

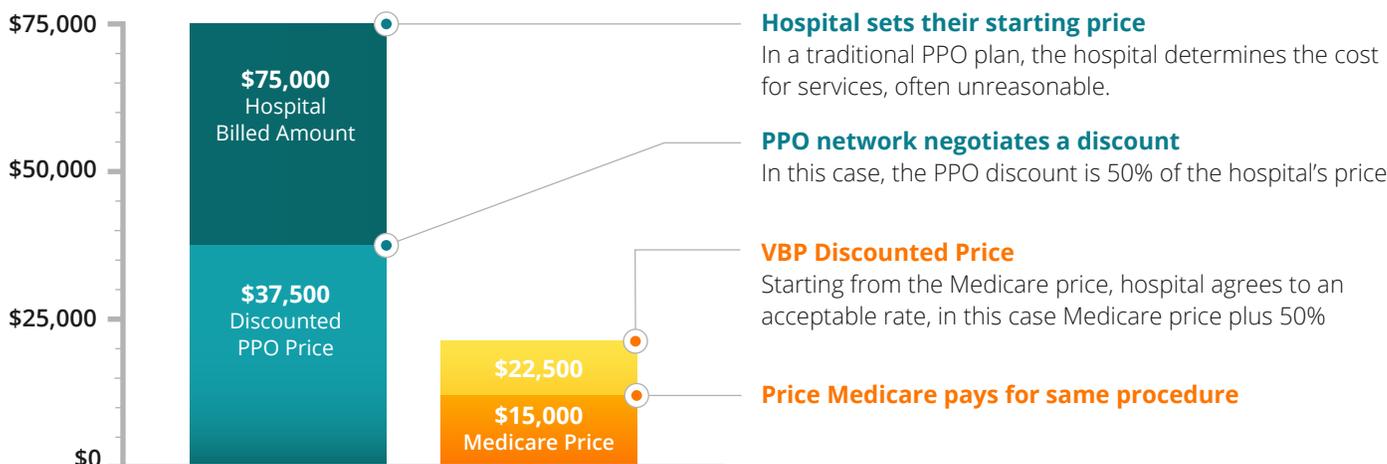
## Who is HMA?

Hawaii Mainland Administrators (HMA) is a full-service Third Party Administrator (TPA) who has been running a Value-Based Pricing program, Precis VBP, since 2011. HMA currently services over 350 employer groups and manages over 200,000 covered members. HMA pays in excess of 330,000 individual claims and over \$225 million in total claim dollars adjudicated annually. All aspects of the Precis VBP program is performed in-house, including claims repricing, case negotiations and advocacy.

## About Value-Based Pricing

Value-Based Pricing delivers transparency in the pricing of major medical services based on economical reimbursement levels. VBP is designed to be fair and reasonable based on various pricing data sets, most notably Medicare. With over 95% of medical facilities across the country accepting Medicare reimbursements, it is the most common pricing structure for medical services in the United States. VBP most notably adds a percentage on top of the Medicare reimbursement, typically 30%-50%, and delivers swift and accurate payments. Precis VBP can save up to 40% when compared to traditional PPO networks.

## Sample VBP Case



Traditional PPO Plan		VBP Health Plan	
Billed Amount:	\$75,000	Medicare Amount:	\$15,000
Discounted Price:	\$37,500	Plan Price (150%):	\$22,500
Total Savings*:	\$37,500	Total Savings*:	\$52,500
% Savings*:	50%	% Savings*:	70%

\*Savings based on full hospital billed amount

### Hospital sets their starting price

In a traditional PPO plan, the hospital determines the cost for services, often unreasonable.

### PPO network negotiates a discount

In this case, the PPO discount is 50% of the hospital's price

### VBP Discounted Price

Starting from the Medicare price, hospital agrees to an acceptable rate, in this case Medicare price plus 50%

### Price Medicare pays for same procedure

### Highly-Rated Alternate Facilities

Unlike traditional PPO health plans that limit hospital access, VBP allows patients the ability to select any hospital or facility they choose by connecting with a HMA Care Navigator to find a provider that will conduct the desired procedure.

## Precis VBP

Precis VBP offers self-insured health plans a defined benefit structure based on economical reimbursement levels designed to be fair and reasonable based on various pricing data sets (Medicare being one of many). Precis VBP allows Employers to set a certain reimbursement dollar amount per procedure based on multiple data points. Many of HMA's health plans incorporate a traditional PPO network for all basic medical services, including physician & specialist visits, labs & x-rays and other ancillary services. Employees see no change in how they seek the most common and routine care.

