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2017 IBI Forum

Transforming Healthcare Delivery in an Evolving, Consumer-Driven, Digital Culture

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\$29 Billion+ Total Market Opportunity

Industry is <1% penetrated with opportunity for long-term, sustainable growth

AMBULATORY CARE

1.25B Annual Visits⁽¹⁾



One-third of visits or ~417M visits
treatable via telehealth⁽²⁾

x

Average \$40 per
telehealth visit⁽³⁾

= \$17B+

BEHAVIORAL HEALTH

168M Annual Visits⁽⁴⁾



80% of visits or ~131M visits
treatable via telehealth⁽²⁾

x

Average \$89 per
telehealth visit⁽⁴⁾

= \$12B+

Total TAM
\$29B+

- (1) According to a 2010 CDC report of annual ambulatory care visits in the United States per year, including those at primary care offices, ER, outpatient clinics and other settings.
- (2) Based on Teladoc's internal estimates and industry data.
- (3) Based on Teladoc estimates for average cost of a telehealth visit (does not include monthly membership fees or premium pricing for products such as dermatology).
- (4) Behavioral Health visits from 2012 Agency for Healthcare Research and Quality report including only outpatient provider offices.

Macro Trends Align with Telehealth Adoption

Continued disruption of traditional healthcare delivery

Connected Consumers



- **80%** of adults younger than 50 own smartphones
- **46%** of consumers considered active digital health adopters - used 3+ digital health tools (e.g., telehealth, wearables)

Demand for Affordable, Accessible Healthcare



- **65M** people live in a *Primary Care Desert*
- **45%** of psychiatrists do not accept insurance
- **40M** Family caregivers

Hospitals: Value-Based Healthcare



- Bi-partisan support for ACO model and population health
- Focus on readmission avoidance
- Less emphasis on fee-for-service

Engagement strategies have to be “surround sound”

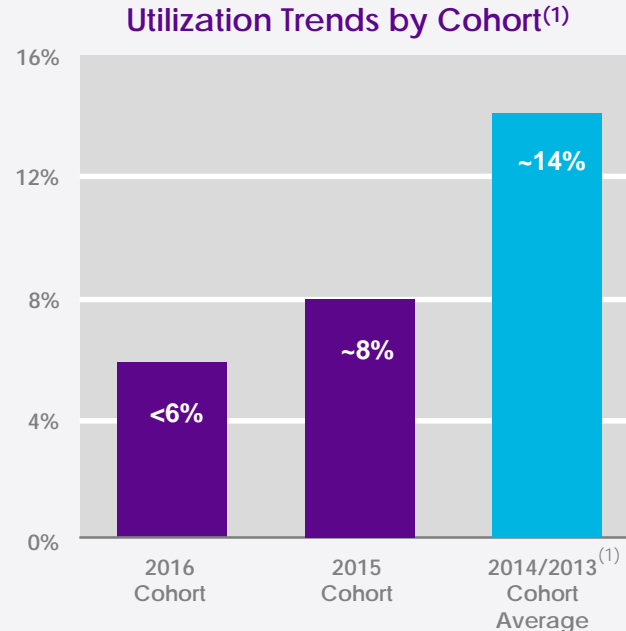


Utilization Builds Over Time

2x+ utilization rate in 2014-2013 “cohorts” versus recently on-boarded 2016 cohort

