



ACCOUNTABLE CARE PLATFORM

Delivering distinctive value
to those we serve

North Carolina State Health Plan

March 28, 2014



Network Strategy | Delivering Distinctive Value



Paying for Value

We are paying for value through outcome-based payment models that reward care providers for improvements in quality and cost-efficiency

Transforming the Delivery System

We are transforming the delivery system to be more accountable for cost, quality and experience outcomes, helping make health care more affordable

WE ARE TRANSFORMING HOW WE PAY FOR HEALTH CARE AND HOW HEALTH CARE IS DELIVERED



Aligning Incentives

We are aligning incentives across employers, consumers and care providers to achieve the Triple Aim of better health, better care and lower costs

WE ARE TRANSFORMING HOW HEALTH CARE IS PAID FOR, DELIVERED AND REWARDED.

UnitedHealthcare's Accountable Care Platform

We are transitioning physicians from fee-for-service to outcome-based payment models and aligning those payment models with our product and network offerings (e.g., tiered benefits plans, wellness programs, networks).

- Today, **more than \$29 billion** of UnitedHealthcare's reimbursements to hospitals, physicians and ancillary care are tied to accountable care programs, centers of excellence and performance-based programs.
- Today, we have **9 million members** in value-based contracts – **2 million** of which are in **accountable care/coordinated care models**.
- By 2018, our accountable care contracts are expected to **total \$65 billion**, half of our annual network spend.

**MORE THAN 740 HOSPITALS, 1,150 MEDICAL GROUPS AND
80,000 PHYSICIANS ARE PARTICIPATING IN OUR ACCOUNTABLE CARE PLATFORM.**

Accountable Care Platform | Definition & Goals

UnitedHealthcare's definition and objective

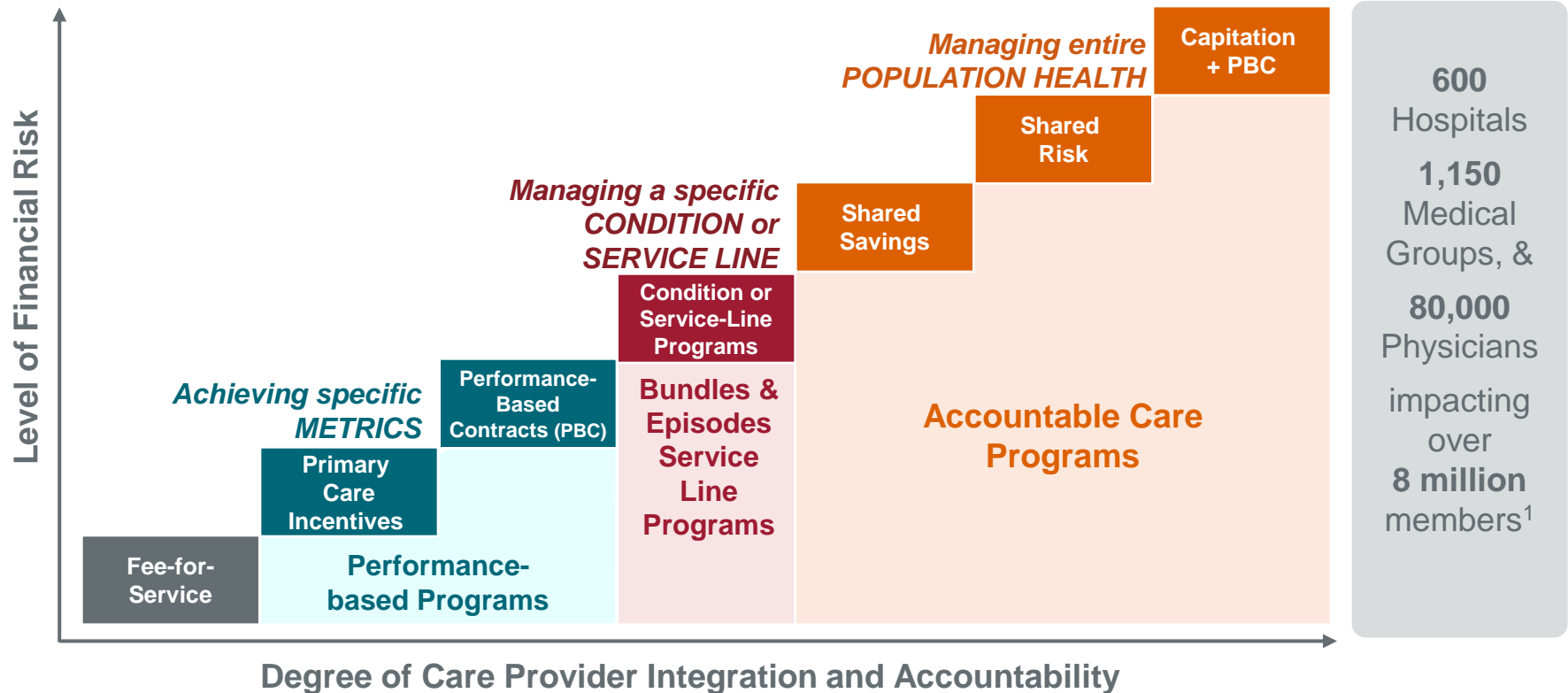
- **Accountable Care Organizations (ACOs)** are clinically integrated, coordinated health care organizations that accept responsibility for managing and improving the health of a defined population in addition to reducing the total costs of health care services.
- **A successful ACO partnership will foster and change the nature of relationships among healthcare providers and the community, resulting in achievement of the Triple Aim:**
 - **Improved Quality Outcomes**
 - Demonstrated through improvement of a robust set of metrics that encompass care across the continuum: physician, hospital, long-term care and home-health care metrics.
 - **Better care**
 - Improved patient experience of care
 - Improved coordination of health care
 - Reflects that consumers need to be central in the healthcare discussion

