

The logo features the text 'ebms' in a lowercase, sans-serif font with a small cross symbol above the 's'. Below it, 'HEALTH &' and 'BUSINESS' are written in large, bold, uppercase, sans-serif letters. Underneath, 'SYMPOSIUM' is written in a smaller, uppercase, sans-serif font, followed by '2019' in a white box. The background is a teal image of a tree and a body of water. A white dotted silhouette of a person's head is on the left, and a green dotted pattern is on the right.

ebms⁺

HEALTH & BUSINESS

SYMPOSIUM 2019

Cutting the Gordian Knot: *Finding True Balance in Self Funding*

Dr. Andrew Murray

Chief Medical Officer, EBMS and President of miCare & miRx

Topics for today

- 1 How the traditional healthcare system is failing us
- 2 The need for true balance in self-funded healthcare
- 3 Designing a better healthcare system



**HOW THE TRADITIONAL
HEALTHCARE SYSTEM IS FAILING US**

How are traditional healthcare approaches failing us?

- Lack of transparency regarding cost and quality
- Fragmentation across the healthcare system
- Misaligned financial incentives
- Not enough emphasis on primary and preventive care

What is Medical Cost Trend?

Medical cost trend is the *projected percentage increase* in the cost to treat patients from one year to the next, assuming benefits remain the same. Insurers use this projection to calculate health plan premiums for the coming year.

***Example:** A plan with Medical and Rx benefits costs \$10K per employee this year. Trend is projected to be 10%.
Next year's cost will be \$11K.*

Audience Poll

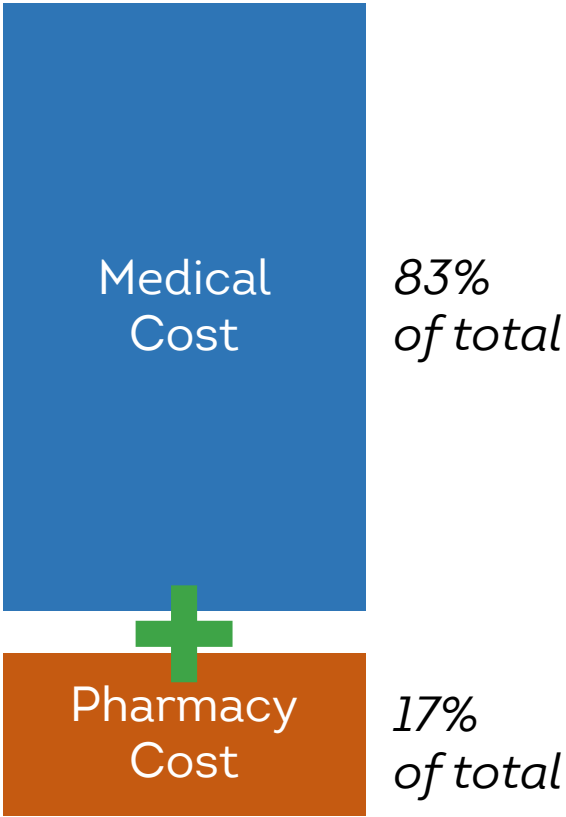
A recent study found medical inflation in 2018 was at 6.9%.

Where do you stand with regards to rising health costs?

