Better Care

Better Health

Lower Cost

Safeway Health

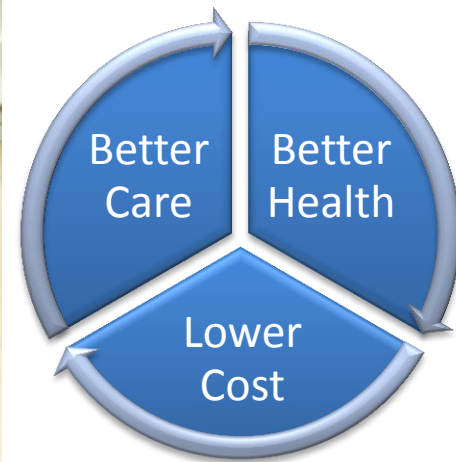**Partners in Healthcare Innovation**

Making Healthcare Work
Using Transparency and Incentives to Drive Savings and Improve Health

Who we serve & partner with

Safeway Health's clients include:

- Commercial clients (blue/white collar, distributed workforce, varied socio-economics, etc.)

- Trust (Taft Hartley, unions & trust)

- Public Entities (emerging)

- National & Regional

- 300,000+ lives under management

Better Care

Better Health

Lower Cost

Safeway Health₂

Partners in Healthcare Innovation

Our Mission

- We partner with innovative companies that share our mission:

- Deliver transformative and transparent healthcare solutions

- A focus on achieving optimal health and quality care for members

- Generate long term value for clients

Changing the Way Healthcare Works

- Make the Complex Simple

  - Educate and Inform

- Enable Smarter Choices

  - Interactive Programs to address benefits, risks and costs

  - Promote Transparency through tools and dialogue

- Drive Better Outcomes and Lower Costs

  - Through physician quality assessment tools

# Our Roadmap

- Encourage employees to think of <u>all</u> healthcare spending as <u>their</u> money

- Motivate employees to help them <u>make healthier choices</u> and actions

- <u>Drive</u> wellness and disease program <u>utilization</u>

- Support employees with education and environmental reinforcement

We Made Improving Employee Health
a Core Business Strategy

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The Return on Better Health

Annual Healthcare Cost Growth*
2005-2012 (%)

2013 Healthcare Trend -9.5%

8.0%

1.0%

USA   Safeway

Cumulative
Value =
$540 Mil
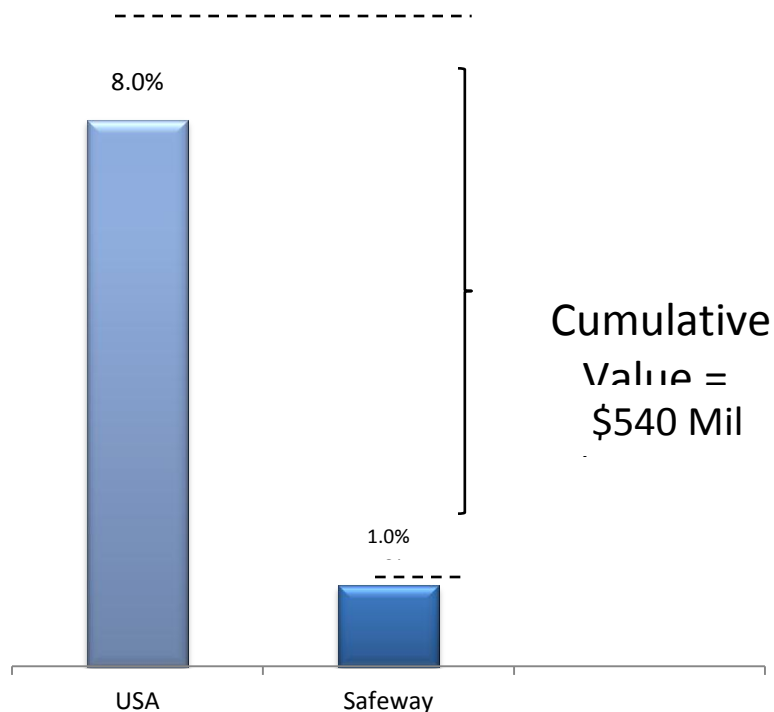
Program Innovations

- Internal healthcare market for EEs

- Behavior as currency

- Personal accountability

- Transparency tools / consumer choice

- Surround sound support of health & fitness

*** Per–employee all-inclusive costs: Employer contribution +
Employee premium + Employee out-of-pocket costs**

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The Value of a Healthy Workforce

Results from program in implemented 2008

- Decrease of 9.2% per employee in medical claims costs
- Decrease of 21.6% per employee in large claims
- No Cost Shifting – Employees costs flat

- Lower costs/volume for musculoskeletal, neonatal, and cardiovascular

- Main drivers for lower prevalence rate are:
  - Preventive action, lower risk pool, improved care management, and wiser healthcare consumers