Reduced Cost

- Consumer: Reflected in lower premiums and out-of-pocket expenses
- Provider: Realized in the form of increased efficiency and payments that are tied to value
- Payer: Reduced total cost of care realized through increased provider efficiency

MEANINGFUL

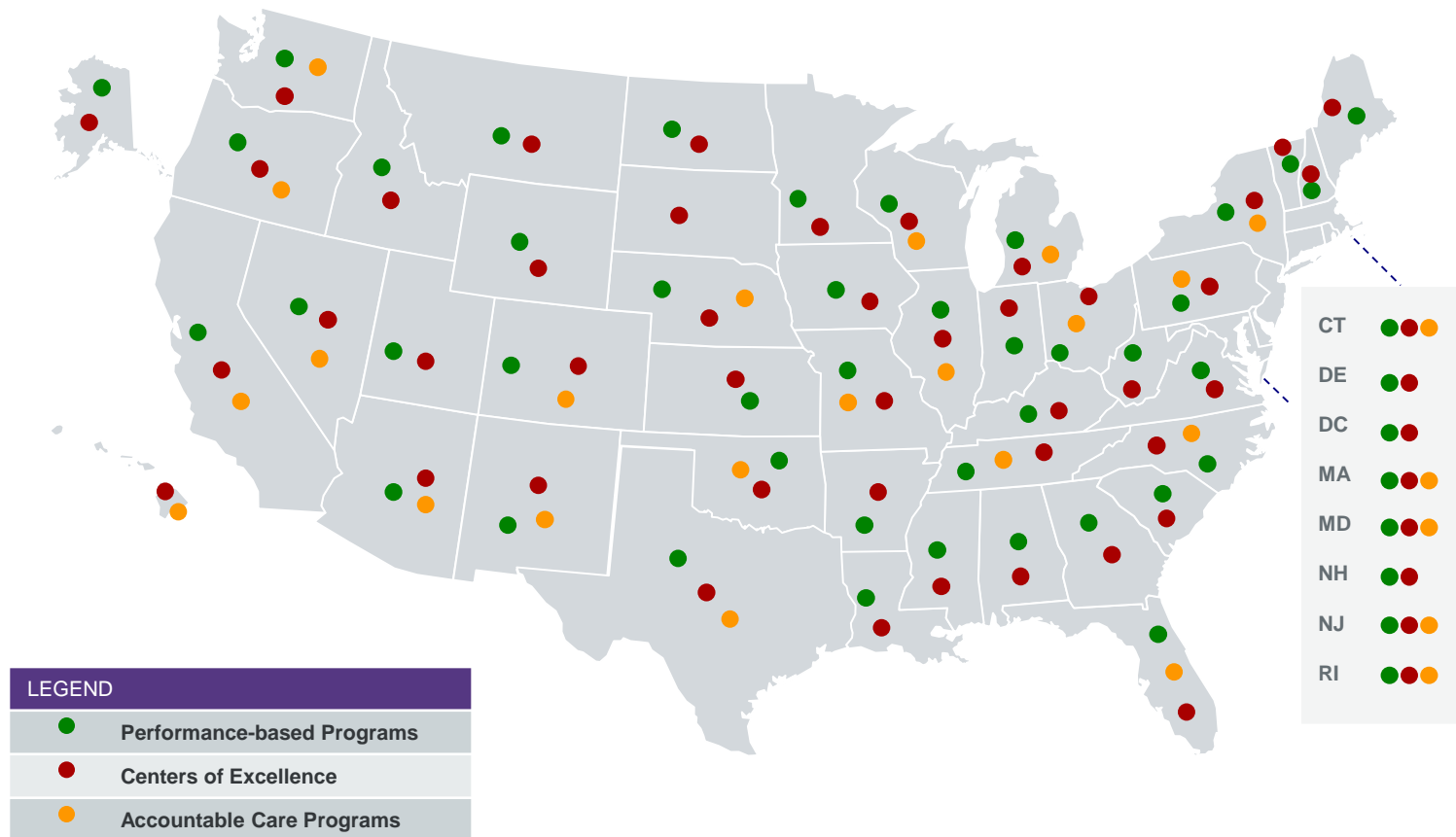
Accountable Care Platform | Accountability Continuum



