Disease Management and Pay-for-Performance

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June 23, 2005

Philadelphia



A Commonsense Solution to the Broken U.S. Healthcare Delivery System

"The Problem" Healthcare Affordability and Value

- U.S. healthcare is more expensive
- U.S. public health statistics rank low
- 30% to 50% of expenditures are wasted or avoidable

Why Healthcare Delivery is Broken in America

- Recommended care rendered only about 50% of the time (RAND Corp)
- Defensive medicine adds 5% to 15% to costs
- Doctors and patients communicate poorly (Univ. of Toronto)

Poor Physician-Patient Communications

- 2% of patients tell their doctors all they need to...
- Patients are interrupted by their doctor within the first 23 seconds of explaining their problems
- Only 15% of patients fully understand what their doctor tells them
- 50% of patients are uncertain of what they are supposed to do to care for themselves when they leave their doctors' office
- The doctor-patient relationship is more important than actual physical harm in malpractice lawsuits

Poor Physician-Patient Communications Leads To:

- Mis-diagnoses
- The ordering of unnecessary tests
- The failure of patients to follow treatment plans
- Poorer clinical outcomes
- Medical malpractice lawsuits
- Higher overall costs

SOURCE: University of Toronto, Department of Medicine

Can Disease Management Be More Successful?

- Do patients respond to case management?
- Do physicians tend to be disenfranchised?
- Would disease management work better if physicians and patients had some "skin in the game?"
- Does disease management recognize the power of the doctor-patient contract?

Solutions

- Disease Management
- Consumer-driven Healthcare
- Population Health Management
- Economic Credentialing Providers
- Tort Reform
- Digitizing the Medical Record
- Pay-for-Performance (P4P)

Pay-for-Performance

- P4P is in its infancy
- There are 90 test programs currently across the country
- There are 10 Medicare programs starting in April
- Great Britain launched P4P in January 2005

Pay-for-Performance Models

- Who gets paid?
- When do they get paid?
- Why do they get paid?
- How do they get paid?

Pay-for-Performance Models

- There is a growing shortage of doctors, therefore:
 - P4P models that drive business to the best doctors is fundamentally flawed
 - P4P models that attempt to make all doctors better and patient healthier are ideal

Pay-for-Performance Models

- P4P should ideally:
 - be quality driven
 - be focused initially on doctors and patients
 - encourage accountability
 - empower through the dissemination of accurate and useful information
 - be efficient, effective and equitable
 - align the incentives of stakeholders
 - be commonsensical

Solution

- Develop a delivery system that financially rewards the healthcare stakeholders that control most of the costs...
 - Pay doctors more for rendering recommended care and communicating better with patients
 - Financially reward patients for understanding and adhering to healthier behavior
 - Make system efficient and effective

- MedEncentive is a healthcare delivery program that:
 - "bolts-on" to any health plan to...
 - reward both providers and patients to...
 - control healthcare costs by...
 - improving the standard of care and
 - encourage healthy behavior.

- MedEncentive incorporates the following elements in three patent pending methods:
 - Pay-for-performance (P4P)
 - Evidence-based medicine (EBM)
 - Information therapy (I_x)
 - Proprietary Internet applications
 - Strategic checks and balances between doctors and their patients

- Information therapy is:
 - the right information
 - at the right time
 - so the patient can make the right health decision
 - symbolized as I_x

Center for Information Therapy

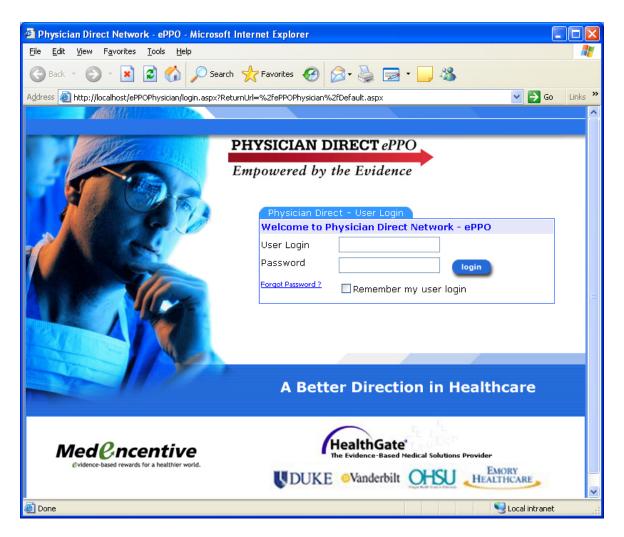
Information Therapy

Recent RAND Corp. study commissioned by Blue Cross and Blue Shield Association of America says:

