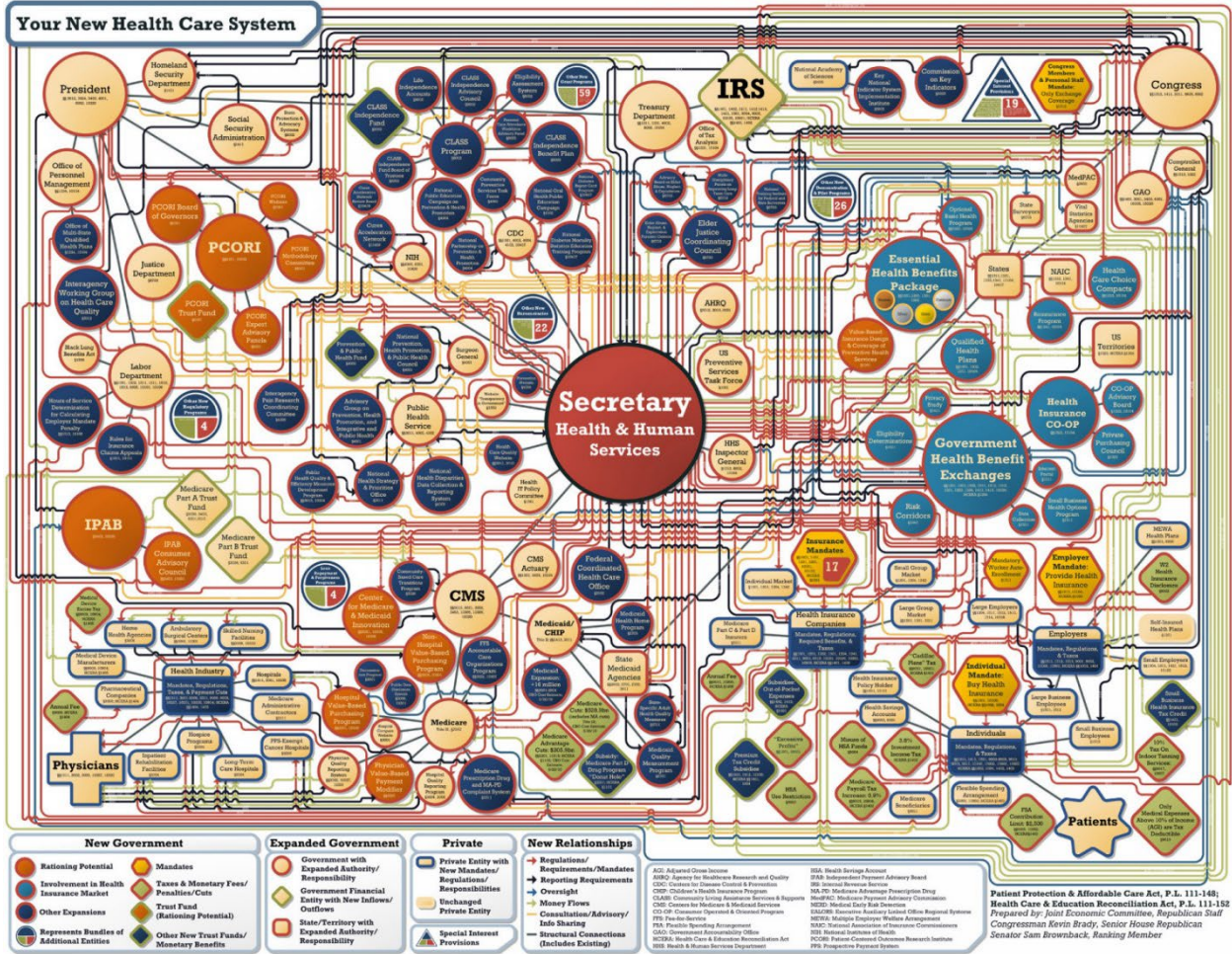


Medical Insurance Is Hard to Understand by Design



Our Way is Better!

By: Dr. John McCormick, CEO

With Ovation Health, we cut through the insurance red tape and work directly with YOUR doctors, health care facilities, pharmacies, and other medical providers to bring concierge medical service to every member of your organization.

