

PRAGMATIC BREVITY

IMMEDIATE STRATEGIES TO SAVE MONEY ON GROUP HEALTH INSURANCE





CRAWL, WALK, RUN





ABOUT OUR 'PRAGMATIC BREVITY' SERIES

LIKELY, YOUR EVOLVING HABITS MEANS YOU HAVE LESS TIME FOR CONSUMING INFORMATION.

OUR CONTENT IS DESIGNED TO ADJUST TO THESE HABITS AND DEMANDS. WE AIM TO MAKE YOUR EXPERIENCE MORE SUBSTANTIVE AND MORE VALUABLE.

OUR GOAL IS TO MAKE SMART PEOPLE SMARTER AS FAST AS POSSIBLE.



ABOUT OUR 'PRAGMATIC BREVITY' SERIES

INSURANCE PREMIUMS ARE DERIVED FROM THE NUMBER OF CLAIMS AND THE COST OF EACH CLAIM.

CONTROL THESE TWO ITEMS AND YOU FINALLY CONTROL THE HEALTHCARE EXPENSE.





CASE STUDY

Industry:

Homebuilder

Location: Pennsylvania

Employees:

Blue Cross

Years with WellNet:

Previous Carrier:

6

Average Savings Per Year:

\$252K

Per Employee Per Year:

\$1,700

TOTAL SAVINGS:

\$1.5MM



WHAT'S THE PROBLEM WITH THE PRICE OF HEALTHCARE?

WITHIN THE SAME PPO NETWORK, EVERY PROVIDER GETS PAID SOMETHING DIFFERENT FOR THE SAME SERVICE.

YET, NOBODY WANTS TO TALK ABOUT THE PRICE. THEY ONLY WANT TO TALK ABOUT THE PREMIUMS.

HOW CAN WE CONTROL THE PREMIUMS IF WE DON'T TALK ABOUT THE PRICE?



CONTROL THE UNCONTROLLABLE

WellNet has assembled a replacement health plan that is identical to the large health insurance companies like Blue Cross, United, Cigna, and Aetna—even renting their same national networks so that the doctors, hospitals and drug stores in WellNet's health plans are all"in-network."

What many employers don't realize is that behind the rising health-care bills, there are non-disclosed hospital deals between these health systems and the health insurance companies that squelch competition. Among these restrictions are so-called anti-steering clauses that prevent insurers from incenting patients to visit less-expensive or higher-quality health-care providers.

50%, **250%** or **500%** higher for the same service as the hospital five or ten miles away. That higher cost is directly built into premiums—be it fully insured or stop-loss for self-funded groups...in the end, it's the employers and their employees who are ultimately paying in the form of higher premiums.

These restrictive contracts sometimes require

that every facility and doctor in the contracting

hospital system be included even if their costs are

WellNet's level and self-funded health plans offer the right amount of innovation and simplified member experience, allowing WellNet to steer, incentivize and educate members. With each plan integrated with a concierge team, this turn-key approach is the reason why WellNet's clients are saving between \$100K to \$5MM, reducing what once was an uncontrollable expense and removing the frustration that many companies and members have become accustomed to.



Industry:

Location:

Employees:

Previous Carrier:

Years with WellNet:

Average Savings Per Year:

Per Employee Per Year:

Non-Profit

Texas

50

United Healthcare

4

\$50K

\$1,000

TOTAL SAVINGS: \$200K



WHAT'S THE PROBLEM WITH THE PRICE OF HEALTHCARE?

IF YOU BEGIN VIEWING HEALTH INSURANCE AS ANOTHER BUSINESS UNIT,

YOU BEGIN TO ASK DIFFERENT QUESTIONS LIKE, HOW COULD THE SAME PROCEDURE COST DIFFERENT AMOUNTS WITHIN THE SAME PPO NETWORK?

4 HOSPITALS SAME CITY, SAME PROCEDURE...ALL DIFFERENT PRICES



1.4

FULLY INSURED PLANS



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CASE STUDY

Industry:

Location:

Employees:

Previous Carrier:

Years with WellNet:

Average Savings Per Year:
Per Employee Per Year:

\$1,140

\$193K

Automotive Dealer

Virginia

1/0

Optima

4

TOTAL SAVINGS: \$775K



SELF-FUNDING

ANY REDUCTION IN YOUR CLAIMS EXPENSE IS A DIRECT SAVINGS TO YOUR BOTTOM-LINE.