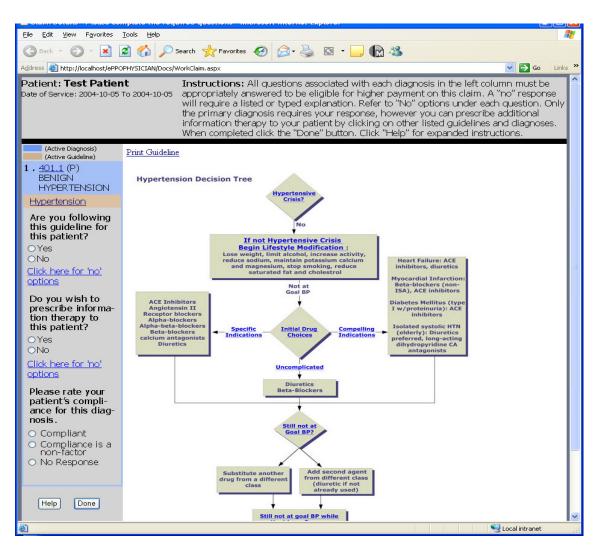
"providing information to consumers and realigning incentives to promote quality care leads to higher consumer satisfaction, better healthcare outcomes and greater affordability."

- Physicians, employers and employees are oriented through instructional videos and asked to sign an acknowledgement
- Patients are encouraged to ask their doctor for EBM and Ix (the first check and balance)
- Doctor initiates the process by accessing the Website during the patient encounter or after-thefact by normal claim filing

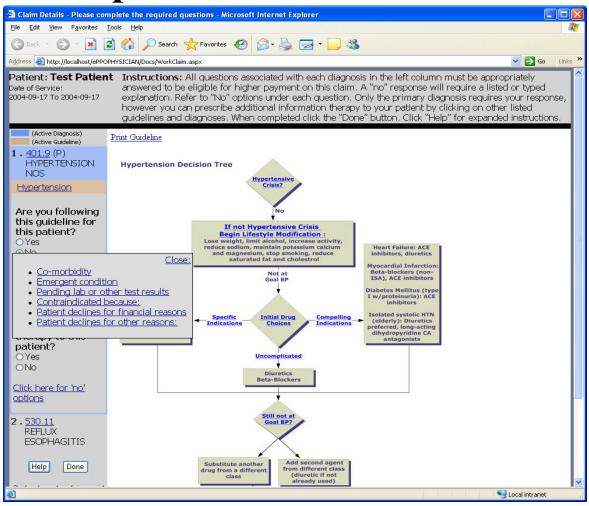
Physician Log-in Screen



Physician Guideline Screen



Physician Guideline Screen with Treatment Deviation Options Menu - "Anti-Cookbook"



PHYSICIAN DIRECT ePPO

Empowered by the Evidence

John Doe 123 Test St Oklahoma City, OK 73127

Dear John,

Welcome to the ePPO Program sponsored by your health plan. This letter is an information therapy prescription from **Dr. Doright** relating to services rendered on **Bl.2012018**.

The purpose of this prescription is to provide you with important medical information to help you self-manage your condition and to help you maintain good health. This letter also serves the purpose of initiating the process that will financially reward you when you indicate your compliance with your doctor's instructions and with treatment guidelines compiled by leading medical schools.

To receive your information therapy you must have access to the Internet. If you have Internet access at home, this is ideal. If not, we recommend contacting your employer about Internet access at your place of work. You may also consider accessing the Internet at your doctor's office or at the public library.

