

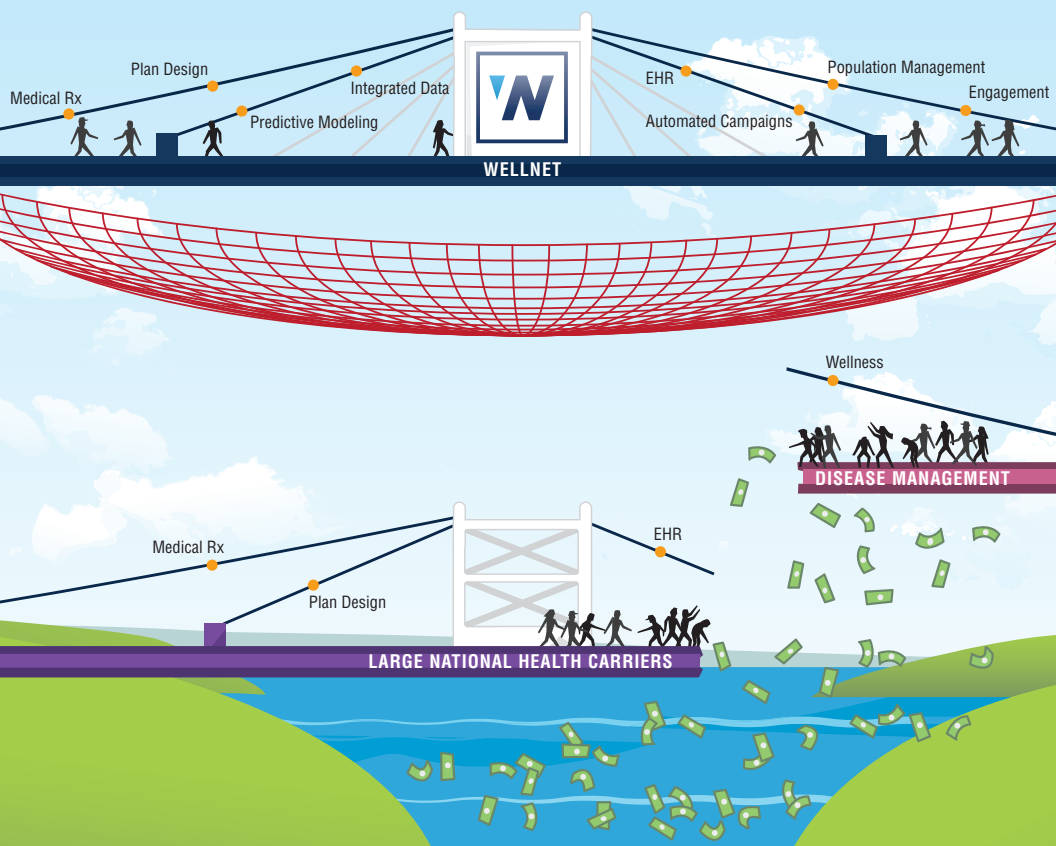


WellNet

HEALTHCARE

Level-Funded Health Plans

Self-Funding with a Safety Net



BLACK HOLE OF HEALTHCARE COSTS

WellNet Enables Every Client to...



Analyze
claims data in real-time



Predict
future health costs



Engage
at-risk members



Reduce
spending
not benefits



*A Magnified View
of What's Driving
Healthcare Costs*

Money-Saving Health Care Solutions

Level-funded cost advantages limit company risk and exposure
with **100% return of un-spent dollars!**

Small and Mid-Size Employers

Learn how WellNet's powerful technology will help your company
save money with predictive healthcare data analysis.

**See your entire employee
healthcare landscape summarized
in crystal-clear, easy-to-read reports**

- Actionable solutions will lower costs and not reduce benefits
- Identify and mitigate risks in real time

ACA is Driving Unprecedented Change in the Healthcare Industry

The breadth, depth, and pace of change make it critical to have a trusted partner that can deliver benefits, technology, service and guidance needed to limit your company's financial risk and exposure.



Level-Funding is Self-Funding with Training Wheels

Self-funding allows smaller groups that are traditionally fully insured (10 EEs to 300 EEs) to avoid many of the costly mandates required by the Affordable Care Act.



Only WellNet's plans provide:

- Fixed monthly payments
- Integrated stop-loss liability (risk and exposure are limited)
- Embedded population health programming with actionable data
- **100% return of excess claims funds!**

Recent Self-Funding Healthcare Reform Articles

WALL STREET JOURNAL

SMALL BUSINESS

One Strategy for Health-Law Costs: Self Insure

UnitedHealth and Humana Will Offer Smaller Businesses Options Typically Left to Big Corporations

Email Print 60 Comments f t+ in

By CHRISTOPHER WEAVER and ANNA WILDE MATHEWS CONNECT

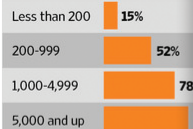
Updated May 27, 2013 7:58 p.m. ET

As businesses cast about for ways to minimize new costs related to the federal health law, health insurers are step latest offerings: allowing ever-smaller companies to switch to a riskier form of coverage traditionally favored by big

Do-It-Yourself Health Plans

Insurers are offering smaller companies a chance to try self-funded health plans.

Percentage of U.S. companies that self-fund health plans, by number of workers.



Note: 2012 data
Source: Kaiser Family Foundation
The Wall Street Journal

The Wall Street Journal

Related

- Some Small Firms Try Early Insurance Renewal to Blunt Health Law

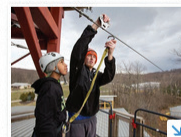
costs—of the health law. Ins That would delay the impact date.