¹ Deployment statistics for executed contracts as of July 2013, net of program overlap; Member data as of November 2013

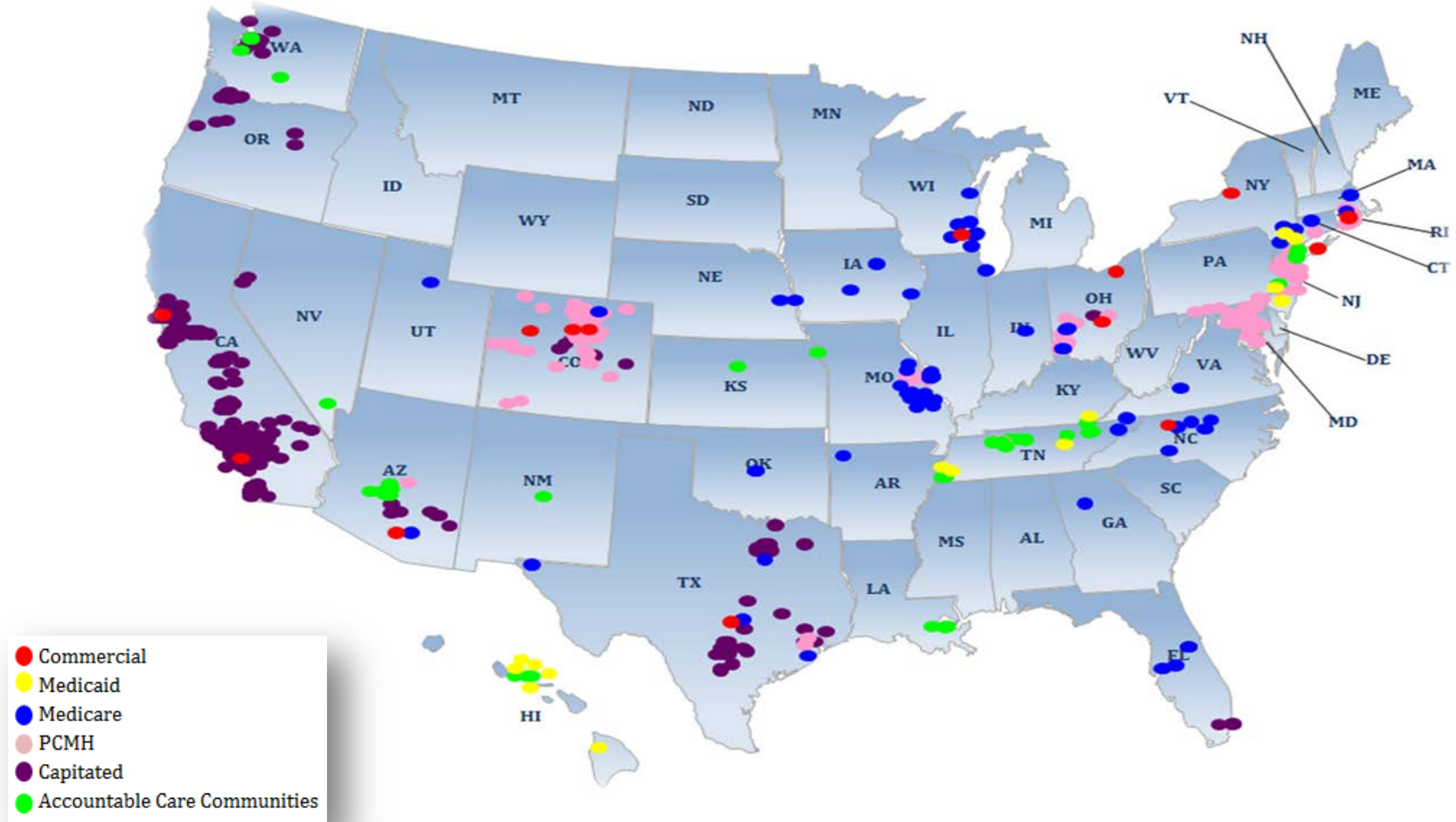
Accountable Care Platform | Deployment Map

