

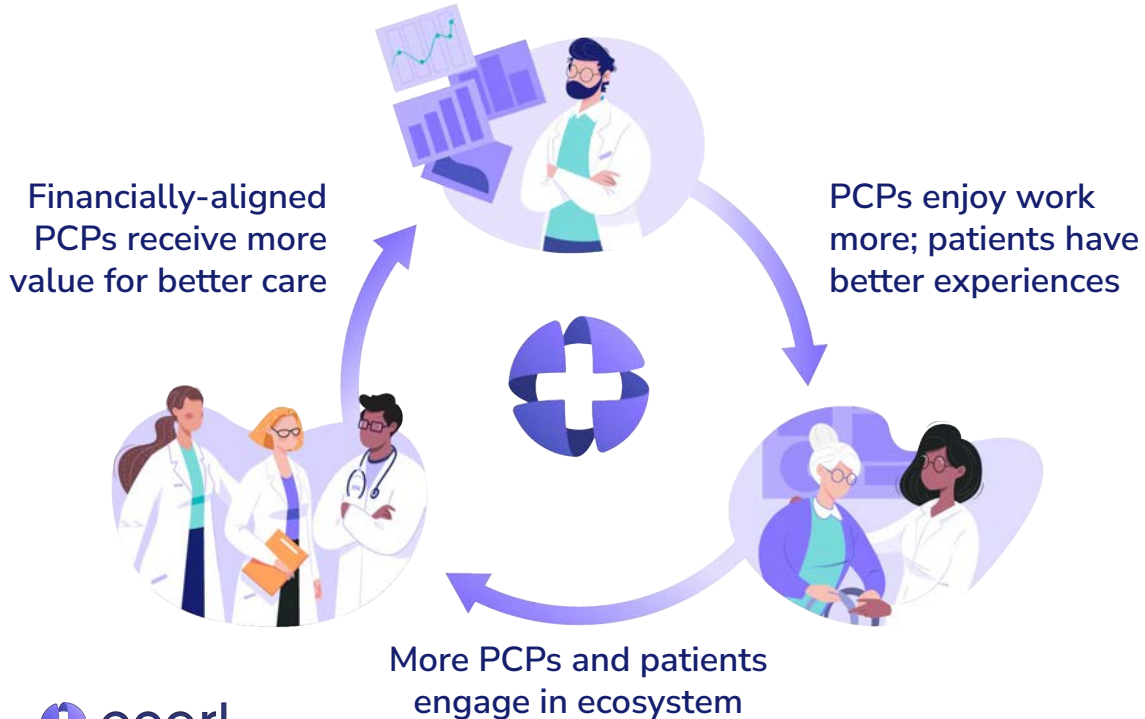
Powering the Value-Based Future of Primary Care

