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ABOUT ARCHWAY HEALTH
100% Focused on Bundled Payment - it's all we do

Founded in 2014 with offices in Boston and NYC

*Our team has been active in BPCI since its inception in 2011*

Backed by AthenaHealth & Coverys - large medical malpractice insurance company

Active in all of the CMS bundled payment programs - BPCI, CJR, OCM, EPM

*Convener in the BPCI program*

Built a comprehensive, one stop shop bundled payment platform

Working with dozens of customers & hundreds of providers across the country

Real results - all of our partner hospitals & physicians are earning significant savings

Expanding beyond CMS into the commercial and self-insured employer markets
Our Bundled Care Perspective

Over the year’s we’ve developed a clear perspective on the the bundled care market and the keys to success.

1. Bundled care has shifted from niche to a major strategic priority
   - Orthopedics, Oncology, Cardiology, MACRA APMs, Advanced BPCI

2. The commercial market has started to become much more active in the last 6 months

3. Program management should stretch across clinical service lines
   - Avoid multiple teams, tools, & systems in each clinical area

4. Specialist engagement is essential
   - Specialist innovation & gainsharing drive the best results

5. Integrate care management & claims data to track performance
   - Don’t wait for claims data run out

6. Crawl, Walk, Run
   - Pick a few discrete opportunities to focus on at a time, don’t “Boil the ocean”

7. C suite vision & Ops team action
   - Success requires a combination of top level leadership and operational focus

Archway Health
Our Results

Our comprehensive, straightforward approach has helped provider organizations achieve significant savings in their BPCI programs.

**Archway BPCI Net Payment Reconciliation Amounts (NPRA)**
**Q2 ‘15 - Q1 ‘16**

<table>
<thead>
<tr>
<th>Customer Name</th>
<th>Volume</th>
<th>Target Price</th>
<th>Actual Costs</th>
<th>Net Savings $’s</th>
<th>Gross Savings %</th>
<th>Net Savings %</th>
<th>Net Savings/Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ortho Convener A</td>
<td>218</td>
<td>$6,049,101</td>
<td>$5,533,461</td>
<td>$515,641</td>
<td>11.2%</td>
<td>8.3%</td>
<td>$2,365</td>
</tr>
<tr>
<td>Ortho Convener B</td>
<td>513</td>
<td>$13,237,933</td>
<td>$11,533,834</td>
<td>$1,704,098</td>
<td>15.4%</td>
<td>12.5%</td>
<td>$3,322</td>
</tr>
<tr>
<td>Community Hospital A</td>
<td>2,503</td>
<td>$73,713,474</td>
<td>$68,891,988</td>
<td>$4,821,486</td>
<td>8.4%</td>
<td>6.4%</td>
<td>$1,926</td>
</tr>
<tr>
<td>Community Hospital B</td>
<td>584</td>
<td>$16,066,978</td>
<td>$14,346,599</td>
<td>$1,720,379</td>
<td>12.5%</td>
<td>10.5%</td>
<td>$2,946</td>
</tr>
<tr>
<td>SNF Convener A</td>
<td>539</td>
<td>$7,054,859</td>
<td>$6,411,577</td>
<td>$643,282</td>
<td>11.8%</td>
<td>8.9%</td>
<td>$1,193</td>
</tr>
<tr>
<td>SNF Convener B</td>
<td>61</td>
<td>$912,461</td>
<td>$908,343</td>
<td>$4,119</td>
<td>3.4%</td>
<td>0.4%</td>
<td>$68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,418</strong></td>
<td><strong>$117,034,806</strong></td>
<td><strong>$107,625,802</strong></td>
<td><strong>$9,409,004</strong></td>
<td><strong>9.9%</strong></td>
<td><strong>7.8%</strong></td>
<td><strong>$2,130</strong></td>
</tr>
</tbody>
</table>

Net Savings

Private & Confidential
02
BUNDLED PAYMENT MARKET UPDATE
Payment Reform Market Update - Post Election

Trump/Price Care Observations

• Good spot - “sequentially bi-partisan” bill
• Still have a long way to go
• Can’t drop 20 million people
• Most ACA elements are popular
• Industry starting to weigh in - also don’t want coverage to drop
• More power to the states
• Increased innovation from the commercial market
• MACRA is a really big deal
Payment Reform Market Update - Post Election

Trump/Price Care Predictions

• ACA taxes not going away
• Sizable incentives rather than small mandates
• Medicaid block grants
• Increased coverage
• More consumer choices
  – Less regulated benefit plan structures
  – More personal dollars in play - tax incentives, Health Savings Accounts
• More pressure on premium growth
  – More pressure on healthcare costs
• More bundled payment
  – MACRA Alternative Payment Models
  – Commercial programs
  – Medicaid programs
### CMS Bundled Payment Program Program Overview

