The Network Approach of the Future

Presented by:

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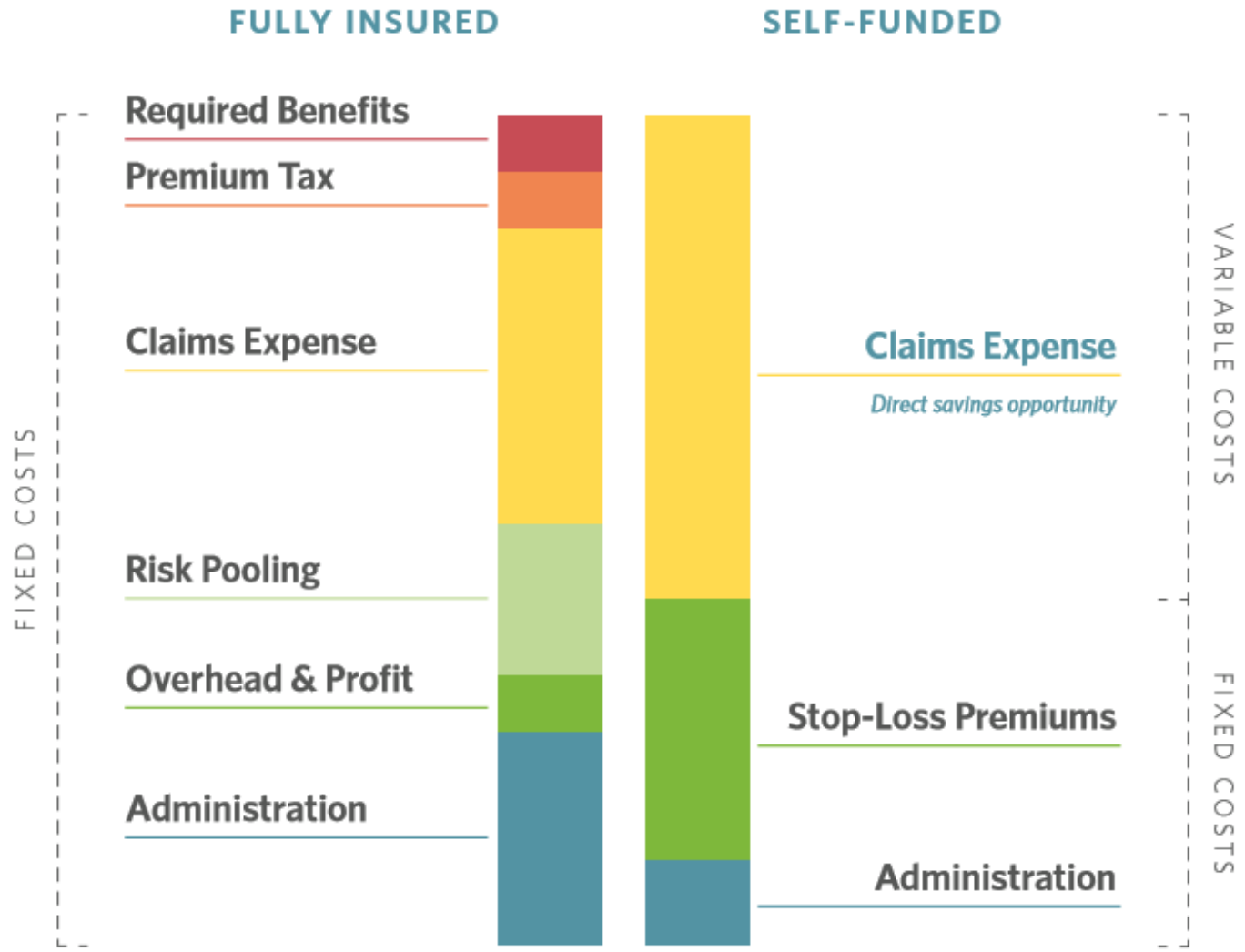
Today's Objectives – Networks in Self-Funding 101

1. Establish a baseline understanding of where medical cost containment integrates within the self-funding environment
2. Explore the components of a managed medical cost containment program
3. Define 'networks' and the various options
4. Supporting the 'playbook' for network development and aligning with program, membership and market needs
5. Ideation on the ways of utilizing data to enable improved medical cost containment and member health outcomes

