Beyond Convenience

Creating Value for Patients in Retail Healthcare

Peter Miller

CEO/President

Take Care Health Systems

Agenda

- Primary Care Healthcare Future
- Overview of the Convenient Care Model
- The State of the Convenient Care Industry
- Possibilities for the Future – Where Will the Consumer Take the Industry?
- What it Will Take to Fulfill the Consumer's Demand

Take Care HEALTH SYSTEMS™ Professional Care. Always there.

Primary Healthcare Future

Primary Care-Will It Survive?

-NEJM August 2006

- August 2006 NEJM Perspective on the state of Primary Care

- "Primary care is facing a confluence of factors that could spell disaster"
  - Growing Consumer Dissatisfaction
  - Physician Frustration with Demands
    - Contribute to long wait times and inadequate quality of care for patients
  - Fewer U.S. medical student choosing careers in primary care

- Solution requires combination of "team care" and electronic encounters
  - Non-physician team members working with web based portals can provide routine care and manage less complex chronic care
  - Need for payer reimbursement of "team based" care

Take Care HEALTH SYSTEMS™
Professional Care. Always there.

Overview of the Convenient Care Model

Today's Value Proposition

- More accessible healthcare
  - Low cost access point for uninsured and those without primary care doctor
  - Care on a consumer's terms not the "systems"

- High Quality, Consistent Care
  - Protocol Based
  - Strong Quality Management System
  - Utilizing highly qualified caregivers (NP's)

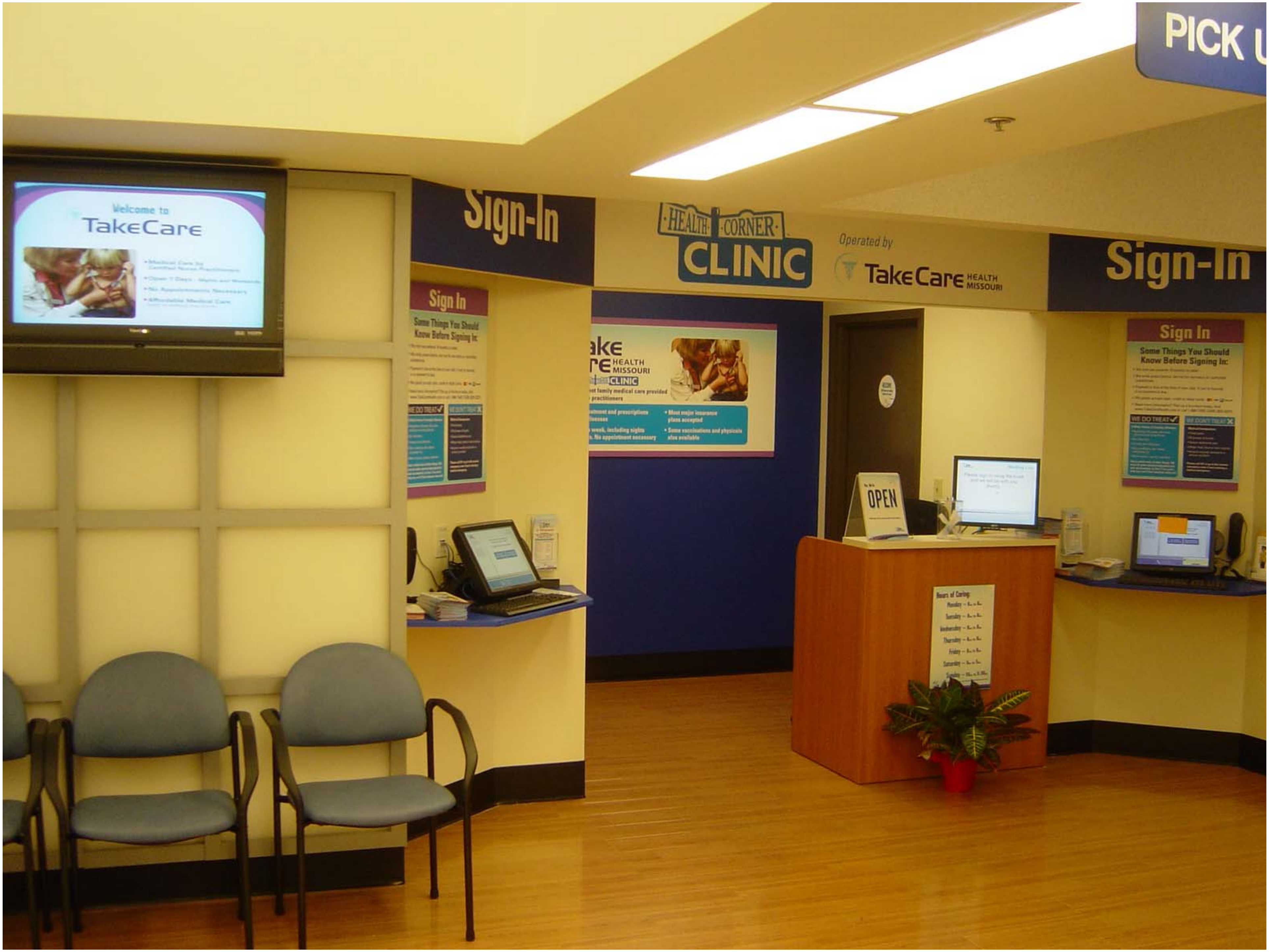
- Decrease Costs
  - Services delivered through a lower cost delivery model

