

The Medicare Advantage Landscape Trends and Opportunities

October 2018



The Leadership Institute

Agenda

- **Brief History of Medicare Advantage**
- **Current Program Trends and Changes**
- **Future Potential of the Program**
- **The Shifting MA Competitive Landscape**
- **Bright Health's Perspective on Provider Opportunities in MA**

Bright Health's Renowned Medicare And Industry Experts

Deep management bench with substantial Medicare expertise



Bob Sheehy
CEO

**Former CEO of
UnitedHealthcare**



Tom Paul
President of Medicare

**Former CEO of
UnitedHealthcare
Medicare & Retirement**

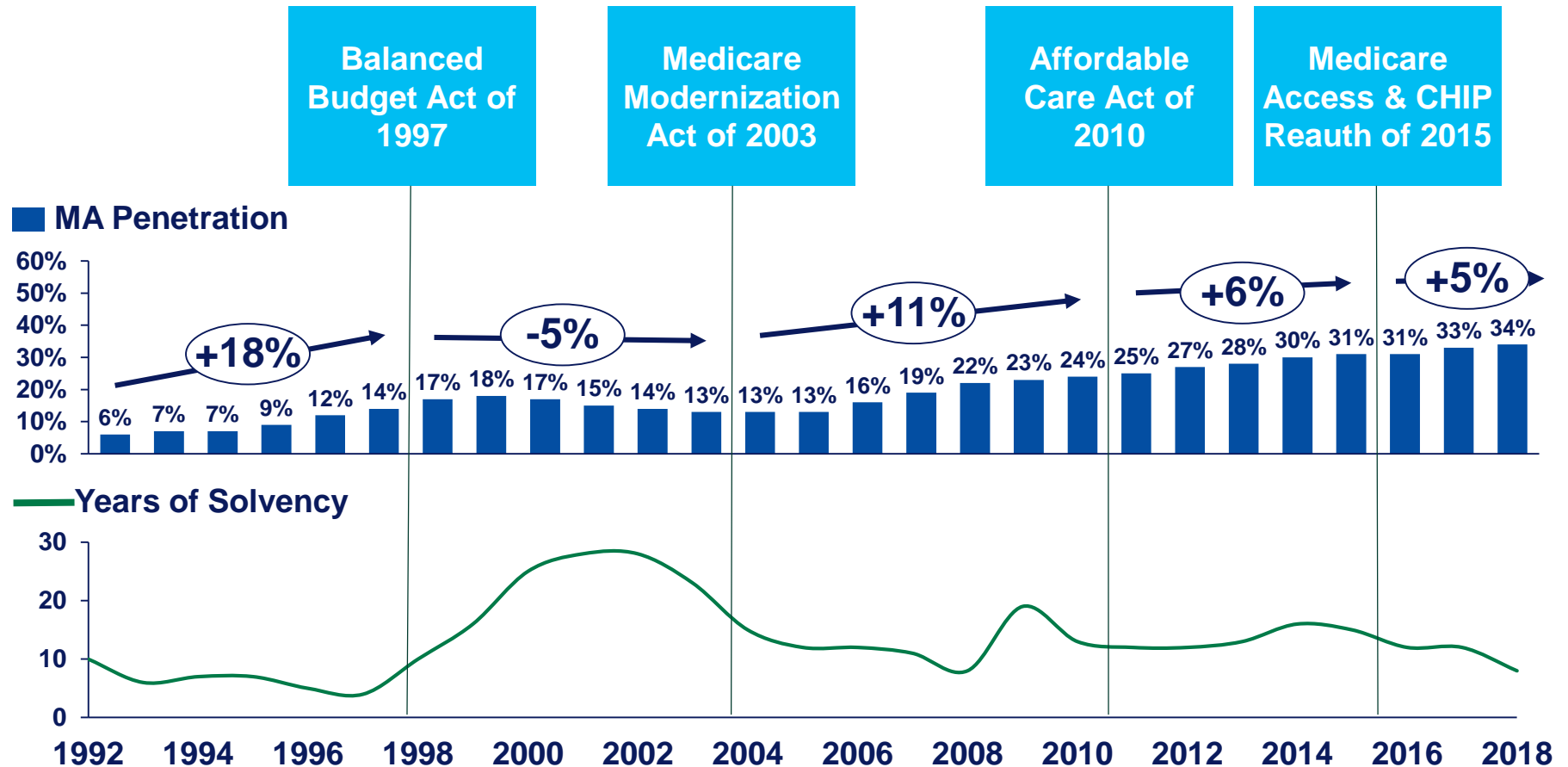


Andy Slavitt
Board Member

**Former Acting
Administrator of CMS**

The Rise of Medicare Advantage

After rocky start, MA established staying power despite changing political positions



