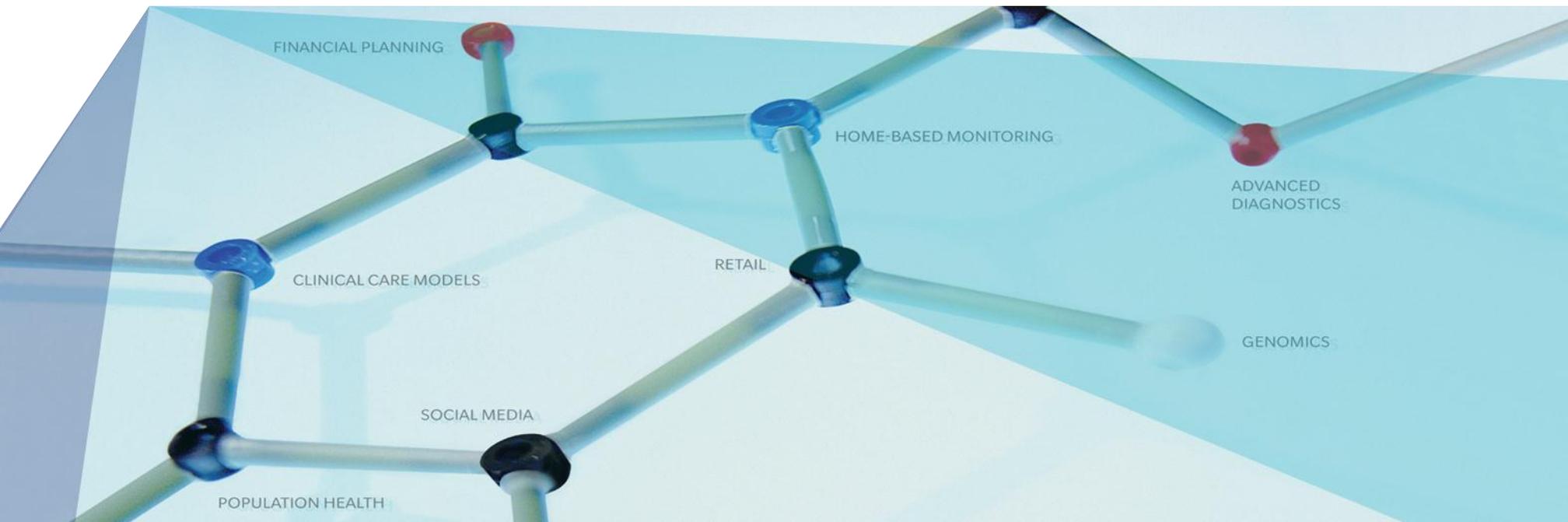


EXECUTIVE SUMMARY

CONVERGENCE: CONSUMER AND PATIENT-CENTERED BUSINESS DESIGNS

OCTOBER 2013 IDEATION SESSION



Nearly 100 leaders from 78 companies across 9 sectors discussed how healthcare is changing and how companies – and the industry – must respond

Health plans

- Aetna
- BCBS Arkansas
- Assurant
- Blue Shield California
- BCBS Illinois
- BCBS Kansas City
- BCBS Louisiana
- BCBS South Carolina
- BCBS North Carolina
- CIGNA
- Emblem Health
- HCSC
- Humana
- Independent Health
- Lincoln Financial Group
- Medica
- Premera Blue Cross
- Providence
- USAA
- WellPoint

Provider

- Advocate Health Care
- Buffalo Medical Group
- Cornerstone
- Covenant Health
- GBU/AHN
- Genesys PHO
- Hartford Healthcare
- HealthLoop
- Heritage Provider Network
- Iora Health
- Mount Sinai
- OSF HealthCare
- Providence Health
- Sodexo
- Southcentral Foundation
- Springfield Clinic
- Teladoc
- Texas Health Resources
- Vanguard Health Systems

Consumer health/tech enablement

- Cambia Health Solutions
- Connected Health
- Digital Benefit Advisors
- Greatist
- IncentOne
- iTriage
- Jawbone
- Liaison
- Motive Medical Intelligence
- Wello
- WellTok
- Zest Health

Associations/government/other

- American Academy of Physician Assistants
- HC Wisdom
- HICCup
- IE Singapore
- Lippincott
- Maddock Douglas

