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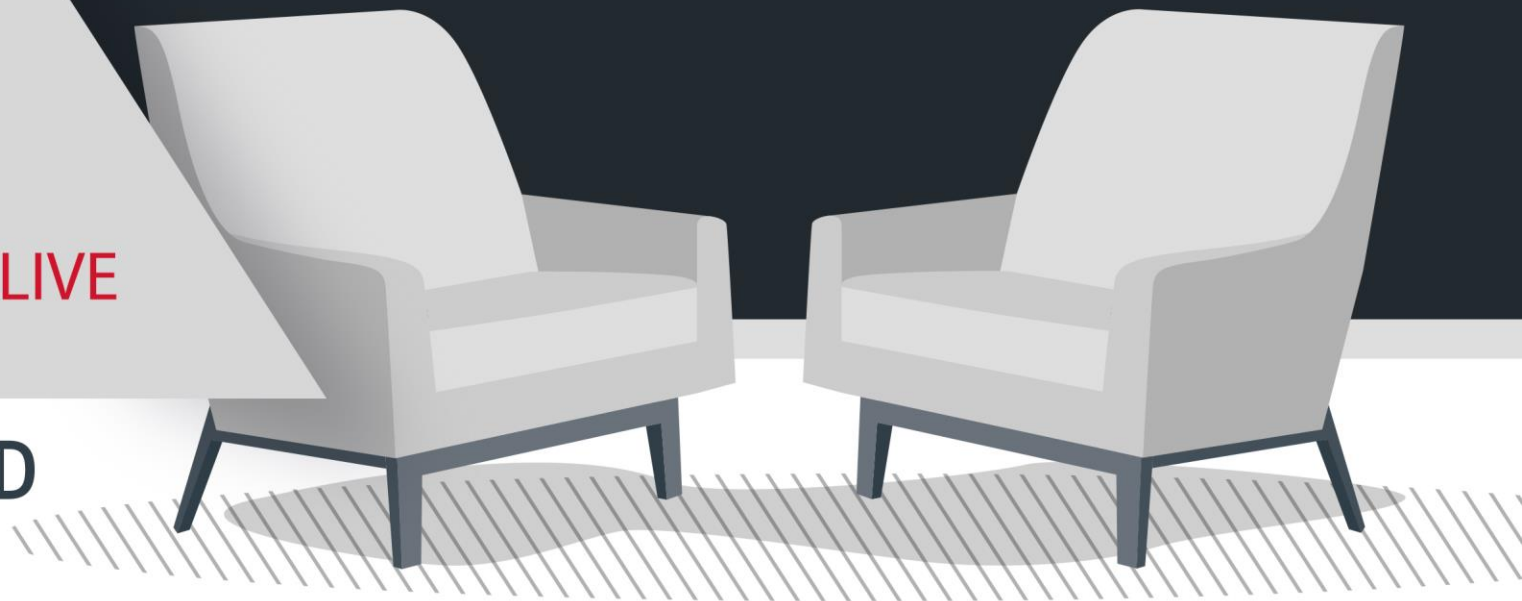
with **ADVISORY BOARD**