Some regulate businesses ar with fewer tha around the ris



Some small businesses choose to self-insure

Jay Hancock, Kaiser Health News 11:15 p.m. EDT March 14, 2013



(Photo: Kyle Grantham for USA TODAY)

STORY HIGHLIGHTS

- Medical self-insurance is increasingly popular among small firms, say brokers and insurers

NorthBay Adventure is just the kind of small business that could be expected to buy medical insurance for workers under health act rules taking effect in 2014. But Executive Director George Comfort says that's not likely to happen.

Instead, NorthBay became self-insured last year, paying most workers' health costs directly, a practice more typical of large employers. The decision to self-insure was about free choice, savings and what's best for his company, Comfort says.

But others see it as a threat to the Affordable Care Act. As more small employers such as NorthBay avoid the act's requirements through self-coverage, small-business marketplaces intended to cover millions of Americans could break down and become unaffordable, they say.

"What you've got is basically a loophole for the small employer to get out of the ACA requirements," says Robert Laszewski, a Virginia-based consultant and former insurance executive.



Health-Care Solutions: Putting Smaller Employers in the Driver's Seat

Keith Lerner, President, Wellnet and CNBC-YPO Chief Executive Network member

CNBC



The New York Times

WORLD U.S. N.Y. / REGION BUSINESS TECHNOLOGY SCIENCE HEALTH SPORTS OPINION A

Some Employers Could Opt Out of Insurance Market, Raising Others' Costs

By ROBERT PEAR

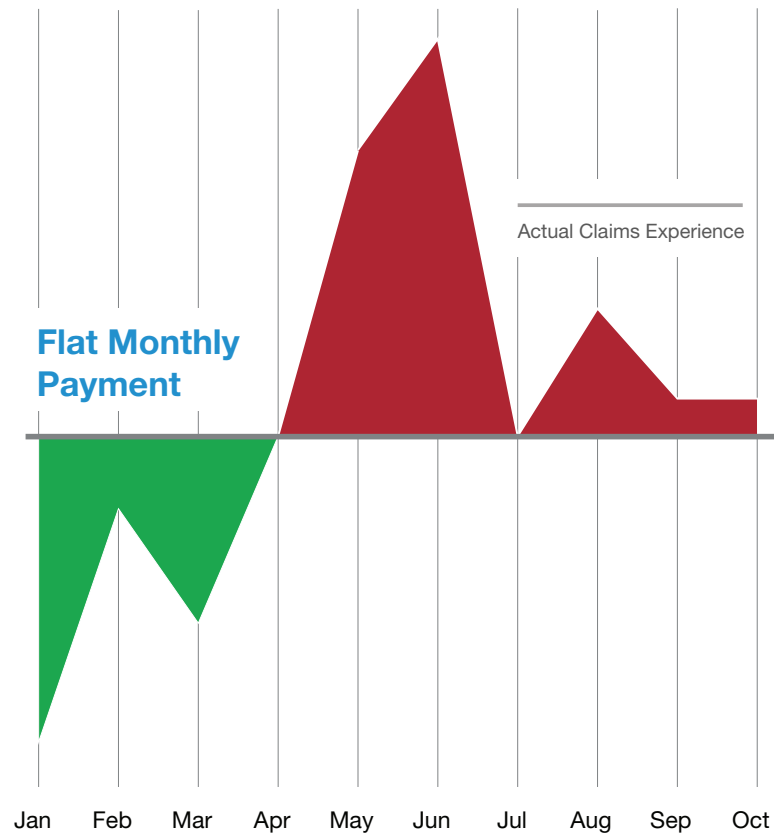
WASHINGTON — Federal and state officials and consumer advocates have grown worried that companies with relatively young, healthy employees may opt out of the regular [health insurance](#) market to avoid the minimum coverage standards in President Obama's sweeping law, a move that could drive up costs for workers at other companies.

Companies can avoid many standards in the new law by insuring their own employees, rather than signing up with commercial insurers, because Congress did not want to disrupt [self-insurance](#) arrangements that were seen as working well for many large employers.

"The new [health care law](#) created powerful incentives for smaller employers to self-insure," said Deborah J. Chollet, a senior fellow at [Mathematica Policy Research](#) who has been studying the insurance industry for more than 25 years. "This trend could destabilize small-group insurance markets and erode protections provided by the Affordable Care Act."

