

ADVANCING YOUR MISSION THROUGH INNOVATION

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A business of Marsh McLennan

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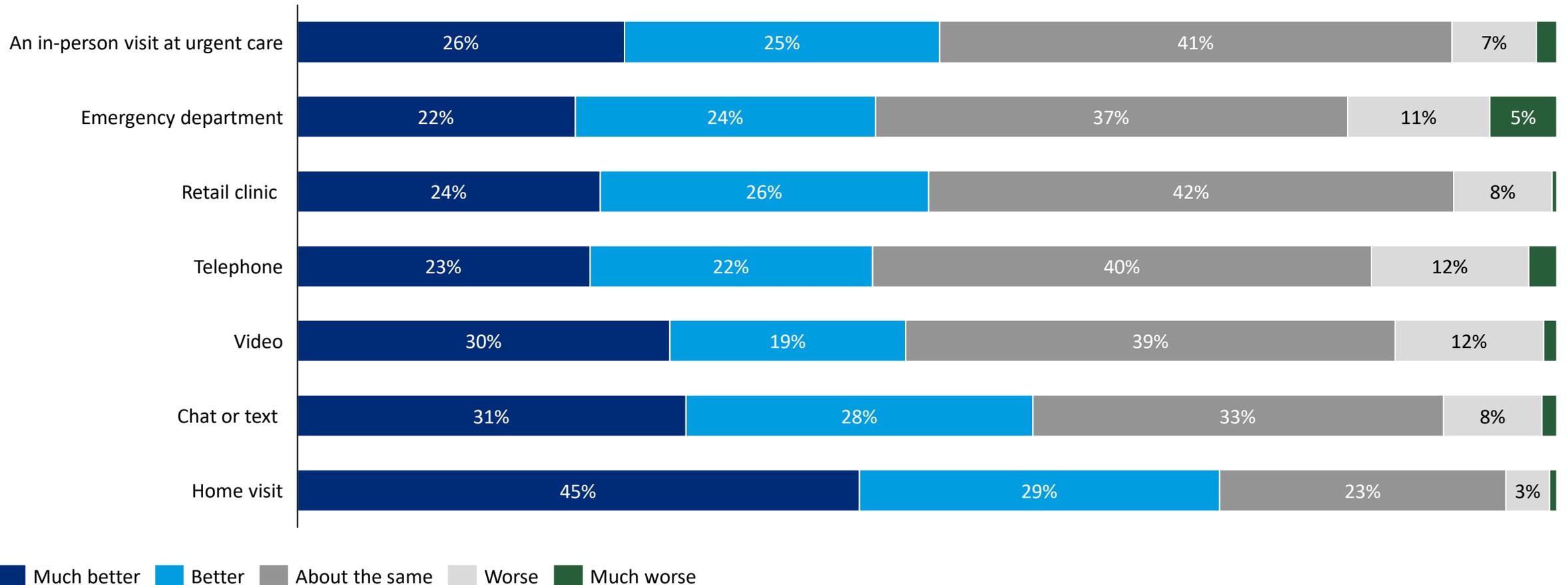
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PHYSICAL OR DIGITAL? YES.

