OliverWyman

The Leadership Institute

LEADING DIFFERENTLY TO WIN DIFFERENTLY

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A business of Marsh McLennan

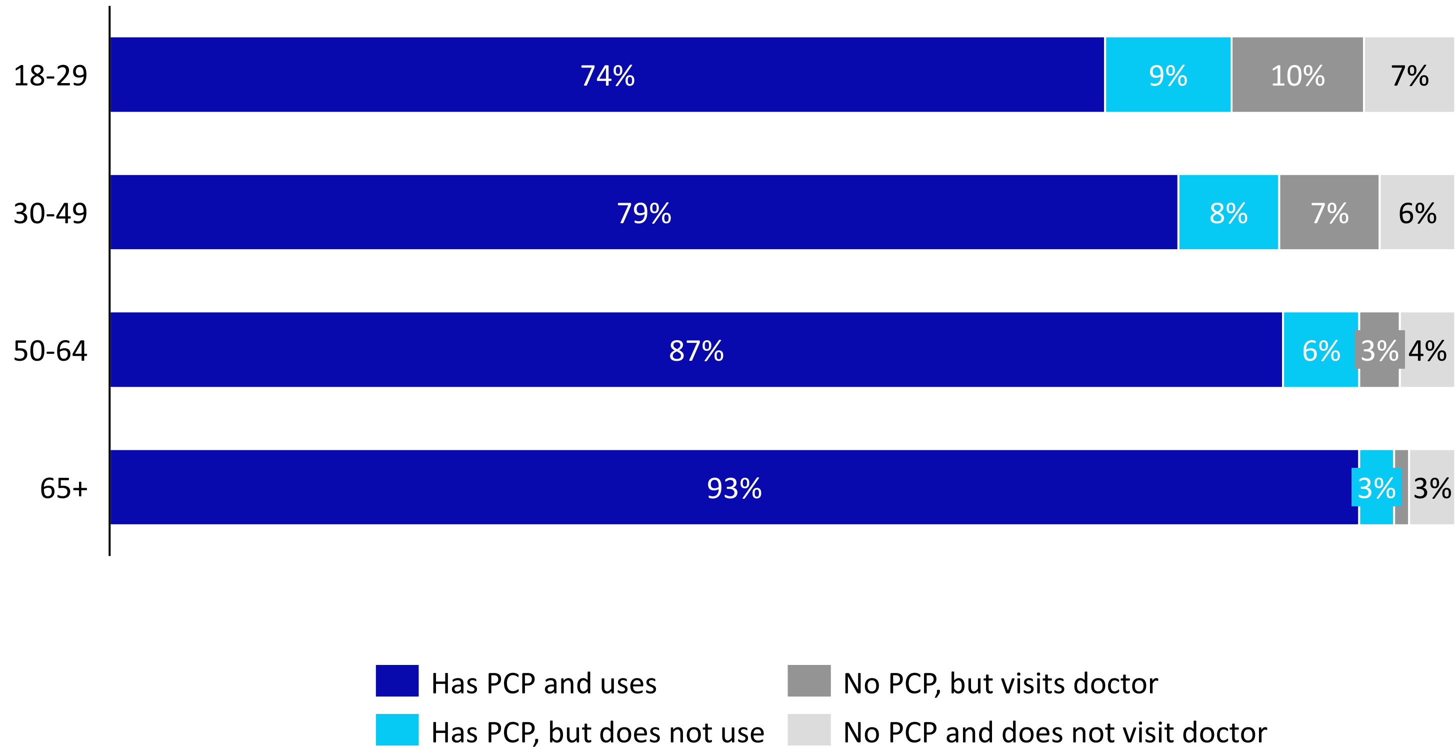
CONFIDENTIALITY

LEADING DIFFERENTLY MEANS…

1	Truly understanding those we serve
2	Embracing that we’re all now in the technology, pharmacy, and home businesses
3	Redefining the competition
4	Throwing out the old talent model
5	Using M&A as a means, not an end
6	Not being tempted by false choices

PRIMARY CARE IS DEAD! LONG LIVE PRIMARY CARE!