Michael Kopko, CEO



WHO WE ARE

Pearl Health Improves Primary Care & Brings Better Care to Patients



CURRENT STATE

FUTURE STATE

Reactive waiting room

Proactive panel management

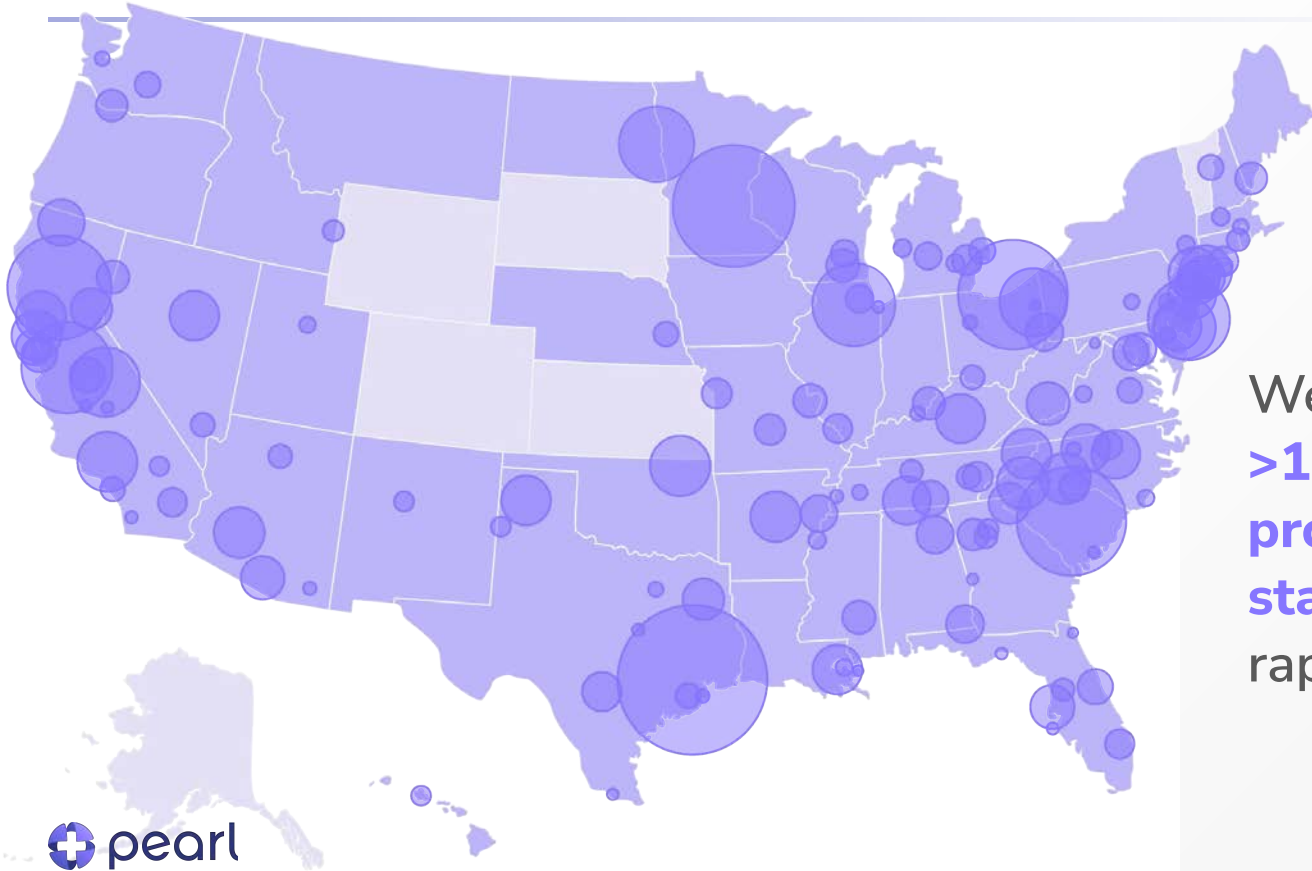
Volume revenue model

Patient-centric revenue model

Unmanaged, painful patient journeys

PCPs incentivized & better equipped to guide patients

Empowering & Enabling Practices Across the USA



We're partnering with **>1600 primary care providers in 43 states** — and growing rapidly

Spend vs. Value in US Healthcare

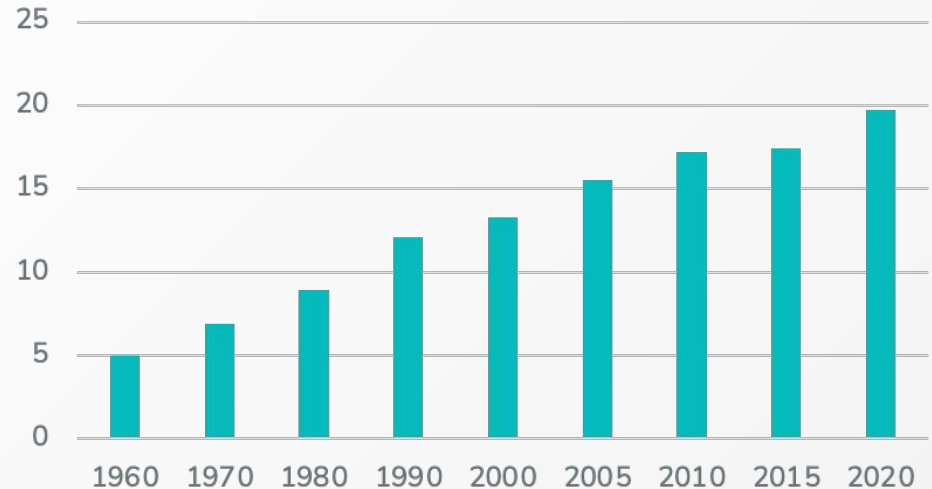


Six decades of steadily rising healthcare expenditures

Healthcare expenditures are rising over time.