Retail grocery/pharmacy/wellness

- Planet Fitness
- Rite Aid
- Zipongo

Population health enablement

- Medocity
- Optum

Health management/coaching

- Alere
- EosHealth
- Eliza
- Health Dialog
- Magellan

Genomics/advanced diagnostics/pharma

- ConcerroScientific
- Genomind
- GSK
- Hudson Alpha
- Merck

Capital markets

- 7wire Ventures
- Abundant Venture Partners
- Avia
- Interwest Partners
- TripleTree
- The Vistria Group

The premise: Three waves of change in healthcare are giving birth to a new marketplace focused on value and driven by competition

WAVE 1

PATIENT-CENTERED CARE
2010-2016



In Wave 1, healthcare moves toward patient-centered, value-based care. Reimbursement is for **value** created, not services provided. The **health team expands** to include health coaches, nutritionists, and other non-traditional members.

WAVE 2

CONSUMER ENGAGEMENT
2014-2020



In Wave 2, consumers vote with their healthcare dollars for the care that gives them the best value. There is a focus on **consumer engagement** – involving people in their own health. With the help of technology, healthcare moves toward an “**anywhere/anytime**” model.” Consumer expectations rise.

WAVE 3

SCIENCE OF PREVENTION
2018-2025



In Wave 3, with a **consumer health and wellness market** at last in place, expect to see new products and services that use technology and new scientific insight to prevent diseases through informed personalized precision treatments creating a new **science of prevention**.



“The future healthcare market will be characterized by compelling consumer experiences and rapid innovation. We’re seeing this already.”

– Howard Lapsley, Oliver Wyman

We believe that a consumer-centric, value-based healthcare marketplace can produce stunning results

