CompuGroup Medical

CGM AND HEALTHLY

Solution Partnership Helping Practices Grow Their Business and Take Care of Patients

Healthly and CGM

CGM

We know practices are under constant pressure

Our goal has always been to optimize your user experience and to drive down cost with tightly integrated, affordable solutions from one vendor:

- EHR/PM, Revenue Cycle Management
- Integrated eMEDIX EDI, statements, etc. at an affordable price
- Additional integrations that meet practice needs

Why Healthy?

Practices have opportunities to **grow revenues**

Partnerships augment CGM's services

Healthly can augment your practice:

- Take advantage of Medicare Advantage
- Focus on patient care
- Grow revenues

Agenda

1. Current landscape of Medicare Advantage in California
2. Provider economics in MA value-based payment models
3. How to participate in value-based payment models
4. Tips and tricks to succeed in MA value-based payment models
5. Potential Challenges with California MA value-based payment models
6. Healthly Overview
7. Question and Answer session

healthly

Medicare Advantage in Southern California

The Medicare Market in California

California is the most populous state (40M residents) with the highest number of Medicare beneficiaries (6.4M)

- Southern California **alone** has nearly the same amount of Medicare Beneficiaries as the entire states of Florida or Texas.
- 5 counties Los Angeles, San Bernardino, Riverside, Orange and San Diego

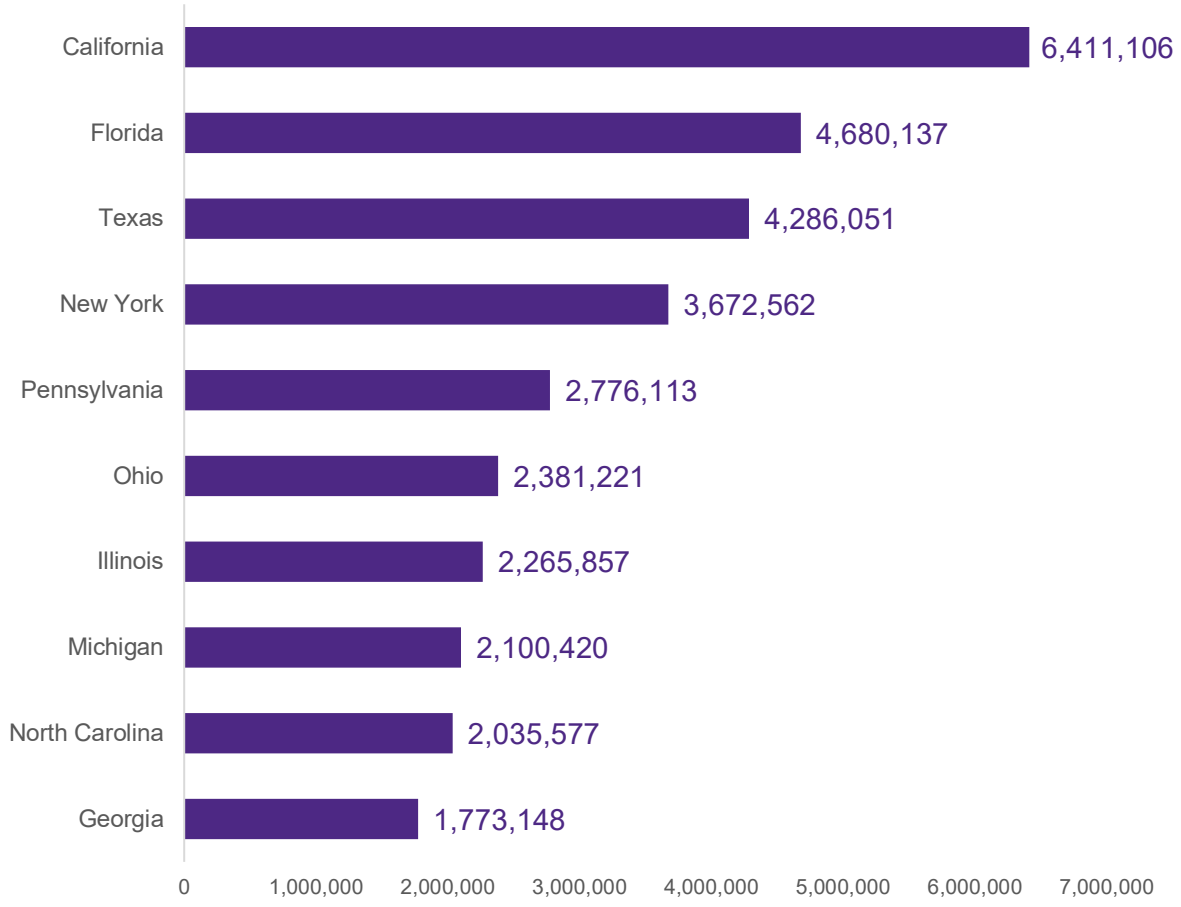
Strong concentration of Medicare Advantage plans