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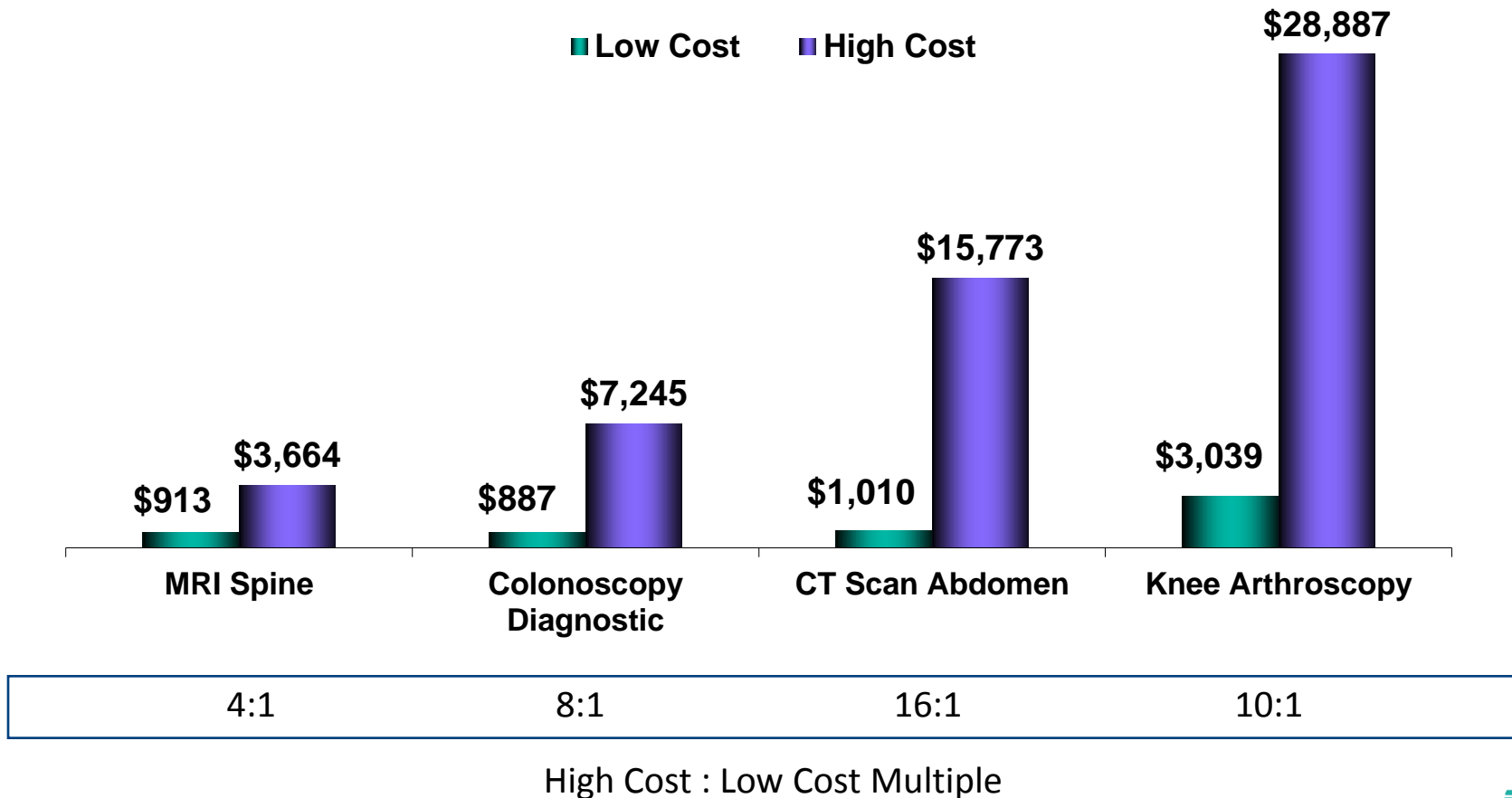Partners in Healthcare Innovation

Making a Market in Healthcare

- Provide access and choice

- Deliver price and quality metrics – choice <u>and</u> shopping

- Use defined contribution design or RBP to motivate smart choices

- Ask members to make informed, active choices with their physician

Add price to a marketplace that already has all the other direct-to-consumer components of the marketing mix

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Transparency & Reference-Based Pricing

Price Variation: Cost Per Procedure - Greater SF Bay Area MSA

Legend: ■ Low Cost ■ High Cost

Procedure	Low Cost	High Cost
MRI Spine	$913	$3,664
Colonoscopy Diagnostic	$887	$7,245
CT Scan Abdomen	$1,010	$15,773
Knee Arthroscopy	$3,039	$28,887

4:1	8:1	16:1	10:1

High Cost : Low Cost Multiple

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9

Diagnostic Colonoscopy - Example

Price Variation: Cost Per Procedure – Greater SF Bay Area MSA

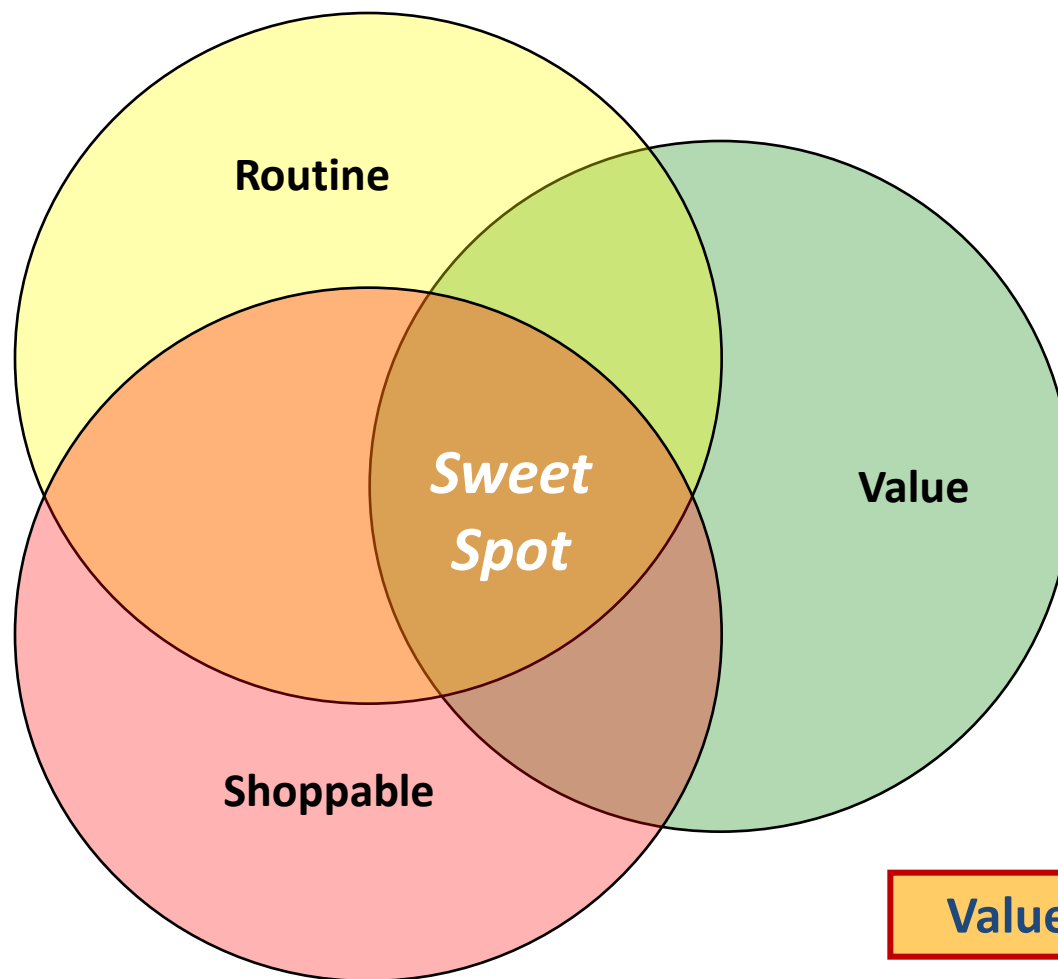■ **Room & Supplies**   ■ **Professional**   ■ **Medications**   ■ **Diagnostics**

