

Aon Hewitt Corporate Exchange

American Hospital Association
May 6, 2014



Prepared by National Health Care Exchange

Proprietary & Confidential

Do not reproduce without Aon Hewitt's express written consent

AON Hewitt

Value Proposition—Making This Work for All Stakeholders



Employers

- Risk transfer and predictability
- Trend mitigation through competition, efficiency, and best-in-market contracting
- Focus on health and productivity

Employees

- Greater choice of plans and carriers
- Superior customer experience
- Flexibility to tailor benefit/contribution trade-offs

Carriers

- Market share opportunity
- Earnings potential
- Product innovation and control
- Attractive risk pool

Aon Hewitt

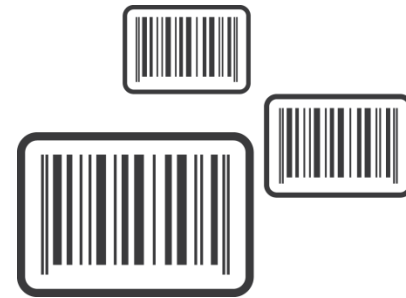
- Significant investment over multiple years
- Excellent operational performance, high satisfaction
- Proof of concept to scale and innovate

Formula for Transforming the Market



Consumerism

Standardized Plans
Attractive Buyer Market
Transparency

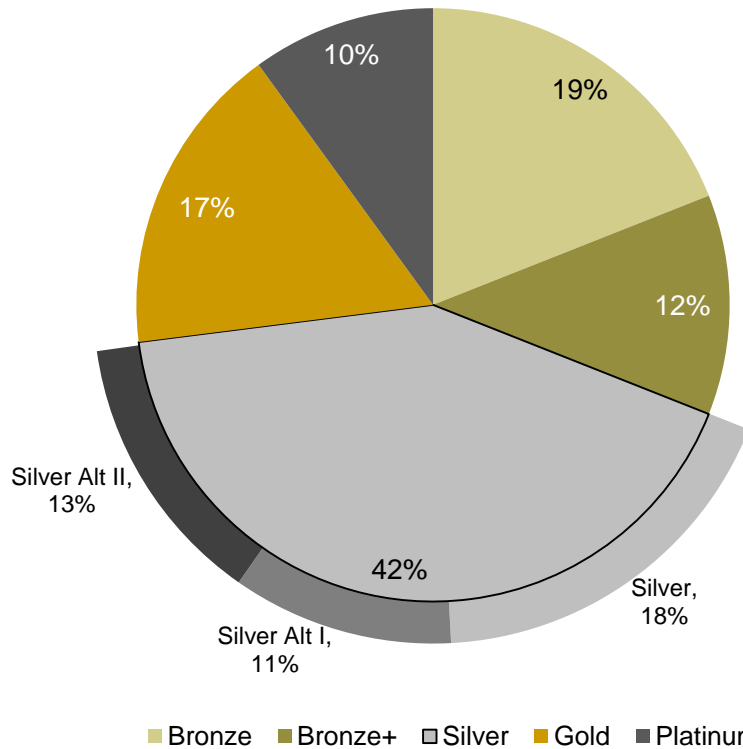


Competition

Multiple Carriers
Fully insured
Risk Adjustment

Aon Hewitt Corporate Exchange – 2014 Medical Enrollment Results

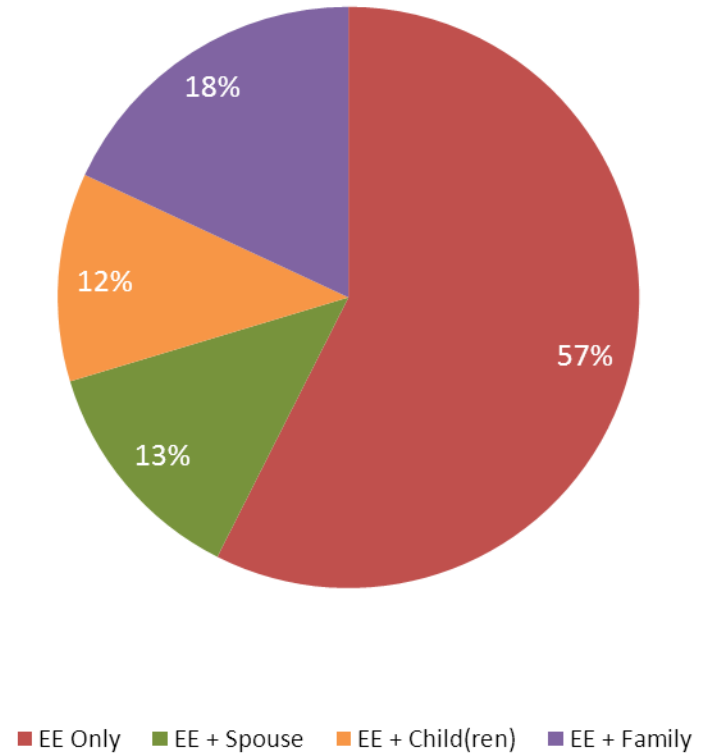
Enrollment by Metallic Level



**if we take Silver as 100%, 43% is Silver, 25% Silver Alt I and 32% Silver Alt II*

N = 349,733

Enrollment By Tier



Employees Say Price Does Matter

Primary reason for selecting their medical plan level

- **Best overall pricing** (32%)
- Closest plan to my current plan (23%)
- Best level of medical coverage for me (19%)

Primary reason for selecting their medical plan carrier

- **Lowest cost carrier for the coverage level desired** (36%)
- Good experience with the carrier in the past (25%)
- Doctors in the network (22%)

Primary reason for changing medical plan carrier

- **New carrier's premium was the best deal** (27%)
- **Prior carrier increased their premium too much** (26%)
- Only 1.6% said it was due to their doctor no longer being in the network

What Hospitals Need To Know About Exchanges

- Private versus public exchange
 - Private exchanges will involve group purchasers and multiple carriers
 - Public exchanges will involve individuals and small group until 2017 when larger employers can join
 - Private exchanges initially will have broad networks, public will have narrow networks
- In exchange networks, ACOs will be expected to produce savings and improved patient satisfaction
 - Savings order of magnitude will have to be 2%–5% or greater
 - Minimum patient satisfaction score will have to be above 85% satisfied/very satisfied (HCAPHS)
 - ACOs or PCMHs will need to be accredited
- Nesting concept
 - PCMHs can function inside ACOs
 - ACOs can function inside narrow networks
- Health system ACOs that provide good geographic reach will need to have consistent operations, competitive pricing, and comprehensive reporting for large employers
- Data integration between the exchange and the ACO is critical to success