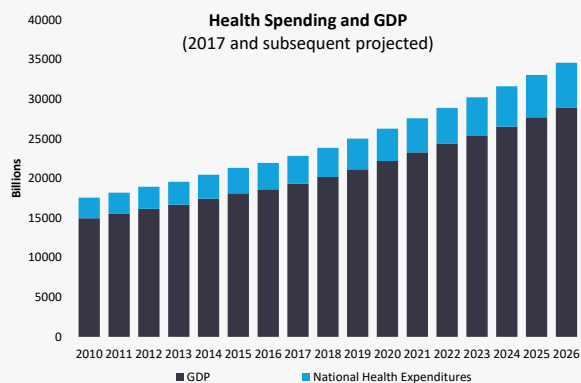




## Healthcare Costs are Insane & Rising

It's no secret healthcare costs continue to rise dramatically, but did you know that **86%** of those costs are driven by preventable conditions? That's where we believe an opportunity exists for employers to create healthier employees *and* a healthier bottom line.



### RIISING COSTS

U.S. healthcare costs continue to significantly outpace other economic indicators. In the 5-year period ending December 2016, **healthcare costs increased at an average of 7.1% annually**, compared to 2.1% and 1.3% average annual increases for GDP and inflation, respectively.

86%

### OF COSTS ARE DRIVEN BY CHRONIC CONDITIONS

Chronic conditions are not only common and costly, they're also preventable. As a result, employers have an opportunity to influence the biggest driver of healthcare costs for their population.

1. Medical Cost Trend: Behind the Numbers 2018, PwC's Health Research Institute (HRI), June 2017.
2. GDP Figures: GDP Growth Rate, World Bank, Sept 2017.
3. Historical Inflation Rates 1914-2017, US Inflation Calculator, Nov 2017.
4. Centers for Disease Control and Prevention website, Nov 2017.

## Any given population looks approximately like this ...



**50%**

**Healthy - Low Risk**

- Does not utilize healthcare system
- Focuses on preventive care, assessment & screening
- Receives annual wellness visit
- Gets regular immunizations

Risk ● ● ● ● ● ● ● ●  
Cost ● ● ● ● ● ● ● ●



**40% - 45%**

**At Risk - Moderate Risk**

- Has stable chronic condition(s)
- Is at risk for hospitalizations & procedures
- Faces potential socioeconomic barriers
- Is at risk for fragmented care

Risk ● ● ● ● ● ● ● ●  
Cost ● ● ● ● ● ● ● ●



**5% - 10%**

**Advanced Illness - High Risk**

- Is a super-utilizer of healthcare
- Has multiple chronic conditions
- Is at high risk for hospitalization & emergency department utilization
- Has high risk for mental health issues

Risk ● ● ● ● ● ● ● ●  
Cost ● ● ● ● ● ● ● ●

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## Understanding Root Cause

As of 2012, 50% of Americans have one or more chronic conditions which drive 86% of overall healthcare costs.

We believe that addressing the underlying causes of chronic conditions is the most effective way to influence changes in health and cost.

**86%**

Of total costs for all chronic illnesses nationwide

### 15 Chronic Conditions

Diabetes  
Coronary Artery Disease  
Hypertension  
Back Pain  
Obesity  
Cancer  
Asthma  
Arthritis  
Allergies  
Sinusitis  
Depression  
Congestive Heart Failure  
Chronic Obstructive Pulmonary Disease  
Chronic Kidney Disease  
High Cholesterol

Driven By

Caused By

### 8 Risks & Behaviors



Poor Diet



Physical Inactivity



Smoking



Insufficient Sleep



Lack of Health Screening



Poor Stress Management



Poor Standard of Care



Excessive Alcohol Consumption

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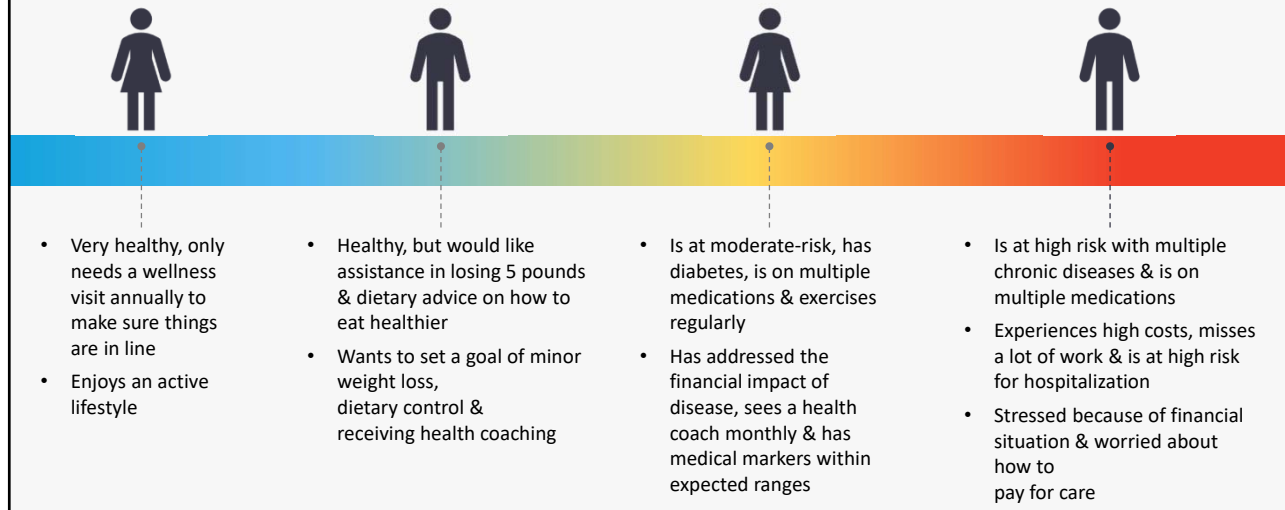
2010 World Economic Forum  
Centers for Disease Control and Prevention website, Nov 2017.