Reference Price

16/41 (39%) Facilities Qualify

$887 — 1
$1,249 — 10
$1,721 — 16
$2,876 — 22
$3,333 — 31
$3,769 — 34
$5,596 — 38
$7,245 — 41

Screening Colonoscopy Providers
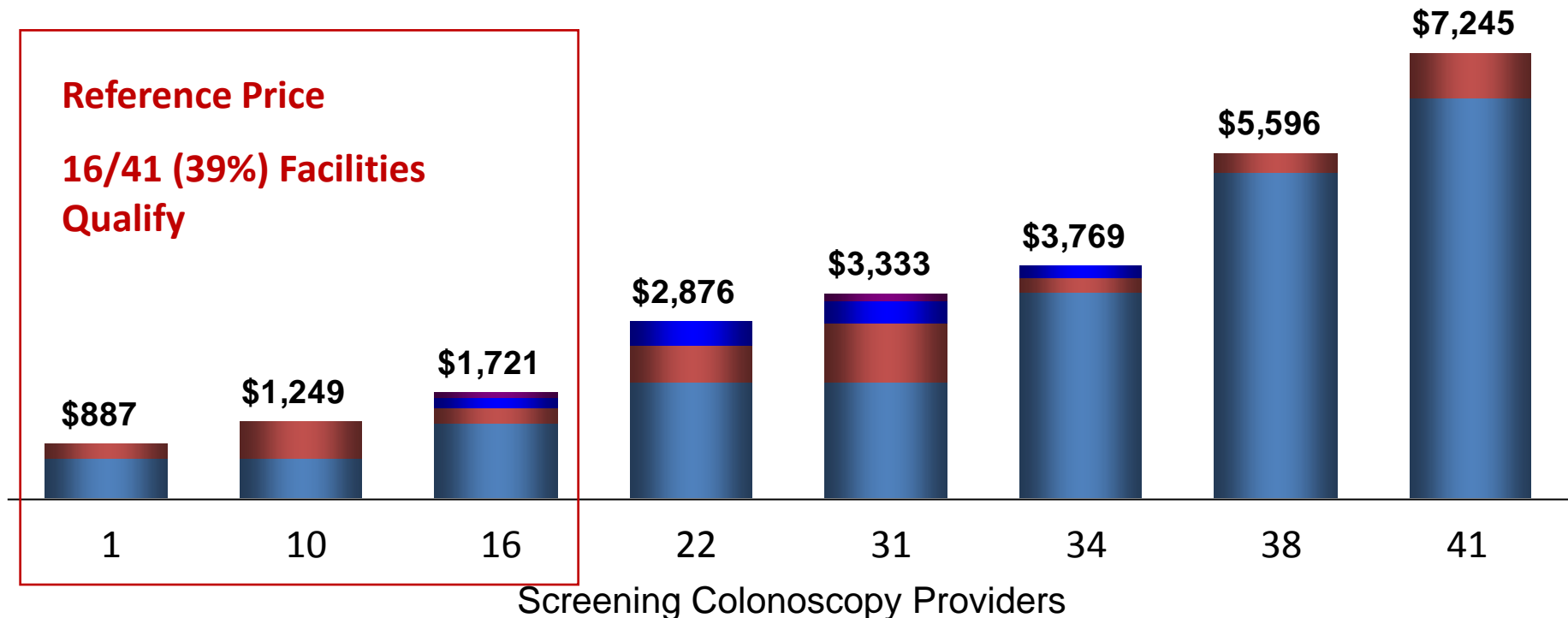
Note: Representative sample: 8 out of 41 facilities

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Finding the Sweet Spot

Routine

Value

Shoppable

Sweet Spot

Value: 8% of Medical

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Enabling Healthcare Consumers RxTE

- Encourages the use of lower cost therapeutic alternatives

- Exposes members to the true cost of prescription drugs

- A great first step toward engaging members in Transparency and Consumerism
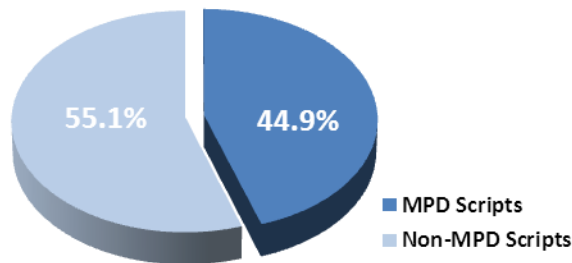
- Fosters an open patient/doctor dialogue

