Health Market 2.0
The patient to consumer revolution

Quantified self
Transparent consumer markets
Smart care teams
TIME FOR ACTION

CHANGING THE CONVERSATION
WHAT HAPPENS WHEN THE CONSUMER JOINS THE CONVERSATION?

WE WANT TO UNDERSTAND WHAT MATTERS ABOUT OUR HEALTH

WE WANT FEEDBACK AND TOOLS TO HELP US LIVE LONGER AND BETTER

WE WANT TO BE ABLE TO MAKE INFORMED DECISIONS ABOUT HEALTH SERVICES

WE NEED TO BE ABLE TO STRETCH OUR DOLLARS BEYOND THE BENEFIT PLAN

WE NEED OUR CARE TEAM TO TREAT US HOLISTICALLY & HELP US LIVE BETTER

WE WANT ANYTIME & ANYWHERE ACCESS TO CONVENIENT CARE

THE PATIENT TO CONSUMER REVOLUTION
REFRAMING WHAT IS POSSIBLE
HEALTH MARKET 1.0 IS BROKEN
WHAT IF THIS TIME WE STARTED WITH THE CONSUMER?

yesterday

B 2 B 2 c

today

B 2 B 2 C

tomorrow

B 2 b 2 C
A $1TN OPPORTUNITY

Technology + Innovation = Capital + Leadership

HEALTH MARKET 2.0
# Creating Unheard of But Achievable Value

<table>
<thead>
<tr>
<th>Metric</th>
<th>Health Market 1.0</th>
<th>HEALTH MARKET 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost reduction</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>Trend reduction</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Consumer experience improvement</td>
<td>25%</td>
<td>300%</td>
</tr>
<tr>
<td>Value rotation</td>
<td>$100 BN</td>
<td>$1 TN</td>
</tr>
<tr>
<td>Rate of innovation and diffusion</td>
<td>100X</td>
<td>1,000X</td>
</tr>
<tr>
<td>Extra years of good living</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>
IT IS ALREADY UNDERWAY

RISE OF RETAIL

Mobile and monitoring

TECHNOLOGY ATTACK

Retail

Tech – Big data

Advanced diagnostics

Food and grocery

Health shopping

PHM enablement

Exchanges

HEALTH ECOSYSTEMS

Smart care teams PHM

Telehealth

CONSUMER MARKETS

HEALTH Market 1.0

• MyFitnessPal
• Jawbone
• Zipongo
• Livongo

• Google
• IBM Watson
• Apple

• Theraos
• Hudson Alpha
• Illumina
• 23andMe

• Castlight
• WebMD
• DocSpot
• Amazon

• Liazon
• Bloom

• Walgreens
• Walmart
• CVS
• Rite Aid

• Weight Watchers
• Whole Foods
• McDonald’s
• GNC

• Evolent
• xG Health
• Optum
• Healthagen

• HealthCare Partners
• Iora
• Qliance
• CareMore

• Teladoc
• MDLive

• Welltok
• Audax

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AND BLURRING THE LINES
• Billions in corporate/strategic investment – IBM, Google, Apple, Samsung, GE, Walmart, etc. – exponential growth in PE funding

• Over 200m consumers engaged in their health through wearable devices, apps and web services

• Close to 100,000 mobile health apps, with the top 10 generating over 4 million downloads per day

• Over 1,600 retail-driven convenience clinics and virtual-health broadly available everywhere

• One hundred new predictive biomarkers and one thousand under R&D
BLURRING THE LINES
GIVING US THE PROMISE OF TEN MORE GOOD YEARS

Health status migration

Care team prescribes coaching, diet, exercise program

Biosensors, light weight training, strength and stretch training

Psychologist catches early depression, addresses it

Nutritionist helps craft better diet to promote good weight

PCP addresses high cholesterol with an Rx

Occasional home care visits help maintain independence

Fully mobile

Overweight, diabetic, high blood pressure, undiagnosed depression

Overweight, diabetic, high blood pressure, CHF

Poly-chronic, severe mobility impairment, depression, in skilled nursing facility

Health Market 2.0

Quantified self

Transparent consumer markets

Smart care teams

Health Market 1.0

Physician Centered Sick Care

GIVING US THE PROMISE OF TEN MORE GOOD YEARS

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# REFRAMING WHAT IS POSSIBLE