- Integrated team Based Approach with the Medical Community
  - NOT a replacement for a medical home

- A great "experience" for patients
  - Re-thinking every part of the experience
  - Price transparency

The Delivery Model

- Care Providers
  - Nurse practitioners *in collaboration with* physicians (most common)
  - Physicians and Physician Assistants also used
- Setting
  - Retail locations
    - Pharmacies
    - “Big-box” retailers
    - Grocery stores
    - Other storefront settings
- Scope of services
  - Limited to “acute, self-limited, well-defined” healthcare ailments
    - Cold/flu, ear infections, UTI, poison-ivy etc…
  - NP’s can diagnosis ailments, prescribe medications and refer back to PCP when necessary



PICK U
Welcome to
TakeCare
Sign-In
HEALTH CORNER
CLINIC
Operated by
TakeCare HEALTH MISSOURI
Sign-In
Sign In
Some Things You Should Know Before Signing In:
Sign In
Some Things You Should Know Before Signing In:
WE DO TREAT
WE DON'T TREAT
OPEN
Hours of Caring


EMERGENCY
EYEWASH
STATION
Synthetic Vinyl
Exam Gloves
K V D
Z S H C
H S K R N
C H K R V D
Windows

Take Care Core Philosophies

Take Care Core Focus

- To provide our patients with the highest level of care with the patients' best interests at the center of our company and everything we do.
- To inspire and advance our Nurse Practitioners so they can provide the highest level of patient care possible.
- To ensure a team-based approach with the medical community to provide exceptional patient care and integration of care.
- To surround ourselves with inspirational thought leaders.
- To embrace new technologies and ideas to simplify and enrich the patient experience.
- To create strong collaborations, with a strong commitment to our business partners' success

