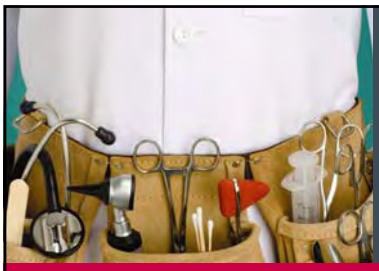
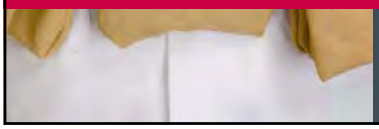


The UnitedHealthcare Diabetes Health Plan

Better information. Better decisions. Better results.



Agenda

- Market Health Trends- declining health status and increase disease prevalence
- Optimal Decisions and Opportunity for Improvement
- Value Based Plan Design Overview and Considerations
- UHC approach to this challenge- Diabetes Health Plan
  - Early Models and the addition of a stick
  - Research in support of the approach
  - What incentive motivates?
  - Components of Diabetes Health Plan
  - ROI assumptions
- Early Results - Case Studies
- Where do we go from here?

Market Trends

U.S. Population Disease Statistics

Heart disease is the leading cause of death in the U.S.

In 2009, heart disease is projected to cost more than $304.6 billion, including health care services, medications, and lost productivity

In 2003, approximately 37% of adults reported having two or more of six risk factors for heart disease and stroke (high blood pressure, high cholesterol, diabetes, current smoking, physical inactivity, and obesity)

One-third of adult Americans aged 20 years or older have hypertension or are taking hypertension medications

Almost one fifth (21.3%) of those with high blood pressure don't know that they have it

An estimated 90% of middle-aged adults will develop high blood pressure in the remainder of their lifetime
About 28% of American adults have pre-hypertension






18.4% of adults aged 18 years or older who are current cigarette smokers

Approximately a half a million U.S. deaths each year that are attributable to cigarette smoking

Approximately 39.5% of adults aged 18 or older who engage in no leisure time physical activity (2006)

More than a third of American adults are considered obese

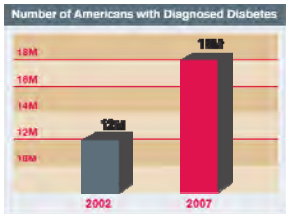
Estimated diabetes (direct and indirect) costs in the U.S. in 2007 totaled $174 billion

Average medical expenditures among people with diabetes are 2.3 times higher than what expenditures would be in the absence of diabetes

Source: Center for Disease Control http://cdc.gov; **Sept 2009**

Market Trends

Net number of diabetics is growing by 1 million annually



The Diabetic Population

10.7% of U.S. adults over age 20, or 23.6 million people, are diabetic

- 18 million of those Americans are diagnosed diabetics
- 5.6 million, or 24% of the total, are undiagnosed

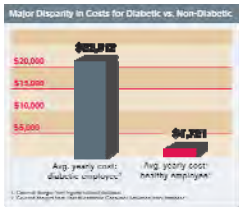
Trends Driving the Increase in Diabetes

- Higher percentage of obese Americans
- Improved or enhanced detection
- A growing elderly population
- Growth in minority populations

SOURCE: 1) American Diabetes Association. 2) Ingenix, Reden&Anders Commercial Database - Charges

Optimal Decisions

Every day, individuals make decisions that impact their health and health care costs



- **Decisions are made by people, not populations**
- **Individual decisions are the main drivers of workforce health and health care costs**
  - Personal health decisions **drive 50% of an individual's health status**[1]
  - People make **sub-optimal decisions** about their health **46%** of the time[2]
- **Average cost of an employee with diabetes is about 13 times the cost of an average "healthy" employee**

National Center for Disease Control and Prevention, 2006
United-Healthcare Client Claims Analysis of 2 million claims, 2007

A sub-optimal health care decision is defined as one in which, for the member, there was at least one alternative decision that could have resulted in improved cost savings and/or health outcomes over time

Value Based Plans

Not just a plan design….

An integrated benefits strategy that inspires healthy behavior and the achievement of specific health goals.

