



**Level & Self-Funded  
Health Plans**



**Population Health  
Management**



**Rx Management**



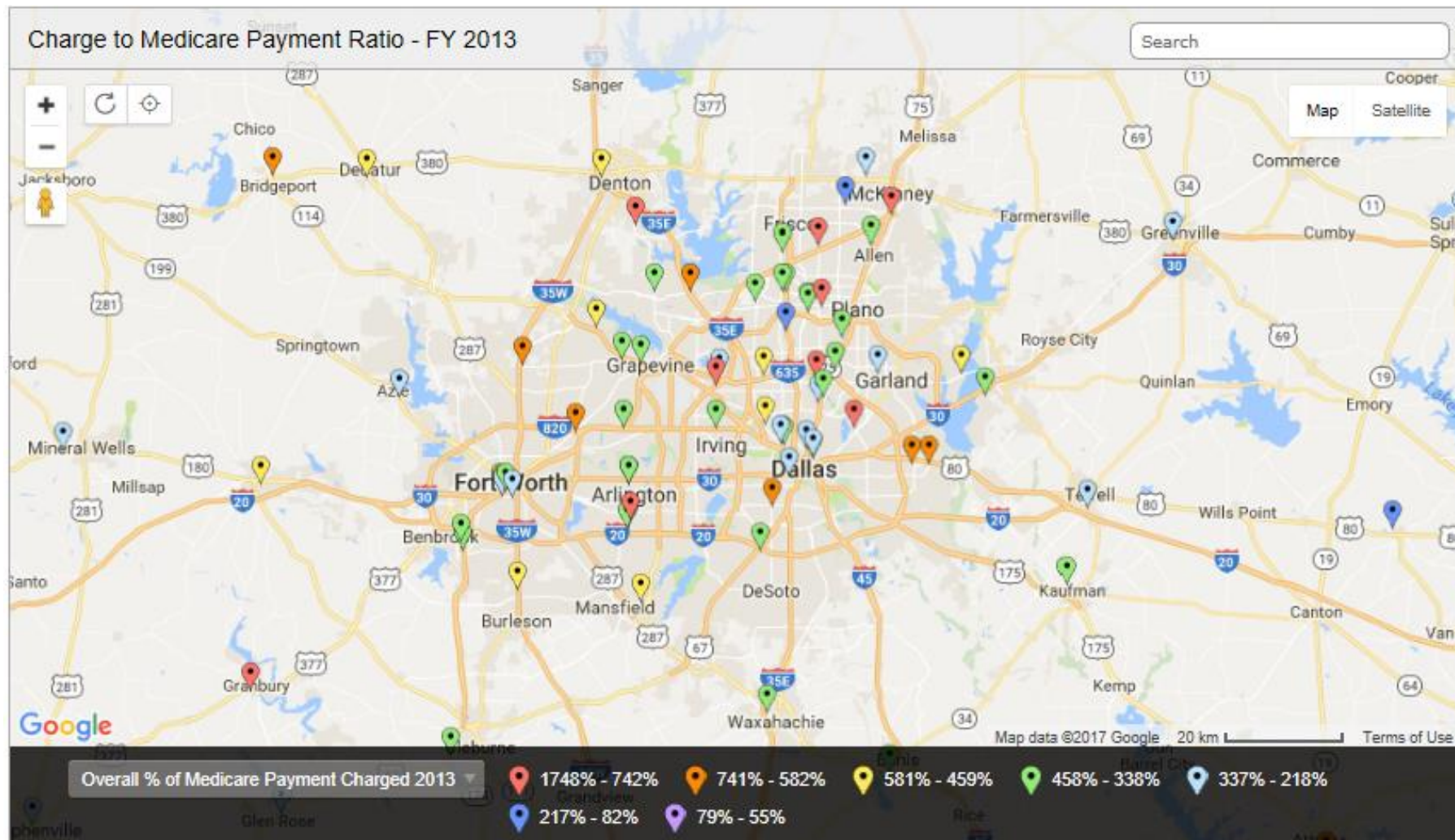
**WellNet**  
HEALTHCARE

**Innovations in  
Medical & Rx Cost Management**

# Price Map: Hospital Charge to Medicare Payment Ratio



**700% to 1700%  
over Medicare?**



- Framing the Conversation with Employers
- Identify Issues with Traditional Healthcare Economic Thinking
- Increase Knowledge Regarding Reference Based Pricing / Hybrid
- Identify Levers of Change
- Provide Examples of How Other Companies Use These Levers
- Resources that Drive Prospecting and Generate New Leads



