

How to control healthcare costs

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CEO and President



Controlling healthcare costs – what works and what doesn't work

Healthcare Cost Equation


$$\text{Total costs} = \text{price} \times \text{units of care}$$

As opposed to fee-for-service compensation
Disease management/care management may improve health, but was proven not to control healthcare costs, in part, because patients don't respond favorably to the "nagging nurse from Nebraska" connotation
no significant savings over the long term

Controlling healthcare costs



Partial list of Oklahoma Health Literacy Proponents

- Oklahoma Health Care Authority
- Oklahoma State Department of Health
- Oklahoma Manufacturers Association
- Oklahoma Department of Libraries
- Oklahoma City Metropolitan Literacy Coalition
- Oklahoma Primary Care Association
- Choctaw Nation Health
- Northeastern Tribal Health System
- Southern Plains Tribal Health Board
- Oklahoma Department of Insurance
- Blue Cross and Blue Shield of Oklahoma
- OKC YWCA
- Variety Care
- MedEncentive

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Controlling healthcare costs

The Hawthorne effect is a psychological phenomenon that produces an improvement in human behavior or performance as a result of increased attention

Behavioral science refers to this phenomenon as the...

Authority-Adherence (Obedience) Response

...which is analogous to the Hawthorne Effect

In our invention, the Hawthorne Effect is achieved through a process called “mutual accountability.”

Physicians are compensated with each office visit for accessing the program's website to:

1. Declare adherence or provide reason for non-adherence

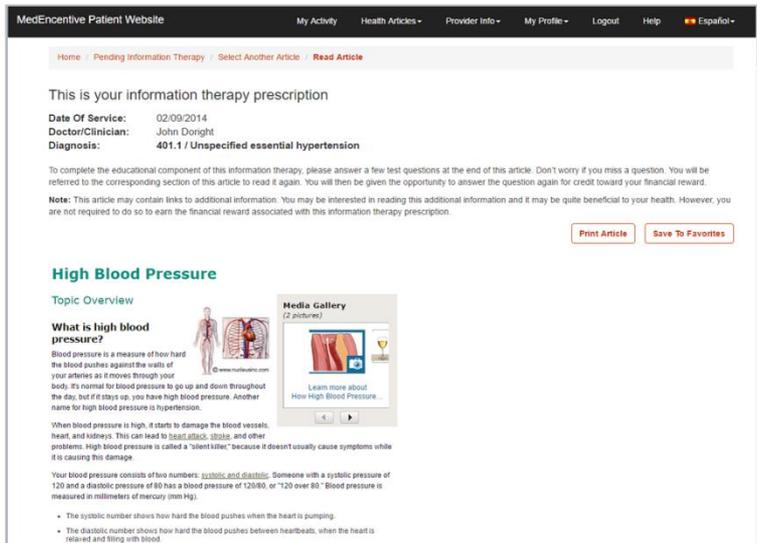
2. Prescribe "mutually accountable" patient education therapy - Ix[®])

Takes less than a minute, making participation in the Program one of the most lucrative services rendered in clinic.



Patients earn financial reward by accessing the program's website, in response to an information therapy prescription letter sent to their home after each office visit, to:

1. Read the prescribed educational article;
2. Pass a test to demonstrate their understanding under "Learn to earn"
3. Declare their adherence or provide a reason for non-adherence;
4. Agree to allow their physician to review;
5. Rate their physician's performance.



Independent confirmation of program's effectiveness

1. The Oklahoma Trial - Over 4 years, the City of Duncan:

- Realized a savings of between \$3.1 and \$17.7 for each \$1 invested in the MedIncentive Program



2. The

Clinic:

- Of
- Me
- Ho

Two separate independent evaluators plus three separate top ten stop-loss carriers examined four separate trials in four different states and found the same result...