In an article by Levey (2022), he related that 100 million Americans are in medical debt. In the following pages, Ovation Health addresses six things to know from the article.

“100 million Americans have healthcare debt, report says”

Ovation Health’s response to the NPR report shows why our plan is better.

More than 100 million Americans, including 41 percent of adults, have medical or dental debt, according to Levey (2022) in a June 16 report published by NPR and Kaiser Health News.

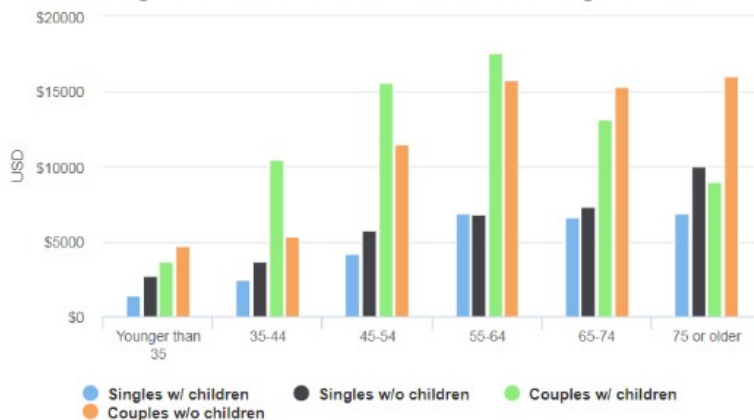
The report draws on a nationwide poll conducted by the Kaiser Family Foundation and highlights six things to know:

1. Fifty-six percent of Americans with debt owe \$2,500 or less. Twenty-four percent owe \$5,000 or more.

Most medical debt incurred for insured people comes from poor plan design. Most of the “affordable” plans in the market have high deductibles combined with co-insurance of 20 percent to as much as 40 percent, which means that in addition to the member having to pay a high premium for coverage, they also must have substantial savings in the event they need medical care. Porretta (2022) research has shown that most Americans live paycheck to paycheck, and single people under 44 have less than \$5,000 in savings. The average goes up to \$8,863 when every age group and demographic is considered. Those amounts barely match the average deductible reported in 2020 for individuals at \$4,364 and \$8,439 for families, leaving the member on the hook for co-insurance, which can be thousands of additional dollars with out-of-pocket (OOP) maximums ranging from \$8,150 to \$16,300. And deductibles and OOP continue to rise.

Savings varies widely by household type and age

The average household has \$8,863 tucked in a savings account



Ovation Health offers a Platinum level plan with \$0 deductible and \$0 co-insurance at the same rate or less than many other major medical plans charge for their silver or gold plan. Better plan at a better price! Removing the deductible and co-insurance reduces our members’ exposure to medical debt.

2. Seventy-two percent said their debt comes from a one-time bill or short-term medical expense, such as a single hospital stay or treatment for an accident.

According to research conducted by (Pollitz et al., 2020), 41 percent of insured persons in America have received a surprise medical bill, and 19 percent received it due to being “out-of-network” when they received their care. Conversely, less than 2 percent of Ovation Health members experience any surprise medical bill. So how can Ovation Health achieve much better results than the national average?

Our success is achieved in three significant ways. First, Ovation Health has an open-access network. Open access means members are not subject to higher bills just because they went to a physician or facility that was not currently under contract. Second, our Reference Based Pricing (RBP) model means that members seeking services with non-contracted physicians or facilities have the cost of their care negotiated and set before services are rendered. These one-time agreements bind the physicians and facilities to the agreed rate, which is paid by contract and known in advance by all parties. The RBP model, which Ovation Health has used since 2016, provides transparent costs for services placing Ovation Health well ahead of legacy carriers for compliance with the 2022 No Surprise Act law, which requires pricing to be disclosed to members in advance of services. Finally, no plan or member can anticipate a medical emergency. When our members seek emergency care, our team begins to work directly with the facility as soon as we know of the emergent event. Often, our immediate action results in Ovation Health being able to secure the care within the plan rate parameters, which means no surprise bill.

