

03.29.2017

2016 Industry Pulse Research

Putting together the pieces of emerging care models in a consumer-focused market

On March 2, 2017, we announced the closing of our transaction and created a new healthcare technology company

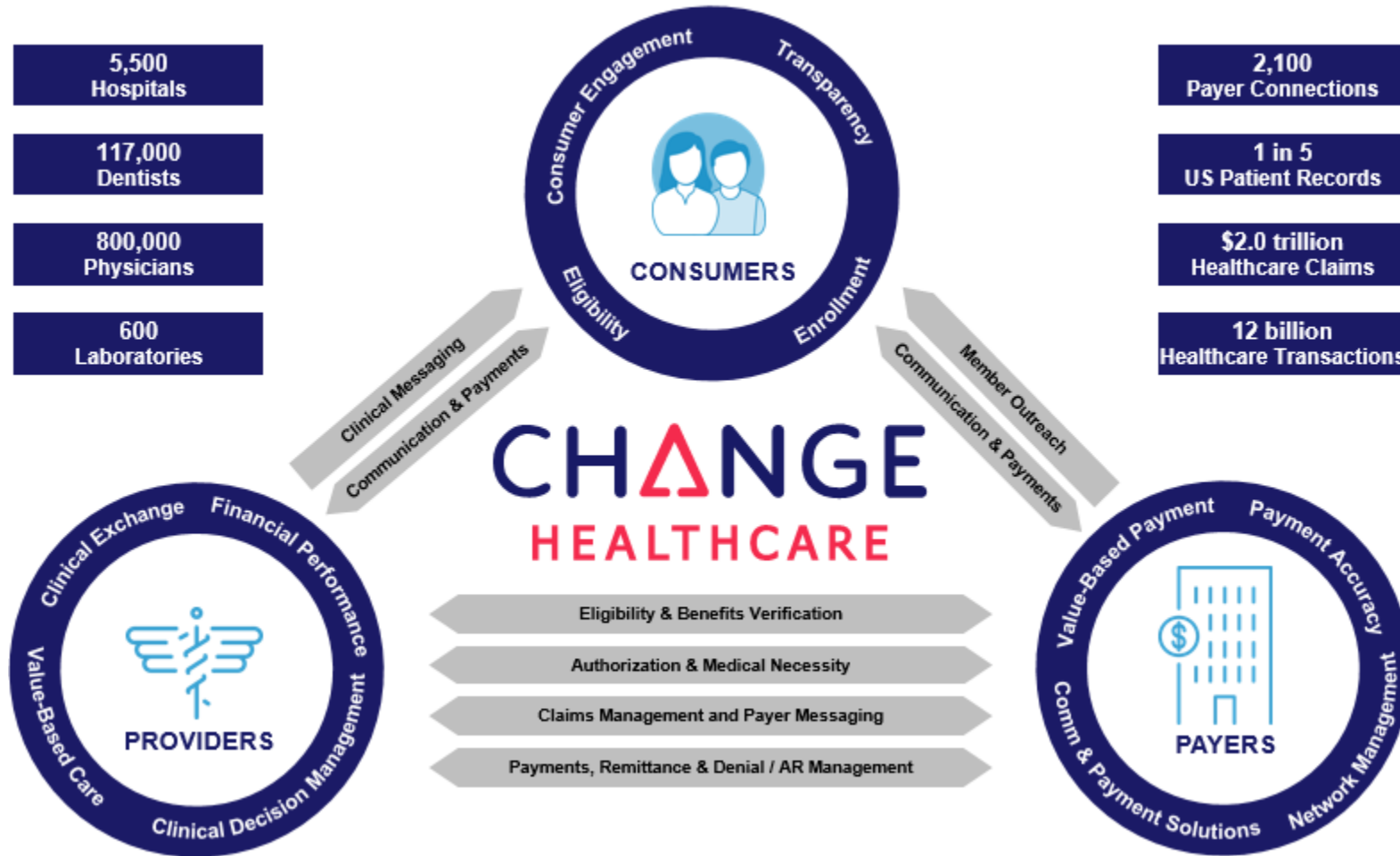
The new Change Healthcare brings together the complementary strengths of McKesson Technology Solutions (MTS) and Change Healthcare to deliver a broad portfolio of solutions to help:

- Lower healthcare costs
- Improve patient access and outcomes
- Manage the transition to value-based care



With our customers and partners, we are creating a stronger, better coordinated, increasingly collaborative and more efficient healthcare system that enables better patient care, choice and outcomes at scale.

The new Change Healthcare: a well-positioned leader



The HealthCare Executive Group

www.hceg.org



Purpose: to promote Networking and the exchange of information, ideas, opinions and experiences among healthcare executives and senior leaders to accelerate the transformation of healthcare.

Vision: to be the most relevant, influential and sought-after professional network in healthcare by promoting industry-wide transformation and innovations that foster market advancement and enable professional growth of its members.

Mission: to develop an optimized Healthcare Ecosystem through the collective contributions of a select network of healthcare executives and thought leaders while building relationships that provide critical access to market knowledge, resources and strategies.



hceg.org for more info

Industry Pulse: National Research to Compliment HCEG Top 10



2017 HCEG Top 10

1. **Value-based Payments:** targeting specific medical conditions to manage cost and quality of care
2. **Total Consumer Health:** improving member's overall well-being – medical, social, financial, and environmental
3. **Clinical and Data Analytics:** leveraging big data with clinical evidence to segment populations, manage health and drive decisions
4. **Cybersecurity:** protecting the privacy and security of consumer information
5. **Cost Transparency:** growing legislation and consumer demand
6. **Harnessing Mobile Health Technology:** improving disease management, member engagement, and data collection/distribution
7. **Addressing Pharmacy Costs:** implementing strategies to address growth of pharma costs versus benefits to quality of care, as well as to address total medical costs.
8. **Care Redesign:** leveraging team-based care models, focusing on behavioral health and social needs
9. **Accessible Points of Care:** telehealth, retail clinics and micro-hospitals vs. large, integrated systems
10. **Next Generation ACOs:** additional programs in bundled payment, episodes of care-shared savings, and growing participant base

About the Industry Pulse

GOAL

Provide directional insight on key trends and issues facing payers, providers, and the businesses that serve the market

DISTRIBUTION

Distribute to healthcare leaders around the country via:

- Change Healthcare
- HCEG
- HCEG Sponsor Partners
- The Health Plan Alliance

PARTICIPATION

Healthcare executives
Industry leaders
(n > 100)

TODAY'S DISCUSSION

Assessment of what the data says, and some of our interpretation of what it might indicate across the following topic areas:

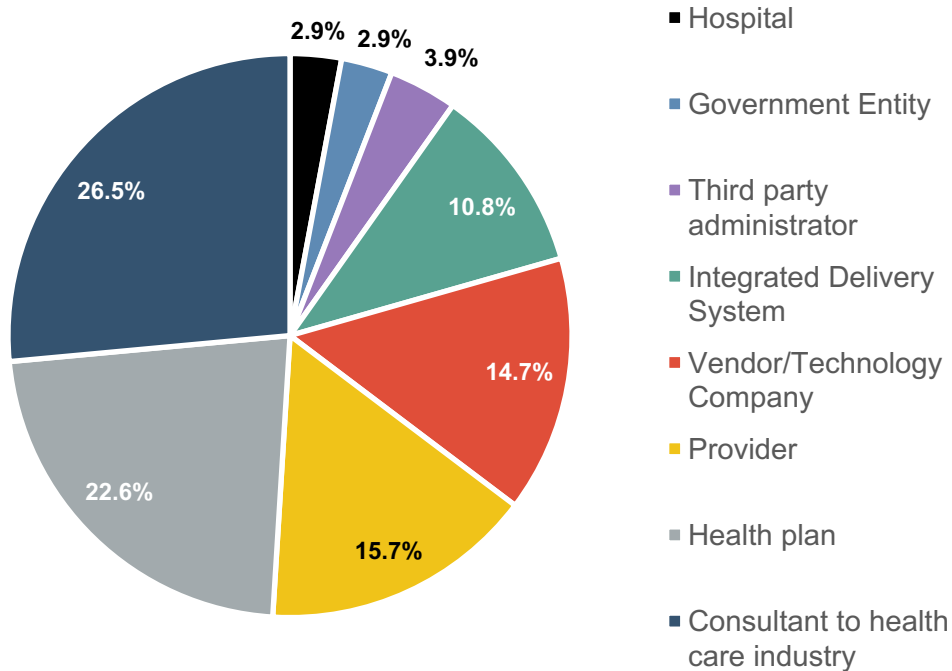
- The Current State of Clinical & Data Analytics
- Privacy & Security in a Data Driven Environment
- Customer Service: Cost vs Quality Transparency

Some thoughts on what this might mean moving forward

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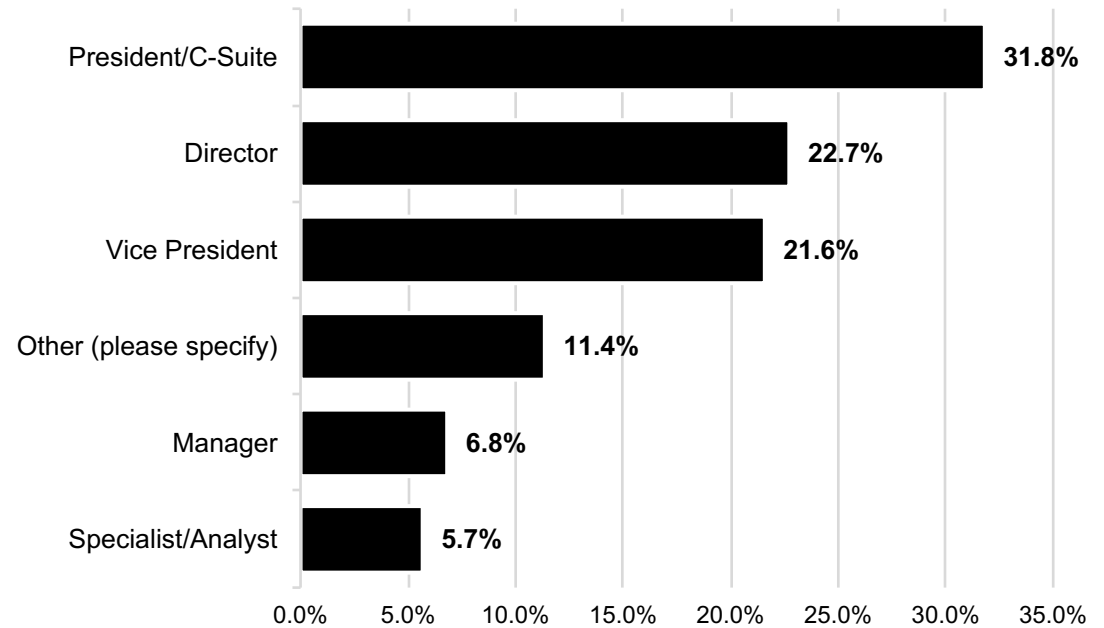
Healthcare Industry Leaders Weighed in

Respondents represented a range of healthcare organizations



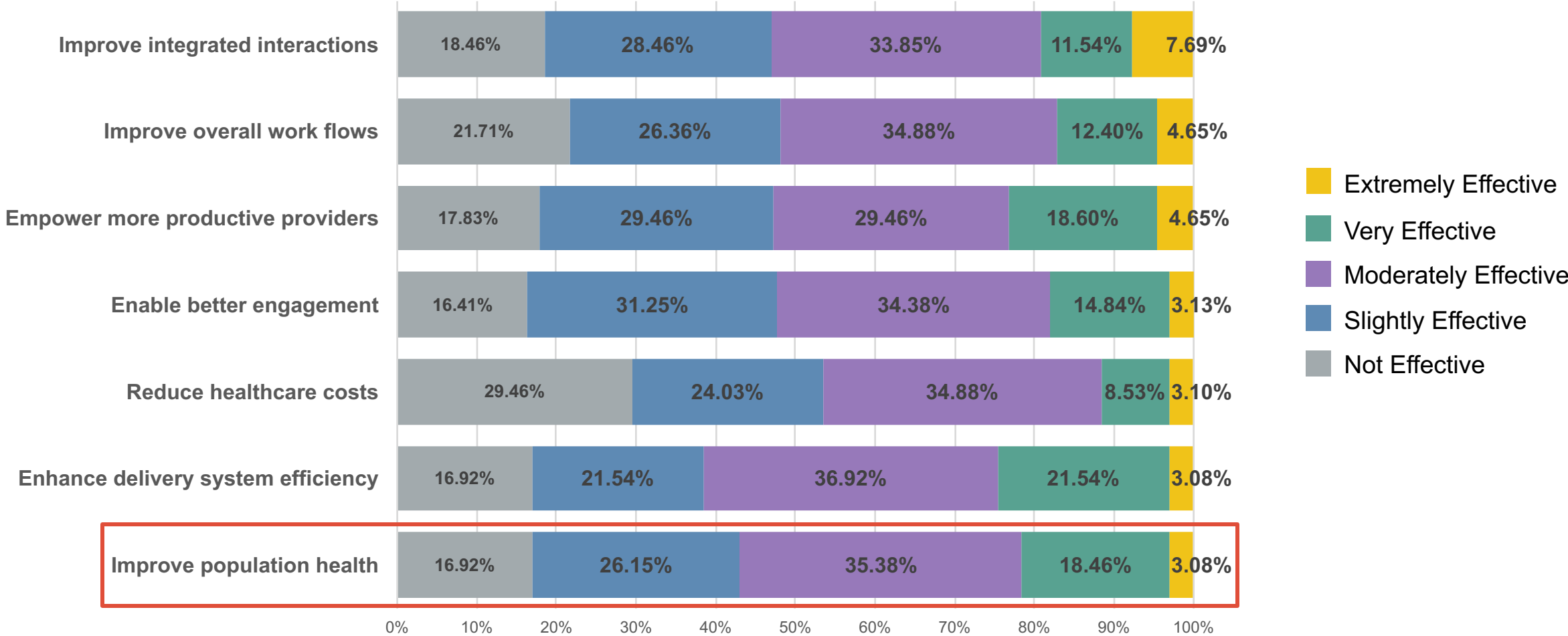
% of Participants

Respondents population primarily consisted of leaders, influencers, and decision makers