- **There are many different Medicare Advantage Plans being offered**
- Medicare Advantage penetration rate (50%) lags other sunbelt states

Health Plans are generally offering MA through IPAs.

- IPAs are “messenger model” and provide limited support and financial incentives
- Most physicians contract through multiple IPAs since they are unable to obtain direct contracts

Top 10 U.S. states based on number of Medicare beneficiaries in 2020



Medicare Advantage: Value Based Economics

Affiliate (Minimum)	Affiliate (*Includes bonus for 75% completion of patients seen)	Affiliate (Maximum)	Enhanced Affiliate (Unlimited)
~100 Patients	~100 Patients	~100 Patients	~100 Patients
$120 PMPM Cap	*$155 PMPM Cap*	*$177 PMPM Cap*	*$425 PMPM Cap & Shared Savings*
~$12,000 Monthly	~$15,500 Monthly	~$17,700 Monthly	~$43,000 Monthly
~$144,000 Annually	~$186,000 Annually	~$212,400 Annually	~$516,520 Annually

**Shared Risk

Shared Surplus Illustrative Economics

Illustrated model assumptions:

Professional Fund
100% share of surplus

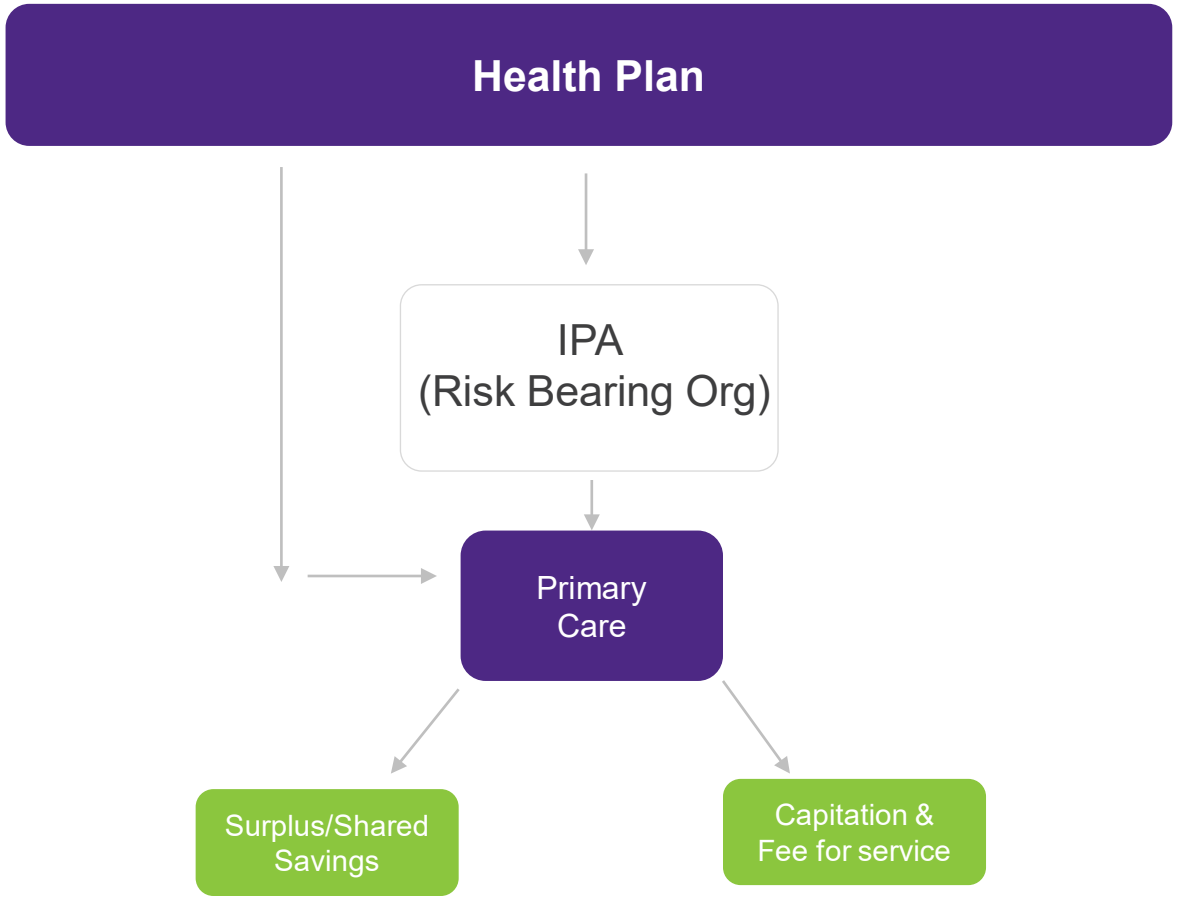
Institutional Fund
50% share of surplus

PCP cap of $150-180pmpm, plus a bonus or risk sharing model
Utilizing data from Lifestyle Medical centers.

Results will vary based on individual physician performance and membership mix.

Illustrative Funds Flow	PMPM	Annualized
Number of Patients		100
County Base Rate @ 4.5 Stars	1,146	1,375,200
Average RAF	1.50	1.50
CMS Revenue PMPM/Premium	1,719	2,062,800
RKK: Professional + Institutional Funding	**1,375**	**1,650,240**
Professional Risk Budget	**688**	**825,120**
Professional Reinsurance Program	2.9%	2.9%
- Premium	50	59,821
+ Recoveries	(21)	(25,200)
Professional Administration %	10%	10%
Professional Administration Fee	69	82,512
PCP Cap + AWV Bonus	137	164,000
Professional Claims	150	180,000
Professional Expense	**384**	**461,133**
Professional Surplus	**303**	**363,987**
Provider Share of Prof Surplus	50%	50%
Professional Surplus to	**152**	**181,993**
