SEIZING THE OPPORTUNITY

From Patients to Consumers
Agenda

- The Intelligent Health Network
- Market Trends Impacting Payers and Providers
- Facilitating Consumer Behavior
- From Patients to Consumers: The “Shopportunity”
- Consumer Engagement: From Buzzword to Gamechanger
The Intelligent Healthcare Network™

- Claims Value: $1.7 trillion
- Payers: 1,300
- Hospitals: 5,000
- Pharmacies: 60,000
- Dentists: 105,000
- Transactions: 8.8 billion
- Payments Annually: $35B
- Physicians: 750,000
- Channel Partners: 600
- Data: 200 million Americans
- Intelligent Healthcare Network™: 30 years in the making
- Explanation of Benefits: 822 million

Intelligent Healthcare Network™ in 30 years: 822 million.
Our Intelligent Healthcare Network™

**PATIENTS**
- Pre-Care*
- Explanation of Benefits

**PAYERS**
- Premium Billing & Premium Payments

**PROVIDERS**
- Pre-Care* and Price Transparency
- Claims Management / Submission
- Payments & Remittance Distribution, Denial / AR Management, Payment Integrity
- Claims Management

**PHARMACIES**
- Electronic Prescriptions

* Pre-Care includes Benefits & Eligibility Verification, Care Messaging, Credit Verification, Public Assistance, Enrollment, and Price Transparency
What is driving change in healthcare?

Consumerism

Shifting Reimbursement Models

Digitization of Healthcare Information

Compliance and Regulatory Complexity
Growing individual market and increasing member cost share

- According to the Kaiser Family Foundation (KFF) in the first full year of ACA marketplaces, the individual insurance market grew at 46%.

- 15.5 Million Members signed up for individual plans.

- According to the latest Health Care Cost Institute report, out of pocket costs have risen 4% to an average of $800/Member.
Key Dynamics Influencing Receivables

**DYNAMICS**

High Deductible Health Plans

Consumerism

**CONSEQUENCES**

*Increased stress on provider to collect directly from patients*

Maximizing collections requires multiple payment channels and …

… drives patient satisfaction through the last step of the healthcare episode, patient billing

<table>
<thead>
<tr>
<th>Unsatisfied</th>
<th>Fully Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>33% paid their bill in full</td>
<td>74% paid their bill in full</td>
</tr>
<tr>
<td>58% would return for future service</td>
<td>95% would return for future service</td>
</tr>
</tbody>
</table>
Key dynamics impact the bottom line

High deductible Health Plans are the new normal

Marketplace Enrollment by Metal Level as of March 31, 2015

Consumers are expecting...

Information, ease of use, simplicity

I’m tired of writing checks to so many doctors…

What is this bill for? Does it match what my health insurer shows?

...and logging on to multiple sites to pay...

There has to be better way!

Doctors and hospitals surveyed often wait 75-150 days for payment.
Patients are becoming primary payers

Average Deductible Amount of Reach of the 2015 Metal Plans

- **Bronze (B)**: $5,181 (Individual) / $10,545 (Family)
- **Silver (S)**: $2,927 (Individual) / $6,010 (Family)
- **Gold (G)**: $1,198 (Individual) / $2,626 (Family)
- **Platinum (P)**: $243 (Individual) / $489 (Family)

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Facilitating Consumer Behavior
Harnessing the Power of Personalization

Behavioral economics are most effective when Motivators, Ability and Triggers are understood at a specific persona level (B=MAT)

Motivation, ability, and trigger to pay vary across patients
We apply *data science* to Smart Payments activity and consumer demographics to mine for trends and behaviors.

![Diagram](image_url)

Targeted messaging will fuel consumer payments activity.
Fogg’s Behavior Model

- **Motivators**
  - High Motivation
  - Low Motivation

- **Ability**
  - Hard to Do
  - Easy to Do

- **Increase Likelihood of Target Behavior to Occur**

Source: [http://www.behaviormodel.org/](http://www.behaviormodel.org/)
MOTIVATORS

Three core motivators central to the human experience.