Embedded Utilization Ramp

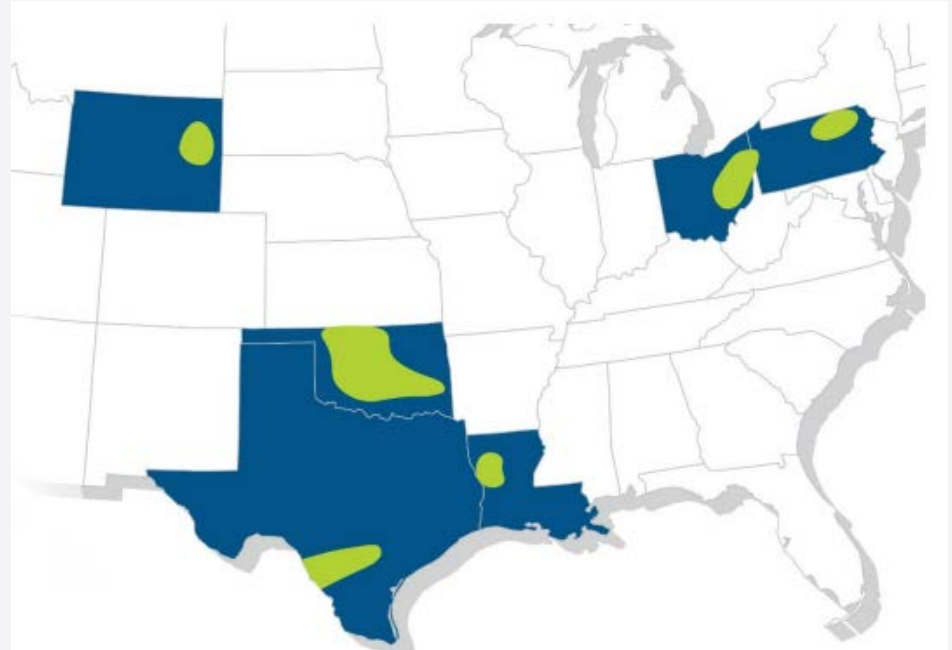
- Up to 100% of Year 1 PEPM fees reinvested in member engagement
- Growing awareness results in continued adoption and growth in utilization in Year 2-3 and beyond



(1) Cohort by fiscal year refers to membership base associated with clients onboarded in given fiscal year. Represents clients with less than 50k lives.

Chesapeake Energy- Background

- 3,300 Employees
- Challenges:
 - Field employees dispersed across US
 - 40% of population in rural areas, many located more than an hour from medical facilities
 - Health plan design:
 - Introduction of HDHP for 2017
 - First year, employer contribution covers the deductible (\$4000 for family)
 - Concern about affordability of doctor visits by field population
 - Concern about access to medical treatment for field employees



Case Study: Situation

Company Description

Chesapeake Energy holds a portfolio of high-quality unconventional assets in top U.S. onshore oil and gas assets. The safety of over 3,300 employees and the delivery of investment results to shareholders are the company's top priorities.

Why Chesapeake Chose Teladoc

- Breadth of providers
- Service to employees
- Pricing
- Access to medical care for rural employees
- Availability after hours and on weekends
- Decrease in ER utilization

Case Study: Success Drivers

Plan Design for 2017

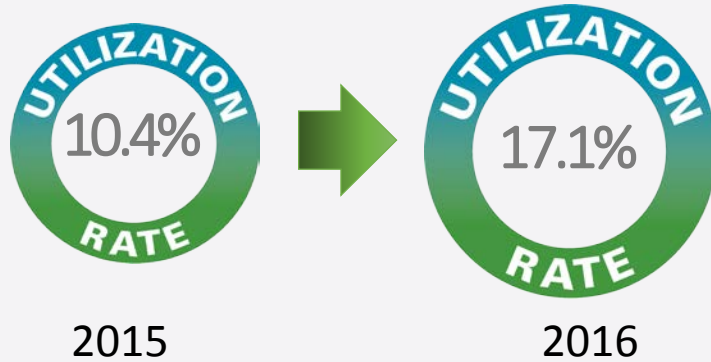
- Consult fee: \$42
- Employee liability per visit:
 - For HDHP Plan: \$42
 - For PPO Plan: \$5

Driving Awareness & Utilization

- √ Targeted campaign to reach employees in remote areas
- √ Focus on decreasing visits to the ER
- √ Postcard & email seasonal campaigns to communicate benefits of Teladoc

Case Study: Results

INCREASED UTILIZATION



Total Activity (including all eligible members as of 3/10/17): 1,411 registrations; 1,173 medical history completions/updates

TOTAL SAVINGS

Total redirection savings

Productivity savings

\$329,130 + \$17,283

\$346,413 Total savings

Case Study: Employee Testimonials

“One night my son had an upset stomach. I considered taking him to the emergency room but called Teladoc instead. The doctor suggested an over the counter medication and plenty of fluids. I’m thankful that I avoided the time and expense of going to the ER.”