WHAT IS LEVEL-FUNDING?

MAXIMUM CLAIMS

+

STOP LOSS PROTECTION

_

ADMINISTRATION FEES

L

MAXIMUM EXPOSURE / 12 EQUAL MONTHLY PAYMENTS



COSTS HAVE TRIPLED IN 20 YEARS





ONE THING IS CERTAIN

HEALTH INSURANCE PREMIUMS
AREN'T GOING TO GET ANY CHEAPER
UNTIL WE ALL START PAYING ATTENTION
TO THE UNDERLYING COST OF EACH CLAIM.





CELEBRATING 25 YEARS



1994

POPULATION
HEALTH
MANAGEMENT
LAUNCHES
2005

PPO LEVEL & SELF FUNDED HEALTH PLANS LAUNCH 2010 INTRODUCES
REFERENCE BASED
PRICING PLANS
2017





DO HEALTH INSURANCE COMPANIES LOWER COSTS?

HEALTH INSURANCE COMPANIES HAVE EVERY REASON TO LET THE COST OF CLAIMS RISE.

THEY CAN'T RAISE PREMIUMS OTHERWISE.

HIGHER CLAIMS = HIGHER PREMIUMS = HIGHER REVENUES FOR THE HEALTH INSURANCE CARRIER



CASE STUDY

Industry:

Location:

Employees:

Previous Carrier:

Years with WellNet:

Average Savings Per Year:

Per Employee Per Year:

Automotive Dealer

Maryland 642

Blue Cross

\$1.6MM

\$2,500

TOTAL SAVINGS: \$4.7MM



PROPERLY ALIGNED INCENTIVES

TYPICALLY, THE MORE MONEY YOU SPEND,
THE MORE MONEY EVERY ENTITY SURROUNDING
THE PLAN MAKES. DESIGNING A PLAN
WHERE SERVICE PROVIDERS SIT ON THE
SAME SIDE OF THE TABLE IS ACHIEVABLE.

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2.0



WHICH IS EASIER?

OFFERING EMPLOYEES AN INCENTIVE TO USE HIGHER QUALITY / LOWER COST PROVIDERS OR TELLING THEM EACH YEAR THEIR DEDUCTIBLE IS GOING UP AGAIN?



CONSIDER WAIVING THE DEDUCTIBLE

\$3,000 SAVED ON COLONOSCOPY

WITH PPO

PPO HIGH PERFORMING

\$4,500

VS

\$1,500

\$25,000 SAVED ON KNEE REPLACEMENT

WITH PPO

PPO HIGH PERFORMING

\$50,000

VS

\$25,000

HEALTH INSURANCE IS AN UNAFFORDABLE MESS.

IT DOESN'T HAVE TO BE.



ANALYZE

HEALTHCARE CLAIMS IN REAL-TIME



PREDICT

FUTURE HEALTHCARE COSTS



ENGAGE

MEMBERS TO PREVENT FUTURE RISK



SAVE

ON HEALTHCARE COSTS



WHY ARE HEALTHCARE COSTS SKYROCKETING?

IN THE SAME PPO NETWORK, EACH PROVIDER GETS PAID A DIFFERENT AMOUNT FOR THE SAME EXACT SERVICE.

THE COST OF ANYTHING WOULD SKYROCKET IF WE DON'T

KNOW THE PRICE UNTIL LONG AFTER WE BUY AN ITEM. THE UNKNOWN STARTING PRICE IS THE PROBLEM.







COMPANIES ARE PAYING MORE THAN THEY EVER HAVE FOR HEALTHCARE

ARE OUTCOMES GETTING BETTER? ARE DEDUCTIBLES GOING DOWN?

NO.

WHICH IS EASIER? OFFERING EMPLOYEES
AN INCENTIVE TO CHOOSE PROVIDERS
MORE APPROPRIATELY OR FORCING THEM
INTO HIGHER DEDUCTIBLE PLANS EACH YEAR?





Hospital Industry: Location:

Employees: 131

Regional Third-Party Administrator Previous Carrier:

Ohio

Years with WellNet:

\$480K Average Savings Per Year: \$3,700 Per Employee Per Year:

TOTAL SAVINGS:

\$1.45MM

CASE STUDY

Industry:

Location:

Employees:

Previous Carrier://

Years with WellNet:

Average Savings Per Year:

Per Employee Per Year:

Architecture

Maryland

Starmark

\$135K

\$2,350

TOTAL SAVINGS:

\$805K



ASKING THE RIGHT QUESTIONS

INSTEAD OF ASKING WHAT THE NETWORK DISCOUNT IS,
IT WOULD BE MORE HELPFUL TO ASK
ABOUT THE STARTING PRICE OF THE CLAIM.

