



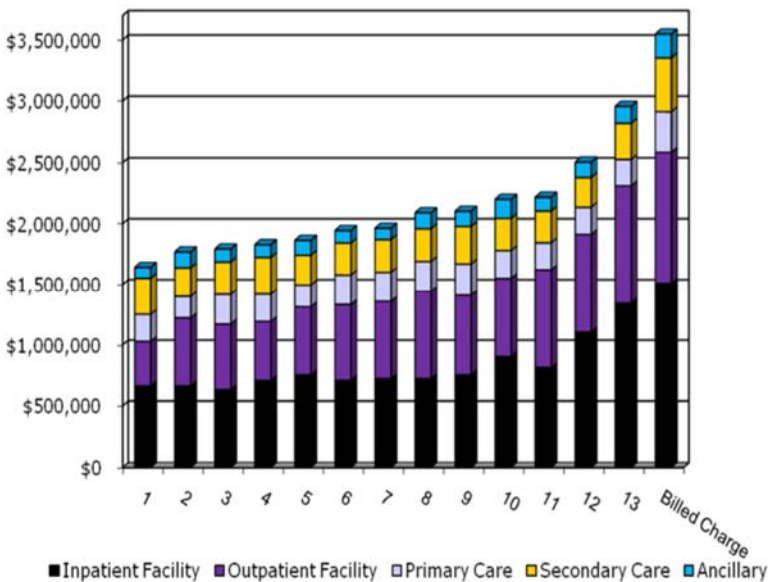
## Custom Provider Network

To date, employers have relied on the same instruments for managing healthcare costs—network discounts, provider access and increasing cost-sharing with employees to mitigate costs. Employers can impact healthcare quality and cost by working with Health West to create a high performing custom network built just for them.

### ADVANTAGE

- Best Pricing
- Directs members to cost effective, quality providers
- Benefits are designed based on savings
- Providers embrace a closer relationship with employers
- Add physicians and facilities as needed
- 14% average cost reduction

This chart shows that not all network discounts are the same:



### Tiered Benefit Structure

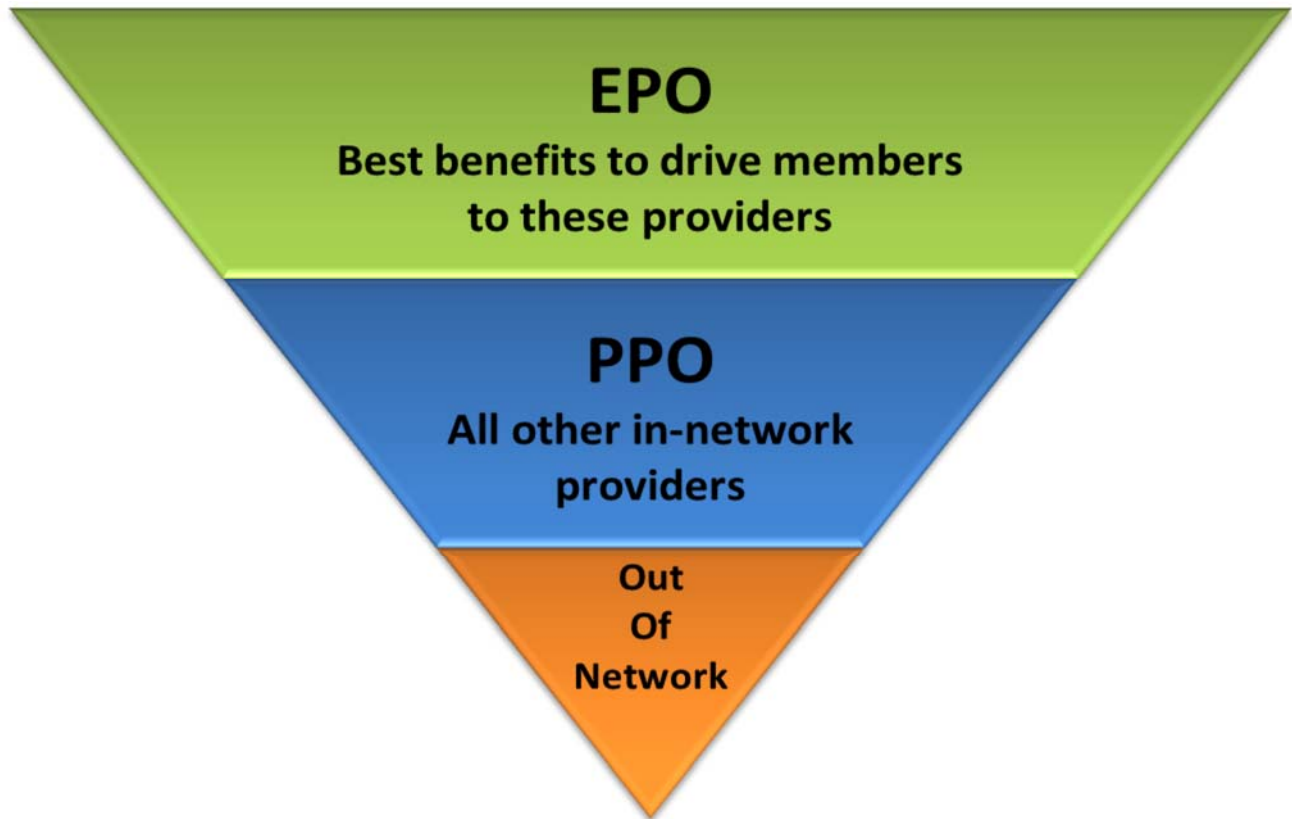
With the custom network process your benefit plan can steer to the best discounted providers through benefit plan design. Your members will still have access to the same providers they are accustomed to using. However, by choosing differently, they can help save the plan money.