The Power to Manage and Control Medical



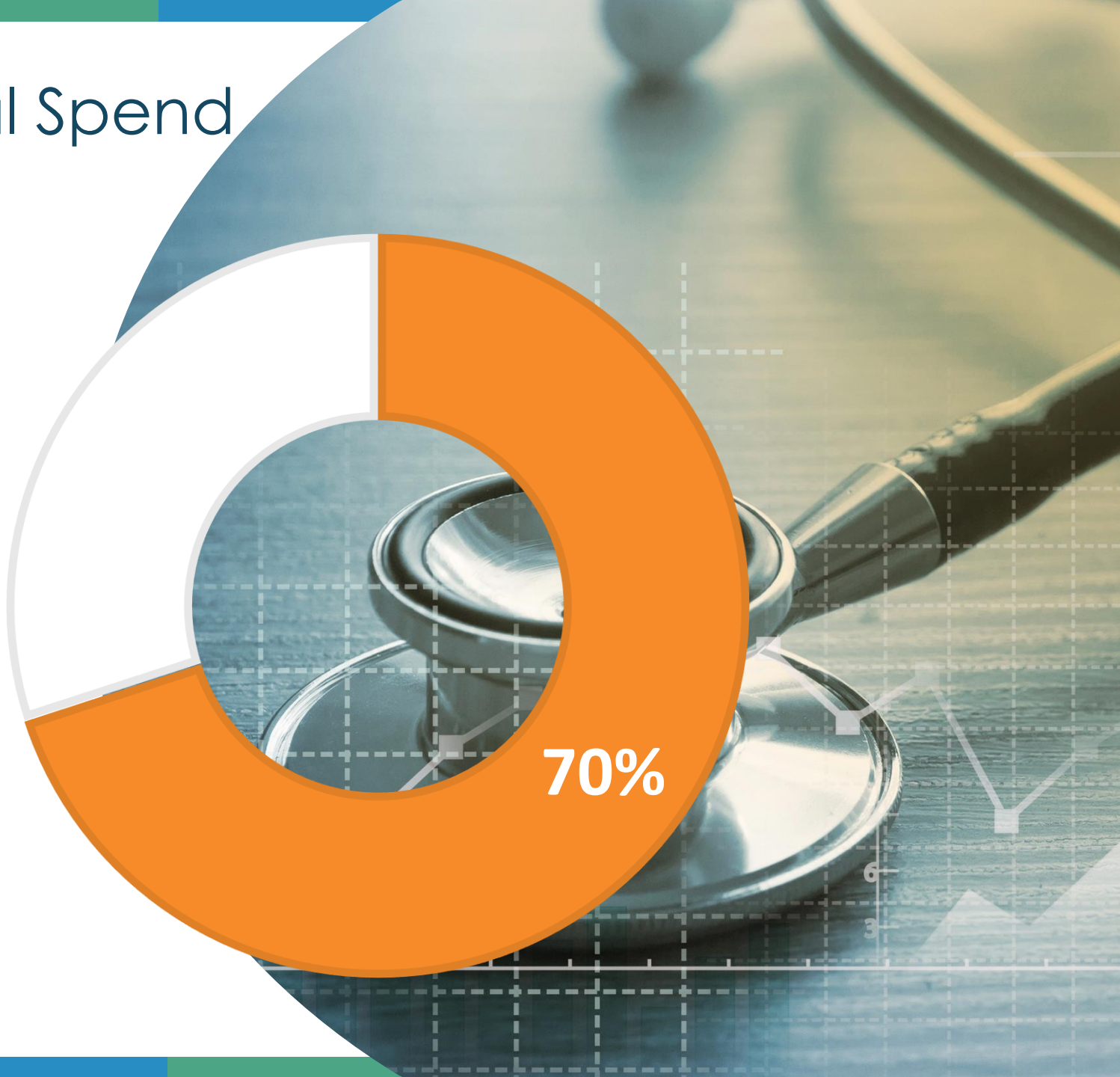
- Claims Expense = Medical approaching 70% of plan year costs
- Administration ~10% of plan year costs
- Direct control over key Employer variable cost drivers
- Networks and related cost containment strategies

The ‘Why’ of Medical Spend

5-15% of claims will drive

>70%

of SI Plan year health costs



Deepening the Discussion on Medical Networks

- Fully insured plan costs rise >9% per year
  - 2023 estimates at 15-35%
- Disproportionate share of claims drive plan year medical spend
- Carrier programs have misaligned financial incentives with employers and providers
- Lack of integration among market designed cost containment models impacts outcomes
- Reference based pricing models must be ‘modernized’
- Lack of transparency exists within medical costs, process, charges, et al.
- Wide variances in reimbursement rates – RAND Study
- Out-of-network medical expenses create balanced billing risk for members
- Alternative plan financing options needed for smaller employers

Components of a Managed Medical Program

Focus on the Member & Plan

Navigation

Member Support

Clinical Advocacy

Specialty Offerings

Validation, Integrity & Accuracy

Networks

Claim & Medical Bill Review

Audit Recovery Support

- Enabling effective networks with a direction of care design
- Managing the member experience
- Delivering administrative repricing/negotiation efficiency

Focusing on Network Options and Approaches

Network Provider Access

Options in Self-Insurance:

1. PPO-style networks with broad coverage and lower discounts
   - Provider Quality Metrics
   - Discount Levels
   - Utilization Requirements
   - Out-of-Network Handling
2. Narrow networks within a geographic region with high-quality providers at a more aggressive discount
   - Geographic Specific
   - Direction of Care
   - Navigation and Member Support
   - Increased Discounts
   - Managed Out-of-Network Handling
3. Non-contracted networks with an open access design for deeper discounts and ‘unrestricted’ access to providers
   - Direction of Care/Navigation Support
   - ‘Safe-Harbor’ Contract(ing)
   - Balance Billing Support
   - Defensible Repricing