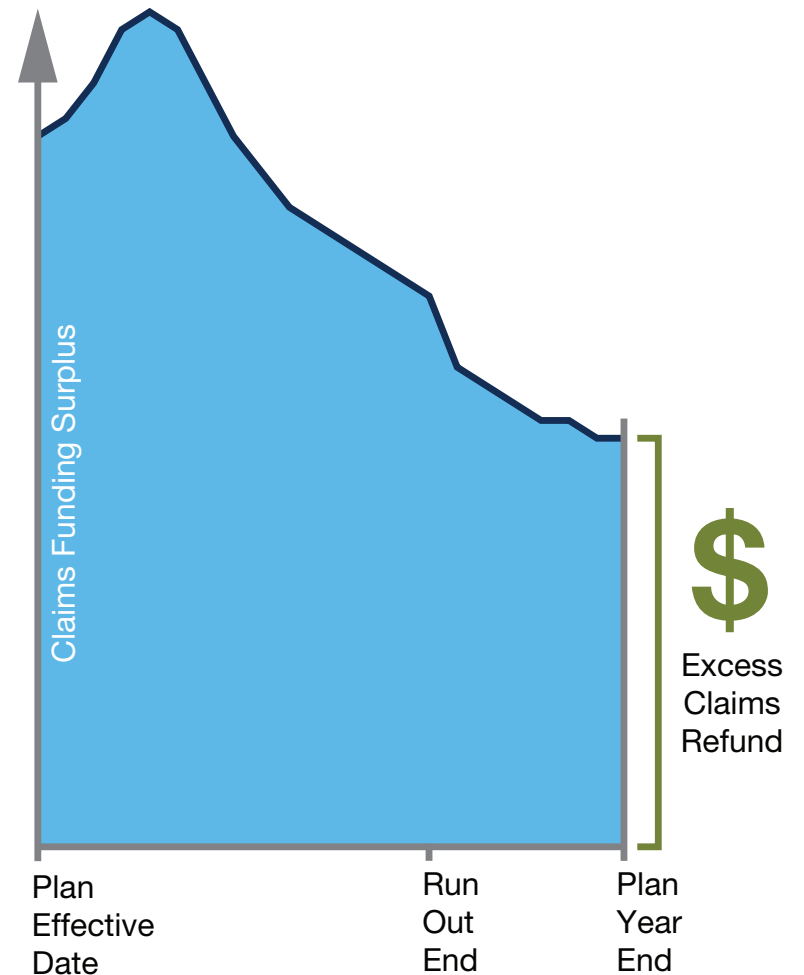
Self-Funding Simplified ... Level-Funding

When claims exceed flat monthly payments, surplus from prior months and/or stop-loss protection covers the short-fall



Claims Surplus Refunded to Client

When claims funded exceed actual claims, excess claims dollars are 100% refunded to the client





WellNet

Fully Insured Cost Increase vs. Level-Funded Savings

Client Case Study

Case Study Summary

- 155 employees
- Privately-held company, Florida-based
- Prior Carrier: Blue Cross

Challenges

- 6% Blue Cross Premium Increase in 2012
- 49% Blue Cross Premium increase in 2013
- Cost-containment
- Limited data
- No insight into annual increases

WellNet Solution

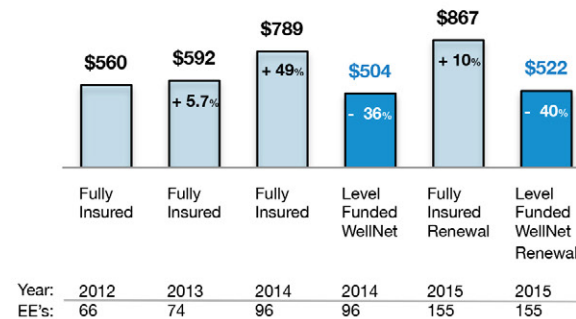
- Reducing Annual Premiums for Company and Employees
- Mining claim data to drive savings and improved outcomes
- Integrated Wellness Administration

Results

- **2 Year Cost Reduction, 40%**
- **2 Year Premium Savings, \$969,000**

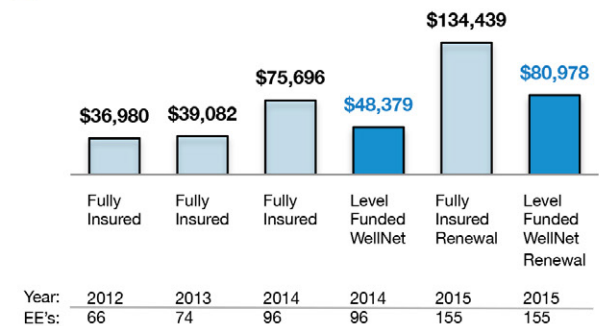
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Cost Per Employee Per Month



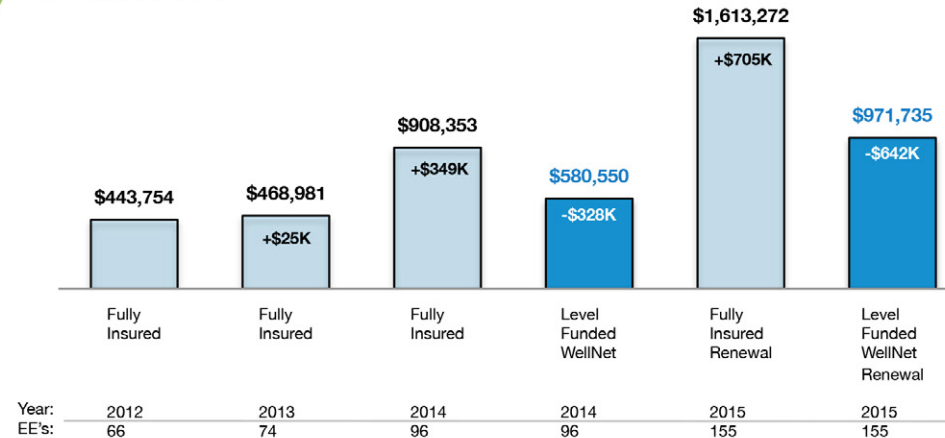
2

Total Monthly Cost



3

Total Annual Cost





A nationwide provider of integrated health plans, cost management and wellness programs...
all powered by

WellNet 4.0

Proprietary Technology

**Leveraging real-time data,
WellNet identifies the problem
and provides actionable solutions
for immediate cost reduction
and sustainable savings**



WellNet 4.0 is a health data analytics technology tool that translates data into crystal clear strategies for lowering healthcare costs, boosting employee productivity and reducing absenteeism.