3. The

System:

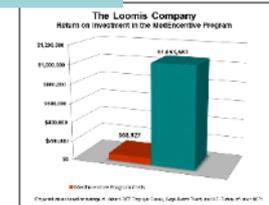
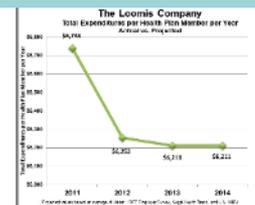
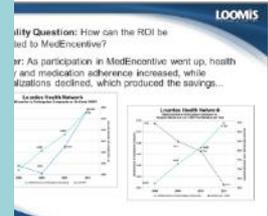
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The MedIncentive information Therapy Program lowers healthcare costs and produces a significant ROI...

4. The Pennsylvania Trial – Over 3 years at the Loomis

Company:

- Medication consumption increased
- Hospitalizations decreased
- 15:1 ROI

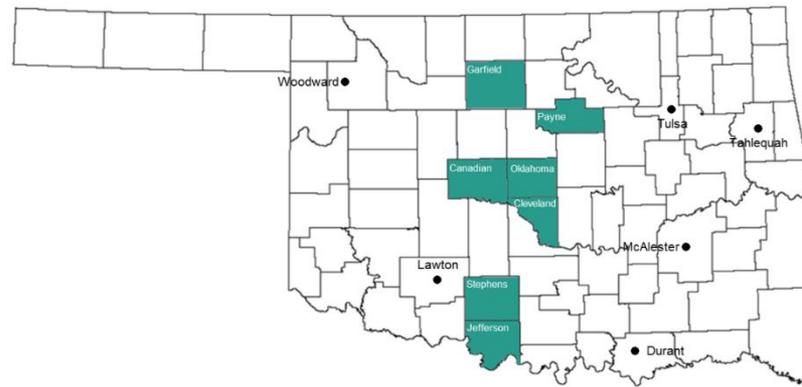
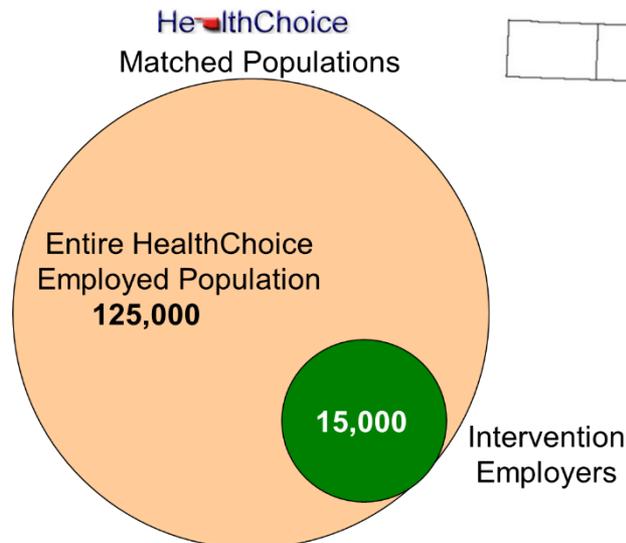


The Mutual Accountability Program (“MAP”) Pilot Project

- In 2010-11, legislators interested in controlling healthcare costs, asked us if we’d be interested in subjecting our program to the scrutiny of a public demonstration
- A bill was drafted mandating a **statistically significant, 3-year pilot to test the cost containment capabilities of a MAP** in the HealthChoice population
- **HB1062 passed by the Oklahoma Senate 46-0 and the House 86-9**
- A two and a half year procurement process ensued, resulting in a 500-page contract
- Since its launch on January 1, 2014, **the pilot has succeeded in every aspect**, except for...

