

HBCH is Developing a Smart Network Program



...for employers by employers

The Problem: Employers' health costs continue to rise, detrimentally impacting employees and their families, while reducing the ability to raise wages or improve benefits. Current administrators and health plans, as revealed by new transparency tools, have struggled to deliver the best prices, creating an urgent demand for alternative options. There is a growing realization that traditional approaches may benefit from a fresh perspective. Employers in Texas need something new.

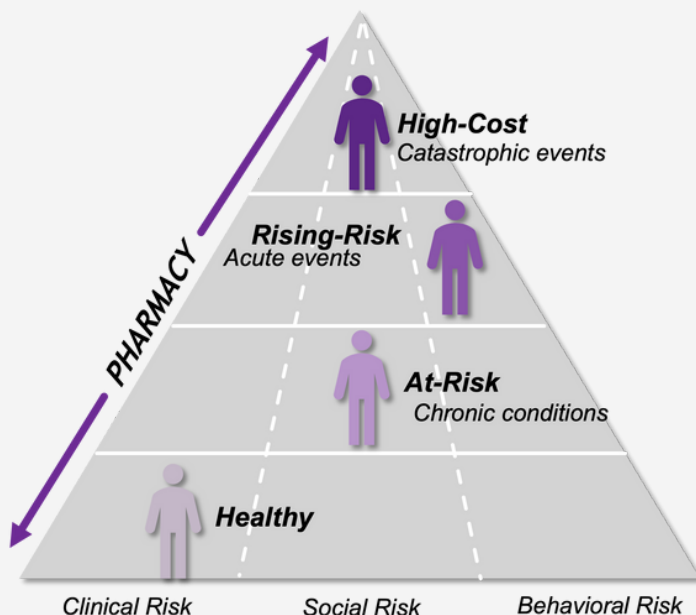
The Solution: A comprehensive "Smart Network" program that will...



Delivered via a new Population Health Services Organization (PHSO) created by HBCH and its member companies:

- HBCH facilitates the design and standing up of a new PHSO entity with dedicated management resources.
- PHSO management identifies and partners with high-performing vendor solutions, integrates solutions, and deploys them to a curated directly-contracted high-performing provider Network.
- High-performing provider network manages employee populations through value-based contracts.

A comprehensive, easy-to-access set of services that brings the "smart" components employers need to manage the diverse needs of their employee populations



Key Components of the Smart Network PHSO

Facilities & Other Services

- Hospital, rehab, skilled nursing
- Ambulance, DME, supplies
- Contracts Referenced to Medicare Pricing

Specialty Care

- Surgical, medical, and chronic care bundles or population-based payments (60-70%)
- FFS payments for emergency and other services not bundled

Advanced Primary Care

- Prevention, wellness, chronic care
- Sick visits, urgent care
- Integrated mental health, lab, telemedicine
- Care coordination, navigation services

Pharmacy

- Transparent PBM
- Aggressive formulary based on lowest net prices
- Patient incentives (low copays, etc.)

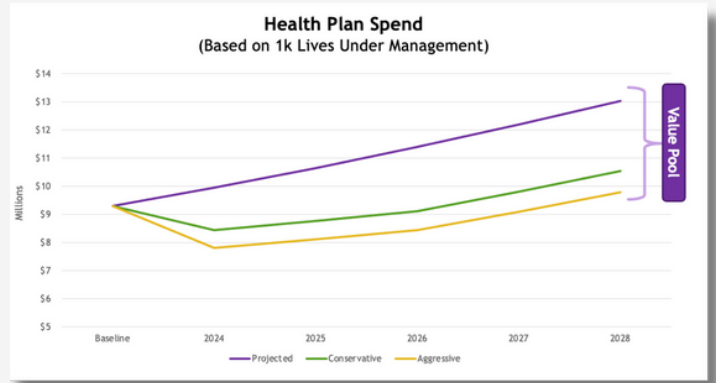
Case Management Stop Loss

Identification of High Value Facilities and Providers (quality and price)

Data Analysis, Risk Stratification and Navigation

The Value of the PHSO... Bending Trend:

- The PHSO could generate **\$10-14M in cumulative value** per 1,000 lives under management over the course of 5 years¹
- Employers, Employees, the PHSO, and Smart Network providers share the savings based on a defined distribution methodology



¹ Assumes 1,000 managed lives at a baseline plan spend of \$775 PMPM; Projected spend grows at a rate of 7% per year, with Conservative and Aggressive scenarios modeled to improve 15% and 25% respectively toward optimal management in Year 1 and 35% and 45% respectively toward optimal by Year 3.

Building the PHSO for 1-125

- Refine business plan, proformas with employer input
- Setting up the organization (legal, board, administration)
- RFPs, agreements for service providers (TPA, data analysis, etc.)
- Provider contract negotiations, starting with Advanced Primary Care
- Develop employer agreements, pricing
- Staffing

Pre-Operational Funding needed:
\$1M to \$1.5M

Funding the PHSO Build-Out

Funding Targets

- \$500,000 from employers (see table)
- \$1M in philanthropic matching funds

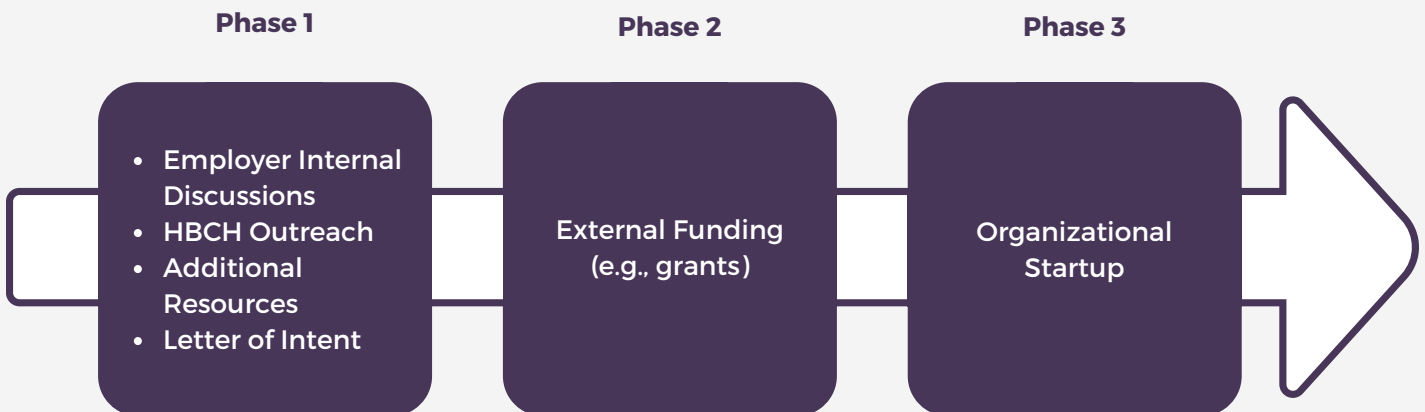
Benefits for Investing Employers

- Membership
- Input on final design, pricing and operations
- Potential board seat
- Preferred pricing for services

Number of Employees	Participating Employers	Funding Rate
0 - 1,000	4	\$5,000*
1,000 - 5,000	9	\$20,000
5,000 +	6	\$50,000
TOTAL	19	\$500,000

*This rate would apply to government, educational and other non-profit employers.

2023 Next Steps



For More Information Contact:

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