I was at work not feeling well but didn’t want to leave work. So I decided to call Teladoc. It was a wonderful experience! The doctor called me back within minutes. I spoke with him for about 15 minutes and he **wrote me a prescription** that I was able to pick up on my way home from work at my pharmacy! It was **very convenient**. Teladoc **saved me money** and I didn’t have to **miss time from work**.

Health plan migration 2015-2017

ACTIVE PLAN	2015	2016	2017
ELIGIBLE	5,323	4,233	3,323
ENROLLMENT	4,961	3,983	3,155
% MALE	70%	71%	70%
AVERAGE AGE	38	38	37
FAMILY SIZE	2.26	2.29	2.45
AVERAGE SALARY	\$96,000	\$87,900	\$94,000
OPT-OUT %	6.8%	5.9%	5.0%
% SINGLE COVERAGE	41%	41%	39%
TENURE Δ	n/a	2.41%	2.81%
TOTAL DEMOGRAPHIC FACTOR Δ	n/a	5.23%	4.22%
MEDICAL ENROLLMENT BY PLAN			

Note: Utilized January 2017 OE file for updated figures

Legend: HRA (Orange), 80/80 (Green), Health Investment Plan (Blue), 70/50 (Purple)

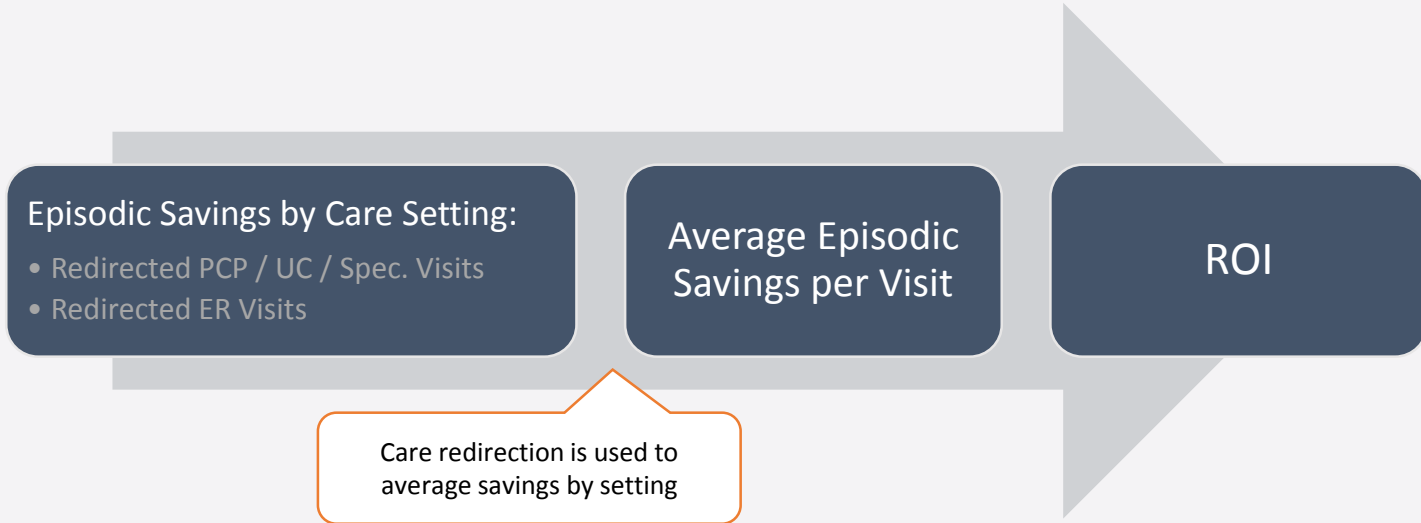
85% of population moved from HRA to HDHP during 2016 Open Enrollment

Chesapeake Energy 2016 Highlights



- **2016: 690 consults** (33.2% increase over 2015)
 - **January 2017:** 75 consults; 31.6% increase over January 2016
 - **February 2017:** 73 consults; 40.4% increase over February 2016
- **2017 YTD PPO:** 29 consults (average 850 primary members); 20.5% annualized utilization
- **2017 YTD HDHP:** 119 consults (average 2,270 primary members); 26.25% annualized utilization

ROI Concept



1. Episodic savings by care setting – Office (includes PCP, Urgent Care & Specialist) or ER – come from third-party consultants:
Veracity Healthcare Analytics, a firm lead by Harvard professor Dr. Nitesh Choudhry
2. Care redirection is the proportion of office vs. ER visits that were avoided. We also consider members that would not have sought treatment.

