



**Key Accounts ASO market**  
**August 2020**

# Agenda

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1. Overview of Level2 clinical program
2. Assumption of financial risk
3. Benefit design example
4. Characteristics of a 'good' prospect
5. Administrative considerations

# Current approach is not working.....

OVER

**7 MILLION**

science and medical papers have been published in the last five years.

**22%**

of people in the US now use wearable sensors.

MORE THAN

**26 MILLION**

people have used consumer DNA kits.

**2.3 TRILLION**

gigabytes of data will be generated next year in healthcare.

2014

ADULT AMERICANS  
WITH TYPE 2 DIABETES

**9.3%**

PER PERSON ANNUAL  
COSTS OF DIABETES

**\$13,700**

TODAY

ADULT AMERICANS  
WITH TYPE 2 DIABETES

**9.7%**

PER PERSON ANNUAL  
COSTS OF DIABETES

**\$16,700**

# Core components

## DATA-DRIVEN RECOMMENDATIONS

- Machine learning and AI uncover new insights from patient data
- Secure app tailors “micro-interventions” that help members take small steps with big health effects

## PERSONALIZED CARE & TAILORED CLINICAL EXPERTISE

- Coaches help members create a customized plan to improve diet and physical activity
- Members receive support and feedback via phone, text, and video
- Care teams use member data to review and manage medications



## RICH BENEFIT DESIGN

- Rewards encourage participation
- Active members can earn \$0 member cost sharing for certain type 2 diabetes products & services

## REAL-TIME HEALTH TRACKING

- Sensors help members discover how their bodies react to food, activity, stress, and medications
- Members see biometrics like glucose levels, heart rate, and sleep duration/quality

# Unparalleled assets = true personalization



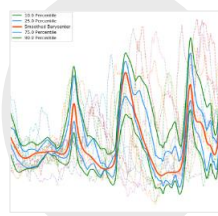
## MEMBER-SPECIFIC DATA

Every bit of information about a member's health and care history, all in the same place



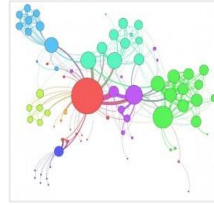
## BIOLOGICAL DATA

Biosensors, genomics, and metabolomics help customize care



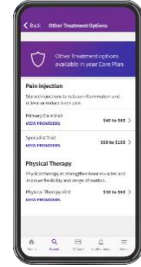
## ALGORITHMS

AI, math, and statistical models tailor recommendations for each member



## CLINICAL EXPERTISE

The best care teams in each specialty—and for each member's unique needs



## PLAN DESIGN

Network and benefit structures drive healthier decisions

BETTER PATIENT OUTCOMES

LOWER OOP COSTS

LOWER EMPLOYER COSTS

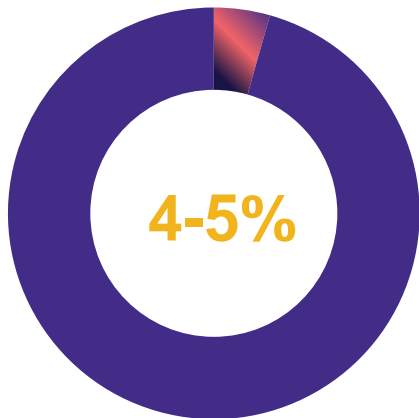
Comprehensive Clinical Risk Management

# Concept

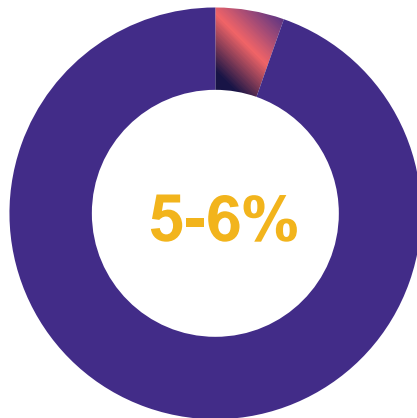
- Offer the Level2 clinical program to Key Accounts self-funded groups
- Includes the Ultimate Performance Guarantee: assumption of full medical / Rx risk
  - Level funding