How it works

Analytics		Economic rewards		Consumer Activation		Better Outcome
To define opportunity	+	To remove barriers and integrate clinical measures	+	To support decisions	=	Better Health Better Cost

Value Based Plans
Creating Value
Structure the economics for health ownership and deliver information and support to take charge

Value Based Plan Design

Start with knowledge:
- Consumer Activation Index pinpoints the opportunity
- Biometric screening identifies potential health issues

Remove financial barriers with designs that:
- Integrate medical and pharmacy
- Include incentives and plan provisions

Remove non-financial barriers
- Ensure members *understand* the options available
- Educate members on how to stay healthy

Encourage and reward compliance
- Reinforce optimal health care decisions

Provide access to the right doctors
- Encourage use of UnitedHealth Premium physicians and facilities

Reinforce a culture of health at the workplace
- Apply Change Management principles
- Integrate health and wellness across company operations

In two separate 2008 studies – one conducted by Forrester and one by UHG (through a third-party), these factors were cited as necessary to enhance compliance, engagement, and healthcare economics.

Value Based Plans
Influence consumer behavior to help improve health and reduce costs

Value Based Plans are designed to influence consumer behavior.
- Targeted financial incentives
- Clinical sophistication into benefit design
- Technology support

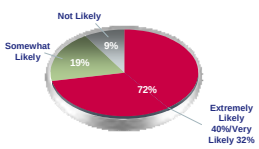
Personalized Health Plans can offer an important VBID opportunity that may help:
- Drive consumer behavior by incorporating self-management into a benefit design
- Improve health outcomes and cost with compliance requirements
- Provide meaningful ROI

Value-Based Design Continuum

"VBID – lite" approaches		Value-Based Plan Design
Communication efforts: - Target mailings to promote services	Unilateral Service Reduction - Isolated specific service co-pay Reduction (i.e., anti-hypertensives)	Personalized Health Plan: - Significant benefit design enhancements linked to targeted evidence-based behaviors

Research
Employees showed interest in Value Based Plans

Employees Show Interest in Diabetes Plans



Consumers confirmed their interest; the majority of respondents said they would be "Extremely Likely" or "Very Likely" to enroll in a health plan designed to encourage and support health care self-management using incentives.**

Initial interest was 60% but it went up 12% -- after they learned more.

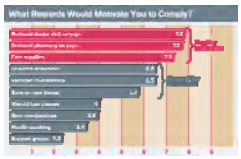
**UnitedHealth are proprietary study based on a 2008 survey with close to 400 respondents with Type II Diabetes

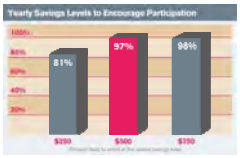
Research
What Motivates?

Co-pays and opportunity to save identified as key to member engagement

Research indicates that reduced co-pays and free diabetic supplies are most desired by members. But it's up to the employer which ones are chosen.

Because employers will determine which point on the savings continuum makes most sense for their employees, we determined that $500 is sufficient incentive for up to 97% of eligible members to enroll in the plan.





[1] Items specific to those with diabetes, e.g., diabetic socks and insulin cases. Source: UnitedHealthcare Proprietary Research. Random United States Survey of 386 Type II Diabetes, Fall 2008

Diabetes Health Plan
Components of the Diabetes Health Plan

Goal: Avoid complications of diabetes through early identification and incentives for compliant behaviors

Diabetes and Pre-Diabetes Screening Model

Identifies diabetics and pre-diabetics through:

- Historical Claims Analysis
- Health Assessment
- Biometric Screening

Diabetes Specific Benefit

For the diabetic and pre-diabetic employees. These include:

- Reduced or eliminated physician office out-of-pocket expenses (for diabetes-related visits)
- No charge for selected diabetes self-monitoring training and supplies
- Reduced or eliminated out-of-pocket expenses for certain diabetes-related drugs and drugs prescribed for co-morbid conditions

Compliance Requirements

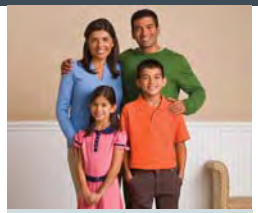
Designed to help consumers modify their behavior, improve health and reduce costs. These include:

- Tracking Web site with personalized care compliance plans
- Automatic re-enrollment in year two for members who adhere to evidence-based requirements
- Compliance Monitoring System
- Access to the UnitedHealthcare Personal Health Record