20% total cost reduction

5.5% trend reduction

25% consumer value improvement

\$7 trillion of cost reduction over ten years

\$1 trillion of value migration

1,000X the diffusion rate

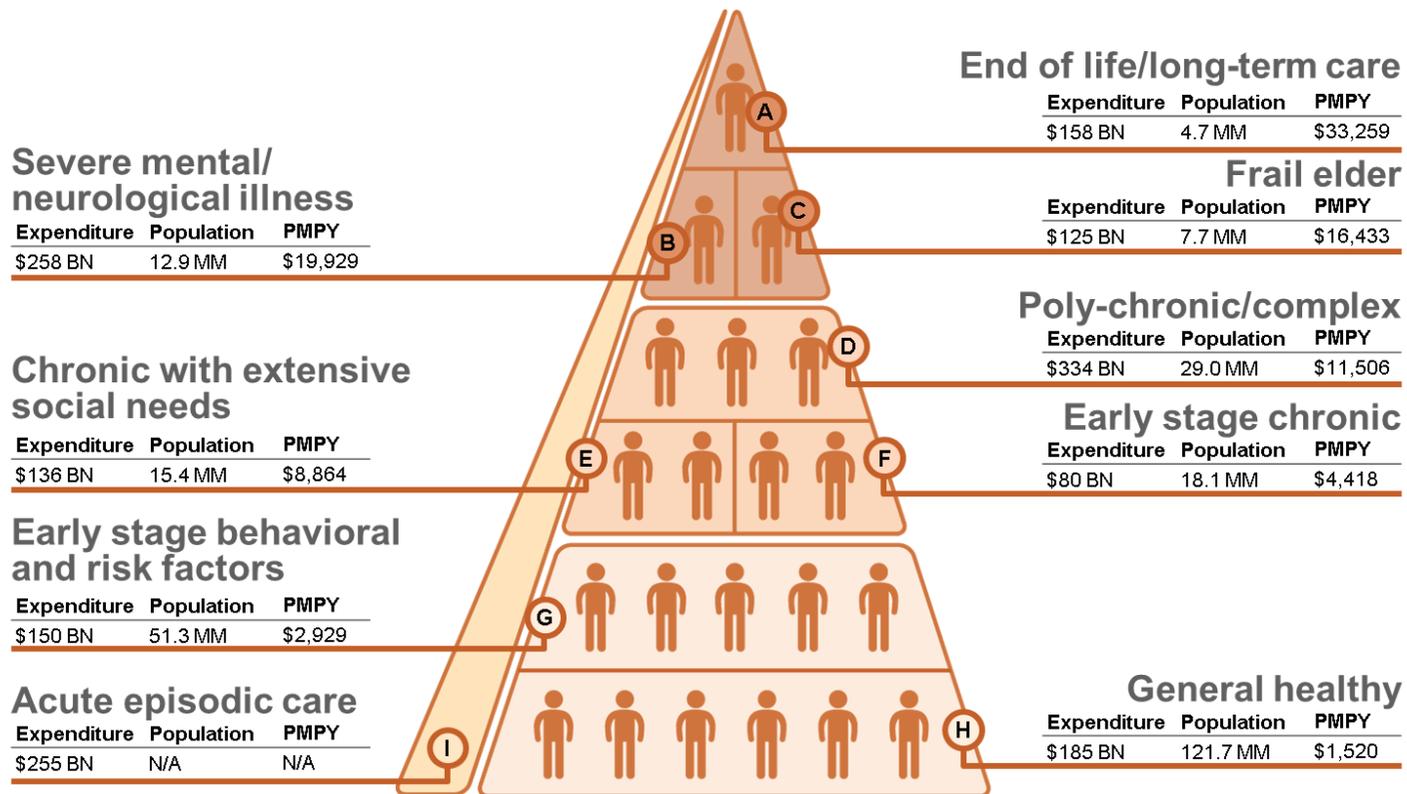


“Our job is not to save money in healthcare. Our job isn’t even to improve people’s health. Our job is to improve people’s lives. Improve their lives, you improve their health.”

– Rushika Fernandopulle, Iora Health

To navigate, healthcare professionals need to understand the distribution of costs – and how to keep more people from climbing up the pyramid

Population Health Pyramid



Note: Data excludes the uninsured and VA populations, year = 2012.
Source: Oliver Wyman analysis, Kaiser, CMS, Census Bureau, CDC,



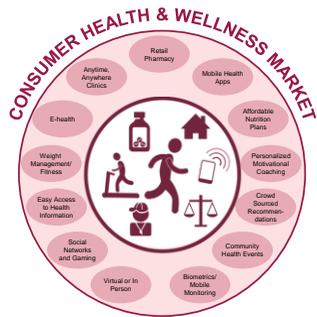
“If we could flatten the shape of the population pyramid we could take \$5 trillion of cost out of healthcare in ten years.”

– Tom Main, Oliver Wyman

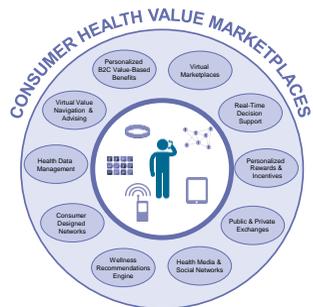
This session focused on three major movements that will bring the new healthcare marketplace to maturity



Rise of patient-centered population health management



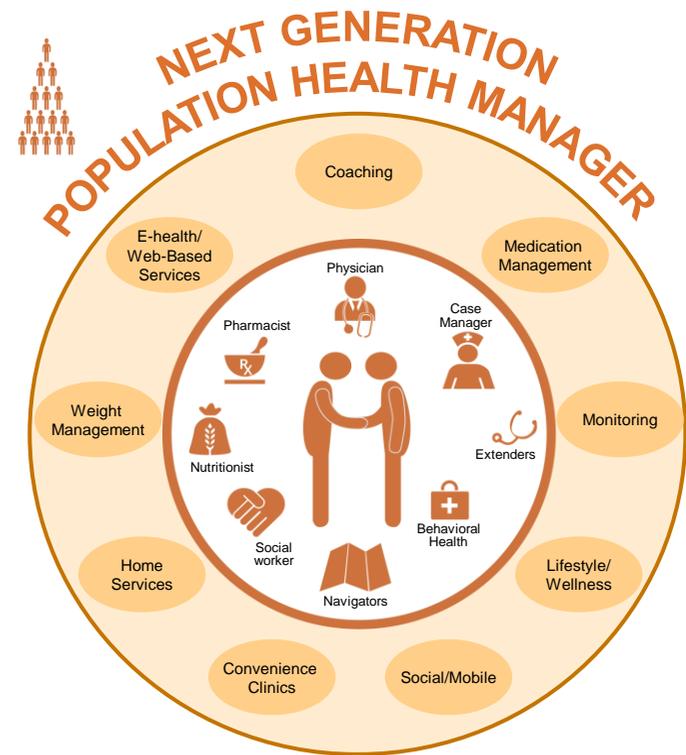
Social and cultural shift – consumer healthy living is cool



Creation of new consumer value marketplaces

Patient-centered population health will redefine the care delivery model and the patient experience

- New generation of players redefine care delivery and patient experience around total value
- Coordinated care becomes the new standard, and the new integrated healthcare team includes not just doctors and nurses but health and life coaches, home monitoring services, social workers, Web- and phone-based advices, and more
- New care models address not just diseases but behavioral and social factors. Specialized population “ecosystems” arise to better care for patients with shared needs
- Robust information and decision tools support the care team – and the patients
- New profit levers emerge
- New leadership playbook is required



Source: Oliver Wyman



“We created a mission and vision focusing on our community’s physical, mental, emotional, and spiritual wellness.”

