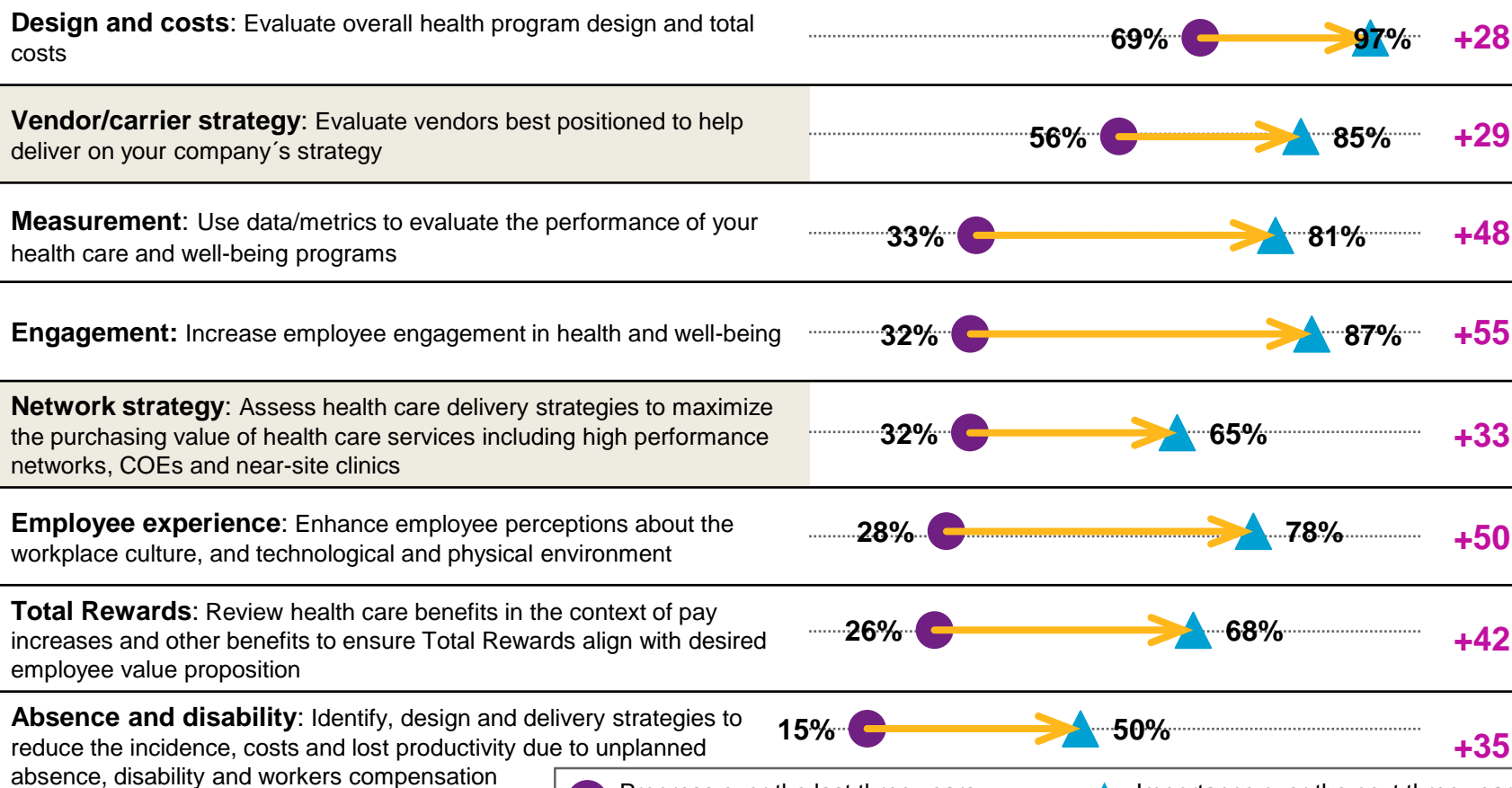
Source: 2017 Willis Towers Watson Emerging Trends in Health Care Survey.

■ An extremely important priority - 5/4

■ A moderately important priority - 3

...and Will Continue to be Over the Next Few Years

To what extent has your organization made progress in the following areas over the last three years and how important will they be over the next three years?

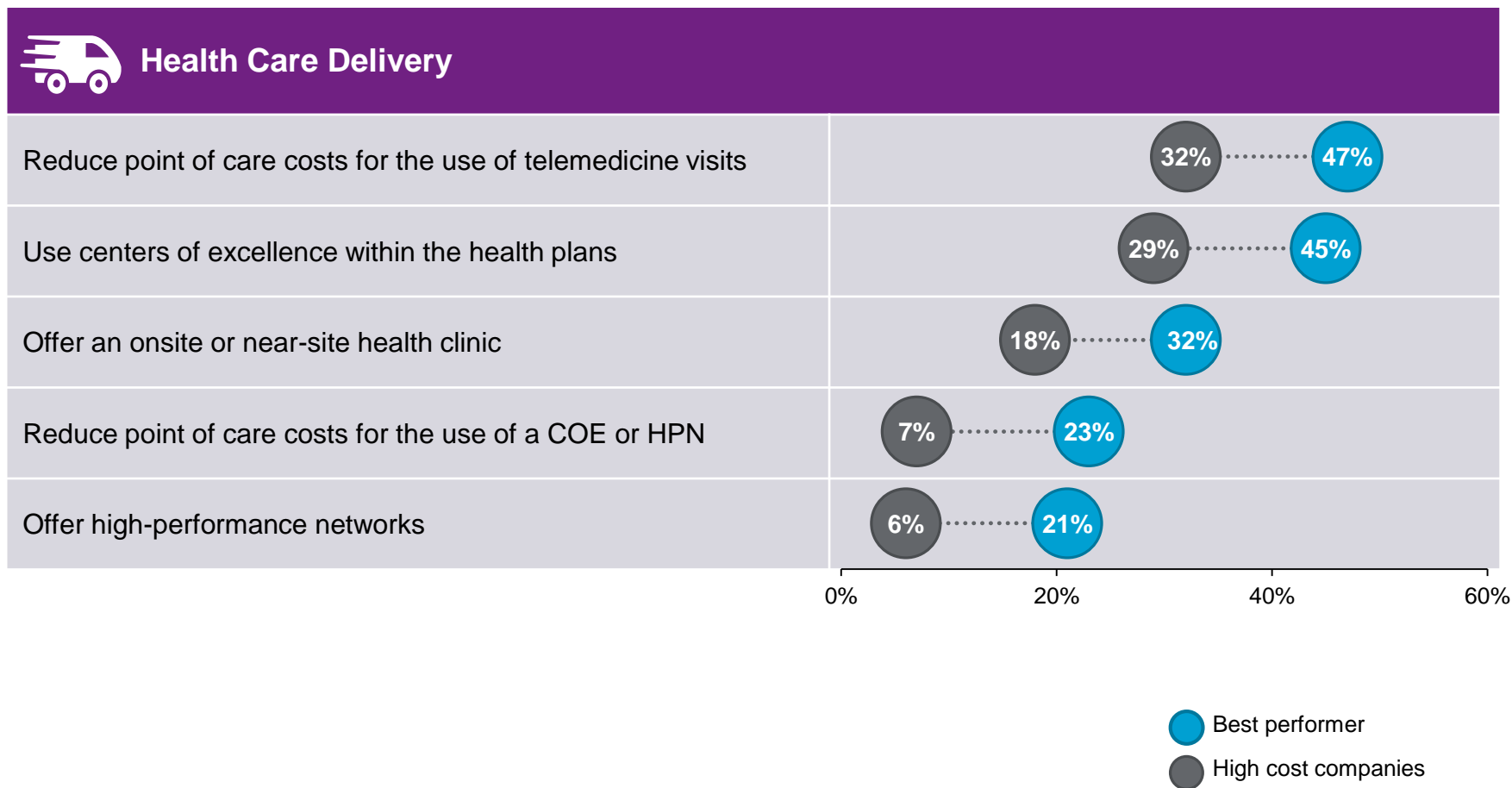


Sample: Companies with at least 1,000 employees.

Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

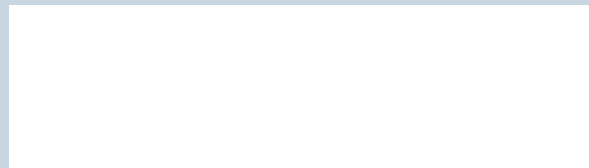
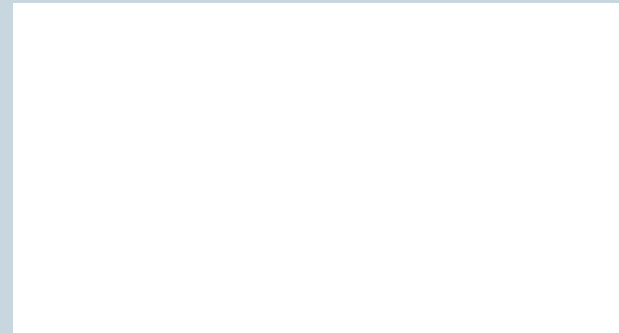
How are Best Performers Tackling Health Care Delivery?