Research: Analytic Approach

Episode-based Methodology

Teladoc users are matched and compared to physician office or emergency room users

Episode of Care vs. Day 1



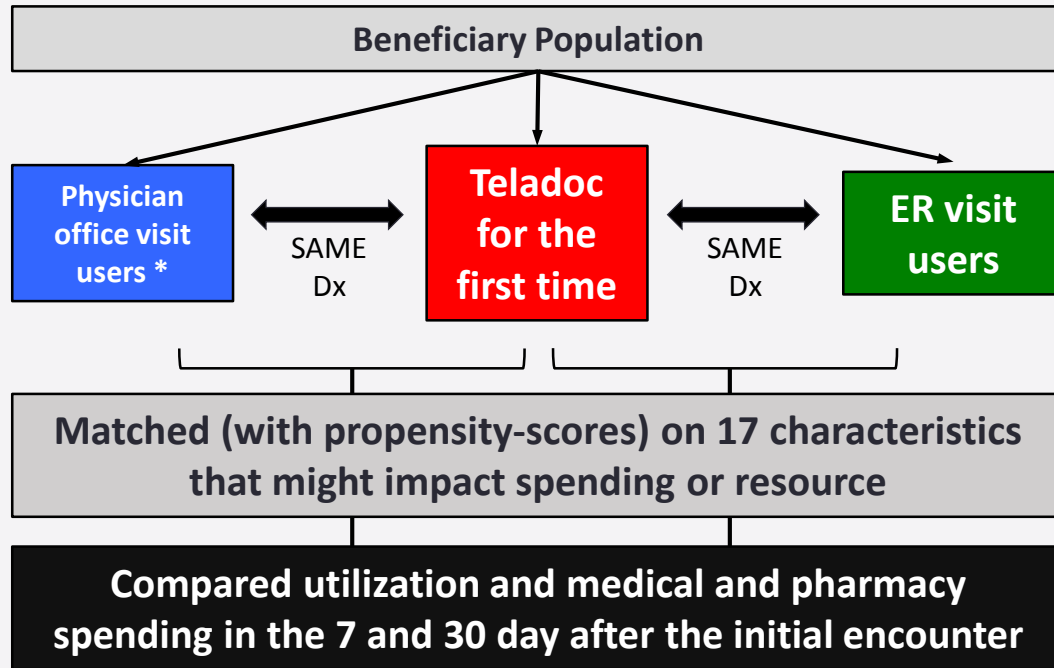
Day 1 costs do not capture downstream consequences of any visit

- Claims data analysis shows significant costs associated with follow-up care
- 30 days represents an “episode of care” and is long enough to estimate the reasonably-related downstream effects

(1) Average daily costs for traditional Office (includes PCP, Urgent Care & Specialist) and ER settings across 4 Veracity studies. Costs include medical, pharmacy and lab.

