



# Reinventing Health Care: From Covering Sickness to Creating Well-Being

Mike McCallister

Chairman and Chief Executive Officer

**Humana.**

Population Health and  
Care Coordination  
Colloquium  
February 28, 2012



# Outline

- Introduction
- Fatter and Sicker
- Seven Imperatives
- Thinner and Healthier

# Introduction

Humana.

# Humana Inc. – Overview

- Fortune 100 company, NYSE: HUM, nearly \$37 billion in annual revenues
- Founded in 1961, Louisville, KY
- A leading health care company that offers a wide range of insurance products and health and wellness services that incorporate an integrated approach to lifelong well-being
- 40,000 associates
- 11.2 million medical members, 7.3 million members in specialty products, more than 300 medical centers and 250 worksite medical facilities
- Second-largest Medicare provider, 5<sup>th</sup> largest pharmacy benefit provider in U.S.
- Dr. David Nash is a Humana board member



Our Dream:

*To help people achieve lifelong well-being*



Humana

# Humana's Well-Being Definition and Model

## The Full Spectrum of Well-Being

Living happily with a balanced sense of purpose, belonging, security and health.

### Purpose

Service  
Vocational  
Advocacy

### Belonging

Social  
Community  
Family

### Health

Physical  
Emotional  
Spiritual



### Security

Financial  
Personal Safety  
Family  
Environmental

# Capabilities and Alliances

Guidance centers

HUMANA  
Guidance when you need it most



Concentra  
treated right

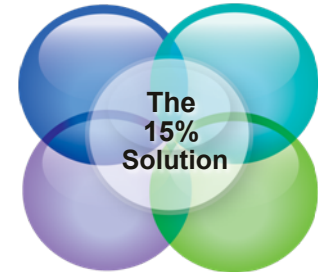
MDCare

LOWE'S



availity®  
Patients. Not paperwork.

Humana Vitality™



Walmart  
Save money. Live better.

Humana  
Pharmacy Solutions®

HUMANA  
RightSourceRx

Competitive Health Analytics™

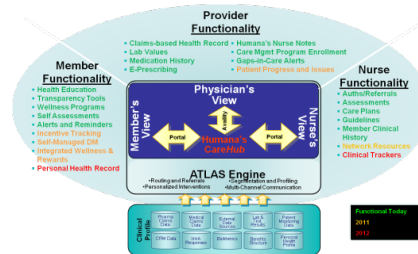
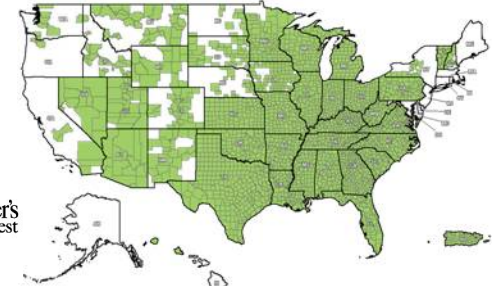


LifeSynch  
Changing behaviors, improving lives  
a HUMANA company

THE vitality  
GROUP

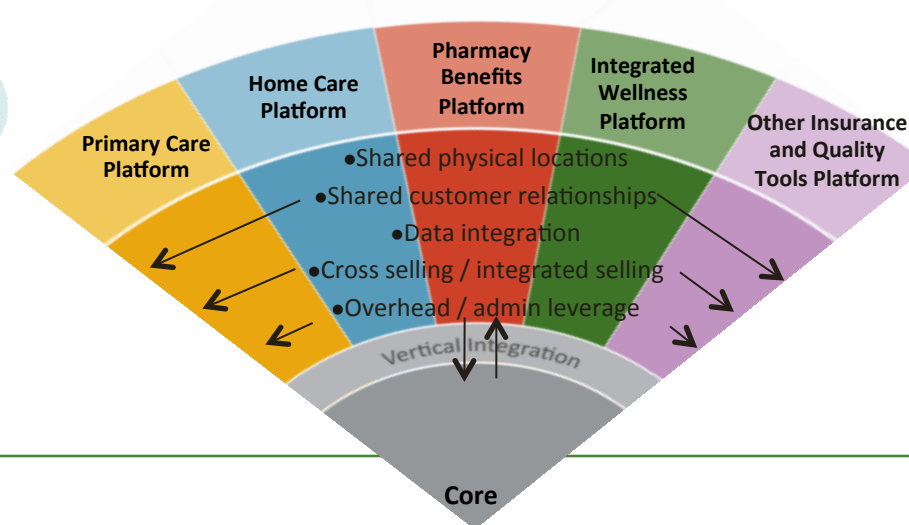


Reader's Digest



Functional Today  
2011  
2011

Recent Acquisitions



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# Fatter and Sicker

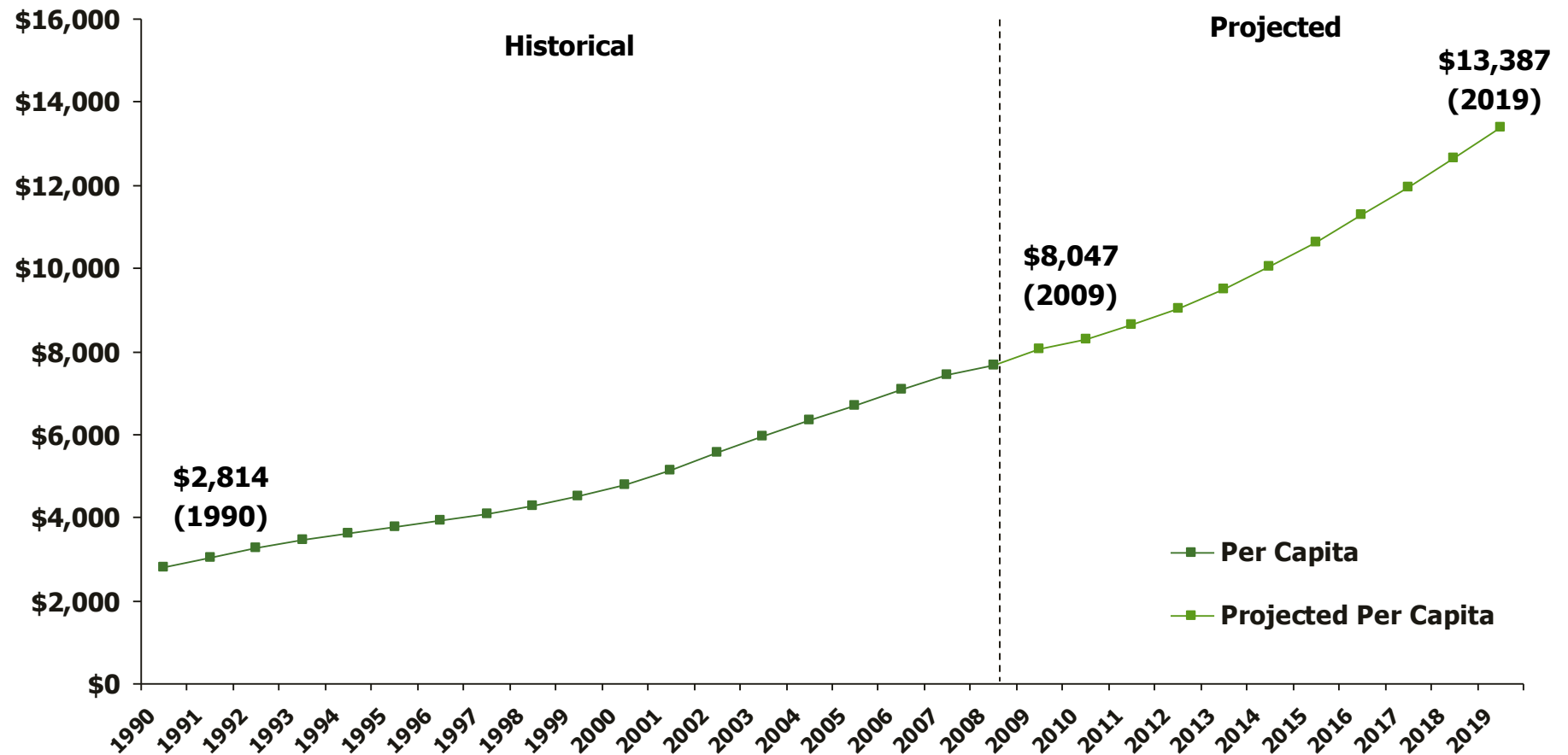
Humana.

# What We Need

- Affordable, quality health care for all Americans
- Bipartisan concepts and cooperation to create a true health system
- Cost control to be a top priority
- Promotion of competition and preservation of consumer choices
- To help Medicare and other public programs overcome their cost challenge
- A smooth and stable transition to 2014, when major health reform provisions begin
- Performance measurement and transparent disclosure
- Incentives to providers that reward outcomes and values
- Elimination of needless and costly variation in care
- Effective action on underlying public health problems:
  - Obesity, inactivity, smoking
- Technology that connects the system, reduces errors and eliminates redundancy
- A role for everyone