Best performers vs. high cost companies



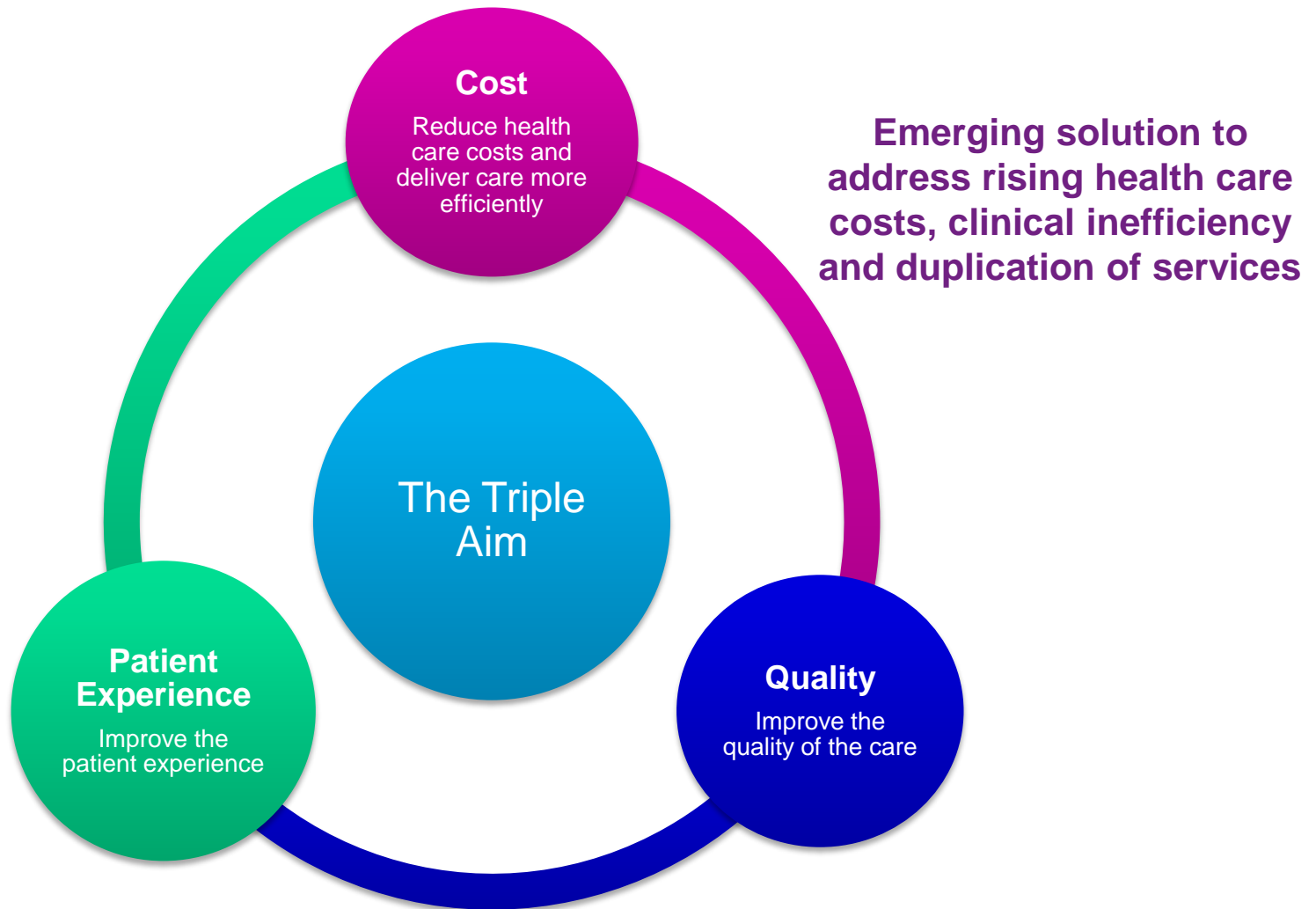
Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

National, Regional, and Local Health Care Delivery Network Products and Solutions

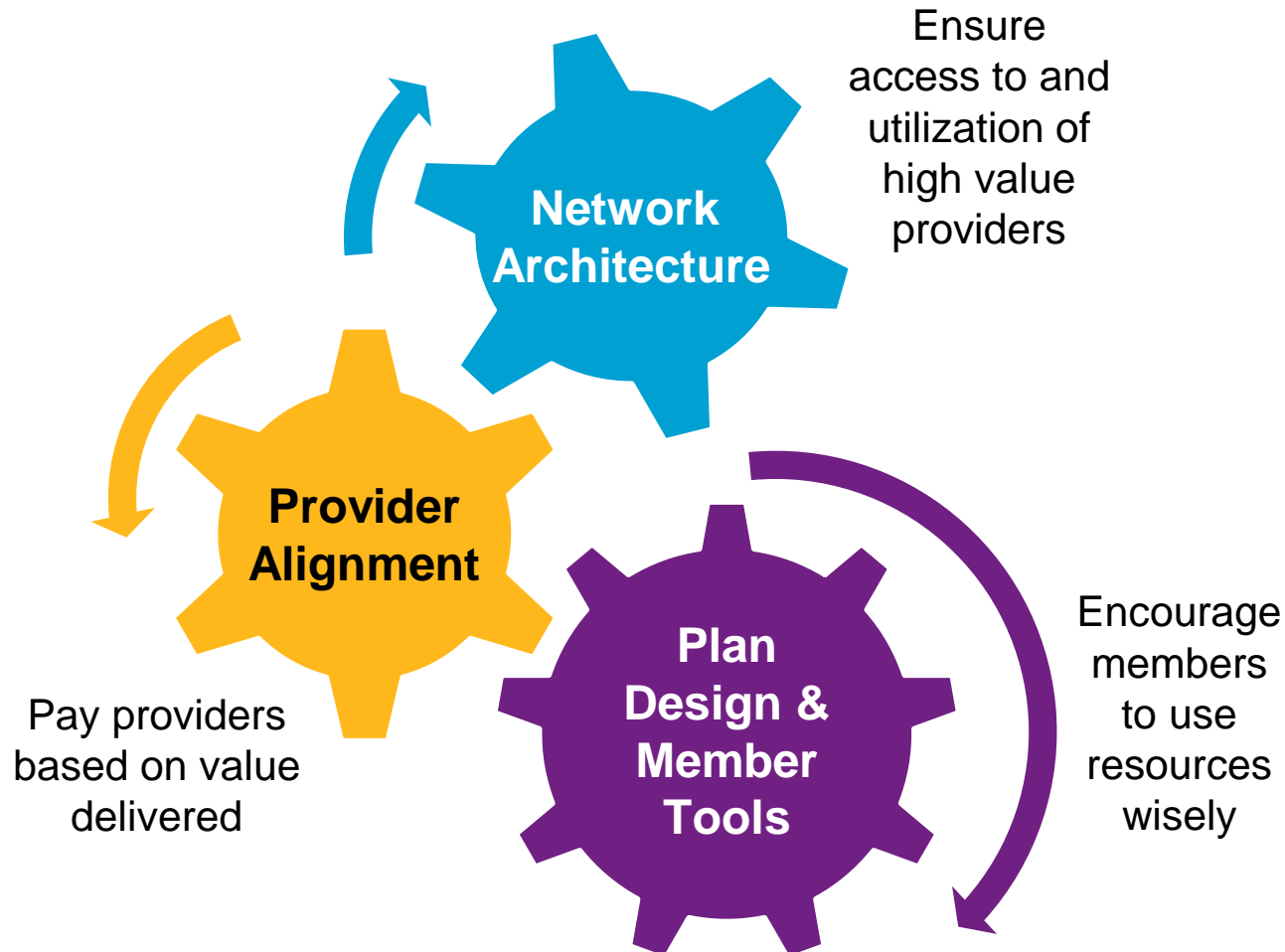


Network Products and Solutions

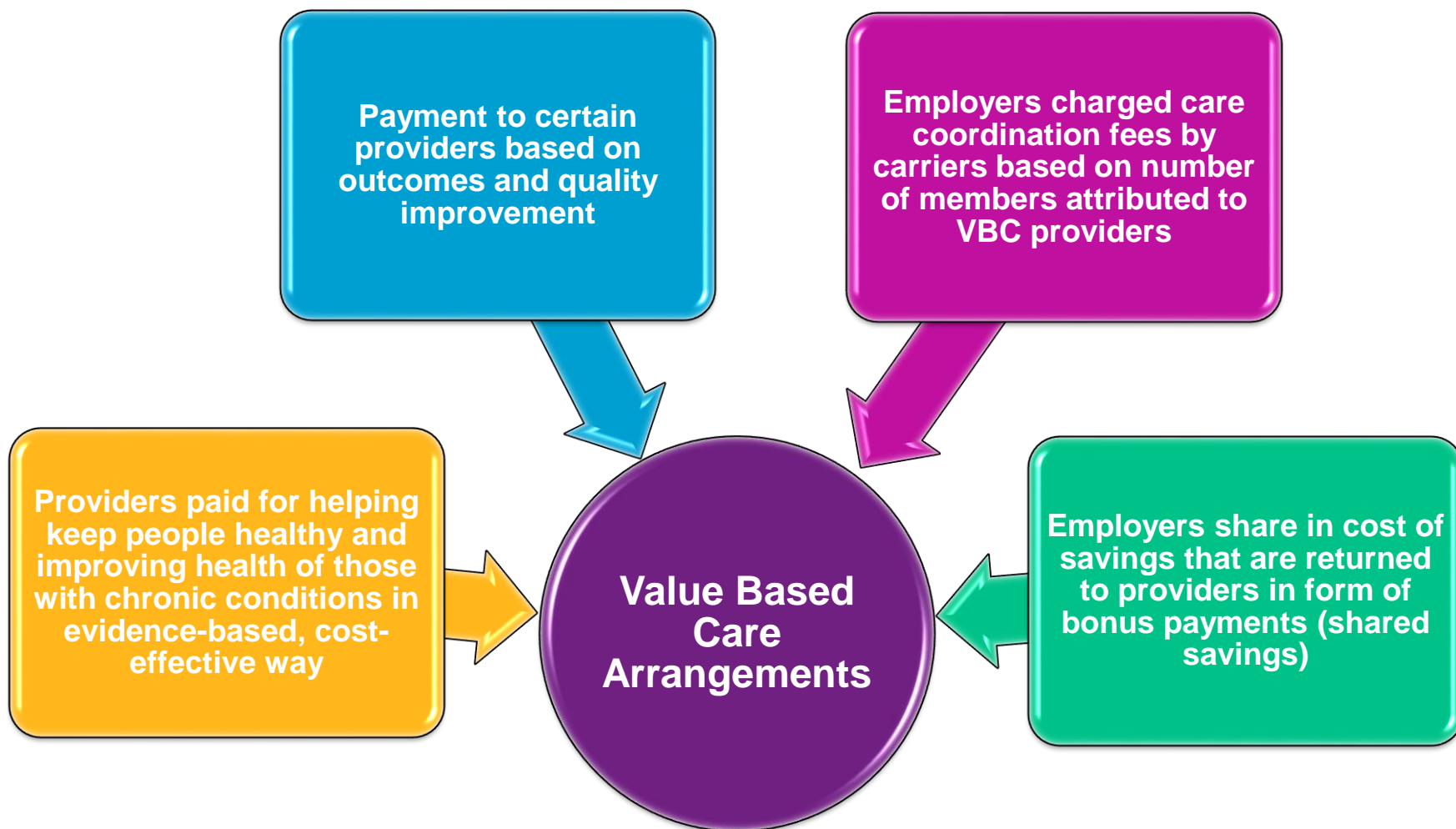
What Is value based care (VBC) – the triple aim



