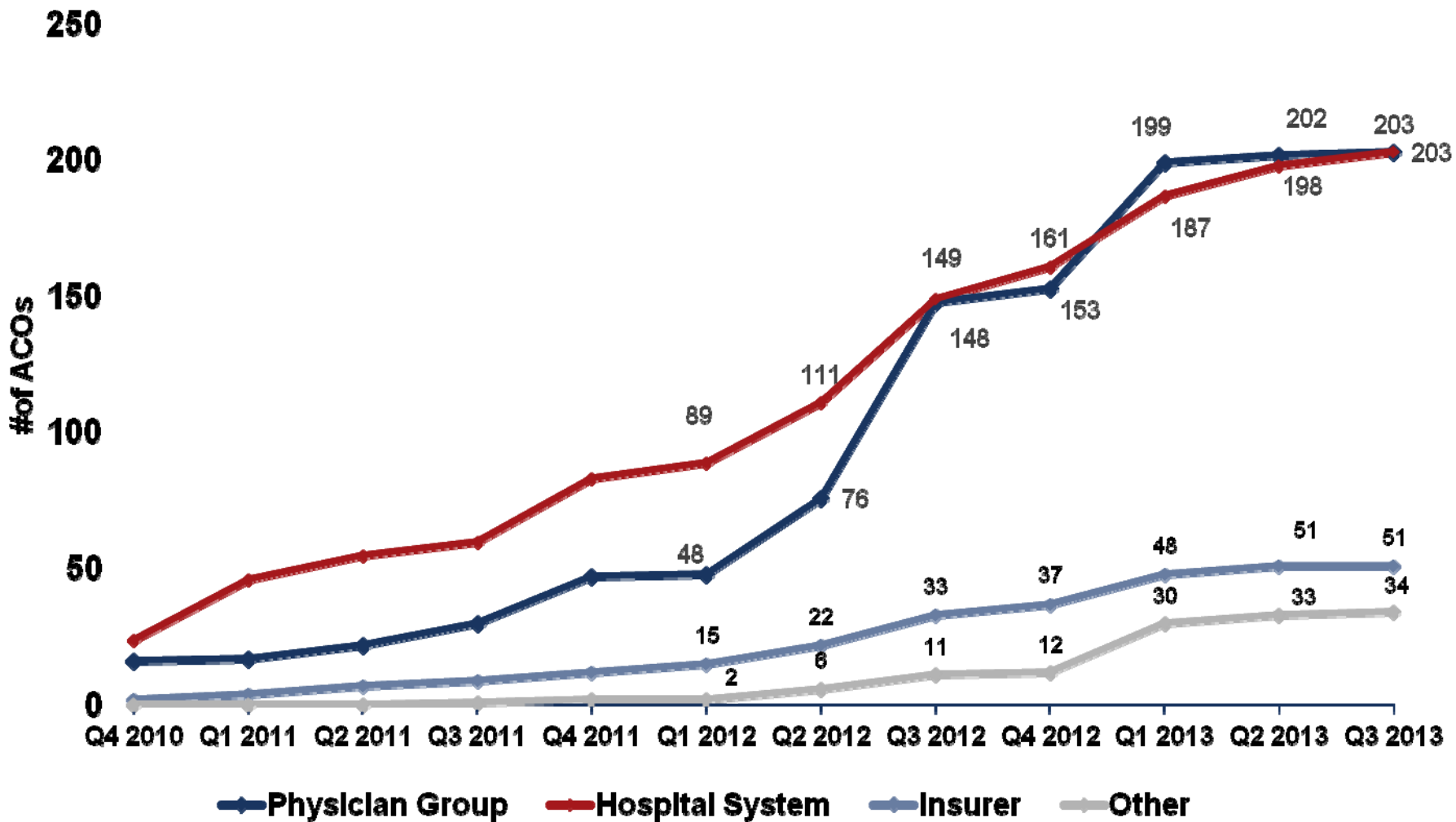




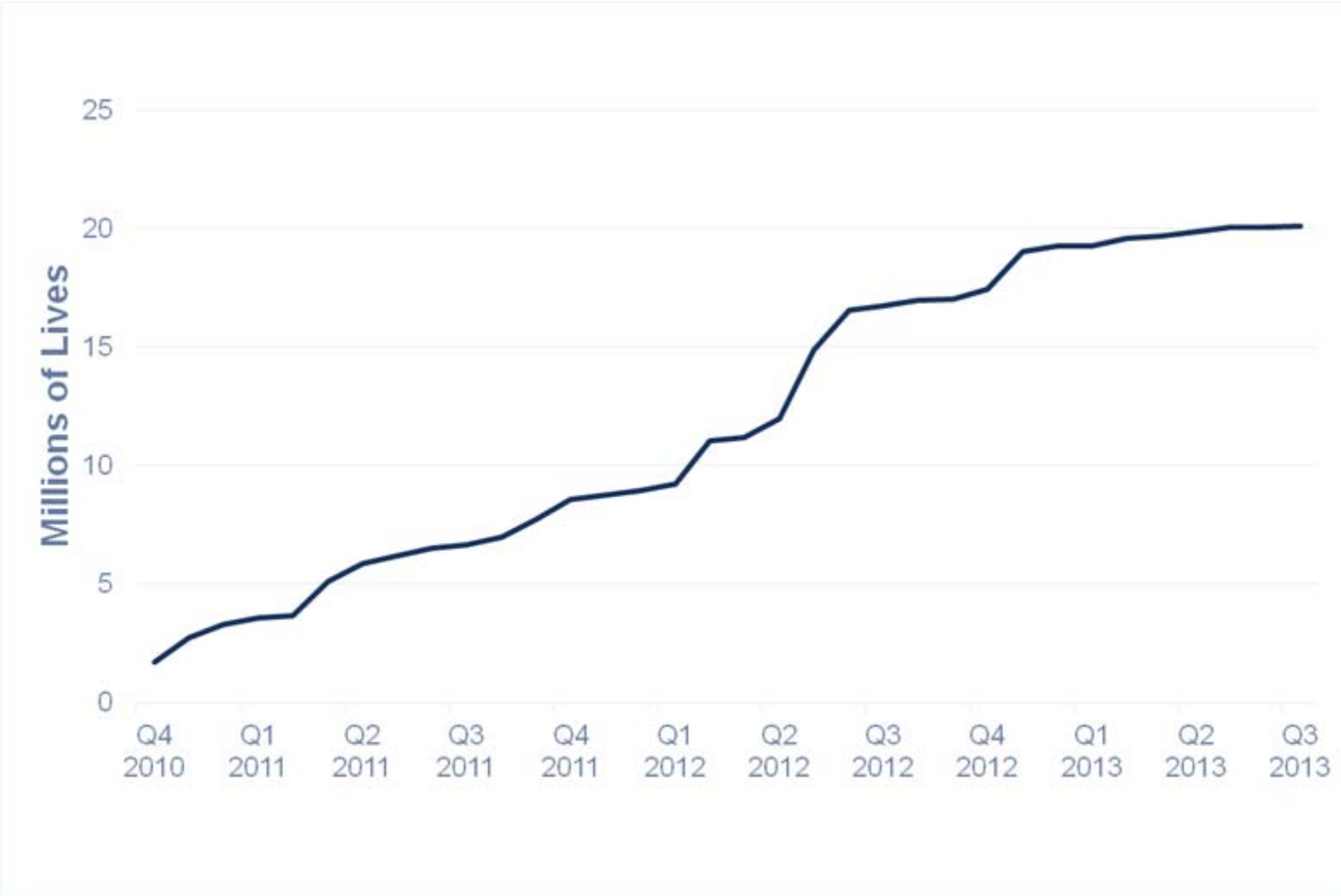
A health care intelligence business

LeavittPartners.com

ACO Development has flattened



Estimated Number of Lives Covered by ACO Contracts



The Challenge Facing Healthcare Providers



ACO Growth is Slowing

- **Trail Blazers have topped out**
 - Trail Blazers
 - Followers (ready but waiting)
 - Flat footed skeptics
- **No Proven model yet**
- **Payer delays**

Uncertainty-**Clarity**-Opportunity

- **Six to twelve months from now**
 - Many will have 1-2 years of experience
 - Contracts will be up for renewal
- **If contracts between payers and providers renew—Buckle your chin strap...**
- **...if contracts don't renew—lots more to learn**