How the Mutual Accountability Program (“MAP”) Pilot Project experiment was constructed

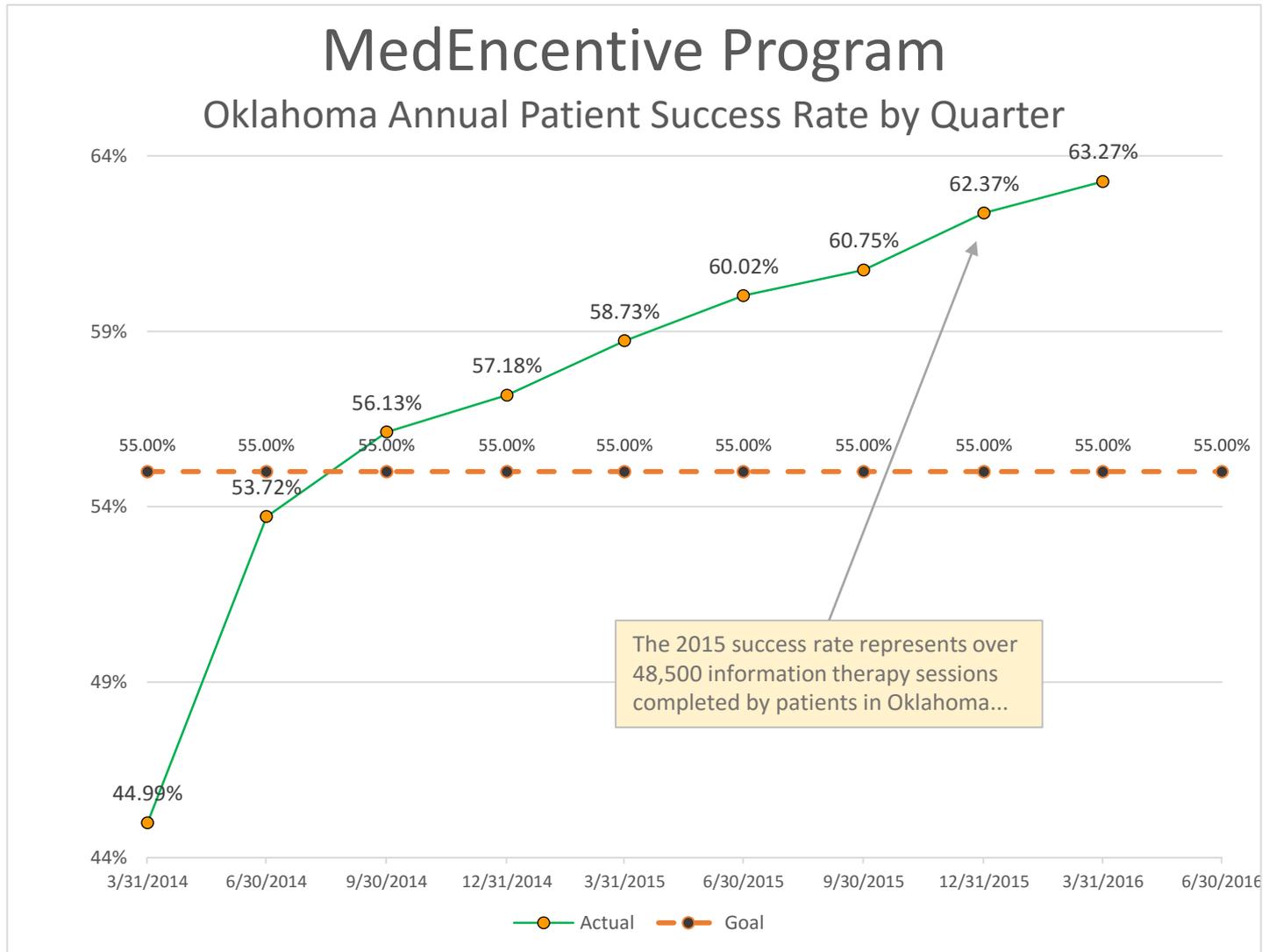
1. Two matched groups, one covered by the program, one not covered
2. Covered group is comprised of 41 state agencies, school districts and local governments, concentrated in 7 counties
3. Program was to be administer as designed to control costs by its inventor
4. If, in an apples to apples comparison of the two groups by independent experts, the group covered by the program has lower per capita costs, inclusive of the program, then program will be judged effective