## Level & Self Funded Plans with Concierge Services

- *Reference Based Pricing Plans*
- *PPO Plans*
- *Hybrid*



## Medical Bill Review



## Medical Management



## Rx Management



## Wellness / Predictive Modeling / Behavioral Change

# Integrated & Turnkey Self Funded Health Plans



## Stop Loss Insurance



**Gerber Life**  
Insurance Company



**Berkshire Hathaway**  
Specialty Insurance™

## Medical Claims Administration:



OR

**Reference Based Pricing w/ wrap PPO**



## Population Health Management



Predictive  
Analytics



Digital and Live  
Health Coaching



Biometric  
Screening



Incentive  
Management



Telemedicine

## Pharmacy Solutions



script**sourcing**

- 100% Return of Claim Surplus – unconditional
- Multiple National Carrier Networks
- Multiple Stop Loss Options
- Customizable Plan Designs
- Funding Options
- Dedicated Implementation Specialist & Account Manager
- Integrated Population Health Management

- **Integrated COBRA Administration**
- **No Additional Fees for SPD's, ID Cards, Etc.**
- **Online Reporting and Predictive Modeling**
- **Quarterly Review Meetings if Desired**
- **Integrated Health Coaching**
- **Wellness Platform Included**
- **No Surprises (Deficit Carry Forward / Term Fees)**

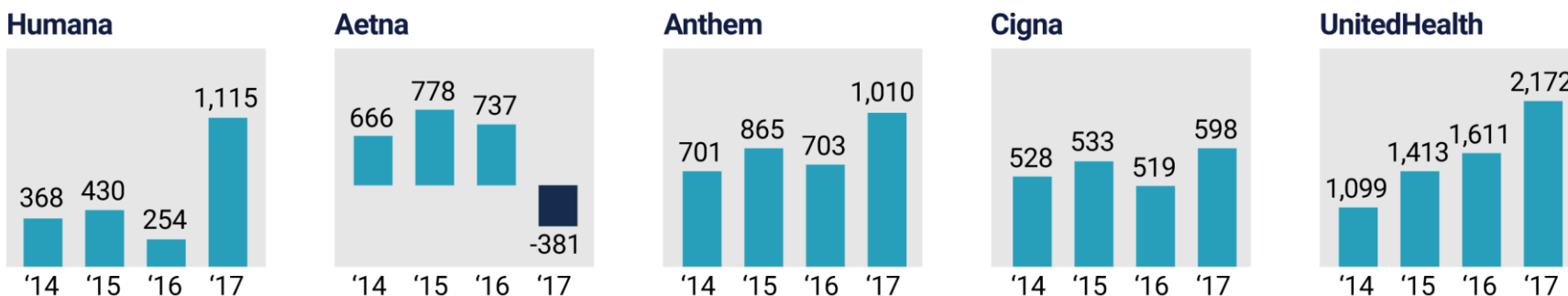
## Growing Profits From America's Largest Health Insurers

### Still counting on the carriers to save you money?

Aetna, Anthem, Cigna, Humana, and UnitedHealth Group – the five for-profit insurers – cumulatively collected \$4.5 billion in net earnings in the first three months of 2017. Despite all the noise that they were losing money in ACA marketplaces, there was by far the biggest first-quarter haul for the group since the exchanges went live in 2014.