The Doctor Patient Conversation

Ability to select the most cost effective drug treatment option

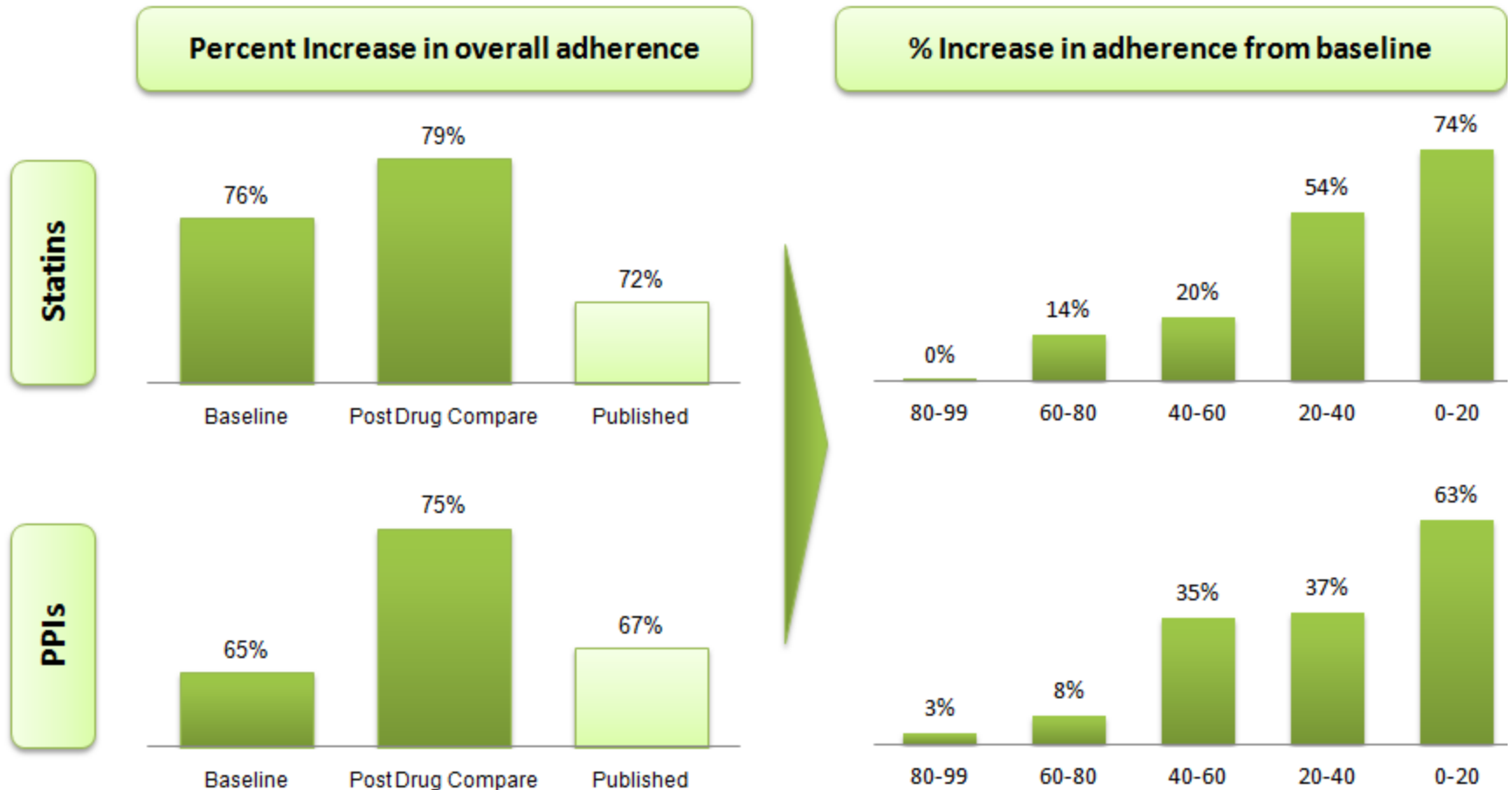Encouraging members to take a more active role in their care

Proprietary & Confidential

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Savings, Guaranteed

We guarantee a 10% net savings off your current plan spend

or

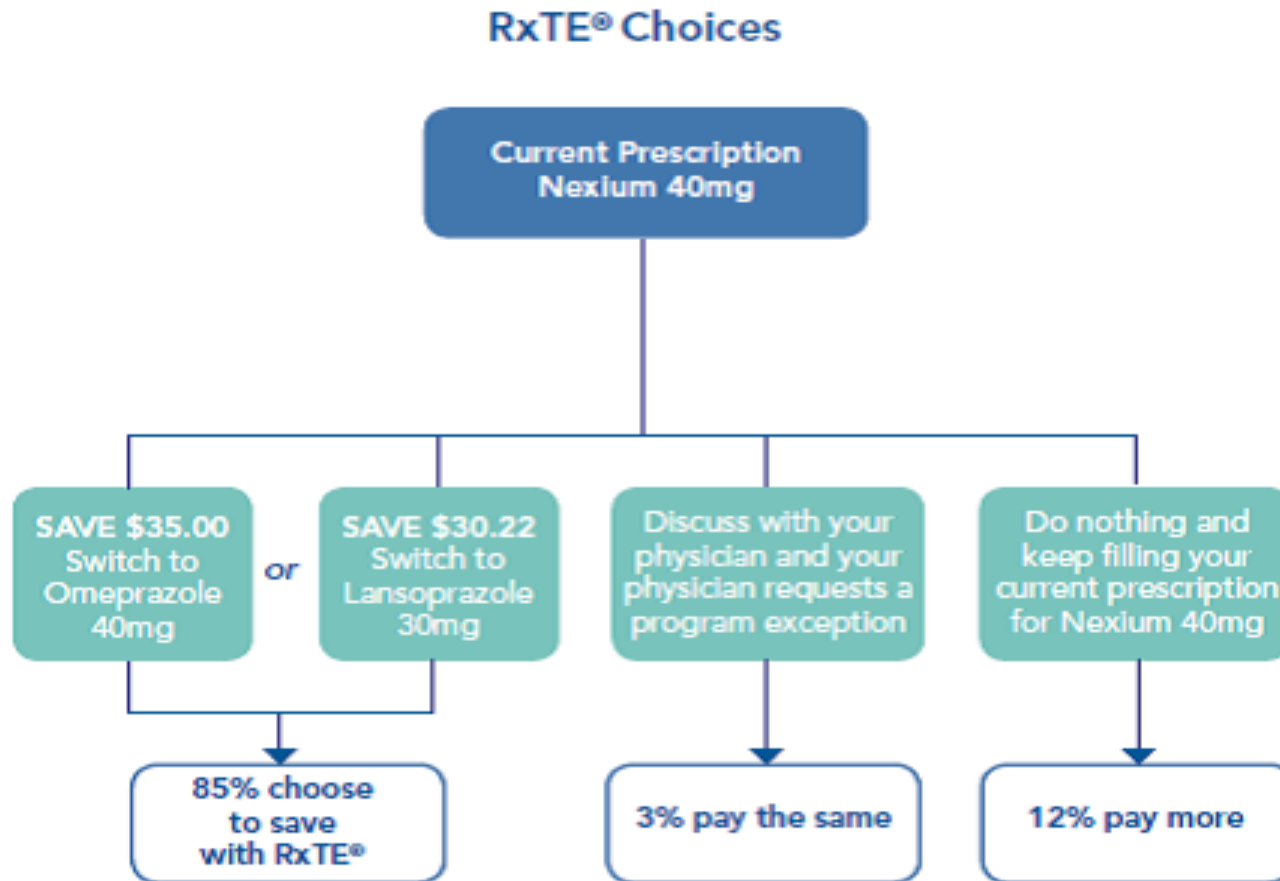we will refund 100% of our first year's fees