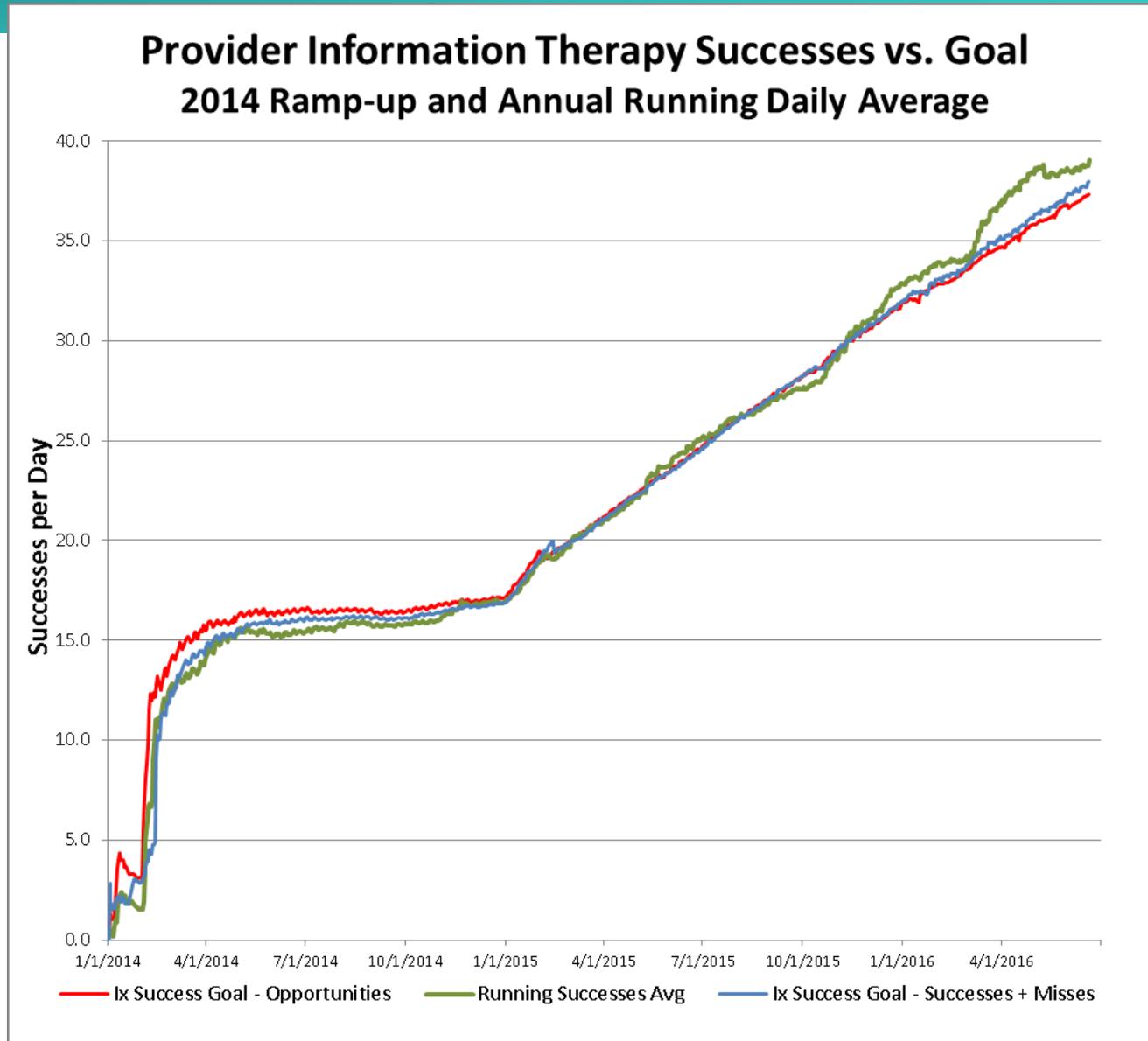
**Employees Group
Insurance Division**
*Office of Management and
Enterprise Services*

Medencentive
Rewarding better health

Patient Success Rate by Quarter



Actual Provider Successes vs. Goal



Patients, doctors, insurers, employers love the program

The Teresa South Story

“The MedEncentive program may have saved my life...”