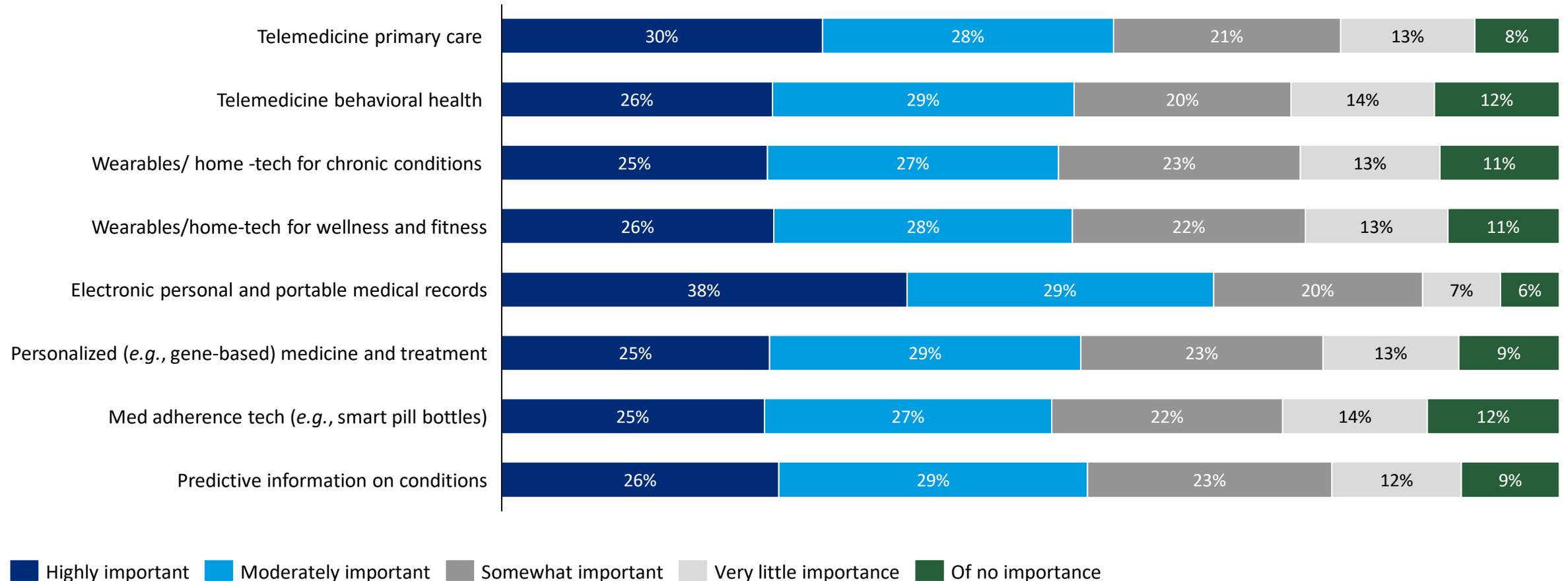
Level of satisfaction with the selected front door vs. traditional care in a doctor's office



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)