– Dr. Katherine Gottlieb, Southcentral Foundation

Patients will enjoy a new level of personalized, holistic service – completely resetting value expectations

Holistic, integrated care

Care teams are designed around individual consumers, bridging physical and psychosocial

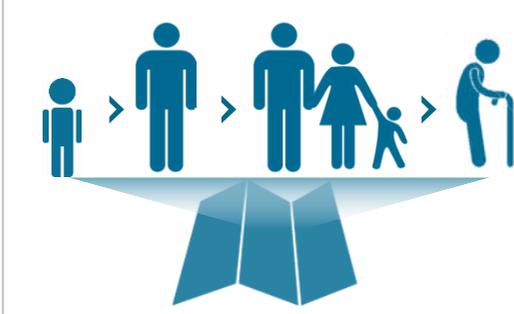


A circular diagram with a central figure of a person. Surrounding the figure are icons for various roles: Physician, Pharmacist, Case manager, Extenders, Behavioral health, Navigators, Social worker, and Nutritionist.

- Complex adaptive patient centered teams
- Holistic and integrated health, diet, stress, fitness, behavioral
- Focused on enabling positive behavior change

Highly personalized “whole life” care

Personal lifetime health management plans, to prevent problems early



A diagram showing a sequence of human figures representing different stages of life: a child, an adult, a family, and an elderly person with a cane. Below them is a large blue arrow pointing right, labeled "Personal Lifetime Health Plan".

Predictive and preventative medicine

Personalized diagnostics and EBM reducing variation and boosting outcomes



An illustration of a doctor and a patient sitting at a desk, looking at a computer screen together.

Given your particular history, clinical best practices predict a very positive prognosis

New levels of connectedness

Connect with care team members anytime/anywhere through multiple means



An illustration of a hand holding a smartphone with a doctor's icon on the screen.

- Easy access to medical history
- Virtual visits with care team
- Biometric feedback
- Health reminders
- Health social networks
- Check symptoms
- And more

Help finding best value points of care

PHMs take the hassle out of finding the highest quality/lowest cost points of care



An illustration of a woman talking on a mobile phone.

“I’m sorry to hear about your husband’s accident. So that you can focus on him, I’ve already identified the best value rehab center and sent the necessary forms...”

PHMs as ‘consumer tech companies’

Major integration of virtual health tools, creating a seamless experience



A diagram showing various digital health tools: a smartphone, a tablet, a computer monitor with a doctor on a video call, a Wi-Fi symbol, and a network of nodes.

- Social networks
- Biometric devices
- Remote monitoring
- Virtual health
- Predictive technology
- Personalized EBM, etc.

Today's patient-centered care innovators proved there's no shortage of groundbreaking ideas; the real question is closing the adoption diffusion gap



“Healthcare needs a mixed manufacturing and service model. To reduce costs, we use manufacturing models. To please customers, we use service models.”

AVIA – Ted Meisel



“Engaging patients is about choice architecture. If you make it easy for docs and patients, and it's in their interest, they'll do it.”

HEALTHLOOP
Follow Up is the Best Medicine® – Dr. Jordan Slain



“With health coaches, you don't need to be a nurse. The only prior skill you need is empathy. You can't teach that. We can train the rest.”

iorahealth – Dr. Rushika Fernandopulle



“When someone isn't feeling well, he/she needs to be coached *right* at that moment of impact.”