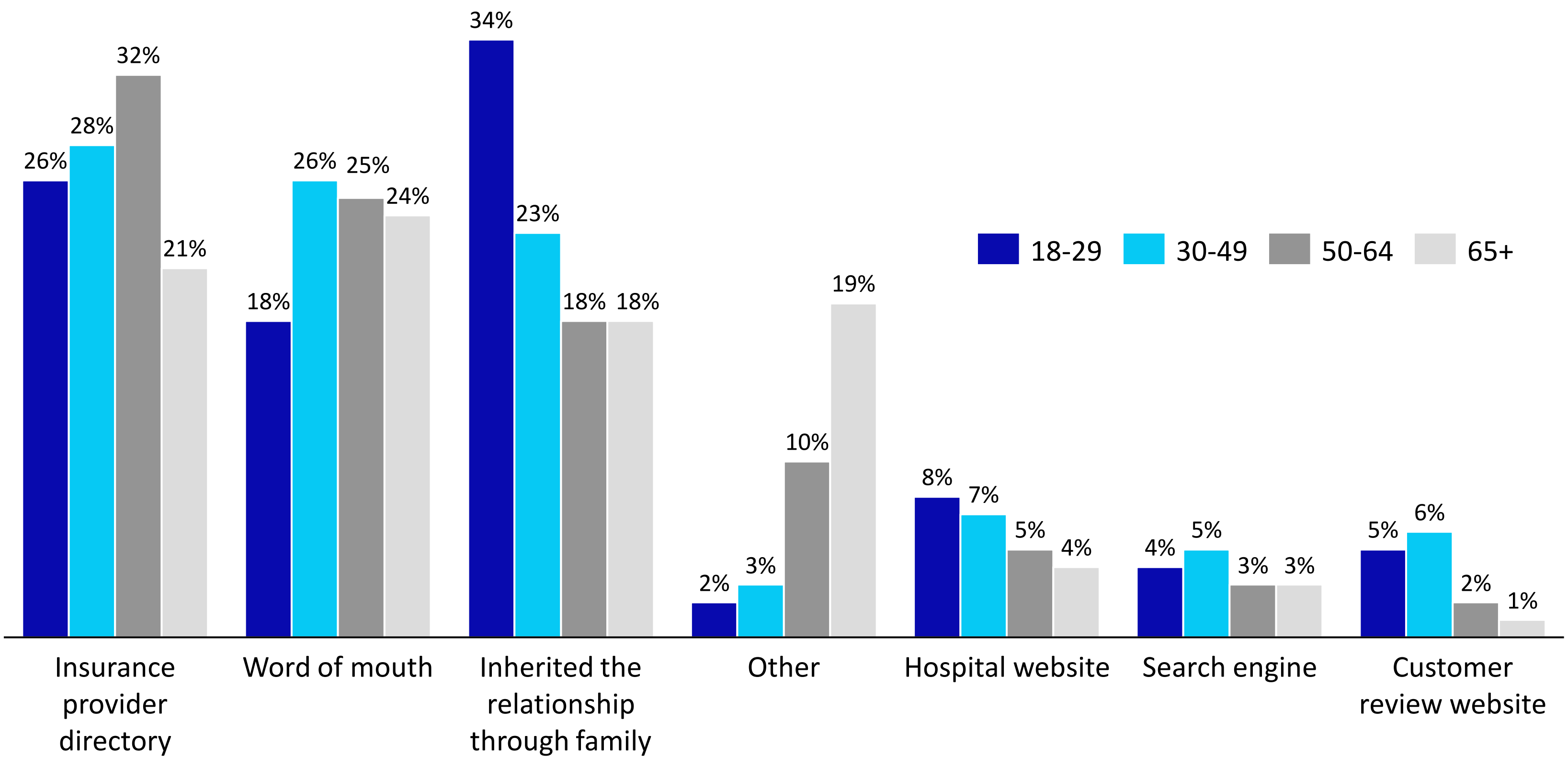
PCP status
By Age



Source: Oliver Wyman Consumer Survey (July 2021, n=7,007); Questions: Do you have a doctor or primary care provider? (Q11).
Definitions: PCP Status - Has PCP, no use: Has a doctor but doesn't visit them; Has PCP, does use: Has a doctor and visits them; No PCP, no use: Doesn't have a doctor and doesn't see a doctor; No PCP, does use: Doesn't have a doctor and does see a doctor.

WHEN YOU CARE ENOUGH NOT TO DO MUCH RESEARCH

Source of the relationship with the doctor or primary care provider
By Age

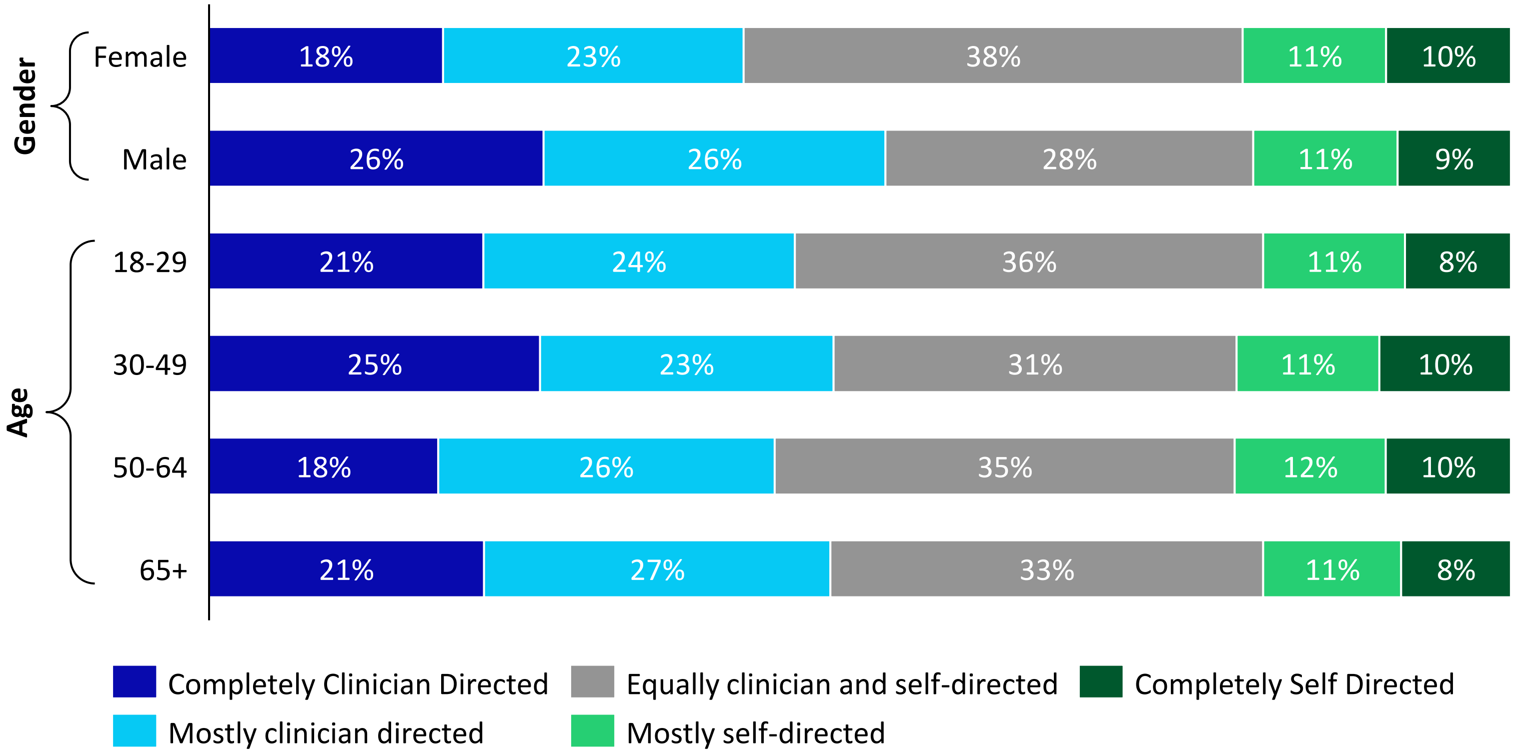


Source: Oliver Wyman Consumer Survey (July 2021, n=6,345) excluding responses of "Not sure"; Question: How did you come to have a relationship with your doctor or primary care provider? (Q14)

HELP ME. HELP ME HELP MYSELF. GET OUT OF MY WAY.