Learning From the Past

Increasing consumer demand consistent, but political support variable

Average 7% increased penetration since Medicare Modernization Act of 2003 =
Medicare Advantage is here to stay

✓ Consumers	✓ Payers	✓ Government	✓ Providers
<ul style="list-style-type: none">Increasing comfort with managed care (Baby-Boomers)Financial protection; predictabilityOther coordinated benefits	<ul style="list-style-type: none">Higher revenue and margin than Medicare SupplementalEnhanced ability to engage membersAbility to risk adjust premiums	<ul style="list-style-type: none">Enables more effective utilization managementIncreases budget predictabilityIncentivizes valueDecreasing overall PMPM	<ul style="list-style-type: none">Increased volume captureEnhanced ability for clinical managementLess bad-debtGreater participation in plan economics

But **Medicare solvency** and **politics** will impact what Medicare Advantage looks like going forward



Current Trends in MA

MA is experiencing favorable changes, both in regulatory and demographics

1 **2019 MA Rates Increase by 3.4%, Up from Expected 1.8%**

2 **CMS Liberalizes Medicare Advantage and Part D Marketing Rules**

3 **CMS Rule Creates More Flexibility for Value-Based Benefits in MA**

4 **CMS Doubles Down on Member Experience**

5 **Medicare Advantage plans can implement non-medical benefits around chronic care in 2019**

6 **Seema Verma hints at the end of 'upside-only' ACOs**

Medicare Advantage Looking Forward

Politics will matter, but unlikely to drastically change the program's direction



Membership Growth & Penetration:

More seniors, rural migration, enhanced plan options



Looming Insolvency:

Shortening program lifespan to drive partisan changes



Reduced Premiums:

Increasingly competitive landscape with expectation of \$0 premiums



More Competitive STARS Performance:

Technology enhanced provider participation



Care in New Settings:

Increased flexibility and access for alternative care delivery settings

Bright Health Partnership Model vs. Other Models

Focus on enhanced partnerships engaging providers in plan development



Helping MSSP Beneficiaries Access MA

MSSP ACO segment is a key focus for many Health Systems' MA strategies

ACO Value Proposition

- Use MA product/network design to reinforce member's relationship with ACO and system while capturing greater share of utilization
- Ability to advance ACO care models/leverage population health investments to take on risk incrementally with prospective, transparent attribution, risk adjustment, and enhanced quality bonuses