TOPIC OF THE WEEK

How health plan identity is evolving

featuring

Sally Kim, Mallory Kirby, and Max Hakanson



Thursdays at 3 p.m. ET

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Managing your audio

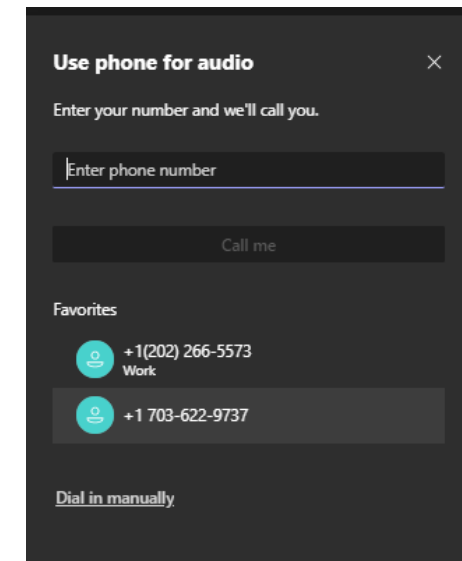
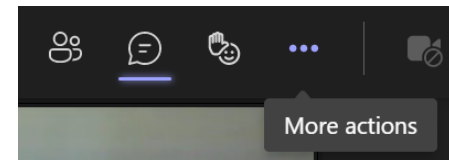
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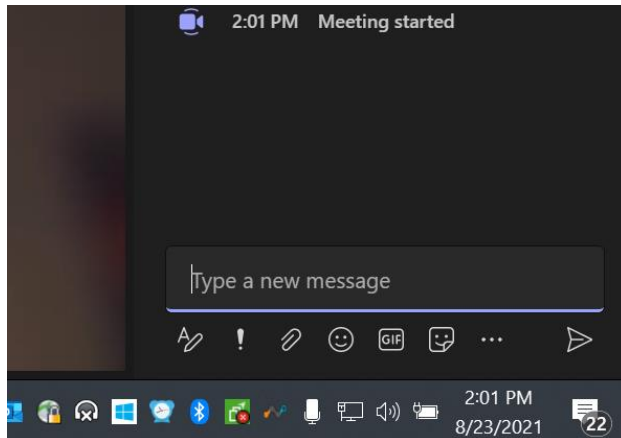
All attendees will be muted during the presentation



Managing the Teams platform