WellNet 4.0 seamlessly aggregates and analyzes health claims, Rx prescriptions, doctors' reports and health risk assessment data into HIPAA-compliant reports for detecting current and future health risks and identifying cost-drivers.

WellNet 4.0 provides actionable cost-saving solutions in real time, along with dashboard technology at your fingertips. With WellNet 4.0, you are now able to uncover and predict risks and lower future health costs, on your computer, tablet and smart phone.

WellNet 4.0 provides customized healthcare analysis and actionable solutions-direct to CFOs, human resource managers, healthcare advisors and decision makers.

Our Clients See Right Through Us

Transparency builds trust

WellNet Healthcare is open about the way we reduce corporate costs, not the benefits, with your population's healthcare insurance. We provide transparent clinical assessments for you to detect risks, measure, manage and control expenses.

While others in the healthcare insurance industry may disdain the notion of total disclosure, we welcome it. We believe what you see should be what you get.

WellNet's completely integrated healthcare management technology mitigates risks and lowers employee healthcare costs in real time, using data analytics and predictive risk modeling, untarnished by any interests but your own.

That shouldn't make us different.
But it does.



Employer Insight

WellNet's population health management tools translate into crystal clear strategies:

- lowering healthcare costs
- boosting employee productivity
- reducing absenteeism



“ WellNet has been a valued partner for several years now.

Their ability to structure, manage, collect and interpret data has led to several million dollars in savings for our customers. ”

**Bill Kaiser, RHU
Area President
Arthur J. Gallagher & Co.**

“ WellNet has provided me a strategic advantage, which has resulted in my continued retention of key business for my practice. ”

**Brendan Ryan
Senior Vice President
Health Insurance Specialist**

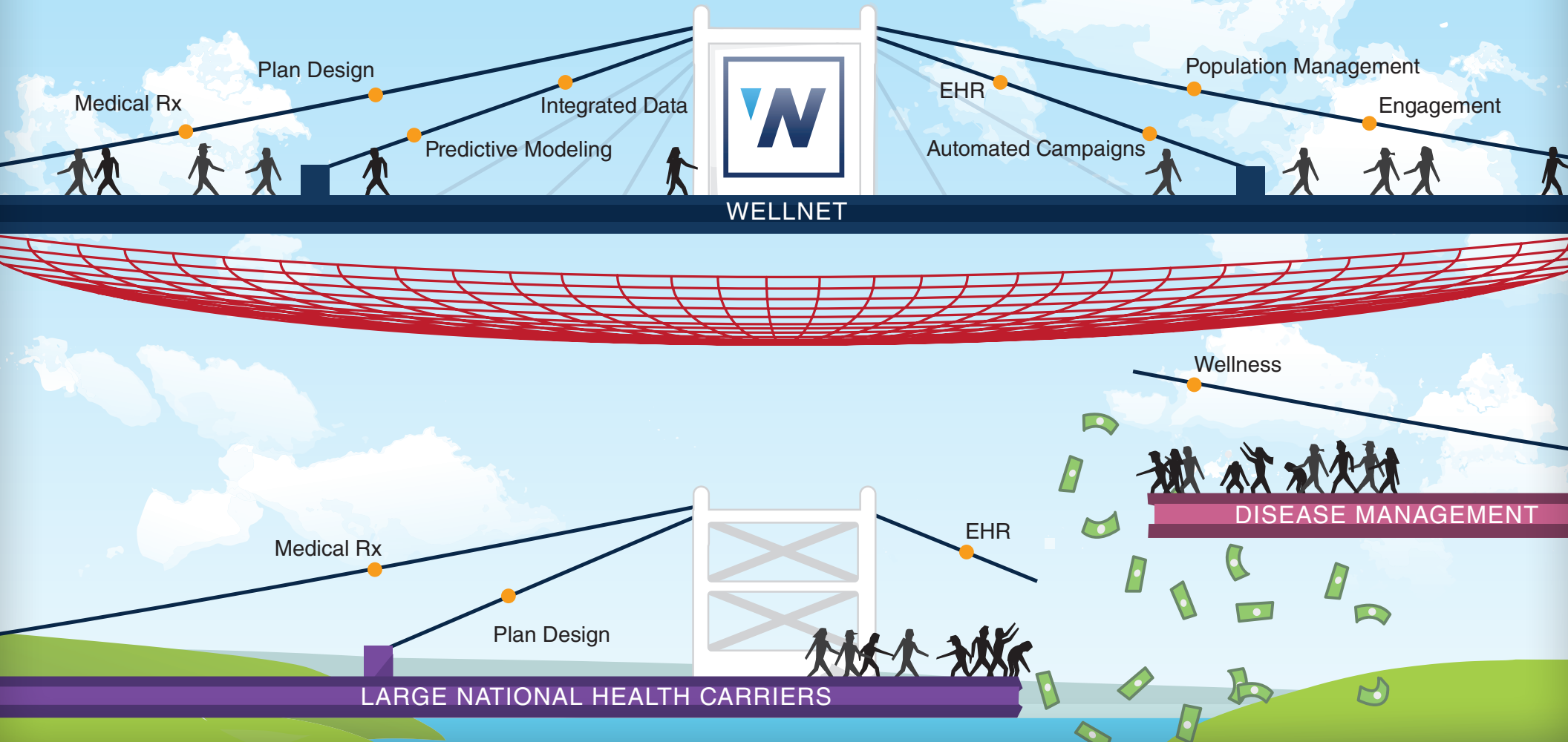
Employer-Sponsored Benefit Plans

WellNet provides employers the predictive data needed to measure and manage health plans

- Why don't large insurance companies provide employers with analyzed data which can lower employee healthcare premiums?
- Are you able to easily understand the health plan, and why it costs more every year?
- If companies do not have analyzed data to mitigate health risks, premiums increase every year!
- Are expenses being reduced by methods other than cost shifting?
- If you receive data, what do you do with it?
- If you don't receive clear data, how do you make informed decisions?