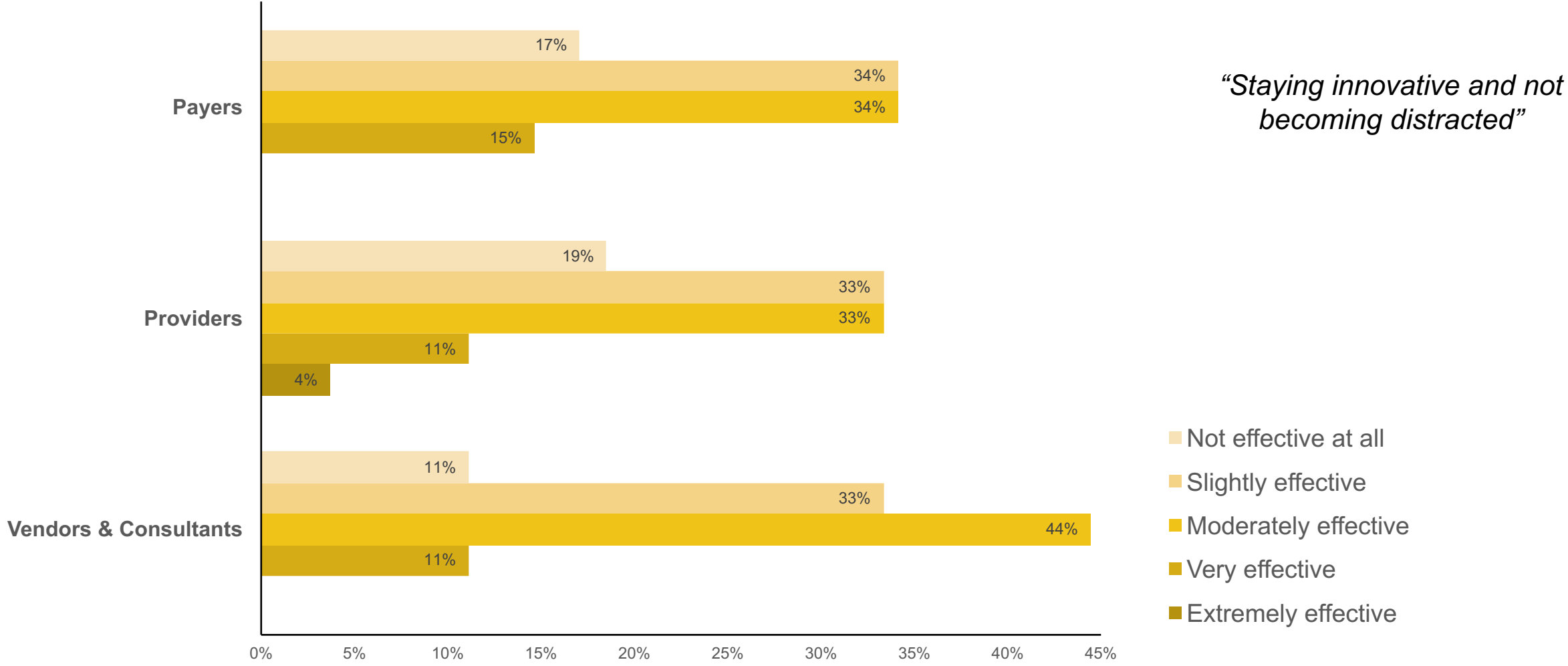


% of Participants

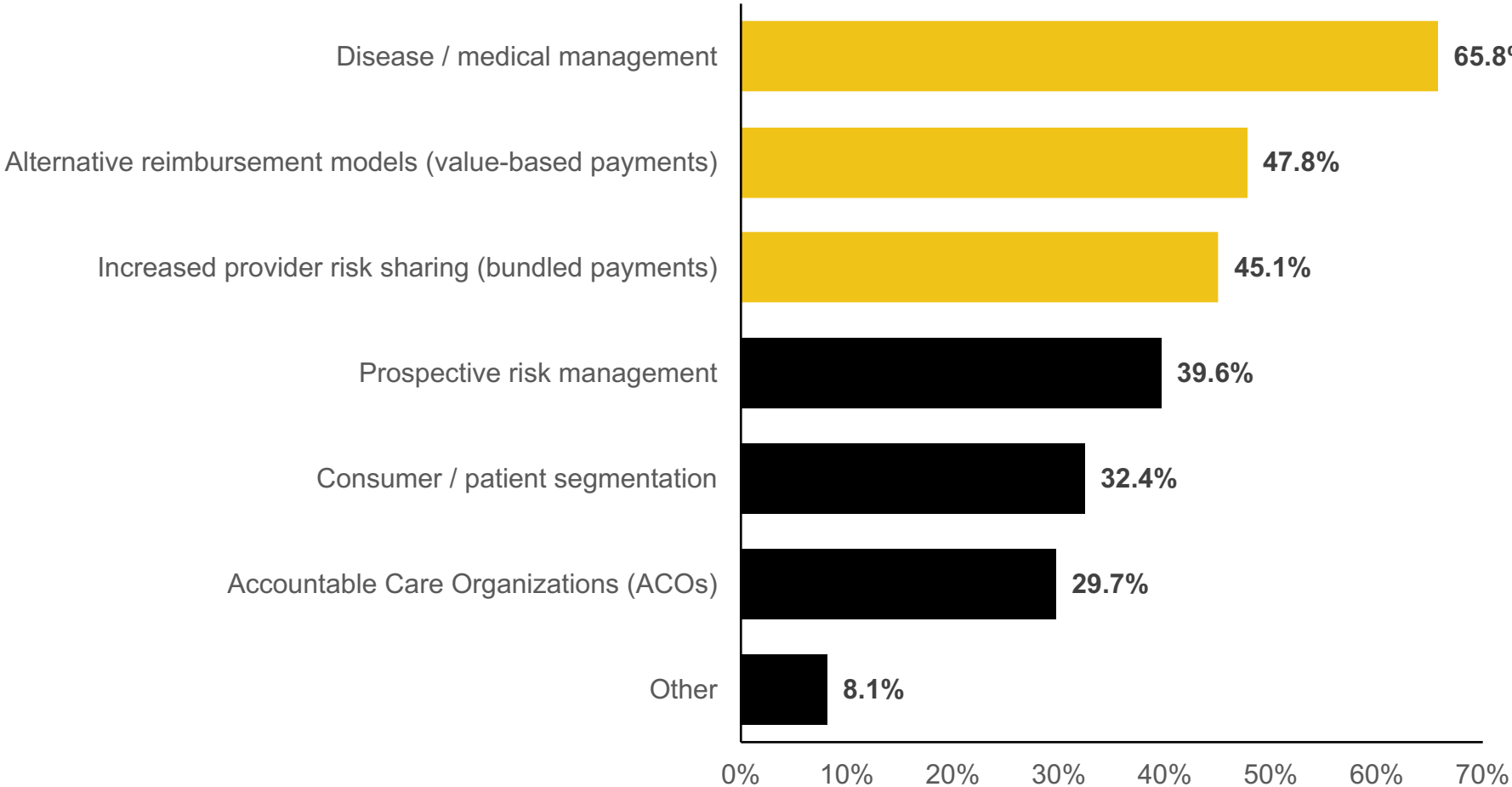
The impact of clinical and data analytics has been mixed