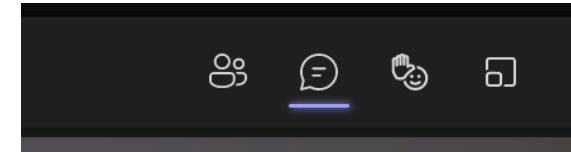
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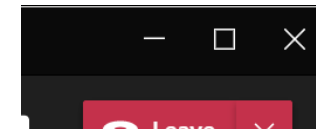


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Use the minimize button at the top-right corner of your screen to minimize the entire MS Teams window.



Webinar Survey



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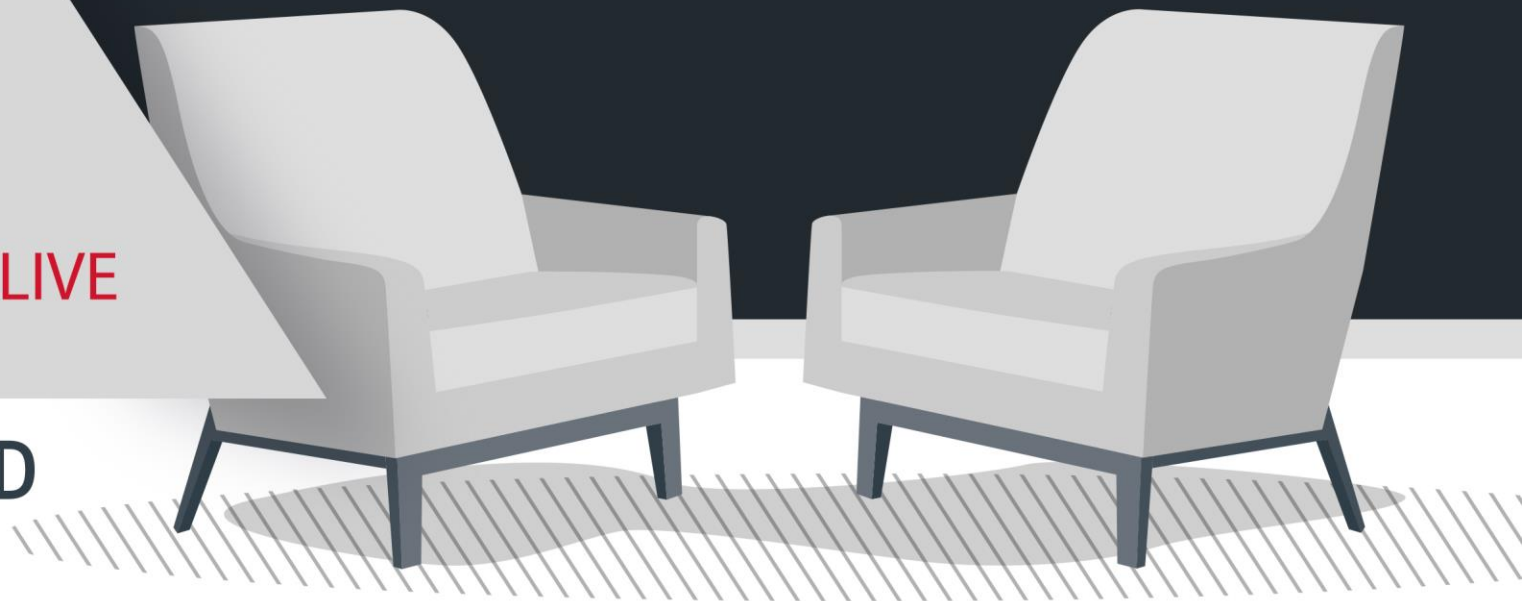
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Today's Research Experts