Now you can identify costs and control expenses. Save your company money while improving member health!

BRIDGING THE HEALTHCARE GAP



Our competitors

National health insurance carriers are motivated by premium protection with integrated limited disease management programs.

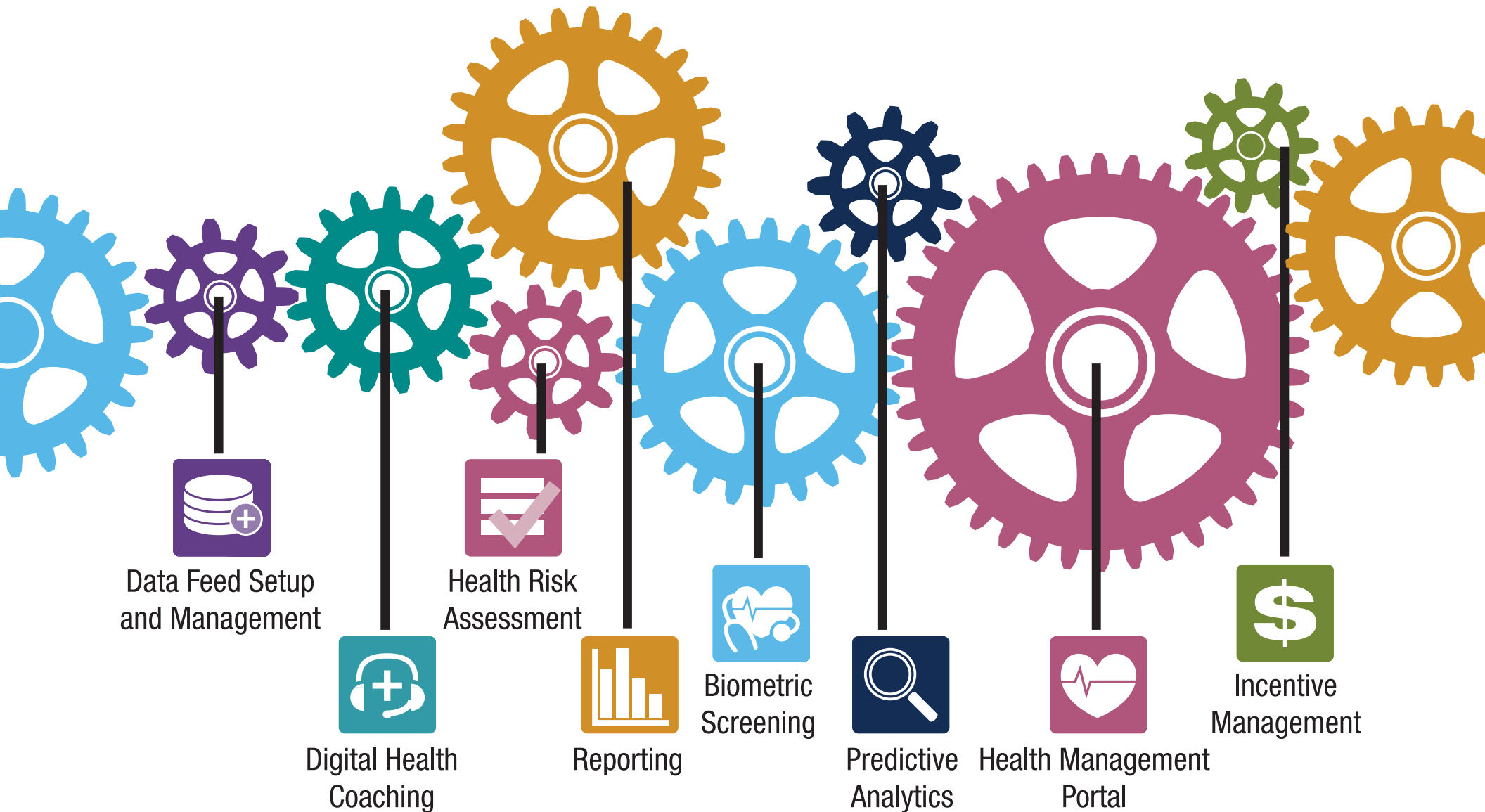
External disease management and wellness programs are hampered by restricted access to data and disjointed connectivity.

How does WellNet fit in?

As a full-service alternative to the health insurance carriers and the stand-alone vendor market, **WellNet bridges the gap by leveraging science, data and powerful analytics to implement end-to-end solutions that cost less.**

Total Population Health Management

WellNet Combines Wellness, Coaching and Disease Management Into a Single Program



Own Your Data

Groups need to be in charge of their plans and their information

The health of your organization begins with your people

Raising co-pays and shifting expenses are nothing more than band-aids®

Control costs without limiting benefits

Treat your employees like individuals. That's a benefit!