Network Optimization is Intended to Drive Value



How Is VBC Impacting Your Organization Today?

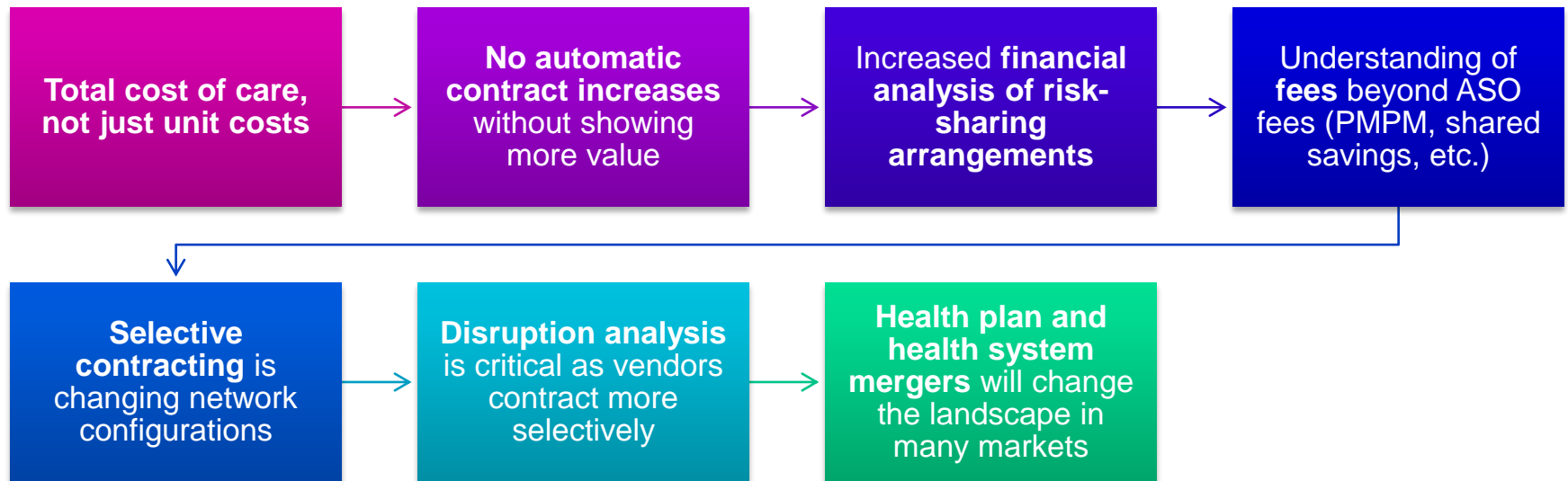


Value Based Care

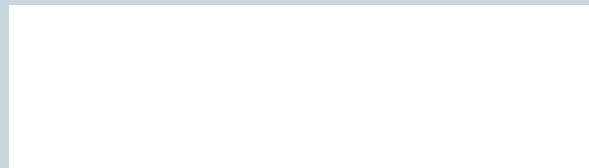
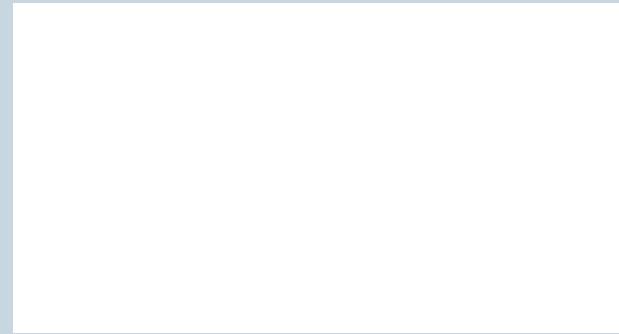


Health Care Financial Analysis is Shifting as the Market Evolves

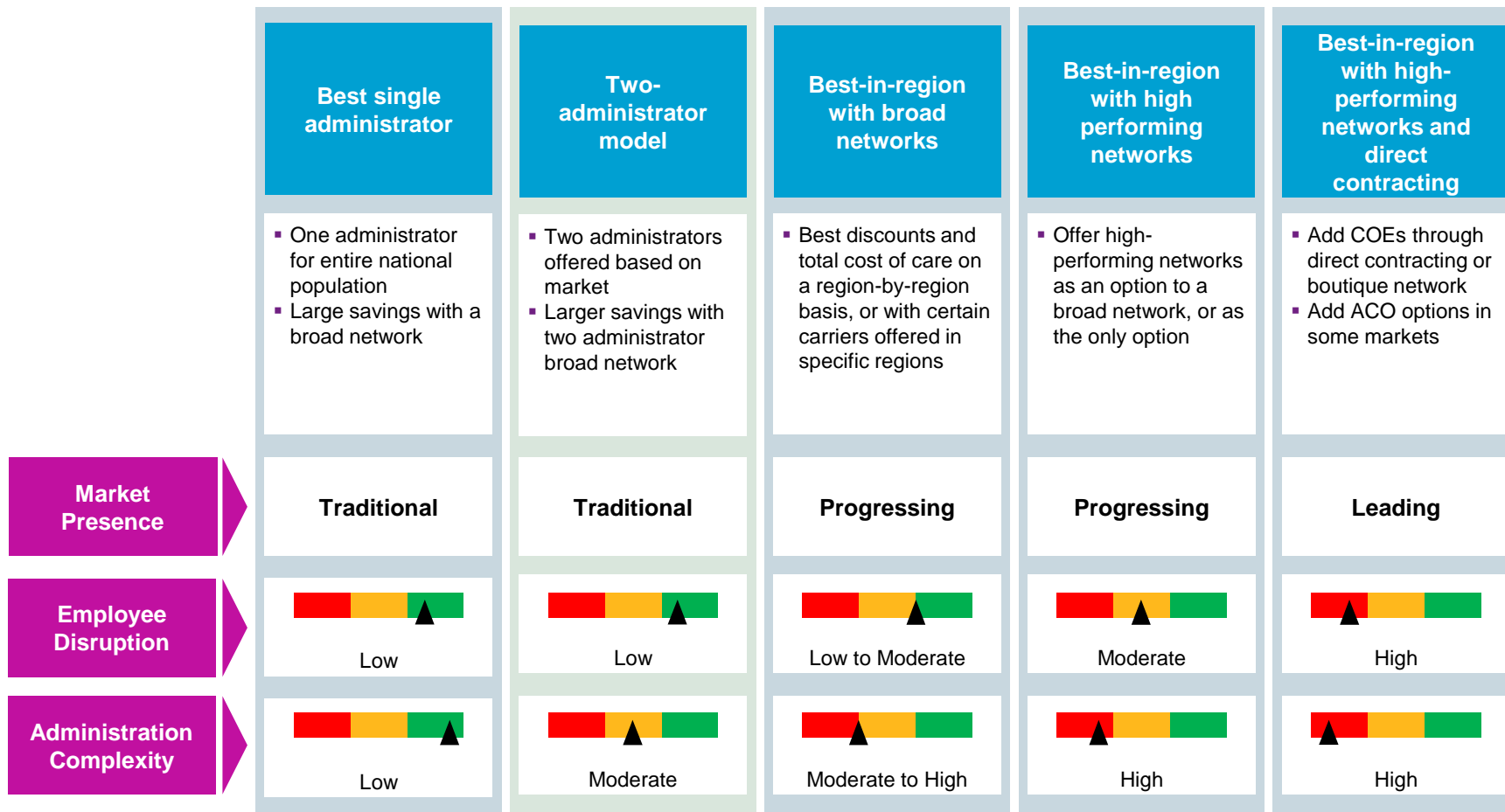
The decision set is more complex than just discounts



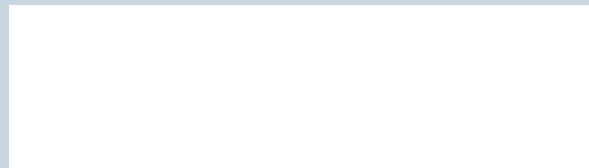
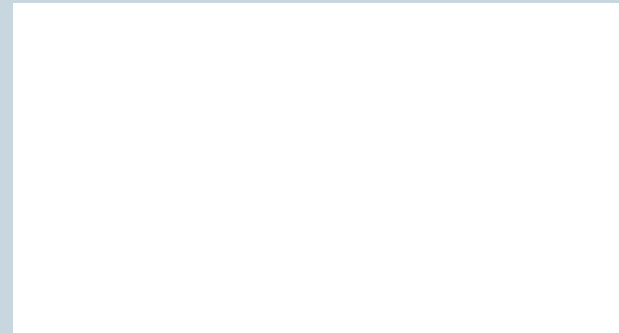
National, Regional, and Local Health Care Delivery – Direct Contracting