Preferred method to decide about health and wellness

By Age and Gender

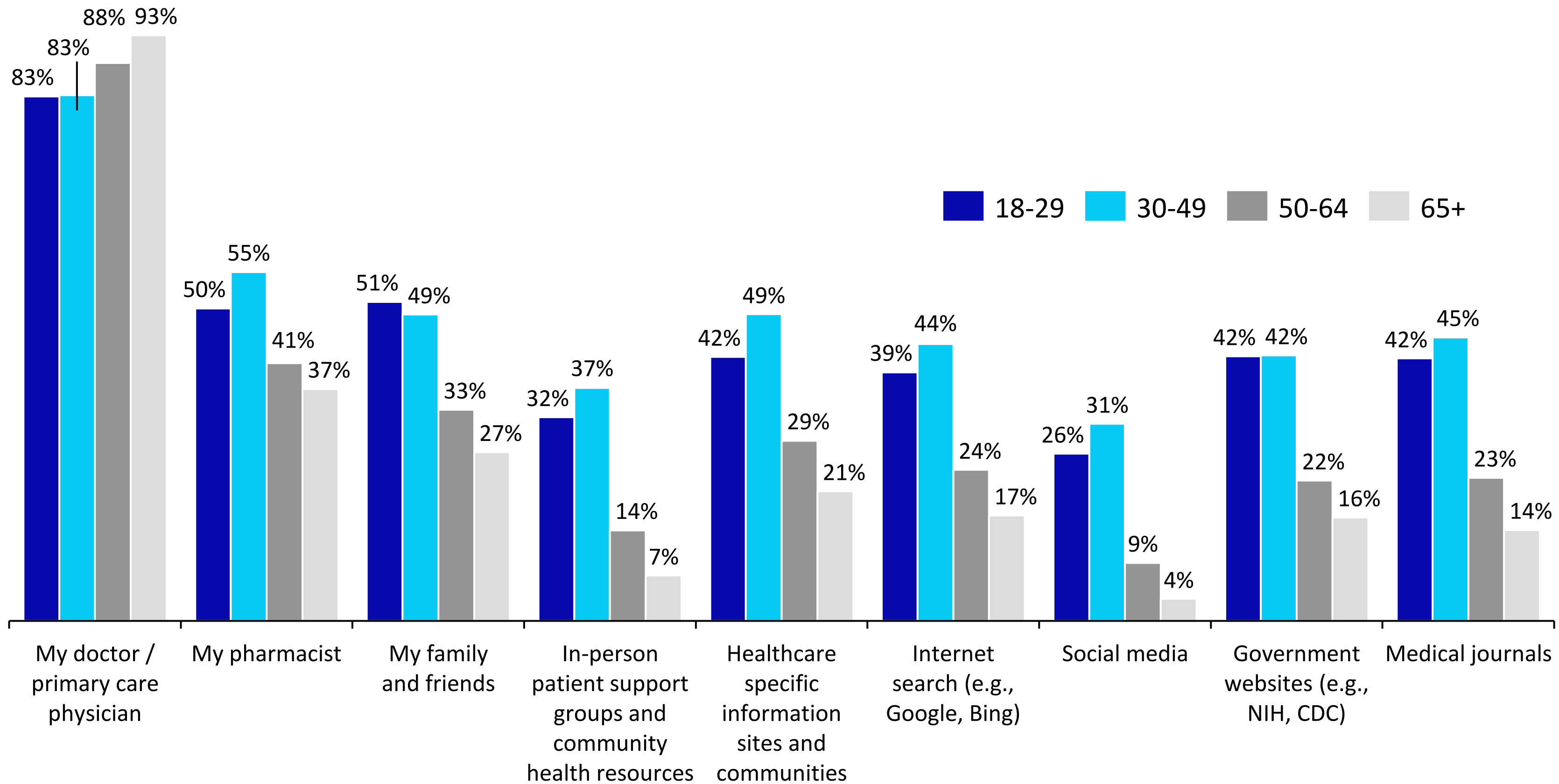


Source: Oliver Wyman Consumer Survey (July 2021, n=7,007), excluding "Not Sure"; Question: On a sliding scale, please indicate your preferred method on how to arrive at a decision about your health and wellness. (Q9)

MANY "INFLUENCERS"

Sources of influence on decisions about the health

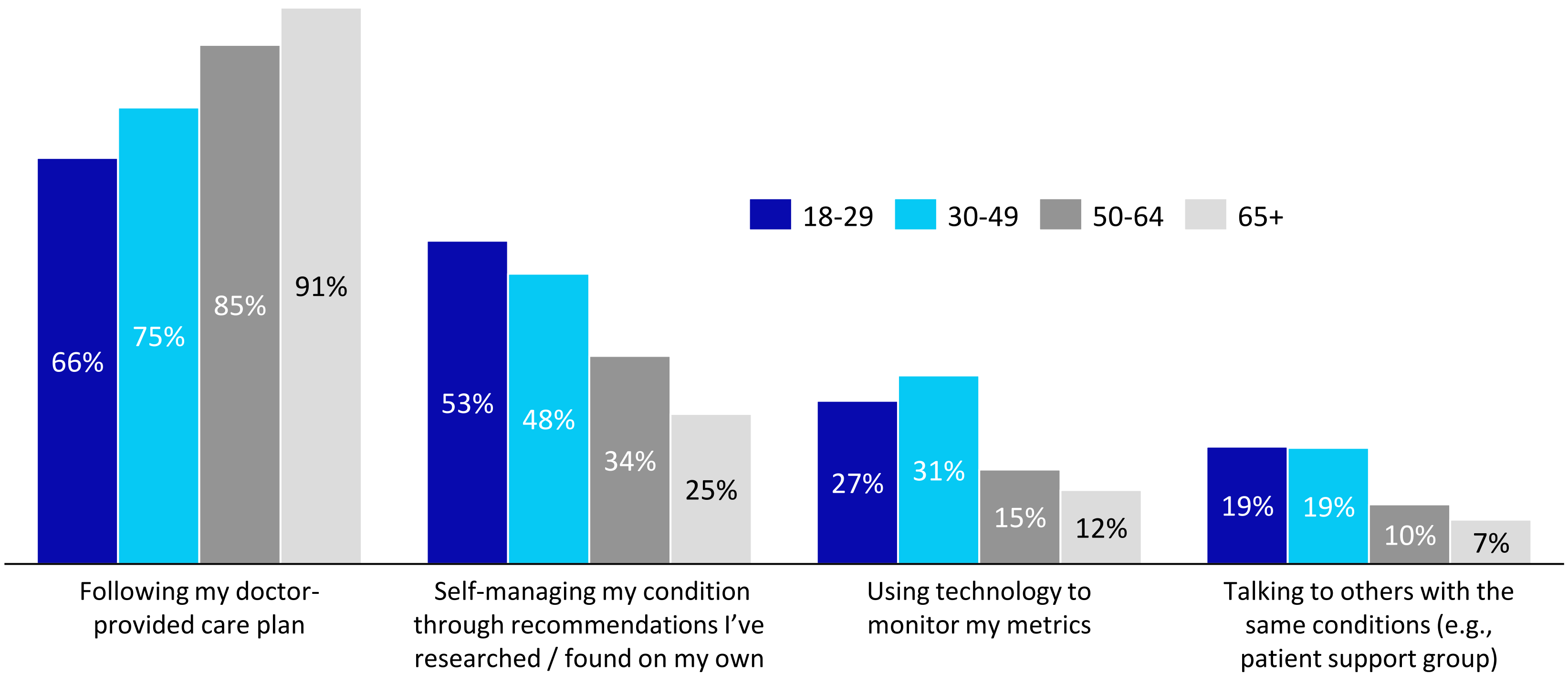
By Age. Percentage that responded "Highly Influential" or "Moderately Influential"



Source: Oliver Wyman Consumer Survey (July 2021, n=7,007); Question: For each of the health & wellness information sources below, please rate the level of influence each has on decisions that you make about your health / healthcare. (Q10)