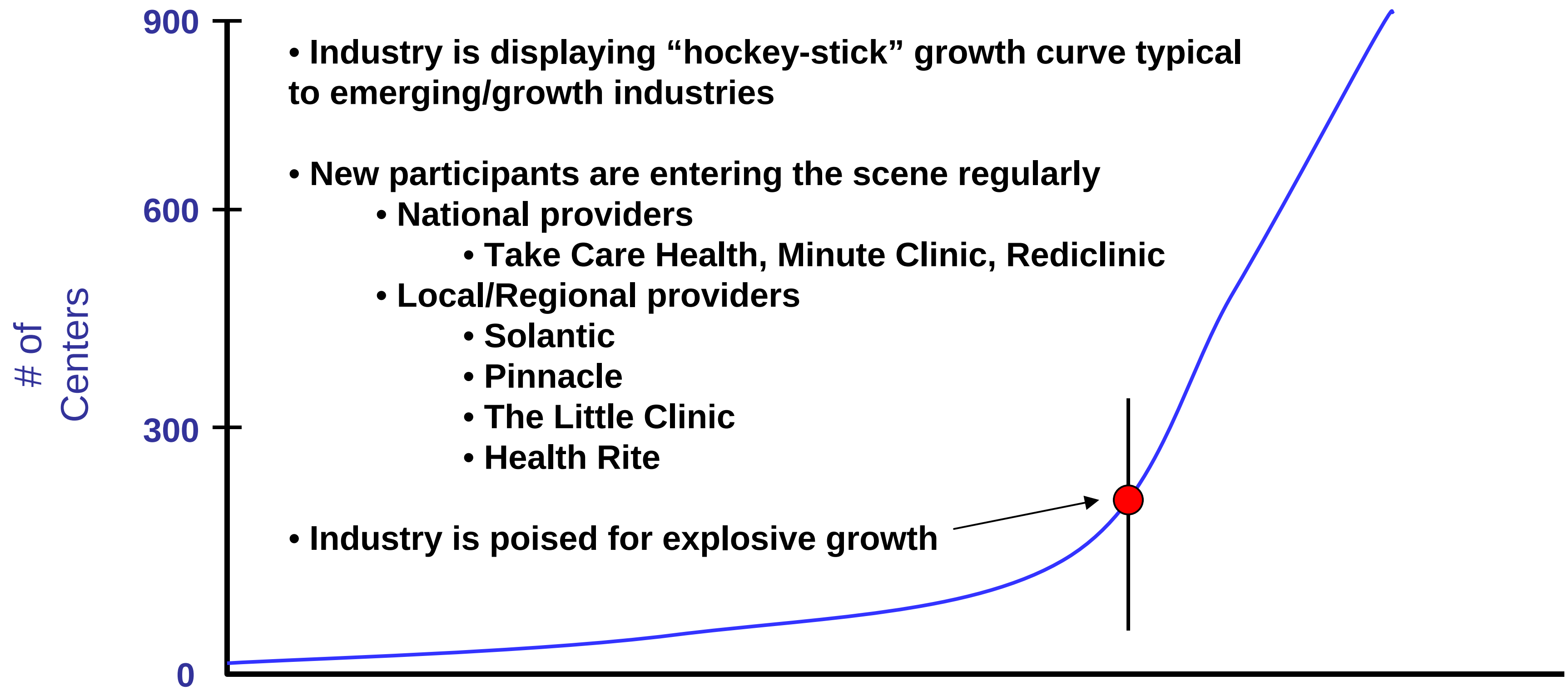
The State of The Convenient Care Industry

Rapid Growth and Expansion

- Industry is displaying “hockey-stick” growth curve typical to emerging/growth industries

- New participants are entering the scene regularly
  - National providers
    - Take Care Health, Minute Clinic, Rediclinic
  - Local/Regional providers
    - Solantic
    - Pinnacle
    - The Little Clinic
    - Health Rite

- Industry is poised for explosive growth



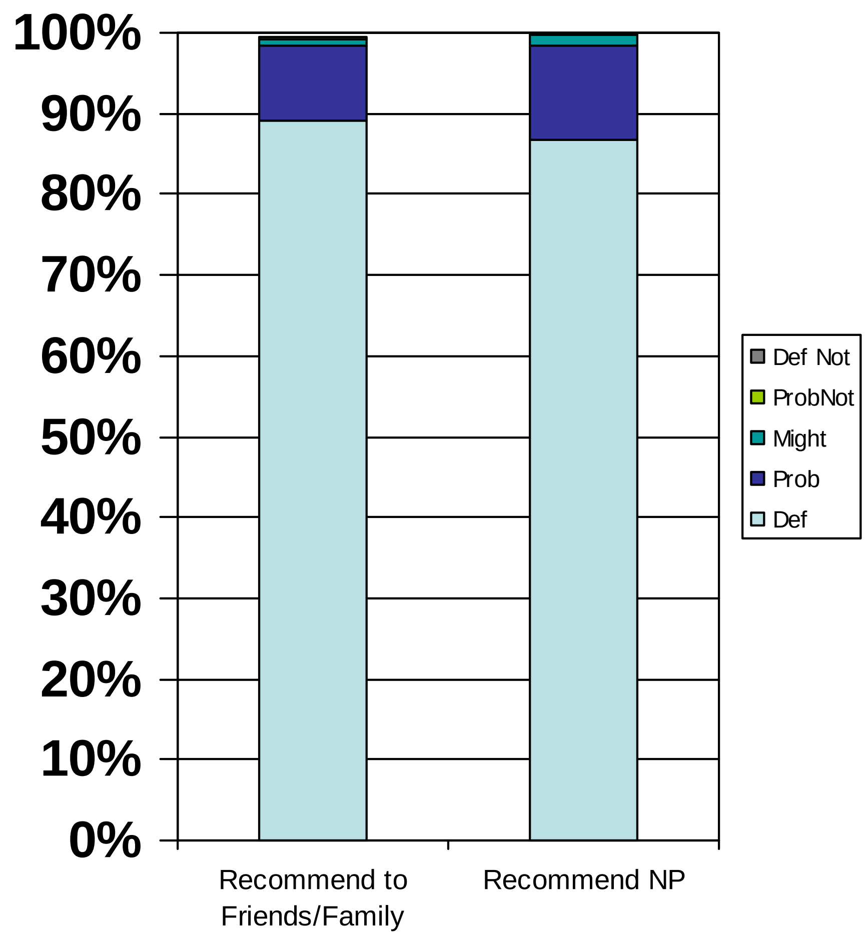
Year	2000		2002		2004		2006		2008+
Company & Launch Date	Minute Clinic		Solantic			Take Care Health			
						Redi Clinic			
						Pinnacle			

