

The eHealthCare Palm Springs Sept 16-18, 2000

Who is Alere Medical? Alere is attacking a critical health problem.

"Despite recent advances in the treatment of heart failure, there is evidence that the population prevalence of heart failure is increasing...

Moreover, it is well-established that *physician compliance with consensus guidelines* for heart failure management *is suboptimal*, and this factor undoubtedly contributes to the poor outcomes and readmission rates in heart failure."

- Journal of Cardiac Failure, 1999



Alere works specifically by providing...

What?

Medical monitoring systems for patients with heart failure and other their Co-Morbidities

How?

Using our patented DayLink Monitor telephone and Web technology Establishing remote Connectivity and communication between patients, their physicians, family members and case managers.

Why?

Enabling the collection & exchange of biometric and symptomatic information in a timely manner allowing for proactive intervention and patient care reinforcement



CHF Demographics

CHF Disease Demographics (US only)

- Prevalence: \approx 5 million
- Annual new cases: $\approx 400,000$
- Growth rate: 8%+
 - Only heart disease with prevalence and mortality rates rising
- Annual hospitalization expense: ≈ \$6B
 - Estimated annual expenditures: ≈ \$20B
 - Most costly cardiovascular disorder in the US (>MI & cancer, *combined*)

CHF Disease Characteristics

- Recidivism greatly under-addressed in marketplace
- 47% 6 month re-hospitalization for newly diagnosed
- Relatively straightforward metrics and treatments
 - Clinical protocols require daily objective weight measurement



... has a compelling cost-benefit analysis...

Average Type III / IV Annual CHF Profile:

- 2 hospitalizations / yr
- 4 6 days / stay
- > \$7,000 / stay
- \$14,000 / year / patient

Average Type III / IV Annual CHF Profile with Alere:

- Highest Alere cost per patient / yr \$2,040
- > 95% patient compliance
- > 85% reduction in hospitalizations
- Average yearly net savings of <u>\$9,860</u>



Alere's Founders Validate Technology

Donna Mancini, M.D. - Columbia Presbyterian

- Severe Heart Failure Patients
- 90% Reduction in ER Visits

Aria DiBiase, M.D. – Palo Alto Medical Foundation

- General Cardiac Patient Population
- 75% Reduction in Hospitalizations

Stanley Pearson, M.D. – CIGNA/AZ

- HMO Staff Model Cardiology Clinic
- 77% Reduction in Hospitalizations



Alere aims to improve disease management efforts using the internet and devices.

ALERE'S MISSION:

Alere provides improved disease management outcomes along a number of metrics: decreased hospitalizations, improved clinical operating efficiencies and an amplified patient/physician relationship. To this goal, we apply our phone and web-based AlereNet monitoring system to allow frequent, remote and proactive care.

ALERE'S GOAL:

To be the premier monitoring system for managing chronically ill patients.



Alere's current efforts & future focus...



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Alere's intensive lobbying efforts will open large Medicare CHF market.

> CHF & Medicare:

- ≈80% of CHF patients are in Medicare
- Currently no reimbursement code exists CHF DM
 - Proactive DM therapies relatively new to HCFA
 - Lack of objective vs anecdotal data

> Alere's lobbying efforts:

- Top DC firm, Verner-Liipfert, on retainer
- Senator Bob Dole one of our lobbyists
- Congressional allies in Senator William Frist, a cardiologist, and Arlen Specter, a CHF patient
- Aim for reimbursement code for Alere-comparable systems







What Alere is Not...

Not a "Carve-out"

- Not Case Management
- Not Home Care
- Not an Outbound Calling Program
- Not a Replacement for Medical Case Management Programs
- Not a Program for All Heart Failure Patients



... an impressive Scientific Advisory Board featuring industry thought leaders,...

SAB Member

Aria DiBiase, MD Michael B. Fowler, MD

Donna Mancini, MD

Evan Loh, MD

Expertise

CHF Clinic, Palo Alto Medical Center

Co-Director Heart Failure Clinic, Stanford University Medical Center. Associate Professor of Medicine, Division of Cardiovascular Medicine, Stanford

Medical Director of the Cardiac Transplantation program, Columbia Presbyterian Medical Center

Medical Director of the Heart Failure and Transplant Program, University of Pennsylvania Medical Center

Alere is poised to lead the next stage of DM into the eDM evolution.



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6/00

The ALERENET® SYSTEM......



The DayLink[™] Monitor







... Alere's proven value.

Alere's Overall Data TO DATE WITH ALERENET SYSTEM:

- > 85% decrease in hospitalization rates
- 95% patient compliance
- 87% physician satisfaction
- ➢ 92% patient satisfaction
- 100% managed care (MC) customer retention
- > 200-300 patients monitored vs. ?

\Rightarrow Alere's eDM systems approach works!



AlereNet® System Options

AlereNet® Monitoring

- Physician Communication/Patient Education
- Patient Enrollment
- "Alere's Nurses
- Per Patient Per Month Fee
- AlereNet® Hosted (ASP)
 - Web Browser Access/Data Base Managed by Alere
 - Dedicated Clinical & Sysuems Coordinator
 - "Your nurses"
 - Reduced Per Patient Per Month Fee
- > AlereLink®
 - Technology Only
 - Patient Data Transfer to Client Data Base



AlereNet System Value Proposition

<u>Features</u>

- Medical Management Tool
- Case Management Support Service
- Patient Monitoring 365 days / year
- Online Availability of Patient Data 24/7
- Patient Status and Outcomes Reporting
- Real-Time Patient Data
- HIPAA Compliant
- NCQA Reports

<u>Benefits</u>

- Improved Quality of Patient Care, Reduced \$\$\$\$
- Improved Nurse Efficiency
- Patient feels "Cared For" Satisfaction Increased
- Reduced Anxiety for All Care Supporters
- Proactive Intervention
 Reducing Exasperations
- Physician Provides
- Optimal Care, Enhances Best Practice Efforts



Comments from Patients

PacifiCare

- "The program is well conceived and executed. The program is impeccably organized. Keep up the great work." (AHL)
- "They (Alere Nurses) stay on top of your conditions if you gain or lose too much they will check it out to see what's the problem. If they don't hear from you they will contact a family member to make sure you are alright. There were times I didn't know when I should call my Dr. or go to the hospital. But the nurses stay on top of everything. It was very very helpful. Thanks to all of you." (MDL)



Case Study E.Y.