- This results in increased federal spending, either financed through greater deficits or higher taxes
- An aging population contributes to this trend

U.S. national health expenditure as percent of GDP from 1960 to 2020

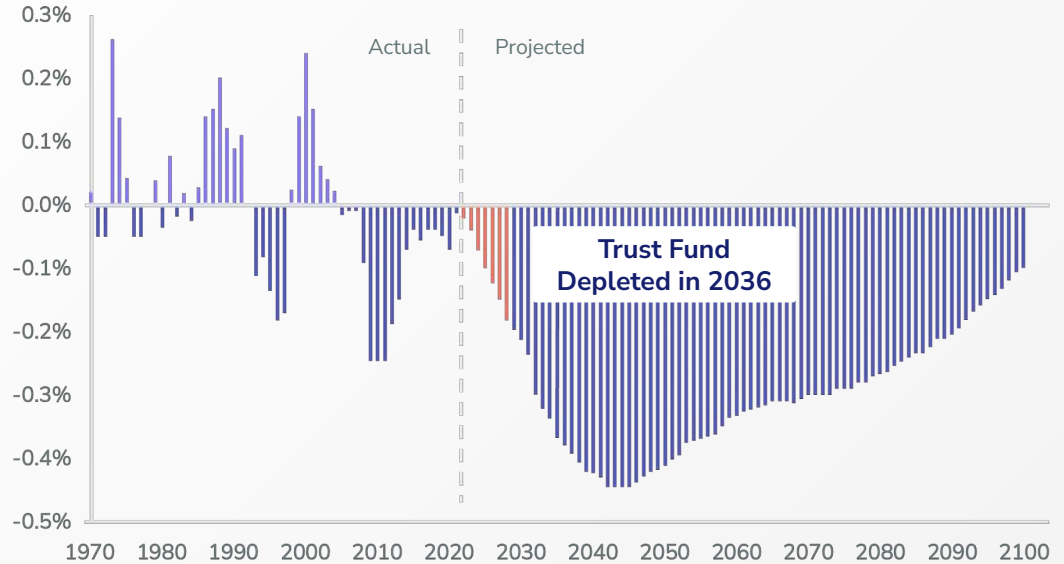


Medicare is on the road to financial insolvency

Unaffordable health care and a bad deal for America

- Medicare Trust fund is declining and goes bankrupt in 2036
- Shifting demographics make it nearly impossible to fund the existing system as constructed

Medicare Hospital Insurance Fund Surpluses / Deficits (% of GDP, 1970-2100)



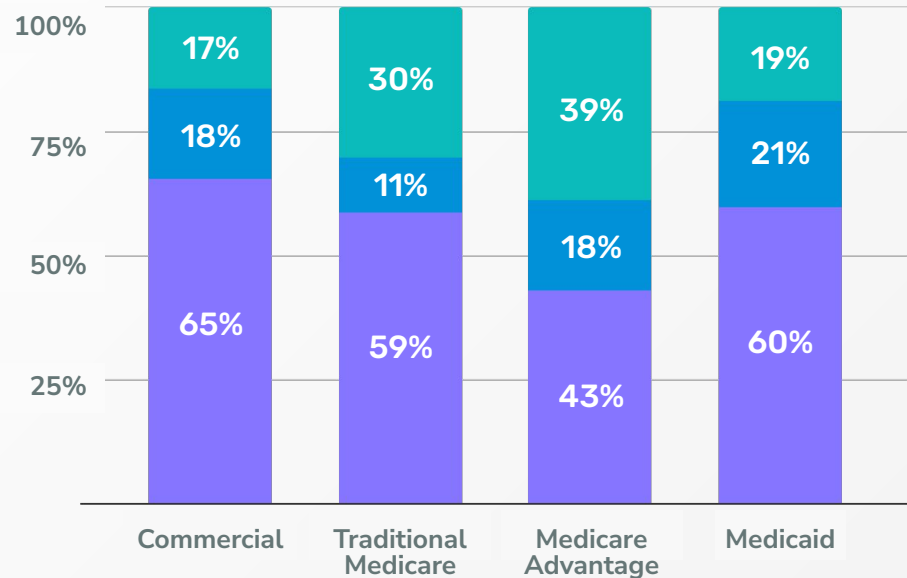
Source: Peter G. Peterson Foundation

Fee-for-service remains dominant in U.S. healthcare

Majority of payments are still conditioned on service volume.