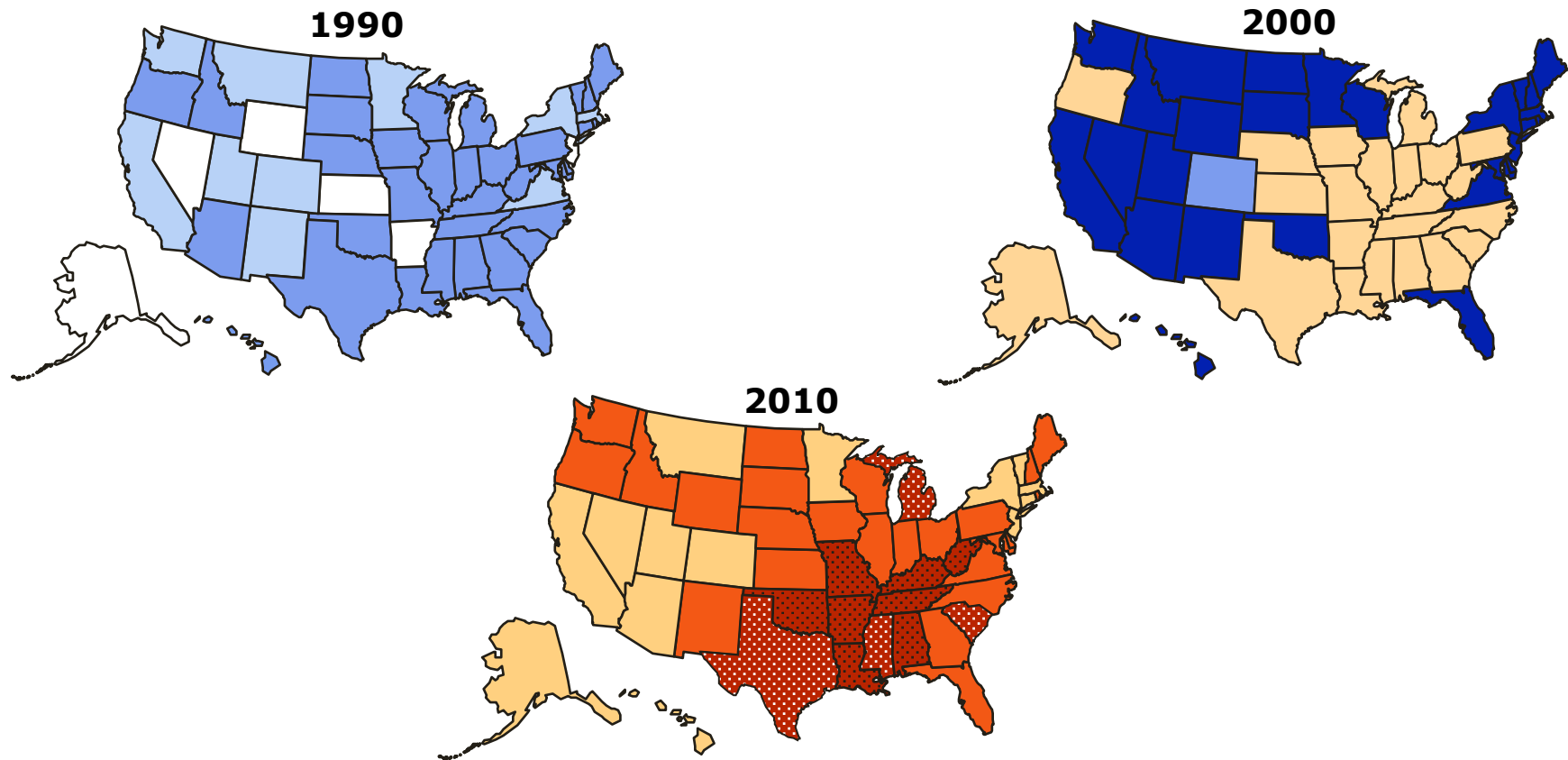
# What We Have

## National Health Expenditures Per Capita, 1990 - 2019

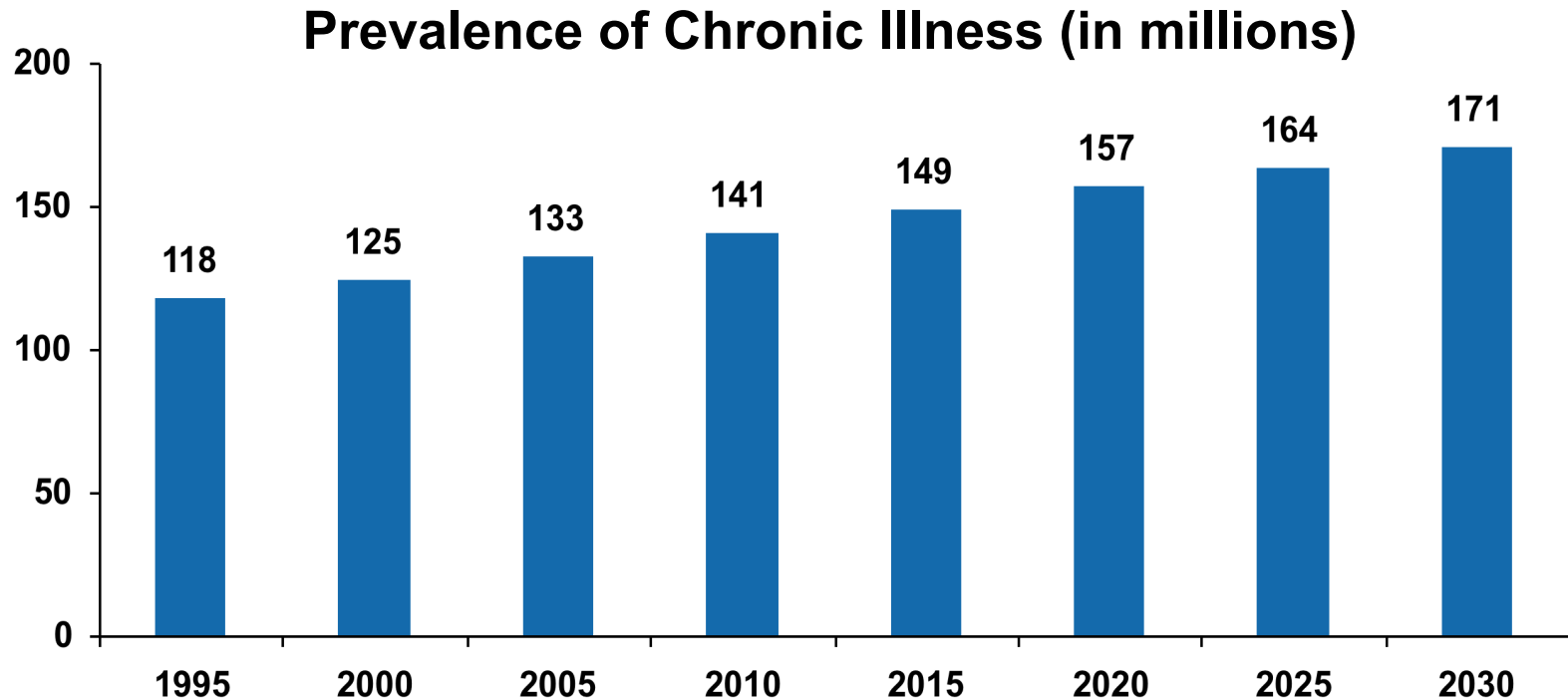


# How We Got There: We're Fatter

(\*BMI  $\geq 30$ , or about 30 lbs. overweight for 5'4" person)



## How We Got There: We're Sicker



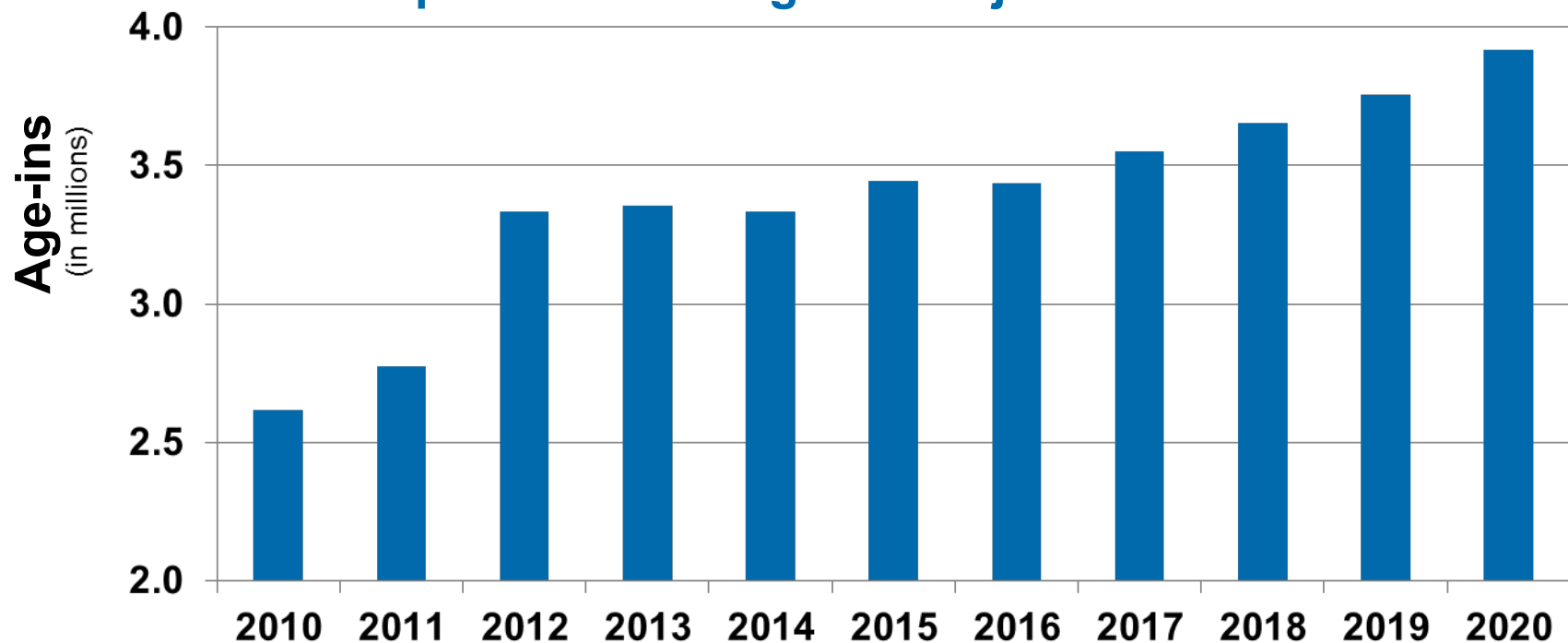
**Over 25% of young adults, roughly 50% of middle-aged adults and 69% of the elderly have one or more chronic conditions**