Small and medium-sized organizations need credible and analyzed data to implement strategies that control and lower medical benefit costs

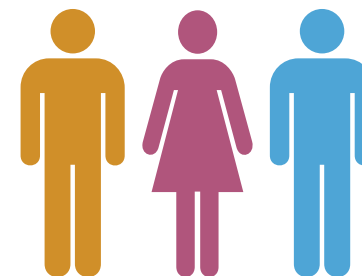
WellNet provides you with 20/20 foresight to anticipate employee healthcare expenses

Leverage Data to Drive Actions



Risk Profiling

identifies high cost drivers and monitors changes in risk.



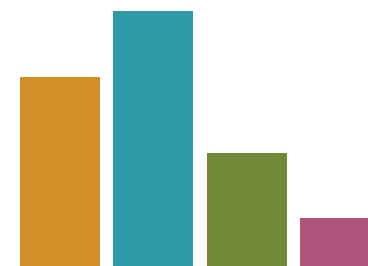
Predictive Modeling

targets specific conditions to drive campaigns and incentives



Plan Performance

delivers return on investment



Health Plan Metrics

shows costs, utilizations and trends

Well-Rounded Programming



**Welcome
Program
Materials**



**Digital
Coaching
Modules and
Challenges**



**Onsite
Educational
Programming**



**Wellness
Screenings**



**Comprehensive
Wellness
Reports**



**Telephonic
Health
Coaching**

Three Steps = Lasting Results



1. Integrate

**Biometric
Screening +
Rx Claims +
Medical Claims**



2. Automate

**Identify
Medium/High Risk
and Emerging
Low Risk Members**



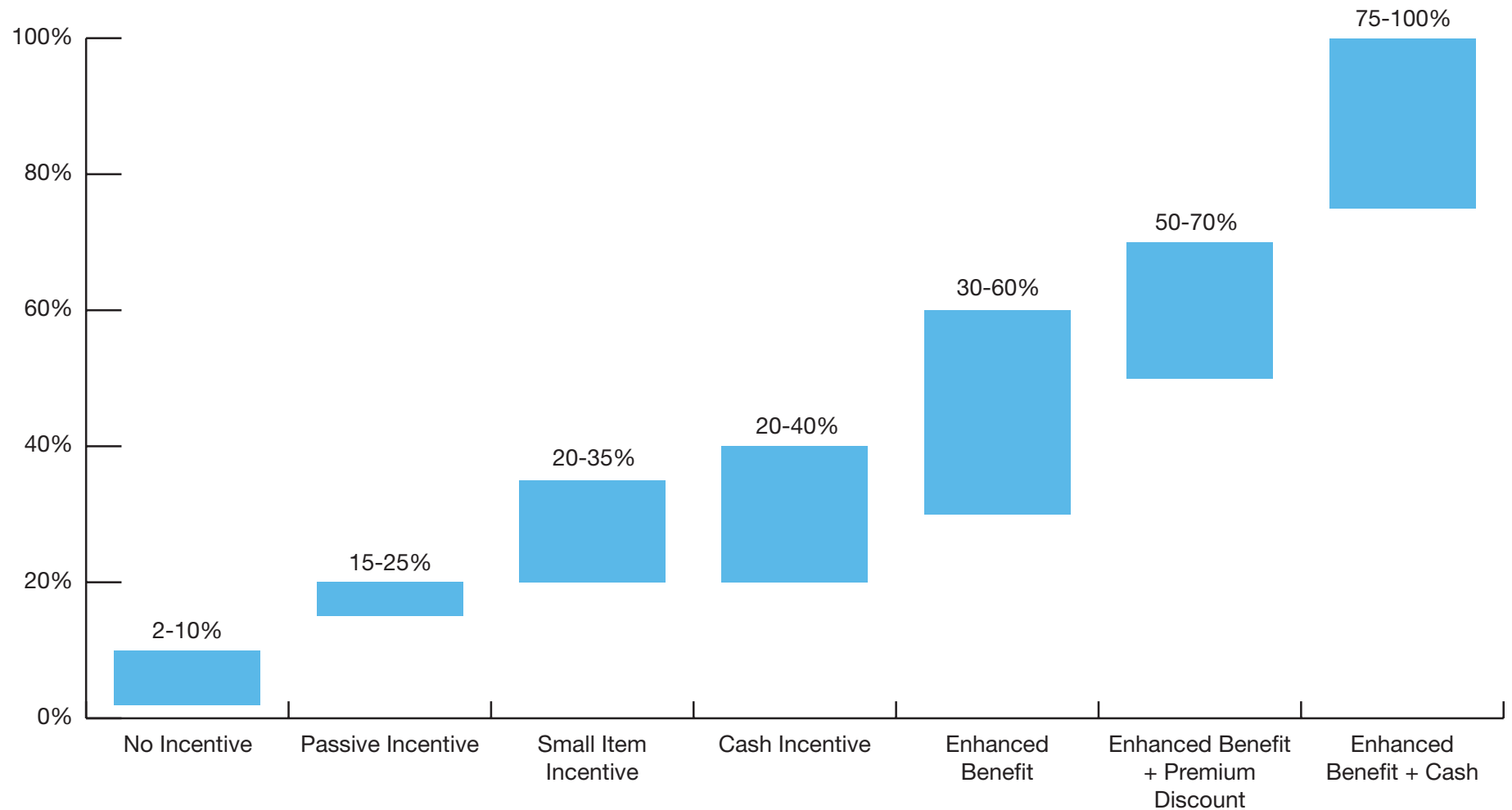
3. Connect

**Member
Engagement**

**Incentives + Scientific Methodology (Prochaska) + Well Rounded Programming
= Lasting Change**

Incentives Significantly Increase Participation

Initial Participation Rates with Incentives



Source: "Zero Trends, Health as a Serious Economic Strategy" by Dee Edington

Leverage Predictive Modeling

Projected cost analysis, using interpreted claims data

Condition Categories	Total # Conditions	High Risk Conditions	High Risk Cost Probability	Medium Risk Conditions	Medium Risk Cost Probability	Low Risk Conditions	Low Risk Cost Probability	Average Cost Per Encounter
Allergy/Immunology	122	4	\$49,516	54	\$668,466	64	\$792,256	\$12,379
Cardiovascular	155	24	24 cardiac related conditions are high risk or have potential to result in a major complication.		1,540,172	39	652,899	16,741
Ear, Nose,Throat (ENT)	155 cardiac related conditions were identified through the Rx.	0			36,156	11	99,429	9,039
Endocrine		15			482,976	13	130,806	10,062