### Q1 Profits at Health Insurance Companies

2014-2017 in millions of dollars



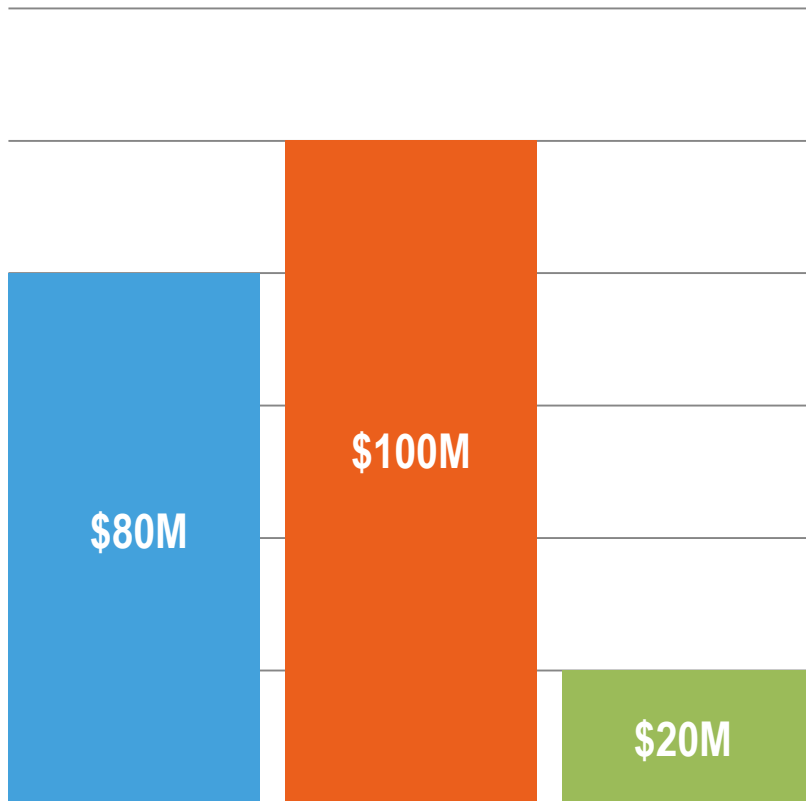
Source: Company Financial Filings: Charts & Axios

# ACA 80/20 Rule



Why healthcare carriers don't want to reduce your medical expenses

Health Insurance Company  
With High Claims



When an insurance company receives \$80M in medical claims...

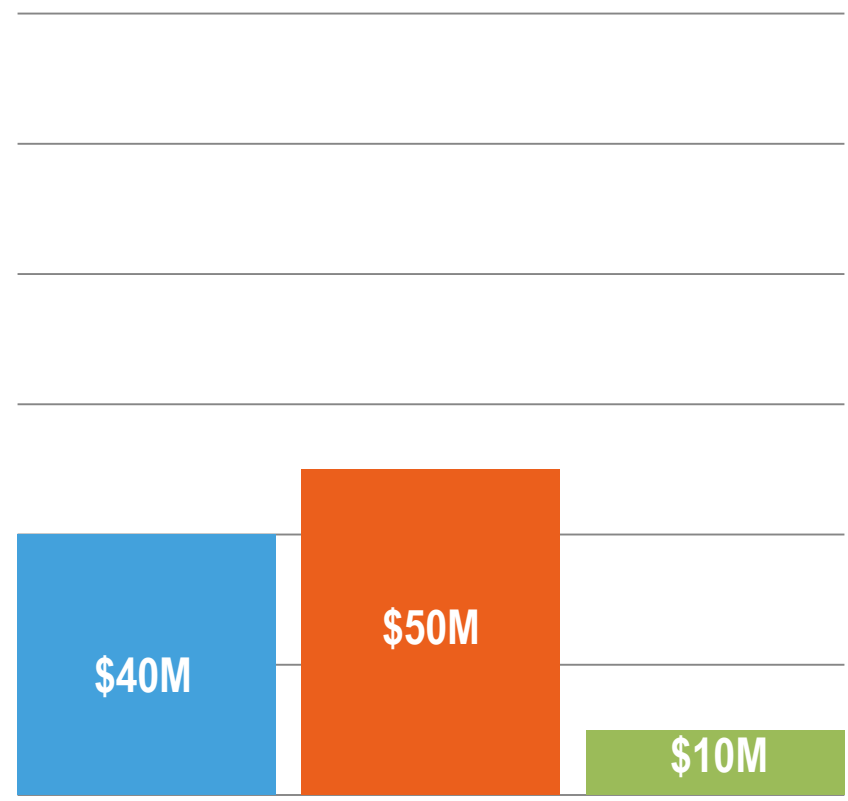


They are allowed to charge their customers \$100M in premiums...



And they are allowed to keep \$20M for overhead, administration, and profit.

The SAME Health Insurance Company  
After Reducing Total Claims by 50%



When that insurance company only receives \$40M in medical claims...



They are only allowed to charge their customers \$50M in premiums...