For the 2 percent of the time that Ovation Health cannot secure a prior agreement or work collaboratively with a facility in an emergency, our care team steps between the provider/facility and member and works through the mediation process directly. Ovation Health can do this because, unlike other plans that outsource advocacy, Ovation Health has in-house Care Coordinators, Patient Advocates, and Attorneys who specialize in our medical plans to assist our members at every step of the surprise bill process. Our advocacy resulted in over 10 million dollars in savings for our members from 2019 to 2021, and we are on track for this level of savings for 2022. For example, in April 2022, the advocacy team saved 460K for our employer groups.

3. Seventy-nine percent of those with debt said they skipped or delayed care or medications due to cost. Forty-nine percent of those without debt said they skipped or delayed care or medications.

When care is skipped or delayed, a medical crisis in the form of hospitalizations, generally through emergency room admissions, results. When this happens, plans engage in the most expensive form of health care delivery for the member and the plan. As a result, use and abuse of the emergency room is one of the driving factors for insurance rate increases year to year. All of this can be avoided by improving the plan design and being proactive at the front end of the health care model. Additionally, the cost of medications is out of control; Ovation Health uses innovative techniques to reduce these costs and get members their needed medications.

Ovation Health creates a medical home for the members that promotes and facilitates members in seeking the routine care they need to avoid getting into a crisis scenario. Our model eliminates barriers to 85 percent of a member's core medical needs. In addition, members are incentivized to seek care early and prevent predictable medical emergencies with either a \$0 copay for primary care, behavioral health, and specialist or a low \$25 copay for these same services. No barrier access means an early engagement for care for 75 percent or more of our members and a reduction of hospitalizations of over 50 percent. Since hospitalizations are the highest driver cost of health care, less admissions mean lower insurance rates under the Ovation Health plan.

According to Langreth (2020), the average cost of prescription drugs per year per person is \$1,200. So that's \$100 per month! No wonder members fail to fill their prescriptions and delay care. At Ovation Health, the average prescription drug cost per member is less than \$25 per month. The cost reduction is all about plan design and implementation. Instead of a plan that attempts to control pharmacy costs through a restrictive formulary that can get in the way of delivering quality health care, Ovation Health uses a direct prescription cost model. The direct model allows the plan administrator to immediately identify members seeking expensive medications and facilitate those members to receive the required medicines and the best possible price. Mechanisms include sourcing the drug internationally, using one of the plan's partnerships with 340B clinics, or capitalizing on contracted compounding and mail-order pharmacies that can produce and ship the medication to the member at significant savings.

4. Forty-seven percent of those with debt said a collection agency had contacted them in the last five years.

According to Shultz et al. (2022), medical debt is perhaps Americans' most significant financial burden. For example, in March 2022, the Consumer Financial Protection Bureau (CFPB) reported that \$88 billion in medical debt was recorded on customer credit records as of June 2021. In fact, medical debt accounted for 58 percent of third-party debt collections. Where the aggressiveness of medical debt collection varies by state, some states have implemented consumer protection laws to help protect individuals from predatory debt collectors. However, predatory debt collection is rampant in states like New York, where hospitals can put liens on your home for debt as low as \$1,800 and garnish wages directly. During the height of the COVID pandemic, New York Hospitals sued 4000 patients over ten months for medical debt. After being called out in the national media, the hospital system has reduced lawsuits by 59 percent and promised to cease the practice altogether. Unfortunately, where public pressure worked in this case, aggressive collections for medical debt are still the norm across America.

At Ovation Health, we take immediate action when a member notifies our team that they have received a bill from a facility or a call from a collection agency. However, we have learned that there are cases where billing departments send invoices directly to members when the facility has not ever filed a claim. In addition, in some cases, bills are referred to collections before the member is even notified that a bill is due. Whatever the case, our care team springs into action to resolve the surprise bill and prevent the bill from being reported on the members' credit. Utilizing the numerous tools available under the law, our team acts as the

mediation agent on behalf of the member. Thereby working to eliminate, reduce or redirect the charges through the appropriate payment mechanism. For the 2 percent of the Ovation Health population that have received surprise bills, we have had 100 percent success in resolving these charges and preventing credit agency reporting.