eoshealth™ – Glen Tullman

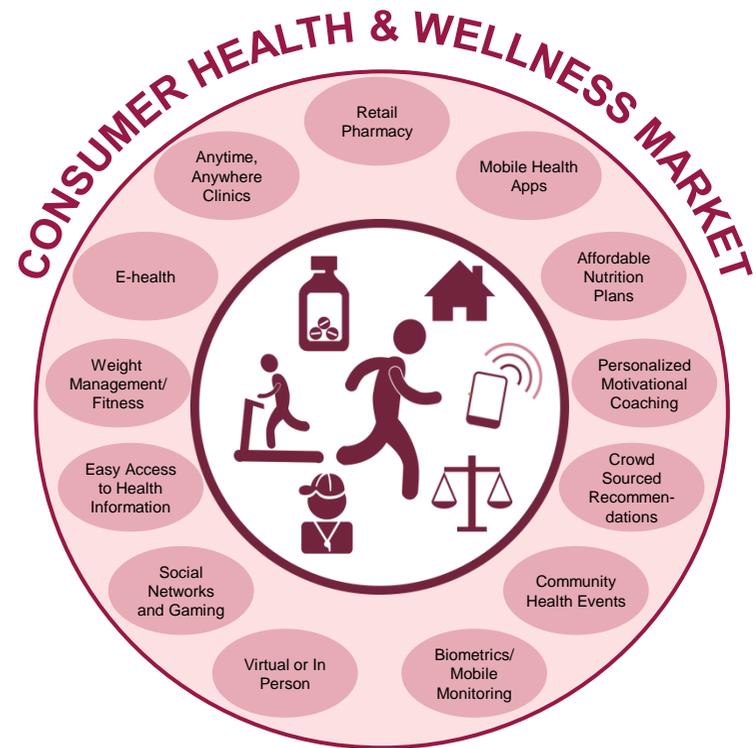


“We bring the physician to the consumer wherever they are. Turns out this is pretty revolutionary.”

Teladoc – Jason Gorevic

Healthy living will become a reality as businesses delight consumers through magnetic products/services and a completely reframed experience

- As consumers expectations rise, convenient, personalized, community-based, smartphone-delivered, intuitive solutions help consumers engage in their own health
- Capital markets and players from adjacent industries see vast opportunity, fueling innovation
- Incumbents get wake up call and start building bridges to the consumer market, merging the discretionary and benefit markets
- New retail and consumer tech entrants redefine consumer experience and rules of engagement
- Traditional B2C consumer health players begin reshaping models for health plans and PHMs
- Battle for front-end consumer relationship



Source: Oliver Wyman



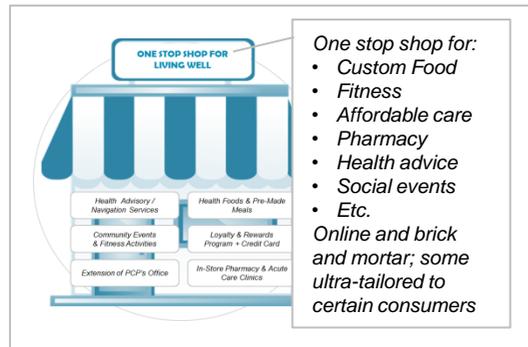
“If I were to ask you what is the healthy living consumer brand, I bet nearly no one could answer that question.”

– Derek Flanzraich, Greatist

Consumers will engage in their daily health in a very different way

Retail health and wellness lifestyle hubs

One stop shopping for all of one's daily living, health/wellness needs



ONE STOP SHOP FOR LIVING WELL

- Custom Food
- Fitness
- Affordable care
- Pharmacy
- Health advice
- Social events
- Etc.

Online and brick and mortar; some ultra-tailored to certain consumers

Health Advisory / Navigation Services | Health Foods & Pre-Made Meals
 Community Events & Fitness Activities | Loyalty & Rewards Program + Credit Card
 Extension of PCP's Office | In-Store Pharmacy & Acute Care Clinics

Affordable, anytime access

Ubiquitous retail care, telehealth options, and advisory services; data shared with your PHM



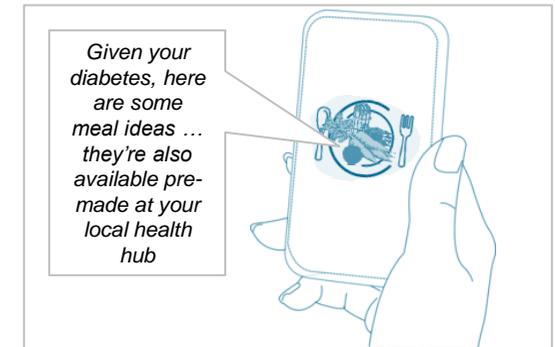
Soar throat? I can help you.