What you can expect:

- An average increase in GDR of 7%

- 10% - 20% Average member savings per script

- Educated, engaged members

- Extra money to fund other programs

55.1% 44.9%

■ MPD Scripts
■ Non-MPD Scripts

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RxTE Drives Adherence

Percent Increase in overall adherence

Statins
- Baseline: 76%
- PostDrug Compare: 79%
- Published: 72%

PPIs
- Baseline: 65%
- PostDrug Compare: 75%
- Published: 67%

% Increase in adherence from baseline

Statins
- 80-99: 0%
- 60-80: 14%
- 40-60: 20%
- 20-40: 54%
- 0-20: 74%

PPIs
- 80-99: 3%
- 60-80: 8%
- 40-60: 35%
- 20-40: 37%
- 0-20: 63%

RxTE = Choice

RxTE® Choices

Current Prescription
Nexium 40mg

SAVE $35.00
Switch to
Omeprazole
40mg

or

SAVE $30.22
Switch to
Lansoprazole
30mg

Discuss with your
physician and your
physician requests a
program exception

Do nothing and
keep filling your
current prescription
for Nexium 40mg

85% choose
to save
with RxTE®

3% pay the same

12% pay more

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RxTE Program Overview

15-20%

Employers save on average **15 - 20%** on their Rx plan spend.

10-13%

Members save on average **10 - 13%** on their pharmacy "out-of-pocket" cost.

85%

Members like having choices and a say in their care. **85% of members switch** to a low cost alternative.

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RxTE Savings Results

Safeway's Non-Union Population

Year	Savings	% of Plan Spend
2008	$3.3M	15%
2009	$5.5M	25%
2010	$7.2M	33%
2011	$7.3M	33%
Total	**$23.3**	

Average member cost per script declined by 12%

Professional Services Company

Year	Savings	Reduction in Plan Spend
2009	$2.6M	16%
2010	$3.2M	30%
2011	$3.9M	31%

Average cost per script declined by 21%

Multi Employer UFCW Trust

Month	Savings	Reduction in Plan Spend
July	$1.0M	21%
August	$1.2M	24%
September	$1.4M	28%
October	$1.0M	20%
November	$1.3M	27%
December	$1.5M	30%

Generic Utilization increased 8.1%

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Biometric Screenings

- Healthy Measures Outcome Based Incentives
- A voluntary program, encouraging employees to know their risks
- The program rewards employees who achieve healthy results and creates incentives for employees to become healthier
- Paid via premium discounts or health investment accounts
- Five incentive and retroactive rebate opportunities:

BMI

Blood Pressure

Cholesterol

Hemoglobin

Tobacco Free

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Program Structure

- **Four key measures offered to all employees**

  – Weight

  – Tobacco use

  – Blood pressure

  – Cholesterol

  80% Participation

- **Participation to earn lowest healthcare premium**

  – Voluntary

  – Employees and spouses

- **Two ways to earn lowest premium**

  – Pass the screenings now

  – Improve, verify at next year's screening – rebate at year-end

Data Analytics

Health Plan Medical Dental Vision	→		→	Reporting
Pharmacy	→	Data Analytics Aggregator / Warehouse	→	
Healthy Measures Biometrics	→			
Wellness Program	→			
Worker's Comp	→			
HRA Survey	→			
Disability	→			