Medical Network Configuration: Spectrum of Options



National, Regional, and Local Health Care Delivery – Telemedicine



Telemedicine: The Opportunity

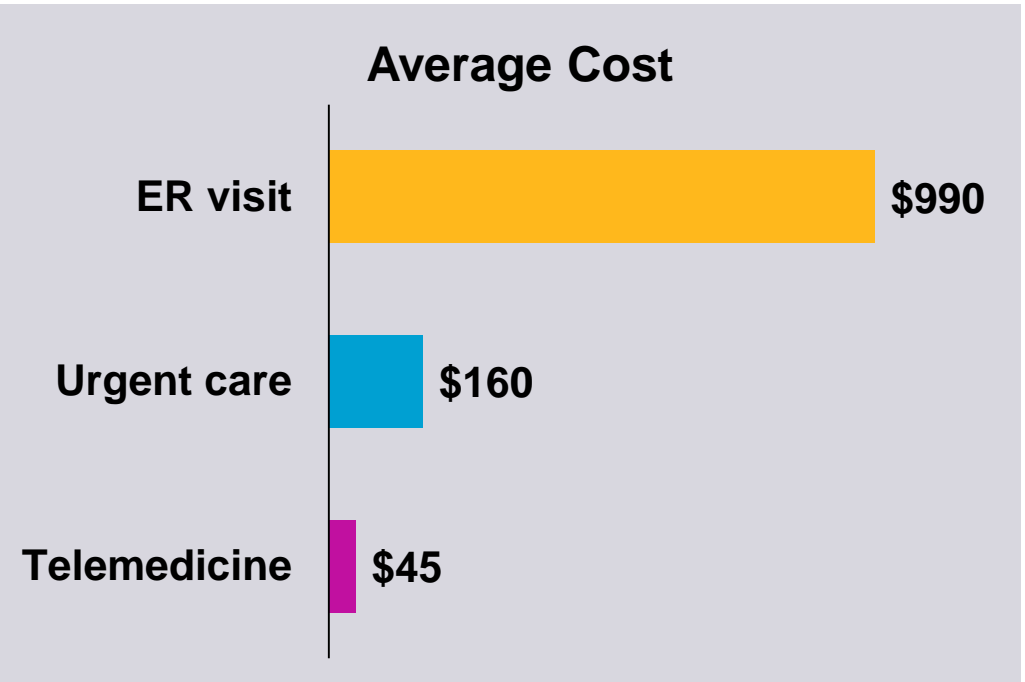
Access

Appropriate setting

Cost-effective

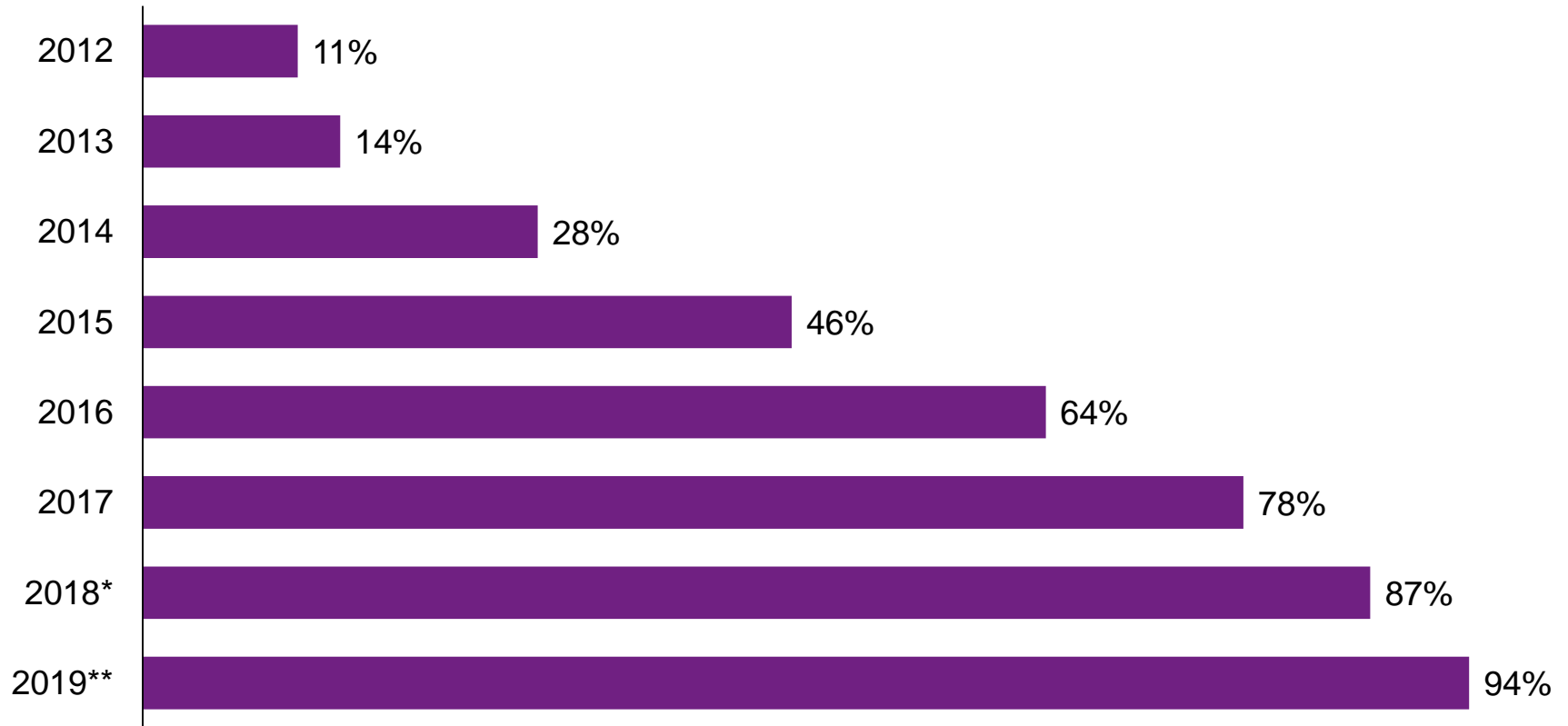
Consumer-oriented

Convenient



Employers Embrace Telemedicine

Offer telemedicine for professional consultations since 2012



Note: *Planned in 2018, **Considering in 2019.

Sample: Companies with at least 1,000 employees.

Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

Telemedicine Value Proposition for Employers

| | |
|--------------------------|---|
| 1 Access | Enables easy access to medical care for employees and dependents |
| 2 Employee Productivity | Improves employee productivity by reducing time away from work |
| 3 Cost-Effectiveness | Redirects non-emergent and non-urgent care away from higher cost venues, e.g., emergency rooms and urgent cares |
| 4 Program Alignment | Can be aligned with other health care program initiatives; serves as an extension of a worksite health strategy |
| 5 Ease of Use | Reduces barriers to care, e.g., setting appointments, time off work, wait times |
| 6 Counters Market Forces | Avoids increased demand due to emergency room and other local provider marketing campaigns |

Critical Telemedicine Attributes

- Credentialed providers
- 24/7 delivery capability
- Visits within 60 minutes
- Integrated with employers' health partners
- Reporting capabilities
- Easy to use
- Consistent technology platform
- Financial commitment
 - ROI
 - Performance guarantees
- Compliant



Specialty services: A natural telemedicine growth area

Behavioral Health



- Access various practitioners
 - Psychiatrist
 - Psychologist
 - Psychiatric social worker
 - Wellness coach

Dermatology



- Members submit photos and a symptom description via web or mobile device



Wellness coaching



Nutrition



Preventive visits



Gaps in care closure



Occupational health



Sexually transmitted disease evaluation



Lactation support

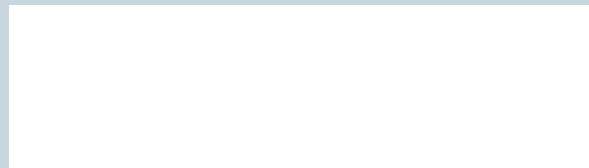
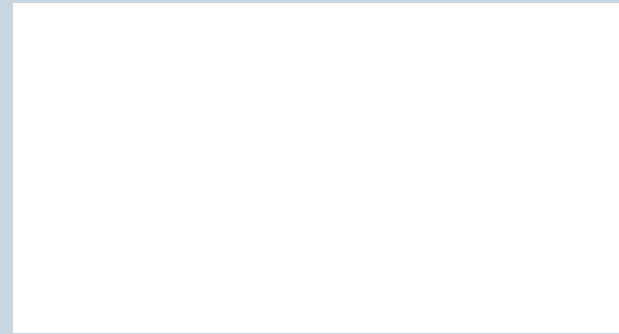


Tobacco cessation

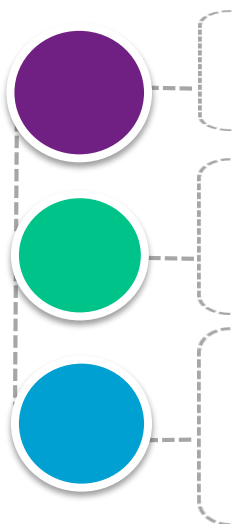


Adult care giving

National, Regional, and Local Health Care Delivery – Centers of Excellence



Centers of Excellence (COEs) Improve Outcomes and Lower Cost



COEs provide employers and members with **better outcomes** at a **lower cost** than in community/health plan networks

Savings are achieved via **discounted pricing** and **improved quality** (e.g., fewer preventable readmissions, adverse events, and deaths)

One well-recognized COE had **mortality rates** for cardiac bypass that were **3 – 5 times better** than the statewide hospital averages and those deaths are only the tip of the iceberg in poor care!