Payers & providers have seen similar results from the application of clinical & data analytics



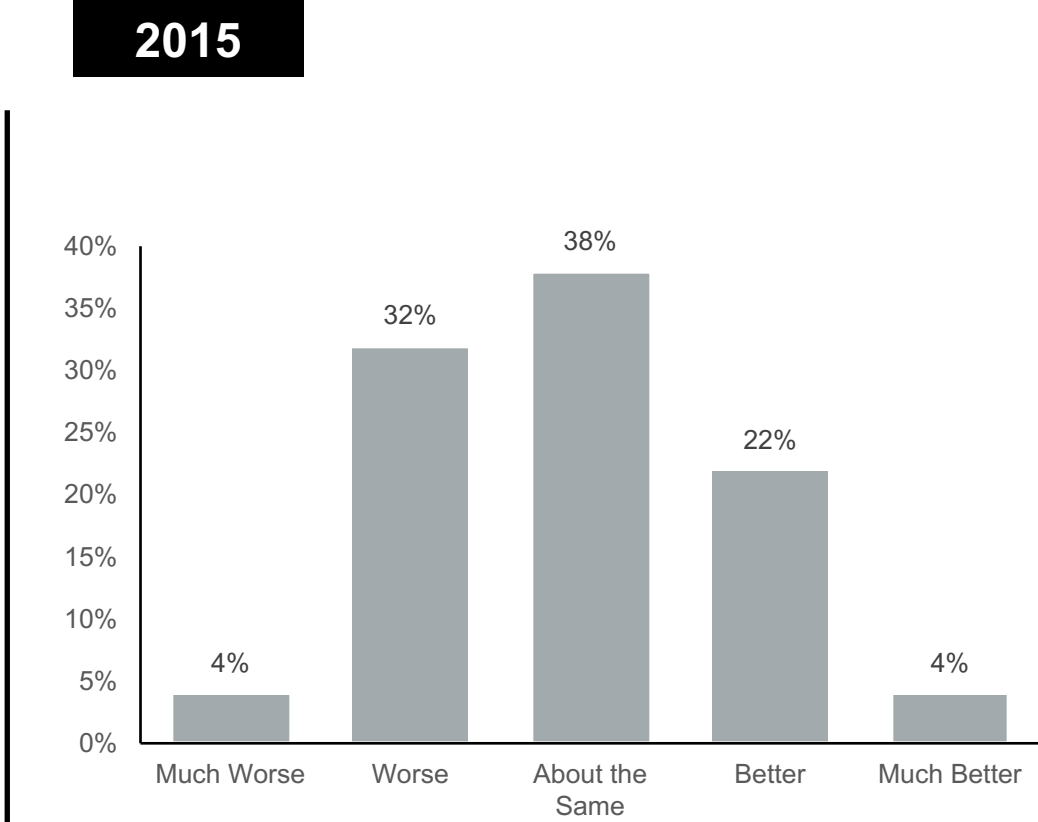
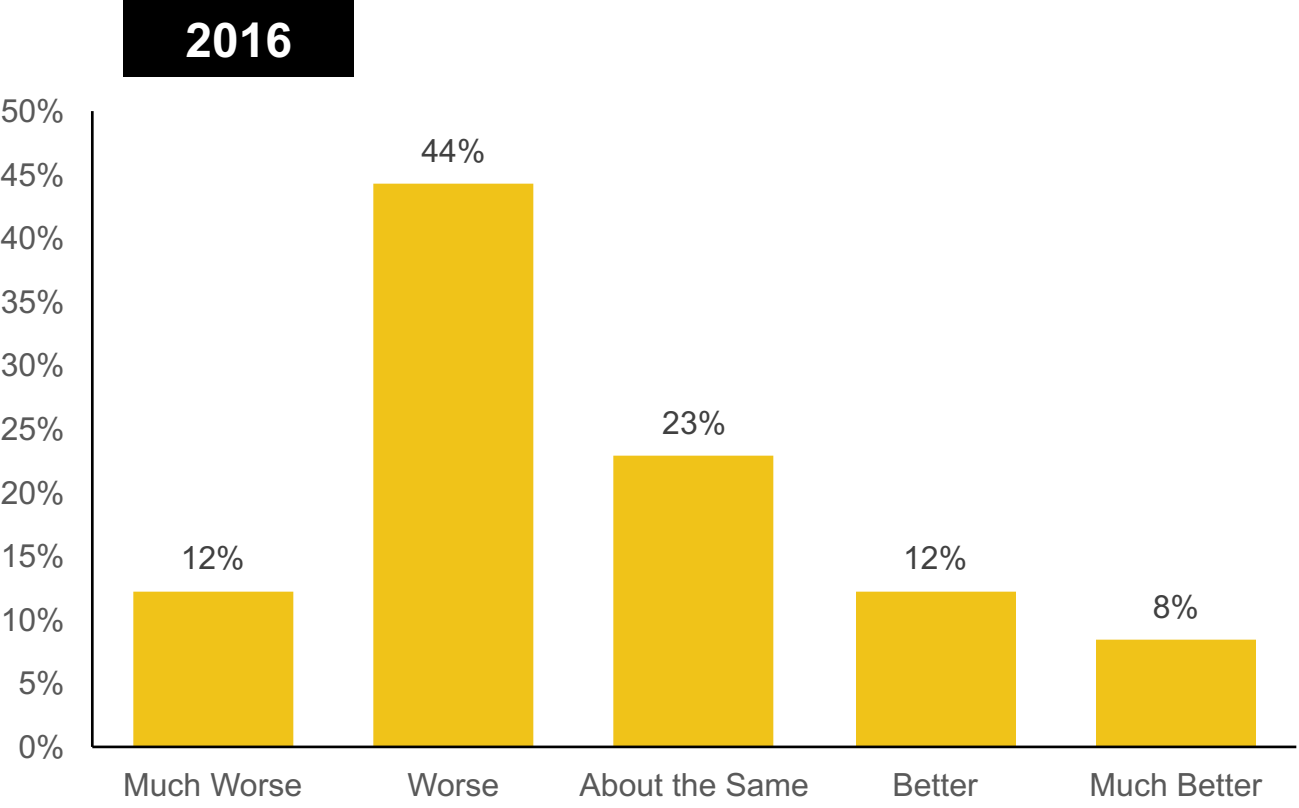
A variety of methods are currently used to manage member risk