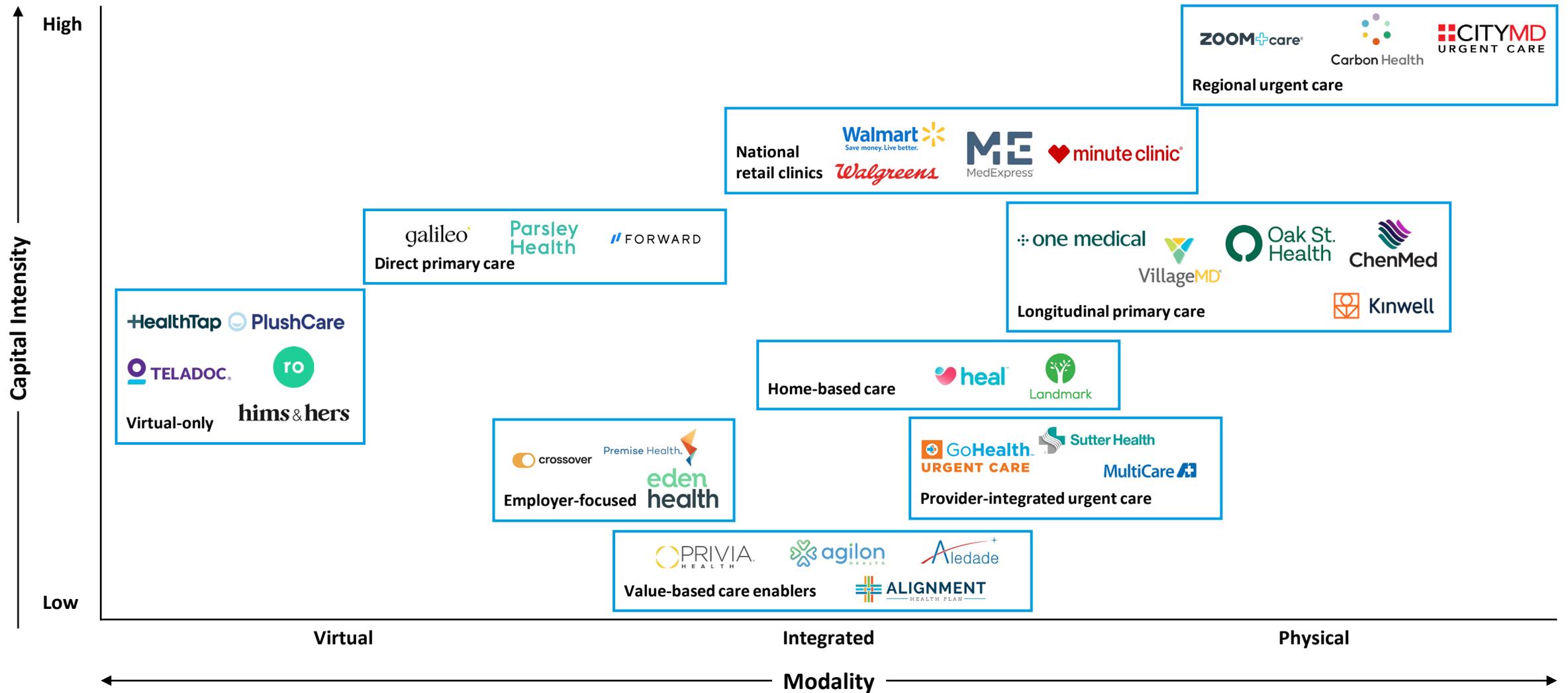
WANTED: MORE THAN JUST VIDEO VISITS

Level of importance of health innovations



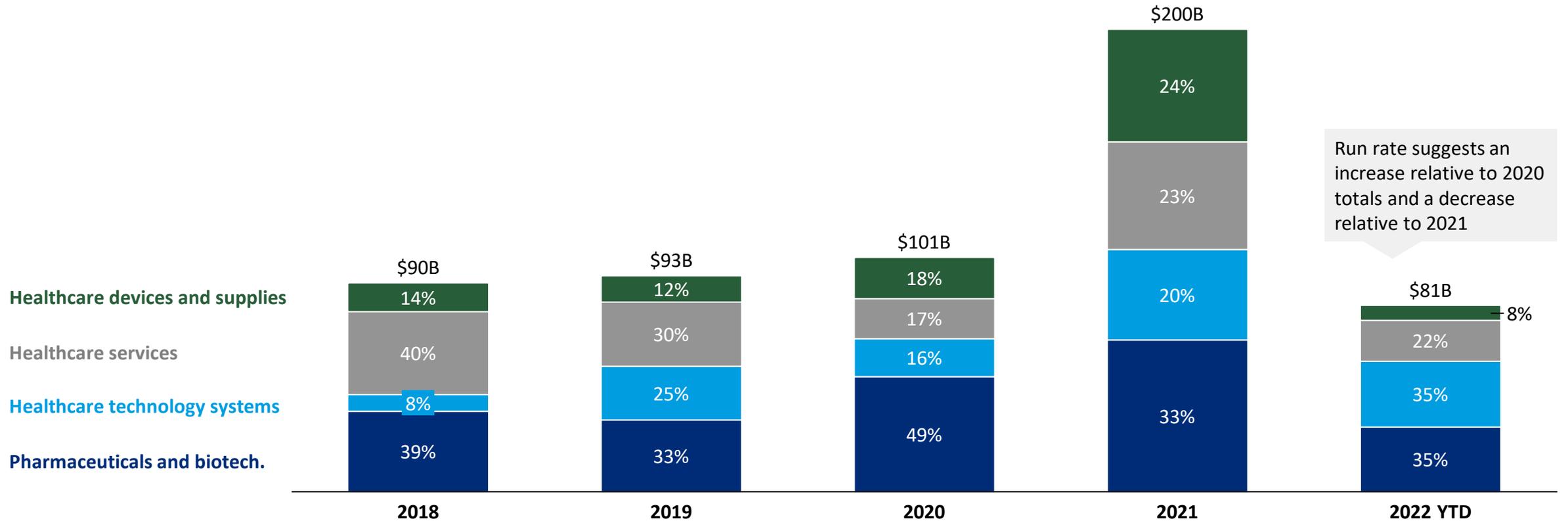
Source: Oliver Wyman Consumer Survey (July 2021, n=7,007); Question: How important to you, your dependents and other members of your household are the following health innovations? (Q61)