1. Sensation
2. Anticipation
3. Social Cohesion
ABILITY
To do something someone must be able to do it.

You can increase ability by:
1. Training a user (hard path), or
2. By making it easy for the user (make it simple) …

Most common resource constraints:
We see Payments as a behavioral challenge.

BJ Fogg’s Behavior Model executed through a Personalized Multi-channel Experience

B=Behavior
M=Motivators
A=Ability
T=Triggers

Personalization: The New Norm

- 63% of your client’s communications and campaigns are targeted (1:1 or 1:few)
- 37% are mass (1:many)

Multi-channel Campaigns Drive...

- 28% Higher Response Rates
- 9.5% vs. 7.4%

Multi-channel vs. Print-Only
A *Personalized* Patient-Communications Journey for Billing and Payments Driving Patients to Pay, *Faster*

<table>
<thead>
<tr>
<th>Content</th>
<th>Channel-mix</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Your minimum payment of $100 is due by March 1, 2016”</td>
<td>Print</td>
<td>Mail statement five days after 1&lt;sup&gt;st&lt;/sup&gt; email notification</td>
</tr>
<tr>
<td>“Please pay your bill before March 1st to avoid collections.”</td>
<td>Email</td>
<td>Send 2&lt;sup&gt;nd&lt;/sup&gt; email notification ten days after mailing bill</td>
</tr>
<tr>
<td>Your statement is ready. Click <a href="#">here</a> to review and pay.</td>
<td>Text</td>
<td>Send 1&lt;sup&gt;st&lt;/sup&gt; text at 3:35 pm two days after 2&lt;sup&gt;nd&lt;/sup&gt; email</td>
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Patient-preferred channels for communications
We seek your participation in our messaging program

1. **Sign-up**
   - Grant permission to test content, channel-mix, and timing
   - Allow the use of patient data to improve consumer payments

2. **Nurture**
   - Capture email addresses and mobile numbers
   - Execute consumer nurture campaigns for digital delivery registration

3. **Experiment**
   - Test campaigns and analyze results
   - Evolve and improve hypothesis then retest
   - Repeat the process
From Patients to Consumers: The “Opportunity”
Engaging Across the Consumer Journey

Individually relevant decision support reduces consumer effort, improves outcomes

**Enrollment**
- Noticing Pain
- Choosing, paying for a Plan

**Diagnosis**
- Shopping for a provider
- Diagnosing Appointment
- Researching Procedure and Costs

**Pre-Surgery**
- Verifying Benefits
- Receiving Care

**Surgery & Recovery**
- Arriving EOB
- Setting Up Payment

**Billing**
- Arriving Statement
- Setting Up Payment

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**Level of Effort**
- Digs in-depth and compares
- Chooses cheapest option
- Calls insurance company to verify benefits
- Calls both insurer and hospital to verify costs and estimate liability (using tools)
- Tracks claims on payer website
- Creates stack of bills—"shoe box"
- Adds more bills to stack
- Lays out bills and calls all providers

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**Proactive Consumer**
- PROACTIVE CONSUMER

**Reactive Consumer**
- REACTIVE CONSUMER
The consumer is critical to bend the cost curve

*Significant supply-side activity pales in comparison to empowering consumers*

<table>
<thead>
<tr>
<th>CONSUMER-DRIVEN</th>
<th>DELIVERY SYSTEM-DRIVEN</th>
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<tbody>
<tr>
<td>• Plan Design &amp; Exchanges</td>
<td>• Narrow networks</td>
</tr>
<tr>
<td>• Online &amp; Mobile Health tools/apps</td>
<td>• Value-based care/ payments</td>
</tr>
<tr>
<td>• Price transparency</td>
<td>• Clinical standardization</td>
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Consumer-driven strategies can reduce Healthcare spending by $400b by 2025

Source: PwC, Harvard Business Review
The healthcare ‘shopportunity’
*Consumers want to shop for healthcare but need access and engagement*