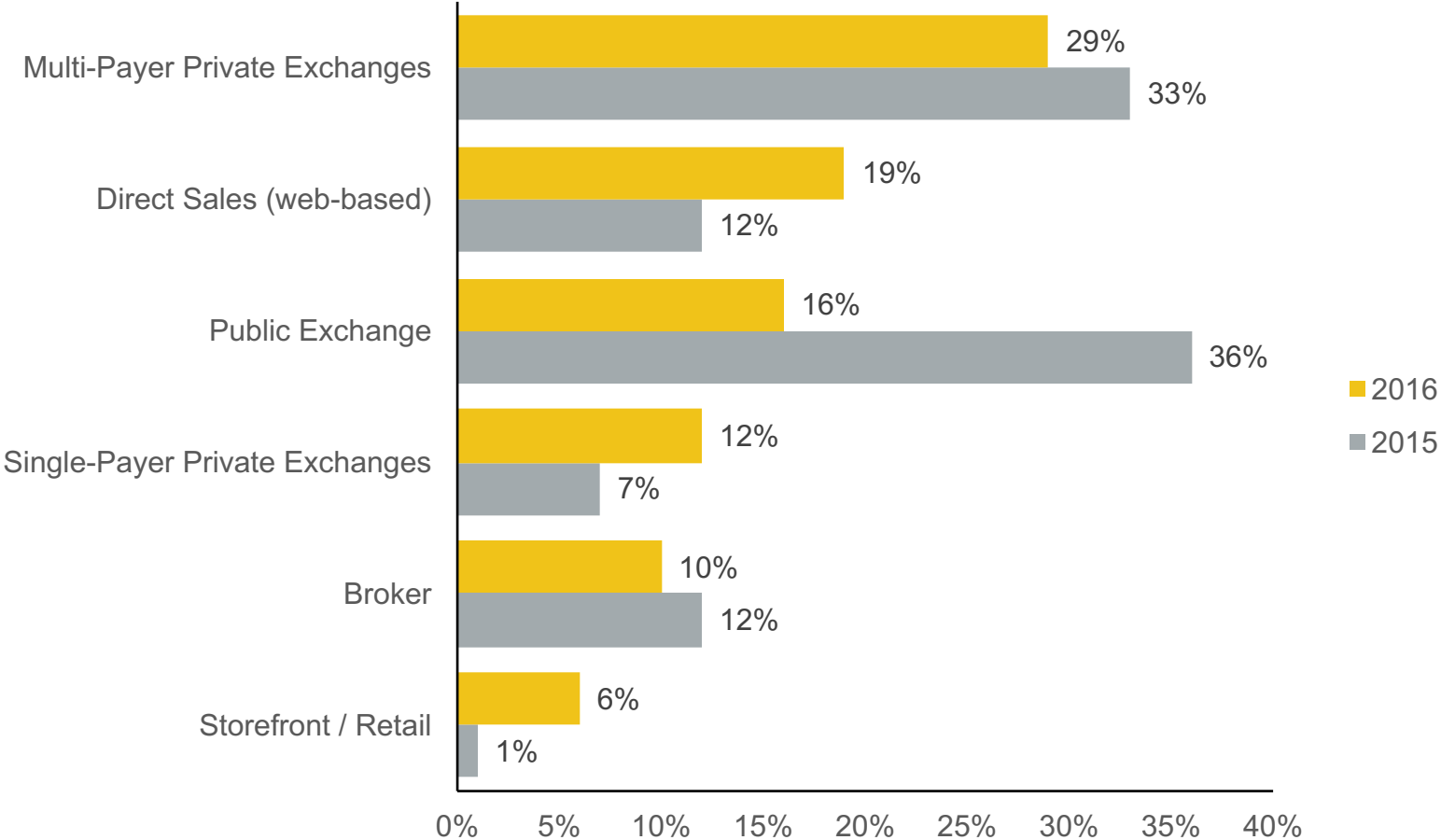
The future of managing member risk?

“Using data to focus treatments that are effective for the patients that need them and decrease unnecessary treatments.”

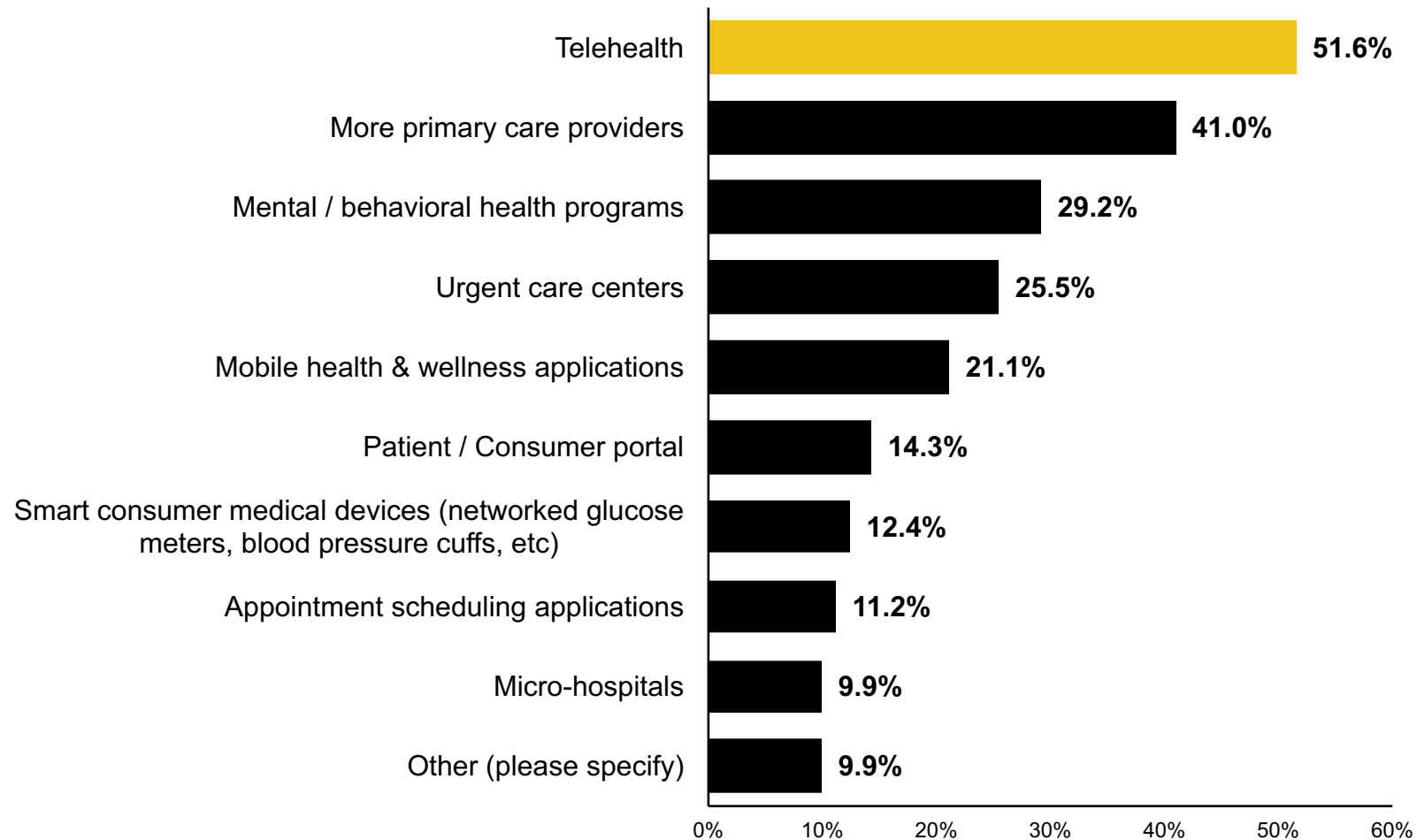
Healthcare continues to financially struggle with ACA reforms