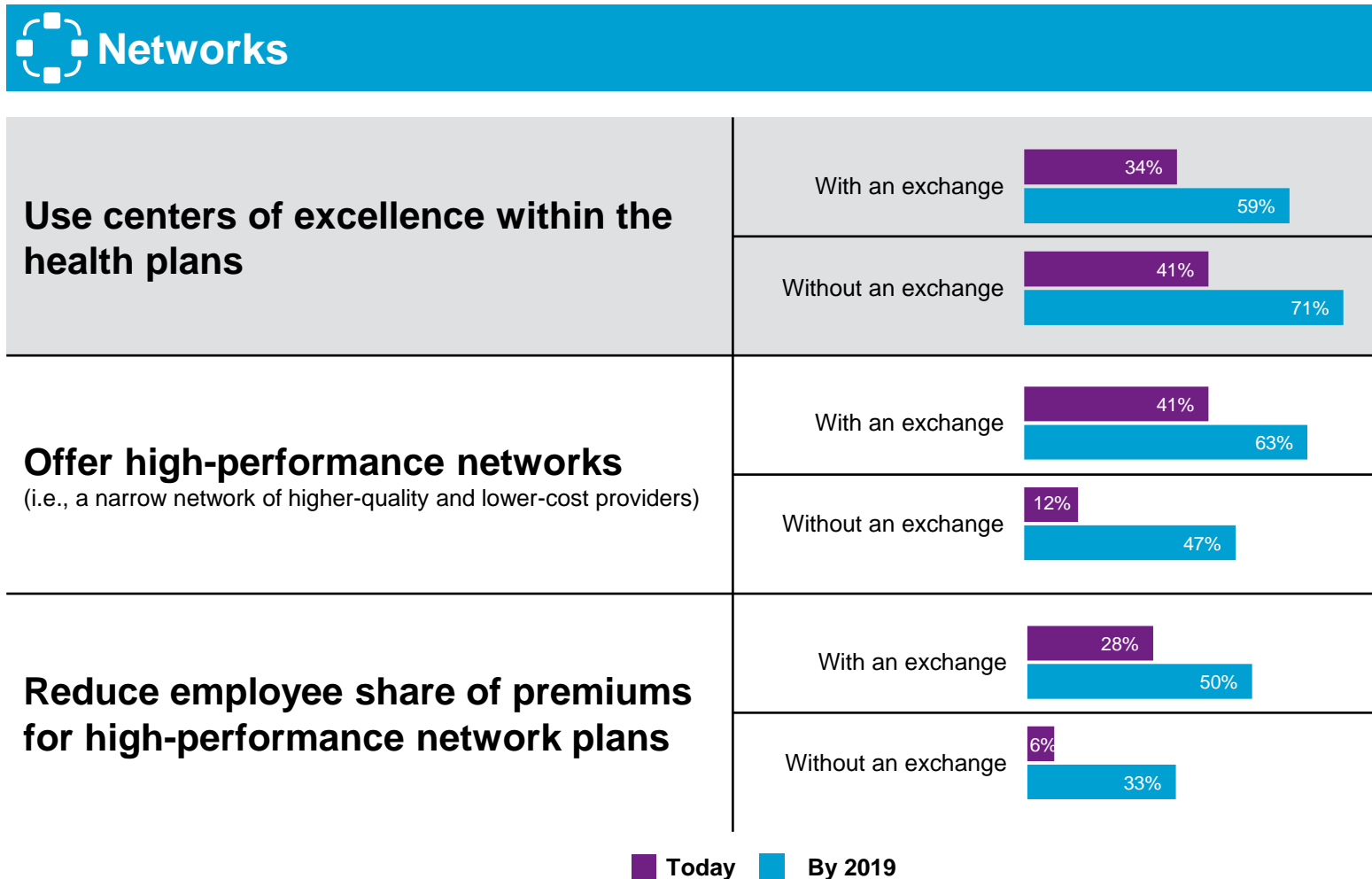
Then

Originally used for high-cost, specialized transplants (heart/lung/liver)

Now

Broadly available today and used for a variety of care including CABG, joint replacement, bariatric surgery, and expanding to include infertility, high-risk maternity and non-surgical cancer treatment

Use of COEs and HPNs is Expected to Rise Broadly



Note: Companies that use a private exchange, n=33.

Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

Best-in-Class COEs Deliver Value to the Employer



Purchase Health Care Quality

Providers/facilities are included as COEs based on their proven ability to deliver better outcomes and comprehensive services



Additional Provider Discounts

Providers/facilities are willing to give deeper discounts if they gain more of the employer's market share (i.e., potential patients)



Bundled Payments

Combine professional and hospital fees into one discounted service that is lower than community rates



Warranties

Providers/facilities guarantee their results and bear the cost of poor outcomes within 30, 60 and 90 days post-surgery

Best-in-Class COEs Deliver Value to the Consumer



Quality Health Care

Access to the best quality rated providers with an exceptional care experience: quicker recovery, less lost time, better quality of life



Concierge Services

Handles all medical data collection, appointment setting, travel arrangements and follow-up care coordination



No Bills!

No deductibles, copays or billing to worry about — employer provided travel benefit for patients and companions help to incentivize COE care



Additional Value Adds

Travel benefit, integration with primary care physician, fewer doctor visits and the ability to focus on taking care of themselves and their loved ones

COE Services are Available Through Several Sources

Health Plan

Most health plans have COE designation programs in place for transplants and many have regional programs for bariatric, joints/back, heart, and other common procedures



Specialty Vendors

Boutique specialty vendors have direct contracts with professionals and/or facilities offering bundled pricing and discounts for COE services

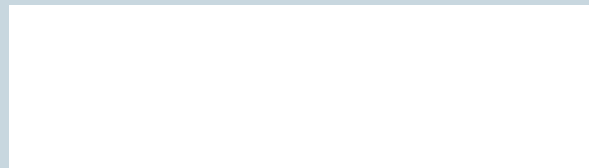
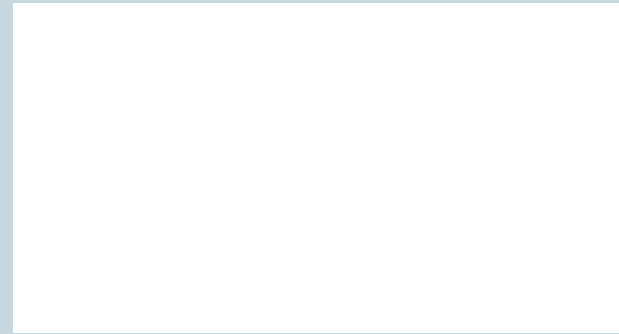


Employer Direct Contracts

Several health systems offer COE services directly to employers, which may or may not include a need for TPA and/or concierge support



National, Regional, and Local Health Care Delivery – Near-Site and On-Site Clinics