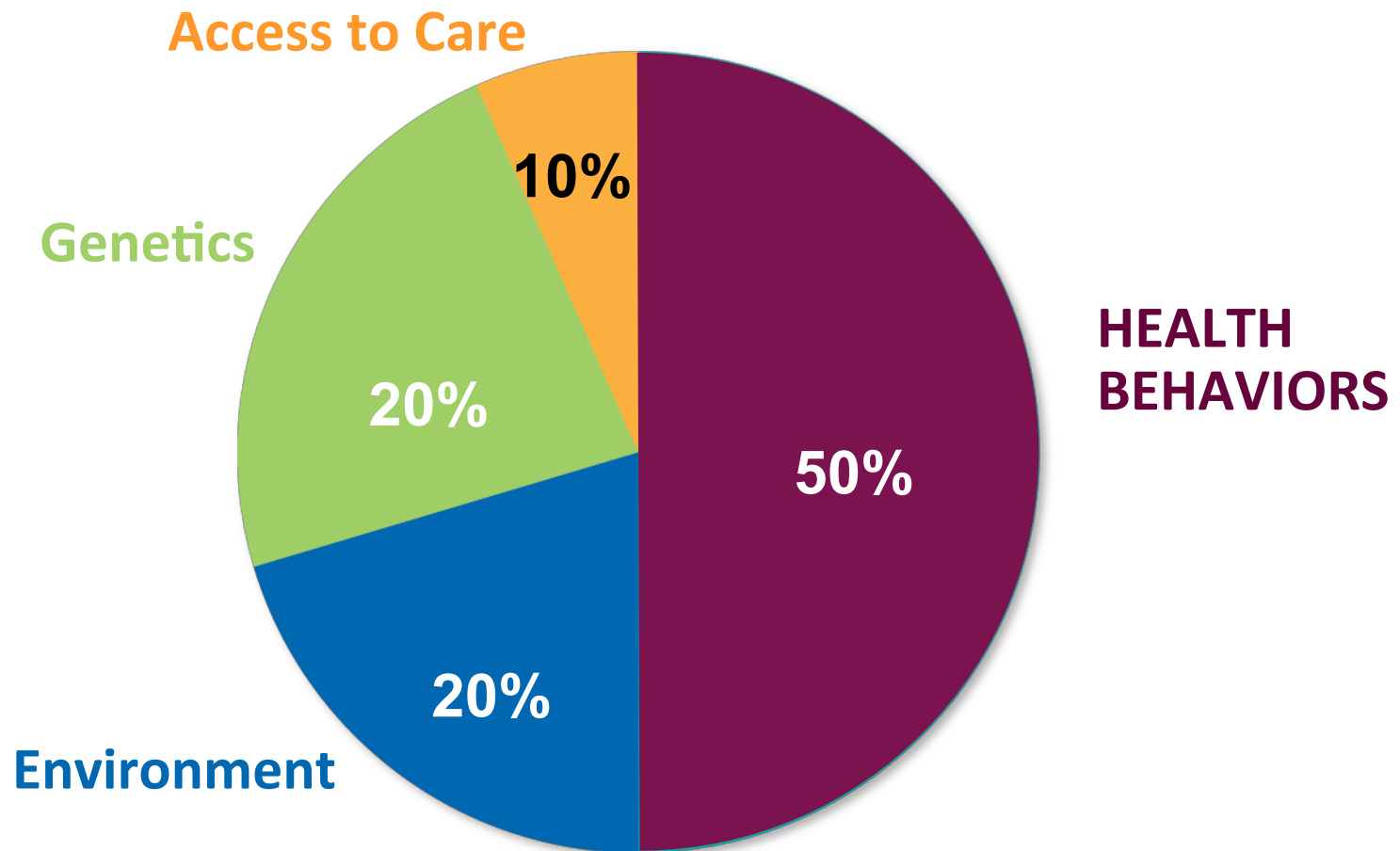
## How We Got There: We're Older

The number of Medicare beneficiaries will be growing dramatically over the next decade as the baby boomers age in to the program.

### Population Turning 65: Projected 2010 – 2020



## The Good News: It's Our Fault

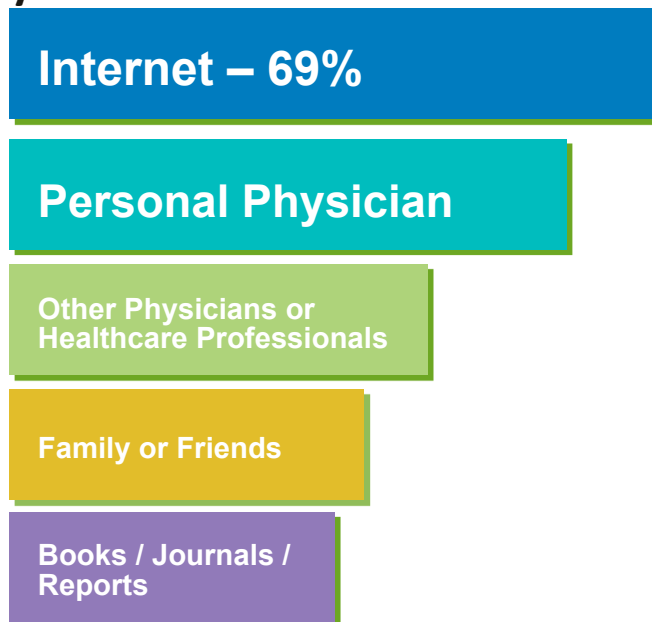


Meanwhile, we're victimized by a wasteful,  
inefficient non-system of health

# Connectivity Is Just A Dream ...

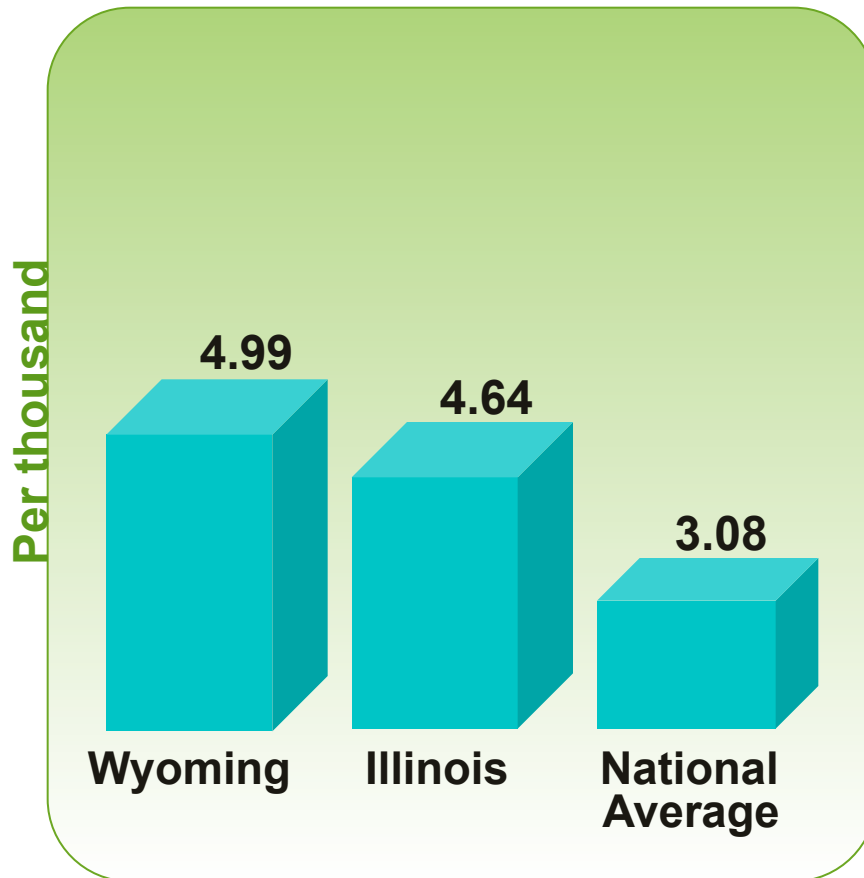
- Only 14 percent of doctors use electronic medical records
- Only 4 percent use a fully functioning, networked electronic system
- And their patients are leading the information management revolution

## Consumers' Primary Source for Medical Information

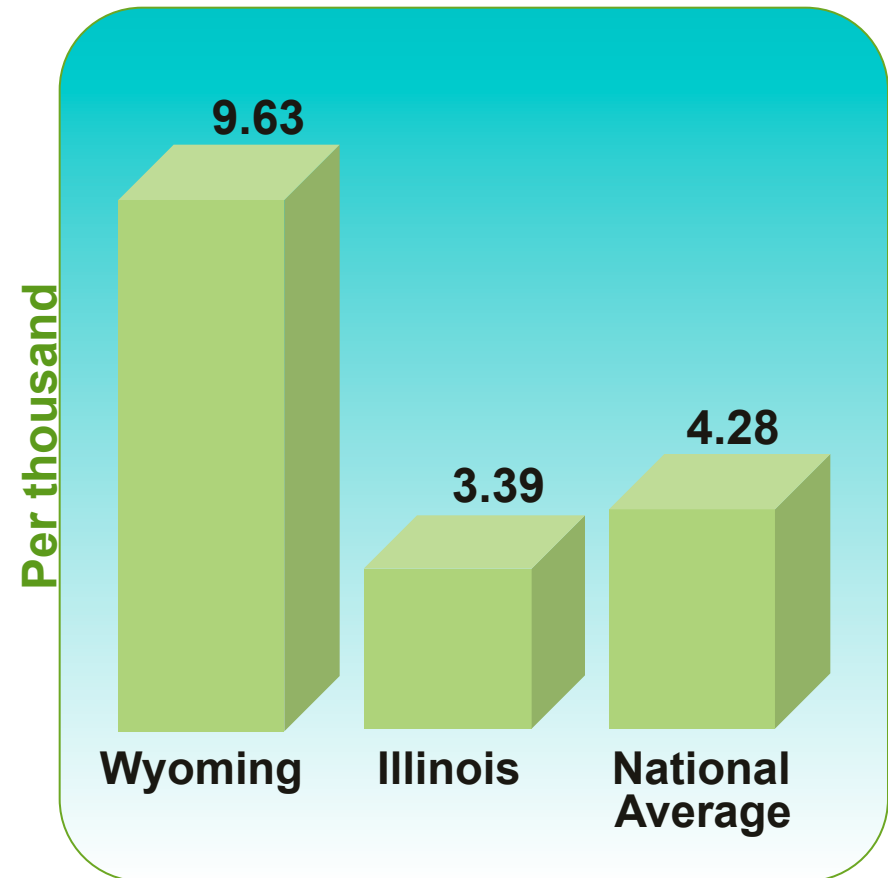


## ... And Doctors Are Far From Practicing Evidence-Based Medicine

Back Problems



Back Surgery



# Seven Imperatives

## Seven Imperatives

1. Engage the entire health ecosystem – consumers, payers, providers, the government – in a comprehensive approach to lifelong well-being

# At Humana, Well-Being Starts With Our Own Associates

## Research suggests **Engagement** must take a new form

To be emotionally engaged with Humana, the customer must see the Humana associate as personally engaged and living the dream of life-long well-being



- Each of us must be on a personal well-being journey





# Humana Cares: It Then Reaches Out To Our Members Who Need The Most Help

On-site



- Home/SNF/Hospital Visits
- Discharge Plan Support
- Home Safety Assessments
- Cognitive Assessments
- Community-Based Social Service Coordination
- Home Modification Assistance

Telephonic



- Clinical "Quarterback"
- Care Coordination
- Remote Monitoring
- Self Care and Behavior Change
- Medication Reviews /Pharmacy Services
- Provider Interface