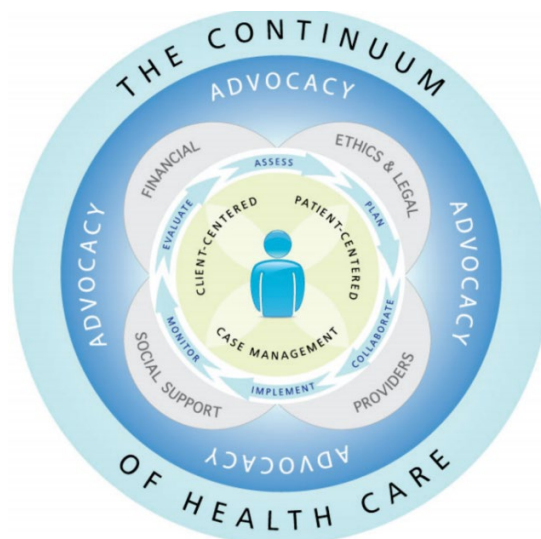
5. Twenty-one percent of those with debt said they have a payment plan with a medical provider.

Entering into a payment agreement with a medical provider is a mistake made by many people who are victims of the confusion surrounding the medical system. Individuals feel pressured to enter into these agreements to avoid reporting to credit agencies or because they “feel” like they may owe a bill based on the provider’s charges.

Part of the Ovation Health member onboarding process is to educate members NEVER to enter into a payment arrangement and inform our care team immediately when any bill is received. As noted above, all our care team members have an extensive background in working with providers to resolve billing concerns.

6. Sixty-eight percent of adults in households earning less than \$40,000 had healthcare debt in the last five years, compared with 57 percent earning between \$40,000 and \$89,999 and 45 percent earning \$90,000 or more.

As evidenced in item 6, health care debt is not limited by economic status. However, as expected, the income level statistically impacts the percentage of people with medical debt. Ovation Health’s position is that regardless of socio-economic status, no one should suffer the burden of medical debt due to poor plan designs, lack of member education, and lack of real advocacy.



How does Ovation Health look in action?
Summary Case Studies

Case 1: Member diagnosed with breast cancer which presented as bilateral abnormalities in both breasts and abnormalities attached to the axillary lymph nodes. Masses ranged from 11mm to 16mm. The recommendation was to begin radiation treatments to treat cancer before it compromised the lymphatic system and perform a double mastectomy when the course of treatment would allow.

Actions:

1. In coordination with the attending physician, the care team accessed the MD Anderson Cancer Center protocols to create a treatment plan. MD Anderson is rated as one of the nation's top hospitals for cancer treatment and makes publicly available their treatment protocols.
2. Agreements were put in place to secure care with oncologists, surgeons, and centers of excellence known by Ovation Health for delivering high-quality care at fair rates.
3. Care began on February 3, 2018, and continued through December 4, 2020, when the member's cancer was diagnosed as in remission.
4. The member has ongoing care and evaluations to ensure no new cancer is discovered.

Cost:

1. Had care been sought through a legacy carrier cancer center, the estimated cost of care would have easily exceeded \$1,500,000.00.
2. The total charges for the member's care from the identification of cancer to date have been \$912,262.73.
3. Based on the agreements put in place by Ovation Health, total payments made by the plan have been **\$108,821.64**, representing a direct **saving** to the employer group of **\$803,441.09**.

Summary:

By taking proactive steps in the member's medical journey and actively monitoring this critical case while securing contracts favorable to the attending physician, facility, employer, and most importantly, the member. Ovation Health delivered a high-quality medical experience for the member without creating a financial crisis for the member or the employer group.

Case 2: In a case similar to the one above and where the member's treatment is still ongoing, the difference is that cancer had already invaded the member's lymphatic system at the time of the diagnosis—the immediate actions taken were the same. However, since their cancer was more advanced, the cost of care has been higher. (Care began May 5, 2020 – Ongoing)

Cost:

1. Had care been sought through a legacy carrier cancer center, the estimated cost of care, to date, would have easily exceeded \$2,500,000.00.