Average Medical Spend Correlated with Healthy Measures 2010-2012

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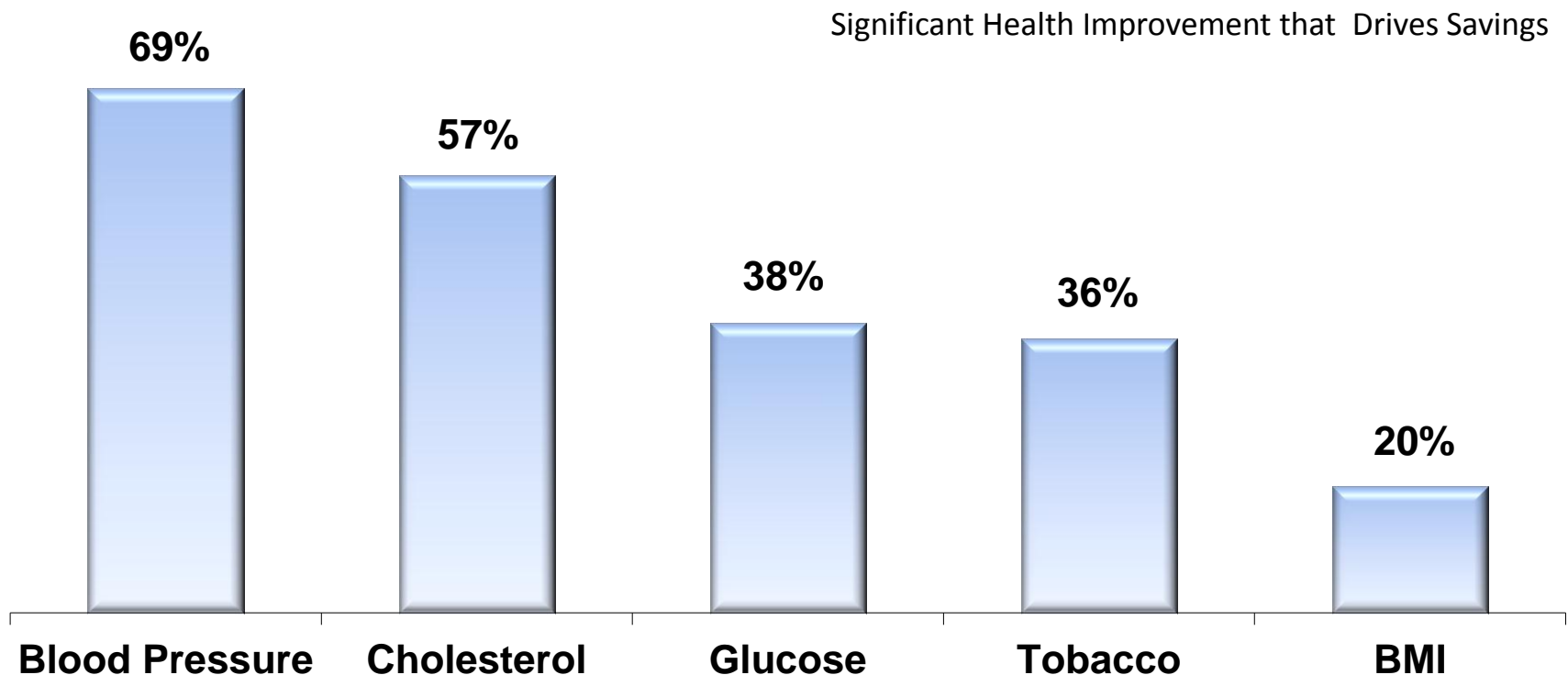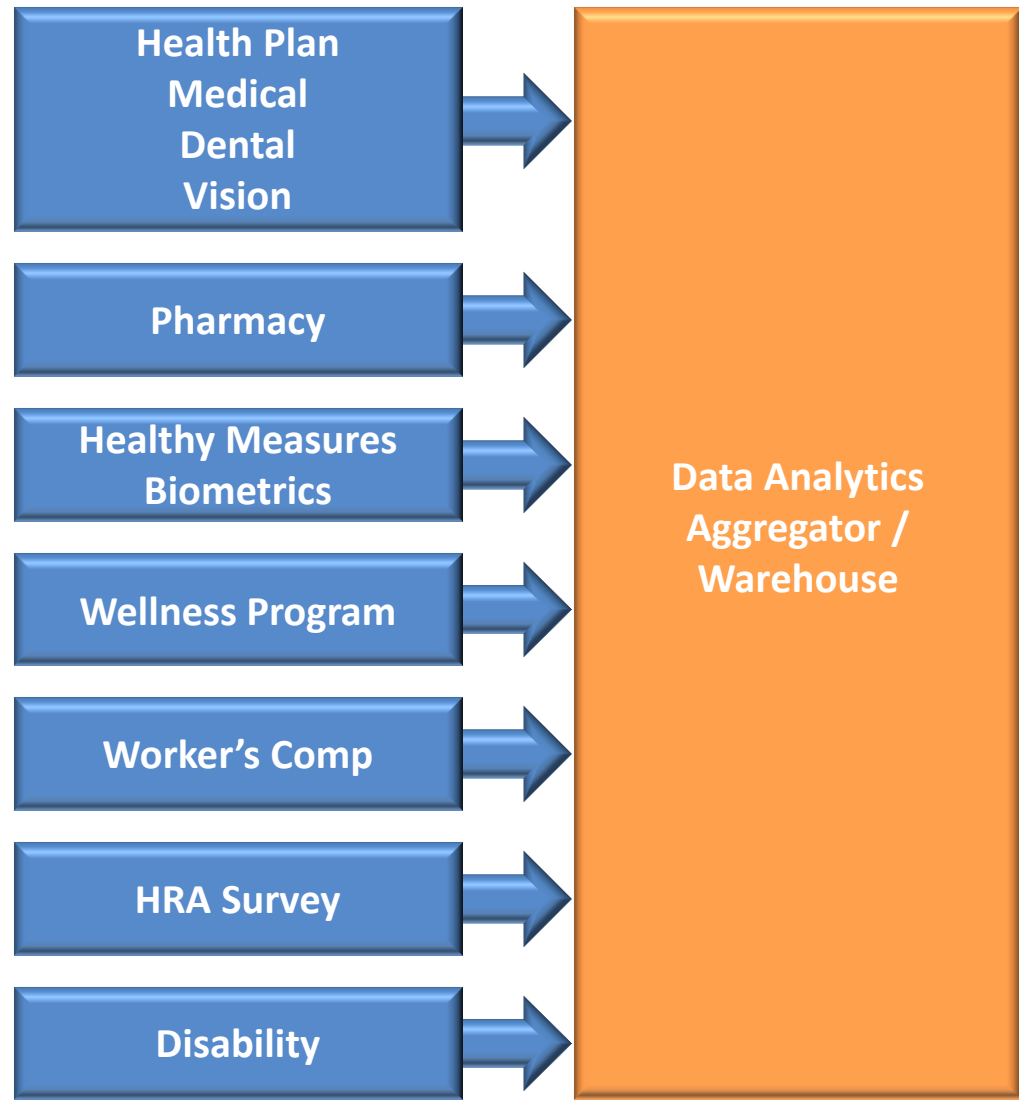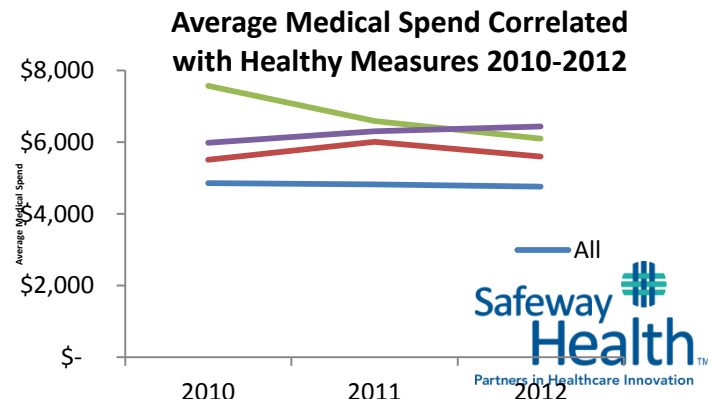
Health Plan Intelligence Analytics