Telephonic and On-site

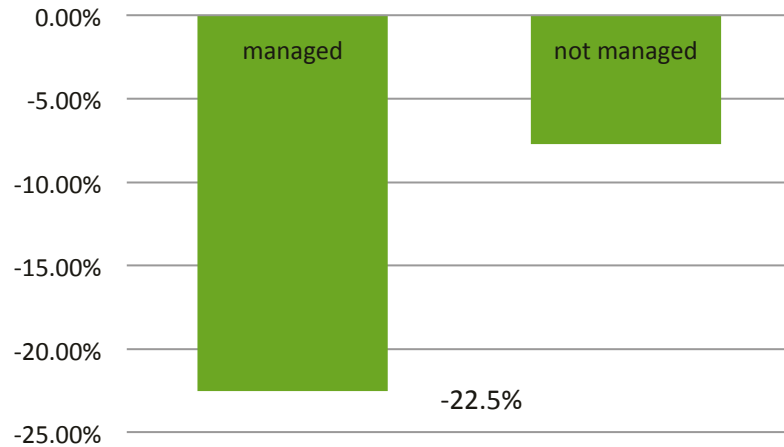


- Member/Caregiver Education
- Support and Research
- Community Resource Directory Maintenance

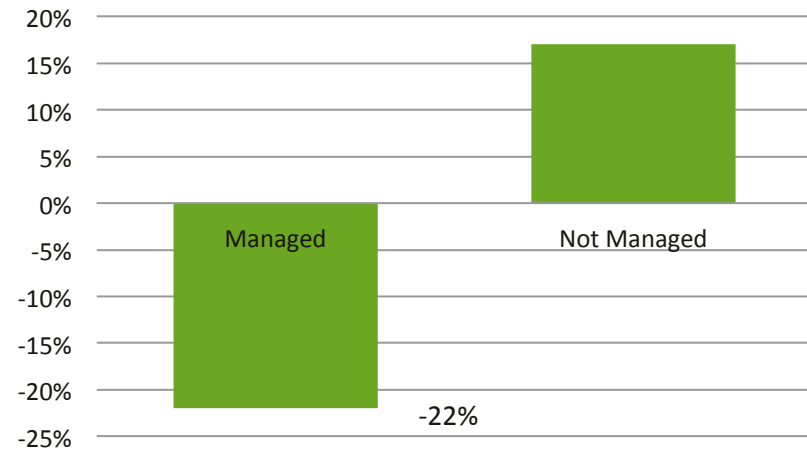
# Humana Cares: Lower Costs ...

## Utilization Trend

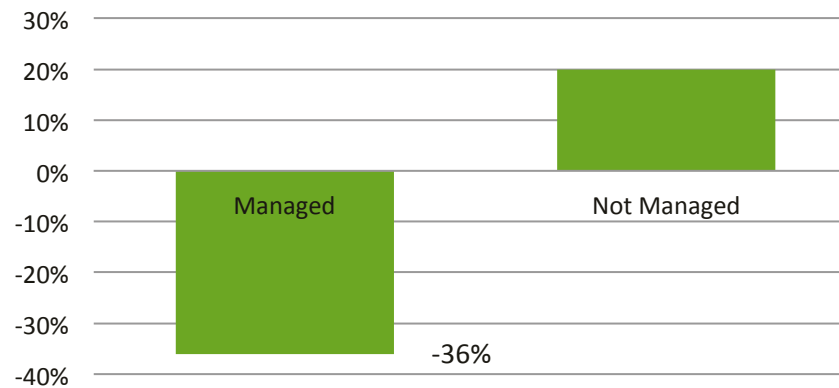
### Readmits Trend



### ER Cases Trend



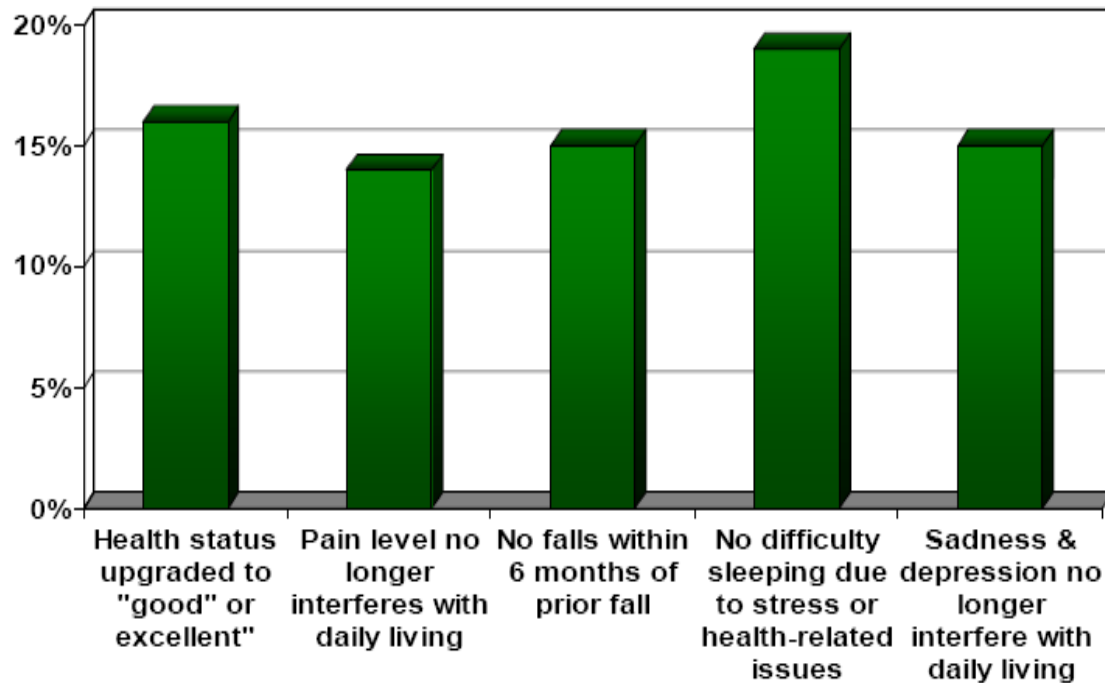
### Inpatient Admits Trend



## ... And Better Outcomes

An independent survey revealed that 77% of Humana Cares members reported agreement with the statement, *“As a result of the program experience, I feel more prepared to manage my own health.”*

**Life-Enhancing Progress Achieved Through Humana Cares Participation\***



## Seven Imperatives

2. Use innovative, customized rewards and incentives to foster positive behavior change

# A Prime Example: Humana Vitality

## Humana Vitality Offers Sophisticated Engagement Strategies

### Vitality Age

*Make health status tangible and impactful*

### Personal Pathways

*Provide personalized options to achieve your goals*

### Customized Incentives

*Reward you for doing what helps you the most*

### Proactive Outreach

*We reach out to those who will benefit the most from support, and engage them*



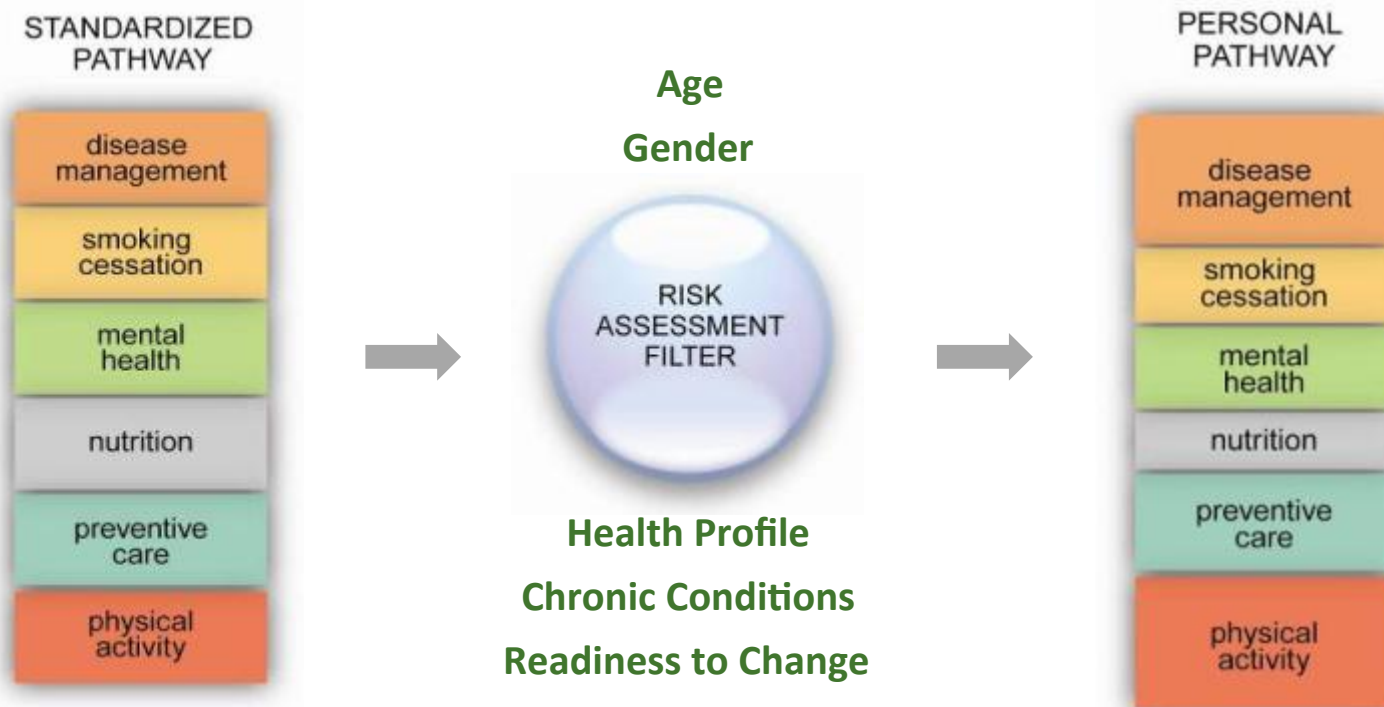
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# Personal Pathways: Customizing Well-Being for Each Member