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Questions for today

July 14, 2022

1. **How are health plans evolving?**
2. What moves are we seeing from the big national plans?
3. How are other plans responding?
4. What does the future hold for health plans?
5. Your questions, answered.

Market forces undermining the financial stability of traditional health plans



Motivations driving health insurers to diversify revenue streams.

- 1 Higher medical costs and shrinking margins**
Supply chain disruptions, workforce shortages, inflation, and utilization uncertainty have all contributed to higher costs and declining margins

- 2 Increased competition**
Large nationals expanding into new markets, disrupter plans, and non-traditional healthcare companies entering the space like Amazon and Walmart

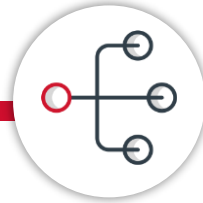
- 3 Shifting purchaser expectations**
Cost remains the greatest factor, but purchasers are increasingly asking for new types of services ranging from tele-behavioral health to maternal health

Goals for diversification



Increase revenue and earnings

- Bypass ACA and MLR caps on insurance profits
- Add new revenue streams to shield against changing healthcare landscape



Create synergies through vertical integration

Align incentives to better enable risk payment, enhance care coordination, improve member outcomes, and reduce medical spend



Rebrand as a trusted partner across the care continuum

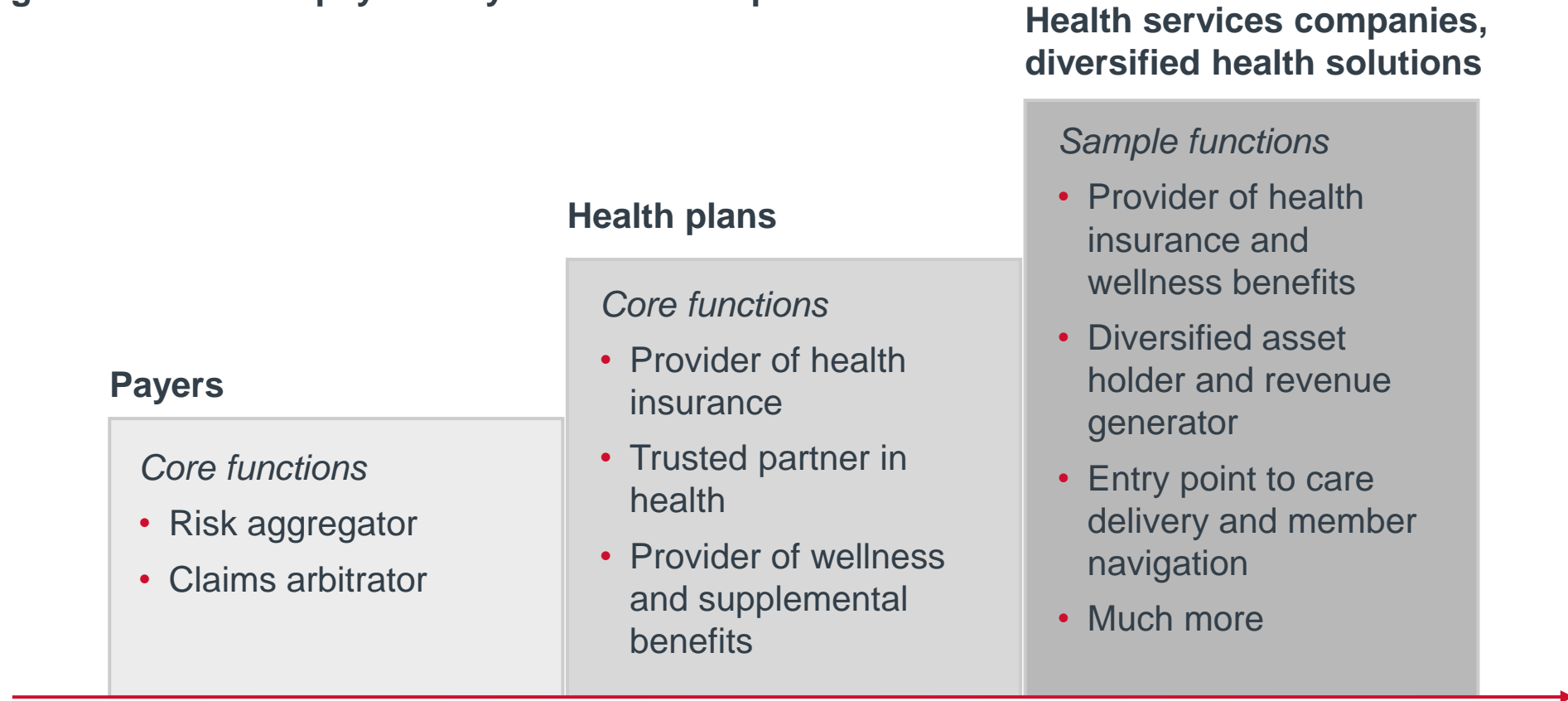


“We continued our transformation from a health benefits company to a **lifetime trusted partner in health**”