PREMIUMS ARE DERIVED FROM THE COST OF THE CLAIM AND A DISCOUNT IS ONLY HELPFUL WHEN YOU KNOW WHAT THAT STARTING PRICE IS.





NO ONE SHOULD BE REQUIREDTO BE AN EXPERT IN HEALTHCARE

SUPPORT AND ASSIST EMPLOYEES IN MAKING THE RIGHT DECISIONS FOR THEMSELVES AND THEIR FAMILIES.

EMPLOYEES SHOULD NOT FEEL ALONE, CONFUSED AND OVERWHELMED WHEN IT COMES TO UNDERSTANDING THEIR BENEFITS.



CASE STUDY

Industry: Information Technology

Location: New Jersey

Employees: 81

Previous Carrier: United Healthcare

Years with WellNet: 7

Average Savings Per Year: \$50K

Per Employee Per Year: \$610

TOTAL SAVINGS: \$347K

CRAWL 10 % SAVINGS













- Same exact PPO plan designs as current.
- · Match existing plan.
- Same hospitals, same doctors, same deductibles...better user experience.
- Voluntary R.N. Medical Advocate to guide/advise on using higher quality lower cost provider.
- Instead of the current carrier logo, WellNet's ID card would say either:









- Same exact PPO plan designs as current.
- Match existing plan.
- Same hospitals, same doctors, same deductibles...better user experience.
- Mandatory R.N. Medical Advocate to guide/advise on using higher quality, lower cost provider.
 - Instead of the current carrier logo, WellNet's ID card would look similar to the card on the left.



- Typically known as a No-Network plan or Reference-based Pricing (RBP).
- Mandatory R.N. Medical Advocate to help members access higher quality lower costs providers.
- Voluntary R.N. Prescription Advocate to help members pay the least amount possible for drugs.
 This also helps the employer by minimizing drug claim costs.





MEDICAL INFLATION

IS THAT EVEN A THING?

DOCTORS TELL US THAT THEIR CASH PRICES DON'T GO UP EVERY YEAR AND MEDICARE TELLS US THEIR PAYMENTS ONLY GO UP BY 1%-3% PER YEAR. WHY DO PPO CLAIMS GO UP 8%-10% PER YEAR?

SECRET: THEY DON'T HAVE TO.



26



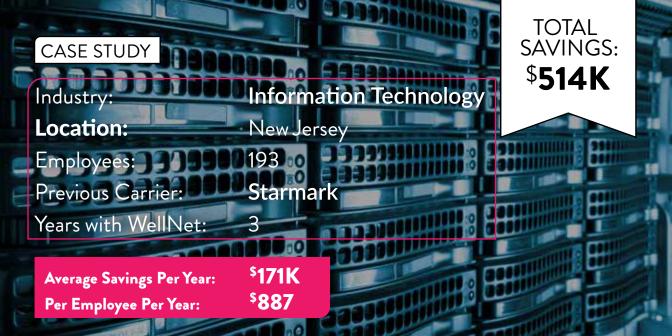
A FIFTH OF COMPANIES **SEE ANNUAL HEALTH INSURANCE COSTS INCREASE BY MORE THAN 10%**

SUCCESSFUL COMPANIES BUCKING THIS TREND HAVE A WILLINGNESS TO TACKLE THESE INCREASES BY MOVING PAST THE TRADITIONAL INSURER ROUTE AS A SOURCE FOR INNOVATION.



THEY HAVE HIRED FIRMS THAT HAVE ASSEMBLED ENTREPRENEURIAL APPROACHES TO SAVE MONEY.







HEALTHCARE DISCOUNTS

IF I COULD SELL YOU A FERRARI AT AN 80% DISCOUNT, WOULD YOU BUY IT? THINK ABOUT IT,

A DISCOUNT IS ONLY GOOD IF YOU KNOW THE STARTING PRICE.

DEMAND MORE. WHAT IS THE STARTING PRICE?