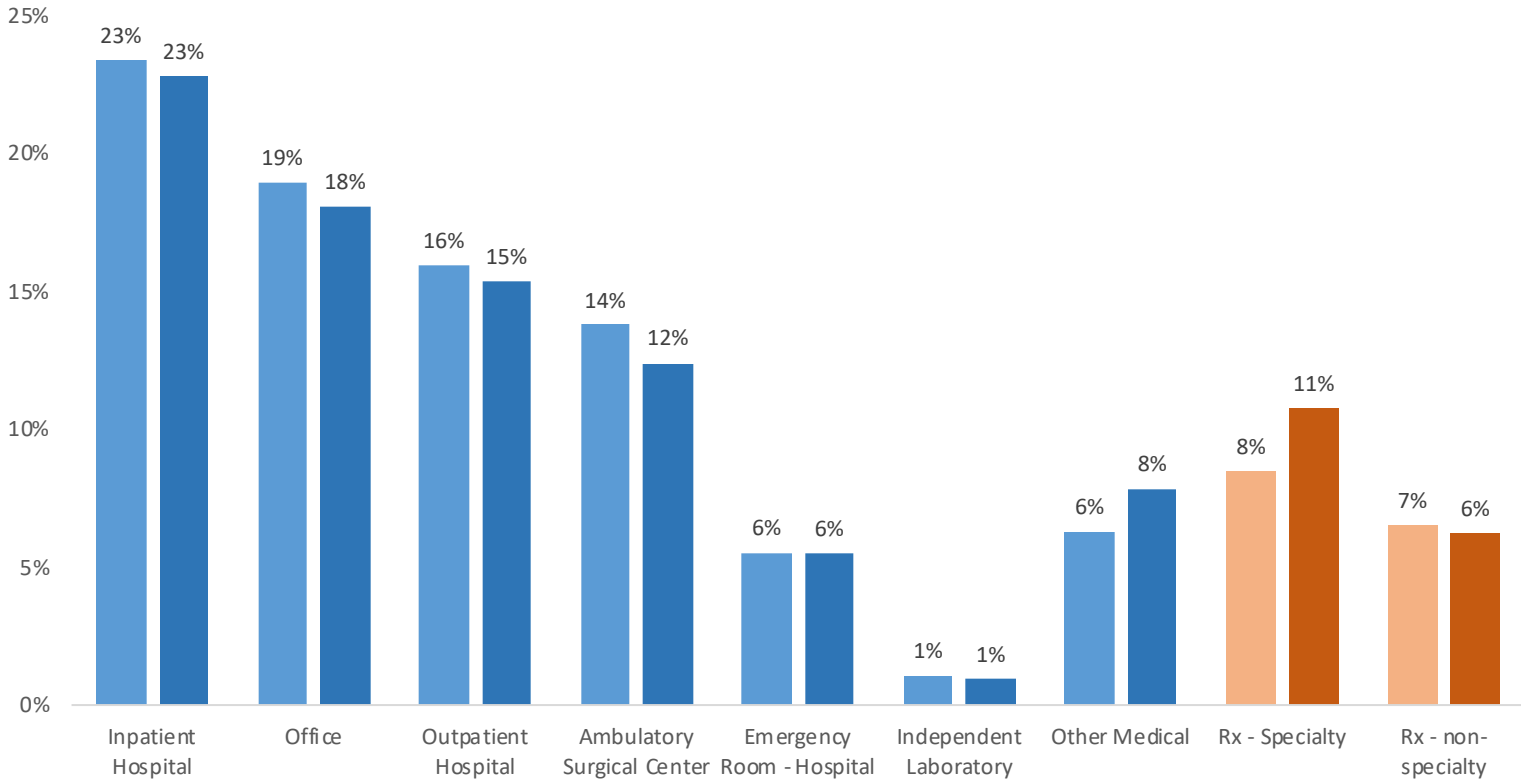
- 1** We're below 7%
- 2** We're between 7% and 10%
- 3** We're over 10%

How Healthcare Spend Has Changed Over Time

Major Healthcare Cost
PEPM Components



Where our health plan clients are spending
their healthcare dollar: 2016 vs. 2018



What Drives Medical Cost Trend?

Research points to a few key factors:

- Increased access leading to higher utilization of health services
- Health system consolidation and reduced marketplace competition
- More physicians practicing as employees of organizations that charge higher prices

What Can We Learn from the Cost Drivers?

Each has a takeaway, which we can use to our advantage.

- More access points + increased utilization
 - *Consumers are accepting of alternate care settings*
- Health system megamergers = massive negotiating power
 - *Traditional PPO networks no longer provide as much protection*
- Fewer independent physicians = higher prices and facility fees
 - *Need for hyper-local, customized primary care strategy to counteract corporatization of medicine*

A scenic landscape featuring a river in the foreground, a grassy bank, and a line of trees in the background. A string of warm white lights is draped across the scene, creating a soft, glowing effect. The entire image is overlaid with a teal color filter.

THE NEED FOR TRUE BALANCE IN SELF-FUNDED HEALTHCARE

The need for true balance in self-funded healthcare

- 1** We all experience the rising-cost problem. Typical reactions are to:
 - Take out benefits
 - Restrict the formulary
 - Increase co-pays and deductibles
- 2** The approach in the industry seems to focus only on decreasing cost.
- 3** At EBMS, we believe there needs to be a true balance.

So how do we balance competing interests in healthcare?

Plan sponsors and members ultimately want the same things.