MANY SOURCES OF KNOWLEDGE

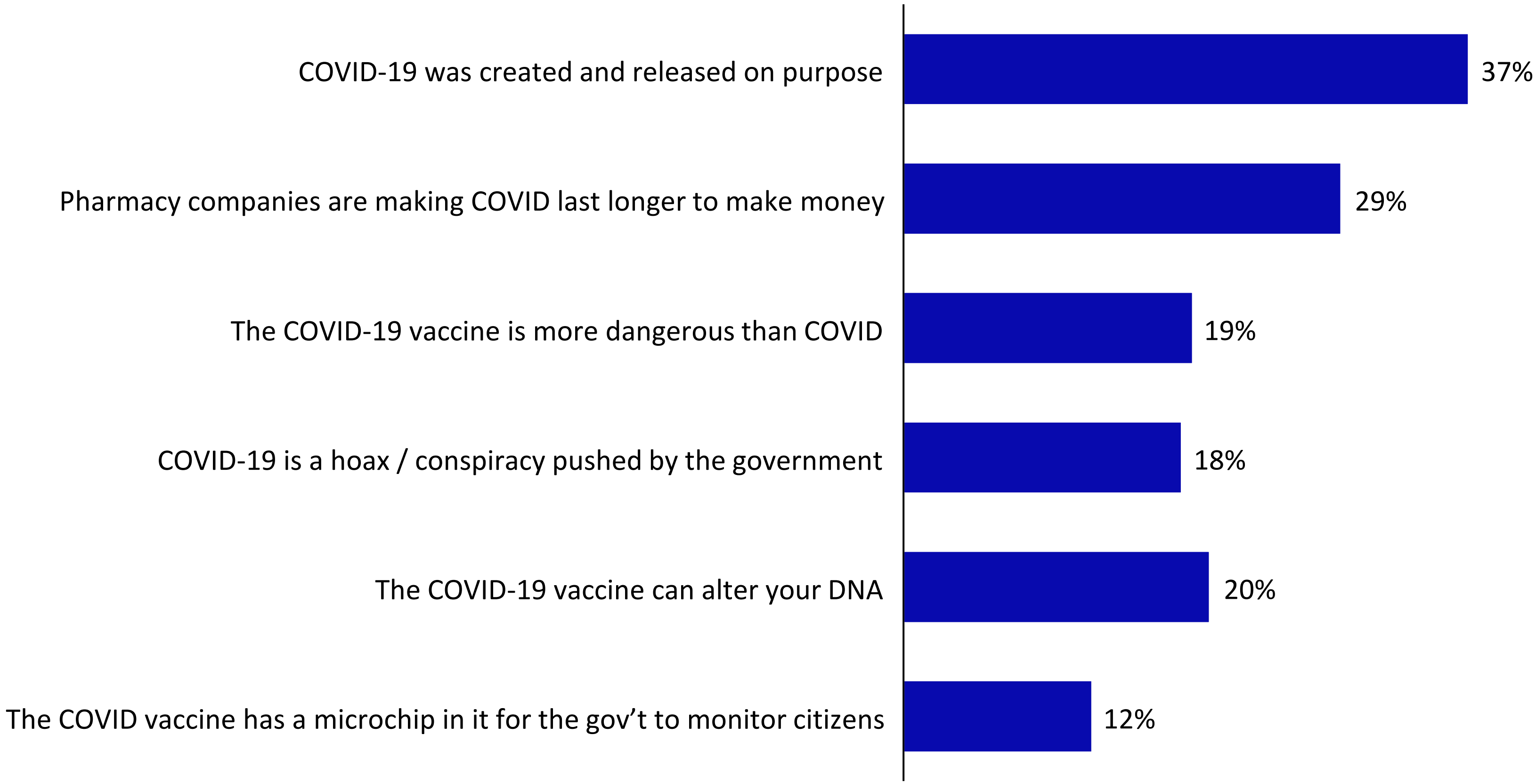
Endeavors to manage chronic health condition(s)
By Age



Source: Oliver Wyman Consumer Survey (July 2021, n=3,779), excluding "Other"; Question: What are you doing to manage your chronic health condition(s) today? (Select all that apply) (Q29)

NOT EVERYONE'S "TRUTH" IS THE SAME

Do you agree with the following statement?
% that indicated they generally agree



Global data from US, UK, Brazil, Canada, France, Spain, Italy, Germany, Mexico. N = 8907
Source: Oliver Wyman Forum Global Consumer Sentiment Survey

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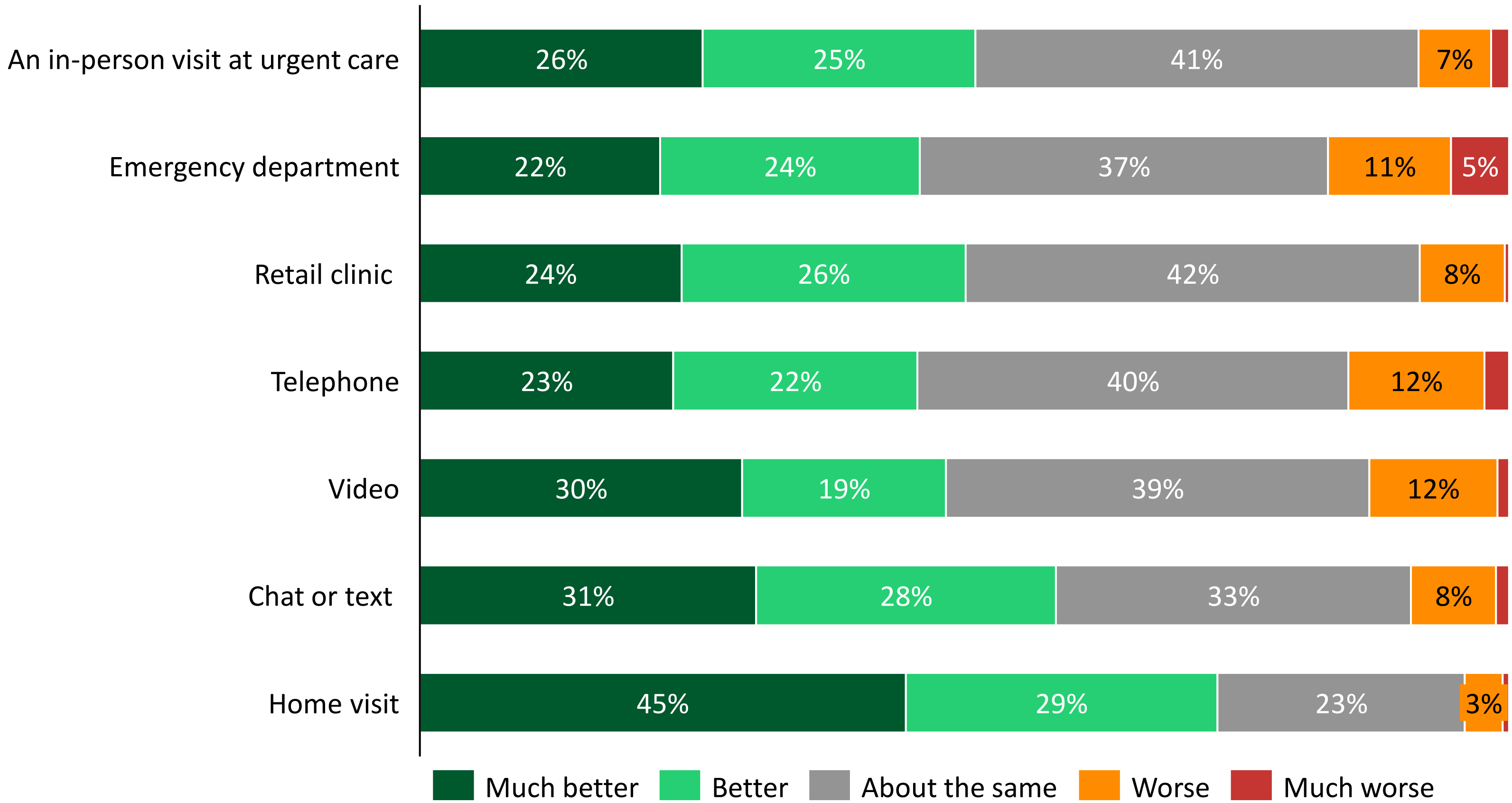
PHYSICAL OR DIGITAL? YES.