SURPRISE MEDICAL BILLS



67% OF EMPLOYEES SAY THEY'RE VERY WORRIED ABOUT BEING ABLE TO PAY A SURPRISE MEDICAL BILL.

53% FEAR THEY WON'T BE ABLE TO PAY THEIR DEDUCTIBLE.

45% ARE AFRAID OF THE COST FOR THEIR PRESCRIPTION DRUGS.

WHAT IF YOU OFFERED EMPLOYEES AN ADVOCATE TO HELP THEM WITH THESE FEARS BEFORE SERVICES WERE RENDERED?



Industry: Wine Distributor

Location: New York

Employees: 45

Previous Carrier: Regional Third Party Administrator

Years with WellNet: 6

Average Savings Per Year: \$48K

Per Employee Per Year: \$1,080

TOTAL SAVINGS:

\$291K

Industry: Hospitality

Location: New York

Employees: 206

Previous Carrier: Regional Third-Party Administrator

Years with WellNet: 6

Average Savings Per Year: \$160K

Per Employee Per Year: \$781

TOTAL SAVINGS:

\$965K





WAGE INCREASE DOLLARS NOW DIVERTED TO PAY FOR EMPLOYER-PROVIDED HEALTH INSURANCE

FOR THE BOTTOM 60% OF U.S. WORKERS, WAGE GAINS HAVE BEEN COMPLETELY WIPED OUT BY CONTRIBUTIONS FOR EMPLOYER-PROVIDED HEALTH INSURANCE.





HEALTHCARE COST IMPACT TO EMPLOYEES

2008: 8% OF TAKE HOME PAY WENT TO HEALTHCARE

2017: 12% OF TAKE HOME PAY WENT TO HEALTHCARE

AMERICANS ARE TAKING HOME LESS MONEY TODAY AS A DIRECT RESULT OF HEALTHCARE COSTS.



Industry: Golf Course

Location: New Jersey

Employees: 57

Previous Carrier: United Healthcare

Years with WellNet: 4

Average Savings Per Year: \$126K

Per Employee Per Year: \$2,200

TOTAL SAVINGS: \$500K



THIS AFFECTS HOW PEOPLE BUY HOUSES, SAVE FOR RETIREMENT, LAUNCH THEIR CHILDREN INTO ADULTHOOD AND TRY TO GET AHEAD IN LIFE.



Industry:

Physician Practice

Location: Alaska

Employees: 39

Previous Carrier: Regional Third-Party Administrator

Years with WellNet:

Average Savings Per Year: \$56K

Per Employee Per Year: \$1,450

TOTAL SAVINGS:

\$227K



NURSE ADVOCATES IDENTIFY HIGH QUALITY/LOWER COST DOCTORS...

MEMBER MAKES FINAL CHOICE

Example: Knee Replacement:			# of Physicians Meeting Criteria
1		Market Area	60
2		Adequate Procedure Volume	14
3	∑ ×Ω	Quality	8
4		Costs/Implants	6
5		High Performance Network	4

OTHER KEY CRITERIA FOR PREFERRED PROVIDERS:*

- · Medical experience
- Education & training
- Fellowships
- · Board certification
- Surgical complications
- Disciplinary actions

- Malpractice issues
- Readmission rates
- Mortality
- Outliers
- Facility affiliations
- Hospital ratings

*Through use of an HRA



REMAIN IN THE DRIVER'S SEAT

MAKE BETTER DECISIONS ONCE YOU UNDERSTAND THE ECONOMICS AND THE UNDERLYING PROBLEMS OF HEALTH INSURANCE.





Industry:

Automotive Dealer

Location:

Maryland

Employees:

1

Previous Carrier:

4

Years with WellNet:

Average Savings Per Year: \$179K

Per Employee Per Year:

\$1,050

TOTAL SAVINGS:

\$716K



HEALTHCARE COSTS AREEVEN HARDER ON LOWER-PAID WORKERS

INSURANCE COVERAGE IS A LARGER PIECE OF THEIR TOTAL COMPENSATION.

FOR A WORKER MAKING \$50,000, \$5,000 IS 10% OF THEIR INCOME.

FOR A WORKER MAKING \$100,000, \$5,000 IS ONLY 5% OF THEIR INCOME.



SURPRISE MEDICAL BILLS



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TIRED OF GETTING HOODWINKED?