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<tr>
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<th>HEALTH MARKET 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness</td>
<td>Whole health and wellness</td>
</tr>
<tr>
<td>Symptomatic response</td>
<td>Prevention and prediction</td>
</tr>
<tr>
<td>Transactional</td>
<td>Personalized and relational</td>
</tr>
<tr>
<td>Office hours</td>
<td>Always</td>
</tr>
<tr>
<td>Opaque with few standards</td>
<td>Transparent with value metrics</td>
</tr>
<tr>
<td>Fee for service – provider units</td>
<td>Global budgets &amp; consumer units</td>
</tr>
<tr>
<td>Plan sponsor</td>
<td>Consumer</td>
</tr>
</tbody>
</table>

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ELEMENTS OF HEALTH MARKET 2.0

TIME FOR ACTION
ELEMENTS OF HEALTH MARKET 2.0

Quantified self

Transparent consumer markets

Smart care teams
STARTING WITH 1.0 BASICS

HONDAS, PYRAMIDS & GLOBAL RISK

Meet FRED 1.0

POPCULATION HEALTH PYRAMID

Meet FRED 2.0

- 15% of the population
- 60% of the cost
- Failure of FFS sick care
- Central to Health Market 2.0

HONDAS, PYRAMIDS & GLOBAL RISK

40% improvement in value --- 300% better experience --- infinitely more access --- ten more years of good living

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ELEMENTS OF HEALTH MARKET 2.0

Quantified self

Healthy living values
Clinical and health condition values
Expense and budget values

Exchanges and shopping market
Quantified self the bridge to a personalized health and wellness marketplace
Social and expert communities
Health living rewards exchange.

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Changing consumer’s health IQ and engagement level thru real time health/living feedback through a common sense mobile app

Healthy living values
- Steps or activity
- Sleep
- Nutrition
- Stress
- Weight

Clinical and health condition values
- Blood sugar
- Weight changes
- Blood pressure
- Heart function
- Blood oxygen
QUANTIFIED SELF

Healthy living values
• Steps or activity
• Sleep
• Nutrition
• Stress
• Weight

Clinical and health condition values
• Blood sugar
• Weight changes
• Blood pressure
• Heart function
• Blood oxygen

Expense and budget values
• Affordability
• Deductible status
• Exposure
• Pharmacy costs
• Reward opportunities

Real time personalized preventive health

Quantified self, the bridge to a personalized health and wellness marketplace

Increased relevance and engagement through social communities

Health living rewards exchange

Smart care team, a personalized ecosystem

Smart personalized shopping

Exchanges and shopping market

Social and expert communities

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WHAT IS NEW

- Consumers get real time feedback on how they are living – steps and sleep now, key clinical values very soon
- Explosion of real time information, driving consumer engagement, increasing awareness and ‘health’ and ‘benefits’ IQ
- Heightened awareness and virtual clues create habit changing teachable moments
- Quantified self makes personalized shopping and experiences possible
- Consumers share their quantified self information to enable smart care teams to help with monitoring and prevention
- Quantified self enables a new consumer health currency through behavior based rewards
QUANTIFIED SELF

WHY IT MATTERS

- Quantified self and mobile apps are mainstreaming – the ‘race is on’ to own the integrated consumer apps
- Consumers will expect health plans and smart care teams to be ‘q-self ready’
- Quantified self is an information and personalization business design and moves at silicon speed
- The shift from occasional asynchronous data capture to daily real time interactions is a game-changer; across the pyramid
- Shared quantified self information leads to ten percentage points of increased value
- Social communities are powerful and here to stay
Transparent consumer markets

- Crowd Sourced Recommendations
- Annual Decision Process
- Plan Year Marketplace
- Convenient Care
- Acute and Complex Care Services
- Surgical and Diagnostic Procedures
- Major Diseases and Conditions
- Retail Healthy Living Services
- Personal Health Economy/Bank
- Personalized Better Living Itinerary

ELEMENTS OF HEALTH MARKET 2.0
Consumers with advanced decision tools building personalized configurable health solutions during annual enrollment

**TRANSPARENT CONSUMER MARKETS**

- **Insights engine**
- **Crowd sourced recommendations**
- **Personalized better living itinerary**
- **Personal health economy/bank**
  - Benefits
  - Reward
  - Flex dollars
  - Cash/debt
- **Annual decision process**
  - Benefits configuration
  - Networks and care models
  - Personal engagement level
TRANSPARENT CONSUMER MARKETS

Over time consumers and families having better information for making treatment decisions regarding serious diseases and complex care.
TRANSPARENT CONSUMER MARKETS

