Provider Sponsored Special Needs Plans

Alicia Heazlitt, VP, Signature HealthCARE
Will Saunders, CEO, AllyAlign Health
# Agenda

<table>
<thead>
<tr>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductions</td>
</tr>
<tr>
<td>The Evolution of Managed Care</td>
</tr>
<tr>
<td>A Provider Sponsored Special Needs Plan</td>
</tr>
<tr>
<td>- Signature Advantage Development, Approval and Launch</td>
</tr>
<tr>
<td>- Model of Care and Keys to Success</td>
</tr>
<tr>
<td>Discussion</td>
</tr>
</tbody>
</table>
“Duals 2.0” - The Challenge and Opportunity

Medicaid LTSS: Stepping stone to duals integration
- Ability to drive mandatory enrollment
- Savings only feasible from Medicare spend

Formulator States:
- States currently formulating their strategy for managed care
- Vehicle of choice will be D SNPs
Enrollment Status

Enrolment By Region and Type

Opt-Out By Region and Type

Payer View
- Limited enrollment
- Significant prescriptive requirements
- Provider push back
  - Hospital systems
  - LTC provider engagement

Provider View
- Administrative burden
- Payment delays
- Authorization requirements

State View
- CMS driven program
- Significant push back from patients, providers and advocates
- Prefer flexibility and control
Market Dynamics and Evolution

• Lack of Provider Control and Input
  – Third party (MCO, ACO, convener) controls patient and premium $
  – Emphasis is on payment methods, not quality
  – SNF doesn’t own data or influence protocols/care patterns
  – Administrative disruption as large a threat as competitive pressures
Market Dynamics and Evolution

- Focus on episodic post acute models will intensify
- Medicare Advantage penetration will continue to increase
- “Duals 2.0” is rapidly emerging
  - Demonstrations have languished and will evolve
  - CMS will soon issue guidance expanding the ACO model to cover dual eligibles
    - Burdensome CMS/State regulations
    - Lack of Provider Engagement
    - Payer Challenges
  - CMS/State will anoint D SNPs in non-Duals states and in post demonstration period
    - Provider Sponsored Organizations qualify
How does an Operator Win Provider Owned Medicare Advantage Special Needs Plan

• Market Dynamics
  o Appropriate for “Formulator states” where Duals have not been enrolled into 3rd party MCOs; and for aftermath of initial Duals demonstrations

• Model
  o Contract directly with CMS to operate a Special Needs Plan for nursing home eligible population
  o Significant investment: HMO license, provider network, MA PD, effective Model of Care, etc.
  o Take risk for total cost of care for patient population

• Outcomes
  o Accept risk and enjoy reward for investments in quality and cost efficiencies
  o Pre-empt 3rd party managed care (MCOs and hospital driven ACOs): offer an actionable, constructive alternative for state policy makers
  o Move up the value chain in relationships with payers, ACOs etc.

• Ultimate strategy: own and operate the risk bearing entity (D SNP) that contracts with the State/CMS for the duals/nursing home eligible population
Your Edge to Better Healthcare

About
Specially designed for Medicare beneficiaries living in our long-term care facilities with complex care needs.

Are You Eligible?
If you live in one of our participating long-term care facilities, you may be eligible to enroll.

Know Your Benefits
Provides all of the benefits of Original Medicare, plus a dedicated clinical team, Part D prescription drug coverage, and more.

Ready To Enroll?
New members receive a complete medical assessment, an onsite nurse-practitioner-led care team, and a personalized care plan.

Learn More
Learn More
Learn More
Learn More
# Benefit Design

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNF</td>
<td>$0/day for days 1-100. No prior hospital stay required.</td>
</tr>
<tr>
<td>PCP</td>
<td>$0 copay</td>
</tr>
<tr>
<td>Dental</td>
<td>$0 copay for preventive &amp; comprehensive. $250 combined limit per year</td>
</tr>
<tr>
<td>Vision</td>
<td>$0 copay for exams and hardware. $150 hardware limit per year</td>
</tr>
<tr>
<td>Non ER Transport</td>
<td>$0 copayment 24 one-way trip limit/year</td>
</tr>
<tr>
<td>Hearing</td>
<td>$0 copay for exams, hearing aids $800 limit per year</td>
</tr>
<tr>
<td>Podiatry</td>
<td>$0 copay for non-Medicare covered services 6 supplemental visits per year</td>
</tr>
<tr>
<td>Over-the-counter drug card</td>
<td>$15/month</td>
</tr>
</tbody>
</table>
Chronic Disease Management
Data/Analytics   Care is Core   Care Transitions
Health IT Systems   Customer Experience
Physician and NP Network

Signature
Advantage

Signature
HealthCARE
Economic and Joint Venture Model

Signature HealthCARE owners and AllyAlign contribute to form Plan and share proportional risk (i.e., additional capital investment) and reward (i.e., profit) going forward.