- Cloud-based reporting intelligence "on-demand"

- Analytics provides employers with an easy to use tool that combines benefits:

  - Planning
  - Budgeting
  - Forecasting
  - Benchmarking

- Intuitive data

- Plan design modeling & impact

- Consumes all HR related data points at no additional cost

- Cloud-based data warehousing

- Low pepm cost

- No cost for adding data feeds

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Analytics - Benefits

- **CFO Report Button**

Analytics - Wellness

SUMMARY | **WELLNESS PROGRAMS** | **HEALTH RATING** | **RISK SUMMARY**

Smoking Cessation Program Summary

Smoking ▼

80% Employee Wellness Program Penetration

60% Non-Employee Wellness Program Penetration

Program Cost: $100,000   **Expected ROI:** $4.52

Most Benefited		Least Benefited	
Region:	West	Region:	Southeast
Age Group:	22-35	Age Group:	18-22

Smoking

EMPLOYEE	12/00	10 YEARS	12/09
Cost of Smoking	3,014,533		6,898,131
# of Smokers	985		2221
Amount Smoked	15		10
Enrolled in Wellness	0		1856

NON-EMPLOYEE	12/00	10 YEARS	12/09
Cost of Smoking	3,617,440		8,277,757
# of Smokers	1083		2443
Amount Smoked	14		13
Enrolled in Wellness	0		1023

Mobile Health Wallet

Available on:
- Android
- iPhone
- Mobile Web
- Web (PC-Based)
- Powered by

HealthExpense
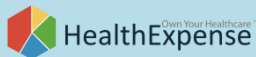
Features:
- Find providers
- Steer to low cost high quality providers
- Incentivize behavior
- Transparency
- Messaging and alerts
- Message with care teams
- View your status on deductible and out of pocket cost,
- Look up claims
- Pay for claims electronically
- Wellness program integration
- Low PEPM
- Branded solution available

Our Member-centric health wallet helps members both engage and navigate healthcare to improve their patient experience and health outcomes."

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Track Benefits, Incentives & Costs