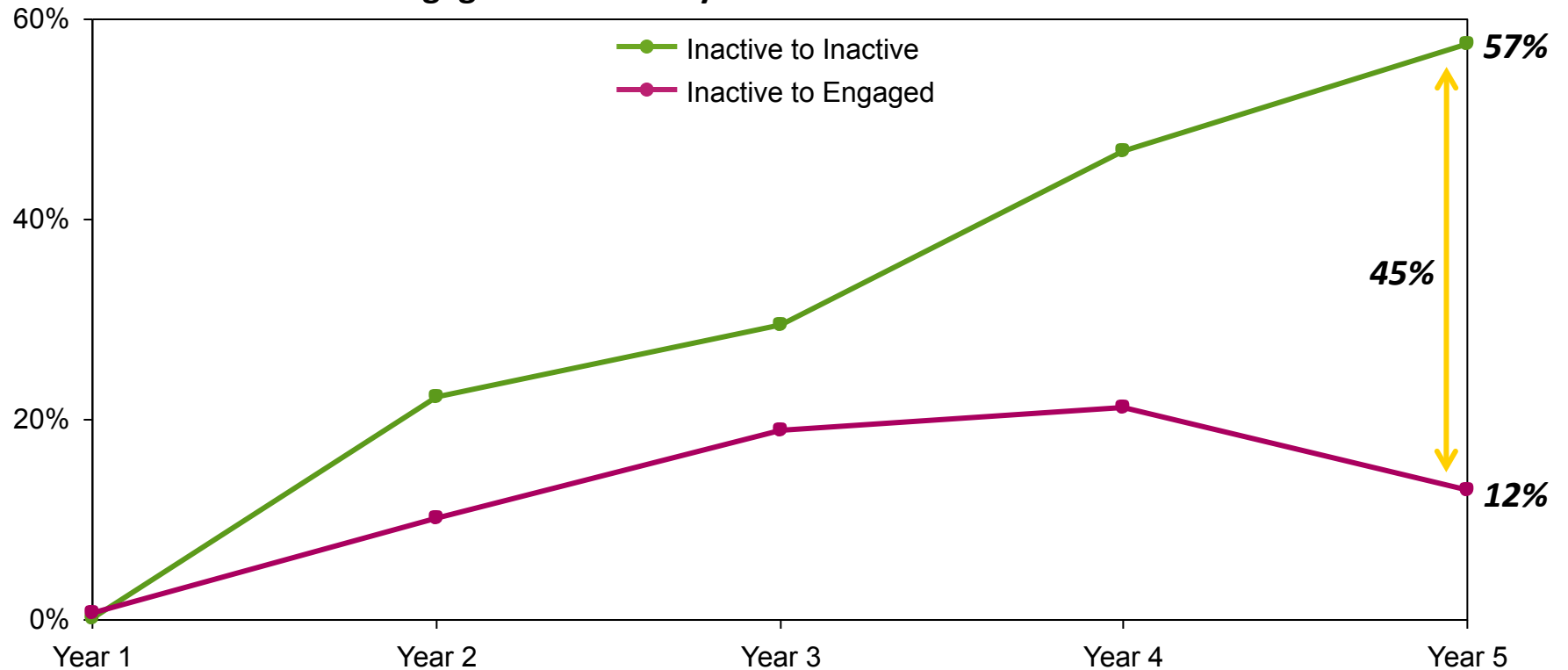


Based on a member's unique health assessment, Personal Pathways **aligns the appropriate incentives** to help members manage their health and improve their "Vitality Age"



# Engagement Is The Key

**Cumulative Trend for Initial 100% Inactive Population that Became Engaged with Vitality in South Africa vs. Remained Inactive**

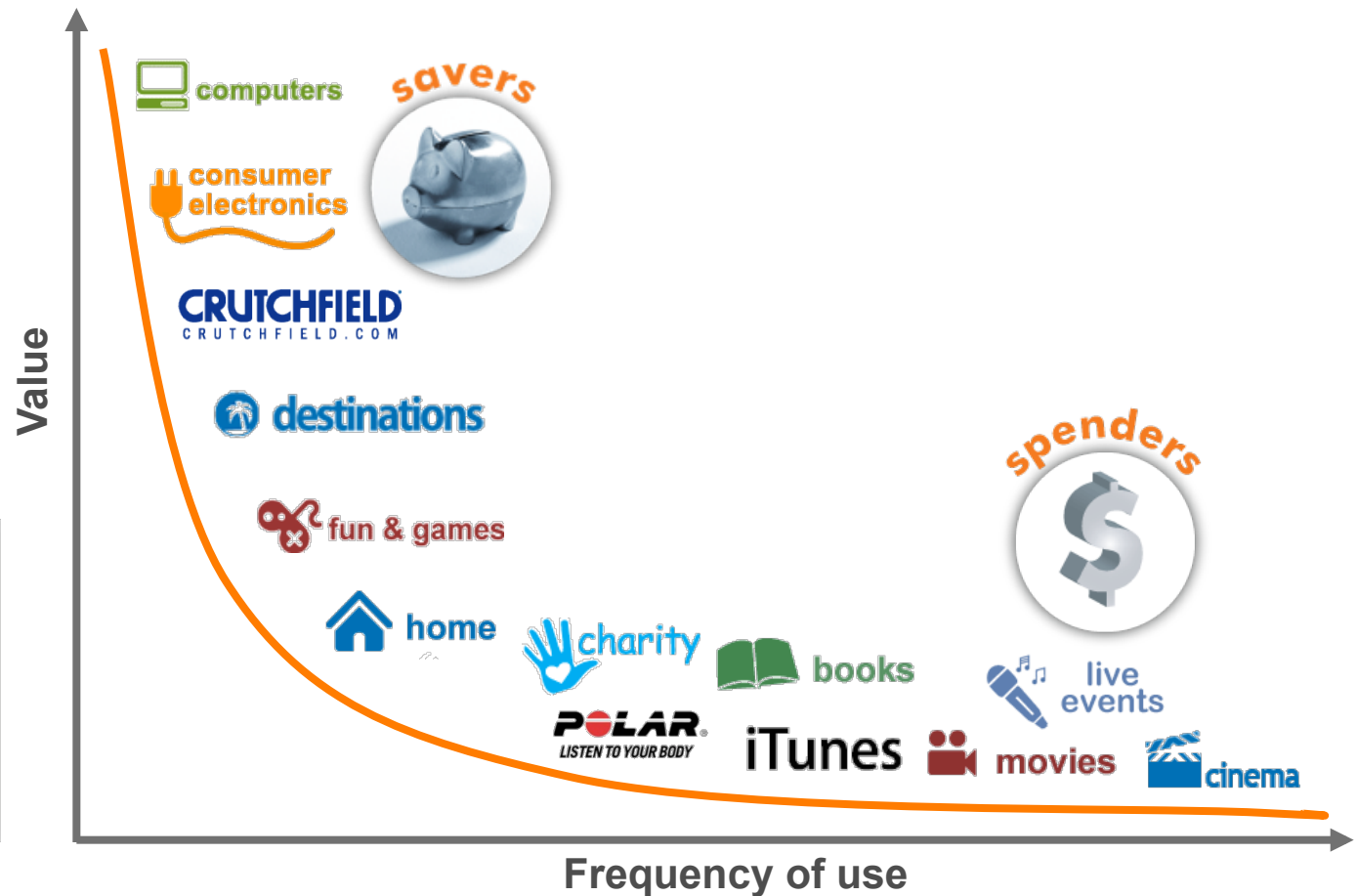


*45% cumulative health cost trend differential for members who became engaged with Vitality in South Africa over a five-year period*

# Integrated Online Vitality Mall Provides Broad Spectrum of Rewards to Motivate Differing Aspirations

Vitality Mall provides access to over 600,000 rewards

Vitality Status	Shopping Mall Percent Discount
Blue	n/a
Bronze	0%
Silver	10%
Gold	20%
Platinum	40%





## Beyond Rewards

- Rewards and incentives are a subset of Behavioral Economics (BE)
- BE is the study of what works in fostering intrinsic motivation that cause people to willingly change behavior sustainably
- Humana has assembled eight of the world's top 10 BE academic researchers to explore this question – from Harvard, Yale, Stanford, U. of Michigan, and other leading universities
- They're engaged in field research designed to yield practical insights resulting in plans of action

# A Vision for Behavioral Economics

FROM	TO
Defining the outcome target as “moving the needle”	Finding the most cost effective solution to a clinical / business challenge
Piloting as first stage in full implementation	Experimenting to learn
Using professors ad hoc	Systematic approach to deploying thought leaders and experts
Inconsistent process for experimentation	Standardized best practice approach
Fragmented learning	Facilitated collaboration and learning
Resource constrained	Specified resources and people “in a separate pot”
Decentralized and ad hoc selection of potential experiments	Portfolio management of high priority opportunities
Applying BE anywhere	Selective application when the tools and science make the most sense

## Seven Imperatives

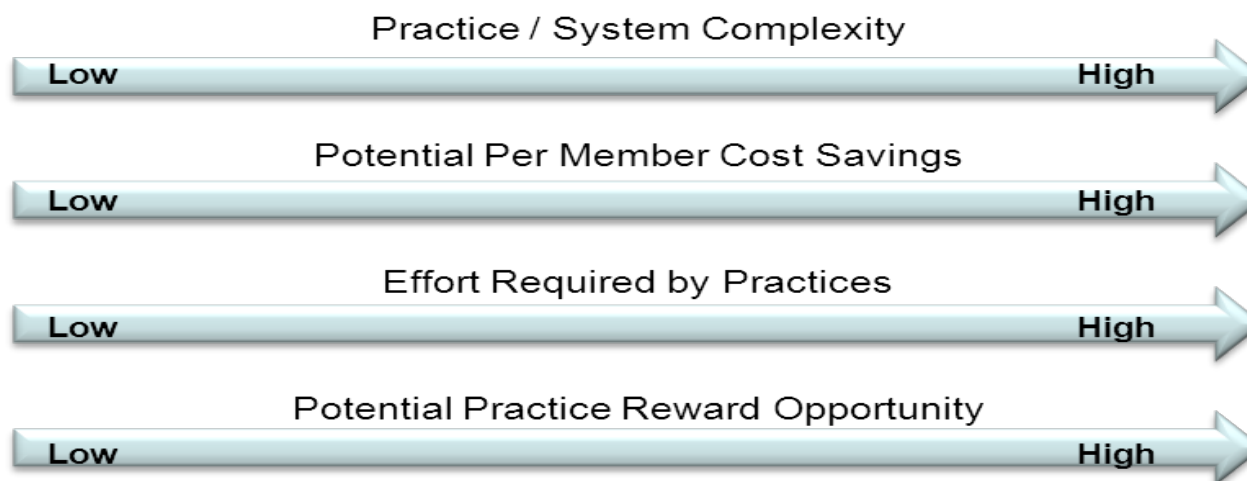
3. Engage providers for productivity and efficiency

# The Provider Engagement Continuum

Tailored approach allows flexibility according to practice characteristics and increased expertise in population health management



- **Align physician incentives** to move providers across a continuum of engagement resulting in **improved outcomes and efficiencies**



# Paying For Value Not Volume: Medical Home Collaborations

*Nearly 65,000 Humana members aligned in medical homes*

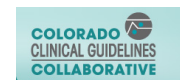
## Humana-driven Medical Homes

- WellStar Health System – Atlanta, Georgia (May 2008)
- MetCare of Florida – Central and South Florida (Nov 2008)
- Queen City Physicians - Cincinnati, Ohio (Dec 2008)
- CAC Florida Medical Centers (Feb 2009)