Insights engine
Crowd sourced recommendations

Personalized better living itinerary

Personal health economy/bank
• Benefits
• Reward
• Flex dollars
• Cash/debt

Smart care team

Annual decision process

Convenient care
Real time shopping based on price location, waiting times and experience

Surgical and diagnostic procedures
Bundled procedures with comparative price, value, experience and outcome information

Retail healthy living services

Retail health and wellness shopping with integrated rewards

Plan year online shopping marketplace

Consumers and families working with their smart care team and decision tools to make more informed decisions on acute and complex care

Consumers making informed decisions about disease treatment with support tools and their smart care team

Acute and complex care services

Major diseases and conditions
• Cancer care
• Inflammatory disease
• Vascular and cardiac
• Renal care

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WHAT IS NEW

- Consumer’s personalize their annual health plan decision process; to fit life/health needs, engagement preferences and budget
- Consumers shop during the plan year for health services (within networks) with price and value transparency
- Consumers benefit from ‘smart shopping decisions’ by earning credits
- Health plans re-contract with providers moving to new consumer economic units (e.g. knee replacement) with preset value metrics
- Five new health services markets emerge – ranging from convenient care to major disease markets
- Prices fall to the median and providers compete on value as spot markets develop to match idle supply with consumer demand at the ‘right price’
- The new health services market includes health and wellness products and services

TRANSPARENT CONSUMER MARKETS
TRANSPARENT CONSUMER MARKETS

WHY IT MATTERS

- First generation transparent shopping apps are all ready in market with great access to capital
- Mega-retailers will mainstream transparent shopping for convenient care services and change the basis of competition
- Consumers with quantified self and shopping apps will demand transparent shopping and reward the best value competitors
- This is an information business – moves at silicon speed and ignores geography
- Over a hundred millions of consumers are already shopping – at least for better information
- Moving the surgical and diagnostic market to median pricing saves 10% of the total cost of healthcare
Smart care teams

Predictive, personalized, preventive health, wellness and engagement system

- Communication platform
- Biosensors and monitoring
- Predictive insights engine
- IT enablement engines
- Weight management
- Stress management
- Nutrition management
- Physical in the community resources
- Smart clinics
- Retail pharmacy clinics
- Virtual health resource access
- Coaching
- Telehealth

- Smart Care Team
  - A Personalized Ecosystem

- Complex Adaptive Workflow
- Personalized Health Itinerary
- Intuitive engagement model
- Personalized connected relationship
- Real time biometric and daily living information

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The smart care team building the foundation with full multi-skill team composition and a consumer better-living culture
SMART CARE TEAMS

Predictive, personalized, preventive health, wellness and engagement system

Value based acute and complex care services

SMART CARE TEAMS

A Personalized Ecosystem

IT enablement engines

Communication platform

Biosensors and monitoring

Predictive insights engine

Smart Care Team

Physical in the community resources

Virtual health resource access

Coaching

Telehealth

Smart clinics

Retail pharmacy clinics

Genomics and advanced diagnostics

Complex Adaptive Workflow

Personalized Health Itinerary

Intuitive engagement model

Personalized connected relationship

Real time biometric and daily living information

Shared longitudinal and collaborative health record

Weight management

Stress management

Nutrition management

Better living programming

Weight management

Stress management

Nutrition management

IT enablement engines

Physical in the community resources

Virtual health resource access

Coaching

Telehealth

Smart Care Team

Shared longitudinal and collaborative health record

Value based acute and complex care services

Smart care teams partner with consumers to navigate and coordinate acute and complex care

Communication platform

Biosensors and monitoring

Predictive insights engine

Genomics and advanced diagnostics

Complex Adaptive Workflow

Personalized Health Itinerary

Intuitive engagement model

Personalized connected relationship

Real time biometric and daily living information

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WHAT IS NEW

- Personalized and predictive using big data and insight engines for micro segmentation
- Coordinated ecosystems facilitating multiple points of access and improving convenience
- Integrated virtual services making health resources available anywhere and anytime
- Complex adaptive workflow aligning the care team to the consumer’s needs across the ecosystem
- Passive monitoring and real time feedback, eliminating most preventable acute events
- Consumer health itineraries, proactive coaching and real time engagement promoting healthier living
SMART CARE TEAMS