Let's talk mental health

Welcome to the store! I'm here to help you with all your healthy living choices

Personalized health recommendations

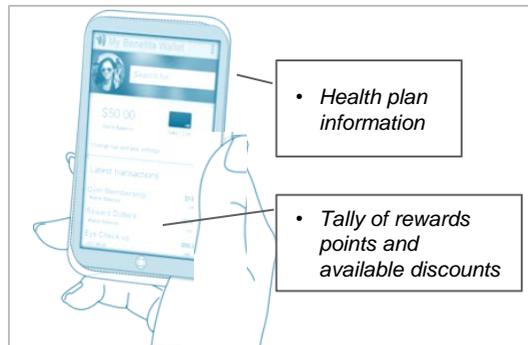
Crowd-sourced suggestions for healthy living offerings, tailored to one's needs



Given your diabetes, here are some meal ideas ... they're also available pre-made at your local health hub

Integration with value based benefits

Use reward dollars, gain points, and get discounts by shopping at preferred vendors



- Health plan information
- Tally of rewards points and available discounts

Niche engagement models

Get services and connect with others around shared interests and health needs

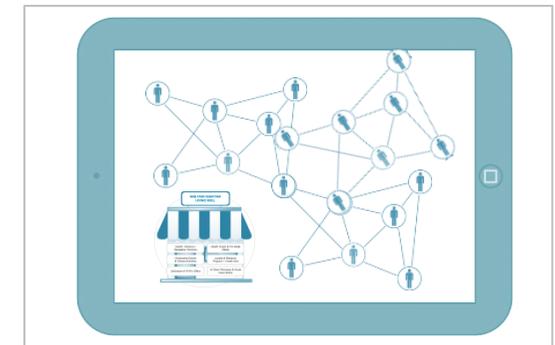


Health Hub events this month:

- In-store rock climbing (Daily)
- 50 mile bike ride (Sat)
- Coffee Klatch (Daily, 9am)
- Walking club (MWF)
- Yoga (T, Th)
- Cooking Class (F)
- Wii Fitness tourney (Sat)

Diverse ecosystem of tech enablers

Connected apps, devices, sites, and more – integrated to encourage healthier living



Healthy living is a relatively open high growth market with innovators seeking to connect emotionally with consumers



“You need to meet the right people at the right moment. We’re working with Medicaid populations and there we use text messaging ... and talk to them like people.”

 – Dr. Jason Langheier



“What if we could measure vulnerability for individuals, across the population – and use this to identify who needs help most?”

 – Alex Drane



“380 MM people regularly video chat worldwide each year. We see ourselves becoming a platform for wellness professionals.”

 – Leslie Silverglide



“People have been turning away from the search bar and towards social networks for health information. We trust our friends more than Dr. Google.”

 – Derek Flanzraich

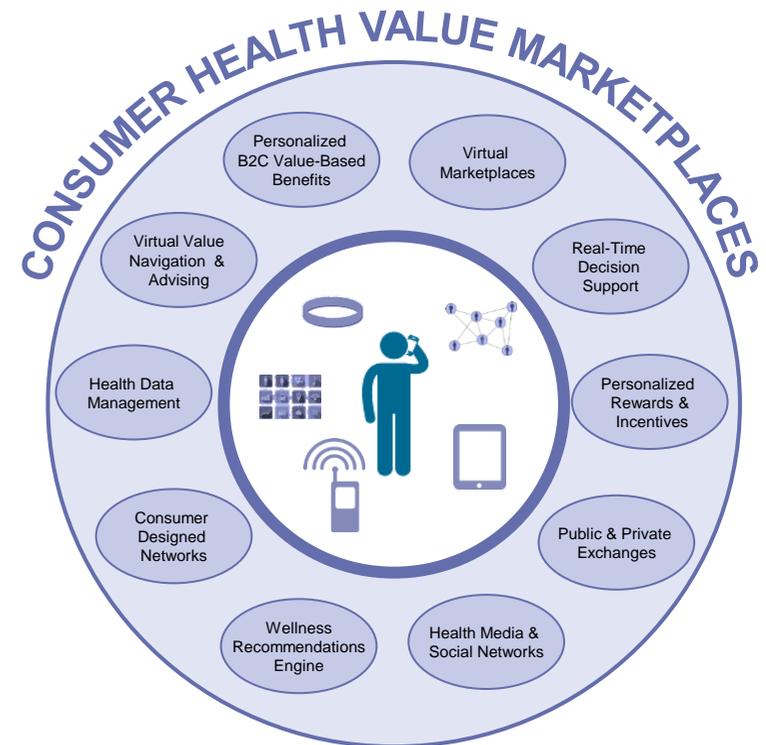


“No outcome means no income. Our job is actively working with customers to keep them well.”