New Species in 2012



Brookesia micra

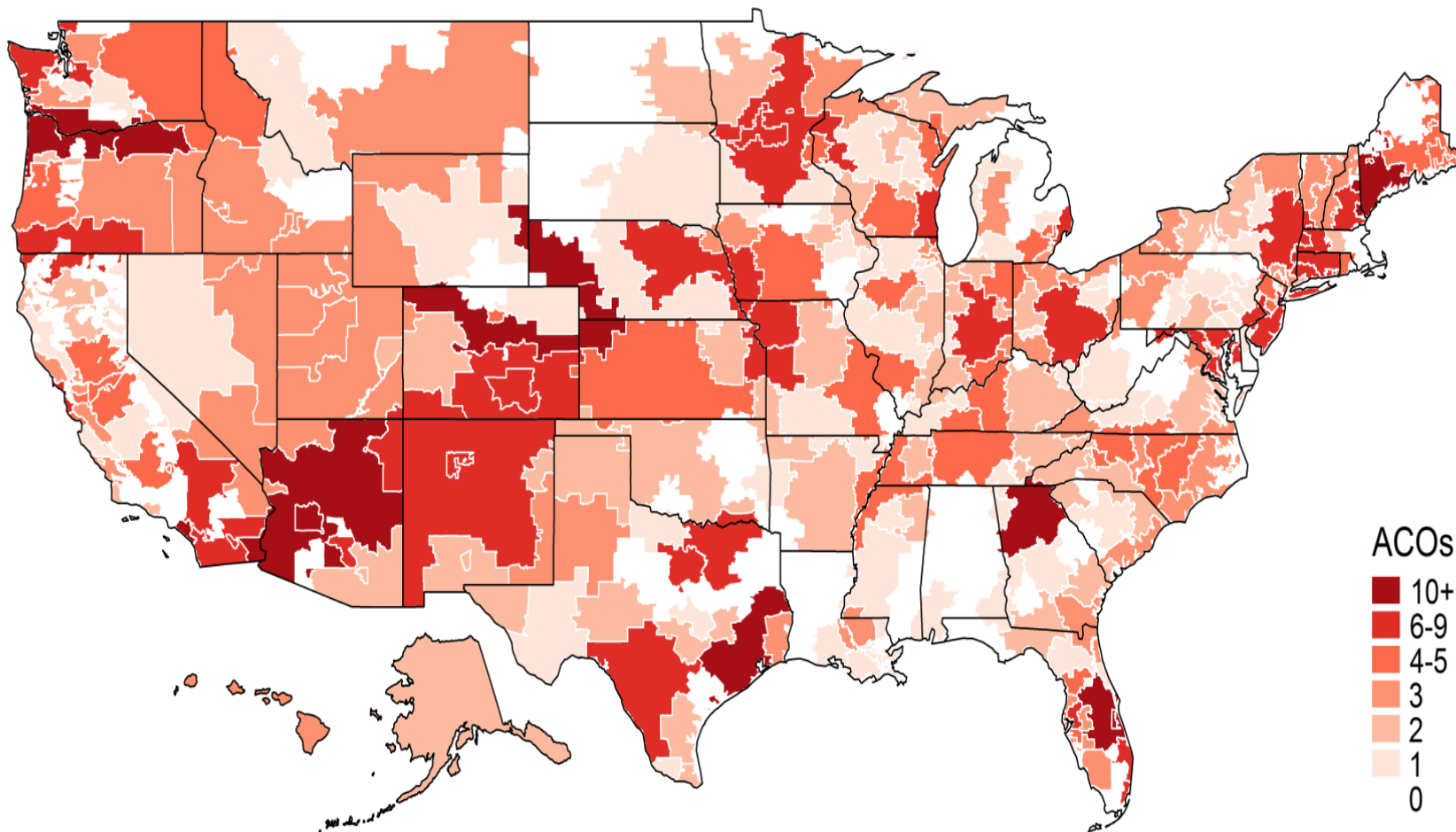


Pterinopelma sazimai

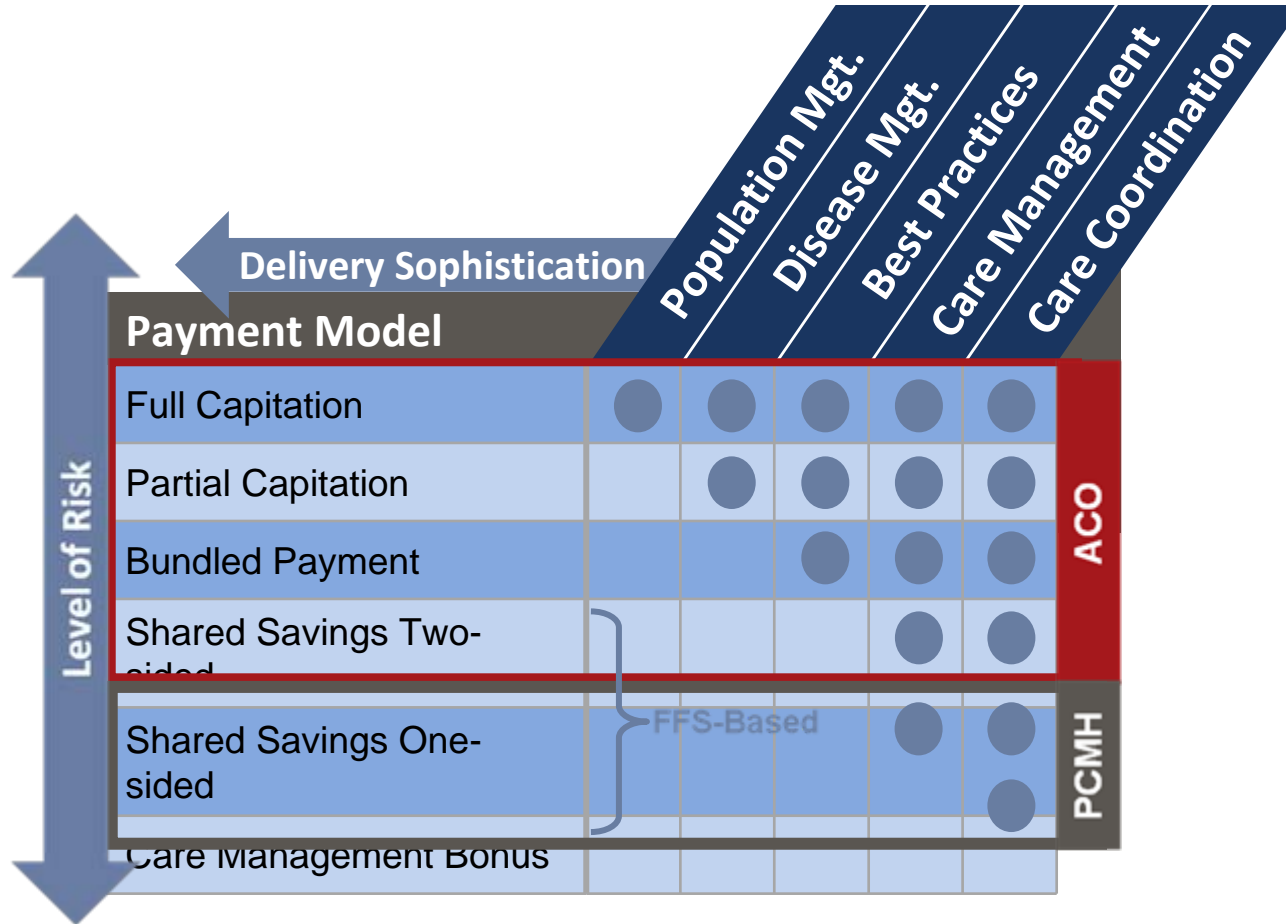


Rhinopithecus strykeri

ACO Dispersion is Uneven



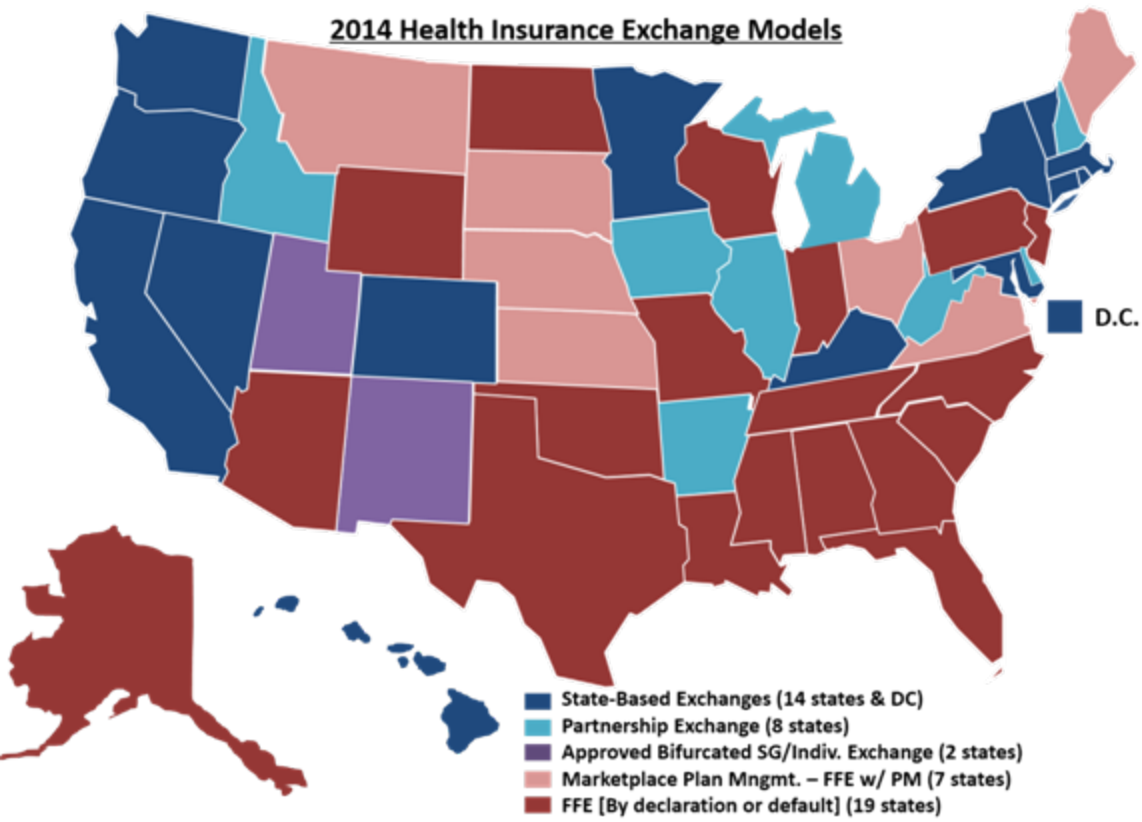
ACOs Require Skill and Courage



So, could ACOs and Employer Sponsored Insurance Intersect?

ACO/Exchange Convergence is Likely

2014 Health Insurance Exchange Models



Common Ground Healthcare Cooperative, an insurer in Wisconsin, will begin selling health plans on the exchange tied to the ACO Aurora Health Care.



Several Types of Exchange Markets

	Individual	Small Group	Large Group
Private	Light Gray	Dark Blue	Dark Blue
Public	Dark Blue	Light Gray	Light Gray

PRIVATE EXCHANGE VALUE PROPOSITION