CONSUMER INNOVATORS ARE RESPONDING



FUNDING IS STILL FLOWING – ALTHOUGH VALUE OPPORTUNITIES MAY ABOUND SOON

Healthcare and life sciences total invested capital by industry segment
2018 – 2022 (YTD)¹



1. Capital investment includes buyouts, other PE transactions, all VC stages, all round numbers, all series funding; "Other Healthcare" not shown, constituting <0.1% of capital invested each year since 2016.
Sources: Pitchbook, Oliver Wyman analysis

CONSUMER ACQUISITION COST IS THE PROFITABILITY ALBATROSS FOR MANY PLAYERS

VIRTUAL B-B-C	VIRTUAL B-C	BRICKS AND MORTAR
 <p>\$70</p>	 <p>\$450</p>	 <p>\$480</p>
 <p>\$95</p>	 <p>\$110</p>	 <p>\$30</p>

Sources: Company filings, Oliver Wyman experience and analysis

MANY ARE AIMING TO LOWER CONSUMER ACQUISITION COSTS THROUGH MERGERS AND PARTNERSHIPS

Lower consumer acquisition cost through...



Sources: Company filings, Oliver Wyman experience and analysis

AMAZON ACQUIRED AN EMR CODE BASE AND 700+ CLINICIANS

Amazon will see you now: Tech giant buys health-care chain for \$3.9 billion

one medical COVID Info Locations For You For Kids For Business Log in Sign up

Fall in love with your doctor's office

We work with your insurance just like a typical doctor's office, but we make it faster, easier, and more enjoyable to get care.
[See if we're in network with your insurance >](#)

- Same/next-day appointments, in person or over video, that start on time
- Longer appointments so you don't feel rushed
- Drop-in lab services at our offices to save you extra trips
- Easy access to COVID-19 testing and care
- 125+ convenient locations nationwide
- Compassionate providers who are experts at medicine and caring