- Co-Pay/Deductible YTD

- Bills and Payments available by connecting the health benefits plan

- Electronic EOB (Explanation of Benefits) for 25 medical plans

- Health Reimbursement Arrangement and payroll integration

- Points and incentives awards based on specific actions

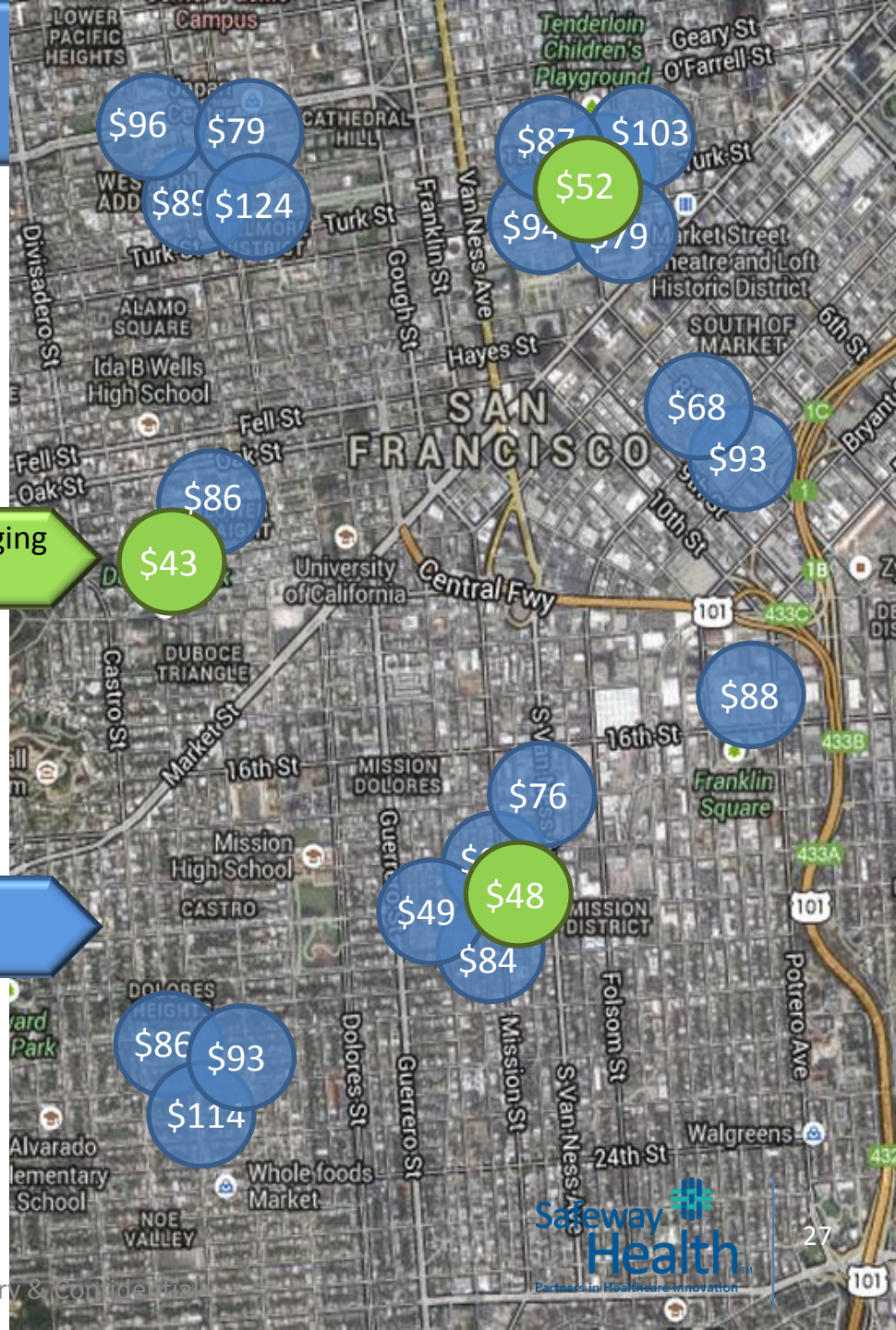Real-time & integrated healthcare financial management tools for members
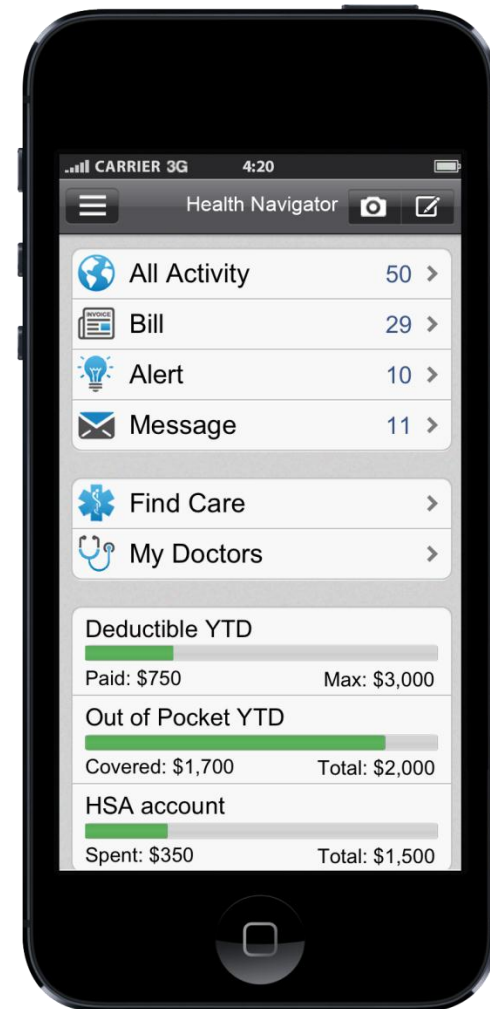
Find Care & Doctors
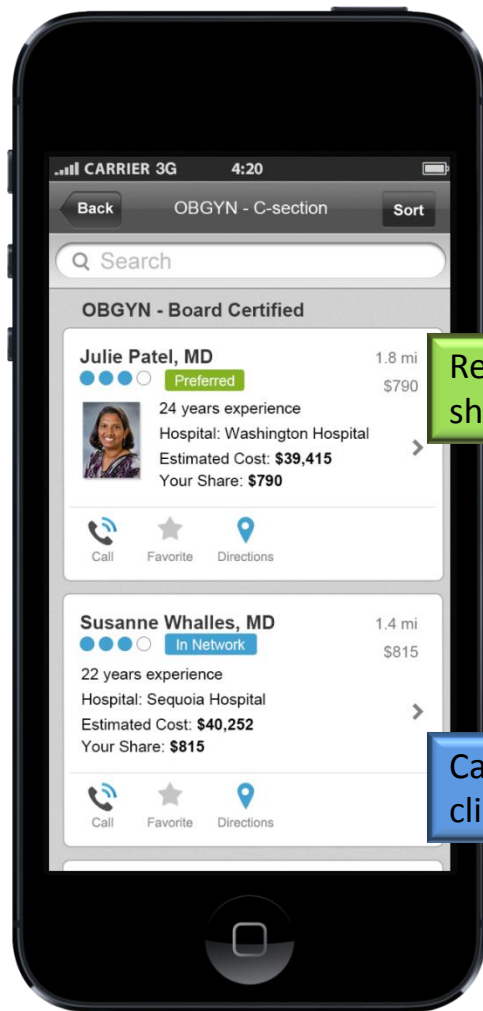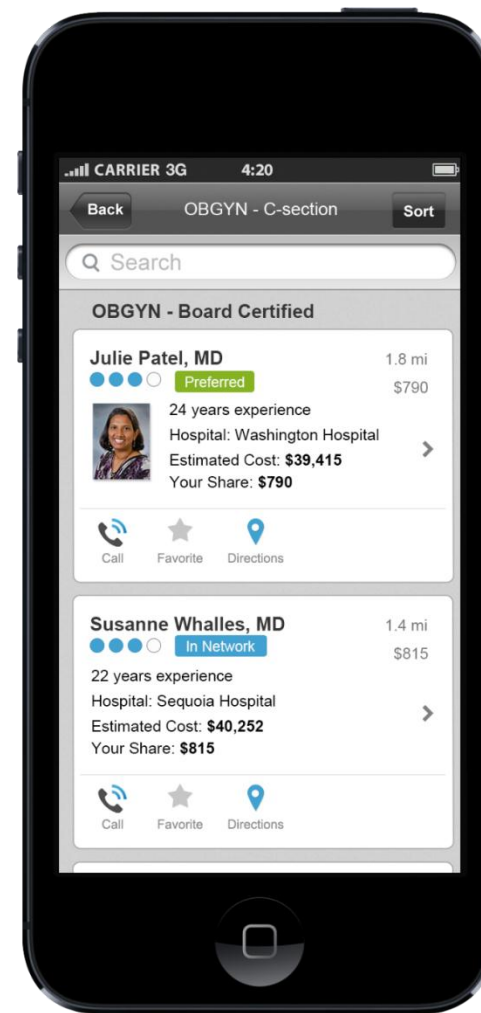

Reduce cost by encouraging shopping

Call for an appointment, click for directions

Find Care & Doctors

- Provider ranking based on quality & cost metrics

- Results sorted with 'Preferred Providers' Distance and Cost

- Steer members to providers who partner with you to keep cost down and improve health outcomes

- Out-of-Pocket costs based on reference prices

- Quality: Composite TJC, ANCC, Leapfrog, CMS, AHRQ data

Rich, easy to use functions enable Members to manage their own cost & care

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Thank You!

- Questions?
- Next Steps

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