DELIVERING DISTINCTIVE VALUE ACROSS THE COUNTRY



Location of icon within state is for illustrative purposes only and is not indicative of program's actual geographic locations within the state – many programs are state-wide. Deployment as of December 2013.

Accountable Care Programs | All Lines of Business



550 Medical Groups

ACCOUNTABLE CARE ORGANIZATIONS (ACO) & PATIENT-CENTERED MEDICAL HOMES (PCMH)



Accountable Care Platform | Managing Population Health

ACCOUNTABLE CARE ORGANIZATIONS (ACO)

**Improve Population
Health and Patient
Experience**

**Reduce
Medical
Costs/
Trend**

**Deliver Best
Possible
Quality Outcomes**

Our ACO model incorporates proactive population health management strategies

The objectives of our ACO model are to:

- Improve population health and patient experience
- Deliver the best possible quality outcomes
- Reduce medical cost and medical trend

19 ACO agreements signed supporting commercial business:

- ACO model executed with 19 Accountable Care Organizations
- Participating in Dartmouth-Brookings ACO collaborative in Arizona
- Ongoing negotiations with ACOs in Phoenix, New York and other markets.
- See map for ACO locations.

Medicare and Medicaid Accountable Care programs launched in several states

**THIS
MATTERS**

We are introducing Optum capabilities to our ACO partners to provide them with the analytics and decision support solutions to manage risk and improve quality outcomes.

ACO Partnerships | Finding the Right Partner

- We do not have a prescribed formula or a template or a set profile that we look for in developing an ACO relationship
 - One size does not fit all
 - Successful ACO's will have similar characteristics, but the organization structures will vary depending on the geography but more importantly they will vary by the people that we serve
- We identify potential ACO partners through a bottoms-up process
 - We rely on our local Market and Health Plan Leaders to identify ACO Candidates using both subjective and objective criteria:
 - Do we share common visions?
 - How strong and deep is the current relationship?
 - How well do the teams work together day to day and when there are problems?
 - Have we worked on other pilots with this organization previously?
 - What's the degree of clinical integration and does the organization already have tools and programs in place to manage risk and populations?
 - What is the ACO's relative financial strength and position?