<table>
<thead>
<tr>
<th></th>
<th>BPCI</th>
<th>CJR</th>
<th>OCM</th>
<th>EPM</th>
<th>Advanced BPCI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vol or Man?</strong></td>
<td>Voluntary</td>
<td>Mandatory</td>
<td>Voluntary</td>
<td>Mandatory</td>
<td>Voluntary</td>
</tr>
<tr>
<td><strong>Providers</strong></td>
<td>1,457</td>
<td>767</td>
<td>196</td>
<td>1,200</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Market $’s</strong></td>
<td>$10B</td>
<td>$4B</td>
<td>$2B</td>
<td>$6B</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Start Date</strong></td>
<td>Q4 ‘13</td>
<td>Q2 ‘16</td>
<td>Q3 ‘16</td>
<td>Q3 ‘17</td>
<td>Early ‘18</td>
</tr>
<tr>
<td><strong>End Date</strong></td>
<td>Q4 ’18</td>
<td>Q1 ’21</td>
<td>Q2 ’21</td>
<td>Q4 ’21</td>
<td>5 years</td>
</tr>
<tr>
<td><strong>Clinical Focus</strong></td>
<td>Many</td>
<td>Joints</td>
<td>All Oncology</td>
<td>AMI, CABG</td>
<td>Many</td>
</tr>
<tr>
<td><strong>Episode Initiators</strong></td>
<td>Hospitals, Specialists, Post-Acute</td>
<td>Hospitals</td>
<td>Specialists</td>
<td>Hospitals</td>
<td>Specialists</td>
</tr>
<tr>
<td><strong>Notes</strong></td>
<td>Many providers earning gains</td>
<td>Hospitals slow to move</td>
<td>Very big deal for Onc groups</td>
<td>Hosps. seem motivated</td>
<td>Targeted to meet MACRA APM requirements</td>
</tr>
</tbody>
</table>
Commercial market activity has started to pick up significantly in the last 6 months.

Advisory Board Commercial Bundle Tracker. https://www.advisory.com/Research/Health-Care-Advisory-Board/Resources/2013/Commercial-Bundled-Payment-Tracker#lightbox/0/limited so far, with some pockets of activity.
03 BUNDLED PAYMENT PROGRAM MANAGEMENT
Bundled Payment Program Management

Phase I: Program Assessment
- Pricing analysis by bundle type
- Commercial bundle development
- Opportunity benchmarking
- Detailed provider analysis
- Post-acute provider analysis
- Quality performance analysis

Phase II: Program Design
- Designate & train BP Oversight Team
- Develop work plan & timeline for focus areas
- Execute provider gainsharing strategy
- Formalize preferred provider network
- Quality improvement plan

Phase III: Program Implementation
- Identify & track BP patients
- Implement care management approach
- Collect & track quality metrics
- Track quality & financial performance
- Monitor preferred providers
- CMS program compliance
- Ongoing learning & improvement

Main Objective: Detailed opportunity assessment
Main Objective: Pick 3 improvement areas
Main Objective: Ongoing quality & cost improvement
At Archway we have conducted detailed analytics across all types of bundled payment programs...
Bundled Payment Program Management - Variation

...in our experience variation exists in all types of clinical areas...
Bundled Payment Program Management - Commercial

...and across payor types.

Hospital Prices for Vaginal Delivery
Boston, MA HRR, 2008-2011
Max/Min Ratio: 3.63
CoV: 0.414

Hospital Prices for Vaginal Delivery
Baltimore, MD HRR, 2008-2011
Max/Min Ratio: 1.92
CoV: 0.187

Fort Lauderdale, FL HRR, 2008-2011
Max/Min Ratio: 2.83
CoV: 0.320

Hospital Prices for Colonoscopy
Boston, MA HRR, 2008-2011
Max/Min Ratio: 2.17
CoV: 0.253

Hospital Prices for Lower Limb MRI
Miami, FL HRR, 2008-2011
Max/Min Ratio: 5.81
CoV: 0.628

Hospital Prices for PTCA
Atlanta, GA HRR, 2008-2011
Max/Min Ratio: 2.52
CoV: 0.255

Price ($)
Keys to Success - Specialist Engagement

In our experience the most effective bundle care programs drive clinical innovation through specialist engagement.

**Innovation**
- Better ways to care for acute & chronic patients
- New perspective on costs & outcomes
- Optimal provider, patient, payor alignment

**Specialist Engagement**
- Biggest driver of improvement
- Deep understanding of data
- Aligned incentives

**Data Analytics**
- Identify opportunities & risks
- Prioritize areas for improvement

**Accountable Incentives - BP Contract**
- Basic requirement
- Creates new incentives for accountability & improvement
# Keys to Success - Specialty Networks

## Bundled Payment Payor Contracts

<table>
<thead>
<tr>
<th>Medicare</th>
<th>ACO’s</th>
<th>Self-Insured Employers</th>
<th>Commercial Plans</th>
<th>Medicare Advantage</th>
<th>Worker’s Comp</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BPCI</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• OCM</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Advanced BPCI</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Archway Bundled Payment Management Services Organization:

<table>
<thead>
<tr>
<th>Bundled Definitions &amp; Contract Development</th>
<th>Payor &amp; Employer Outreach &amp; Negotiations</th>
<th>Overall Program Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP Performance Analytics</td>
<td>Patient Tracking &amp; Care Management Support</td>
<td>Quality Tracking &amp; Improvement</td>
</tr>
<tr>
<td>Preferred Provider Network Development</td>
<td>BP claims processing &amp; revenue cycle management</td>
<td>Reinsurance</td>
</tr>
</tbody>
</table>

## Archway Specialty Networks

### Orthopedics
- Joints
- Spine
- Sports

### Oncology
- Breast
- Lung
- Colon

### Cardiology
- PCI
- CABG
- CHF

### Obstetrics
- Deliveries

### Urology
- TURPs
- Bladder surg
- UTI

### GI
- Colonoscopy
- Endo

### General Surgery
- Hernia
GETTING STARTED
Getting Started

• Believe at the C-Suite
• Designate Bundled Payment Operations Team
• Think through your overall bundled payment strategy
• Identify priority payor and specialty partners
• Identify 3 priority focus areas
• Just get going!