

## Focused Networks and Direct Contracting

Purchase Healthcare like an Employer with 50,000 Employees... the Fortune 500



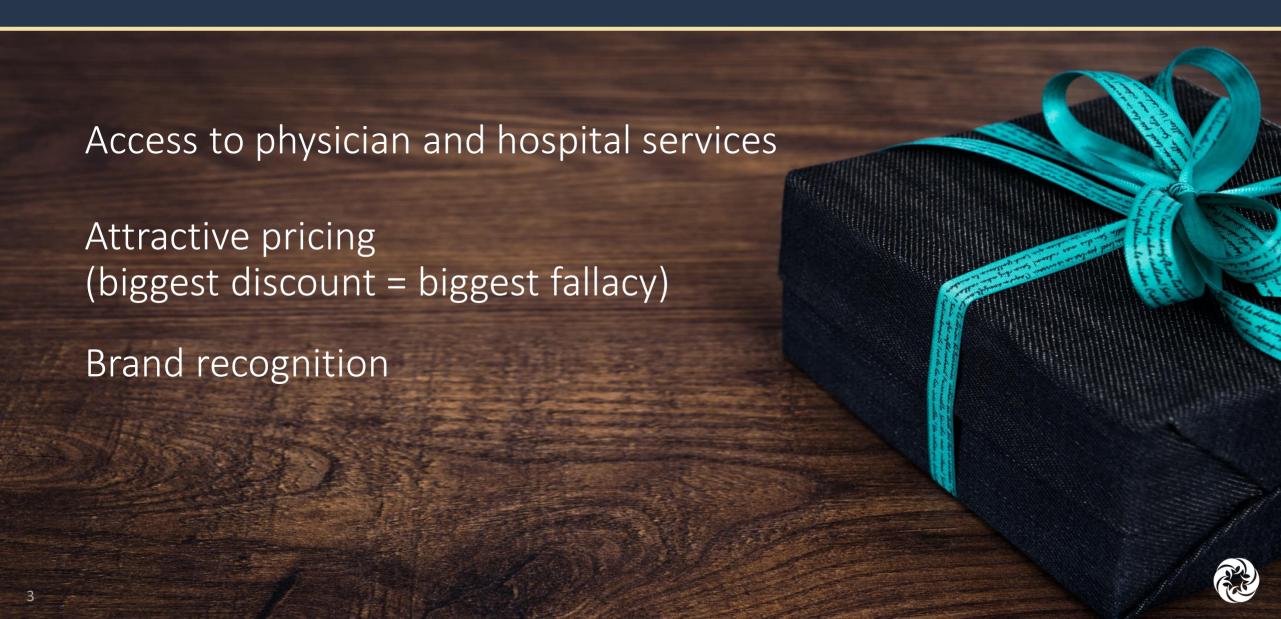


#### Call Agenda

- What is a Network
- II. "Advantages" and Disadvantages
- III. How are these Networks/Carriers doing?
- IV. What is a Provider Sponsored Health Plan?
- V. How do we access this type of plan?
- VI. Questions



#### What a network offers



#### Networks and Large Managed Care Companies (BUCAs)

• The BUCAs: Blues, United, Cigna, Aetna/Anthem

Convinced employers they were needed for physician access

Convinced providers they were needed for patient access

 The publicly traded BUCAs doing everything possible to maximize shareholder value



#### What a network takes away



#### How are the BUCAs doing?

	Closing Stock Prices: Pre Affordable Care Act and Now						
Date	<u>United</u>	Cigna	<u>Aetna</u>	<u>Humana</u>	<u>Anthem</u>	Dow Jones Industrial	
3/4/2010	\$33.74	\$34.77	\$31.38	\$48.14	\$62.25	\$10,444.14	
3/9/2018	\$225.43	\$173.36	\$177.38	\$272.50	\$232.8	\$25,355.74	
Increase	568%	399%	465%	466%	274%	143%	

- In 2009, last full year before the ACA took effect, United reported annual sales of \$87.2 billion and a net profit of \$3.8 billion. Last year, United's revenue hit \$184.9 billion and it earned \$7 billion.
- Aetna's revenues have nearly doubled since 2009 -- from \$34.9 billion to \$63.2 billion last year. Profits have grown from \$1.3 billion to \$2.3 billion.
- Humana's sales have increased from \$31 billion to more than \$54.3 billion.