You will find your information therapy by going to https://www.eppopatient.com on the Internet. This Web site will ask you for a user id and a password.

Your user id is: XXXX Your password is: XXXX

This website provides helpful instructions for you to successfully receive your information therapy. One important instruction worth noting is the **two week time limit** for you to successfully complete the information therapy questionnaires in order to be eligible for any financial rewards associated with this notification. Also, be aware that failure to actively participate in this self-management program may result in increased health care cost to you. Your participation may earn you a financial reward of \$25.00.

Contact your doctor if you have medical questions. Contact Patient Services at 405-947-7410, ext. 123 if you have operational or financial rewards questions.

Thank you for your active participation in maintaining your good health.

 4400 Will Rogars Pariway
 Suits 10.5
 Olkhoma City, OK
 73108

 POB 2374.5
 Olkhoma City, OK
 73123

 (403) 947-7410
 fax: (403) 948-430.7
 www.p.hyviciandimetract

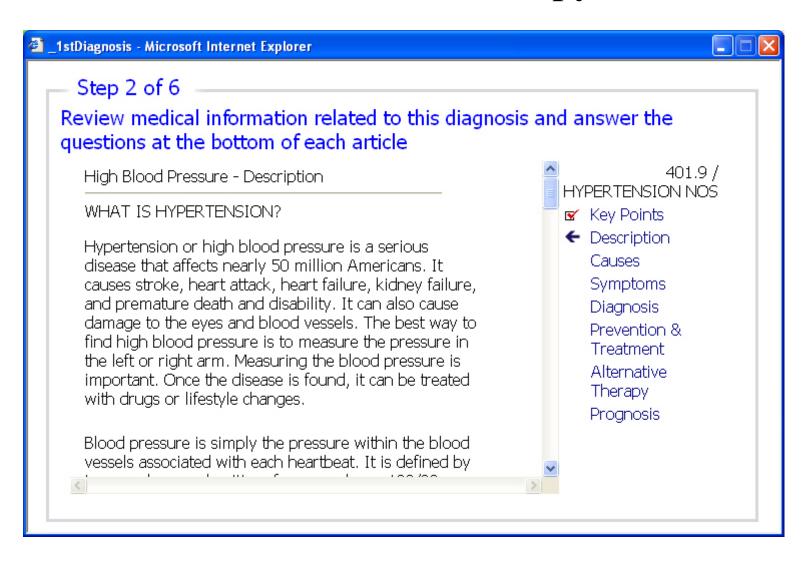


Information Therapy Prescription Letter

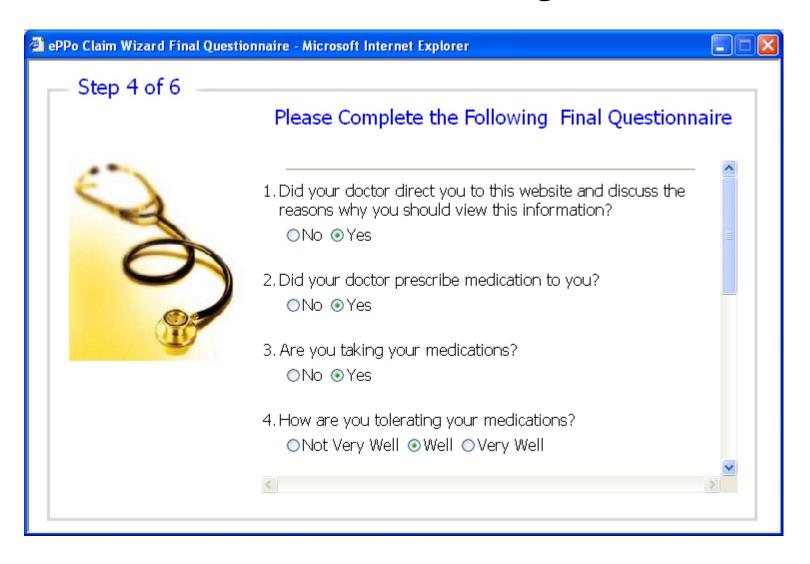
Patient "Information Therapy" Prescription Log-in Screen