Eye		2			117,964	31	332,444	10,724
Female Reproductive		4		31	381,300	43	528,900	12,300
Gastrointestinal/Hepatic	63	6	76,464	41	522,504	16	203,904	12,744
Genitourinary	23	2	24,600	17	79 infection related conditions are medium risk or have the potential to result in a serious complication down the road.			12,300
Hematologic (Blood Disorders)	0	0	0	0				10,724
Infectious Disease	256	6	96,348	79				16,058
Malignancies/Cancer	2	1	19,275	1	19,275	0	0	19,275
Musculoskeletal	3	1	22,243	2	44,486	0	0	22,243
Neurological	27	5	69,710	16	\$7,140,706 Potential inpatient hospital costs, related to all medium-risk conditions.		83,652	13,942
Psychosocial	\$1,281,702 potential inpatient hospital costs, related to all high-risk conditions.			92			289,625	8,275
Respiratory System				43			990,320	12,379
Skin (Integumentary)				32			707,744	10,408
Totals	1,245	101	\$1,281,702	563	\$7,140,706	581	\$7,607,097	

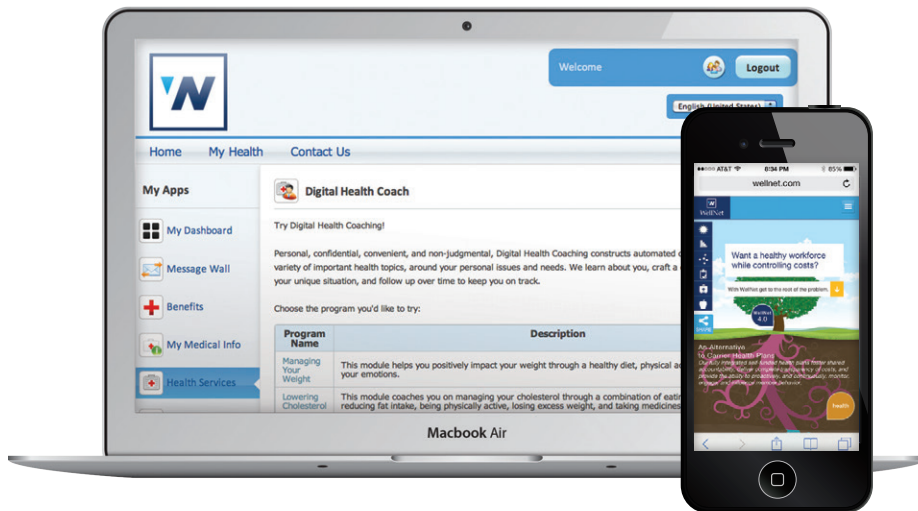
Avoid risks before they surface

High-tech, High-touch Member Engagement

WellNet's employee dashboard portal offers Web and mobile-based apps. Your members can securely and privately access their healthcare information anywhere, anytime.

Member portals show messaging about:

- prescription drug therapy compliance
- a reminder to exercise
- generic drug use
- healthy cooking tips
- upcoming doctor appointments
- employee-based health and wellness incentives
- disease management programs and health fairs



Automate • Integrate • Connect

Right care. Right time. Right place.

Tailored population health management programs target relevant members to increase member engagement.

Take a look at WellNet's member engagement for a selection of our small, mid and large clients. ➡



Well Worth It

Viking Range Corporation

Member engagement makes the real difference

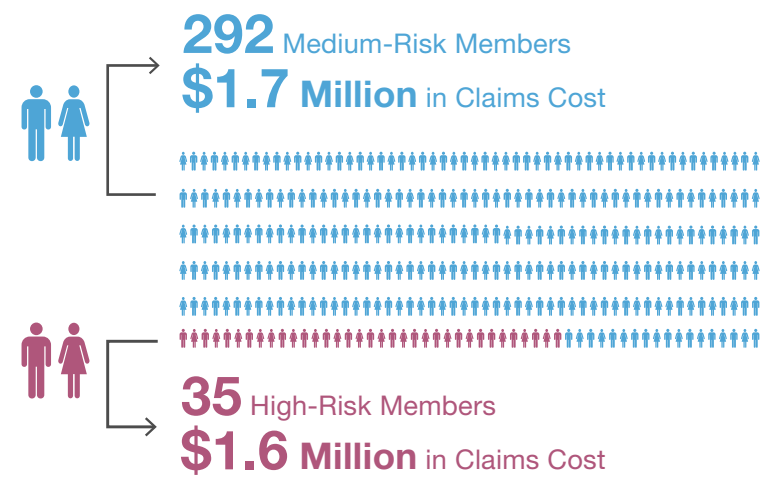
Working with WellNet, Viking Range was able to identify employees with potentially costly health risks, using HIPAA-compliant data provided through WellNet 4.0.