Perceptions of the productivity of the individual market are changing, while multi-payer private exchanges remain consistent



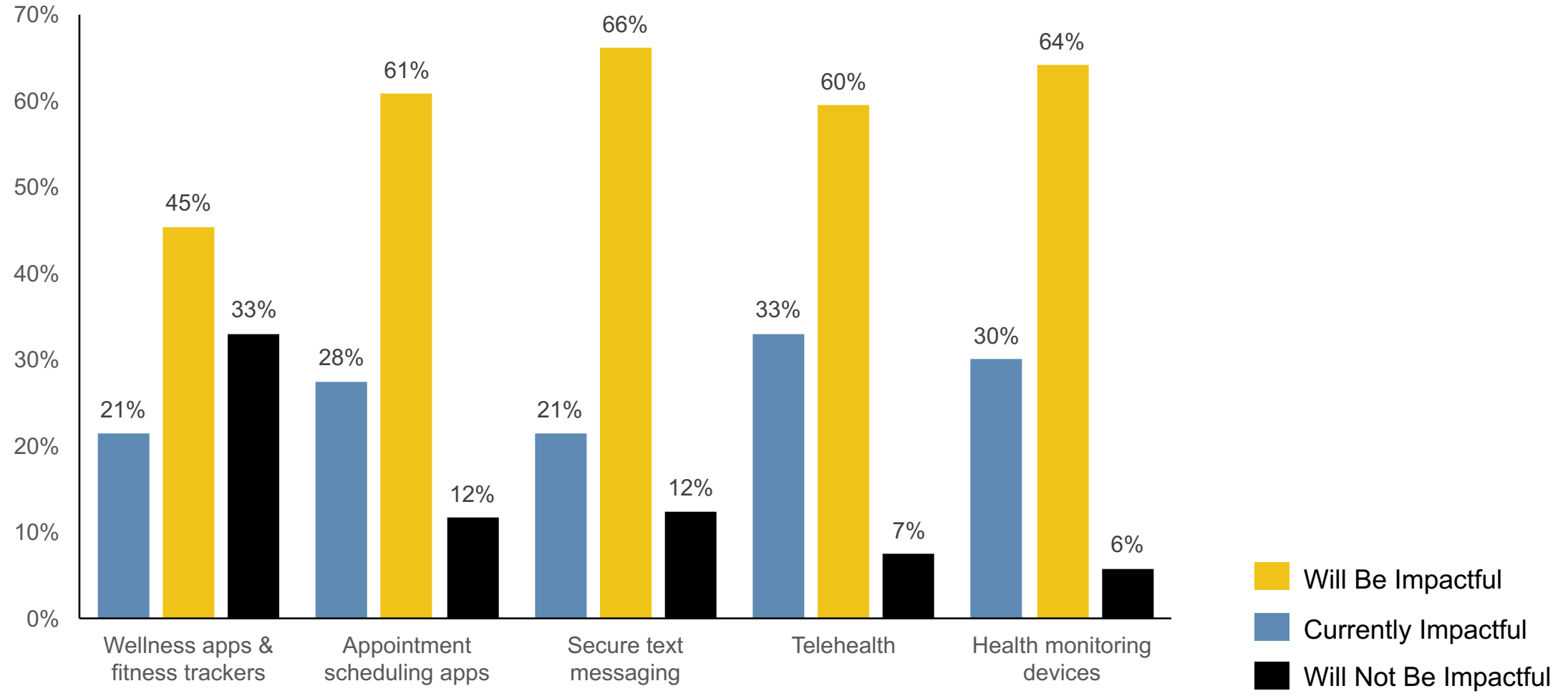
Telehealth seen as the best path toward improving access to care



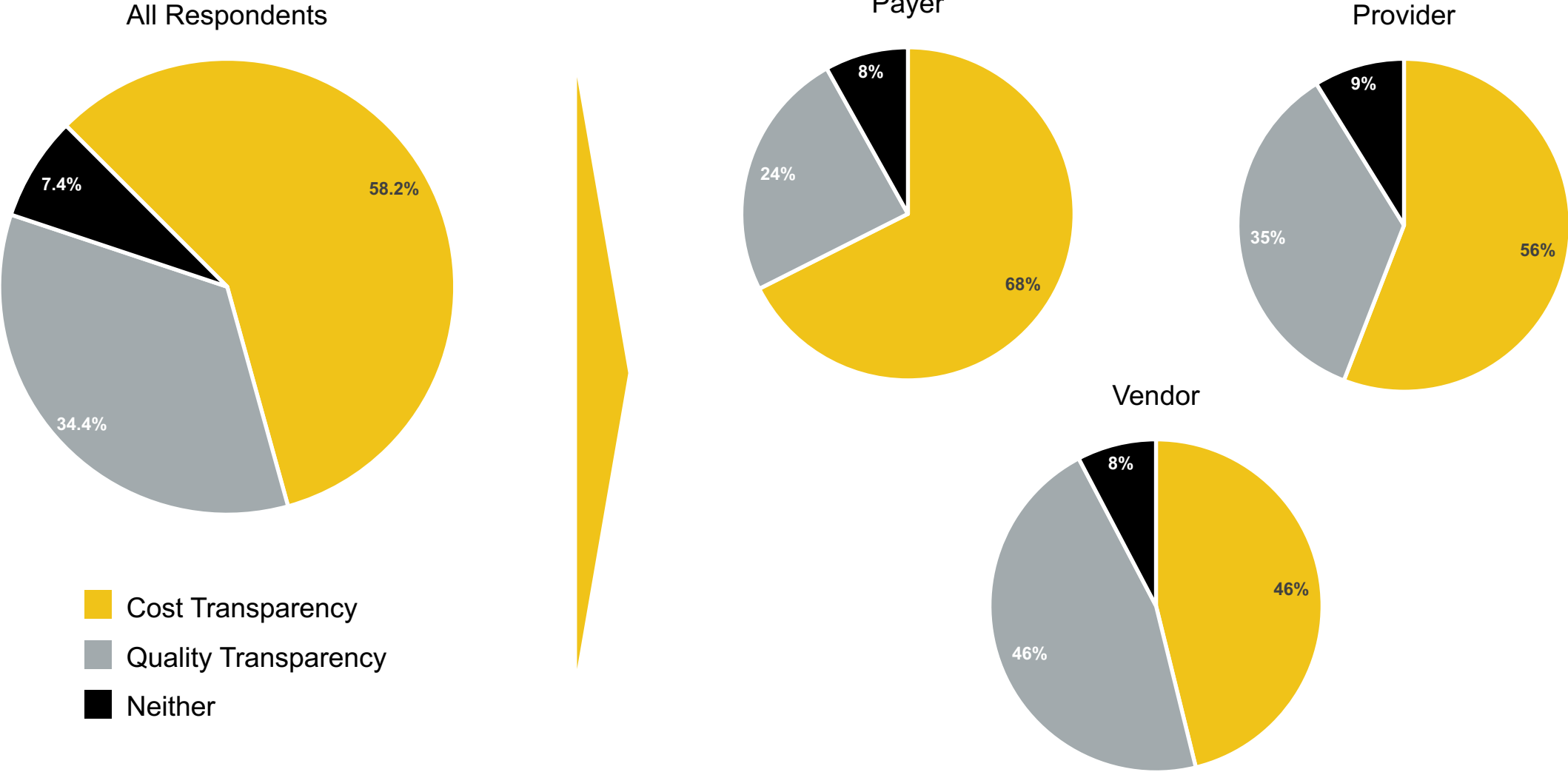
“More care managers, personal care advocates, not everyone needs a PCP to manage their care this would provide more access”

“Needs based assessments to design from community to health system”

Healthcare leaders are optimistic for the future impact of digital health technologies



Cost Transparency was broadly seen as the priority over Quality Transparency—with providers valuing quality more than payers



Why should the focus be on...