My name is Teresa South. I have no affiliation with MedEncentive other than as a covered MedEncentive beneficiary through my employment. I am sharing my story in hopes of inspiring other MedEncentive beneficiaries to share their stories to promote the important benefits of this program.

I am a wife and grandmother. I love to cook, spend time with my kids and grandkids, and I am very active in my church. I am also a cardiac implant recipient, and the MedEncentive program may have saved my life.

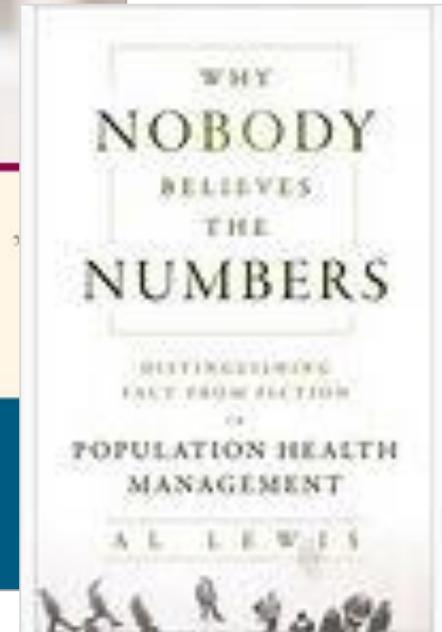
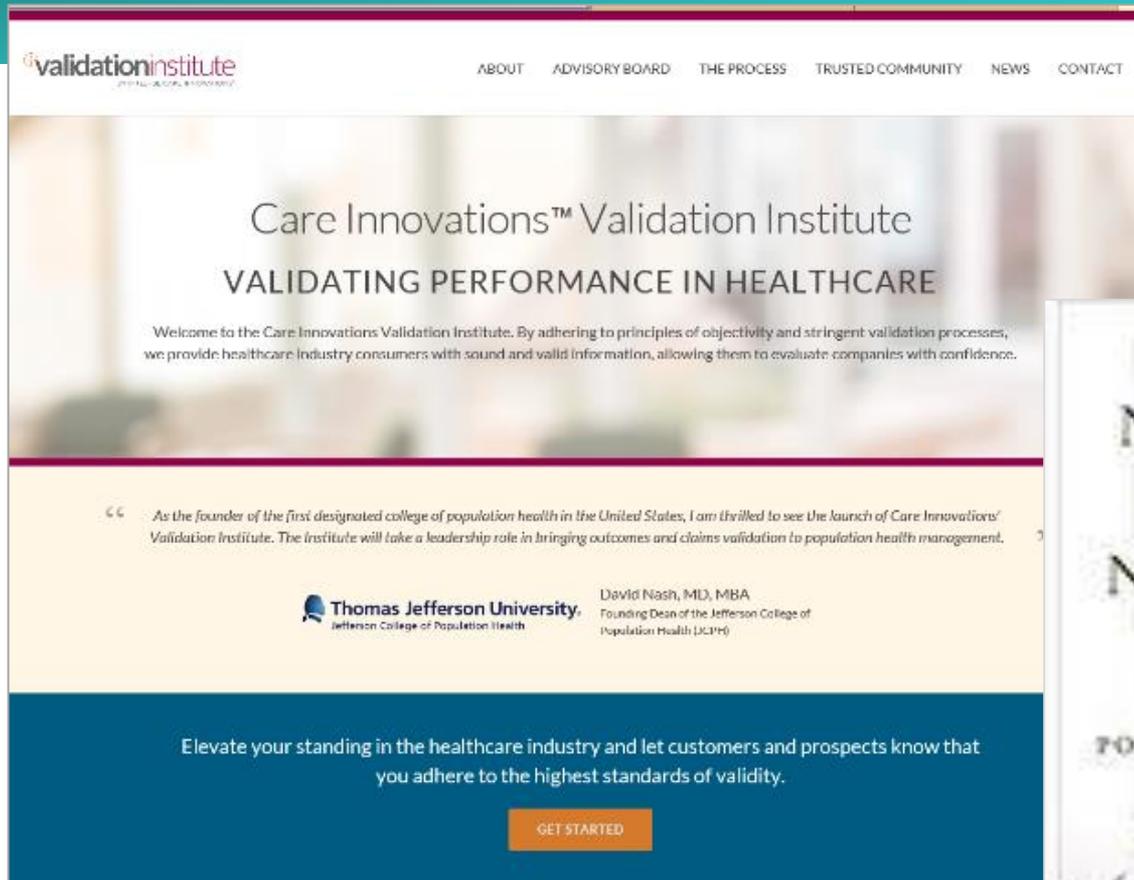
I developed a sudden onset of heart palpitations. My cardiologists ordered a holter monitor, which determined that my symptoms were persistent.