Improve Care – improved access and good outcomes



Make It Easy – a simplified benefit journey



Reduce Cost – affordable premiums and out-of-pocket expenses

Cutting the Gordian Knot

Gordian knot noun

Gor·di·an knot | \ 'gôr-dē-ən-  \

Definition

1 : an intricate problem

especially : a problem insoluble in its own terms — often used in the phrase *cut the Gordian knot*

2 : a knot tied by Gordius, king of Phrygia, held to be capable of being untied only by the future ruler of Asia, and cut by Alexander the Great with his sword



Audience Poll

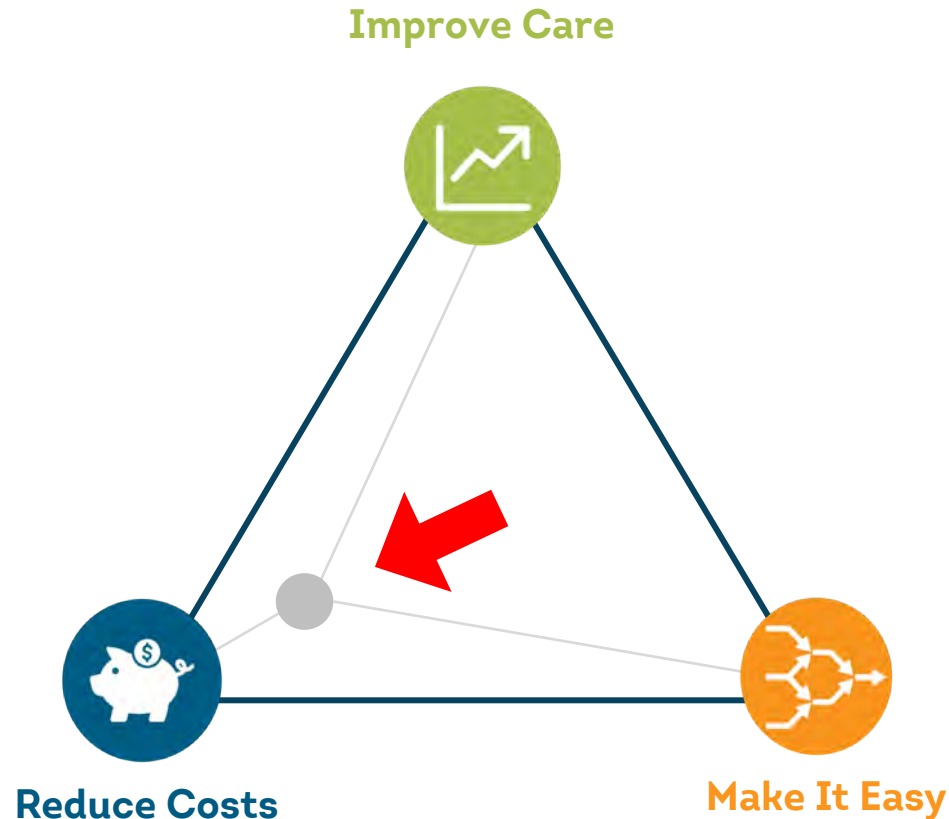
For you or your clients, which of the following factors are the most important?

- 1 Improve care
- 2 Make it easy
- 3 Reduce costs

Losing Sight of True Balance by Too Aggressively REDUCING COSTS

Typical scenarios

- Scary prior year PEPM increase prompts knee-jerk reaction
- Dramatic change in strategy (e.g. move from PPO to RBP solution) without adequate member education
- Reduce cost by dramatically increasing member responsibility