COST

- Patient education
- Patient access to care
- Cost management
- High and increasing patient costs
- Patient access to pricing information

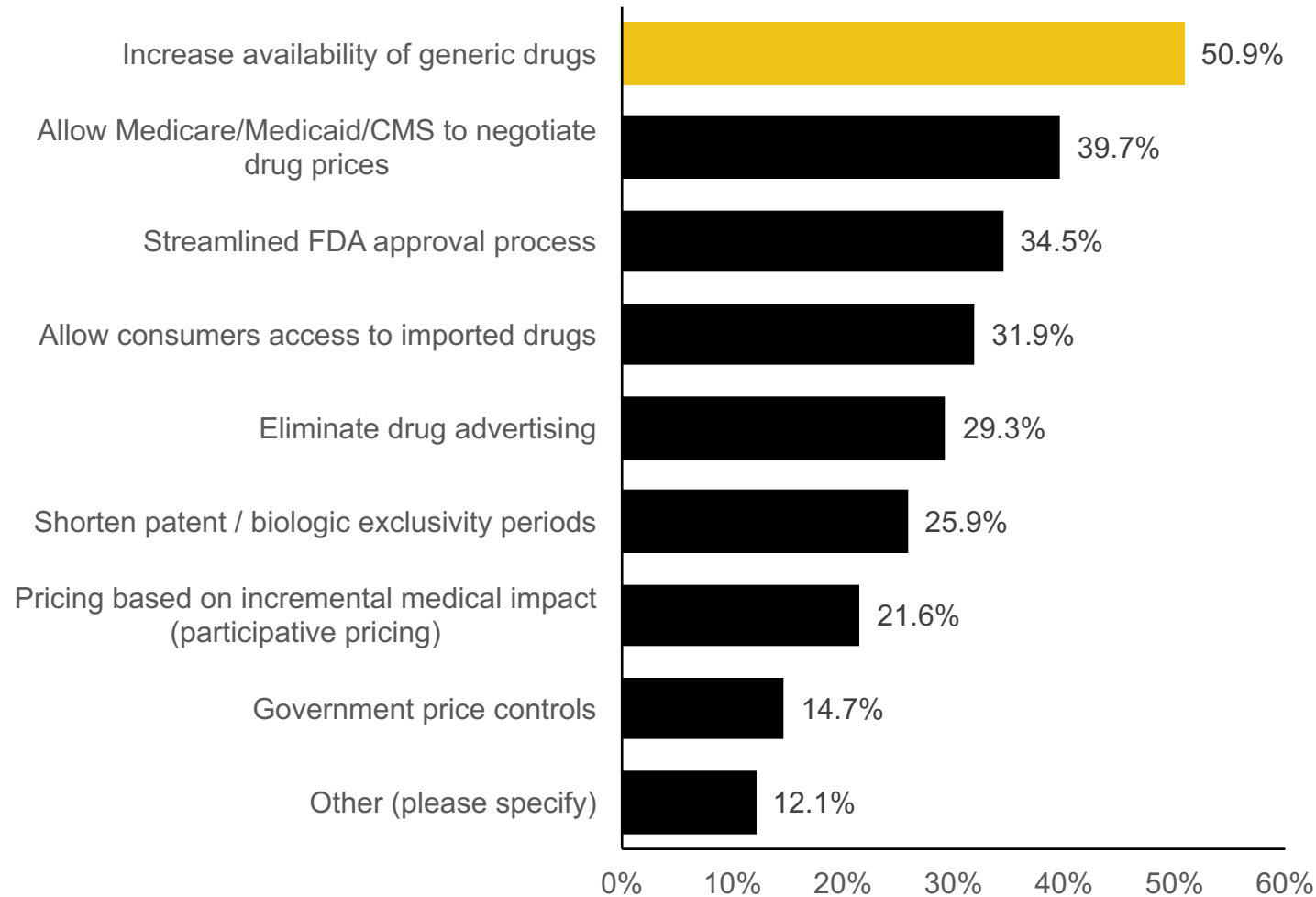
QUALITY

- Quality tied to reimbursement
- Quality over cost savings
- Medical necessity
- Quality is essential to care
- Cost transparency has been a failure
- Better long-term results

NEITHER

- Neither provides a full perspective
- Transparency evidenced by outcomes
- Healthcare companies should focus on healthcare
- Both require changes to documentation and workflow at the physician level