## About This Report

This Claims Detail Report was presented to a prospect client prior to integrating a VBP strategy. This report primarily showcases the financial savings a VBP plan can deliver. In total, this report determines the exact pricing for nearly 30,000 claims based on the groups actual claims billed and claims paid from 3/1/2017 through 2/28/2018.

HMA established the Medicare reimbursement for each claim and applied a 1.5 factor (150% of Medicare) adjustment to all inpatient and outpatient services. All Physician claims were repriced at 125% of Medicare. The "VBP Discount" percentage outlined in the analysis section is the discount off of billed charges that resulted from the repricing of both facility and physician claims respectively.

### Billed Claims Breakdown (Actual)

Service Type	% of Claims	% of Dollars	Total Billed
Outpatient:	34.3%	38.4%	\$4,046,647
Inpatient:	3.4%	27.5%	\$2,890,230
Physician:	62.3%	34.1%	\$3,582,066
<b>Totals:</b>	100%	100%	\$10,518,943
<b>Total Paid Claims:</b>			<b>\$5,568,874</b>

### Value-Based Pricing Analysis

Service Type	VBP Discount	Repriced Claims
Outpatient:	61.53%	\$1,556,683
Inpatient:	57.30%	\$1,234,021
Physician:	60.67%	\$1,408,881
<b>Totals:</b>	60.08%	<b>\$4,199,586</b>

## Total VBP Analysis Overview

Total Claims (Billed): \$10,518,943  
 Total Claims (Paid): \$ 5,568,874

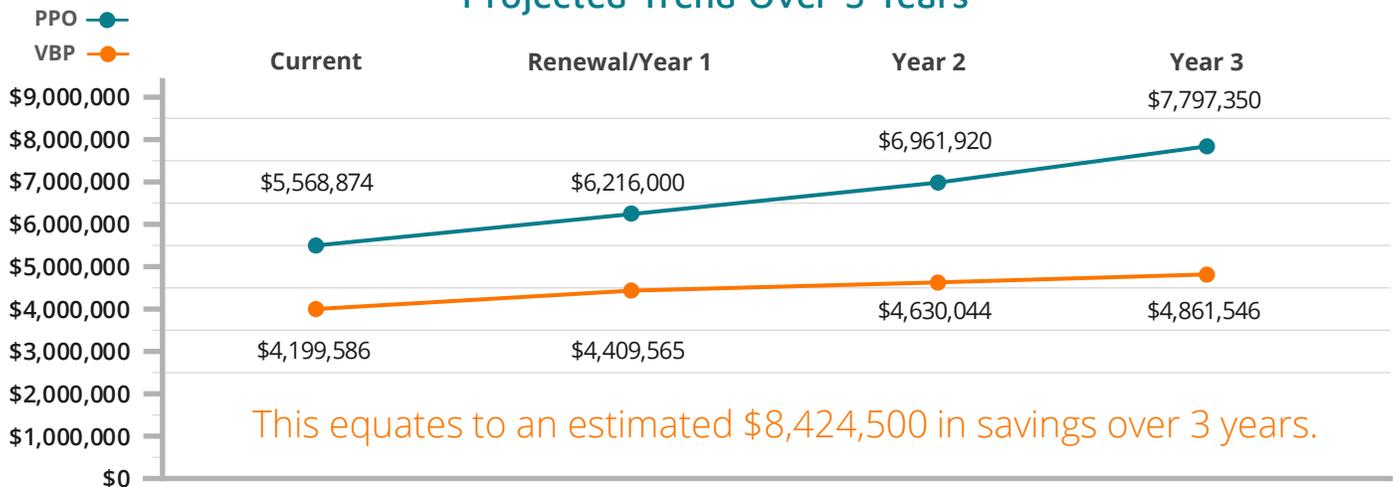
**VBP Repriced Claims: \$ 4,199,586**  
**VBP Discount (Billed): 60.08%**  
**VBP Savings (Paid): \$ 1,350,414**  
**VBP Discount (Paid): 24.33%**

### VBP Delivers Immediate Savings

With a Value-Based Pricing plan, Employers can reduce claim cost from 15-30% for the same high-quality health benefits in the first year.

VBP allows Employers to offer the best possible coverage at the lowest possible price.