### Consumer healthcare shopping behavior

% of Respondents with Affirmative Responses

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<tr>
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<tbody>
<tr>
<td>Out-of-pocket costs</td>
<td>70%</td>
</tr>
<tr>
<td>Would use price info</td>
<td>50%</td>
</tr>
<tr>
<td>Compare costs</td>
<td>&lt;5%</td>
</tr>
</tbody>
</table>

- Cost matters, but it’s not the only factor taken into account when making healthcare choices
  - Quality
  - Convenience
- Those who want more information on where to shop are not engaged

Source: JAMA January 2016
Consumer Engagement: From Buzzword to Game Changer
Engagement Principles
Keys to drive engagement for healthcare shopping

5 VARIABLES THAT PREDICT OVER HALF OF CLIENT VARIANCE

TRUST
Any consumer call-to-action must originate from a credible and trusted source

EFFORT
The value of the perceived benefit must outweigh the time and energy required by the consumer to achieve it

CULTURE
The call-to-action must be aligned and consistent with the environment the consumer “calls home”

COMMUNICATION
The mode, message and cadence must reflect individual consumer attitudes and preferences

KNOWLEDGE
Complex Information needs to be sequenced in self-directed, low-effort modes
Our True View™ Engagement Platform
Connecting the Data and Capabilities to Make the Smarter Choices Simpler
Data Sciences Platforms

Data
- On-prem
- Amazon Redshift
- Amazon S3

Exploratory
- IDEs
- RStudio
- Jupyter
  - Python
  - Spark/Scala
  - Linux-AWS

Production
- Data Science
- On-prem

Process
- GitLab
- Jenkins
- RUNDECK

H2O
ENGAGEMENT TRANSFORMATION
We are leading the integration of payments, communications, and member engagement to drive behavior change

Integrated Communication Platform

Multi-Modal Messaging (e.g., Print, Text, Mobile)

Content Production

Consumer Insights & Recommendations

Data + Connectivity of the Intelligent Healthcare Network™

Example: Smart Inserts

 halftime=****

Who needs to fight the flu? You do!

Hi James,

Be smart and keep your family healthy this season. By getting an early flu vaccination, you’ll get a good price at a convenient location.

Find out where to get a FREE flu vaccine near you. Visit www.jones0831.smartech.com and follow these simple steps:

1. Select where to get your flu vaccine
2. Schedule an appointment or drop in

Do it today!
Leading Engagement into the Future

Leveraging our data and capabilities to drive innovation in consumer engagement

CONNECTIVITY • DATA • SCALE
Engaging Across the Consumer Journey

*Individually relevant decision support reduces consumer effort, improves outcomes*

ENROLLMENT  DIAGNOSIS  PRE-SURGERY  SURGERY & RECOVERY  BILLING

Level of Effort

Noticing Pain  Verifying Benefits  Receiving Care  Arriving Statement  Arriving Statement

Choosing, paying for a Plan  Shopping for a provider  Diagnosing Appointment  Researching Procedure and Costs  Arriving EOB  Setting Up Payment  Setting Up Payment

Choosing cheapest option  Digs in-depth and compares  Calls insurance company to verify benefits  Calls both insurer and hospital to verify costs and estimate liability (using tools)  Adds more bills to stack  Creates stack of bills—"shoe box"  Tracks claims on payer website

Lays out bills and calls all providers

PROACTIVE CONSUMER  REACTIVE CONSUMER
Engaging Across the Consumer Journey

Individually relevant decision support reduces consumer effort, improves outcomes

EDUCATE
- Educational Content

ENGAGE
- Well Alerts
- Consumer Payments

SEARCH
- Cost & Quality Lookup

CONNECT
- Support Portal
- API & Partner Integration

HEALTH PLANS
- Health Plan X
- Health Plan Y
- Health Plan Z

TPAs
- XY Health
- AB Advocate
- Z Health Savings
- X Wellness

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Questions?