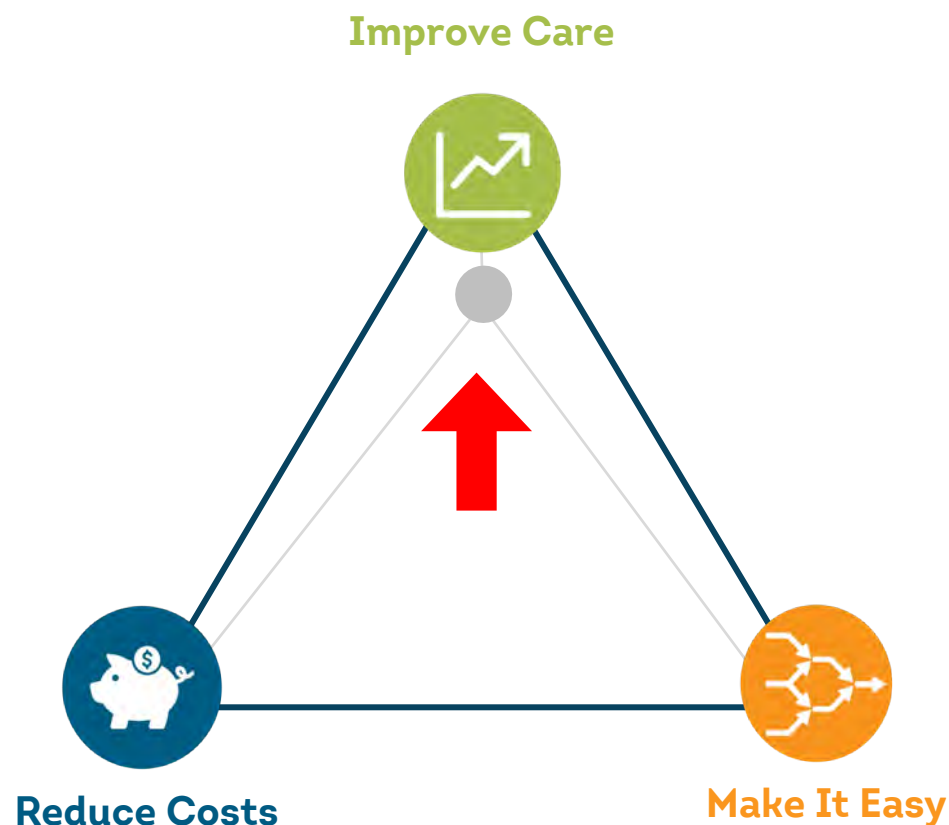
Likely outcomes

- Member access challenges
- Decreased quality of care (avoiding preventative care to save costs)
- Member dissatisfaction with resulting “noise” to HR

Losing Sight of True Balance by Focusing Too Narrowly on IMPROVING CARE

Typical scenarios

- Multiple vendors who each offer a slightly different niche solution to increase access and decrease costs
- Desire to be at the cutting edge of healthcare innovation (e.g. coverage for unproven I&E treatments)



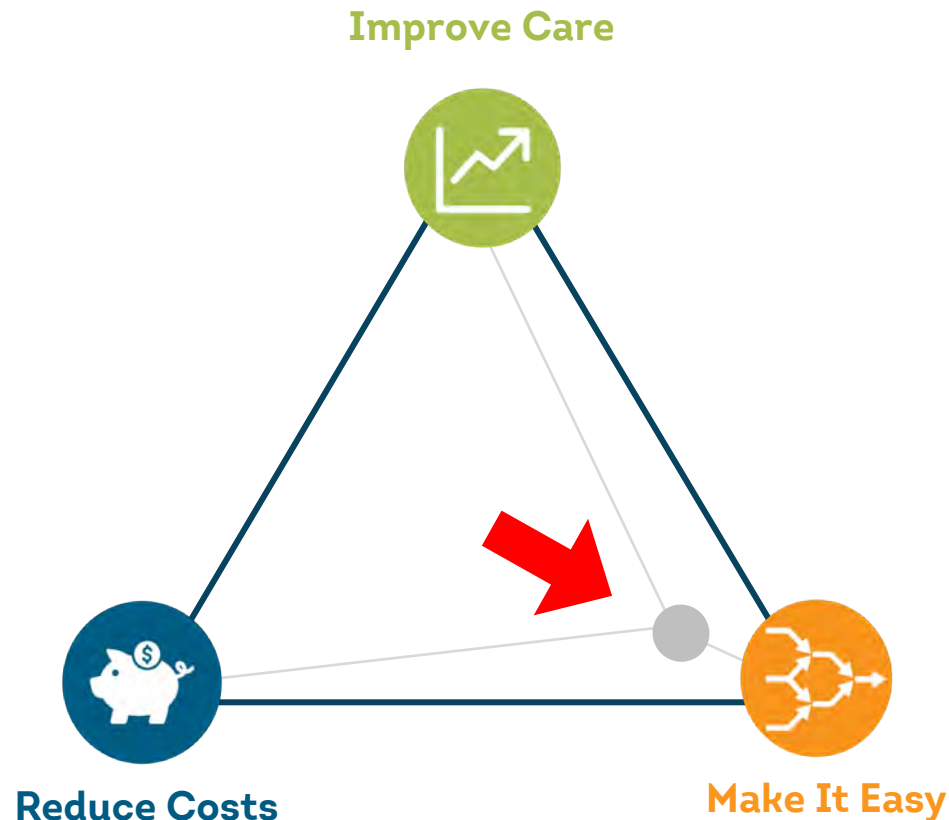
Likely outcomes

- Increased complexity in integrating benefits and operations; overlapping vendors with resulting Member confusion
- Increased medical and admin costs
- Lack of data integrity because data resides in many niche applications