Obviously, my heart was telling me something was seriously wrong, which was causing me

to top it off, the program increases my reimbursement and my patients are very motivated to get their co-pays back.”

Todd Clapp, M.D., Oklahoma Internal Medicine and Pediatrics, INTEGRIS Health

MedEncentive has retained the Validation Institute to confirm our claims of healthcare cost containment efficacy

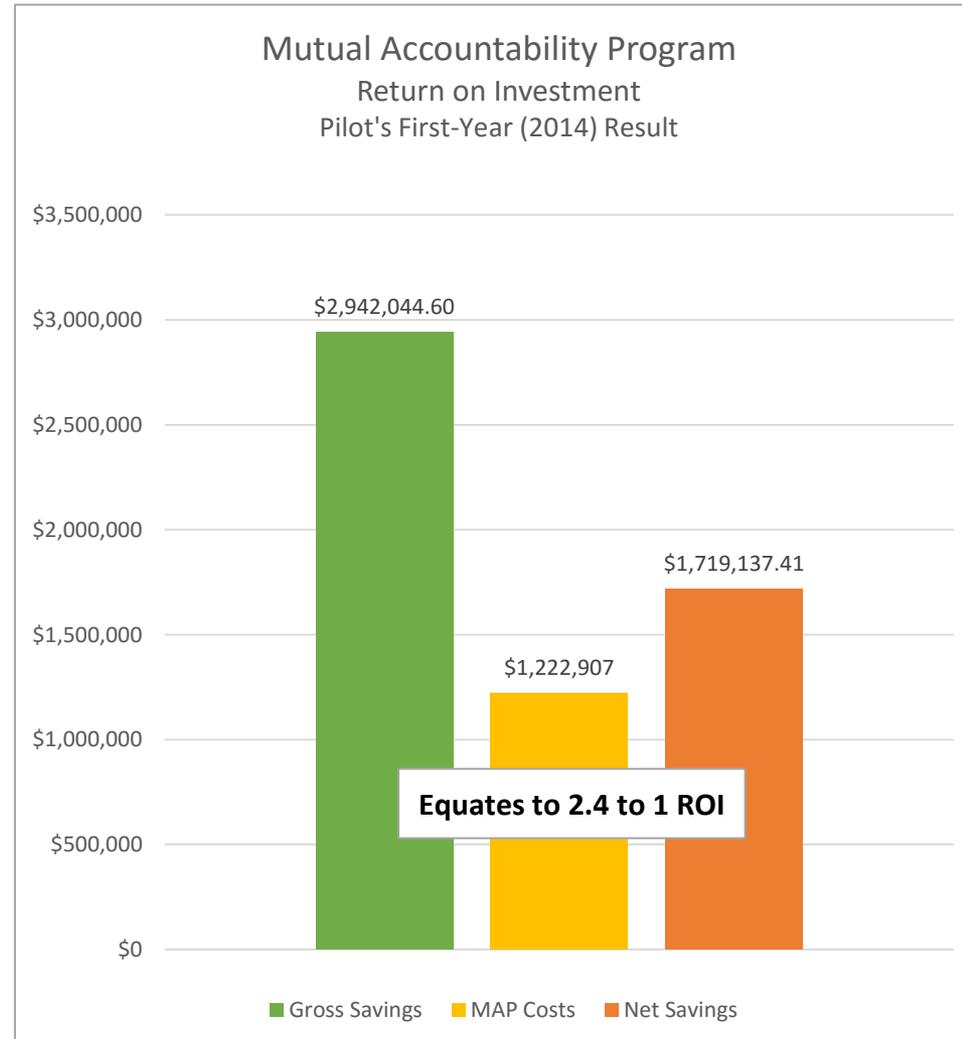


1. Not-for-profit joint venture of GE and Intel
2. Formed to establish truth in population health claims after the North Carolina patient-centered medical home fiasco