Most groups using this strategy have lower deductibles, lower renewal increases and happier employees.

# Benefits and Directing Care

Creating a High Performing Network will save a plan an average of 14% on annual claims costs compared with companies that use an off the shelf PPO Network.

Benefits are designed by tiering the providers to drive members to the best discounts and out-of-network providers are paid at MLR or Reference Based Pricing.



## Types of providers in the EPO Network

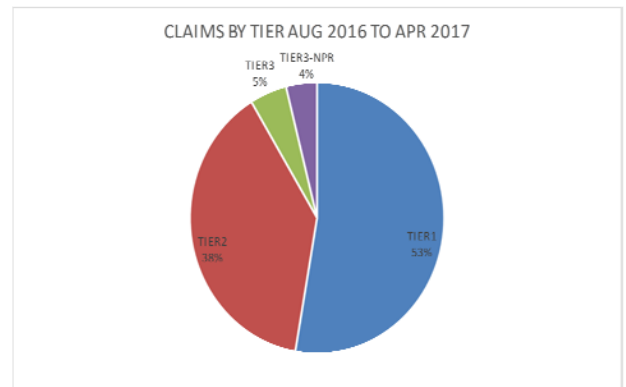
- **Primary Care Physicians** — OB-Gyns, Family Practice, Pediatrician, Internal Medicine, Urgent Care
- **On-site** — or designated Off-site clinic options
- **Laboratory** — including physicians
- **X-ray and Imaging Centers** — including physicians
- **Endoscopy Centers** — including gastroenterologists
- **Surgery Centers**
- **One Hospital Facility** — unless the client has multiple locations
- **One to two referral Hospitals** — if no NICU, ICU or trauma center is available at the designed hospital.
- **Very select set of Specialist Only**

# Network Tiers Analysis

August 2016 thru July 2017

TIERS	# Clms	Billed	Allowed	Plan Paid	Allowed %	Allow/Clm.	Pmt./Clm.
TIER1	5,168	\$6,636,741.65	\$2,887,279.84	\$2,414,281.81	44%	\$558.68	\$467.16
TIER2	3,783	\$4,367,497.01	\$3,474,992.66	\$2,899,762.05	80%	\$918.58	\$766.52
TIER3	461	\$688,656.34	\$552,113.65	\$341,657.27	80%	\$1,197.64	\$741.12
TIER3-NPR	386	\$461,737.93	\$461,737.93	\$424,972.81	100%	\$1,196.21	\$1,100.97
<b>Grand Total</b>	<b>9,798</b>	<b>\$12,154,632.93</b>	<b>\$7,376,124.08</b>	<b>\$6,080,673.94</b>	<b>61%</b>	<b>\$752.82</b>	<b>\$588.19</b>

- Tier 1 claims are **39%** less expensive than Tier 2
- Tier 1 has 1,385 more claims than Tier 2
- Tier 1 claims are \$359.90 less expensive per claim than Tier 2



August 2017 thru October 2017

TIERS	# Clms	Billed	Allowed	Plan Paid	Allowed %	Allow/Clm.	Pmt./Clm.
TIER1	1,197	\$1,539,651.04	\$596,170.06	\$428,943.24	39%	\$498.05	\$358.35
TIER2	974	\$1,394,003.86	\$1,089,042.93	\$936,136.75	78%	\$1,118.11	\$961.13
TIER3	80	\$197,411.15	\$159,431.82	\$80,672.90	81%	\$1,992.90	\$1,008.41
TIER3-NPR	192	\$155,134.52	\$146,596.30	\$119,045.72	94%	\$763.52	\$620.03
<b>Grand Total</b>	<b>2,443</b>	<b>\$3,286,200.57</b>	<b>\$1,991,241.11</b>	<b>\$1,564,798.61</b>	<b>61%</b>	<b>\$815.08</b>	<b>\$640.52</b>

- Tier 1 claims are **55%** less expensive than Tier 2
- Tier 1 has 223 more claims than Tier 2
- Tier 1 claims are \$620.06 less expensive per claim than Tier 2