WHY IT MATTERS

- Consumers love smart care team ecosystems – extremely magnetic
- Smart care teams improve ‘benefits value’ by as much as 40% and become the new front end
- The next wave of value is information based, moves at silicon speeds and massively improves resource leverage
- Consumers live better and feel more connected with their smart care teams
- Smart care teams can leapfrog over medical homes; innovators have already proven the model
- National retailers could drive the model at scale
Understanding the new profit levers

THE FORTY PERCENT OPPORTUNITY

- Passive monitoring & early interventions: 10%
- Big data and predictive health: 10%
- Lifestyle medicine: 10%
- Consumer engagement: 5%
- Smart care team ecosystems: 10%

Potential profit

Health Market 1.0

Health Market 2.0

Better consumer pricing

Magnitudes illustrative

Health Value Impact Opportunity

THE NEW PROFIT DRIVERS
Next generation PHMs will thrive on complex adaptive systems that are highly-tailored to particular segments of the population.

Specialized care models will be supported by new population-specific ecosystems.

Severe behavioral
- Dedicated psychiatric NPs/MDs
- Bio-monitoring of Rx adherence
- Dedicated social worker and PCP
- Etc.

Chronic with social needs
- Case worker embedded in care team
- Dedicated coach focused on nutritional and mental health needs
- Etc.

End of life
- Palliative care experts
- Support for caregivers
- Hospice centers
- Legal/financial advisers for family
- Etc.

Poly-chronic/complex
- Dedicated “Extensivists”
- Remote monitoring
- Specialty clinics
- Integrated behavioral health
- Etc.

Generally healthy
- Affordable acute care options
- Rewards and incentives
- Social/mobile health tracking tools
- Etc.

Early chronic/at-risk
- Dedicated health coach focused on fitness, nutrition
- Attention to behavioral health
- Rewards for meeting health goals
- Etc.
HEALTH MARKET 2.0

Quantified self

Healthy living values

Clinical and health condition values

Expense and budget values

Quantified self: the bridge to a personalized health and wellness marketplace

Social and expert communities

Health living rewards exchange

Exchanges and shopping market

Transparent consumer markets

Crowd-Sourced Recommendations

Personalized Better Living Itinerary

Retail Healthy Living Services

Personal Health Economy/Bank

Convenient Care

Plan Year Marketplace

Annual Decision Processes

Health and Wellbeing

Major Diseases and Conditions

Surgical and Diagnostic Procedures

Acute and Complex Care Services

Surgical and Diagnostic Procedures

Major Diseases and Conditions

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Health and Wellbeing

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IT enablement engines

Better living programming

Virtual health resource access

Retail pharmacy stacks

Smart clinics

Physical in the community resource

Medical eligibility engine

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Physical in the community resource

Medical eligibility engine
UNLOCKING THE INCUMBENT'S DILEMMA
The biggest problem in business ... is staying with your previously successful business model two to three years too long.
Why is it …

that the mental model of industry leaders lags the market by 2–3 years?
The trillion dollar question...

how can you change the mental model and thrive in Health Market 2.0?
CHANGE YOUR FRAME OF REFERENCE

RISE OF RETAIL

Health Market 2.0

TECHNOLOGY ATTACK

CONSUMER MARKETS

HEALTH ECOSYSTEMS

Mobile and monitoring

Retail

Food and grocery

PHM enablement

Smart care teams PHM

Telehealth

先进诊断

健康购物

交换

消费者市场

零售

食品和杂货

PHM使能

智能护理团队

远程医疗

科技-大数据

健康生态系统

改变认知框架

• MyFitnessPal
• Jawbone
• Zipongo
• Livongo
• Google
• IBM Watson
• Apple
• Theranos
• Hudson Alpha
• Illumina
• 23andMe
• Castlight
• WebMD
• DocSpot
• Amazon
• Liazon
• Bloom
• Teladoc
• Audax
• Welltok
• MDRive
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• xG Health
• Optum
• Healthagen
• HealthCare Partners
• Iora
• Qliance
• CareMore
• Weight Watchers
• Whole Foods
• McDonald’s
• GNC
• Walgreens
• Walmart
• CVS
• Rite Aid
• Weight Watchers
• Whole Foods
• McDonald’s
• GNC
• Walgreens
• Walmart
• CVS
• Rite Aid

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DON’T GET BLIND SIDED BY THE SPEED OF CHANGE

