

APPENDIX A

STATUS QUO BENEFITS VS. HEALTH ROSETTA TYPE BENEFITS



Given the massive amount of money spent by employers on health benefits, it's brutal to look at just how bad the status quo is for health benefits. As you review Open Enrollment information, consider that roughly \$10,000 is extracted from take-home pay. By comparison, wise employers are spending \$5,000-\$7,000 per capita with these superior benefits. Reconsider whether you are okay with the status quo. This is even more important, as most employers are going to high-deductible plans and thus what comes out of an employee's paycheck covers less and less. This makes health care and health plans one of the few industries where the value proposition gets worse every year. No industry has lower Net Promoter Scores (a measure of customer satisfaction) than Health Plans. Tweaks on the margins won't get the job done.

Status Quo Versus Health Rosetta Comparison

The list of items below gives you a good punch list of what to work on. They are ordered roughly by the level of effort and disruption to the relative payback (i.e., low effort and high ROI bubbles to the top).

Transparent Advisor Relationships

Health Benefits Status Quo	Health Rosetta
<p>“Shops” the insurance every year.</p> <p>Facilitates insurance one year at a time.</p> <p>Believes costs are dependent on the best offer of the carrier.</p> <p>Gives limited data on where your money is going.</p> <p>Provides limited ways to control underlying costs.</p> <p>Doesn’t talk about their compensation or worse, is solely paid on commission, meaning more income the broker the more rates go up.</p> <p>Advocates cost-shifting in the form of increased deductibles and copays to lower the employer impact of premium increases</p> <p>Blames costs exclusively on employee behavior and poor health.</p>	<ul style="list-style-type: none"> · Creates a 3-5-year plan. · Brings transparency to where the money is going. · Talks about their compensation and is willing to tie compensation to performance. · Provides risk management to suit the needs of the business owner(s). · NEVER surprises with a “shock” renewal rate. · Returns control over your costs to you. · Bring the “benefit” of Benefits back to your business. · Makes health benefits a real attraction and retention tool. · Understands <i>improving</i> benefits is the only way to lower costs. · Provides detailed data driven analysis and actionable insight.

Active, Independent Plan Management

Health Benefits Status Quo	Health Rosetta
<p>Many ERISA plans have “holes” that expose employers unnecessarily.</p> <p>Pay for high cost ASO networks.</p>	<ul style="list-style-type: none"> · Fully-compliant ERISA plans that protect companies from abuse. · ERISA fiduciary oversight and review at least as strong as 401k oversight and management. · Use networks focused on high quality providers and geographic coverage.

Transparent Open Networks

Health Benefits Status Quo	Health Rosetta
Wildly variant, opaque pricing for items such as scans, surgeries, and other medical services. If there is any price/quality correlation, it's inversely correlated. Sometimes "transparency" solutions are available giving the best, bad deal while still having co-pays, deductibles, the oxymoronic "Explanation of Benefits," etc. and all the other things that make for a horrible consumer experience.	<p>The good news is there is a solution to the most vexing problem health care has had pricing failure.</p> <p>Fair, fully transparent price to employer/individual at high-quality centers that readily accept quality reporting such as Leapfrog.</p> <p>Providers able to set a price that works for them while avoiding claims/collections hassles and accompanying receivables.</p> <p>No charge for individual going to these providers. No EOBs, bills, etc., just a thank you note.</p>

Value-based Primary Care

Health Benefits Status Quo	Health Rosetta
<p>Flawed reimbursement incentives have turned primary care into "loss leaders" that are like milk in the back of the grocery store (i.e., low margin designed to get people to high-margin items).</p> <p>Short appointments due to not investing properly in primary care.</p> <p>Primary care shortage due to making primary care discipline unappealing.</p> <p>Long wait times to get in can lead to small "fires" blowing up.</p> <p>Medically unnecessary face-to-face appointments clog the waiting room and delay care for people who truly need face-to-face encounters.</p> <p>Record levels of dissatisfaction & burnout amongst PCPs.</p>	<ul style="list-style-type: none"> · Can fully address over 90% of the issues people enter the health care system for within a primary care setting. · Health coaching addresses lifestyle-driven conditions. · PCP is Sherpa-like resource to help navigate treacherous terrain of complex medical conditions requiring specialty care, procedures, etc. · Same- or next-day appointments for issues not addressed via email/phone. · Extensivist (for the sickest patients) has smaller panel allowing proactive care management & coordination. · Can reduce issues 40-90% and spending 20-50%. · Quadruple Aim leading organizations. · High Net Promoter Scores.

Transparent Pharmacy Benefits

Health Benefits Status Quo	Health Rosetta
<p>Limited or no transparency and control over Pharmacy Benefit Manager (PBM) services.</p> <p>Actual costs often hidden or obfuscated under AWP analysis, rebates, or pseudo-transparency.</p> <p>Including drugs on “preferred” tiers often based on financial, not clinical efficacy, reasons.</p>	<ul style="list-style-type: none"> · Provide transparency and control over Pharmacy Benefit Manager (PBM) services. · Ensure members have relevant information to make informed choices. · Ensure clinical decisions are based solely on efficacy and ACTUAL cost. · Is a process that works on behalf of the purchaser’s best interests.

Benefits Concierge Service

Health Benefits Status Quo	Health Rosetta
<p>Employees left to navigate an extremely siloed and uncoordinated health care system receiving conflicting and often non-evidence-based recommendations.</p>	<p>Having resources to help you navigate the system that can draw on expertise for quality and cost including understanding benefits plans, best provider options, etc.</p>

Major Specialties & Outlier Patients

Health Benefits Status Quo	Health Rosetta
<p>Procedures Quality and prices vary widely. Studies find 40% of transplants are medically unnecessary. High rates of complications at community hospitals who don't do high volumes of complex procedures.</p> <p>Acute diseases Little or no evidence-based or patient-specific care or treatment protocols. Highly disjointed care with little communication between providers. No defined approach to match patients to high-quality specialist providers. No access to non-physician resources to facilitate ongoing management or support.</p>	<p>Procedures Second opinions at no charge for employee at world-class Centers of Excellence facilities (e.g., Mayo & Cleveland clinics). Unit cost often higher but lower complication rates & avoidance of unnecessary procedures drives strong ROI. Due to the infrequency of these procedures (transplants, neurological procedures, cardiac, spine, and other six-figure or more procedures), this pairs well with Transparent Medical Networks for more common procedures.</p> <p>Acute diseases Access to evidence-based and disease-specific care navigation, pathways, and treatment protocols. Highly coordinated care with defined handoffs between care providers. Simple access to high-quality providers with demonstrable strong outcomes. Non-physician care team resources facilitate ongoing management and support.</p>