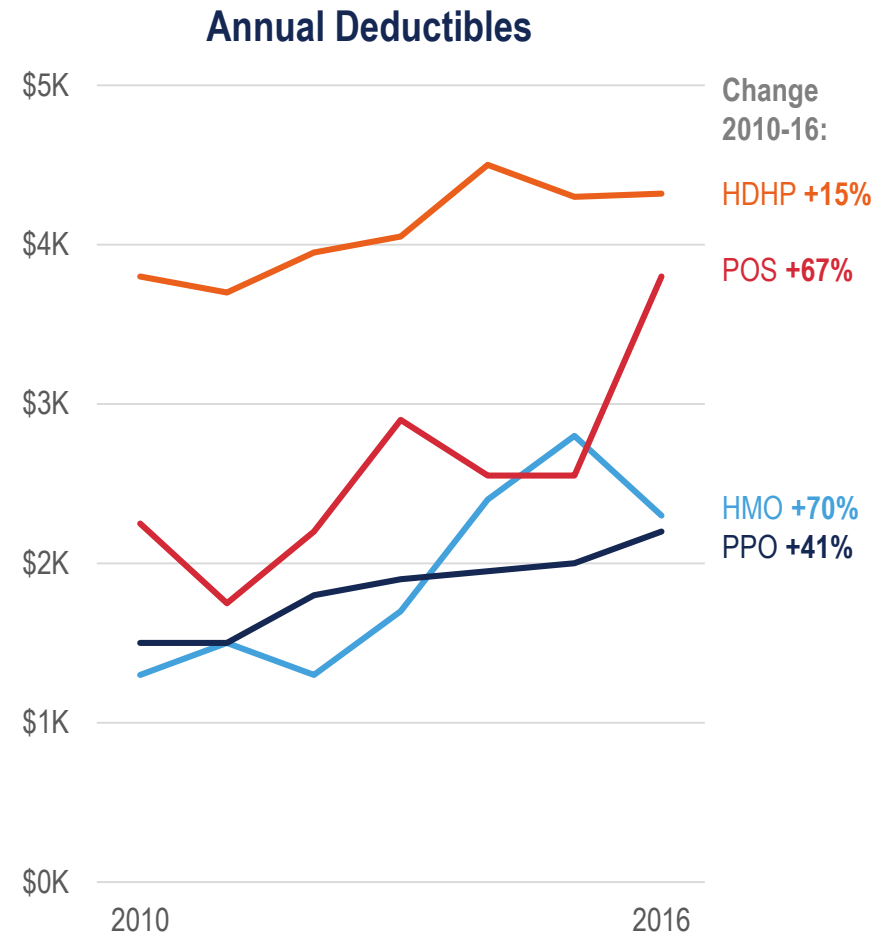
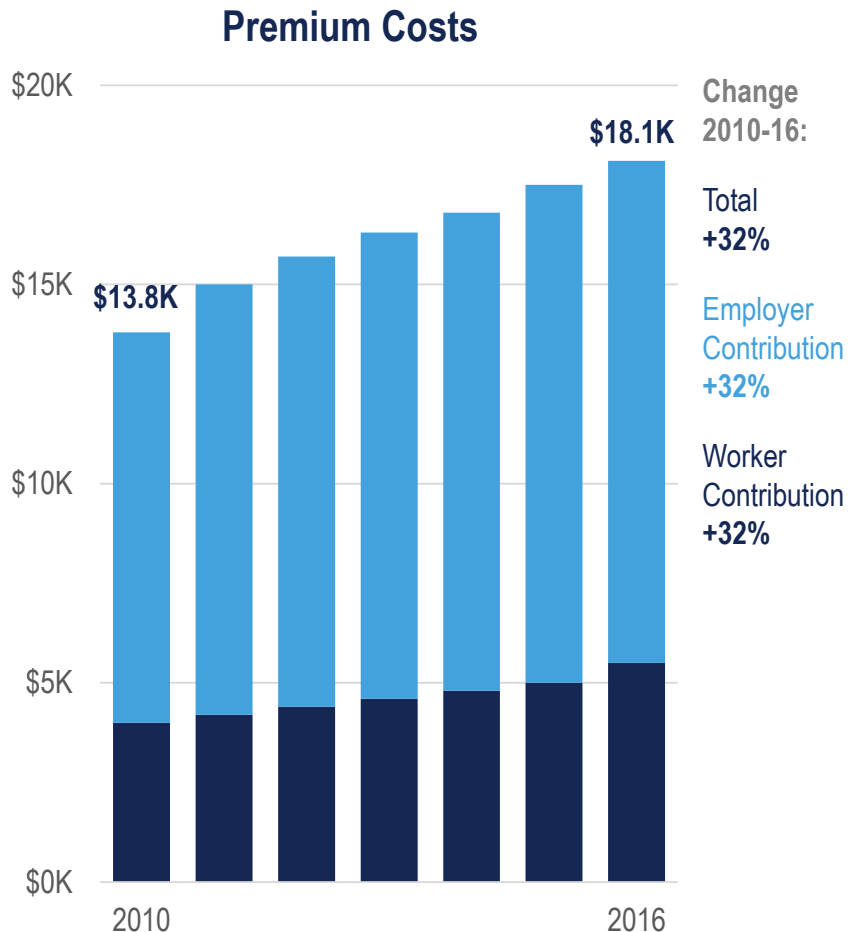
And they are only allowed to keep \$10M for overhead, administration, and profit