UnitedHealth Premium Program

Provides access to UnitedHealth Premium designated physicians and facilities that follow national evidence-based quality of care guidelines and market-based cost-efficiency guidelines

Diabetes Health Plan
Balancing incentives and greater compliance



- Supports diabetics, pre-diabetics *and* their non-diabetic family members
- Integrates condition-specific features for diabetic and pre-diabetic members
- Reduces out-of-pocket costs for routine diabetic services, medications and supplies
- Provides financial incentives for compliance, not just participation

Primary Goals: To learn about diabetes, know diabetes ABCs, manage diabetes and have routine care to avoid problems

To remain in the program, the ***diabetic member*** must follow these guidelines which include:

- Lab evaluation: HbA1c (6months), LDL, microalbuminuria/creatinine
- Professional Services: Regular primary care visits, retinal exam
- Preventive Care: Cancer screening (mammography, colonoscopy)
- Wellness: Advocacy: Medical management program participation, health risk assessment

The ***pre-diabetic member*** must follow these guidelines which include:

- Lab evaluation: LDL
- Professional Services: Premium primary care
- Preventive Care: Cancer screening (mammography, colonoscopy)
- Wellness: Weight management program participation, health risk assessment

Diabetes Health Plan

Diabetes impact in a population of 10,000

Average Prevalence Rate and Claims Costs

Diabetes prevalence consists of three primary groups of people:

- Pre-Diabetics (those with elevated blood sugar, but not yet high enough to be classified diabetic)
- Known diabetics (those who have already been diagnosed with the illness)
- Unknown diabetics (those who have yet to be diagnosed with the illness)

This illustration assumes:

- Pre-diabetics are estimated at 20% of the total population
- Diabetic employees comprise about 8% of the total population
- Total cost for pre-diabetics/diabetics is about 43% of total covered medical costs[1]
- About 66% of all diabetic employees do not follow treatment guidelines
- Assumed medical costs trend of 8%

Estimated Prevalence and Costs for an Average Large-sized Employer[2]

Employee Category	Percent of Adults	Headcount Adults	2009 Estimated Medical + Rx Cost (After Plan Design) PMPY[3]	Total
Pre-Diabetics	20.0%	2,000	$3,672	$7,344,000
Known Diabetics (Three Types):				
1. No Complications -	2.1%	207	$4,580	$941,697
2. Complications Reported:				
• Complied	1.0%	98	$6,880	$674,480
• Non-Compliant	1.4%	140	$9,570	$1,368,612
3. Complications: All other				
• Complied	0.8%	82	$13,630	$844,913
• Non-Compliant	0.8%	78	$24,140	$2,322,974
Sub-Total Known Diabetics	6.0%	600		$5,942,703
Unknown Diabetics	3.0%	198	$7,920	$1,568,160
Total Diabetics & Pre-Diabetics	26.0%	2,798		$14,854,862
Non-Diabetics & Non-Pre-Diabetics	72.0%	7,202	$2,784	$20,050,368
Grand Total	100.0%	10,000	$3,886	$34,905,231

[1] Covered charges from Ingenix National Database and UnitedHealthcare Consumer Activation Index
[2] Source: UnitedHealthcare Book of Business 2008
[3] PMPY: Per member per year.

These results are based on the assumptions used to generate them and may not be indicative of the actual return on investment. Actual results may vary significantly based on the facts and circumstances of a particular case including, but not limited to, demographics and utilization trends.

Diabetes Health Plan

Results and Health Plan Assumptions

Key Conclusions

- There is a positive result in year one, which grows over the three-year period.
- **The larger the number of enrollees, the greater the ROI:** For illustrative purposes, conservative enrollment rates have been used; actual enrollment rates could be much higher, resulting in larger savings rates per enrolled member

Sources of Savings

- Identification of unknown diabetics and pre-diabetics
- Increased compliance for diabetics *without* complications
- Earlier identification and detection of cancer
- Increased use of disease and case management
- Additional savings from productivity gains via fewer lost work days, lower disability costs, etc. are above and beyond this calculation