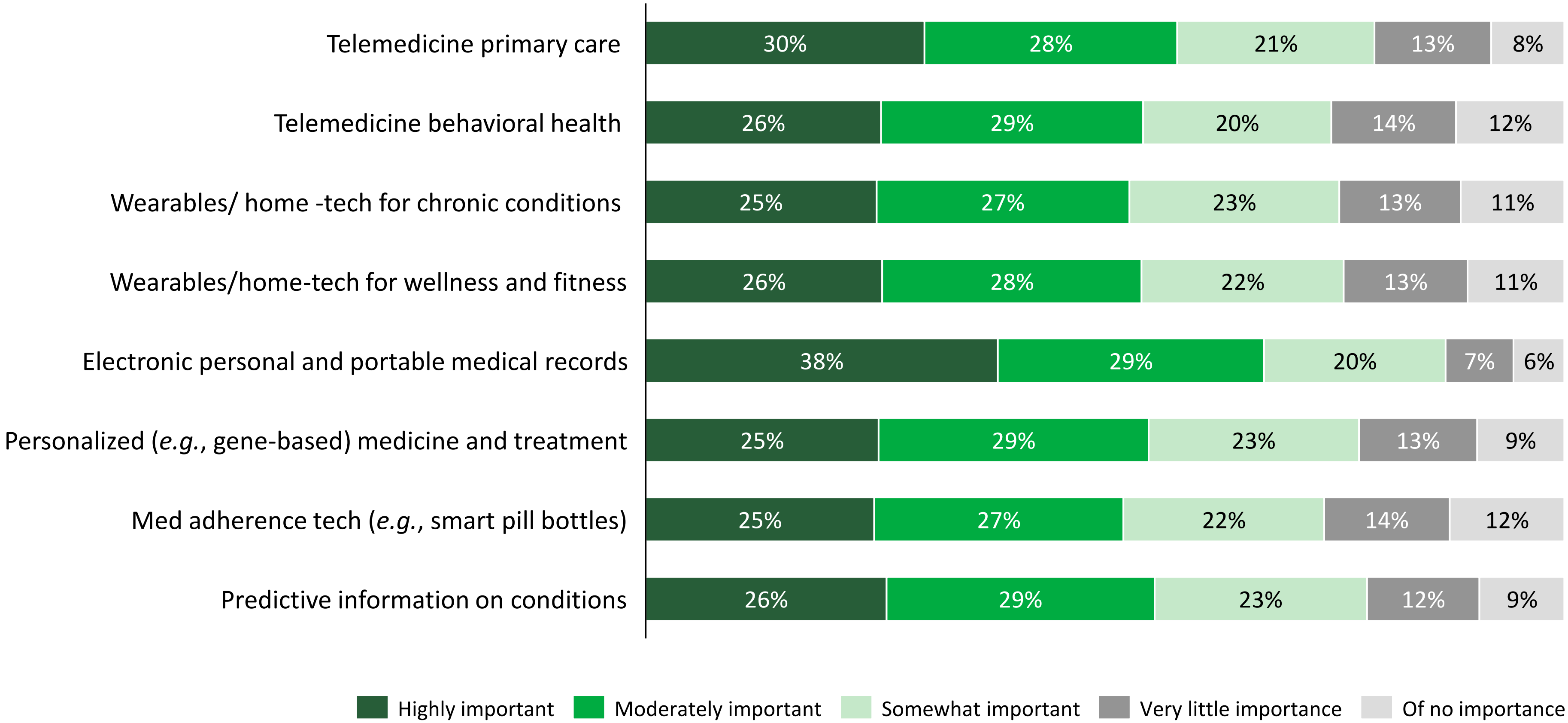
Level of satisfaction with the selected front door vs. traditional care in a doctor's office



Source: Oliver Wyman Consumer Survey (July 2021, n=2,277) excluding "Not sure"; Question: How would you rate your level of satisfaction with your selected front door relative to traditional care in a doctor's office? (Q17)