Source: Reuters, CNN Business, Washington Post, Motley Fool

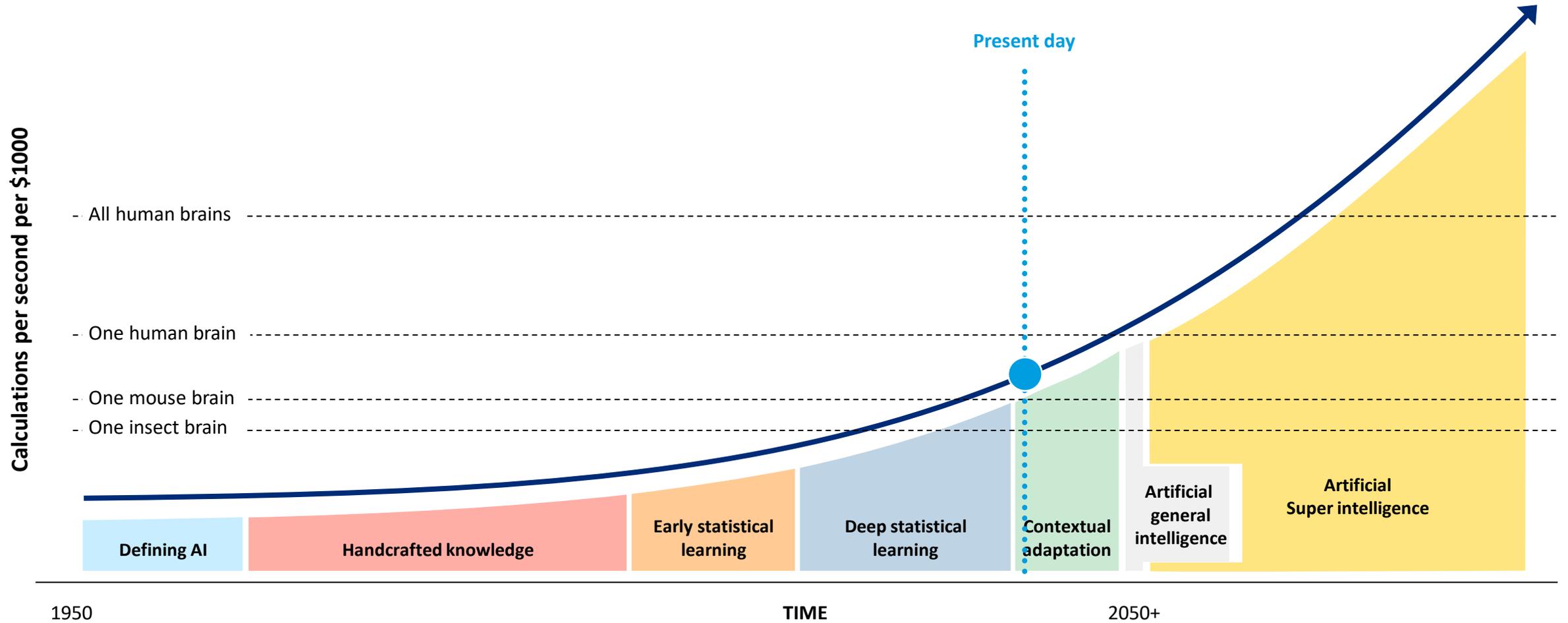
Who is One Medical?

- Subscription-based primary care service catering to the wealthy well
- 750k+ patients nationwide (up 28% year-over-year), portfolio of 8k+ employers including Airbnb and Google
- Annual fee of \$199 for a suite of services that include on-demand video health consultations
 - "24/7 access to virtual care"
 - App/website to book appointments, track health records and renew prescriptions