# The Different Ways Healthcare Costs Are Going Up



## Employer-Based Health Coverage

Average costs and deductibles for family coverage



- Health **insurance** costs are directly related to the **actual cost of care**
- Providers want to know how much we can pay prior to giving a price
- PPO's pay providers more than Medicare AND cash paying customers
- Cash price / Medicare claim inflation typically 1-3%

In an opaque black box, combine one large publicly traded company with equal parts:

- Artificially high billed charges...unknown, in advance
  - PPO discounts applied to that artificially high billed charge
  - An inability to receive itemized hospital bills
  - An inability to audit claims
  - Let simmer for 1 year
- 
- Why pay a network access fee AND pay higher claim costs?

- The idea of basing provider payments on a point of *reference*.
- Medicare payment rates are most commonly used as this reference point.
- Paying providers in this manner is considered **rational** since the payments are based on a real number.
  - **This results in predictable claim costs**

- Most PPO payments to providers are based on pre-negotiated rates, often calculated by taking the *billed charge* from the provider then applying a PPO *discount*.
- This is considered an **irrational** pricing system as virtually every provider has a different “billed charge” for same procedure.

**-This results in wildly unpredictable claim costs.**

# Why Consider Reference Based Pricing?



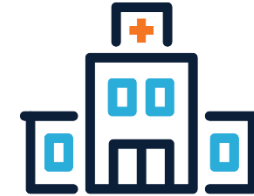
## Client

- Reduce Claim Spend by 15-50%
- More Predictable Outcomes for Members



## Member

- Lower Out-of-Pocket Costs
- Better Experience
- Increased Satisfaction with Health Plan



## Provider

- Fair & Quick Payment
- Improved Patient Interaction

# Example of PPO vs. Medicare Pricing



## Example:

Hospital  
Charge  
Master

PPO Claim		Medicare Plus Repricing	
Billed	\$100,000		
PPO Discount	(\$45,000)	Medicare fees	\$20,000
		Plus 50%	\$10,000
		Repricing fee	\$9,000
Reduced cost	\$55,000	Reduced cost	\$39,000
Member pays	(\$2000)	Member pays	\$0
Plan pays	\$53,000	Plan pays	\$39,000

- **Facility and Surgical Reimbursements based on:**

- Medicare plus 50% NOT PPO Billed Charge amount minus a discount.
- Plan Designs are both member and provider friendly
- Average savings of 15-20% on specific stop loss premiums and aggregate factors

### What if the provider doesn't accept the Reference Based Reimbursement?

- Negotiate with the provider in advance and come to an agreement / “direct contract”
- Decide to pay that specific provider based on irrational PPO pricing
- Ask member to pay the difference
- Decide not to work with that facility if facility won't come to agreement
- Pay the provider based on RBP and defend the members against balance billing

### What if members receive a balance bill?

- Members educated to hand-off all balance bills to their claim advocate
- Members are indemnified against balance billing, but must notify us within 15 days
- Paying providers a fair rate, higher than Medicare, significantly reduces balance billing
- Incentivizing and guiding members to providers that have already agreed to RBP significantly reduces balance billing

# WellNet's Duplicate Plan(s) to Current



- Cigna Network
- Duplication of the group's current plan designs
- Telemedicine with no copay for members: PCP, Specialists, Rx
- Steerage to Lower Cost Cigna Providers Using Incentives
- Medical Bill Review for all claims over certain \$ threshold
- Out of Network payments based on Reference Based Pricing
- Population Health Management (Health Coaching / Wellness Programs)
- All Accessed through Mobile App with Live Support
- Need at least 25 combined enrollment in all buy-up plans