Costs

- **Plan costs:** Waived co-pays, loss of cost sharing for those already using services, additional utilization
- **Administrative costs:** Biometric screenings, member compliance portal, monitoring and reporting

Illustrative Financial Statement

	Year 1	Year 2	Year 3
Projections			
Baseline Medical Costs[1]	$37,945,004	$41,347,747	$44,809,081
Total Number of Adult Members	10,000	10,000	10,000
Enrollment in Diabetes Health Plan	341	595	839
Gross Medical Savings	$238,658	$434,265	$692,796
Total Costs	-$172,419	-$188,928	-$229,887
Net Savings	$64,279	$235,337	$462,409
Cumulative Savings	$64,279	$299,616	$762,025
Per Employee Measure			
Total Savings	$438	$742	$1,109
Total Costs	-$319	-$340	-$363
Net Savings	$119	$402	$744

[1] Baseline medical costs shown are assumed to be year end costs

These results are based on the assumptions used to generate them and may not be indicative of the actual return on investment. Actual results may vary significantly based on the facts and circumstances of a particular case including, but not limited to, demographics and utilization trends.

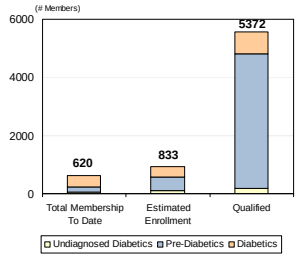
Diabetes Health Plan

Case Studies

Employer	Eff Date	Incentives/Design Strategy	Marketing	Screening Model	Lessons Learned
Technology Firm - 8 Locations Eligible s - 8,927 Screened - 746 (194 Pre-Diabetics) Enrolled - 334 (115 Pre-Diabetics)	4/1/2009	o Rx copay reduction	o Intranet article o Email invitations and reminders o Webinar o Enrollment kits mailed to employee's home	Pre-enrollment on-site biometric screening	Health coaches should be present at the screening.
Auto Parts Firm - 2 Locations Eligible s - 500 Screened - 0 (No break out data) Enrolled - 65 (No break out data)	4/1/2009	o Rx copay reduction o HRA contributions	o Enrollment kits to diagnosed eligible's homes o Quarterly promotion in "all employee" mtgs	Annual screening events held in fall. Occ. Health Nurse on site available to conduct screening by appointment	Biometric screening in conjunction with enrollment facilitate greater plan promotion
Global Conglomerate - One market Eligible s - 8,152 Screened - 1,348 (358 Pre-Diabetics) Enrolled - 609 (No break out)	7/1/2009	o Rx copay reduction o Weight management program o Health coaching	o Enrollment kits to diagnosed eligible's homes o Quarterly promotion in "all employee" mtgs	Biometric screening held multiple days in multiple locations to accommodate all employees and most shifts	1.Offer enrollment into DHP at point of screening. 2.Gas Card incentive increased screening participation. 3. Monday screenings resulted in lowest participation

Diabetes Health Plan
Consumer Engagement – Preliminary Results
Enrollment Rates

Enrolled Members to Date

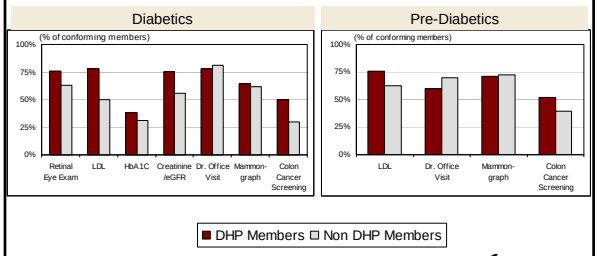


Actual Enrollment vs. Estimated Enrollment
39% of Estimated Pre-Diabetic Enrollment
104% of Estimated Diagnosed Diabetics
61% of Estimated Undiagnosed Diabetics

Enrollment Data 4-1-2009- 9-15-2009

Diabetes Health Plan
Compliance to ADA Standards of Care for Diabetics & Pre-Diabetics

Percentage of DHP Members Conforming to Recommended Health Actions as Compared to Non-DHP Members



Based on claims data as of 8-31-2009

Where do we go from here?

- New Engagement
  - Patient Centered Medical Home
- New Conditions- Musculoskeletal
- New Analysis- Cohorts

A leading edge solution…