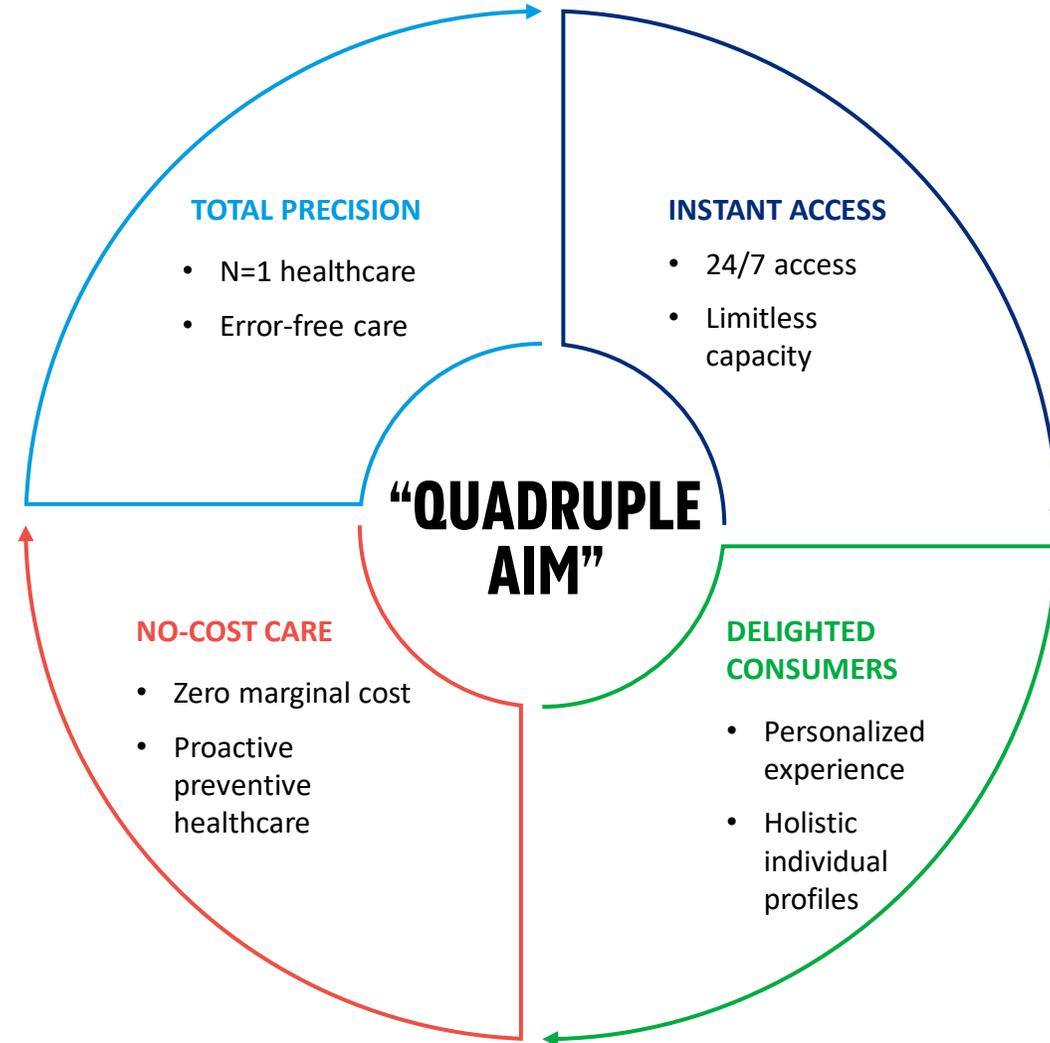
Why acquire and why now?

- Access to 180+ physical health clinics, an existing EMR/back office and 700+ clinicians...
- ...though unclear yet how Amazon may expand and grow the footprint
- Attractive time to buy with One Medical's share price declining amidst recession concerns
 - Jan 3rd – \$18.19
 - July 18th – \$9.39

ARTIFICIAL INTELLIGENCE IS BECOMING LESS “ARTIFICIAL” EVERY DAY



THE PROMISE OF ARTIFICIAL INTELLIGENCE IN HEALTHCARE



ARTIFICIAL INTELLIGENCE IS HAVING AN IMPACT NOW...



...BUT THE HURDLES ARE REAL

1 UNPROVEN TECHNOLOGIES



Solution
Test and learn

2 DOCTOR-PATIENT RELATIONSHIPS



Solution
Existing patients

4 DATA SHARING



Solution
Interoperability!



3 THREATENED WORKFORCE

Solution
Augment and grow capacity

5 LITIGATION



Solution
No black boxes



6 LACK OF AI KNOWLEDGE

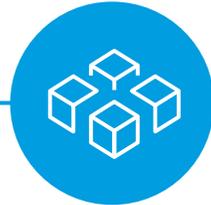
Solution
Become experts

7 CORRELATION VS. CAUSATION

Solution
Test and improve!