#### What does a Provider Sponsored Plan Look Like?

- A group captive formed by Employers geographically located near one health system... *Buy Local*
- Employers are considered as one large entity to provider system therefore they receive best pricing available
- Employers self-fund and underwritten individually (not a MEWA)
- Employers pool their stop loss premiums to spread risk and receive underwriting profits



#### What does Buying Direct/Local get you?

• This collaboration generates increased revenues and provider utilization while reducing medical expense trend in your community

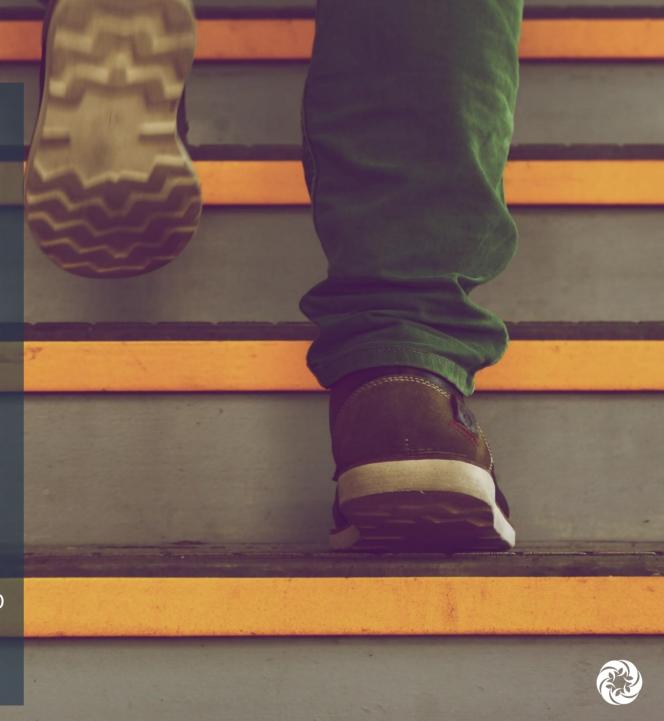
• Employers and providers in a community working together in a direct relationship

Health plans can return the cost savings directly to the employers/employees

Your health plan can be delivered for less than half of the current BUCA expense load

# Provider Systems are saying..."Bring it On!"

- Doesn't matter if it's 5k or 500k EEs as long as it's 100% of what you have
- Other provider direct contracts are % of Medicare and we will offer same terms to the private Employers
- Confident most reasonably priced provider system in the market
- We'll share own employee experience to back it up



#### What do the Employers rates look like?

	Expected Rate Comparison							
	<b>Current/Renewal</b>		Reference Base	<b>Provider Sponsored</b>				
	<b>Composite Rate</b>	BUCA Rate	<b>Pricing Rate</b>	Rate				
Group 1	\$408.93	477.22	432.65	384.39				
Group 2	\$679.24	709.81	618.11	584.83				
Group 3	\$484.61	513.20	458.44	431.30				
Group 4	\$479.86	447.71	414.12	384.37				
Group 5	\$525.58	547.65	502.98	502.98				
Group 6	\$957.83	1097.67	891.74	820.86				
Group 7	\$471.33	476.99	415.24	401.10				
Group 8	\$599.27	649.61	560.32	508.78				
Average	\$575.83	614.98	538.40	504.43				
%age	Increase/Decrease	106.10%	93.50%	Benefit Advisors				

#### What needs to happen to make this work?

- 1. Provider System offers services at price more attractive than other BUCAs/payors
- 2. Employer offers benefit plan that directs employee care choices to Provider System
- 3. Employee population is predominately in Provider System footprint
- 4. Adequate care and pricing can be accessed for those services the Provider System does not offer
- 5. Advisor assists with plan design and data collection necessary for underwriting to price correctly



### Questions