Onsite Services Have Expanded to a Broader Health & Wellness Delivery Model



Immunizations



Health Fairs



Weight loss programs



Screenings and assessments



Health coaching



Full-service health center*



Traveling nurse



EAP



Fitness center, physical therapy



Pharmacy

Technology Enablers

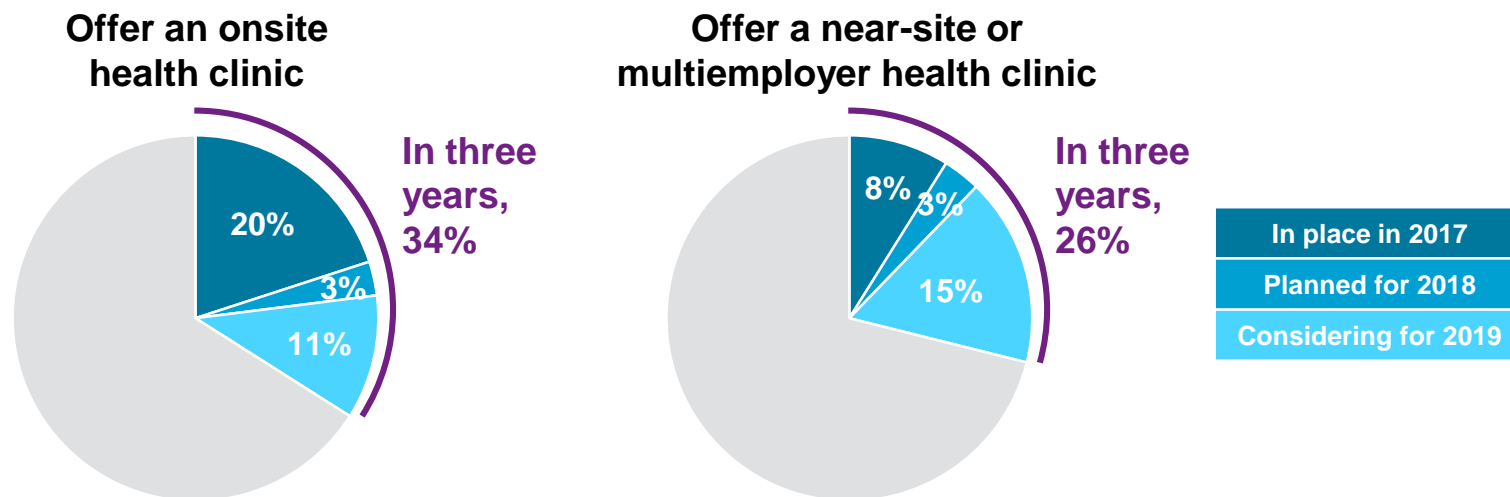


- Telemedicine
- Kiosks
- Mobile applications
- Remote monitoring

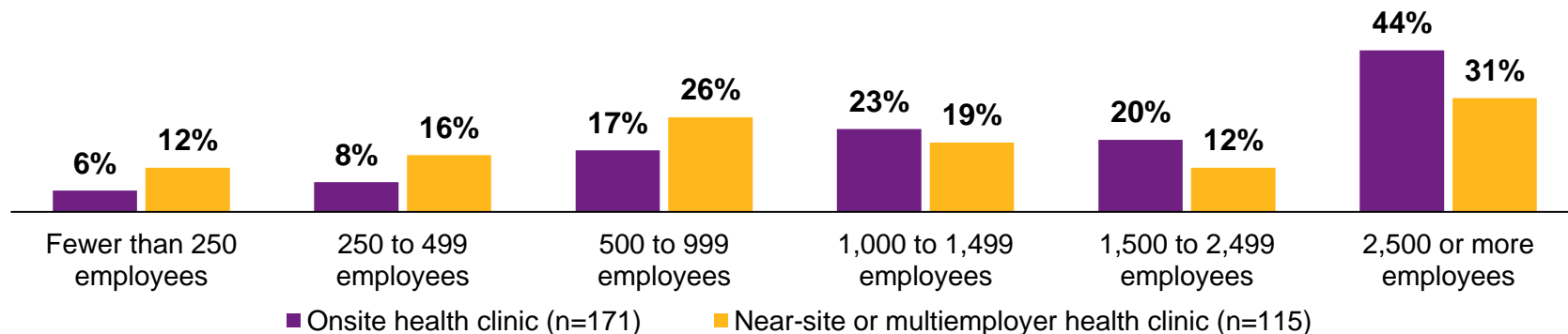


*Occupational health, primary care, acute care, preventive care, chronic care.

Use of On-Site or Near-Site Health Clinics Will Likely Expand Over the Next Three Years



How many employees are based in locations where your organization currently offers or plans to offer an onsite or near-site health clinic?



Note: Based on currently, planned or considering offering an OHC or NHC.
 Sample: Companies with at least 1,000 employees.
 Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

When an Employer Sponsored Health Center (ESHC) isn't Practical or Feasible, There are Good Alternatives

If a smaller workforce, limited budget or space is an issue, consider



Shared near-site health centers with partners or access to another employer's health center

- Can reduce initial investment and be more convenient for dependents and other eligible non-employees



Part-time center with hours matched to convenience needs

- 15 – 30 hours per week as half or full days (e.g., M-W-F)
- Mobile health (vans) or rotating clinicians serving other clinics



Arrangements with existing local facilities

- Retail clinics or urgent-care centers offering preferred access or pricing, or emerging employer-focused centers

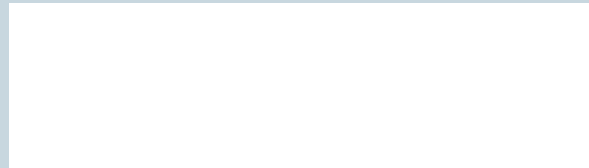
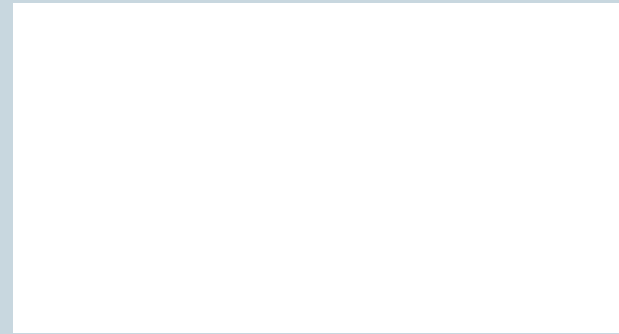


Telemedicine

- With a commercial telehealth vendor, centralized employer clinic, health system or academic medical center



How Do Employers Get Started?



Achieve Your Future State

**Integrated market-specific solutions
based on your demographics, geography, costs and utilization**

Secure improved financial outcomes

Leverage value-based provider
reimbursement through
selective contracting

Redirect employee consumption

Help members obtain the right
care, in the right setting,
at the right time



Target clinical conditions and improved quality

Identify and leverage opportunity
to enhance value and deliver
improved outcomes for targeted
clinical conditions

Enhance member experience

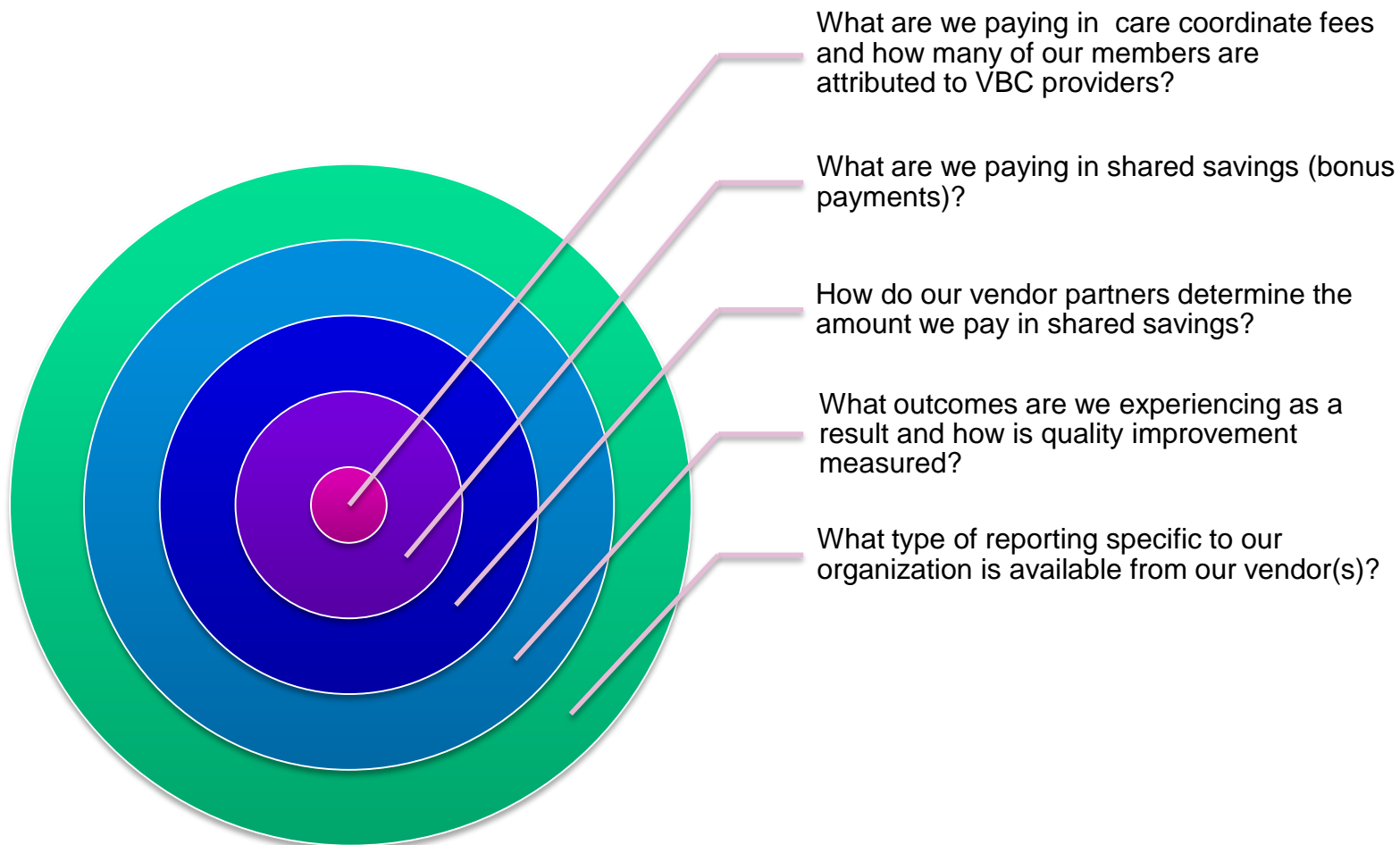
Use creative local solutions,
deliver a differentiated health
care benefits and services
navigation experience

Key Questions to Consider

- 1 Do you have employee concentrations in specific geographies?
- 2 Have you evaluated health care data at a market-specific level?
- 3 Do you know that higher cost providers often cost 1.5 – 2 x more, usually with no demonstrable increase in quality?
- 4 Do you have a critical need to reduce health care costs? Have you reached your limit in shifting cost to employees?
- 5 Are employees accessing the right care, at the right time, in the right setting?
- 6 Do employees in specific locations have trouble accessing primary care and/or high utilization of emergency rooms and urgent care?