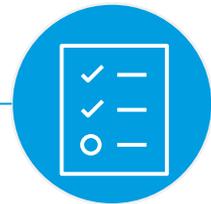


HEALTHCARE IS AN INFORMATION BUSINESS, AND DATA ARE THE NEW CURRENCY



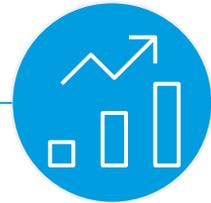
More for Less

Increasingly available and connected data will enable more targeted consumer engagement



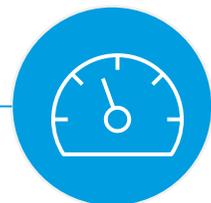
Data Legislation, Privacy and Interoperability

The movement towards interoperability will continue, aided by rules supporting consumer access to personal health data



Big Data Possibilities

Better integration of data and application of novel analytics (e.g., natural language processing) can improve decision making



New Legislation – Blue Button Developers Forum

CMS has led the way for greater data transparency and portability for America's Medicare beneficiaries

MORE DATA FOR LESS: WHAT COULD HAPPEN?

		Potential Scenario	Likelihood in 5–7 Years	Impact If Occurs	Pace of Change
TODAY  <ul style="list-style-type: none"> • Despite an explosion of available data, healthcare lags other industries in terms of interoperability and data usability • Increased focus on data access and advanced analytics point towards increased application 	Data connectivity / sharing	Fluidity and connectivity of today's data (e.g., EMR data, claims) continues to increase over time Regulatory tailwinds and a defined federal roadmap suggest a continued push for data connectivity			
		The quantity of available and relevant data continues to increase substantially (e.g., wearables, biometrics, geo-location, social media) and becomes increasingly available in real-time New devices and touchpoints exponentially increase volume of data			
Data use and value	Big data are more noise with only targeted use cases, mostly still relying on traditional claims and clinical data, which is increasingly portable The plethora of new data sources and ability to manipulate large data sets are both nascent, requiring time to effectively use				
	Data is used for targeting, segmentation, and some degree of personalization across marketing and engagement activities (e.g., care management) Building on a push towards personalization, healthcare entities will continue to better engage with customers across the spectrum				
	Access to data everywhere enables an immersive environment where connected data drives meaningful, personalized engagement in-real time A lack of true interoperability likely prohibits this scenario from occurring in the short-term, yet it would have a significant impact				

Likelihood/impact ● Highest ○ Lowest

INTEROPERABILITY: HYPE OR REALITY?

TODAY



- US regulatory tailwinds support increased interoperability and strengthen data privacy
- Europe has set the stage for increased privacy and data legislation in GDPR, and there are signs US will follow

Likelihood/impact ● Highest ○ Lowest

Potential Scenario	Likelihood in 5–7 Years	Impact If Occurs	Pace of Change
<p>The US moves towards a national patient identifier, significantly increasing the potential for interoperability between incumbent ecosystems Congress blocked an NPI system 20 years ago, citing privacy concerns, which are more relevant today than ever before</p>			
<p>We see increasing interoperability and connectivity due to regulations, data standards (e.g., FHIR), and consistent use of open API platforms ONC has a defined roadmap for interoperability and garnered industry support behind; FHIR continues to be more broadly adopted, as does use of more standard API architecture</p>			
<p>Consumers own their data and can access it and share it with whom they please (e.g., an app of their choice) Consumers are increasingly gaining access to their records in an understandable and portable format; regulatory tailwinds make adoption of GDPR-like regulation in the US more likely</p>			
<p>Technical, privacy, and security issues drive a pull-back in ability and willingness to share and use data. Companies use in-house data to drive decisions, but the anticipated explosion does not occur Healthcare data breaches are increasingly common, but a significant pullback seems unlikely</p>			

IS BIG DATA A BIG DEAL?