4

## Everyone is different

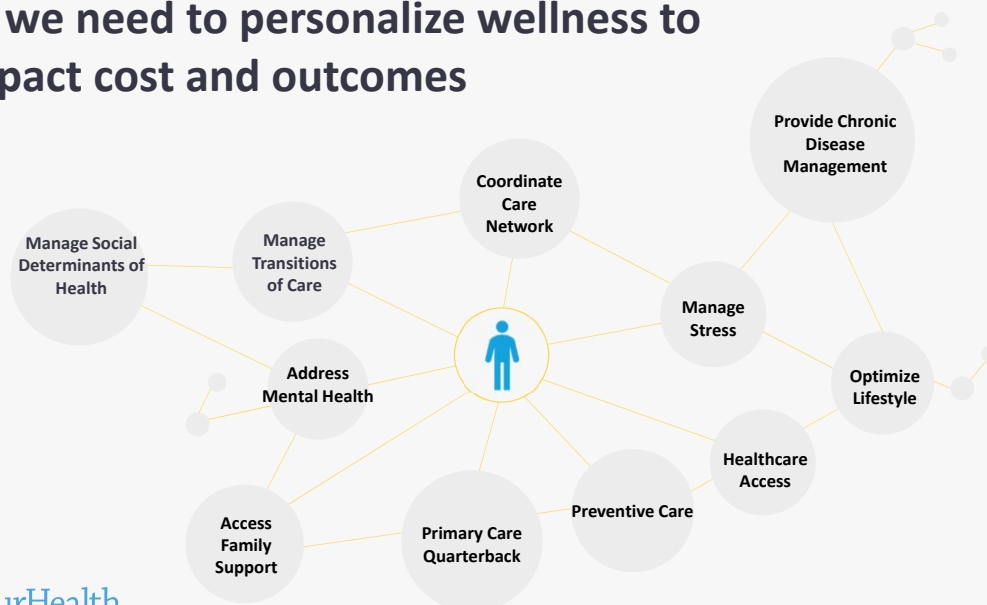
Well made simple.

Healthy Moderate Risk High Risk



## So we need to personalize wellness to impact cost and outcomes

Well made simple.



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# How to Think About Cost

When it comes to healthcare, there are the things you can control, and the things you can't.



## WHAT WE CAN'T CONTROL

- Catastrophic incidents/risk
- Healthcare policy changes
- Higher cost healthcare innovations



## WHAT WE CAN CONTROL

- Diverting high-cost visits (e.g., avoidable ER) to high-value primary & urgent care
- Directly lowering cost on pass-through expenses (e.g., labs and pharmaceuticals)
- Improving population-based wellness outcomes (e.g., diabetes)
- Facilitating low-cost, high-quality specialist referrals

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How can I help  
my organization  
understand  
**wellness**  
opportunities  
and **successes** ?

## Measuring Cost and Outcomes

Well made simple.



47.4% of 3,052 patients identified with prediabetes HbA1c (5.7 to 6.5) reduced their values to optimal levels (<5.7)



Emergency Department  
**Utilization:**

At  
**\$1,500**  
a visit  
Resulted in  
**\$650k**  
in projected savings

Used  
**Emergency Department:**  
**22%**  
less

### Prediabetes Facts:



1/3 Americans have prediabetes



90% don't know they have it

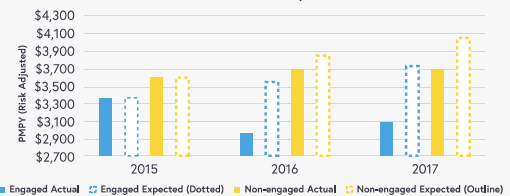
15%-30% will develop Type 2 diabetes

Costs **\$7,900** more per patient

Avg. Cost \$9,507  
Type 2 diabetes +\$7,900  
(US healthcare cost per capita)

3,052 Prediabetics Identified  
x 15% Progressing To Type 2 (Conservative Estimate)  
x \$7,900 Annual Cost  
**\$3.6M** total potential cost

Risk Adjusted Engaged & Non-Engaged PMPY Costs vs. Milliman Medical Index Expected Costs



- Centers for Disease Control and Prevention, About Diabetes & Type 2 Diabetes, May 2018  
<https://www.cdc.gov/diabetes/prevention/prediabetes-type2/index.html>
- Johns Hopkins Medicine, Diabetes Prevention Program, May 2018  
<https://www.johnshopkinsmedicine.com/solution/act2>

## Top 5 Suggestions You Can Take Away Today To Drive Wellness & Intervention Impact

Well made simple.

1

Take time to **understand** your population!

2

Start with a **simple question**

3

**Get data!** Work with your broker to get a population report (a.k.a. carrier report) to see an overview of your population

4

Foster **internal wellness champions** who will help develop interventions

5

**Educate your organization** on options provided to impact their health and wellbeing

## What Success Can Look Like

Meet **Tyran Davis**, a City of Charlotte retiree. He had a dangerously high A1c that landed him in the emergency room two to three times per month. After meeting with Dr. Teressa Watts and a Certified Diabetes Educator, Davis lowered his A1c from 12 to 7 and now lives a healthier lifestyle.



Reduced A1c 12 → 7



Medical claim spend down **64% in one year**



The staff helped me get through this. It was the push, it was the caring, it was the love they gave to me. I just can't thank them enough."

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Tyran Davis | City of Charlotte retiree