INSIDE EMPLOYERS' NEW HEALTH CARE PLAYBOOK



The hidden reasons your healthcare costs are skyrocketing

WALL STREET JOURNAL

Behind Your Rising Health-Care Bills: Secret Hospital Deals That Squelch Competition

Contracts with insurers allow hospitals to hide prices from consumers, add fees and discourage use of less-expensive rivals



A Tough Negotiator Proves Employers Can Bargain Down Health Care Prices WALL STREET JOURNAL

The Deception Behind Those In-Network Health 'Discounts'

ObamaCare's medical loss ratio creates incentives for insurers and providers to hoodwink customers.

WALL STREET JOURNAL

Employer-Provided Health Insurance Approaches \$20,000 a Year

Deductibles that workers must pay out of their pockets also rose, according to the Kaiser Family Foundation



WHY DON'T THE INSURANCE COMPANIES LOWER YOUR PREMIUMS?

IF THE CARRIERS MANAGE AND LOWER CLAIM COSTS, THEY MUST ALSO LOWER THEIR PREMIUMS.

THIS LEADS TO LESS REVENUES AND LOWER SHARE PRICES.







INCENTIVIZE EMPLOYEES

ACCESSING RANDOM DOCTORS WITH ALL DIFFERENT PRICES, RESULTS IN RANDOM CHARGES, DRIVING UP INSURANCE PREMIUMS CONSIDERABLY.

WHAT'S EASIER?

INCENTIVIZING
EMPLOYEES TO MAKE
SMARTER DECISIONS
THIS YEAR

OR

TELLING THEM THEIR
DEDUCTIBLES AND PREMIUM
CONTRIBUTIONS ARE GOING
UP AGAIN NEXT YEAR?





CHANGE EMPLOYEE BEHAVIOR; INCREASE PROFITABILITY

WHEN EMPLOYEES ARE ARMED WITH EDUCATION AND INFORMATION, COMBINED WITH THE INCENTIVES TO DRIVE ACTION,

THE REWARDS ARE LOWER HEALTHCARE COSTS, LOWER EMPLOYEE CONTRIBUTIONS AND INCREASED PROFITABILITY FOR EMPLOYERS.



PORTALS MAKE IT EASY TO MANAGE





TRAVEL & ENTERTAINMENT POLICIES DON'T LOOK LIKE THIS

BEING MINDFUL OF HOTEL AND FOOD COSTS ARE REWARDED ON BUSINESS TRAVEL.

WHY NOT FOR HEALTHCARE?





COMPETITION IN HEALTHCARE

THE RISE IN HOSPITAL PRICES HAS OUTPACED ECONOMY-WIDE INFLATION FOR DECADES.

WHEN NO ONE KNOWS WHAT ANYTHING COSTS BEFORE THEY RECEIVE CARE, SHOULD WE BE SURPRISED LATER WHEN WE SEE THE BILL?

IF WE DON'T PAY ATTENTION, EVERYONE WILL KEEP RAISING PRICES.



Industry:

Location:

Employees:

Previous Carrier:

Years with WellNet:

Average Savings Per Year:

Per Employee Per Year:

Hospital

Illinois

271

Regional Third-Party Administrator

\$500K

\$1,825

TOTAL SAVINGS: \$1.5MM



WHAT'S EASIER? REDUCING HEALTH INSURANCE COSTS BY 20% OR IMPROVING PROFITABILITY BY ALMOST 40%?

\$100 MM BUSINESSES

\$50 MM BUSINESSES

\$10 MM BUSINESSES

WITH WellNet	Without WellNet
s 100 MM	s 100 MM
\$ 7 MM	s 7 MM
s 4 MM	s 4 MM
s -1.4 MM]
	s 35 MM
	s 135 MM
\$ 5.4 MM	s 5.4 MM
	-

WITH WellNet	Without WellNet
s 50 MM	s 50 MM
s 5 MM	s 5 MM
s 2.5 MM	s 2.5 MM
s -1 MM	
	s 20 MM
	s 70 MM
s 3.5 MM	s 3.5 MM

\$10 MM BUSINESSES				
WITH WellNet	Without WellNet			
s 10 MM	s 10 MM			
\$ 1 MM	s 1 MM			
s 500 K	s 500 K			
s -200 K				
	s 4 MM			
	s 14 MM			
s 700 K	s 700 K			

REDUCING HEALTH INSURANCE COSTS BY 20%, LEADS TO THE SAME PROFITABILITY AS GROWING REVENUES BY 40%