3. Involves industry watchdog, Al Lewis, who wrote book about falsifying results in the field of healthcare cost containment, entitled: *Why Nobody Believes the Numbers*”
4. Issue with OMES-EGID regarding access to data and proper evaluation

Medencentive

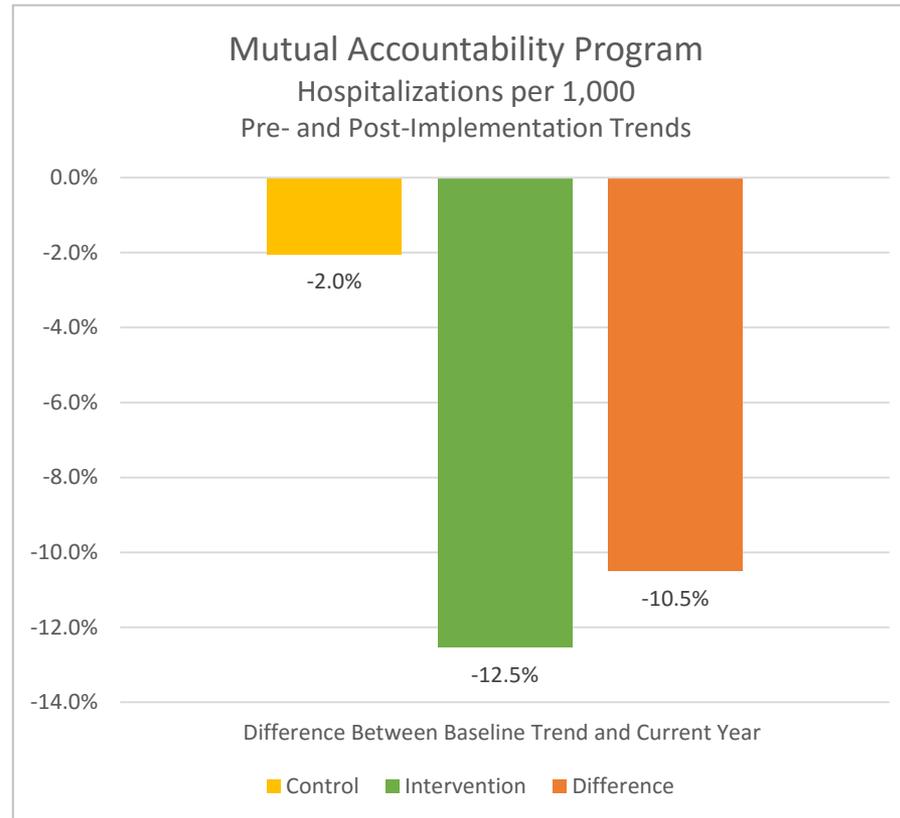
State of Oklahoma MAP Pilot Preliminary Results

Group covered by MAP 2.5% decline in total PMPY costs translated to \$1.7 million savings and a 2.4:1 return on investment in the first year of the pilot