WANTED: MORE THAN JUST VIDEO VISITS

Level of importance of health innovations

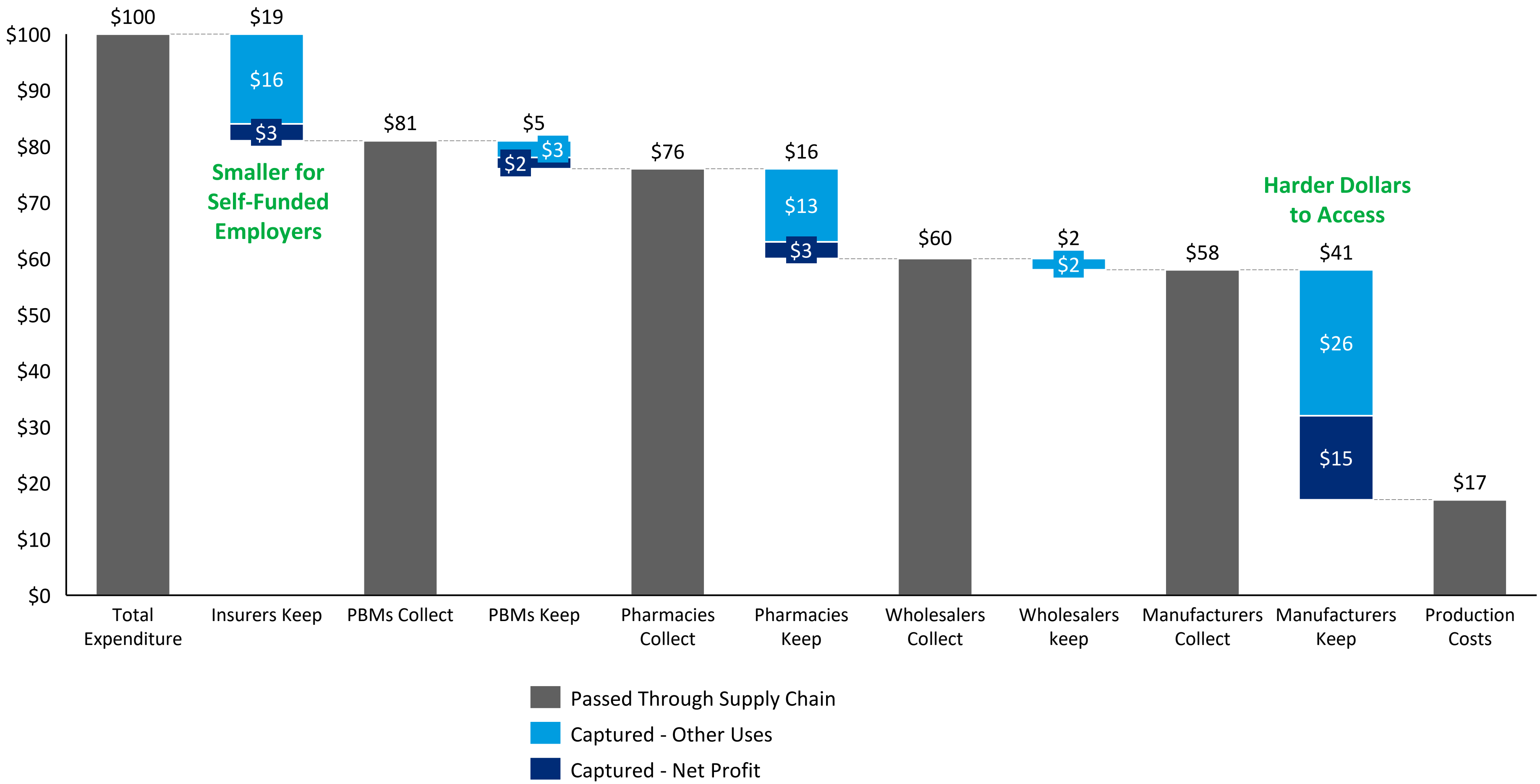


Source: Oliver Wyman Consumer Survey (July 2021, n=7,007); Question: How important to you, your dependents and other members of your household are the following health innovations? (Q61)

“WHY DO YOU ROB BANKS?”

Flow of a hypothetical $100 expenditure on prescription drugs covered under private insurance through the US retail distribution system

Overall, combined average of both branded and generic



Source: USC Schaeffer Center for Health Policy and Economics

PHARMACY DISRUPTION IS UNDERWAY

Legislative Action and Judicial Scrutiny

- 43 states have cost-disclosure laws; 39 have passed anti-clawback laws
- Patient Right to Know Drug Prices Act
- Rutledge v. Pharmaceutical Care Management Association (PCMA)
- Prescription Drug Pricing Reduction Act of 2020
- Many others

Smaller PBMs focused on transparent pricing, value prop customization and service

- Transparency is theoretically a differentiating factor, but it is not expanding as a business model

Large out-of-industry incumbents entering the space in a big way

- Amazon launched its $6-for-six-months deal on its Prime Day
- Walmart offered its Walmart+ subscribers access to prescription discount earlier on June 7

"This is a market that is ripe for disruption"

David Balto, attorney and former FTC Policy Director

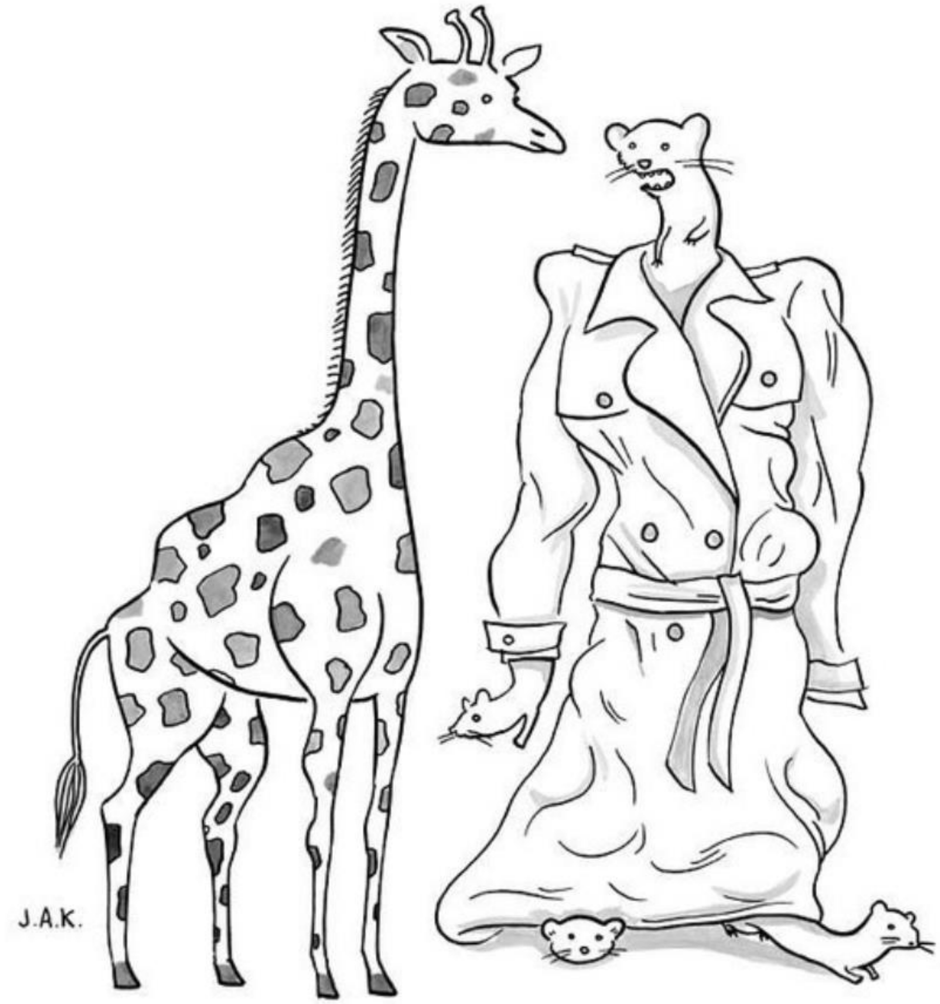
Attempts to take out waste in the manufacturing portion o the value chain

- Civica Rx is a nonprofit generic drug manufacturer founded in 2018 to reduce and prevent drug shortages in the United States and the price spikes that can accompany them

A plethora of retail consumer offerings driving increased transparency and enhanced medication Care models

New Partnerships to Create Disruptive Business Models

- Evio is startup funded by 5 BCBS plans that works with health plans to transform the medication experience for everyone: patients, providers, and the system at large



"Now that we've fallen in love, I have a confession. I'm not a giraffe—I'm fifty-eight weasels in a trenchcoat."