Losing Sight of True Balance Through Unstructured Care Delivery Designed to MAKE IT EASY

Typical scenarios

- Provide rich benefits with very few restrictions
- Offer widest possible choice around providers
- Avoid processes that require Members to take personal accountability for their health



Likely outcomes

- Repeatedly go out to bid to shop for the cheapest deal
- Failure to get traction with engaging consumers; quality of care deteriorates
- Increase in healthcare costs

Polling Results

For you or your clients, which of the following factors are the most important?

- 1 Improve care
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We Believe in the Need for True Balance

The optimal approach balances
the needs of the Employer and the
Member.

CEO
CFO
HR



Employer



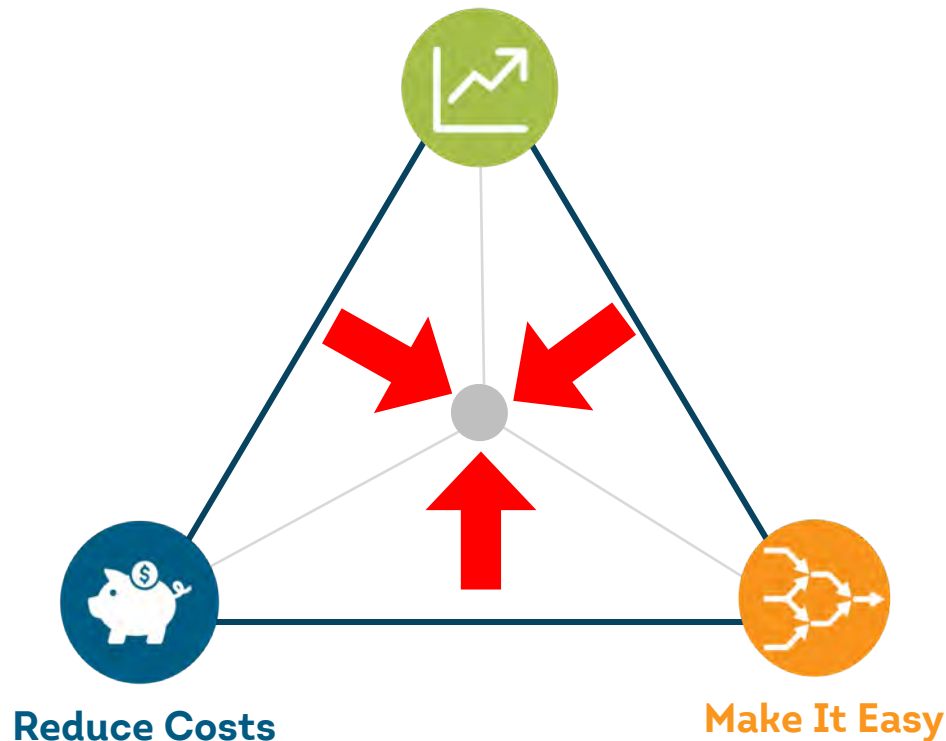
Member

Employee
Spouse
Dependent

This leads to *appropriate care*:
better care for the Member at a lower cost to Employers.

We Believe in the Need for True Balance

Plan decisions need to be made proactively, considering the health of the plan,
the client's HR strategy and the Member experience.



Finding True Balance
requires a new way of
thinking and new set
of tools.

Other leading Employers are heading down the same track

In 2018, three corporate giants tackled the issues of rising health costs and fragmented care.

They formed a nonprofit consortium to provide healthcare for their 1.2 million combined employees.

amazon

J.P.Morgan

BERKSHIRE
HATHAWAY
HomeServices

A scenic landscape featuring a river in the foreground, a grassy bank, and a large tree on the right. The background shows a hillside with sparse trees. A string of warm white lights is draped across the scene, creating a soft, glowing effect. The entire image is overlaid with a teal color filter.

DESIGNING A BETTER HEALTHCARE SYSTEM

Audience Poll

What is your strategy for promoting primary care?