- Nearly 60% of all healthcare payments are FFS.
- Most physicians have limited ability to bear and manage healthcare risk.
- Few are reimbursed based on two-sided risk arrangements.

% of U.S. Healthcare Payments by Line of Business



■ Fee-for-service (FFS) ■ Value-Based Care: Upside Only ■ Value-Based Care: Upside / Downside



Annual primary care spend per PCP is about \$655K...

\$656K
per PCP =



In estimated primary care spend per year¹



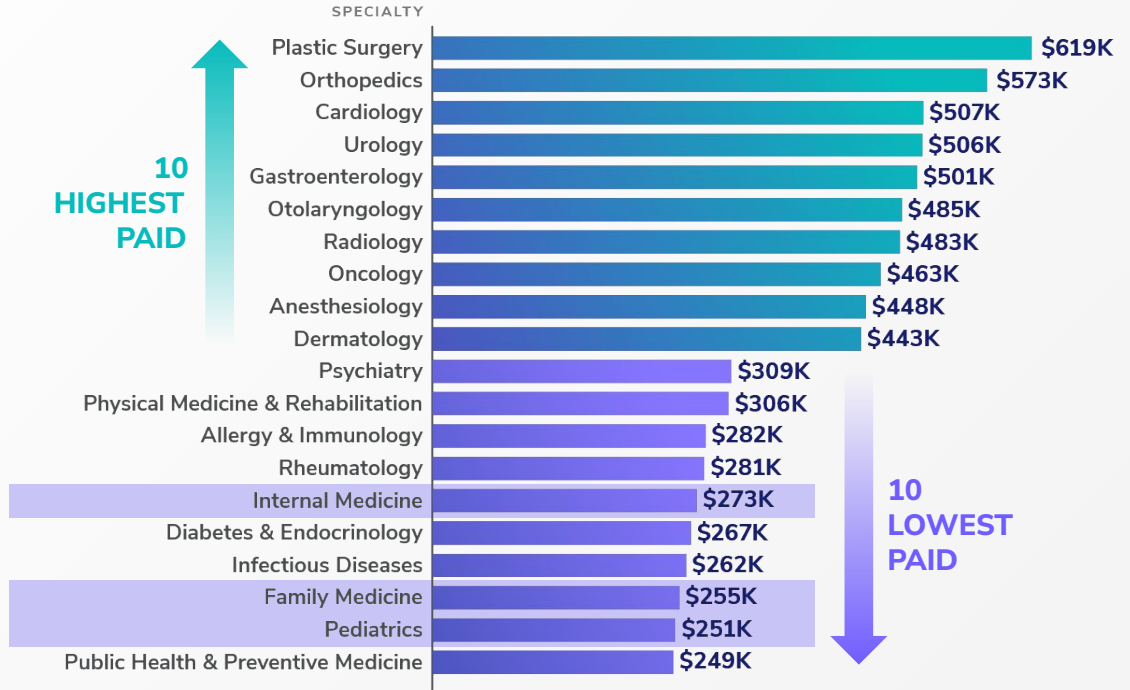
Primary care physicians in the U.S.²

1. Sources: MEPS and CMS. Estimate based on applying 5.1% primary care spend (average from last 3 years of MEPS data) to \$3.4T in total healthcare spend based on 2021 CMS data
2. Source: HRSA. Includes family medicine, general internal medicine, geriatric, and pediatric physicians

... But that spend is not reflected in physician pay

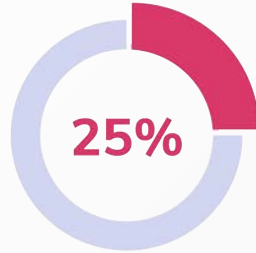
Primary care physicians make significantly less than physicians in most other specialties