Provider earns revenue in four ways:

- Medicare FFS payments
  - Facility
  - Nurse Practitioner services
- Value-based incentives (i.e., gain-share) for facility and NP
- Reimbursement for administrative services provided to the Plan
- Share of Plan’s profit

Note that Medicaid payments (if applicable) are unaffected and continue to be paid as they are today.
Sample PMPM View

- Key Assumptions
  - 450 Hospital Admits/1000
  - 1/3 of prevented admissions result in incremental skilled stay
  - Optimized Risk Score

*Indicates source of revenue and profit for NF operator.
Economic and Joint Venture Model

**CURRENT ENVIRONMENT / INCENTIVES**

- Fee for service reimbursement
- Maximize Skilled referrals / days
- Bundles on horizon
- No exposure to total cost of care for custodial residents

**I-SNP INCENTIVES**

- Accountable for total cost of care (NF + hospital + physician + ancillary + Rx)
- Core competencies:
  - Physician / NP engagement
  - Care Coordination platform
  - Outcomes data
  - HCC coding
  - Administration (Enrollment/claims etc)
Special Needs Plan Construct

The Managed Path

Key:
- Medicare Part A: Hospital Spend
- Medicare Part B: Physician, Ancillary Spend
- Medicare Part D: Pharmacy Spend
- Medicaid
Keys to Success

- **Outcome:**
  - Lower ER Visits/Hospitalizations
  - Increased SNF utilization, payment for appropriate services
  - Incented ICT team members who compliantly gain share in profits of plan
  - Engaged, informed family members
  - Greater retention and rewards for key facility staff
  - Satisfied residents
  - Investments benefit non-Plan related population (short stay SNF patients)
Align360

A cloud based, configurable platform purpose built to support provider sponsored Special Needs Plans.
Model of Care: Integrated Care Team Focus

- Empowered Integrated Care Team focused on:
  - Constantly assessing and risk stratifying patient population
  - Implementing and monitoring a customized Plan of Care
  - Real time referrals and authorization for:
    - Skilling in place, fully utilizing SNF resources
    - Necessary coordinated care in all settings and amongst necessary specialists
    - Additional reimbursement for appropriate services (e.g. mobile imaging, off hours hours telemedicine)
  - Establishing accountability amongst ICT team members for care elements
  - Utilizing evidence-based guidelines
  - Supported by a care coordination platform that integrates data and transmits actionable alerts to:
    - Streamline line assessment process that automatically flows into a plan of care
    - Continuously follow and update Pan of Care
    - Identify service duplication
    - Improve medication compliance and regimens
  - Conducting family counseling
Model of Care: Integrated Care Team Focus

• What we try to avoid:
  – Prior authorization of services reviewed and requested by ICT
  – Retrospective utilization management of ICT decisions
  – Retrospective denial of services
  – Medical necessity reviews of services referred/requested by ICT
  – Flurry of non actionable alerts and messages
  – Unnecessary services requested by frustrated family members
## Key Application Elements

<table>
<thead>
<tr>
<th>Application Element</th>
<th>AllyAlign Fully Supported</th>
<th>AllyAlign Supported with Partner Input</th>
<th>AllyAlign Foundation for Success</th>
<th>Timing</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMO License</td>
<td>✓</td>
<td></td>
<td>Fully developed NAIC/UCAA Template</td>
<td>Initiate: Sept ‘15 Fund: Feb ‘16</td>
<td>Financial disclosure requirements of ultimate controlling party</td>
</tr>
<tr>
<td>Model of Care</td>
<td>✓</td>
<td></td>
<td>AAH Model of Care: Perfect Score from NCQA/CMS; full 3 year approval</td>
<td>Review: Oct – Dec File: Feb ‘16</td>
<td>Must customize for facility initiatives and programs</td>
</tr>
<tr>
<td>Provider Network</td>
<td></td>
<td>✓</td>
<td>National alliances (hospital; physician, transplant, lab, dme etc); Mapping and analytic tools that mimic CMS criteria</td>
<td>Initiate: ASAP File: Feb ‘16</td>
<td>Biggest challenge – will require facility-led introductions to local providers</td>
</tr>
<tr>
<td>MA PD</td>
<td>✓</td>
<td></td>
<td>Turn Key Fully Compliant PBM</td>
<td>File in Feb ‘16</td>
<td>Fully developed solution</td>
</tr>
<tr>
<td>Application Elements</td>
<td>✓</td>
<td></td>
<td>Fully Developed and Approved</td>
<td>File in Feb ‘16</td>
<td>Compliance Plans, Quality Improvement Plans etc.</td>
</tr>
</tbody>
</table>
Application Timeline

**INITIAL DUE DILIGENCE**
- State HMO or license requirements
- Macro political and market environment
- Organizational self-assessment
- Diligence on operational and financial requirements

**APPLICATION AND BID PROCESS**
- Formulate bid models
- Application submission February
- Prepare for CMS site visit

**IMPLEMENTATION**
- Initiate marketing and enrollment process
- Conduct initial assessments and risk stratification
- Install and configure Align360 platform
- Interface key EMR and other systems

**FORMATION**
- Form entity and execute organizational documents
- Formulate initial application and configure Model of Care
- Draft and submit State license application
- Initiate Provider Network Development
- Submit formal Letter of Intent November

**OPERATIONAL READINESS**
- Orientation for facility administration, clinic staff and attending physicians
- Hospital protocols and care model
- Recruiting and training NPs
- Testing for claims submission with provider training partners

**GO LIVE**
- Full operational go live
Questions & Discussion

Will Saunders
*Founder & CEO*
(804) 677-2028
will@allyalign.com
www.allyalign.com