Growth Vignette
Take Care Health Missouri – Kansas City

- Market launch
  - July 17, 2006
  - "Cold-start" opening
- Retail partner
  - Walgreens Pharmacy (previous locations in Osco Drug, transitioned to Walgreens)
- Locations
  - 10 centers throughout greater Kansas City metro area
- Patient Visits
  - 1st location hit 20 visits 10 days after opening
  - 7-Day running average of ~12 patients/day across 10 locations
  - 3,700 visits since 7/17
  - Expect 25-35 patient visits in all locations based on previous experience in the market

Delighting Patients

- Take Care is delighting patients, with our services, centers, and NPs.
- 98% of Kansas City Patients would definitely/probably recommend Take Care Health Center to family and friends.
- 98% of Kansas City patients would definitely/probably recommend the NP they saw
- All sub-attributes (14 in total) rated at 88% satisfaction or higher (goal is 90% on all)



Quality Management

- Quality patient care based on Peer Review and Physician Review
- Quality processes are in place for Patient Concerns, Medication Errors and Incident Reports

Quality Management

Kansas City Market Dashboard Metrics				
	Quality Management			
Center	% documented correctly	% coded correctly	% of proper Testing/Screening	Average 3 point quality rating
ROE **BARRY ROAD** **OVERLAND PARK** **INDEPENDENCE** **MAIN STREET** **64TH STREET** **BANNISTER ROAD** **METCALF** **STATE**	**92%**	**94%**	**96%**	**2.36**
	<75%			**<2**
	75% - 85%			**2-2.2**
	>86%			**>2.3**

Stakeholder Reaction

- Strong Collaboration with National Physician Groups (e.g. AMA, AAFP) and Large Health Systems (e.g. Advocate, SSM)
- Once educated, local physicians largely supportive
  - 10% of KC Take Care volume being driven via physician referral
  - Vocal Minority opposed
- Significant Payer Coverage in most markets
  - 34% of new Take Care patients said they would have utilized an urgent care facility or hospital ER

State of the Industry Summary

- Broad stakeholder approval of concept
  - Patients
  - Payers
  - Provider community
- The convenient care industry is delivering on its Stage 1 value proposition of *convenience, cost, quality, integration and service* albeit on a relatively small scale
- Continued Focus on Quality and the ability to deliver on scaled, unit cost reduction will be key factors in the industry's evolution and longevity

Possibilities for the Future

Where Will the Consumer Take the Industry?

Market Forces Moving Industry

Scope of Practice *Today*	**Top Market Forces Moving Industry**	**Scope of Practice *Future***
Episodic Illness Treatment	**Consumer's Growing Role for Financing Their Healthcare** • HDHP/HSA enrollment has grown from 400K members in 9/04 to 3.2M as of 1/06 (AHIP, Center for Policy Research, 2005) **Increased Prevalence of Chronic Conditions** • 62% of 50-64 year-olds in working households reported at least one of six chronic conditions (Commonwealth Fund Study, 2006) **Decrease in the # of Primary Care Specialists** • From 1998 to 2004 the # of U.S medical school graduates entering Family Medicine declined 41% (National Residency Matching Program Study, 2004)	Episodic Illness Treatment Wellness & Prevention **???**

Take Care HEALTH SYSTEMS
Professional Care. Always there.

What Will it Take to Fulfill the Consumer's Demands?

Requirements for Achieving Stage 2 Consumer Demands

- Team Based Approach
  - To Deliver on Full Promise, Integration of Care is Critical with Providers playing key roles based on experience and setting
    - Right care, right-time, right provider, [right setting]
  - Technological/information sharing
    - Increased use of electronic health records, interoperability of systems and seamless data exchange
  - Financially
    - Payers/employers and consumers understanding the changing role of healthcare providers and rewarding those who delivery the greatest value with value defined beyond the existing unit cost definition