- 1 I have an onsite or near-site clinic for primary care.
- 2 I have a relationship with a local healthcare facility that gives my Members direct access to primary care.
- 3 My Members access primary care within their own communities.

How do you Design a New Healthcare System that is:

- Designed specifically for your organization
- Responsive to the needs of your Members
- Hyper-local and composed of the best access points in your community
- Seamlessly integrated

We've developed a blueprint that puts you in control

1 Drive awareness, advocacy and seamless coordination



Personal Health Coach

- Care coordination
- Referral management
- Motivational coaching

2 Control front door to the health system



Domestic Care

- High volume
- Low complexity
- Low acuity



High-Performance Network

- More complex care in core markets
- Direct to higher quality at lower cost
- Curate Member experience

3 Direct care to a group of high-performance providers

4 Protect members from surprise medical costs



Out of Network Strategy

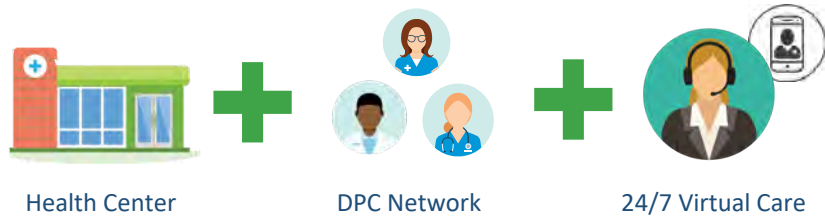
- Provide cost and quality transparency
- Help members navigate the healthcare system
- Protect members from surprise medical costs

Fully complete the refer-out, receive-back loop

5

Primary Care Services sit at the core of our model

Domestic Care Delivery



Lab Testing + Pharmacy + Wellness

High-Performance Network



OON Strategy



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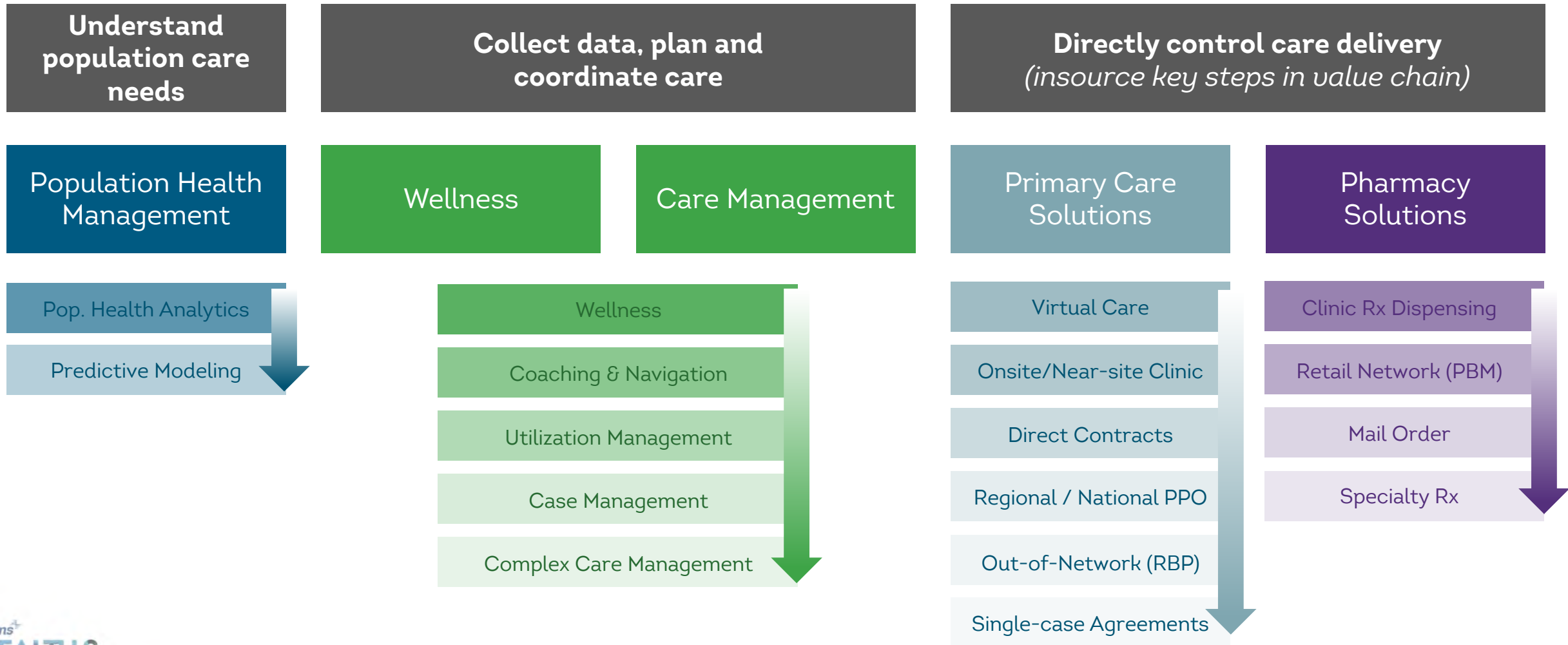
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Direct Control, Lower Cost