These people

Population with type 2 diabetes

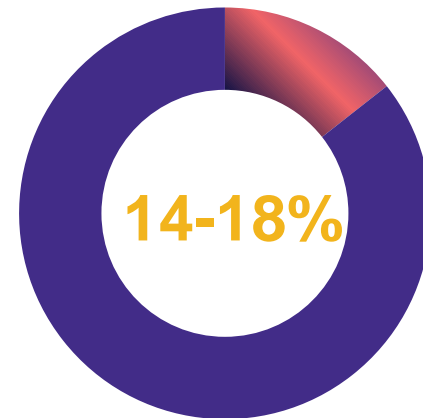


Overall medical costs tied to diabetes diagnosis codes



These costs

Overall medical / Rx costs spent by people with type 2 diabetes

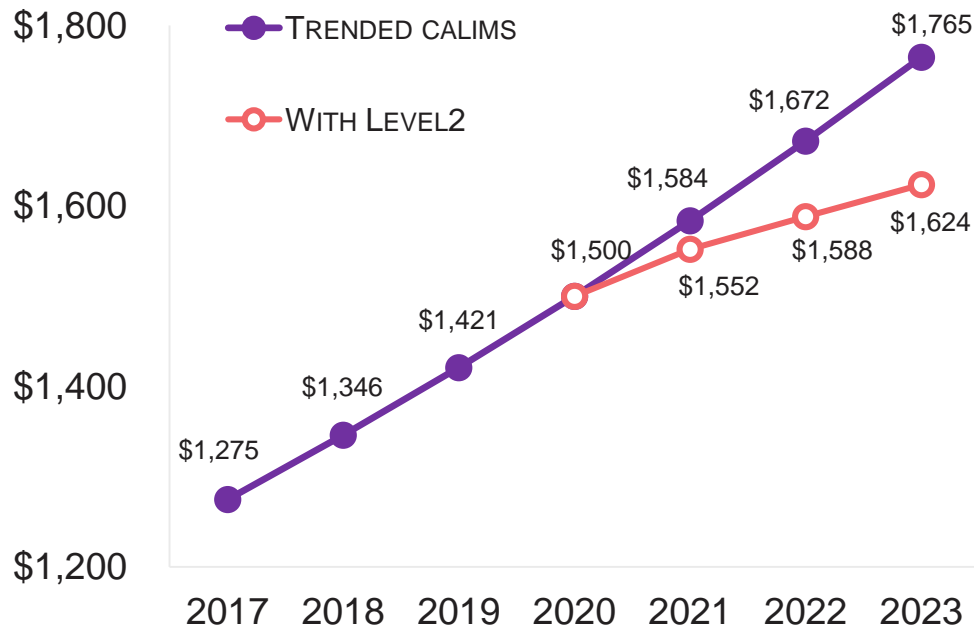


# Definition of Risk Contract

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- Assumption of full risk for members in the Level2 clinical program for Type 2 Diabetes
  - ALL medical and Rx claims – not just those with a Diabetes diagnosis code
  - Use level funding process
  - Re-set and reconcile on an annual basis
- Annual roster of eligible members to enroll in Level2
  - Identified from claims data ~ 2 months in advance of the effective date
  - For those meeting the inclusion / exclusion criteria
  - Generally expect employers will allow members to opt-in at open enrollment
- Additions only happen at annual roster
- Deletions only happen if:
  - Leave the plan
  - No longer meet inclusion / exclusion criteria at annual roster
- Mid policy year, someone diagnosed with condition on the exclusion criteria – remains in risk pool until next roster

# Bend trend and guarantee savings



- Multi-year commitment; increasingly large discount from trended claims
  - Year 1: -2%
  - Year 2: -5%
  - Year 3: -8%
- Level2 cost trajectory = maximum claim liability
  - Includes wearable sensors, coaching, premium taxes, etc.



# Benefit Design is the Incentive

Participants earn points to qualify for richer benefits

Participant Actions	Points / Instance	Opportunities / Quarter	Points / Quarter
Wear a CGM for a 15-day cycle	200	1	200
Participate in coaching session	50	1	50
Post meal walks	1	90	90
Follow coach's advice and attest on web / app per day	1	90	90
Total			430

Benefit Structure	First Quarter	All Future Quarters
Premium Benefit	All Members	Members w/ 300+ points in previous quarter
Standard Benefit	No Members	Members with less than 300 points in previous quarter

# Benefit design example

- “Glue” that holds everything together
- Copay only plans
- Benefit design is the incentive to comply with the clinical program
- \$0 copay for defined diabetes services is achievable
- Incentives to choose PD physician and optimal POS

Effective Date: 1/1/2021  
Network: Choice  
OON Benefits: None

Deductible (standard benefits only):  
Annual OOPM:  
PBM:

\$0 Individual / \$0 Family  
\$2,000 Individual / \$4,000 Family  
OptumRx

<b>Premium Benefits</b>	- Level2 diabetes drug package	- Virtual visit or primary care visit
<b>\$0 deductible and \$0 copay for the following:</b>	- Level2 virtual endocrinologist visit	- Diabetic supplies
	- Level2 recommended bariatric surgery	- Labs / diagnostics

## Standard Benefits

		Preferred Provider / POS	Non-Preferred Provider / POS
Physician	Preventative	\$0	\$0
	Virtual Visit	\$20	n/a
	PCP	\$20	\$75
	Specialist	\$50	\$150
	PT / OT / ST	\$25	\$100
Outpatient	Labs / Diagnostics	\$25 freestanding	\$100 hospital
	Imaging (e.g., MRI/PET/CT)	\$150 freestanding	\$500 hospital
	Outpatient Surgery	\$250 freestanding	\$700 hospital
	Urgent Care	\$75	n/a
	Emergency Department	\$300	n/a
Inpatient	Inpatient Hospital	\$350 per admit	n/a
	Skilled Nursing Facility	\$200 per day	n/a
Procedures	Any surgery (including bariatric)	\$250 freestanding	\$1,000
Other	DME (including diabetic supplies)	\$25	n/a
	Chiropractic	\$25	n/a
	Home health	\$100	n/a
	Ambulance	\$100	n/a
	Eye wear & hearing aids	Not Covered	Not Covered
Pharmacy		Retail	Mail
	Tier 1	\$4	\$12
	Tier 2	\$40	\$120
	Tier 3	50%	50%