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YOUR BIGGEST COMPETITOR IS TEN COMPANIES

Prevention	Diagnosis	Episodic care	Extended & Chronic care
Wellness solutions	Symptoms checker, triage, appt booking	Second opinion	Condition mgmt.
Risk assessment	Concierge	Digital therapeutics	Chronic disease mgmt. home diagnostics
Preventative check-ups & genetic testing		Telemedicine and care delivery	Rehabilitation & Post-discharge home
Food and nutrition	Information	Clinical pathway	Drug delivery and access

90%

of these companies will fail

0%

of them want to be a hospital system

100%

of them want to take 1-10% share from you

Source: Oliver Wyman analysis

THERE'S NOT ONE "BIG TECH"

- Start with transactional retail businesses where Amazon has a supply chain advantage (Rx, DME, etc.), then move into consumer health services
- Invest in AWS tailoring and targeted go-to-market for the healthcare vertical

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- Focus on underlying technology to power providers in delivering care (AI, analytics, etc.)
- Continue to grow consumer healthcare advertising

- Focus on wellness and research, anchored by Apple devices
- Create an ecosystem of health app developers

- Target healthcare as a major enterprise growth vertical
- Strike strategic infrastructure partnerships with major healthcare players (Walgreens, Humana, Teladoc, etc.)

- Target healthcare as a major enterprise growth vertical
- Build targeted products for the healthcare vertical (*e.g.*, care management platform built on CRM)

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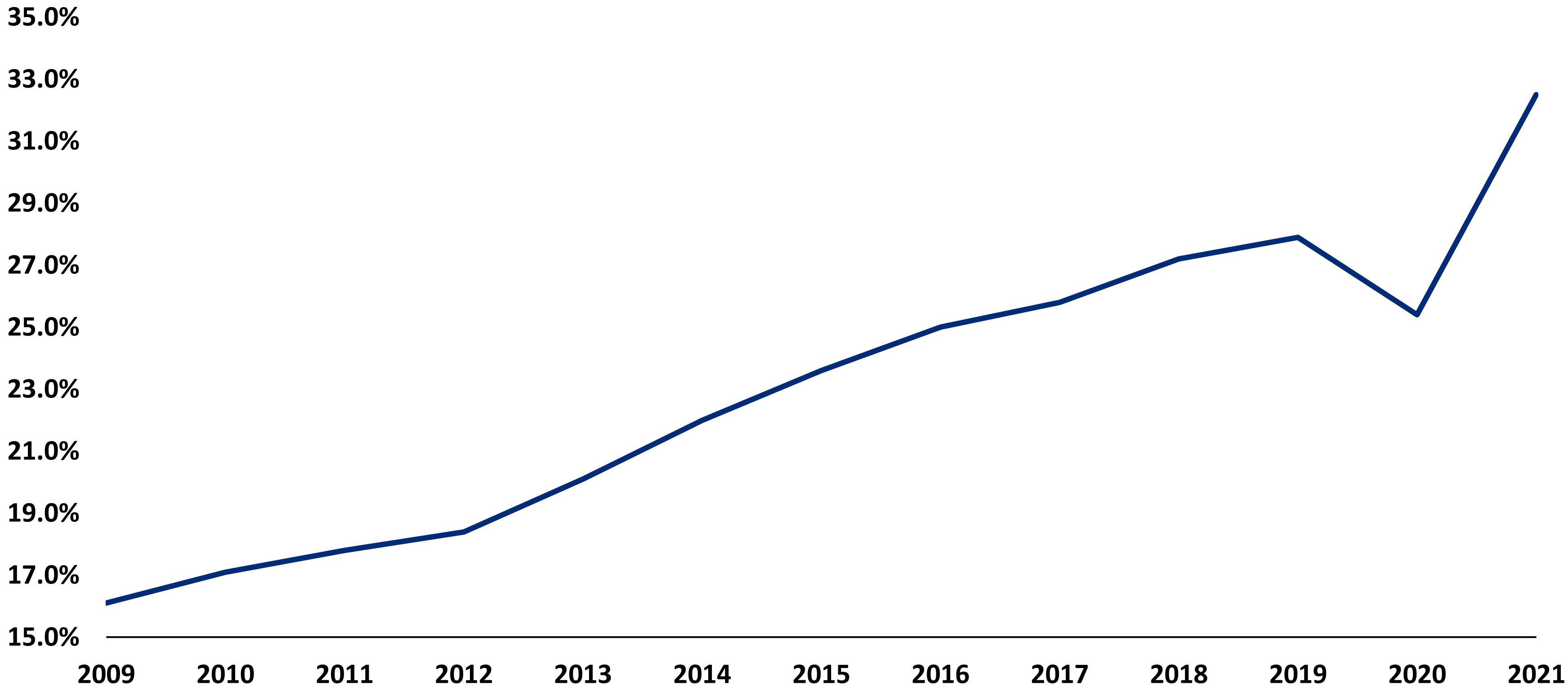
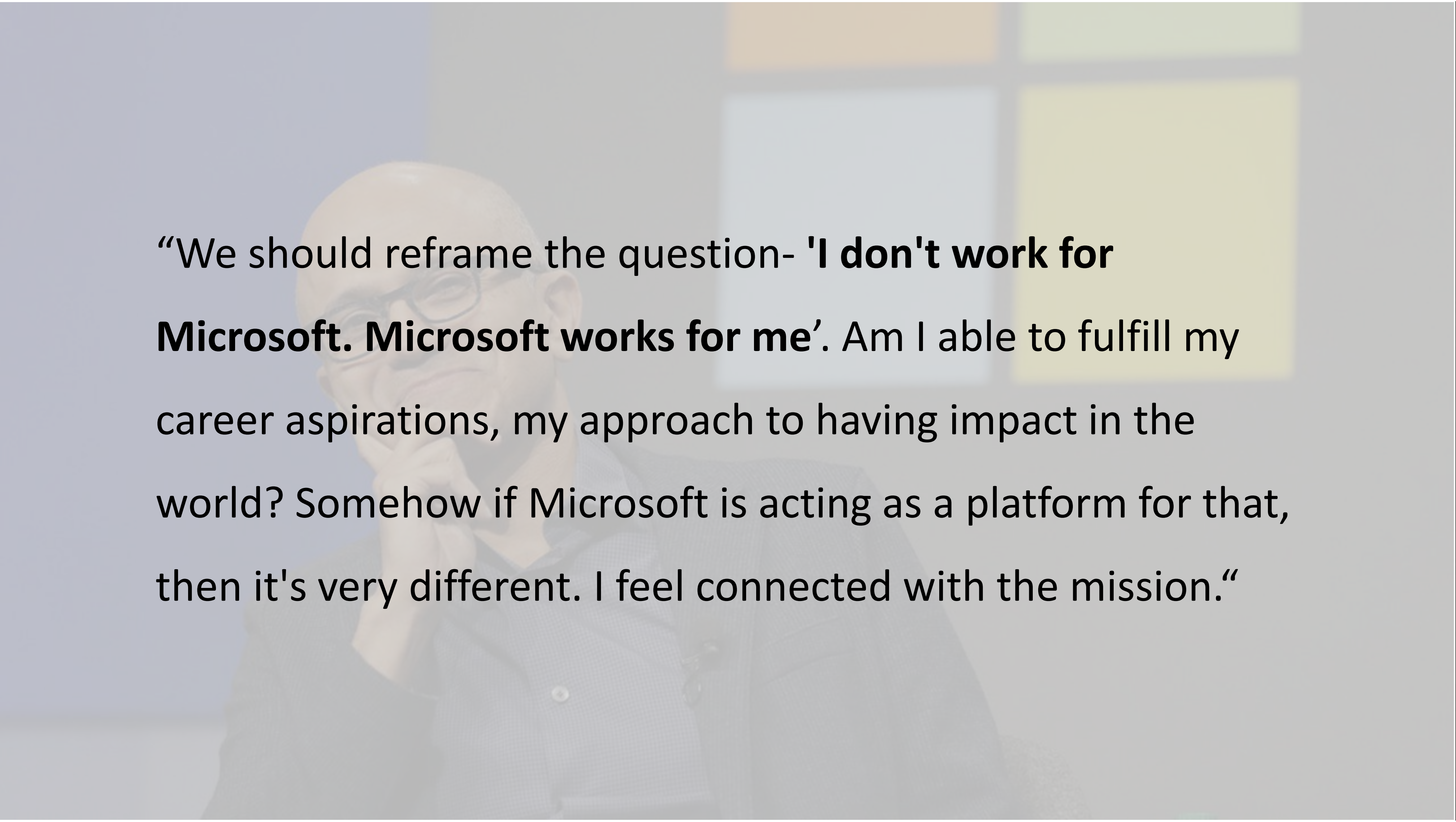
WE SHOULD HAVE SEEN THIS PROBLEM COMING