Network Model and Design Considerations

DTE	**Direct to Employer:** A strategy for providers and employers to have a direct relationship without any payers in the middle. Direct relationships offer price transparency, predictable cash flow, and opportunities such as steerage, new services, etc.
DPC	**Direct Primary Care:** A practice and payment model where patients/consumers pay their physician or practice directly in the form of periodic payments for a defined set of primary care services. DPC practices typically charge patients a flat monthly or annual fee, under terms of a contract, in exchange for access to a broad range of primary care and medical administrative services.
RBP	**Reference Based Pricing**: A reimbursement strategy in which the employer (supported by a third party administrator [TPA] or other vendor) pays a set a price for each health care service instead of negotiating prices with providers. When a provider bills for the service, the payer remits the set amount.
PARTNERS	**Partners:** Non-carrier business partners offer a range of medical cost containment and clinical advocacy solutions designed to lower healthcare costs and improve health outcomes. Partners may offer one or a full continuum of navigation, member education and support, clinical advocacy programs such as case management, specialty solutions, network development, claim management, medical bill review, claim audits/recovery, transparency tools and data engagement.

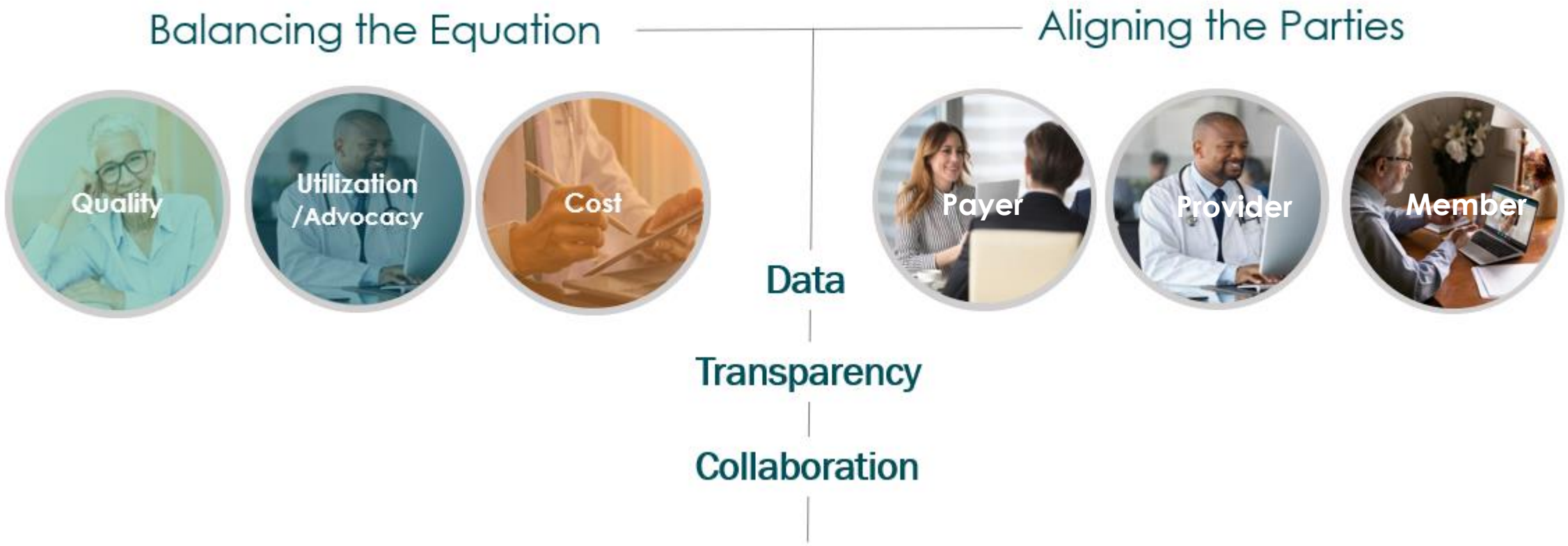
Where Does Data Assist?

- Model your network
- Compare prices
- Pinpoint members at risk
- Analyze utilization
- Repricing data sets (provider cost, charge, payment, quality, SDOH)
- Benchmark your performance
- Compare cost drivers
- Manage utilization and care
- Model your health plan
- Predict future costs

How to Use Data in Program Development

- Assessing options for medical networks
- Evaluating point solutions for members health
- Underwriting support for stop-loss and reinsurance/excess coverage
- Plan design
  - Tiering of benefits
  - Differentials in design and incentives
  - Medical cost guidelines and guardrails
- Point solution options

Alignment & Balance: Getting them right



Reduce future friction, abrasion

Vision and Value of Vālenz

What is Vālenz?

A Healthcare Ecosystem Optimization Platform

- Clinically activating
- Transaction efficiency
- Aligned financially
- Balanced partnership design
- Technology forward
- Data engaging
- Decision enabling
- Analytically assured

Claim Cost Arc℠

The Valenz Ecosystem is a fully-integrated solution, driving value through all phases of the claim life continuum

Questions?

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