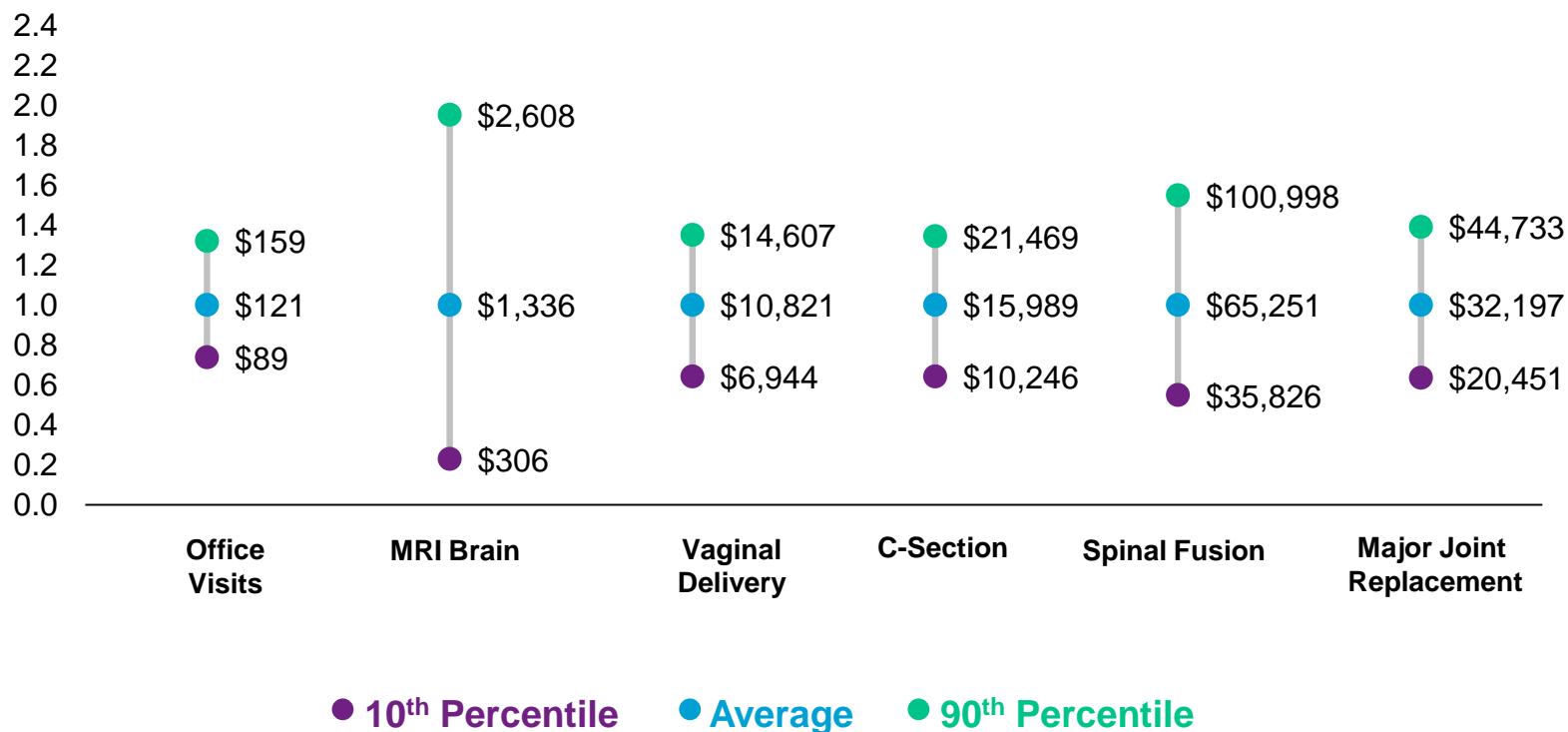
Learn and Understand What Your Vendor Partners Are Providing

Key questions for vendor partners





How does cost variability differ by procedure?

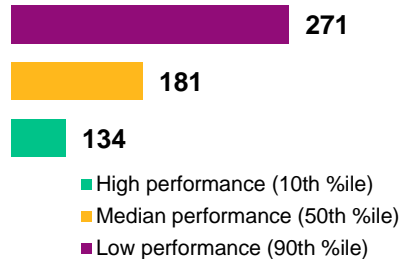


Understanding the cost variability by procedure is important to identifying opportunities for high performance network (narrow network, COE, onsite / near-site center and ACO)

ABC's Current State

Emergency room use

Emergency room visits/1,000
variation across all industries

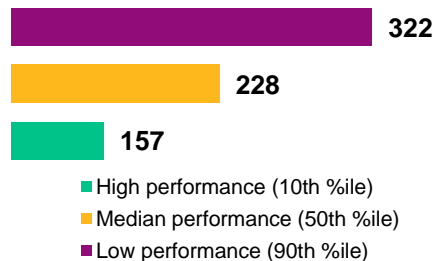


| ABC | |
|-------------------|-----|
| Columbus, OH | 235 |
| Nashville, TN | 319 |
| New York Metro | |
| San Francisco, CA | 270 |
| National median | 181 |

N = 361

Inpatient days

Inpatient hospital days/1,000
variation across all industries

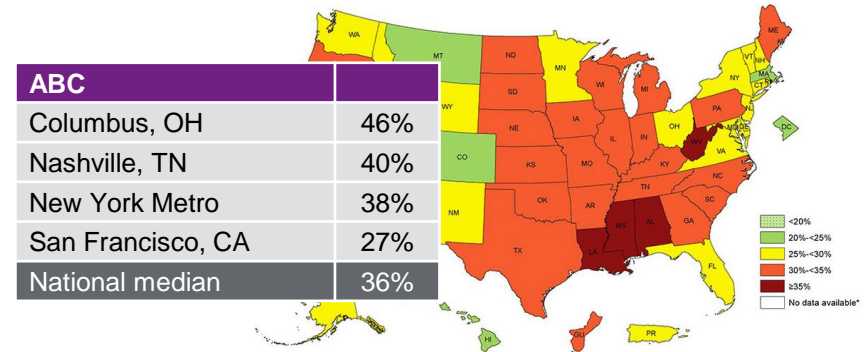


| ABC | |
|-------------------|-----|
| Columbus, OH | |
| Nashville, TN | |
| New York Metro | |
| San Francisco, CA | |
| National median | 228 |

N = 305

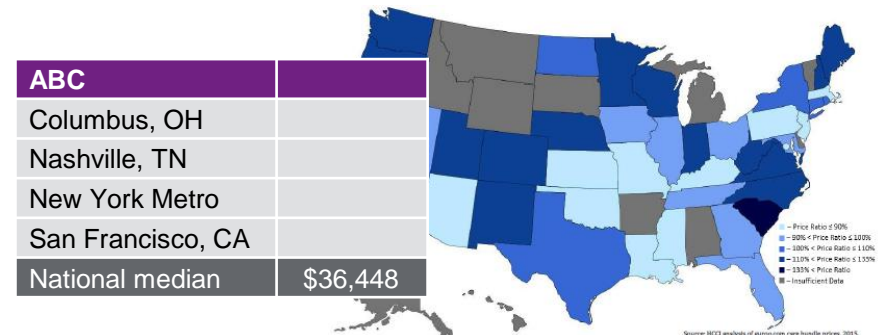
Obesity

(at risk for metabolic syndrome, diabetes)



Knee replacements

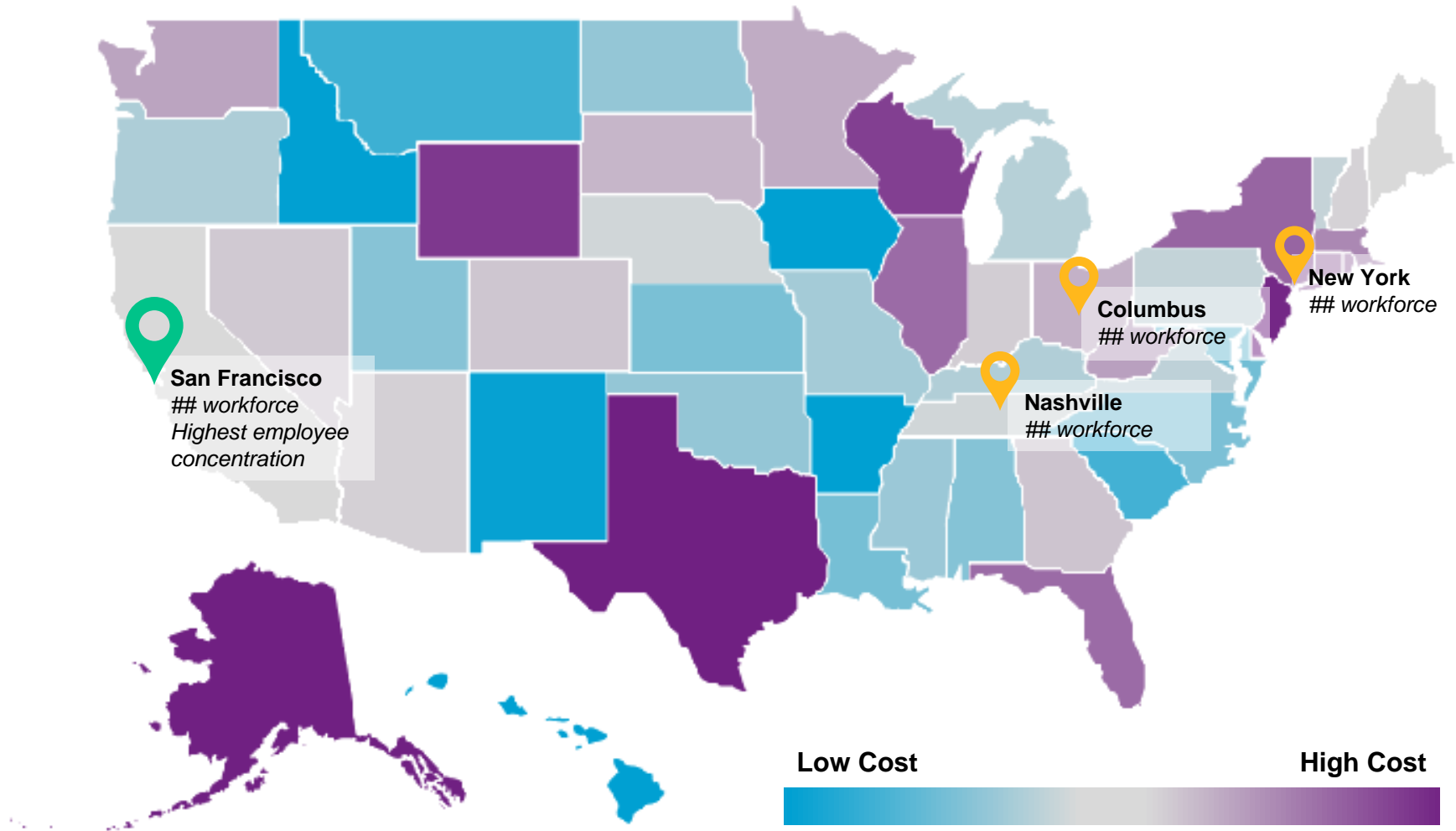
(associated with musculoskeletal disease)