Institutional Budget	**688**	**825,120**
Institutional Reinsurance Program	4.9%	4.9%
- Premium	84	101,077
+ Recoveries	(70)	(84,000)
Institutional Administration %	10%	10%
Institutional Administration Fee	69	82,512
Institutional Claims	200	240,000
Institutional Expense	**283**	**339,589**
Institutional Surplus	**405**	**485,531**
Provider Share of Inst Surplus	50%	50%
Institutional Surplus to	**202**	**242,765**
Total to	**491**	**588,759**

How to Participate in Value Based Payment Models



- **Primary Care Providers must contract with a Health Plan or IPA and then assume risk.**
- Enter risk sharing agreement with the Health Plan or an IPA
- Begin implementing strategies that promote optimal patient outcomes
- Review data and quality reporting on a regular basis
- Reap the benefits of surplus and bonus revenue.

How to make sure we are earning shared savings dollars

Contracts

- Know your contract and understand the payment model and factors
- High Quality Performance
- Accuracy with documentation

Care Management

- Care coaches
- Social workers
- Transitions of care nurses
- Transportation
- Care Coordination

Technology

- Utilize a Certified Electronic Health Record
- Implement population health tools
- Promote digital patient engagement

Face To Face

- Increase the number of in office patient visits
- Make sure patients are spending enough time with providers
- Treat ALL conditions that are applicable to the patient

California Managed Care Barriers To Entry

The Knox-Keene Health Care Service Plan Act

- The Knox-Keene Act (1975) is a set of laws that regulate health care service plans, including HMOs within CA
- Born out of a need to regulate the complexity in CA around prepaid health plans while incorporating provisions of the federal HMO Act (1973)
- Set rules for mandatory basic services, financial stability, availability and accessibility of providers, review of provider contracts, administrative organization and grievance requirements