Accountable Care Platform | Supporting Care Providers

SUPPORTING CARE PROVIDERS IN MANAGING POPULATION RISK

Requirements for Accountable Care Program Partnerships

- Physician leadership with clear governance
- Robust end-to-end clinical programs
- Ability to coordinate care across all care settings
- Effective Health Information Technology
- Disciplined financial accounting and systems
- Mechanisms to appropriately distribute funds
- Ability to manage and willingness to accept risk
- Tools for patient activation and engagement

These are key success factors critical to achieving the Triple Aim

How We Support Accountable Care Program Partners

- Membership
- Contracting evolution based on provider risk readiness
- Comprehensive performance measurement and reporting
- Member empowerment strategies
- Clinical consultation
- Robust suite of tools offered by Optum
- Mechanism to administer incentive programs
- Physician/patient portals and transparency tools
- Option to apply model to provider's employee lives
- Innovative care management programs

Our partners are accountable for managing patients across the care continuum

Accountable Care Platform | Measuring Success

WE ARE DRIVING ACCOUNTABILITY THROUGH A SHARED RISK ENVIRONMENT FOCUSED ON QUALITY, COST AND PATIENT EXPERIENCE OUTCOMES



Achievement of quality and efficiency measures results in improved quality and reduced medical cost:

- HEDIS Basic and HEDIS Extended Quality Measures
- Quality Defects
- Intermediate Outcomes—HAC/HAI
- Optimal/Tier 1 Prescription Drugs
- Efficient Lab Use
- Specialist Usage
- Risk adjusted ER and Admission Rates
- Readmission Rates/Avg Lengths of Stay
- Potentially Avoidable Hospitalizations
- Total Cost of Care Targets

SELECT RESULTS & FINDINGS



Demonstrated Results | ACOs



- Double-digit reduction in readmissions for high-risk patient population
- Reduction in acute hospital admissions
- Reduction in ER visits per 1,000
- NCQA recognition
- Improvement in HEDIS measures
- Significant number of metrics at or above 90th percentile of Quality¹ Compass
- 3% reduction in total medical cost
- Improvement in generic Rx prescribing rate
- The network's market share increased by 5% in the first six months of operation
- ~\$1M bonus to physicians

"This program will increase patient engagement and ensure patients are receiving appropriate care and screenings. Our goal is to achieve better health outcomes and to prevent more costly treatments or hospitalizations for our patients."

Grace Terrell, M.D., President & CEO, Cornerstone Health Care

*"We are committed to providing best-in-class care to our patients so when we joined together with UnitedHealthcare and Optum, we were optimistic...that we would improve care, while reducing costs...**Our initial results exceeded our expectations.**"*

Simeon Schwartz, M.D., President & CEO of WESTMED

"We're on the front lines of implementing technology and solutions from Optum, such as advanced analytics and care coordination workflow enablement, that are helping our providers across the system stay connected."

Susan Willis, President, Innovative Practices, Arizona Connected Care

¹ Based on UnitedHealthcare's calculation of claims data of members receiving care through WESTMED compared to national Quality Compass ratings, UnitedHealthcare reported that the ACO is performing above the 90th percentile of National Committee for Quality Assurance (NCQA) Quality Compass for providing the highest level of coordinated care for breast cancer and cervical cancer screenings.

Demonstrated Results | All Programs

SPECIFIC RESULTS

Performance-based Programs

- \$50M savings in last 12 months
- 3.6% readmit reduction
- 9% reduction in inpatient length of stay
- Reduction in the use of non-participating laboratory services
- Reduction in the use of non-Tier 1 prescriptions

Centers of Excellence

- 25% decrease in the average length of hospital stays for transplants
- Improved transplant survival rates at Centers of Excellence
 - 3% reduction in one-year mortality for liver transplants
 - 5% reduction in one-year mortality for heart transplants
- 16% reduction in the incidence of transplants through application of evidence-based appropriateness criteria

Accountable Care Programs¹

- Patient Centered Medical Home
- 1.5%-3.5% lower medical cost trend than expected
 - 4:1 **ROI**
- Westmed ACO
- 3% reduction in medical cost
 - 5% reduction in acute hospital admissions
 - Significant number of metrics at or above 90th percentile of Quality Compass²

¹Patient Centered Medical Home results based on 4 states and 1 Commercial ACO.