2. The total charges for the member's care from the identification of cancer to date have been \$1,763,480.27.
3. Based on the agreements put in place by Ovation Health, total payments made by the plan have been **\$433,225.17**, representing a direct saving to the employer group of **\$1,330,225.10**.
4. However, since every employer group is required to have stop-loss coverage and the coverage provided through Ovation Health begins at \$50,000.00, beyond that, coverage is unlimited. As a result, even though the \$50,000.00 employer liability resets each year, the employers' stop-loss coverage picked up \$312,444.61, leaving the plan (employer group) only paying **\$120,780.56** to date.

Summary:

Again, by taking proactive steps in the member's medical journey and actively monitoring this critical case while securing contracts favorable to the attending physician, facility, employer, and most importantly, the member. Ovation Health delivered a high-quality medical experience for the member without creating a financial crisis for the member or the employer group.

Where managed cases spanning over a year demonstrate Ovation Health's ability to create a medical home environment that provides quality care over the long term. The single case management we engage in daily results in routine savings for our employer groups and members.

Case 3: Due to medical complications, the member needed a Hysterectomy performed.

Actions:

1. In coordination with the attending physician, the care team worked through the authorization of the surgery.
2. Agreements were established to secure the care with the surgeons and centers of excellence known by Ovation Health for delivering high-quality care at fair rates.
3. Surgery was conducted on February 1, 2022, and the member was discharged from the hospital in good health on February 3, 2022.

Cost:

1. The total charge for the member's surgery was \$100,443.00.
2. Based on the agreements made by Ovation Health, the plan made total payments of **\$8,552.14**, representing a direct **saving** to the employer group of **\$91,890.86**.

Summary:

The deep understanding of the Ovation Health team of the medical system space consistently allows them to secure great care at great rates. The difference between Ovation Health and other carriers is that what we do is 100% transparent.

Case 4: Member presented with Gallbladder stones leading to surgery that required the removal of the Gallbladder.

Actions:

1. In coordination with the attending physician, the care team worked through the authorization of the surgery.
2. Agreements were established to secure the care with the surgeons and centers of excellence known by Ovation Health for delivering high-quality care at fair rates.
3. Surgery was conducted on November 9, 2021, and the member was discharged from the hospital in good health on November 11, 2021.

Cost:

1. The total charge for the member's surgery was \$118,318.00.
2. Based on the agreements made by Ovation Health, the plan made total payments of **\$8,885.51**, representing a direct **saving** to the employer group of **\$109,432.49**.

Summary:

Where most authorizations and transactions do not represent numbers, this high these cases were selected to demonstrate the scale of saving Ovation Health can achieve. Ovation Health routinely saves 50 to 75 percent more than the legacy carriers. For example, the average cost of standard non-complex delivery in America can range from \$10,726.00 to \$12,520.00. At Ovation Health, we secure global maternity rates (which means everything is included – no surprise bill) from \$3,800.00 to \$5,600.00 based on delivery location. Ovation Health achieves these types of savings on every transaction.

All the savings in the world do not mean anything unless it directly translates to better plan premiums for the employer and member.

Case 5: An employer group that started with Ovation Health in 2015 has just renewed its plan for the seventh year. Over the seven years, the plan has been managed; the rate has increased just once and then only by \$15.00 per employee. When the group started with Ovation Health, it had just over 50 employees; it now has almost 200 and continues to grow. This group is in one of the highest risk groups that is currently being surcharged by legacy carriers and underwriters 15 to 20 percent more than other groups in other professions of similar size. If this group were to seek coverage from a legacy carrier, the rate per employee for a plan like the one they currently enjoy with Ovation Health would cost at least \$700.00 and might range up to \$1,000.00 per employee. These numbers are based on the legacy carrier quotes we have received for other groups of the same type. So, what does this group pay per employee for Platinum Level care? **Only \$420.00 per employee!** That is a minimum saving of \$56,000.00 a month or \$672,000.00 a year. Based on the growth curve of the company by using Ovation Health, they have saved an estimated \$3,497,000.00 over seven years. By saving this kind of money on health care, the company has been able to grow at a much faster rate as employee retention is great and capital can be directed toward expansion.

To top it off, the company has over \$300,000.00 in its trust account, protecting itself from catastrophic events and received a \$65,000.00 refund on renewal this year.

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