## Multi-payer Medical Homes

- Colorado Multipayer Pilot Project (May 2009)
  - Humana, CIGNA, Aetna, Wellpoint, UnitedHealthcare, Colorado Medicaid
- Cincinnati Multipayer Pilot Project (Oct 2009)
  - Humana, Wellpoint, UnitedHealthcare

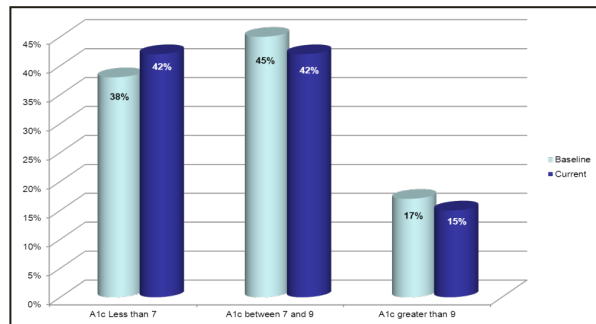


# Medical Home Quality Results: WellStar Health System

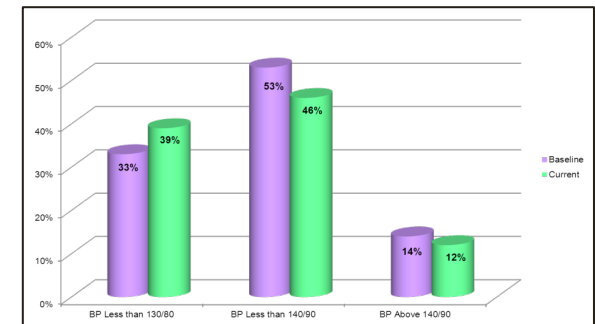
## Summary Results:

- Improved glycemic control and lipid management for diabetics
- More hypertensives identified

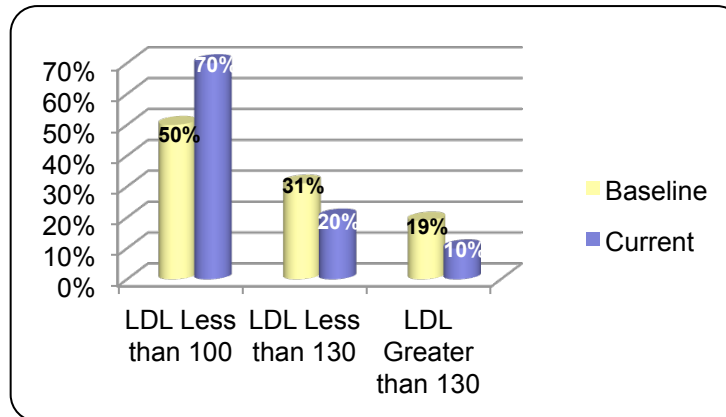
### Hemoglobin A1c Management



### Blood Pressure Management



### LDL Management



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Baseline data from chart review from patient visits between January 2007 and March 2008  
Current data from chart review from patient visits between March 2008 and February 2011

# Pay For Value Not Volume: Accountable Care (ACO) Collaborations

- 24 years' experience with accountable care models
- Over 500,000 Medicare Advantage and 90,000 commercial members in accountable care
- System capabilities designed for robust exchange of clinical and financial information with provider partners
- Flexible reimbursement models to serve various ACO arrangements
- Track record of success with Integrated Delivery Systems

# First Dartmouth Brookings Commercial ACO Pilot Launched: Norton/Humana

- Unites expertise of Humana and Norton Healthcare of Louisville
- One of only five pilots in the U.S. authorized by Dartmouth and Brookings
- Accountability of measured outcomes, cost, and patient delivery
- Industry-standard performance measures including financial, quality, regulatory
- Core principles:
  - Integrated care delivery among provider teams
  - Defined patient population to measure
  - Pay-for-results based on improved outcomes and cost



BROOKINGS



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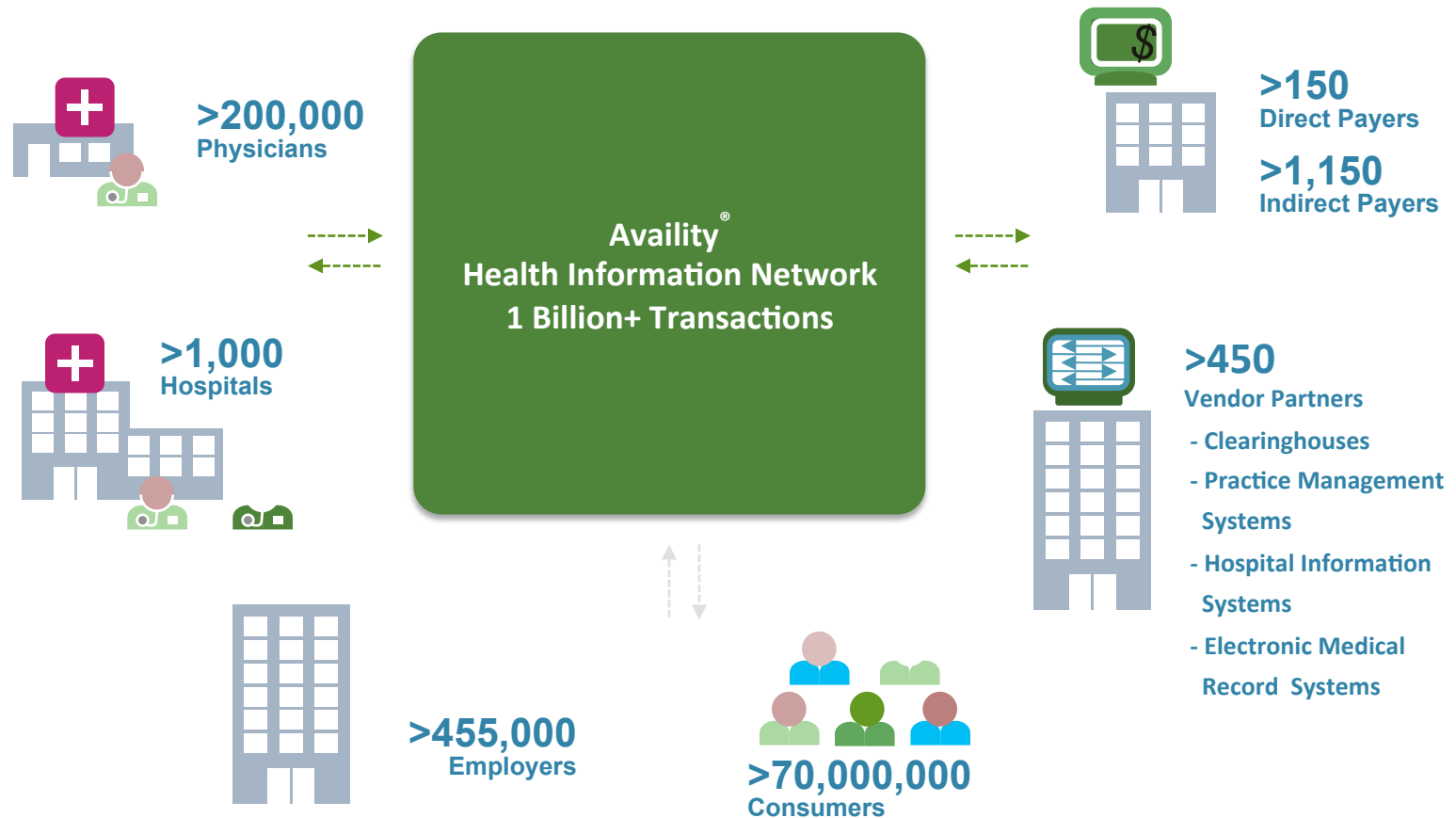


## Year 1 Results

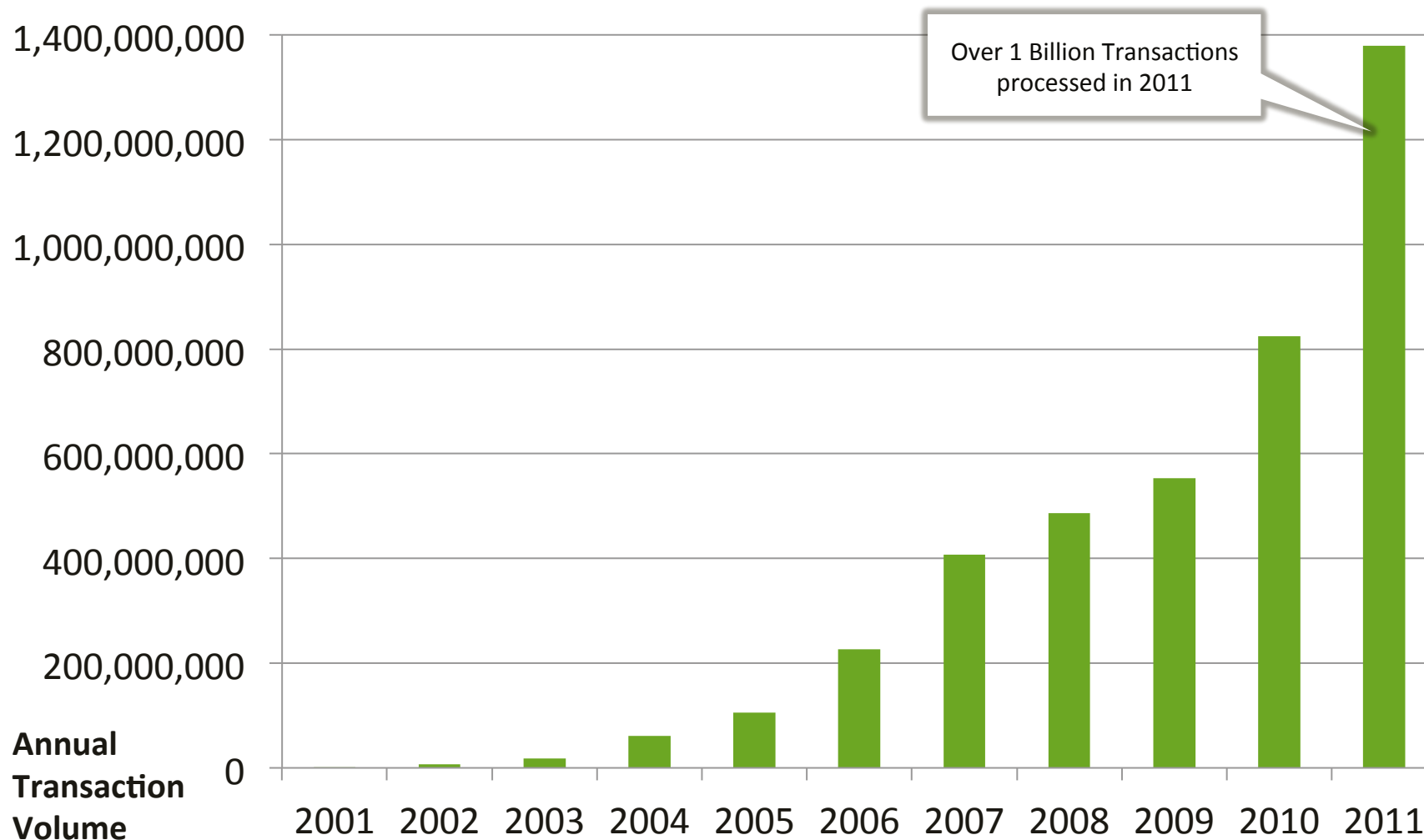
### Commercial ACO: Aggregate Population Utilization Results