## Projected Trend Over 3 Years



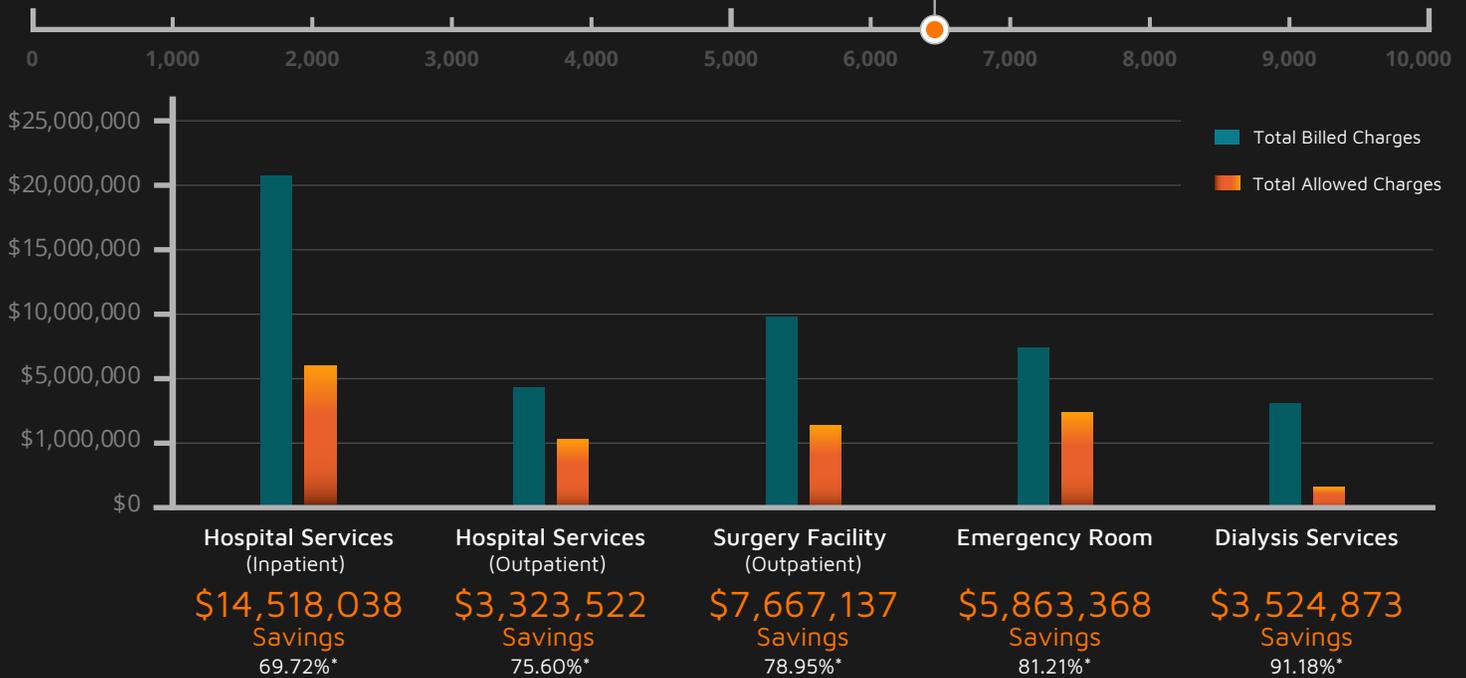
Estimated trend of current plan costs at 12% and VBP trend at 5% compounded each year. Current PPO trend projected at 8%, CDHP trend at 8.6%, pharmacy trend at 13.9% and specialty pharmacy trend in excess of 20% (Source: USI Insurance 2017 Spring Healthcare Claim Trend Survey) Illustration above uses a blended 12% trend. Medicare trend from 2010 to 2016 was 1.3% (Source: Kaiser Family Foundation)

# Precis VBP Infographic Overview

Statistics are based on HMA's total VBP Claims administered throughout 2017



Total Claims: 6,494



\* Average discount percentage based on billed charges

Service Type	Billed Charges	Allowed Charges	Average Discount %
Ambulance (Air, Ground & Non-Emergent)	\$468,324	\$146,295	68.78%
Chemotherapy	\$1,099,704	\$257,800	76.56%
Hospital Services (Inpatient)	\$20,822,125	\$6,304,087	69.72%
Hospital Services (Outpatient)	\$4,396,375	\$1,072,853	75.60%
Hospital Surgery Facility	\$9,711,638	\$2,044,501	78.95%
Mental Health (Inpatient & Outpatient)	\$373,693	\$214,687	42.74%
Radiology (CT, PET, MRI &MRA)	\$396,860	\$59,068	85.12%
Radiology (Oncology Radiation)	\$266,237	\$71,947	72.98%

## Average Allowed Charges (Per Service)



■ Average Billed Charge (Per Service)  
■ Average Allowed Charge (Per Service)  
■ Average Difference in Charges (Per Service)

## Total Allowed Charges



■ Total Billed Charges  
■ Total Allowed Charges  
■ Difference in Charges

## Average Discount % (Off Billed Charges)



■ Total Billed Charges  
■ % Discount Off Billed Charges