After gaining a better understanding of the possible health risks within their employee population, Viking Range deployed WellNet's R.N. Care Managers to outreach to their at-risk members.

Care Managers encouraged these members to ask questions regarding their specific health concerns, map out personal health goals and make overall healthier lifestyle choices to help them work to eliminate future potential health conditions.



High & Medium-Risk Members Claims Costs



“

We knew that WellNet's approach would significantly reduce the total medical claims in the next one to five years. We are now able to better understand the factors driving our health plan costs. ”

Beth Tackett

Director of Human Resources
Viking Range Corporation



Well Heard

Cumulus Media

Access to data drives better understanding and greater savings

National radio station operator Cumulus Media, based in Atlanta, Georgia, began working with WellNet in January 2009 in an effort to take control of their skyrocketing health plan costs.

During their first year with WellNet, Cumulus was able to identify more than 500 members in its workforce who fell in the high-to-medium risk categories for a future potential health event, possibly costing \$21 million in undetected health claims.

Cumulus decided one of the best ways to act on their newly available data was to bring in Care Managers to help their members become smarter and healthier consumers of their own healthcare. Within that first year, member participation reached 79 percent, which helped to drop the overall medical/Rx cost per member from \$4,395 to \$4,076, a savings of \$319 per member. In the first year, Cumulus saw their total medical/Rx claims drop by \$463,000.

“

WellNet has been instrumental in helping us execute our strategy of using technology to drive efficiency and drive down our overall healthcare costs while providing a superior user-experience for our employees.”

Lew Dickey
Chairman and Chief
Executive Officer
Cumulus Media





Well Routed

Venezia Trucking

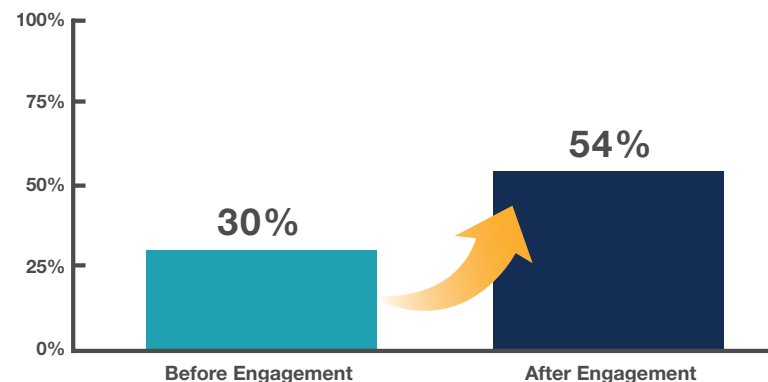
The savings are in knowing where the spending is

Working with WellNet, Venezia was able to focus on their prescription drug expenses which they had seen steadily rising over the past few years. Using Rx data analysis and predictive modeling support provided by WellNet 4.0, Venezia was able to save \$125,000 on their prescription drug spending on their prescription drug spending within the first three years.

Venezia's management team cited prompt customer service and data-driven intelligence as the main differentiators from previously unsuccessful methods to control health plan costs.



Improvement in Compliance



“

WellNet tells us how our expenses affect our business. The bottom line is that with WellNet, we're not writing checks in the dark anymore.”

Carmella Venezia
Vice President of Human Resources
Venezia Trucking

With WellNet, these clients identified current and future healthcare problems. WellNet's actionable solutions resulted in cost reductions and immediate savings.



WellNet Nurses Execute Preventative Measures and Effectively Manage Existing Conditions

WellNet's mission is to continuously monitor, engage and influence member behavior

Keeping members healthy is good business

WellNet's fulltime, board certified, Registered Nurses are based only in the United States. Each WellNet nurse has an average of 10 years clinical nursing experience.

WellNet does not outsource your health.

The result...

- Employers and families save money
- Member health improves
- Less medical claims are filed
- Less absenteeism and more productive workers



What if We Already Work with a Broker, or Health Insurance Consultant?

WellNet does not duplicate what you receive from your broker or consultant. Using safe cloud storage technology with complete transparency, WellNet uncovers healthcare risks, provides actionable solutions and immediate money saving results to lower health costs.

WellNet uses medical intelligence and works with your broker or consultant!





What Does WellNet Offer: WellNet's level funded health plan has emerged as an alternative for small and mid-size businesses challenged with rising health insurance premiums. As a leading private sector solution to the ACA, WellNet's plans have been generating savings of 10% to 40%.

What is Level Funding: Level funded benefit programs appear like hybrids between traditional health insurance plans and concepts typically reserved for large corporations, known as "self-insurance." Businesses with 25 or more employees are able to pay for only the claims they use.

Why is That Important: WellNet combines medical and pharmacy access, plan administration, excess risk corridors, wellness and incentive management in the form of a flat, monthly, budgetable number that is similar to a traditional, fully insured premium. At the end of the plan year, if claims are less than the funded amount, a refund is issued. If claims go over the funded amount, businesses are protected by the integrated stop-loss policy.

Call or e-mail WellNet for a quote today

800.808.4014

quotes@wellnet.com

www.wellnet.com