Generic drugs are not the only path toward controlling pharmacy costs



Apply trial rigor according to the impact to the patient

Consumer and provider visibility to pharmacy costs

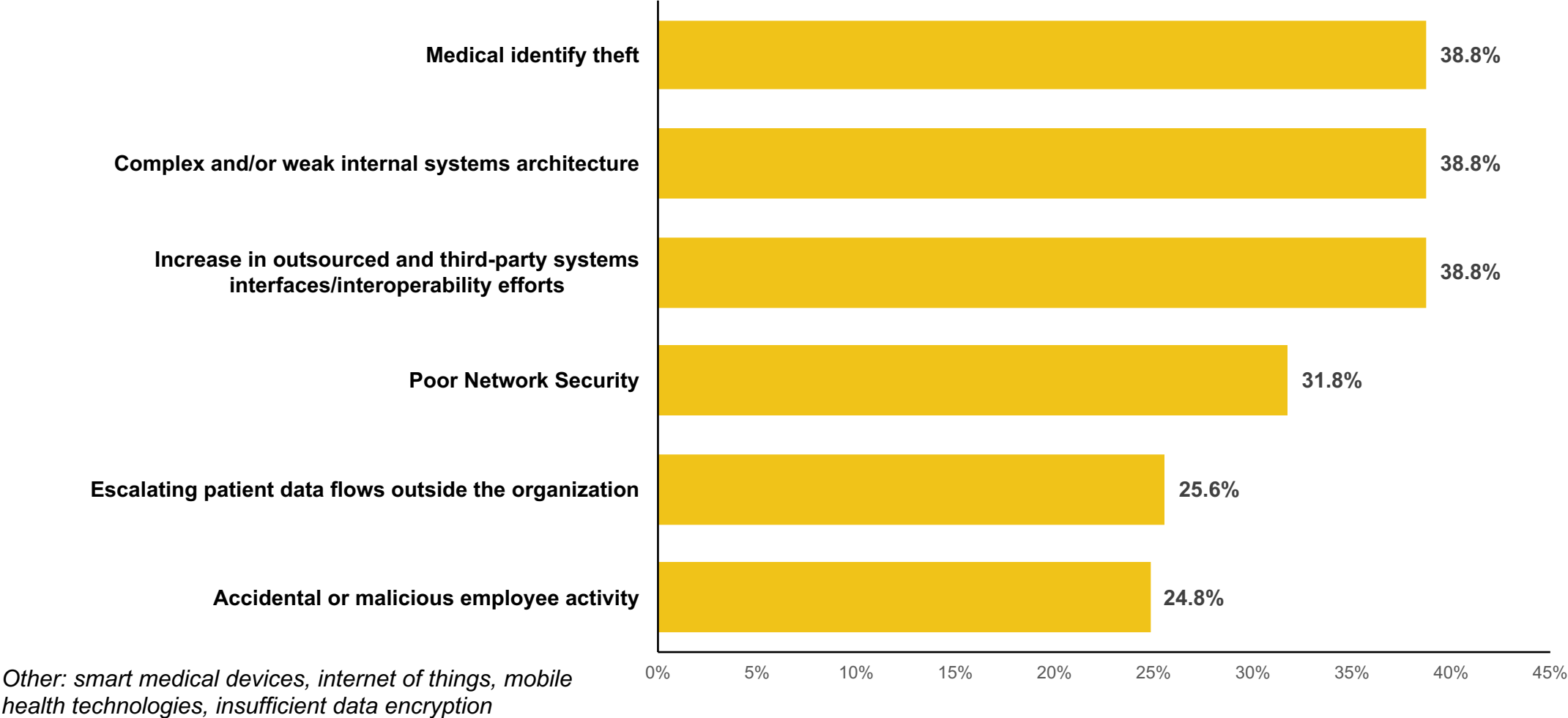
Better monitoring of Drug Companies and better training of doctors regarding drugs

Healthcare may be settling into a new normal

2016	2015	2014	2013	2012	2011	2010
CRITICAL						
<ul style="list-style-type: none"> • Customer Service • Privacy & Security • Clinical & Data Analytics • Risk Management 	<ul style="list-style-type: none"> • Customer service • Data analytics • Privacy & security • Membership retention 	<ul style="list-style-type: none"> • Customer service • Membership retention • Membership growth • Regulatory compliance • Data analytics 	<ul style="list-style-type: none"> • Member retention • Customer service • Regulatory Compliance • Membership Growth • Provider Networking & Contracting 	<ul style="list-style-type: none"> • Member retention • Member growth • Customer service 	<ul style="list-style-type: none"> • Member retention • Automation & performance optimization • Member growth 	<ul style="list-style-type: none"> • Member retention • Regulatory/mandate compliance • Health care reform compliance
IMPORTANT						
<ul style="list-style-type: none"> • Member Retention • Provider Network & Contracting • Regulatory / Compliance • Payment Integrity • Vendor Relationships 	<ul style="list-style-type: none"> • Vendor Relationships • Brand & Marketing • Product benefit design • Provider Networking & contracting 	<ul style="list-style-type: none"> • Product benefit design • Payment integrity • Brand, marketing, communications 	<ul style="list-style-type: none"> • Private HIX • Public HIX • Risk Mgmt • Payment Integrity 	<ul style="list-style-type: none"> • Claims accuracy and recovery • Risk management • Product benefit design 	<ul style="list-style-type: none"> • Regulatory/mandate compliance • Customer service • Claims accuracy & recovery • Product design 	<ul style="list-style-type: none"> • Automation & process optimization • Product design
LOWER PRIORITY						
<ul style="list-style-type: none"> • Tech Limitations • Branding, marketing & sales 	<ul style="list-style-type: none"> • Payment integrity 	<ul style="list-style-type: none"> • Risk mgmt. • Privacy & security 	<ul style="list-style-type: none"> • Brand, marketing, & communications • Product benefit design 	<ul style="list-style-type: none"> • Privacy & security • New sales channels 	<ul style="list-style-type: none"> • Privacy and security • Risk mgmt. 	<ul style="list-style-type: none"> • Customer Service • Risk Mgmt. • Claims accuracy and recovery

Healthcare administrators are concerned with a wide variety of cybersecurity threats

Top Drivers of Cybersecurity Concerns



The fuel for these motivators are coming from internal and external sources

Volume and sophistication of cyber threats and hacker activity
Cyber security marketing

Government and lawsuits
Fines
Regulation and financial penalties

Publicity
Public shaming
Brand damage due to a security breach

Financial liability
Lack of operational and contingency plans

*“Security and ransom attacks.
There is more exposure to third party systems which will impact the security of my organization.”*

Challenges



“Constant change is a challenge and opportunity”

Regulations

“Government mandates and increased regulatory oversight including proscriptive directives”

“Regulatory compliance requirements (bar keeps raising)”

“Compliance and Regulatory environment, HRA/risk assessment accuracy and improvement”

Costs

“Controlling medical and pharmacy costs”

“Increase in specialty drug cost and utilization”

“Managing medical expenses so we can maintain health care affordability”

Data & Security

“Security and ransom attacks. There is more exposure to third party systems which will impact the security of my organization”

“Combining unstructured data with structured data”

Emerging Care Models

“Developing proprietary networks with low cost and sufficient primary care coverage”

“Operationalizing ACOs and Integrated Delivery Networks”

“Administering the value-based, incentive-based, and alternative payment contracts and managing them in real-time”

Opportunities



Consumer Experience, care quality, and care management are central concepts for healthcare leaders

Consumer Experience

"Improving the electronic experience for the end user"

"It is critical to move to a truly consumer centric healthcare system where services are at the patient's convenience"

"Be more effective at direct-to-consumer, user-designed products and programs for consumer health engagement"

Market Growth

"Moving to more strategic partnering with health systems and growing in ASO"

"To leverage our high quality and customer satisfaction, as well as geographic expansion to grow membership"

"Growth of membership with ACA, due to many other payers pulling out of the race"

Care Quality

"Improve quality and throughput to reduce costs and increase quality"

"Focus on quality"

"The convergence and intersection of the various stakeholders in the health industry is likely going to disrupt markets that have been stable for some time. Hopefully this disruption will include lower costs and more accessible care for consumers"

Care Management

"Using data to focus treatments that are effective for the patients that need them and decrease unnecessary treatments"

"Increased emphasis on integrating behavioral health assessment, treatment and referral services within medical settings"

"Refined, focused strategies on broader member needs and inter-disciplinary collaboration. "

THANK YOU

Ferris Taylor
Ferris.Taylor@Hotmail.com
801.703.1090

Christopher Link
clink@changehealthcare.com
615.932.3400





hceg.org | info@hceg.org

SAVE THE DATE

September 18th-20th

HEALTHCARE
HCEG
EXECUTIVE GROUP

**The HealthCare Executive Group
2017 Annual Forum**

Thompson Nashville Hotel | Nashville, TN