Objective of Awardee Conveners

Enable CMS and at-risk providers to organize and finance health care delivery around a patient’s episode of care
What an Awardee Convener Does

- Recruit Participants
- Manage and Share Risk
- Build and Deliver Software
- Collect and Analyze Data
- Train, Guide, and Administer

Awardee Convener Facts

- Special Purpose Entity, like an ACO or IPA
- 62% of BPCI Participants
- Lowest Cost of Entry and Admin
- Episode Initiators who work with Awardee Convener adopt more episodes covering more patients
- Serve Hospitals, Physician Group Practices, SNFs and HHAs
- Participating with an Awardee Convener made Participants more likely to continue in the model and less likely to withdraw from a Clinical Episode
Remedy At a Glance

585
ACUTE CARE HOSPITALS

12%
OF U.S. ACUTE CARE HOSPITALS

426
SKILLED NURSING FACILITIES

67
HOME HEALTH AGENCIES

143
PHYSICIANS GROUPS

45
STATES OPERATIONAL

295,375
ANNUAL BPCI EPISODES

$5.7bn
MEDICARE FFS SPENDING

$120mm
ANNUAL AVINGS FOR CMS

315
EMPLOYEES
Remedy’s Proven Record: Reducing Spending

AGGREGATE SAVINGS FROM ACUTE AND POST-ACUTE SETTINGS

Source: Q2 2016 reconciliation, all clients
Improving Patient Outcomes

Case Mix Adjusted Performance Metrics

13% Reduction in SNF Admissions

Remedy SNF utilization % reduction over baseline period

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<tr>
<th></th>
<th>2014 Q1</th>
<th>2015 Q1</th>
<th>2016 Q1</th>
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<tr>
<td>1%</td>
<td>3%</td>
<td>13%</td>
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10% Reduction in Readmissions

Remedy readmissions % reduction over baseline period

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<th>2014 Q1</th>
<th>2015 Q1</th>
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<tr>
<td>5%</td>
<td>8%</td>
<td>10%</td>
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18% Reduction in Post-Acute Lengths of Stay

Remedy Lengths Of Stay % reduction over baseline period

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Source: Class of 2014 performance metrics, December 2016
Bundles Integrate into Population Health

- Redesign care around the patient
- Align incentives to improve outcomes and lower costs
- Organize Integrated Practice Units by condition
- Create platform for PCPs to select episode teams

Primary Care Physicians are best positioned to control Chronic Care Spending
Specialists are best positioned to influence Episode of Care Spending
Observations

• CMS doing a great job
  – Rapid adjustments to improve program – collaborative and open
  – Having a dramatic impact on health care thinking
  – Program design is largely sound. Biggest challenges have been data related

• All types of organizations can be successful
  – Physician Groups generally modify workflows faster and have better performance, although hospitals and SNFs can both be very successful

• Participants are successful with Surgical and Medical Episodes
  – Over 70% of medical episodes accrete through the E.R.
  – High performing programs are distinguished by strong leadership, adoption of systemic care redesign across multiple episodes, implementation and use of workflow and decision support tools, and creation of post-acute performance networks
Financial Considerations

• **Working Capital:**
  – Meaningful incremental costs to launch and operate bundled payments
  – Organizations who separately purchase software, analytics, post-acute network development and management, and administration/reporting incur costs of between 4-6%
  – Spreading this overhead across a very large number of providers – costs drop to 2% or less

• **Reconciliation:**
  – Continuing with quarterly reconciliations is critical, to offset the material working capital requirements to adopt the software, analytics, training and administrative capabilities required
  – Remedy raised $100M to fund working capital and has yet to recover those start-up costs. It takes time to recover the sunk costs of the development phase
Principles for Successful Bundled Payments

• **Fair and Transparent Pricing and Policies**
  – Stable baseline prices for 3 to 5 years, with quarterly trending
  – Transparency into all pricing data and calculations

• **Encourage widespread participation and large bundle sets**
  ▪ Hospitals, Physician Groups, SNFs
  ▪ Awardee and Facilitator Conveners
  ▪ Incentives for taking risk on more episodes
  ▪ Avoid prescriptions for gainsharing programs

• **Accurate and timely data**
  – Monthly claims data and quarterly reconciliations
  – Use alternatives to PECOS for patient attribution

• **Retain Medicare’s Future Flexibility**
  – Precedence rules and contractual provisions should protect Medicare’s ability to deploy future payment innovations