 – Robert Thompson

In the new consumer value marketplaces, high-speed, customized and real-time value-based shopping for healthcare will become the norm

- Healthcare experience and the benefits market go retail. Players redefine how consumers shop for, access and engage in their health and benefits (transparent, customized, mobile, etc.)
- Consumers are rewarded for their healthcare choices in their daily lives; consumer financial accountability increases due to defined contribution, VBB, exchanges, etc.
- Consumer solutions are aggregated into an organized market
- Shopping is transparent and value-based
- Products, networks, and pricing are dynamic and personalized



Source: Oliver Wyman



“Simplicity doesn’t exist in health insurance today. Our vision is to make it easy for consumers to manage their health dollars.”

– Ann Mond Johnson, Connected Health

Tools embedded within these marketplaces will enable deep integration of health decision-making throughout consumers' day-to-day lives

Defined contribution and exchanges

Employers embrace D.C. plans and private exchanges, giving employees new choices



Organized consumer solutions market

Marketplaces evolve to become one-stop shops for all things health and wellness



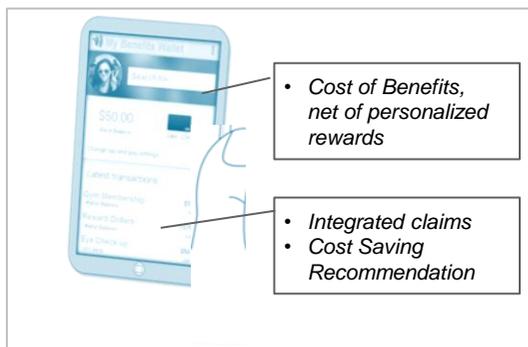
Transparent value-based shopping

Compare providers and plans based on quality and price – with social reviews

Provider	Peer Reviews	Cost
H	★★★★☆	\$ X
H	★★★★★	\$ XXX
H	★★★☆☆	\$ XX

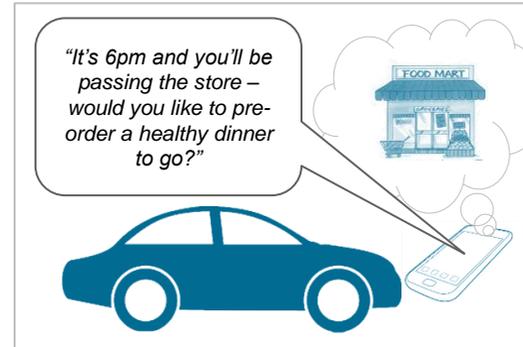
Integrated rewards – tied to decisions/actions

Integrated premium dollars and reward dollars to make shopping easier



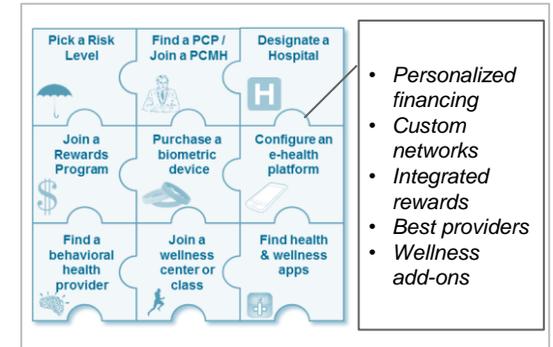
Personalized system navigation/planning

“Value navigation” advisory services to help consumers make system and healthy living choices



Configurable benefits, networks, pricing

Pick and choose risk financing options, rewards programs, add-ins, network, etc.



While innovative consumer health point solutions are emerging, the big opportunity lies in aggregating and organizing the market



“We’re starting to link consumer data to clinical data to deliver a 360-degree understanding of patient needs.”

PREMERA | 
BLUE CROSS – Brian Ancell



“Why isn’t healthcare like consumer finance or travel yet – mobile, transparent, and easy?”

 iTriage – Dr. Peter Hudson



“Behavior change is possible. The tech industry has excelled at tapping into consumers and getting them excited.”

