

R-Health Presentation- Follow-Ups

What is the average term of your contracting arrangements with employers and what options are included in the contracts that would allow the employer to exit the arrangement if the employer does not believe it is working- i.e. is there a guaranteed ROI within a certain time period?

- We typically propose an initial contract term of 3 years. It takes time to experience the ROI of the advanced primary care model. It is not uncommon for costs to go up slightly in the first year as members increase their healthcare engagement, particularly getting their chronic conditions under better control. Costs typically begin to trend downward in years 2 and 3 of the program. In addition, we need a minimum 3-year commitment from the employer to justify the upfront capital investment that R-Health makes in building out and launching the practices.

Were there specific regulatory challenges faced by NJ in setting this up?

- New Jersey law is very limiting in terms of onsite dispensing of medications by physicians. In other states where R-Health operates, we have a much broader range of medications we are able to prescribe and dispense onsite.

Does your model use Nurse Practitioners to help spread cost?

- Yes, we do have practices where we use NPs to extend the care provided by our physicians. However, in New Jersey the State wanted a physician-only model.

What are your thoughts on a specific approach to inform and engage plan members to participate in R-Health?

- It is imperative to have a strong partnership with the State to build awareness and engagement with the program. The exact plan to outreach and engage with plan members will be determined early on in the implementation process, but will likely consist of many of the following elements:
 - Creation of an Employee Advisory Council to develop employee ambassadors
 - Ongoing co-branded mailings from R-Health and the State to increase awareness with employees and their dependents
 - Ongoing co-branded e-mails from R-Health and the State
 - Regular access to State worksites for tabling and educational sessions to promote the program
 - Information included in all benefit materials and new hire packets
 - Information featured prominently on the State's benefit website
 - Inclusion in open enrollment events

Mason Renier indicated that he did not anticipate taking the same start up approach that he took in New Jersey. What approach would R-Health take in regards to the initial capital outlay to set up the providers?

- R-Health would provide the initial capital outlay to set up the providers. In exchange, we would request a minimum guarantee of 500 members per physician for 3 years.