



**Key Accounts ASO market
August 2020**

Agenda

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	PER PERSON ANNUAL COSTS OF DIABETES	TODAY	ADULT AMERICANS WITH TYPE 2 DIABETES	PER PERSON ANNUAL COSTS OF DIABETES
	9.3%	\$13,700		9.7%	\$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



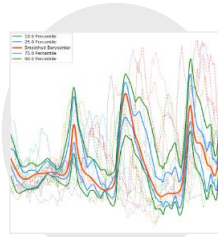
MEMBER-SPECIFIC DATA

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



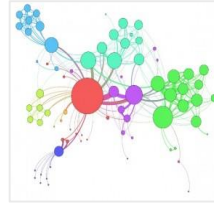
BIOLOGICAL DATA

Biosensors, genomics, proteomics, and metabolomics help customize care



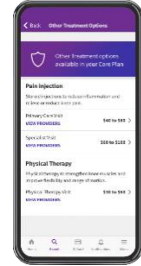
ALGORITHMS

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

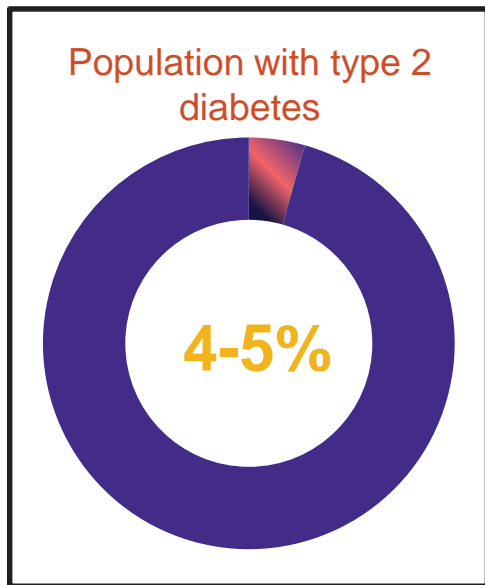
LOWER EMPLOYER COSTS

Comprehensive Clinical Risk Management

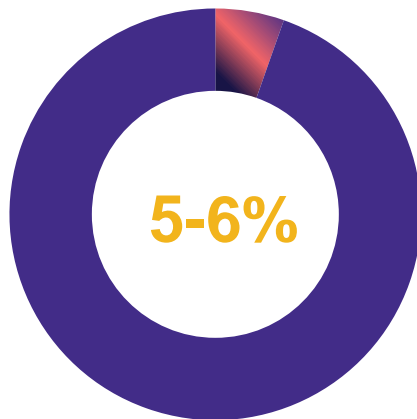
Concept

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

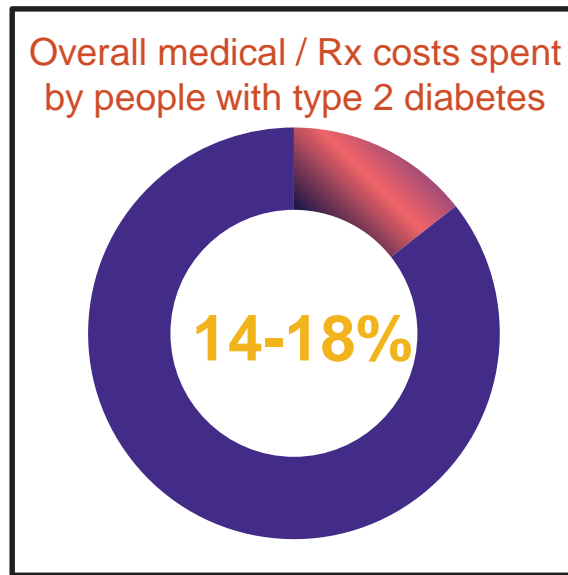
These people



Overall medical costs tied to diabetes diagnosis codes



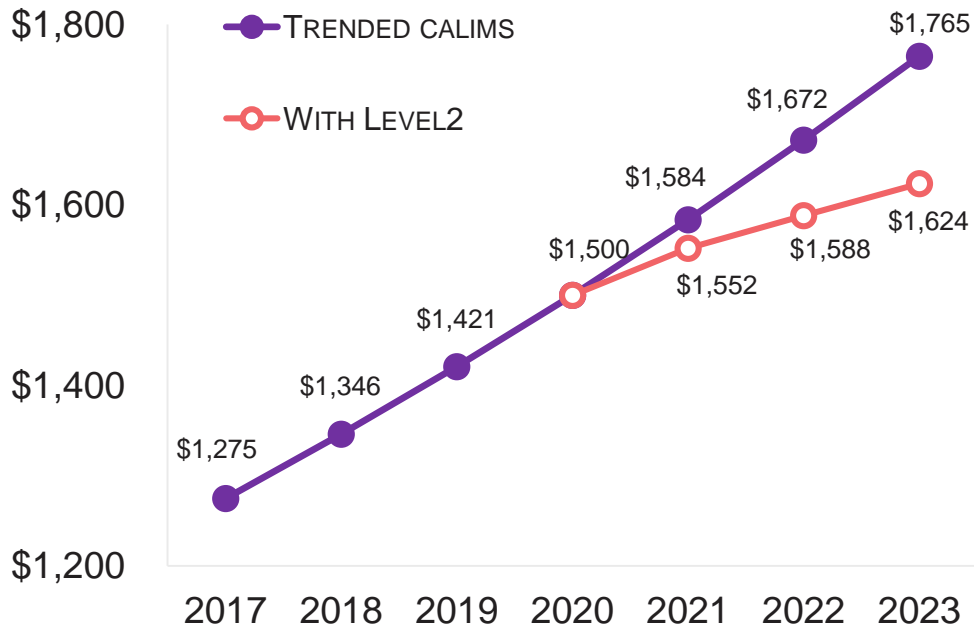
These costs



Definition of Risk Contract

- 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

Premium Benefits	- Level2 diabetes drug package	- Virtual visit or primary care visit
\$0 deductible and \$0 copay for the following:	- 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

illustrative draft and confidential

Level2 Rate Proposal for Textron

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	\$310.83		
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
<u>Components of Annual Group Payments</u>			
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
<u>Customer savings</u>			
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

- 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
- Sitused 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

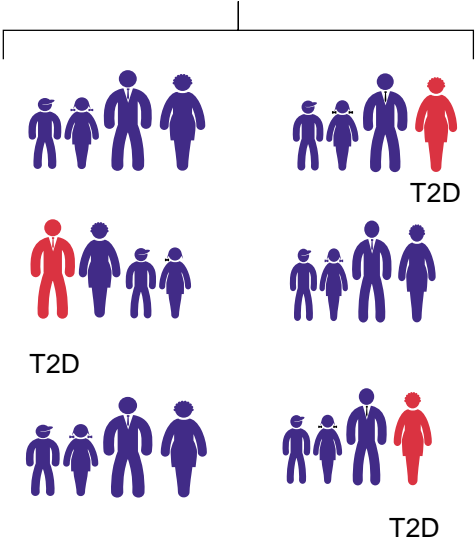
- Risk assumption mechanism: level funding
 - Surplus shared 50/50
- Administrative platform: All Savers
- OptumRx required for L2 members
- Unique L2 benefit design ties clinical program, incentives, network optimization together
 - entire family moves to L2 design; only assume risk on the L2 member
- 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



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