Annual Total Non-Farm Quit Rate
2009-2021



Source: US Bureau of Labor Statistics

WE HAVE TO DO MORE THAN FIX BURNOUT AND PAY MORE



“We should reframe the question- **'I don't work for Microsoft. Microsoft works for me**’. Am I able to fulfill my career aspirations, my approach to having impact in the world? Somehow if Microsoft is acting as a platform for that, then it's very different. I feel connected with the mission.“

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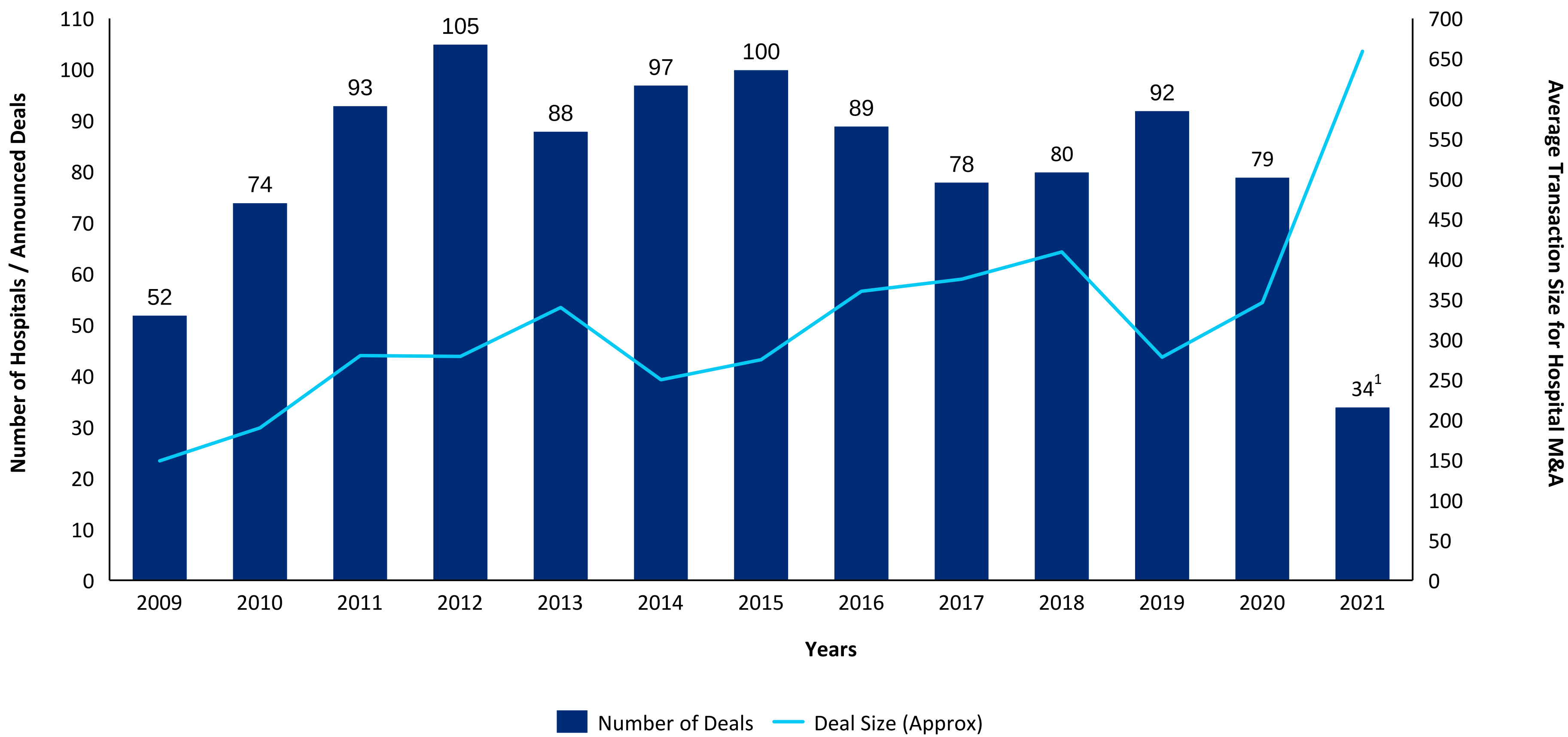
FEWER, BIGGER HOSPITAL MERGERS

Number and transaction size of announced hospital mergers
2009-2021



Source: Kaufman's 2020 M&A in Review; Q3 2021 Kaufman report
1 - 2021 only reflects Q1 – Q3 data

M&A FAILS FOR MANY REASONS

Financial	Leadership distraction
	Unfulfilled growth and less focus on innovation and investment
Governance & Operational	Changes in operational or clinical models
	Incorrect and / or delayed integration decisions
	Potential data loss or other issues during the EMR integration
	Differences and inconsistencies in reporting and measurement methodology
Brand	Headline risks and impact on brand(s) driven by client, patient dissatisfaction, and talent attrition
Talent & Culture	Turnover at all levels
	Impact on employee engagement and morale driven by differences

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YES AND YES

Physical	and	Digital
Episodic	and	Continuous
Evidence	and	Empathy
Clinical excellence	and	Operational excellence
Affordable	and	High-Quality
Build, Buy,	and	Partner
Cooperate	and	Compete
Mission	and	Margin

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