Less Control, Higher Cost

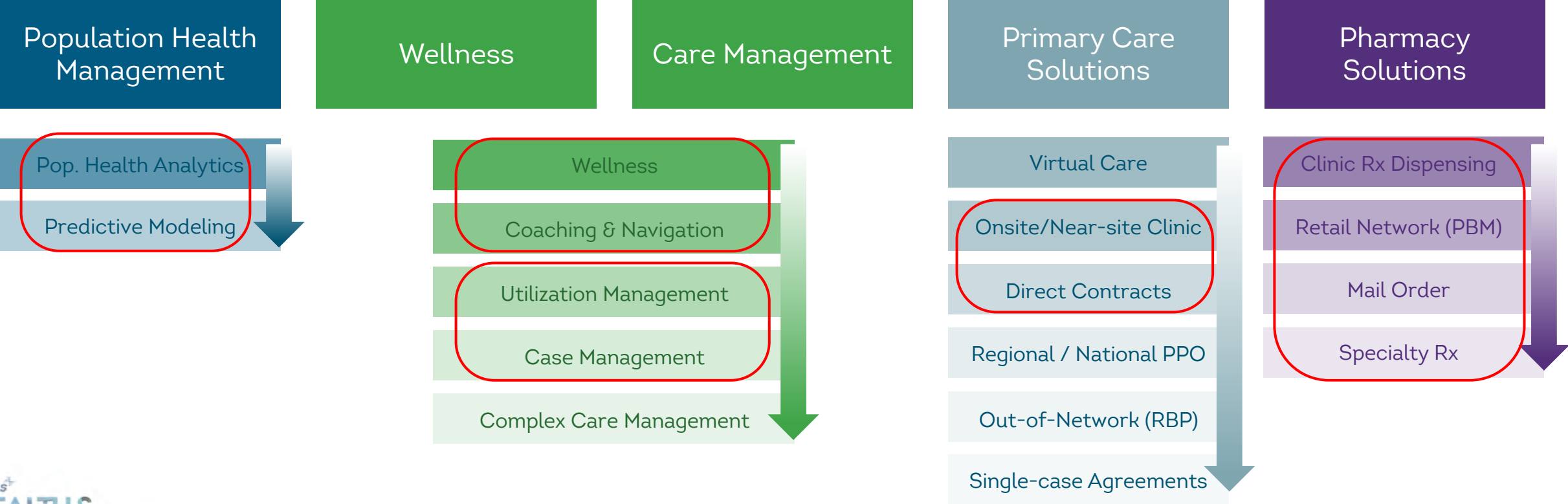
Integrated suite of tools/solutions needed



Complex patients hit multiple touch points



Use case: Sally, from Accounting, is pre-diabetic and needs a knee replacement



How an integrated model changes Sally's care journey



Use case: Sally, from Accounting, is pre-diabetic and needs a knee replacement

Member's healthcare experience

Jenny is Sally's Personal Health Coach.

Together they evaluate all of Sally options and choose an outpatient surgical center with a top-notch quality ranking.

Sally receives excellent follow-up care, coordinated and monitored by Jenny.

Sally's doctor at the clinic helps her manage pain and medication side effects.

Benefits and Advantages

- Personalized approach and expert at hand leads to effective health engagement
- Cost and quality transparency drives better informed healthcare utilization decisions
- Well-coordinated care decreases risk of complications and adverse events
- Achieved True Balance between Reducing Cost, Improving Care and Making it Easy



THANK YOU

If you want more information, contact:

Dr. Andrew Murray
484.773.8107
amurray@ebms.com

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