Member Value Proposition

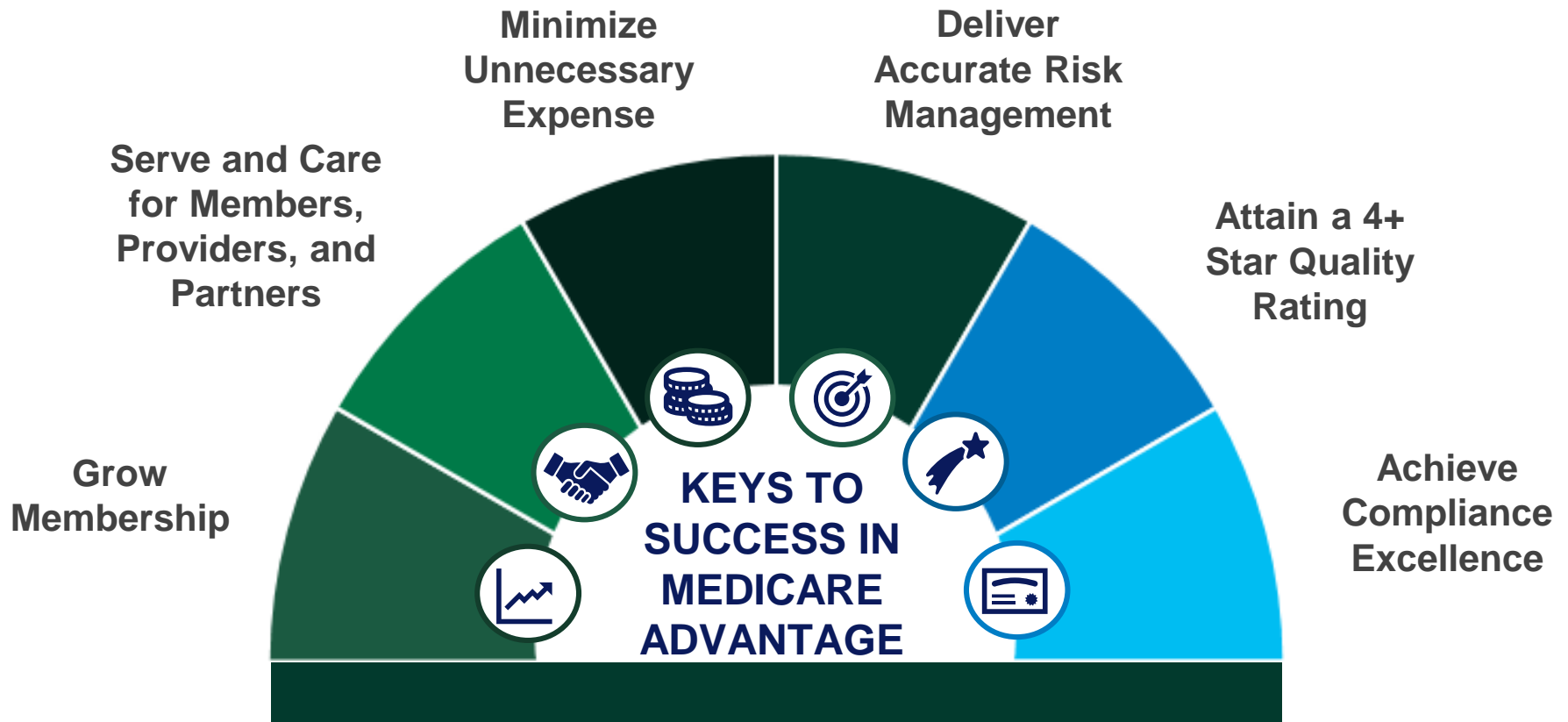
- Benefit from core value proposition of MA vs. Original FFS - Financial security (MOOP), predictability (copays vs. coinsurance), value (supplemental benefits), and affordability (many \$0 premium plans)
- Ability to continue seeing regular doctors with continued access to comprehensive network

Plan Value Proposition

- Ability to engage typically hard to capture traditional FFS purchasers with products that facilitates transition and reduces cost to acquire
- Creates funnel for membership that other payors have struggled to convert to Medicare Advantage