INTEGRATED DATA SETS

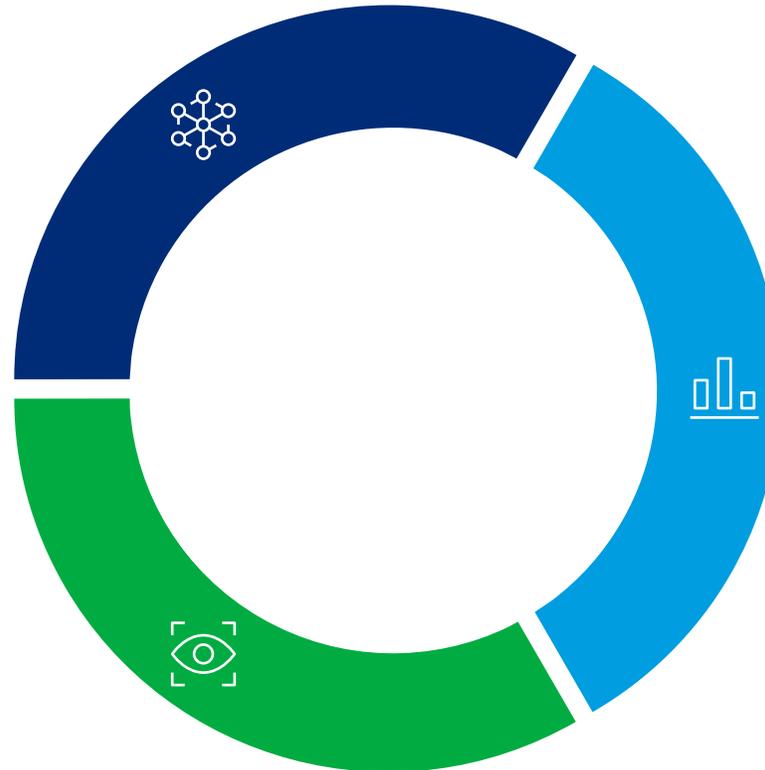
Combines data from various sources (internal departments, external), extracts key info from unstructured data, to support deeper analytics

- **Health** – mines EMR, IoT devices, geolocation data, etc. for more holistic picture of member's health
- **Customer value** – adds third party data (e.g., FICO scores) for better view of customer behavior

PREDICTIVE AND PRESCRIPTIVE ANALYTICS

Utilizes rules, algorithms, and machine learning to determine the probability of an event or situation occurring and suggests decision options in real time

- **Health:** population risk stratification, outcomes predictive modeling, clinical decision support
- **Financial:** Actuarial modeling for risk-based contracting, fraud and abuse
- **Consumer behavior:** personalized recommendations more likely to drive behavioral change



DESCRIPTIVE ANALYTICS

Analyzes historical data to describe what happened and determine why it happened

- **Performance evaluation:** clinical, medication compliance / errors, financial, operational, provider performance, etc.
- **Gaps-in-care alerts**
- **Comparative effectiveness research:** clinical pathways, EBM guidelines, drugs, etc.

BIG PLAYERS AREN'T STANDING STILL

Focus on...

More disruptive to core business

Natural adjacencies

- Moves to grow existing core business value drivers within existing or new geographic markets
- Growth accelerated through acquisitions



Greater relevance and scale for the core

- Investments align with value in the core business, amplifying value creation and capture
- Smaller moves stop short of wholesale reinvention, but can be meaningful



Moving up the value chain

- Big moves to acquire / create new sources of value
- Legacy businesses are at risk (e.g., retail pharmacy)
- Moves into new portions of the healthcare value chain enable new roles and integration across the care continuum



Building a platform

- Outsiders look to extend existing consumer relationships by entering healthcare services
- Aim to grow business by capturing a portion of the ~20% of GDP spent on healthcare
- Success is dependent on network effects



Business model diversification

- Optimize revenue in regulated (e.g., insurance) vs. unregulated (e.g., PBM, services) businesses
- Earn higher multiples on non-insurance businesses
- Grow services to diversify business value over time



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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