Sources: Willis Towers Watson High Performance Insights in Health Care: 2017 Best Practices in Health Care Survey; [Prevalence of Self-Reported Obesity Among U.S., 2015](#), [Adult Obesity Facts, 2016](#); [National Chartbook of Health Care Prices–2015](#), [2015 Health Care Cost and Utilization Report](#), Health Care Cost Institute; [Guroo.com](#)

ABC Company's Current State

These four MSAs account for 70% of ABC's population



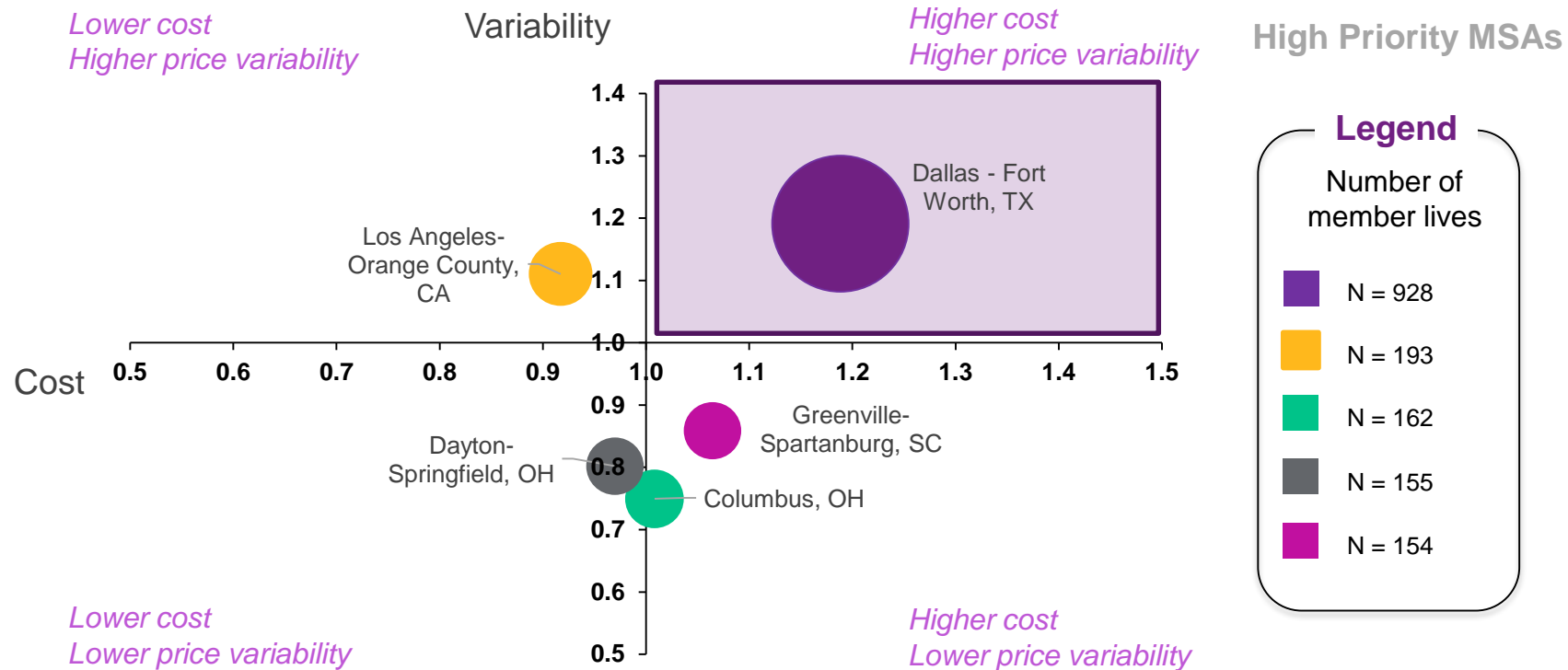
Size of location marker represents workforce concentration

ABC's Current State: Health Cost Variability Insights



How does cost variability differ by MSA?

Cost Variability for High Priority MSAs






Understanding the cost variability within each populated area of your employees is important to planning your network strategy

Note: Chart depicts cost variability in a client's top two markets (by MSA); Bubble size represents concentration of a client's employees in each market.

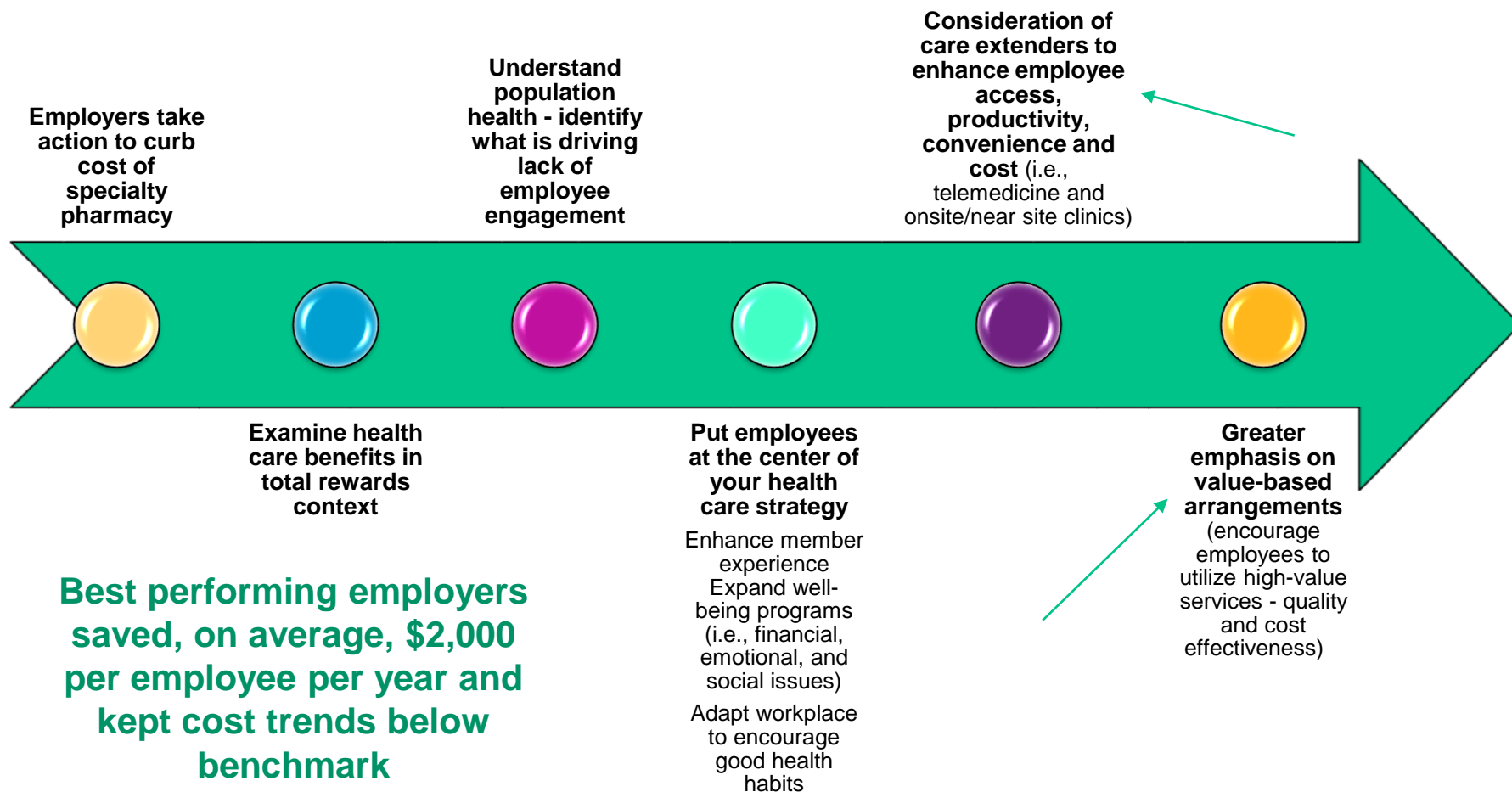
Truven MarketScan 2015 data; analysis by Willis Towers Watson

Key Performance Indicators

What does success look like?

| Key Performance Indicators | Measure, Monitor |
|--|---|
|  Employee utilization and consumption patterns | <ul style="list-style-type: none">■ Use of medical services across geographies: ER visits, preferred COE and ACO, second opinion, telemedicine, inpatient admissions for chronic conditions, use of primary care, onsite/near-site, etc.■ Integration of services■ Improved employee experience and engagement■ Navigation support |
|  Financial performance | <ul style="list-style-type: none">■ Improvements in PMPM■ Lower costs in targeted geographies■ Reductions in high-cost claims |
|  Quality outcomes | <ul style="list-style-type: none">■ Fewer inpatient readmission rates■ Improvements in mortality and morbidity rates for select clinical conditions■ Diminishing disease burden, e.g., less at-risk employees■ Reduction in disability claims■ Increase in and earlier return-to-work |

What Can We Learn From Best Performers?



Source: 2017 Willis Towers Watson Best Practices in Health Care Employer Survey.

Questions?