California Department of Managed Healthcare

- Growth of managed care and ongoing liquidity issues spurred the need for a new agency to regulate Knox-Keene plans
- The Department of Managed Healthcare (DMHC) launched in 2000 tasked with enforcing the Knox-Keene Act
- The DMHC was created as the first state department in the country solely dedicated to regulating managed health care plans and assisting consumers to resolve disputes with their health plans

Barriers to Obtaining and Maintaining a Knox-Keene License

- **Start-Up Costs**: application fee, deposit, maintenance of tangible net equity, attorney and financial consultant fees, staff, insurance and marketing.
- **Ongoing Compliance and Operations**: Compliance with regulatory requirements is ongoing and includes financial filings, routine audits, and required submissions triggered by changes in plan operations.
- **DMHC Oversight**: A Knox-Keene plan s subject to the DMHC's oversight and monitoring

Establishing a new Knox-Keene takes upwards of 24 months, $5M and another $5M in reserves

Impact on Providers

- **Challenging to contract directly with Medicare Advantage Plans**
- Many IPAs are part of national conglomerates and **do not offer to share in surplus of professional or institutional funds**
- We're seeing increasing denials of referrals, authorizations, and requests for additional information, which causes member and provider friction

Meet Healthly

That's Why, We Developed Healthly

We Are…

- Locally owned and operated due to the uniqueness of the California market
- Designed to support independent primary care clinics
- Use a preventative care model to not ration care; partner with you to design your own specialty networks
- Contracted with Full-Risk Top-Tier Health Plans

By the numbers

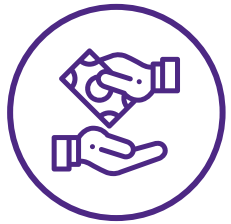
- 8400 full risk MA members
- 4.25 STARs
  72% Medical Loss Ratio
  76 Systemwide NPS
- 150+ active PCPs
  700+ contracted specialists
- Founded 1984
- 29 Healthly team members
  34 outsourced team members
- 6 counties (5 active)
  10 full risk plans
- Owned by active mgmt

Maximizing Your Practice's Opportunity

There is more for primary care doctors in Southern California

	Large IPAs	Independent IPAs	healthly
Care Approach	"Manage" access to care	Not the IPA's job to get involved in care	Large team supporting PCPs preventative care/value-based clinical model
Reimbursement	Capitation & Bonuses No shared savings	Capitation & Bonuses Professional shared savings	Strong capitation and bonuses Track to professional and institutional shared savings
Health Plan Contracts	Comprehensive	2-4 health plans (only relevant for a small part of your panel)	Comprehensive for Medicare Advantage

Our Model is Based On:



Aligning Payment with Results

- Immediate payment for high value activities, e.g. addressing gaps in care, AWVs
- Pathway to shared savings

Provider centric services

- Monthly coaching
- Dedicated real time coding and quality support
- Perform all utilization management and claims payment

Member centric services

- Care coaches
- Social workers
- Transitions of care nurses
- Transportation
- Patient Experience

Growth

- Contracted brokers
- Marketing events
- Advertising across all mediums

Dedicated

- Incentives aligned
- Highly focused
- Cohesive team

Current Full-Risk Medicare Advantage Contracts

- ✓ Alignment Health Plan
- ✓ Blue Shield of CA / Promise
- ✓ Humana
- ✓ SCAN Health Plan
- ✓ Aetna
- ✓ United Healthcare / Secure Horizons*
- ✓ Wellcare / Easy Choice
- ✓ Brand New Day
- ✓ Central Health Plan
- ✓ Anthem

Plans in Progress for 2024: **HealthNet**

Healthly is fully delegated and contracts with your Specialists, offering a seamless transition for your patients. Currently licensed and have network adequacy in 5 counties: Los Angeles, Orange, San Bernardino, Riverside, and San Diego

scan HEALTH PLAN · WellCare · United Healthcare · Alignment · CENTRAL HEALTH MEDICARE PLAN · blue california · brand new day HEALTHCARE YOU CAN FEEL GOOD ABOUT · Humana · Anthem · aetna · health net