# WellNet's RBP Value Plan Design (25+ Enrolled)



- National PPO Network for PCP, Specialists, Labs
- Telemedicine with no copay for members: PCP, Specialists, Rx
- Reference Based Pricing (RBP) *for Services that Require Precertification*
  - RBP can be offered as dual option alongside a traditional PPO or as full replacement
- Member Advocacy Program – RN's coordinate / schedule care for members at high value facilities:
  - If members follow steerage, employers can choose to incentivize members since no possibility of balance billing
  - If members go wherever they want, there is a possibility of balance billing
- Balance Bill Protection – members are protected contractually from balance bills
- Population Health Management (Health Coaching / Wellness Programs)
- All Accessed through Mobile App with Live Support

# How WellNet Saves You Money



## RBP for Services that Require Precertification

### Medicare vs. Discount Off Billed Charges



- Medicare Claim = \$10k
- PPO billed claim = \$80k (800% of Medicare)
- If 50% PPO discount, Claim Cost = \$40K

### WellNet suggested Payment level



- 150% of Medicare
- Most providers accept
- Claim cost = \$15K

### Member Advocacy for Surgical/Hospital Care



- Member calls Registered Nurse (RN) Advocate
- RN provides member w/ quality report for high-value options
- Member chooses:
  - ✓ High-value = no cost sharing or balance bill
  - ✓ Low-Value = deductible / coinsurance and possibility of bill balance

### Suggested Plan Design



- Lower employee contribution to drive participation
- Waive Deductible and Coinsurance when member chooses high-value provider

### Member-centric, Not Provider-centric



- Ability to identify high-quality, high-value providers
- Lower out of pocket expenses

# Integrated & Turn-Key Solutions



## AMPS

- Direct provider contracting
- Facility / Surgeon price negotiation
- Claim repricing based on Medicare
- Medical Bill review
- Facility claim auditing
- Member balance bill protection



## MAP

- Medical Advocate Program
- Members always speak with a Registered Nurse
- Facility / Surgeon quality research for members
- Member steerage to high value providers
- Comprehensive member support for Medical / Rx related questions



## Telemedicine

- Video / Telephonic
- Access to PCP's & Specialists
- Ability to prescribe medications
- Primary Care & Specialist FREE to Member
- Available 24/7/365



## Rx Management

- Identify risk
- Predict future cost
- Actionable Recommendations



## ScriptSourcing/ US Rx Care

- International Mail Order for Brand & Specialty Medications
- Sourced from Tier 1 International Pharmacy's
- \$0 Copay for members
- 50+% savings for certain drugs
- Improved Specialty Medication Prior Authorization Process



## Population Health

- Health Risk Assessment
- Incentive Management
- RN advisory line
- Predictive Modeling
- Clinical Coaching
- Client Portal & Active Reporting
- Online Member Portal & Mobile Application
- Bi-Lingual



## System of Record

- Organize
- Access
- Manage all plan information in one place

### What if the provider doesn't accept the Reference Based Reimbursement?

- Virtually All Providers will Accept Due to Fair Reimbursement and No Employee Cost Sharing

### What if members receive a balance bill?

- Incentivizing members to choose high value providers significantly reduces volume of balance bills
- Paying providers a fair rate, higher than Medicare, significantly reduces chance of balance billing
- Members educated to hand-off all balance bills to their claim advocate
  - Members indemnified of responsibility if they notify the plan within 60 days of receiving bill