Measure	Year 1: N=6026
Inpatient admits/1000	↓39%
Inpatient days/1000	↓29%
ER visits/1000	↓46%
ER/Inpt admit	↓4%
Physician visit within 7 days of discharge	↑14.6%

## Reduces System Complexity For Providers



**availity**® **Transaction Volume**  
PATIENTS. Not paperwork.®



**Humana**

# Additional Provider Partnerships

## Connectivity with EMR systems

- athenaClinicals
- Allscripts
- eClinicalWorks
- NextGen

## Clinical

- Humana Cares
- Gaps in care reporting

## Rewards

- Supporting primary care
- Assisting with transitions to new types of payment methodology

# Next-Gen Provider Engagement: Integrate and Innovate

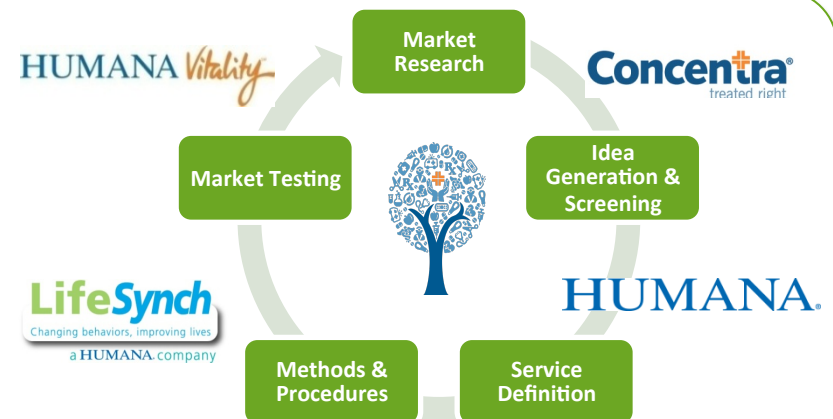
## Integrate

- Consolidate the current capabilities of Concentra, Humana, HumanaVitality, and LifeSynch
- Create an **integrated wellness offering** that exceeds the breadth of services and integration available today in market
- Develop product sets that permit **exposure** to all distinct customer segments of our combined enterprise with ease of customization



## Innovate

- Utilize enterprise core competencies and assets to define a **fully integrated wellness** solution and establish first-mover advantage
- Shape the **future marketplace** by continually identifying and serving unmet customer needs, always with a focus on proven results

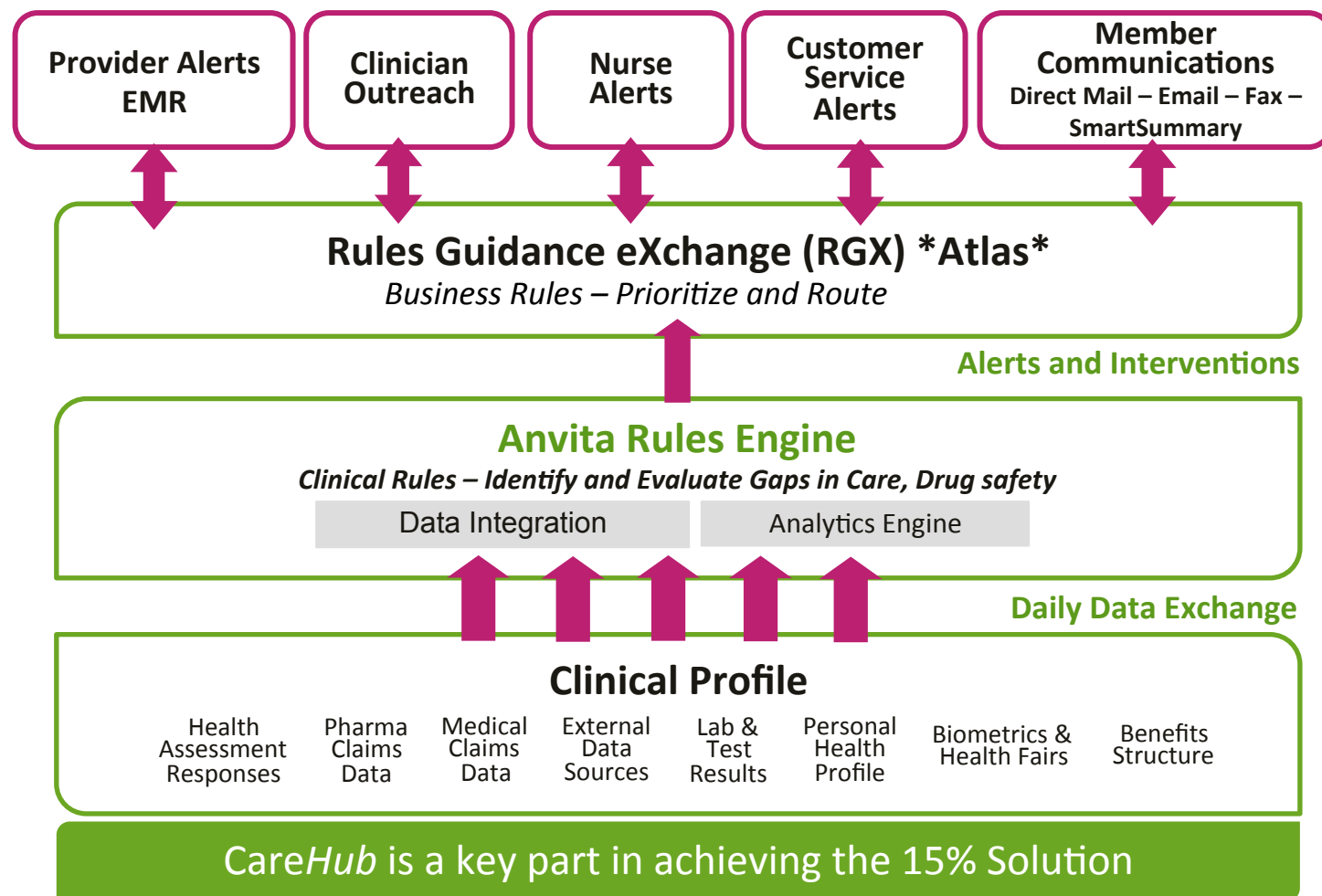


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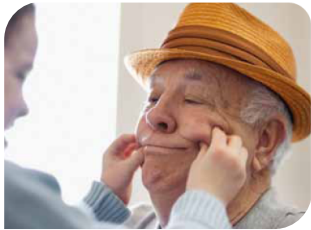
## Seven Imperatives

4. Analyze data in ways that translate directly to better health outcomes

# Anvita Health and CareHub Work Together to Integrate Clinical Rules, Identify Gaps in Care, and Alert Members and Providers



# Member Experience Leveraging Anvita



**“Joe”**

Age 67, diabetic, Medicare member

## ANALYSIS



### Gap in Care Identified:

- Joe has not had a cholesterol (LDL) screening in the last 12 months
- Analysis of disparate datasets suggests he will likely be in need of one in the next 12 months

## COMMUNICATION



**Member message:** Joe receives communication recommending he get his cholesterol screening

**Provider message:** Joe's PCP notified that Joe's cholesterol screening has not yet been completed

**Guidance alert:** Notification sent to Humana customer service and nursing staff of Joe's gap in care

## ACTION



### Actions taken:

- Joe visits his PCP
- Joe's PCP checks eligibility on Availity.com or receives member summary and sees the gap in care alert
- Joe gets cholesterol screening completed during the visit

## RESULT



### Gap in Care Closed:

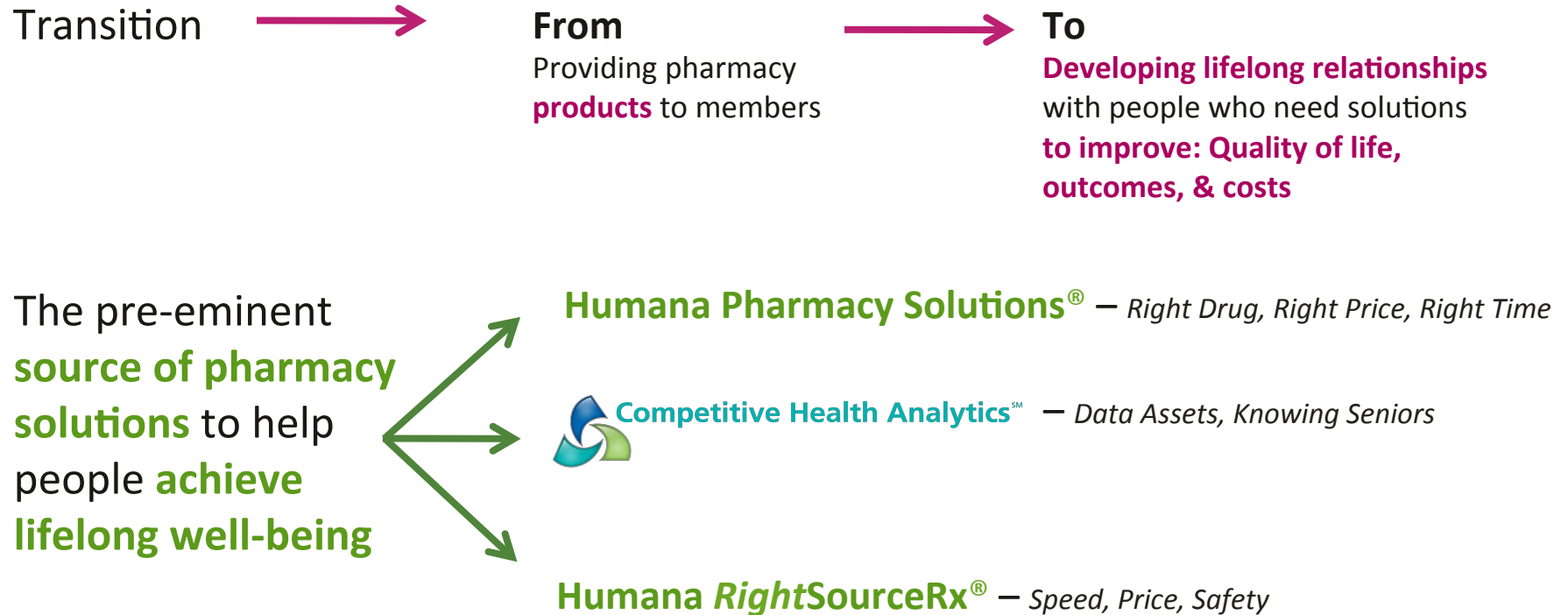
Claim received for Joe's cholesterol (LDL) screening