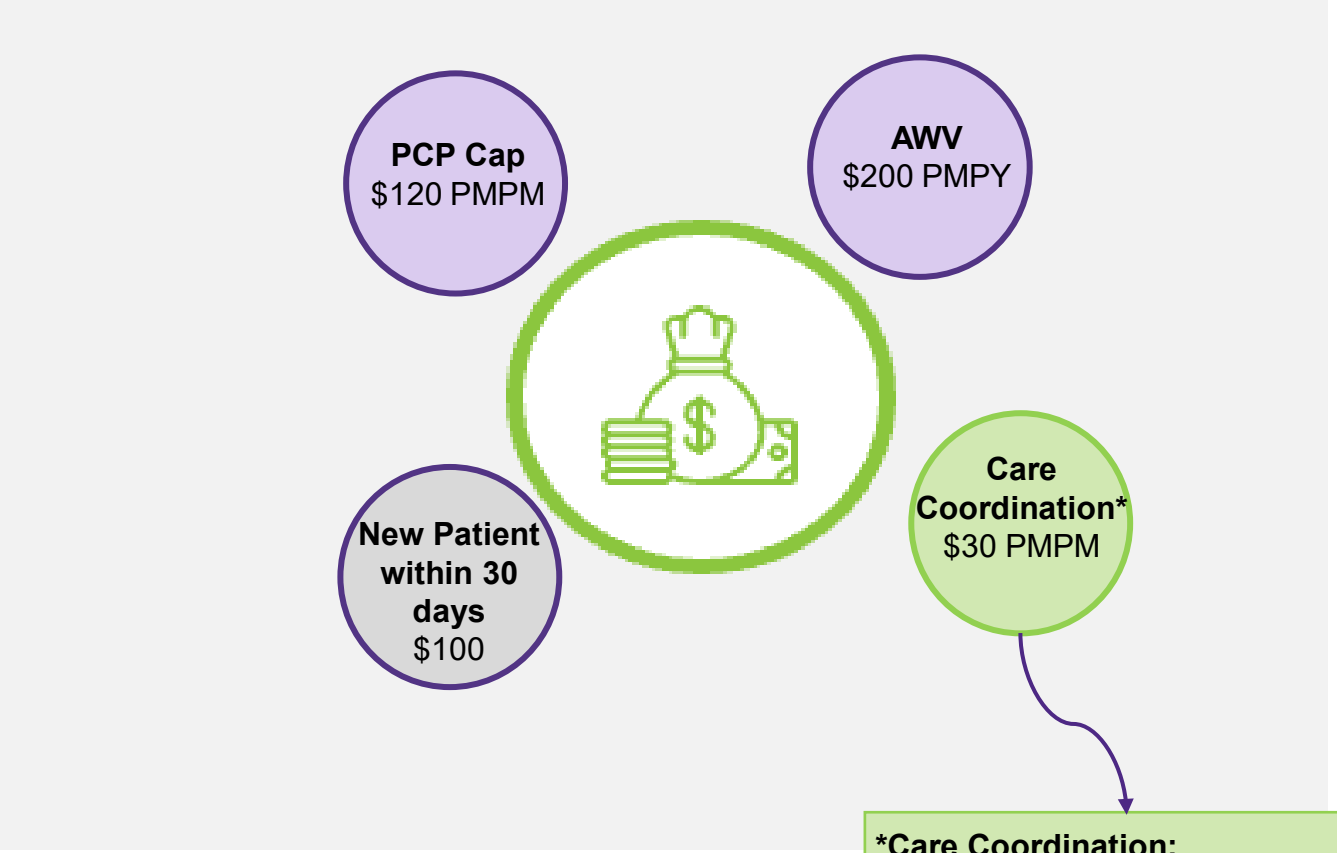
healthly

Physician Partner Compensation:

At Healthly, we believe that investing in Primary Care leads to stronger patient outcomes

Our model aggressively invests in primary care services that have been proven to help prevent the advancement of diseases

Our bonus structure gives our partners a clear path to participating in shared savings and surplus revenue



In Summary

10 Contracts in Southern California

Access to shared savings

Clinical first model

Real support services (open invite)

FOR MORE INFORMATION, CONTACT:

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