JAWBONE – Travis Bogard



“Rewards and incentives will be a major part of the future payer landscape.”

welltok – Jeff Margolis

Winning the hearts and minds of consumers requires a fresh approach

- 1** Design the business system from the **consumer in**
- 2** Make health and wellness **easy and personalized** anywhere and all the time
- 3** **Rapidly adopt high-impact advancements** in clinical treatment, big data, predictive and preventative technology and evidence base medicine
- 4** Dramatically **improve the consumer value equation** – lower cost, better outcomes, great experience and highly accessible
- 5** Create a **true consumer economy** – with real cost transparency and integration across the funding sources (benefits, incentives, cap, out of pocket)
- 6** Bring **full social/mobile** web services to health and wellness – powering consumers with cool, real-time, personalized health and living apps
- 7** Bridge diagnostics, treatment, wellness, lifestyle and **engagement into a seamless and personalized experience** – breaking diagnostic code syndrome
- 8** **Constantly innovate around consumer needs** – informed by real time feedback and highly social/mobile marketplace

“

*If empathy is the number-one missing thing in healthcare; **bravery** is the second. It takes bravery to change organizations.*

”

– Alex Drane, Eliza
At the Oliver Wyman Health Innovation
Center ideation session on convergence

Learn more about the OWHIC Community and the Volume-to-Value Revolution ...

- [Volume-to-Value Revolution: Rebuilding the DNA of Health](#)
- [ACOs: A Year of Pioneers](#)
- [Give Billions of People Better Medical Care](#)
- [Tracking the Growth of ACOs](#)
- [How ACA Could Transform the U.S. Pharmaceutical Marketplace](#)
- [Private Exchanges Change the Game](#)
- [Turning an ACO into an Insurance Product](#)
- [Getting Ready for the New Challenges of Medicare Advantage](#)
- [All Rise with Innovation](#)
- [The Oliver Wyman Health Innovation Center \(OWHIC\)](#)
- [OWHIC Ideation Sessions 2013](#)
- Innovators from [Convergence Ideation Session](#):

Patient-Centered Care

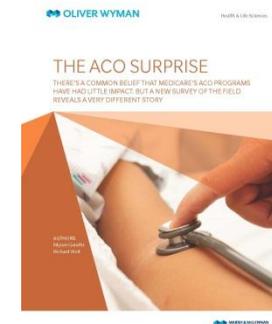
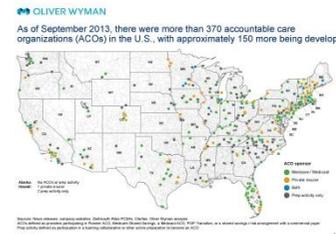
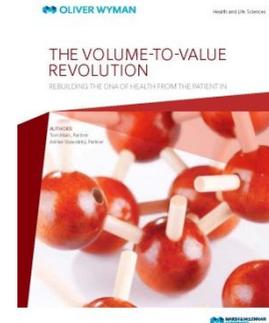
- [Avia](#)
- [EosHealth](#)
- [Health Loop](#)
- [Iora Health](#)
- [Southcentral Foundation](#)
- [Teladoc](#)

Consumer Healthy Living

- [Eliza](#)
- [Greatist](#)
- [Wello](#)
- [Zipongo](#)
- [RiteAid](#)

Consumer Value Marketplaces

- [ConnectedHealth](#)
- [iTriage](#)
- [Jawbone](#)
- [Premera](#)
- [WellTok](#)



Join us

THE OLIVER WYMAN HEALTH INNOVATION CENTER

Oliver Wyman has recently launched a Healthcare Innovation Center (OWHIC) dedicated to promoting positive change in healthcare. OWHIC will champion innovation by disseminating proven innovations; envisioning market-based solutions to today's and tomorrow's challenges; and establishing a cross-industry community of thought-leaders to share and shape ideas.

OWHIC is an integral component of Oliver Wyman's Health & Life Sciences practice, which serves clients in the pharmaceutical, biotechnology, medical devices, provider, and payer sectors with strategic, operational, and organizational advice. Deep healthcare knowledge and capabilities allow the practice to deliver fact-based solutions.

If you have any questions on OWHIC or the ideas and research in this report, please contact us at owhic@oliverwyman.com.

For more information, visit www.oliverwyman.com/healthinnovationcenter.

Follow OWHIC on Twitter at #OWHIC.