## Seven Imperatives

5. Implement a holistic, customer-focused approach to pharmacy services

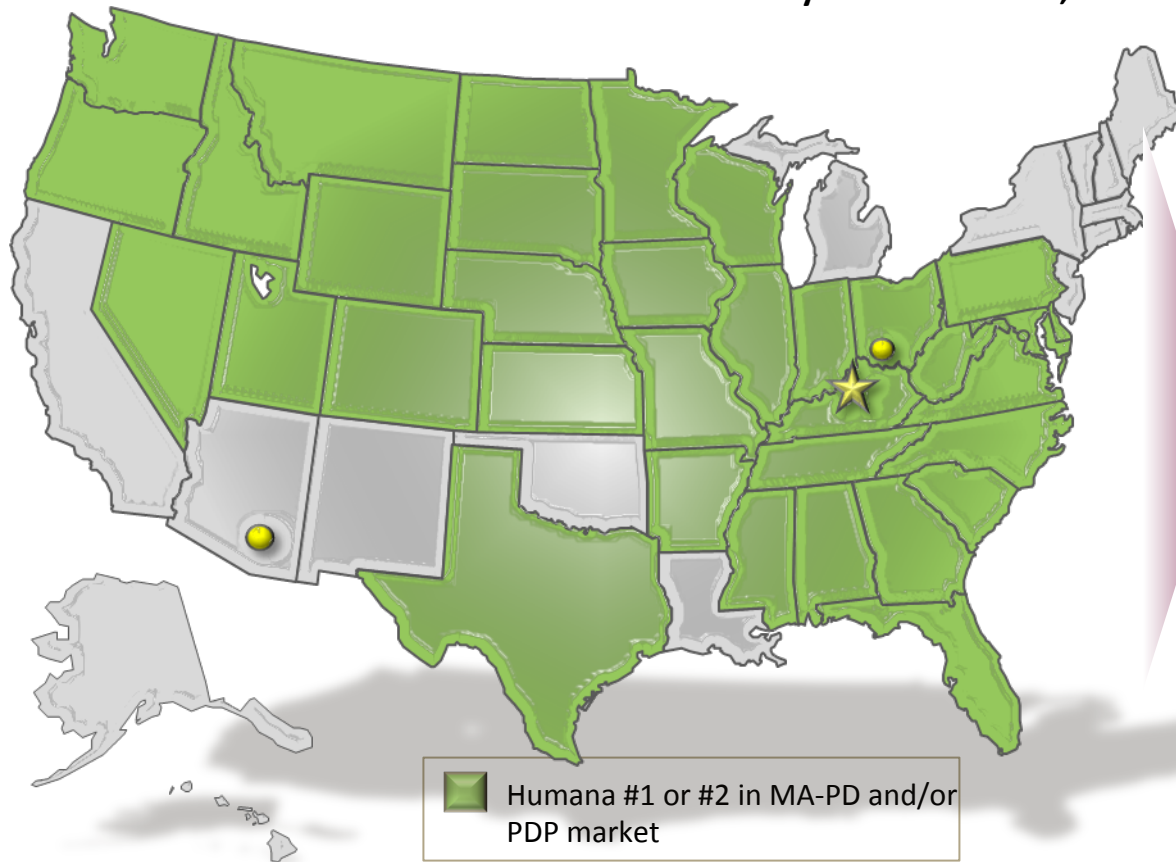
# Humana's Pharmacy Companies And Pharmacy Vision



# 5<sup>th</sup> Largest PBM: Humana Pharmacy Operations

*Humana brings national scale and capabilities covering more than 7 million lives, administering over 255 million prescriptions, and a market-leading Medicare pharmacy position in 34 states:*

**Humana Position in Medicare Pharmacy Benefit Market, 2011**



## Humana Pharmacy Operations

- 7+M Covered Lives
- 255M prescriptions
- \$12Bn drug spend
- \$11B 'at risk' drug spend
- ~\$2B Specialty drug
- 3,100 employees
- 300 pharmacists
- 900 FTEs Outsourced
- 3 million annual member contacts
- Headquarters: Louisville, KY
- Automated Mail Order and Specialty Pharmacy facilities
  - Cincinnati
  - Phoenix

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## Seven Imperatives

6. Create people-centered partnerships to lower costs and improve outcomes

# Humana/Reader's Digest

## A Counterintuitive Approach ...

**Products are rich in Health and Wellness benefits and value-adds from Reader's Digest**

- “Healthy Living Kit”
- “Healthy Living Bulletins”
- “Mindstretchers” magazine
- Free and discounted books from the Reader's Digest Healthy Living Library

**Member experience enhanced via Reader's Digest editorial capabilities**

- “Guide to Your Member Communications” developed by RD editors and sent to all members on Healthy Living MA plans
- Simplifies the member experience by guiding member through all of the contacts Humana will make and how member can contact Humana

**Utilizing Reader's Digest analytic capabilities**

- Building Direct Mail models targeting previously underpenetrated populations

## ... That Works

### **“Humana Reader’s Digest Healthy Living Medicare Advantage Plan”**

- Currently have 69K+ members
- Sold ~35K during 2011 AEP season

### **“Humana Reader’s Digest Healthy Living Medicare Supplement Plan”**

- Obtained DOI approval to market in 29 states
- Robust direct mail campaigns using RD’s customer list planned for 2012

**Marketing leverages the trust inherent in the Reader’s Digest name via endorsements and advice**

# The “Gamification” of Health

Humana®

UBISOFT™



- Exclusive partnership with Ubisoft™
- Revolutionary breakthrough in games for health on the popular Microsoft Xbox Kinect platform
- Players of YOUR SHAPE™ earn HumanaVitality rewards for verified workouts
- YOUR SHAPE™ provides a virtual trainer and a series of challenging workouts and fitness activities. Within the game, Humana has co-branded three exercise workouts targeted to improve:
  - High blood pressure (“Healthy Heart”)
  - Childhood obesity (“Kids Kick It Up”)
  - Elder agility (“Senior Wellness”)
- Plan is personalized; virtual coach provides encouragement/real-time feedback

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# Humana Challenge: Well-Being with a Side of Golf



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## Seven Imperatives

7. Commit to being a leader in Corporate Social Responsibility

# Humana's CSR Platform – *Healthy people, Healthy planet, Healthy performance* – Helps Inform Business Decisions



## Healthy People

Support health, well-being and a positive social impact among members, associates and the community



## Healthy Planet

Mitigate the environmental impacts of our business



## Healthy Performance

Commit to ethical practices and the pursuit of excellence

## *Healthy People Highlights*

- Built 11 **multi-generational playgrounds** in partnership with KaBOOM!
- Since October 2007, associates have volunteered more than 208,000 hours in the Humana Volunteer Network.
- A CSR module is incorporated into our mandatory, annual ethics training for all associates.



## *Healthy Planet Highlights*

- Fourteen of our 45 owned facilities — including our HQ — are certified by **ENERGY STAR®**.
- Our Chicago and Houston offices are **LEED** certified
- In 2011, 160,000 Humana members **switched from paper to electronic communications** for EOBs and SmartSummary statements.
  - As a result, Humana and the Arbor Day Foundation were able to **plant 160,000 trees** in forests throughout the United States.

## Healthy Performance Highlights

- Maintained inclusion in **Dow Jones Sustainability Index**
  - Humana has been included on DJSI since 2006; no other health benefits company has five straight appearances
- Received a **Newsweek Green Ranking of 72**, a significant increase from 2010's ranking of 317
  - For the first time, we ranked above our competitors
- Received a score of **90 out of 100** on the Human Rights Campaign **Corporate Equity Index** in December
- Received a score of **81 out of 100** for its reporting on the **Carbon Disclosure Project** Index



**Thinner and Healthier**

**Humana.**

# Internal Well-Being Pilots

## Personal Health Score:

- Purpose: Provide objective clinical data coupled with actionable information to drive health improvement
- Results: **More than half (55%) of associates improved their individual score**

## Personal Well-Being:

- Purpose: Improve participants' sense of their own overall well-being
- Results: **After five months, associates' "thriving" self-assessment increased from 26% to 41% and "suffering" decreased from 10% to 6%**

## The BiggestLoserClub.com:

- Purpose: Deliver a social, mobile and virtual weight loss pilot for associate participants who have a BMI  $\geq 28$  and a desire to adopt healthy behaviors
- Results: **Total pounds lost for all members – 3,474.40 lbs.**

## Win, Place, Show Me The Money:

- Purpose: To understand the efficacy of financial incentives in facilitating behavior change and healthy weight maintenance relative to weight loss over time
- Results: **Total net weight loss across all participants = 8,657.81 lbs.**



- **The Challenge**

- 67 schools, 1,585 kids, 20 members of Congress covering 14 states nationwide
- 132.34 million aggregate steps
- Carbon footprint reduction 22.1 metric tons

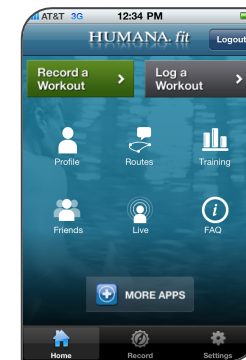
- **Fast Facts**

- Students increased their activity 58% during the challenge over their normal activity level
- Students walked 50,129 miles or 2X the circumference of the Earth
- Carbon footprint reduction 1.5X the CO2 reduction of Freewheelin conventions



# Humana Fit

- Web-based activity and nutrition tracking platform
  - Humana pedometer integration with HumanaVitality
- Impressive social and organic growth
  - 25 million steps uploaded daily
- Business Value
  - Data integration solution
- Humana Gear Pedometer
  - Will release the second generation device this year



Pedometers

## The Result: Thinner and Healthier

- Consumer engagement that's sustainable – because people want to engage
- Long-term positive behavior change based on real-time, data-driven feedback
- Lower costs, for individuals and the system
- Better health outcomes
- Lifelong well-being

**Humana®**