A new consumer economy with redefined value

New industry standard

Transformative value
Delight consumers
Become magnetic

Point of design
Physician - disease
Consumer - health

Ecosystem
Consumer beware
Highly coordinated

Market position
Laggard
Multi-year lead

Price position
Above market
Price advantaged

Network advantage

Product leadership

Value chain control

Diagnostic procedures
Convenient care
Simple surgical procedures
High deductible plans
Narrow networks

Priced based
Competition and substitute economics

Walmart
CVS Health
WebMD
iora health
theranos

Physician - health
Consumer - disease

Consume - health
Physician - disease

Transformative value
Delight consumers
Become magnetic

Point of design
Physician - disease
Consumer - health

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Multi-year lead

Price position
Above market
Price advantaged

A new consumer economy with redefined value

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KNOW THAT IT IS NOT A LEVEL PLAYING FIELD

A capital markets perspective

AGILITY
- Speed
- Information Intensity

GLUE
- Regulation
- Geographic scope

FUEL
- Access to capital
- Market value

WEIGHT
- Asset intensity
- Return on capital

Incumbents
- 1 new operating theatre a decade
- 1 dollar of capital for a dollar of revenue

Adjacencies
- 25 new product releases a year
- 5 cents of capital for a dollar of revenue

New Players
- 25 new product releases a year
- 5 cents of capital for a dollar of revenue
# UNDERSTAND THE HOT SPOTS

## SUPPLY MARKETS
- Convenient and virtual care
- Smart care teams
- Surgical and diagnostic bundles
- Predictive analytics
- Real-time adaptive workflow
- Next gen diagnostics

## DEMAND MARKETS
- Passive connected monitoring
- Personalized prevention
- Engagement and rewards market
- Consumer shopping tools
- Product exchanges
- Configurable health plans
- In-network shopping
GET INTO THE RACE
FOR VALUE

Provider

Population based smart care team ecosystems

Protect the fort

Where is your organization?

Reinvent & Innovate

Slow with heavy construction

Payer

Consumer configurable health plans

Where is your organization?

Reinvent & Innovate

Slow with heavy construction

Incumbents

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BUILD TO WIN IN HEALTH MARKET 2.0

Incumbents

Provider
Population based smart care team ecosystems

Payer
Consumer configurable health plans

Adjacencies

Retail Pharmacy
Healthy living community stores +

Credit/Debit Card
Health and wellness consumer banking

New Players

Web Services
Transparent consumer shopping markets

Smart Phone +
Personalized better living ecosystems
DON’T GO IT ALONE

Health Market 1.0
Incumbent

Passive
Monitoring

Big Data and
Predictive
Modeling

Mobile
Apps

Retail
Pharmacies

Health Market 2.0
New Players

Selecting Strategic Partners from the Health and Wellness Jungle

Sickness
Benefits and coverage
Care delivery

Wellness
Long-term life and health planning
Healthy living
Finance, risk and decision support
Provision and delivery

Big Data and Predictive Modeling

Passive Monitoring
RUN SKIP-GENERATION PLAYS

1 Hospital system

2 Clinically integrated network

3 Patient center care model

4 Smart care team ecosystem

Provider
Population based smart care team

Predictive, personalized, preventive health, wellness and engagement system

- Communication platform
- Feedback and monitoring
- Predictive insights engine
- Smart clinics
- Retail pharmacy clinics
- Complex Adaptive Workflow
- Personalized Health Library
- Intuitive engagement model
- Personalized connected relationship
- Real time biometric and daily living information

- IT enablement engines
- Physical in the community resources
- Virtual health resource access
- Coaching
- Telehealth
- Better living programming
- Nutrition management
- Stress management
- Weight management
- Smart Care Team & Personalized Ecosystem

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RUN SKIP-GENERATION PLAYS

1. Health Plan 1.0
   - PPOs and narrow networks

2. Health Plan 1.5
   - Value based benefits and rewards
   - Exchange based decision tools
   - Network model – performance-based

3. Health Plan 1.5
   - Value based benefits and rewards
   - Network model – performance-based
   - Health Plan 1.5
   - Health Plan 1.5

4. Health Plan 2.0
   - Configurable benefits and network
   - In plan year (and network) marketplace

Payer
Consumer configurable health plan

My personal budget and risk tolerance
Network model – broad or narrow

Patient centered care models

Health and pharmacy benefits

PPOs and high performance networks

Convenient Care
Acute and Complex Care services
Retail Healthy Living Services
Surgical and Diagnostic Procedures
Transparent Markets

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The Scarcest Commodity

LEADERSHIP
VIVA LA CONSUMER REVOLUTION!!