Gail Boudreaux, CEO of Anthem

Evolving the health plan identity

Tracking the evolution of payers—by name and scope



Questions for today

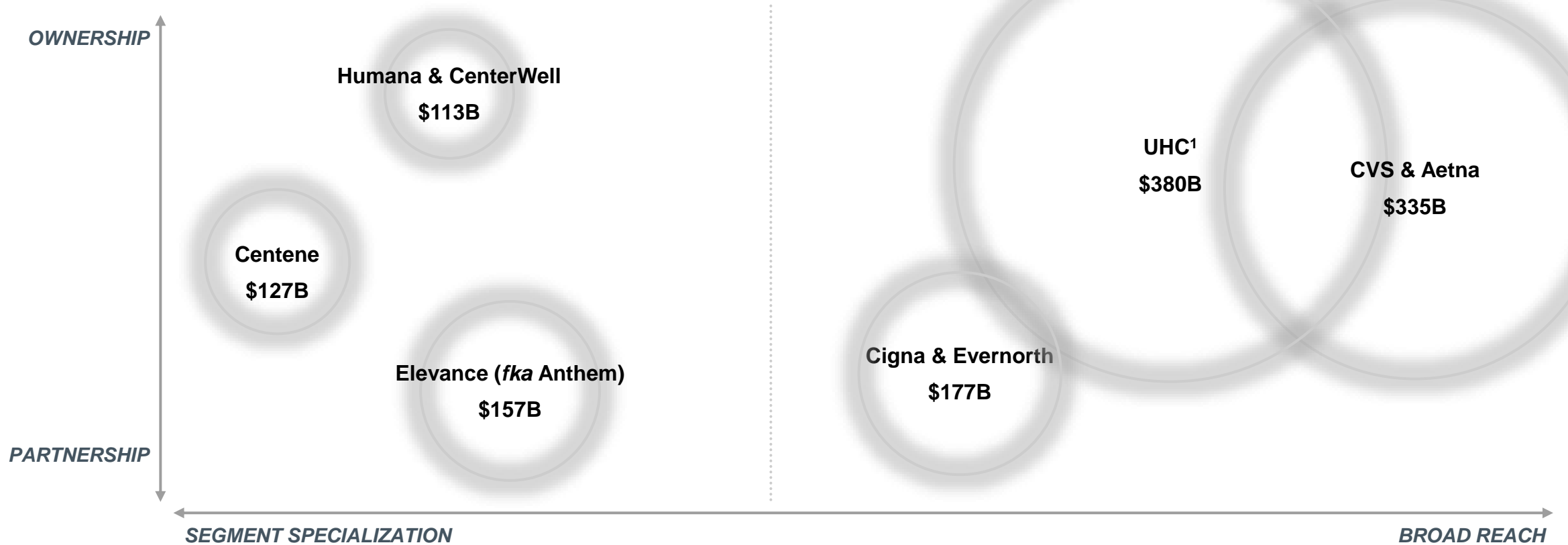
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National plans focus on growth through vertical assets

National health plans' *relative* vertical integration strategies

Size of circle equates to relative scale of revenue



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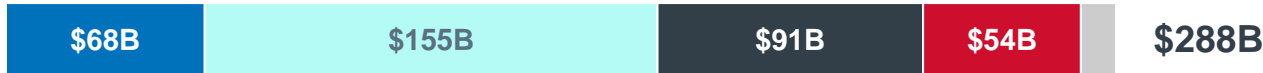
Source: 2021 year-end earnings reports and 10-K filings from \$ANTM, \$CI, \$CNC, \$CVS, \$HUM, and \$UHC.

Health insurance just one piece of the pie for nationals

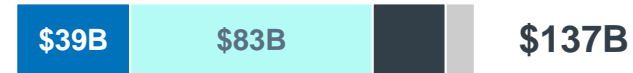
Largest national insurers diversifying their revenue streams beyond traditional insurance

Total revenue in 2021, by segment, in Billions (\$)¹

UnitedHealthcare + Optum²



Elevance (fka Anthem)

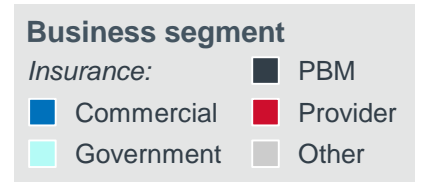


CVS + Aetna³

Includes retail care services



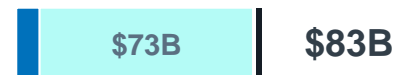
Centene



Cigna + Evernorth



Humana + CenterWell



1. Revenues by segment may not add up to total revenue due to eliminations and rounding
 2. Advisory Board is a subsidiary of Optum, owned by UnitedHealth Group. All Advisory Board research, expert perspectives, and recommendations remain independent.
 3. CVS's 10-K filing does not further break its Aetna insurance business into specific insurance segment revenues.

Source: 2021 year-end earnings reports and 10-K filings from \$ANTM, \$CI, \$CNC, \$CVS, \$HUM, and \$UHC; "Humana's Intriguing \$2.8 Billion, 60% Sale of Kindred's Hospice, Personal Care Assets," Home Health Care News, April 2022; "Anthem relies on flexible partner-not-build strategy in shift to value," Healthcare Dive, February 2022; "Bright Health nabs \$750M capital infusion with help from new investor (and competitor) Cigna," Healthcare Dive, December 2021; "CVS to close 900 drugstores under omnichannel health strategy," Supermarket News, November 2021.