Patient History

- 50 year-old male
- Comorbities: MI (Myocardial Infarction) 1998, CBG (Coronary Artery Bypass Graft) 1998, DM (Diabetes Melletus) Type I, Pulmonary Disease, Depression

Status At Enrollment 5-18-99

 73 days in hospital over a period of 14 months at a cost of \$148,287 due to HF



Case Study E.Y. cont.

> Results

Since enrollment one Heart Failure hospital visit for 2 days.

Savings Estimate

 Hospital costs reduced by an estimated \$ 141,287 in 12 months on the AlereNet® System





Case Study S.T.

Patient History

- 67 year-old female
- Comorbidities: HTN, A.Fib, Ulcers, Depression, and severe crippling Rheumatoid Arthritis

Status At Enrollment 6-18-99

 Two previous critical care hospitalizations in the last 12 months, she was not expected to survive.



Case Study S.T. cont.

> Results

- Returned to work & reported an improved quality of life
- No Heart Failure hospitalizations in 12 months
- Patient reports that her involvement with Alere has taught her to manage her cardiac condition.

Estimated Savings

• 2 hospitalizations = \$14,000



Case Study G.K.

Patient History

- 73 year-old female located in Texas
- Comorbidities: Triple CABG in early '90s, valvular disease, degenerative joint disease, pacemaker (2000), Diabetes and Colitis.

History with Alere

- Enrollment 5/2/99
 - Supported by the Alere Net System
- Disenrollment 7/31/00
 - Transferred to Behavior Modification Program with self-reported monitoring device



Case Study G.K cont.

> 14 Month Hospitalization History with Alere

- No Heart Failure Hospitalizations
- 2 non-HF hospitalizations (pacemaker and bile-duct stones)

> 10 Day Hospitalization History Post-Alere

- 1 hospitalization for MI/CHF, LOS 3 days
- 1 Hospitalization for MI/CHF, LOS 5 days



Alere's proven results validated by third party...

TILLINGHAST - TOWERS PERRIN STUDY

- Commissioned by PacifiCare Health Services
- Methodology included two separate but related analyses:
 - Efficacy analysis for the Alere System to determine relative savings for a homogeneous CHF population
 - Enrollment criteria, one previous IP stay or three ER visits
 - Continuously enrolled in plan for minimum six months
 - PC provided control group & CHF program cohort utilization information
 - Cost normalization & demographic mix adjustments
 - Utilization data collected for a continuous six-month period



Alere's proven results validated by third party...

TILLINGHAST - TOWERS PERRIN STUDY Cont:

- Internal ROI analysis to look at potential savings opportunity using Alere's unique enrollment criteria
 - Control group & CHF program cohort utilization by respective cohort and location
 - Cost normalization & demographic mix adjustments
 - Gross savings/(loss) estimates PMPY by location & adjust the utilization by age
 - Program costs included direct & indirect
- Qualitative Analysis
 - On site visit evaluation of the features and focus of Alere's System



Alere's proven results validated by third party...

TILLINGHAST - TOWERS PERRIN STUDY

- Results
 - Alere CHF Program Cohort showed a 61.6% reduction in costs (IP hospitalizations and ER visits) from Control Group
 - Alere CHF Program Cohort Enrollment Rate
 13.9% Enrollment Rate = 173.8% ROI (Actual)
 100% Enrollment Rate = 265.8% ROI (Estimated)



Conclusion of study.....

"Alere savings stem from the early intervention in changes in the member's condition through twice daily monitoring and providing that information in real time to the physician. Patient compliance is extraordinarily high. Its patient education is very basic and it relies on the plan medical directors to deal with physician behavior guidelines. It is economically very efficient and a relatively "easy sell" to physicians as there are fewer autonomy issues raised."



Alere's Customers

- CIGNA McDowell Cardiology
- Columbia Presbyterian*
- HealthPartners
- Irving Phys. Association Nylcare
- > MAMSI
- Marc Silver, MD*
- North Shore University Hospital*
- Ochsner Health Plan
- PacifiCare TX
- Quality Care Network
- St. Paul Cardiovascular*
- Stanford University*
- UCSF*
- VA No. California Study*
- WHARFStudy*





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Access to Care Study HCFA/Medicare Demonstration Project

Evan Loh, M.D. - Principal Investigator

- University of Pennsylvania
- University of Louisville
- St. Vincent's Hospital, Montana
- > 3 Million Dollars Appropriated
- AlereNet System Chosen

Begins in late 2000



...and our WHARF study will further validate these results

WHARF STUDY: WEIGHT MONITORING IN CHF, 1999-2000

Alere-funded

- Randomized controlled clinical trial (RCCT)
 - Principle Investigator Evan Loh, MD
 - Two arms
 - 280 Class III & IV patients
 - 17 sites
 - Enrollment post-discharge for decompensated CHF with ejection fraction <35%

Results to be published in Tier 1, peer-reviewed journal in 2001