# Rate build up example

## UnitedHealthcare Employer & Individual

Level2 Rate Proposal for Textron

*illustrative draft and confidential*

Experience Period		Year 1	Year 2 *	Year 3 *
Time period		1/1/2019 - 12/31/2019		
Member months		29,143		
Average members		2,429		
Total medical net PMPM		\$941.93		
Estimated pharmacy PMPM		<u>\$310.83</u>		
Estimated total medical and pharmacy net claims PMPM		\$1,252.76		
Estimated total medical and pharmacy net claims		\$36,510,000		
Projection Period		Year 1	Year 2 *	Year 3 *
Time Period		1/1/2021 - 12/31/2021	1/1/2022 - 12/31/2022	1/1/2023 - 12/31/2023
Experience rating	Number of trend months	24	12	12
	Annual Level2 trend rate	12.0%	12.0%	12.0%
	Trend factor	1.2544	1.1200	1.1200
	Trended net claims PMPM	\$1,571.46	\$1,760.04	\$1,971.24
Customer Savings from Trended Net Claims		-2.0%	-5.0%	-8.0%
Customer Maximum Funding Liability PMPM		\$1,540.03	\$1,672.04	\$1,813.54
Est. Average Contract Members		2,429	2,429	2,429
Monthly Group Payments		\$3,740,099	\$4,060,679	\$4,404,341
Annual Group Payments		\$44,881,189	\$48,728,148	\$52,852,088
Components of Annual Group Payments				
Stop Loss Premium & Admin Fees		\$29,447,925	\$32,684,417	\$36,309,289
Customer Maximum Funding Liability		\$15,433,264	\$16,043,731	\$16,542,799
Annual Group Payments		\$44,881,189	\$48,728,148	\$52,852,088
Customer savings				
Trended net claim projection PMPM		\$1,571.46	\$1,760.04	\$1,971.24
Level2 maximum liability PMPM		\$1,540.03	\$1,672.04	\$1,813.54
Savings PMPM		\$31.43	\$88.00	\$157.70
Est. Average Contract Members		<u>2,429</u>	<u>2,429</u>	<u>2,429</u>
Total savings per year		\$916,000	\$2,565,000	\$4,596,000

\* Years 2 & 3 are illustrative calculations; items in red are UHC guarantees.

# Profile of a 'good' employer prospect

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- Inforce medical and Optum Rx for at least a year
  - We need historical medical and Rx data to run the program – can accommodate NB with necessary data
- Willing to commit to at least 3 years
- Low turnover
- Financial risk has not been delegated to a provider
- Situated in low regulatory environment state
- High portion of members with smart phones, valid contact information
- Innovative
- Value member outcomes / health more than single administrative instance
- Geographic density a plus
- Looking for financial certainty & savings

# Administrative considerations

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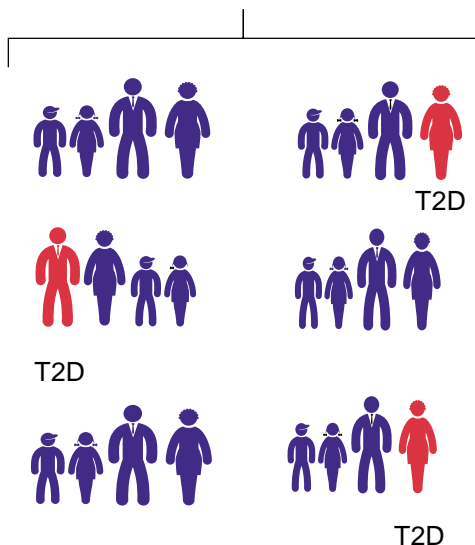
- Risk assumption mechanism: level funding
  - Surplus shared 50/50
- Administrative platform: All Savers
- OptumRx required for L2 members
- Unique L2 benefit design ties clinical program, incentives, network optimization together
  - entire family moves to L2 design; only assume risk on the L2 member
- Provider network: Choice, with no OON benefit

# Family members & risk assumption

## Current State

- Existing employer-sponsored benefit options
- Existing admin platform
- Employer self-funds claims

### Employer self funds everyone



Eligible members  
Opt-in



Level2  
Enrolled

## Future State: Move to Level2

- L2 Designed benefit structure
- All Savers admin platform
- L2 members – monthly level funding
- All other members – employer self funds claims

Eligibles  
part of L2



Employer self funds non-L2