² Based on UnitedHealthcare's calculation of claims data of members receiving care through WESTMED compared to national Quality Compass ratings, UnitedHealthcare reported that the ACO is performing above the 90th percentile of National Committee for Quality Assurance (NCQA) Quality Compass for providing the highest level of coordinated care for breast cancer and cervical cancer screenings.

UHC & Optum | Creating Value & Transforming Markets



- Value-Based Contracts
- High Performance Networks
- Value-Based Benefits
- Care Management Programs
- Cost & Quality Transparency



- Population Health Analytics
- Population Risk Analytics
- Patient Engagement
- Targeted Care Coordination Programs
- Financial Performance Management

Intentional Integration Nationally & Enabling Providers Locally

Accountable Care Platform | Our Difference

THE UNITEDHEALTHCARE DIFFERENCE

Our Accountable Care Platform drives optimal value through **delivery system transformation**; with our modular suite of value-based programs, we can **customize** our accountable care approach according to a care provider's risk readiness

Our **broad national network** of more than 750,000 doctors and health professionals, 64,000 pharmacies, 5,600 hospitals and 1,500 convenient care clinics gives us the ability to deploy our platform in **many markets** with **many types of care providers**

We are an **industry leader** not only for private, commercial insurance, but also for Medicare Advantage and Medicaid programs. We have the opportunity to partner with care providers in proactively managing the health of a **variety of populations**

We offer comprehensive data and reporting, innovative mechanisms to distribute funds based on performance and access to cutting edge health information technology. We are **supporting care providers** by supplying them with the tools they need to be successful

THIS MATTERS

Our strategy uniquely maximizes value by aligning incentives across consumers, employers and care providers to achieve the Triple Aim of better health, better care and lower costs.

2014 UnitedHealth Premium® Designation Physicians

25 SPECIALTIES COVERING >80% OF MEDICAL SPEND

Primary Care

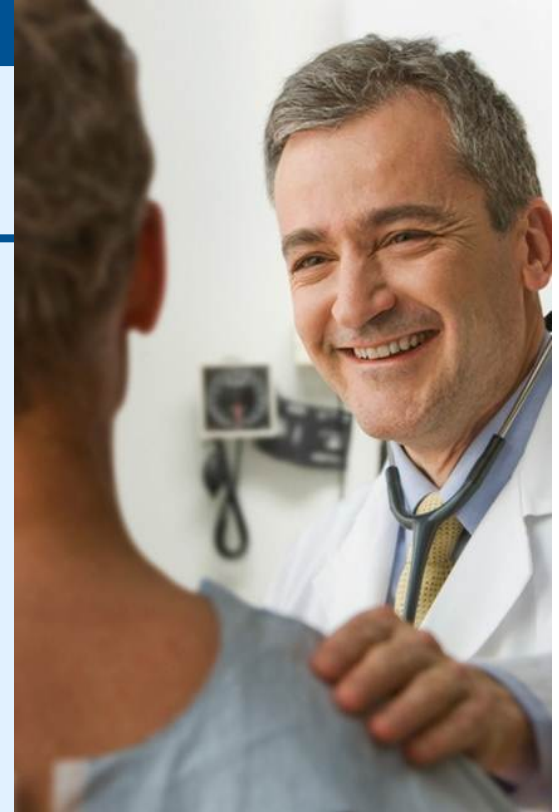
Family Medicine
Internal Medicine

Obstetrics & Gynecology
Pediatrics

Specialists

Allergy
Cardiology
 Electrophysiology
 Interventional
Endocrinology
General Surgery
Colon/Rectal
Infectious Disease
Nephrology
Neurology
Neurosurgery-Spine
Ophthalmology

Orthopaedics
 General
 Foot/Ankle
 Hand
 Hip/Knee
 Shoulder/Elbow
 Spine
 Sports Medicine
Pulmonology
Rheumatology
Urology



Clinical Resources

The broadest portfolio of integrated services in the industry, leveraging the eSync PlatformSM for holistic care management

eSync synchronizes health care management for optimal wellness, based on current health status

Staying Healthy



Wellness Tools and Resources:

- eSync Health Portal (Health Assessment, Personal Health Record, interactive coaching, health tools/trackers, personal messaging, cost estimators, Online Nurse Chat)
- Telephonic Wellness Coaching
- Publications and reminders
- Healthy Pregnancy Program
- Onsite Wellness (Know Your Numbers, on-site consultant)

Self Help

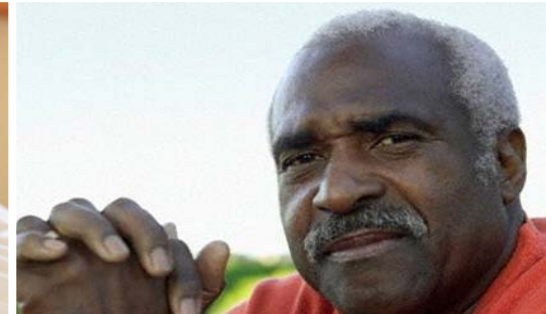
Getting Healthy



- 24/7 urgent needs support
- Condition education and health advocacy
- Treatment Decision Support
- Provider quality and efficiency information
- HealtheNotes
- Integrated clinical delivery management
- Holistic care management, including medical and behavioral health integration
- Broadest chiropractic network in the nation

Support

Living with a Condition



- Personal Health Support (50+ conditions)
- Disease Management (asthma, COPD, CAD, heart failure, diabetes)
- Centers of Excellence/ Specialty case management (Transplantation, cancer, kidney, neonatal, bariatric, congenital heart disease, infertility)

Intervention

Engagement Resources

myuhc.com®

PROVIDES MEMBERS WITH EASY ACCESS TO RELEVANT AND PERSONAL INFORMATION


Intuitive navigation

Find a physician by location

myHealthcare
Cost Estimator

Improved hospital search

Enhanced Personal
Health Record



The screenshot displays the myuhc.com website interface. At the top, there's a navigation bar with links like Message Center, Account Settings, Print, Help, Contact Us, Feedback, and Sign Out. Below this is a main menu with categories: Home, Claims & Accounts, Physicians & Facilities, Pharmacies & Prescriptions, Benefits & Coverage, Personal Health Record, and Health & Wellness.

The main content area is divided into several sections:

- Hello, Chrisdemo:** A personalized greeting with a "More Details" link. Below it, plan information is listed: My Coverage: Active 01/01/08, Plan Name: Choice Plus, Group/Acct#: 111111, and Member ID: 7891234567.
- Plan Details:** A section with tabs for Account Balances and Benefit Details. It lists Deductible (\$1,000 individual, \$3,000 family) and Out-of-Pocket Max (\$3,000 individual, \$9,000 family).
- myClaims Manager:** A central graphic showing a pie chart with segments for PLAN DISCOUNTS, YOUR RESPONSIBILITY, and YOUR PLAN PAID. Below the chart, it says "Managing your claims just got easier." and includes a "Learn More" button.
- What would you like to do today?:** A list of actionable items with icons: Manage My Claims, View Online Statement, View Account Balances, Look up My Benefits, Print an ID Card, Health Assessment, Find a Doctor, Estimate Health Care Costs, Extra Programs & Discounts, Manage My Prescriptions, and Look Up Health Topics.
- Information Center:** A section with links to Important Information About Appeal Rights, Possible delay in processing of FSA, HRA and Dependent Care Claims, Important Notice on Payment of Out-of-Network Benefits, Michelle's Law, and Grants Available for Children's Medical Expenses. A "View All" button is present.
- Related Web Sites:** Links to African American Health, Source4Women, and Other Languages (Español, 中文).
- Ask a Nurse:** A section featuring a photo of a nurse and text stating "Emergency? Dial 911. Registered nurses are available 24/7 to answer your health questions."

**THIS
MATTERS**

Easy access to information and resources helps keep members engaged in their health care decisions.

Accountable Care Platform | Questions?

PAYING FOR VALUE • TRANSFORMING THE DELIVERY SYSTEM • ALIGNING INCENTIVES

MORE ACCOUNTABILITY
MORE HEALTH IMPROVEMENT
MORE ENGAGEMENT