# WellNet's Population Health & Incentive Management



Manage Risk



Reduce Costs

Integrated Technology, Algorithms and Service Delivery

## Analytics



- Risk Stratification
- Predictive Modeling
- Comprehensive Reporting

## Wellness



- Lifestyle
- Behavior
- Education

## Health Coaching



- Clinical/DM
- Readiness to Change
- Digital/On-site /Telephonic



Incentives



Behavioral Change

Lasting Change

## Integrate



- Biometric Screening
- Rx / Medical Claims
- EMR

## Automate



- Identify and Engage At-Risk Members
- Deploy Wellness for All Members

## Connect

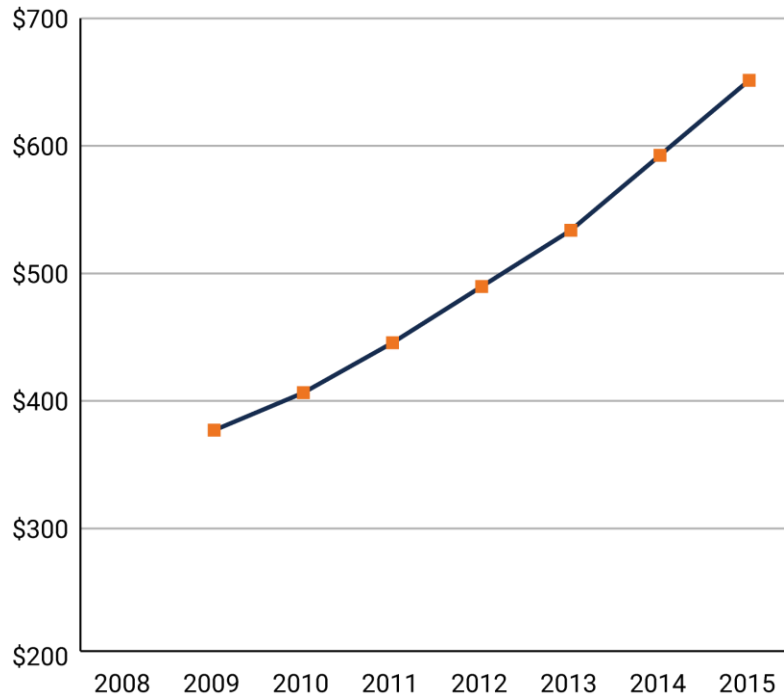


- Member Engagement
- Provider Performance

# Which Consultant Wins / Keeps the Case?



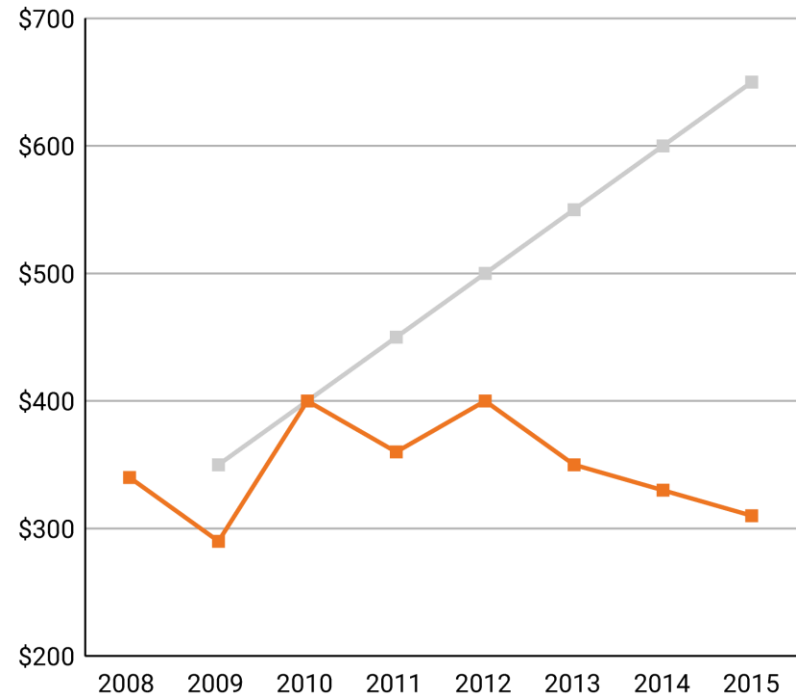
## Consultant A's PPO PEPM Trend



### Consultant A

**“GOOD NEWS.** It looks like your health plan is only increasing by about 6% this year. We can minimize this increase as we have in the past by increasing co-pays, deductibles and co-insurance amounts that your employees have to pay along with a reduction in benefits.”

## Consultant B's RBP PEPM Trend



### Consultant B

**“GREAT NEWS!** Your new health plan reimburses providers fair market value for services rendered. With these savings you will be able to offer the same or greater level of medical benefits in the upcoming years and will also have a significant impact on your net medical spend. Those dollars saved will fall right to your bottom line.”

# The Keys to a Successful Program



Member education, early and often!



Incentives encourage members to make better decisions



Early notification of impending services by the member or designated utilization management company



Identify quality provider(s)



Negotiate “cash” rates using referenced based pricing



Plan language that supports the process

# 5 Reasons Why Your Clients are Going to Start Asking about RBP



1. Progressive agents have already embraced RBP and are spreading the word
2. RBP makes outcomes more predictable
3. RBP will reduce, eliminate, and / or even reverse cost trends
4. RBP makes buying healthcare services like buying any other good or service; know the price in advance, shop for the best value, feel good about your decision
5. Your clients are smart and they like ideas that are rational, make sense, lower cost, and improve employee morale

# Tools to Retain & Grow Your Book of Business



## HOW TO SHARE WELLNET'S CONTENT ON FACEBOOK

We've created a simple "how to" guide outlining how to easily share our educational content on your Facebook page to help you engage your clients and start conversations.