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[POLL] On a scale of 1 to 5, how much does health plan vertical integration/diversification impact **your organization**?

1. Extremely
2. Very
3. Moderately
4. Slightly
5. Not at all

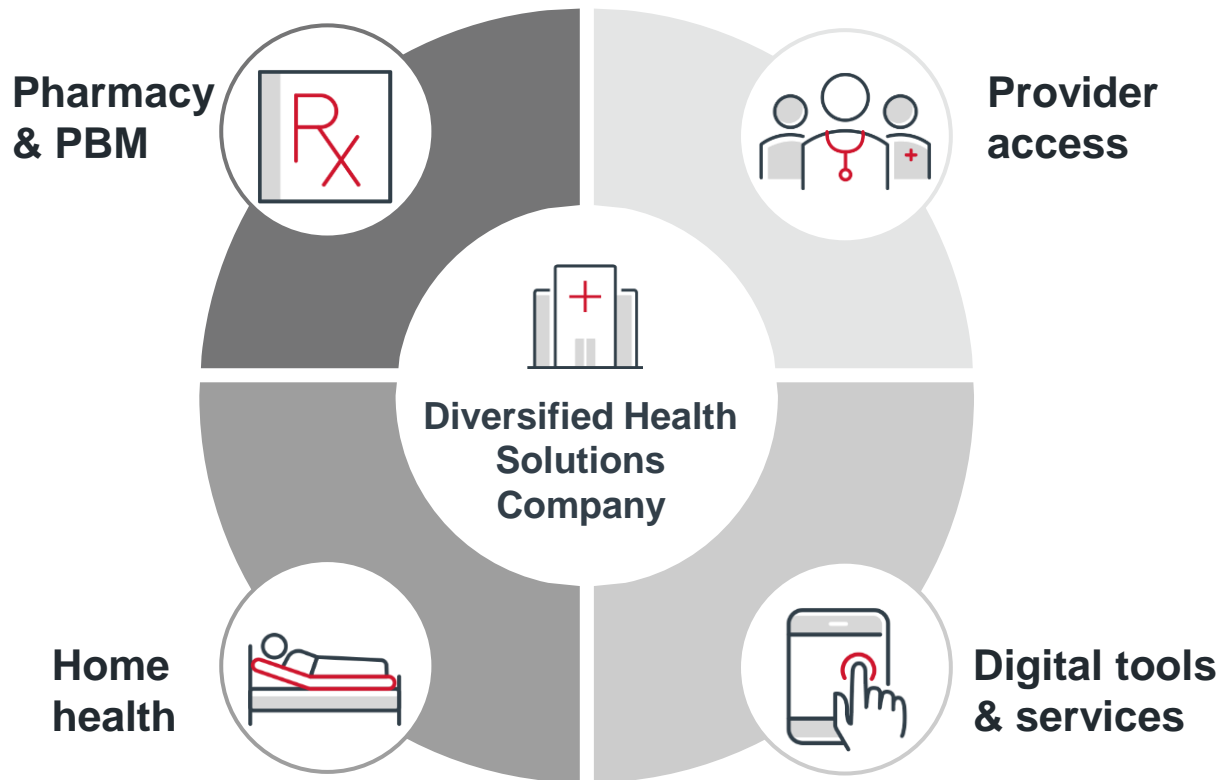
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Health insurers expanding their service offerings and widening their client base

Expanded services health solutions companies can offer



“Making Optum the patients’ “front door” to the brand allows the organization to get in front of the 330 million people in the U.S., compared with the approximately 50 million patients UnitedHealthcare serves today”

ANDREW WITTY
CEO of UnitedHealth Group

”

[POLL] Compared to traditional health insurance companies, do you view **health solutions companies** as...

1. More of a competitor
2. More of a partner
3. Unchanged compared to traditional roles

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