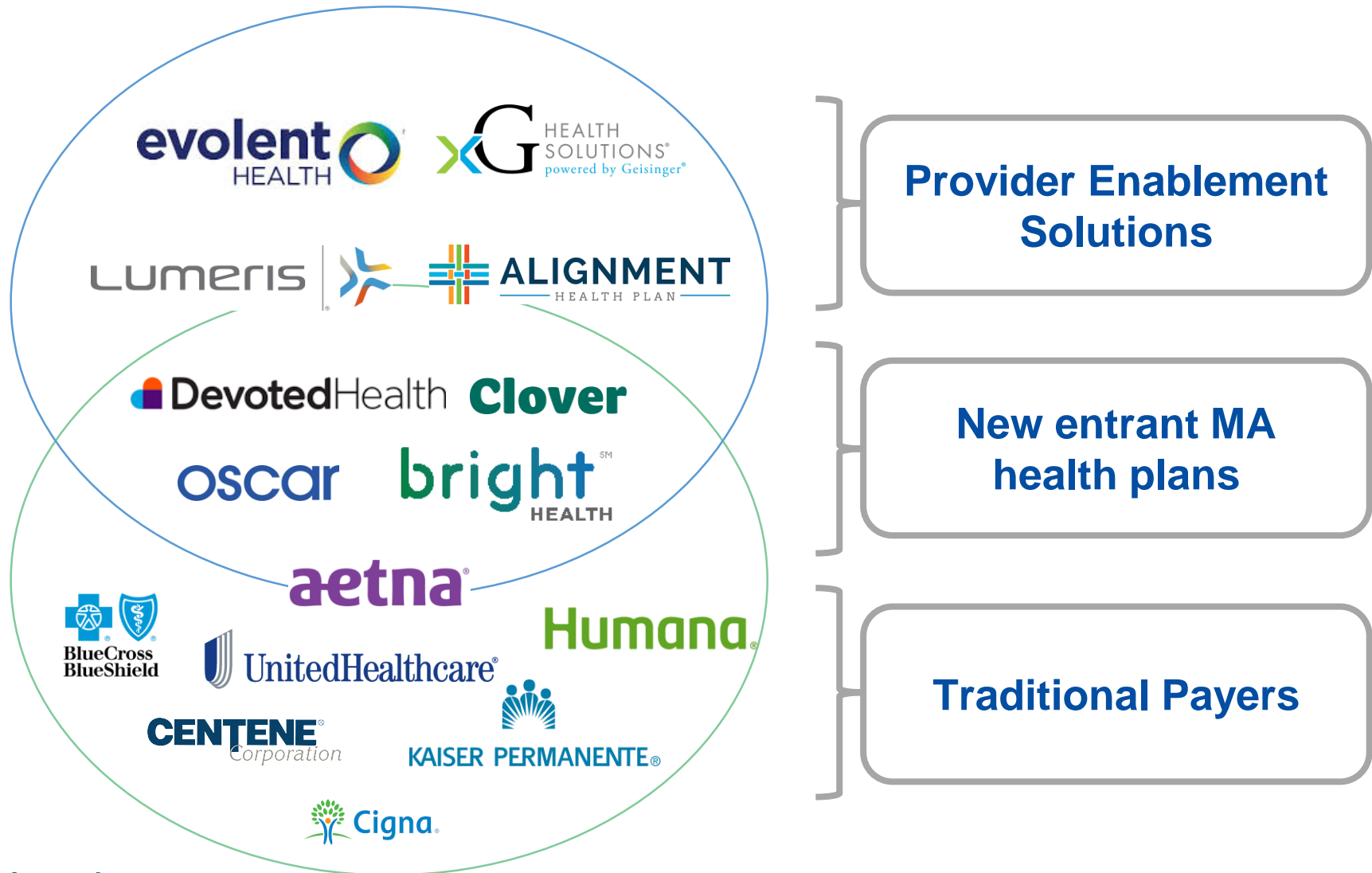
Success In Medicare Advantage

Regardless of path and population, same keys to success underpin performance



Medicare Advantage Competitive Landscape

As the MA market grows, traditional payers are encountering growing competition



Growing Bright Health On A Strong Foundation

Ability to Scale

New Care Partners



New Products

MA in all new markets;
Bright Secure introduced

Membership Growth

2x Year 2 membership with Centura Health

URAC Accreditation



Successful First Care Partnership in 2017

Colorado Health Neighborhoods



12,000

Year 1 membership

86%

Year 1 MLR

95%

In-network inpatient utilization

50%

Care Navigation Engagement

45

Guided Net Promoter Score

Strong Foundation

Founders



BOB SHEEHY
Chairman & CEO



KYLE ROLFING
President



TOM VALDIVIA, MD
Health Optimization

Investors



\$240M in Capital Raised

Advent of the Healthcare Consumer

Evolving Care Delivery Systems

Bright Health Creates Multiple Sources of Value

Exclusive Care Partnership is key to the Bright Health value proposition

Source of Value

1

**Patient Loyalty &
Share of Wallet**

2

New Patients

3

Path-to-Value

4

**Product
Innovation**

Bright Health Differentiators

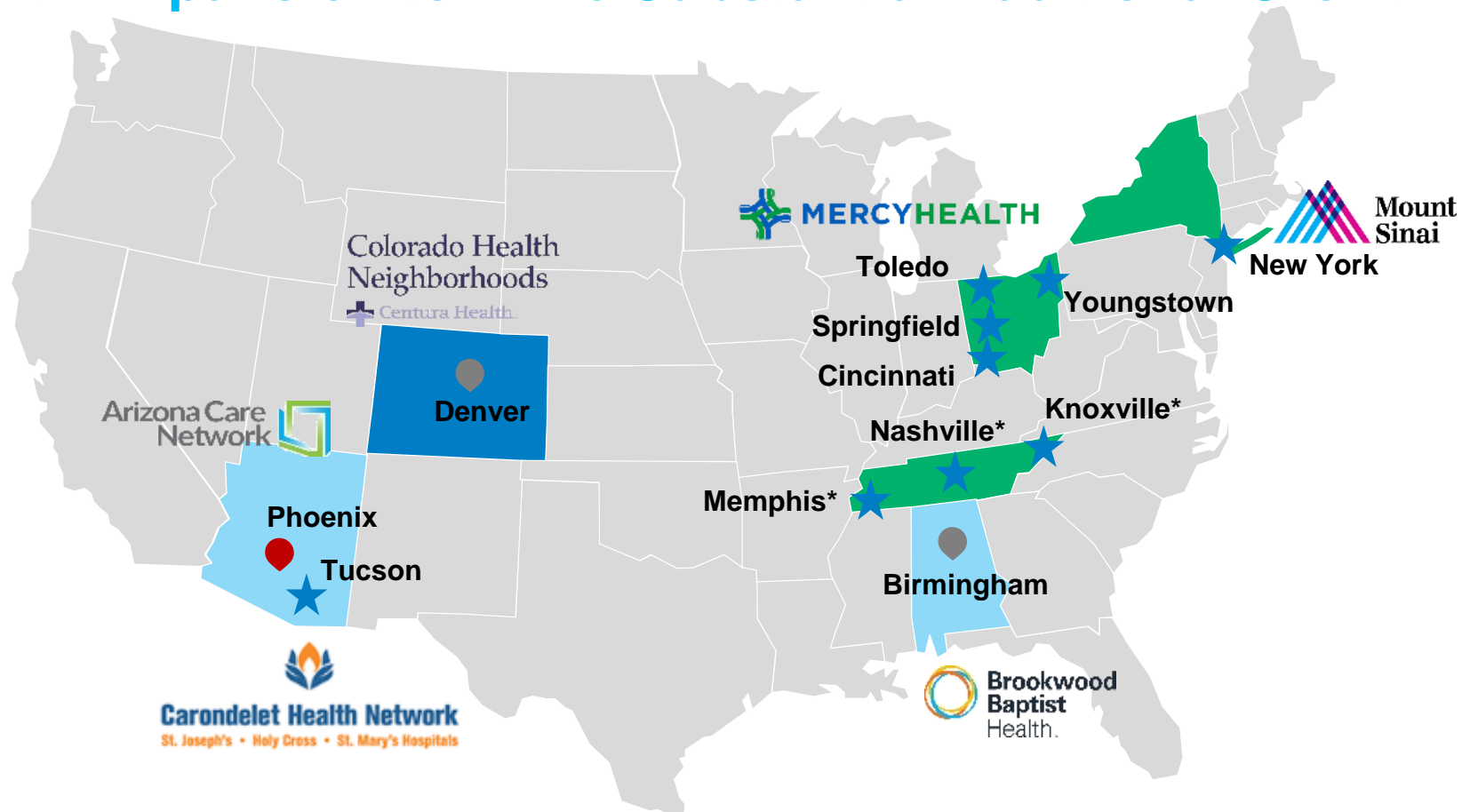
EPO product design keeps utilization with Care Partner and partner fully captures additional medical spend

Marketing approach and close collaboration helps generate new patients for Care Partner