**STEP 1**  
VISIT AND "LIKE" WELLNET'S FACEBOOK PAGE.  
<https://www.facebook.com/wellnethealthcare>

**STEP 2**  
CLICK ON THE POSTS TAB TO VIEW ALL OF WELLNET'S CONTENT.

**STEP 3**  
VIEW ALL THE POSTS AND SELECT THE ONE YOU WOULD LIKE TO SHARE (OR SHARE ALL!)

**STEP 4**  
CLICK THE SHARE BUTTON BELOW POST; SAY SOMETHING ABOUT IT TO YOUR FOLLOWERS.

## \$208K SAVED

With 77 employees and on the heels of Village Copier receiving a 32% premium increase, the ink ran dry for Cigna and Village made the switch to WellNet.

Annual Premium	2015	2015
Cigna Level Funded Cost	\$805K	
WellNet Cost	\$597K	

**35% Cost Reduction**

## Viking Range Corporation

Well Worth It

Viking Range Corporation implemented a strategy that allowed them to analyze its healthcare data and trim over \$1.1 million over a two-year period without sacrificing its benefits.

**\$1.1M SAVED**

Turns Over Two Years

Cost savings, Viking Range is now able to program for their employees and are using industry employers who are going with appliance experience.

Level-Funded Health Plans

Population Health Management

Rx Management



## Level-Funding Misconceptions

April 2017

Outlined below are common misconceptions regarding level funding versus captive arrangements and traditional health insurer offerings:

**1. Fixed costs may be too high**

Generally speaking, the fewer enrolled employees a group has, the higher their fixed costs are, whether the group is self-funded, traditionally self-funded, or captively insured. Furthermore, traditional insurance carriers tend to have higher fixed costs. Third-party administrators tend to offer slightly less expensive options, but they are not captives. Captives are potentially beneficial to employers to more desirable.

## Quick Start Guide: Understanding Reference Based Pricing Plans

**1. Still Considering on the Carriers to Save You Money?**

**2. Why Consider an RBP Solution?**

**3. Three Components to Reference Based Pricing (RBP)**

**4. Examining the Compensation**

**5. How WellNet Saves You Money**

**6. The Keys to a Successful Program**

**7. Implementation**

**8. Contact WellNet for a Demo or Quote Today**

## Self-Funding Simplified

YOUR LOGO HERE

## Level & Self-Funded Plans

Reference Based Pricing

PPO

Hybrid

WellNet HEALTHCARE

**Novello & Associates**

**Benefit Concepts, Inc.**

**Brown & Brown Insurance**

**Wells Fargo Insurance**

**Sokolin**

**Maple Hill Benefits**

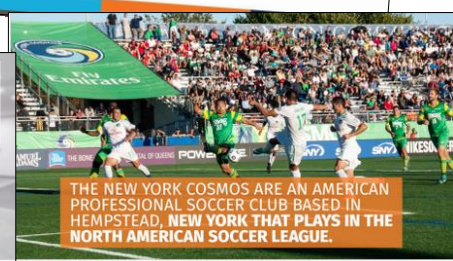
## 100% Surplus Refunded

(800) 808-4014

WellNet.com



**Differentiation: How Does WellNet Help Your Agency?**



**NY Cosmos Success Story**

THE NEW YORK COSMOS ARE AN AMERICAN PROFESSIONAL SOCCER CLUB BASED IN HEMPSTEAD, NEW YORK THAT PLAYS IN THE NORTH AMERICAN SOCCER LEAGUE.

- Choose 1 Self Funded Client or Prospect to Make Joint Presentation on RBP
- Allow WellNet the Opportunity to Provide PPO Based Proposal Using:
  - Medical Bill Review
  - Steerage to High Value PPO Providers
  - Out of Network Providers Paid Using Reference Based Pricing
- Allow WellNet the Opportunity to Provide RBP or Dual Option Proposal
  - Buy Up Plans Based on PPO Platform
  - Buy Down Plans Based on RBP Platform



## Level & Self Funded Plans w/ Concierge Services

- Reference Based Pricing Plans
- PPO Plans
- Hybrid



## Medical Bill Review



## Medical Management



## Wellness / Predictive Modeling / Behavioral Change



## PBM Management

## Contact:

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