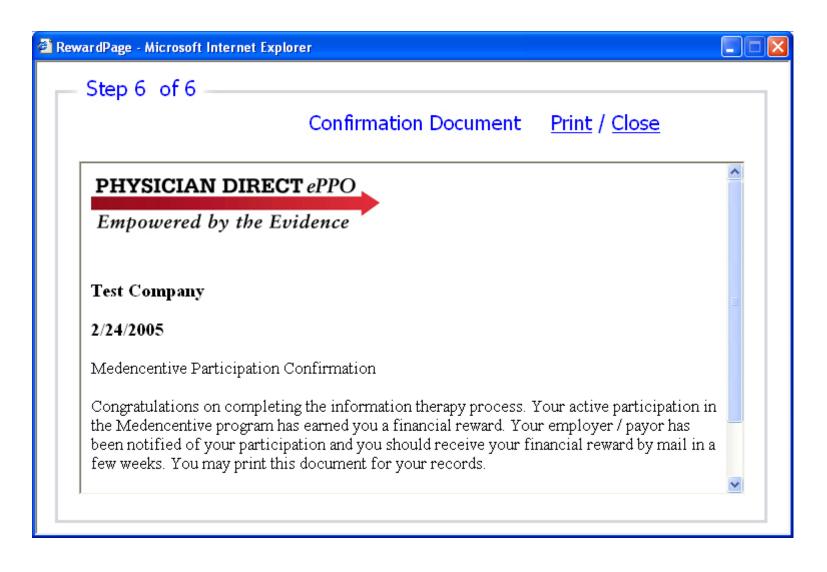
Patient "Information Therapy" Screen



Patient Website Section Questionaire



Patient Financial Reward Voucher



- Strategic checks and balances:
 - Financial rewards and physician-patient contract improves care and encourages healthy behavior
 - Allows doctors to deviate from guidelines ("anti-cookbook medicine") because...
 - Rating by each party is benchmarked to EBM to gain compliance and prevent fraud and abuse

- Per occurrence:
 - Achievable because it is fast and easy for doctors to use
 - Reinforces positive behavior, on-going
 - Keeps doctors and patients abreast of the latest medical developments
 - Adds value each time through Ix

- Top reasons why doctors like MedEncentive:
 - Encourages patient healthy behavior
 - Helps improve standard of care
 - Is "anti-cookbook medicine"
 - Provides malpractice risk management
 - Increases their productivity
 - Improves patient communications
 - Improves their reimbursement
 - Financial rewards are immediate
 - Is a source of medical information

- Top reasons why patients like MedEncentive
 - Health information that is empowering
 - Financial rewards
 - Knowing their doctor is at least considering EBM
 - Motivation to be healthy
 - Better communication with their doctor
 - An improvement in their health plan

- Top reasons why purchasers like MedEncentive
 - Leverage in controlling health costs
 - Better healthcare and more value
 - An improvement in benefits being offered
 - Doctors and patients with "skin in the game"
 - Provisions to prevent fraud and abuse
 - A win-win-win

Distribution

- Product is sold to insurers and self-insured employers
- Fee is charged per employee/insured per month
- Test market employers are realizing 20% + cost savings inclusive of an investment of 3% -
- Initial key prospects are doctors, employers, labor, and Medicare
- MedEncentive enjoys important "industry insider" endorsements

Distribution

- Channels of distributions
 - Disease management service providers
 - Independent physician associations
 - Brokers and consultants
 - Employers
 - Health plans and managed care organizations
- Preparing for rapid expansion in mid-2006

Projections

- Demand is extremely high for progressive healthcare reform solutions
- Commercial potential for the best healthcare cost containment solution is also extremely high

MedEncentive and Other Healthcare Reform Initiatives

- MedEncentive makes other healthcare reform initiatives better:
 - Disease management
 - Population health management
 - Health assessments and predictive modeling
 - Preventative and wellness programs
 - Electronic health records
 - Malpractice risk management and tort reform
 - Consumer-driven health care

"A Commonsense Solution to the U.S. Healthcare Delivery Crisis" Contact Information

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