- Drive competition; compress costs
- Improve mobility in coverage types
 - i.e. Defined Contribution -> Self Insured, etc.
- Facilitate greater selection
- Increase transparency of benefits cost for employees
- Provide more options for employers

Status of the Private Group Market

- Employers are:
 - In the drivers seat
 - Seeking cost predictability
- “Waiting and seeing”
- Benefits changes employers are considering:
 - Broader offerings (defined contribution models)
 - Simplified distribution and administration
 - Greater transparency
 - Dropping part-time & dependent coverage



Walgreens



Recent Employer Shifts

Moving to Private Exchanges:

- Aramark (Aon Hewitt)
- Sears (Aon Hewitt)
- Darden (Aon Hewitt)
- Walgreens (Aon Hewitt)
- Key Safety Systems (Bloom Health)
- Hubbard Broadcasting, Inc. (Bloom Health)
- IBM & Time Warner* (Towers Watson)

Moving to Public Exchanges:

- Home Depot
- Trader Joes



Private Exchanges Gaining Steam

- NBGH/Towers Watson
 - 24% of employers will offer on a private exchange in the next five years
- Booz Allen
 - 70%-80% of employers prefer private over public platform
- Aon Hewitt
 - 44% believe private exchanges will be preferred way of purchasing

A Sampling of Private Exchange Players

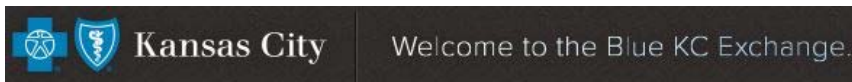
Movers & Shakers



TOWERS WATSON



Up & Comers



Enablers



Chambers of Commerce With Exchanges





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