Aligns to Care Partner's multi-year strategic objectives and provide full transparency into drivers of value

Co-develop a product portfolio that enables Care Partners to reach strategic goals (e.g. Bright Health Secure)

With Expansion to Drive Substantial Additional Growth



	2017 Launch
	2018 Launch
	2019 Launch
	New Product
	New Market

Products	Markets
MA + IFP	Phoenix, Denver, Birmingham, Nashville
MA Only	Ohio Markets, New York (incl. D-SNP)
IFP Only	Memphis, Knoxville, Tucson

**Tennessee Care Partners to be announced late 2018*

Medicare Advantage Core to Health System Success

MA is here to stay; health systems should chart a path to take full advantage

- 1 **If Medicare Advantage is not a core part of your strategy, it should be** – it has not only passed the point of failure, but **will surpass FFS**
- 2 **Plant your flag before the opportunity is lost** – the MA landscape will continue to become **more competitive as it grows**
- 3 **Be diligent in selecting how your system participates** and with whom to maximize value and minimize risk – there are many failures to learn from
- 4 **Use MA to promote broader system goals** – recent regulatory changes have increased **the flexibility for how health systems can participate**
- 5 **Don't lose sight of the core functions that drive MA success**, rather invest in them while ensuring you are capturing commensurate value from their success

Questions?