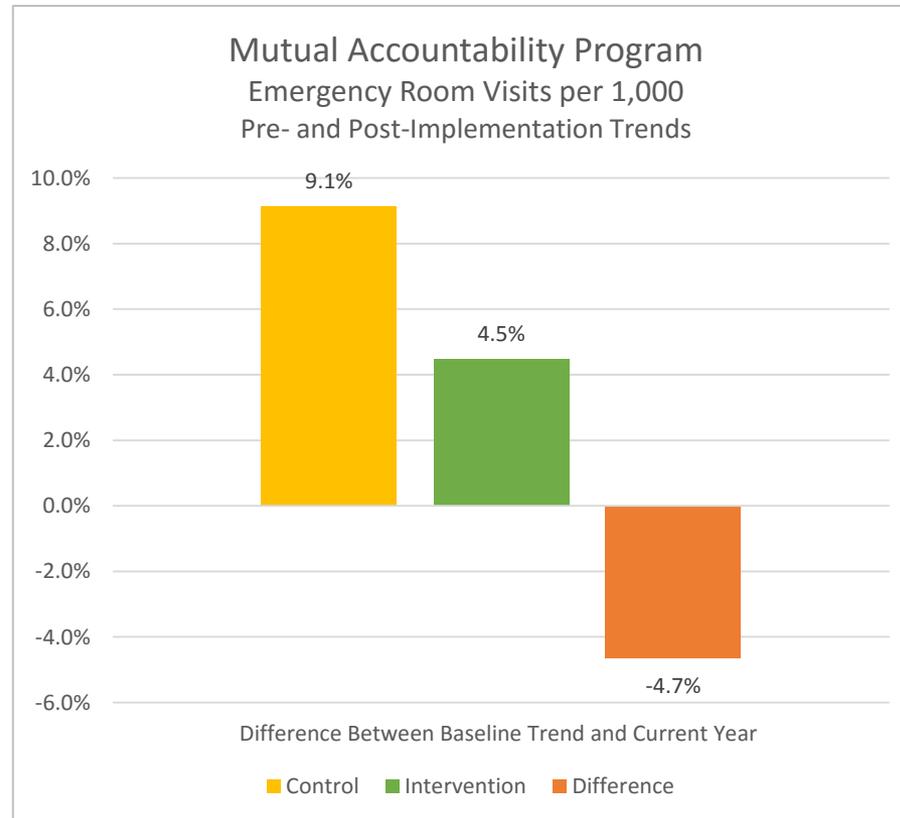
State of Oklahoma MAP Pilot Preliminary Results

Group covered by MAP demonstrated a 10.5% greater decline in hospitalizations per 1,000 compared to the control group in the pilot's first year



State of Oklahoma MAP Pilot Preliminary Results

Group covered by MAP demonstrated a 4.7% greater decline in emergency room visits per 1,000 compared to the control group in the pilot's first year



Pilot is being invalidated

Letter to Preston Doerflinger dated June 23, 2015

“Failure to provide such [requested] data [to MedEncentive] would be similar to asking a skilled surgeon to operate on a patient while blindfolded.”

Robert H. Roswell, M.D.

Professor of Medicine and Senior Associate Dean
University of Oklahoma College of Medicine
Professor of Health Administration & Policy
University of Oklahoma College of Public Health

Implications of invalidating the pilot

Invalidating this experiment will have significant consequences:

1. Squander \$4 million of taxpayer funds invested in the pilot;
2. Denies schools and state agencies the opportunity to reduce multi-millions of dollars in healthcare costs;
3. Denies teachers, state employees, their families and their doctors the health improving and lifesaving benefits of the program; and
4. Prevents the potential growth of a multiple-billion dollar cost containment industry in the state that could create hundreds, if not thousands of jobs.

What must be done to prevent invalidating the pilot

1. Eliminate the current bias by assigning the pilot's oversight to an independent party or committee, preferably with some knowledge of how a pilot of this nature is to be conducted;
2. Supply MedEncentive the data it is requesting so it can make adjustments to maximize cost containment;
3. Extend the pilot for two years, per contract, to allow MedEncentive's adjustments to take effect and be monitored; and
4. Engage an independent expert to evaluate the pilot in a manner that will be certified by the Validation Institute.