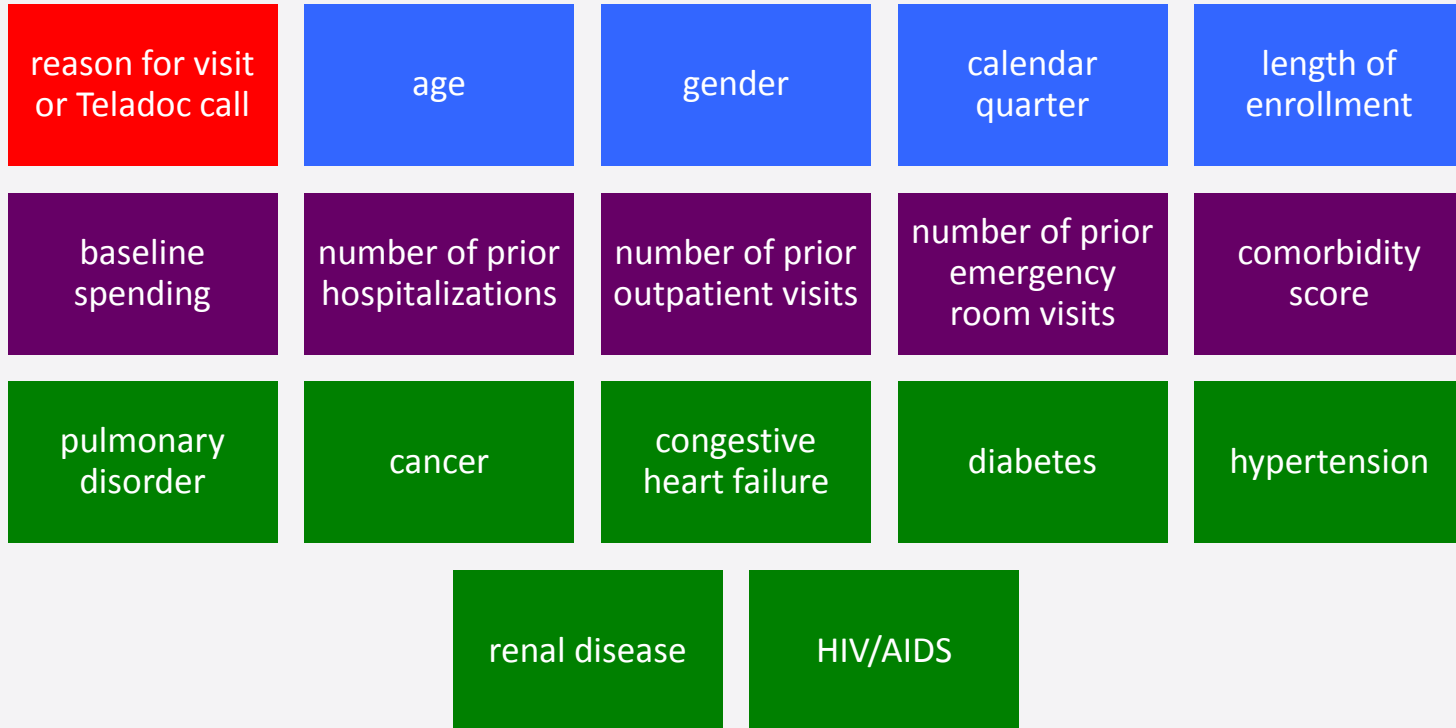
Episode-based Methodology

OBJECTIVE: to compare resource use and spending for individuals who sought care from Teladoc with similar individuals who sought care from other providers



* The office condition refers to any of PCP, UC or Specialist

Matching Characteristics: Teladoc users and controls



2017 Teladoc ROI Calculation

		Matched Users	Episodic Savings	Traditional care setting visit with Teladoc type Dx	Alternate Location	Claims Data Redirection ⁽¹⁾	Blended Savings: Claims Data
COMBINED	PCP / UC / Specialist	12,689	\$141	997,032	PCP / UC / Specialist	71%	\$472
1,832,228	ER	9,300	\$2,561	206,192	ER	15%	
beneficiaries					Do Nothing	14%	

Savings is net of \$45 visit fee

Teladoc’s updated ROI methodology leverages much more data and relies on a more stable, reliable claims data redirection

- 4 analyses from Veracity Healthcare Analytics
- 4 populations studied: 2 national employers & 2 large health plans
- 1.8M beneficiaries / 1.2M *matched on Dx*
- 22K matched pairs of users

(1) “Do Nothing” estimate of 14% is based on historical member reporting across Teladoc’s user base from 2014 through 2016.

Client-Specific Episodic Savings Calculator:



Step 1: Gather Client Claims Data

- 12 months of **your** claims for over 120 common Teladoc diagnoses
- Total costs, visit counts and average age
- Split by care setting (PCP / UC / Spec. vs. emergency room)



Step 2: Estimate Day 1 Costs by Care Setting

- Average claims costs are weighted by diagnosis via Teladoc's database
- This represents **your** average day 1 costs for common telehealth diagnoses in traditional care settings (PCP / UC / Spec. vs. emergency room)



Step 3: Estimate 30 Day Episodic Savings by Care Setting

- Model based projection (PCP / UC / Spec. vs. emergency room)
- Veracity claims analyses of more than 17k matched patients across three large populations

What is an "episode of care"?

What are "episodic savings"?

How does Teladoc make the episodic savings client-specific?



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