Average Annual Compensation by Specialty

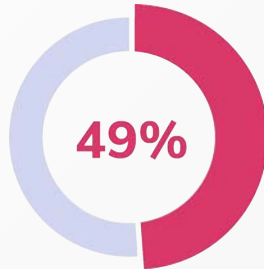


Low pay & burnout are contributing to a PCP shortage

Our primary care physician shortage is expected to reach 18-48K by 2034¹



1 in 4 PCPs plan to leave the practice of medicine within three years²



Fewer than half of primary care residents would recommend medicine as a career to others³

1. AAMC
2. Primary Care Collaborative
3. The Physicians Foundation

The Promise of Value-Based Care

“The way to transform health care is to realign competition with value for patients. Value in health care is the health outcome per dollar of cost expended. **If all system participants have to compete on value, value will improve dramatically.**”



Michael E. Porter

Professor, Harvard Business School



Medicare has experimented with a number of value-based programs since the passage of the ACA.

2008

MIPPA
Legislation

Medicare Improvements for Patients & Providers Act



2011

Pioneer
Model

Pioneer Accountable Care Organization

2014

PAMA
Legislation

Protecting Access to Medicare Act

2015

VM
Program

Value Modifier

MACRA
Legislation

The Medicare Access & CHIP Reauthorization Act of 2015



2018

SNF-VBP
Program

Skilled Nursing Facility Value-Based Purchasing Program



2020

PCF
Model

Primary Care First

2022

ACO REACH*
Model

Equity, Access, and Community Health Model

2010

ACA
Legislation

Affordable Care Act

2012

ESRD-QIP
Program

End Stage Renal Disease Quality Incentive Program

HVBP
Program

Hospital Value-Based Purchasing Program

HRRP
Program

Hospital Readmissions Reduction Program

MSSP
Program

Medicare Shared Savings Program

CPC+
Model

Comprehensive Primary Care

2016

NGACO
Model

Next Generation Accountable Care Organization

2019

MIPS
Program

Merit-Based Incentive Payment System

2021

GPDC
Model

Global & Professional Direct Contracting

2023

MCP
Model

Making Care Primary



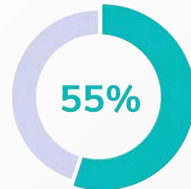
* The Accountable Care Organization Realizing Equity, Access, and Community Health (ACO REACH) Model will begin January 1, 2023, and replace the Global and Professional Direct Contracting (GPDC) Model.

The shift to value offers an opportunity for change

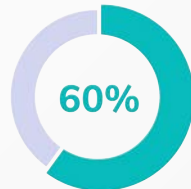
PCPs' role in lowering healthcare costs¹ and improving health outcomes² is placing them at the center of VBC efforts



of Traditional Medicare Beneficiaries in relationships with Accountable Care Organizations (ACOs) by 2030³



of physicians aligned with ACOs today (and ostensibly delivering value-based care)⁴



of US healthcare payments across public and private payers include some tie-in to quality and/or value⁵

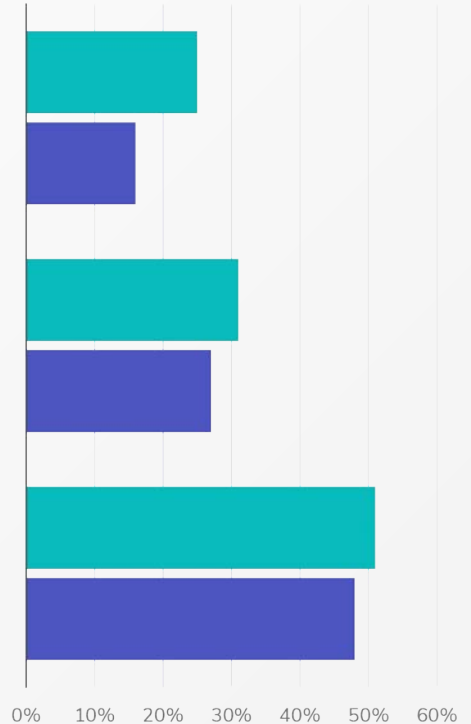
Value-based payment models show promise in addressing financial and clinical challenges

Half of PCPs now participate in value-based care and the number continues to grow.

56% more likely to believe that they are compensated fairly

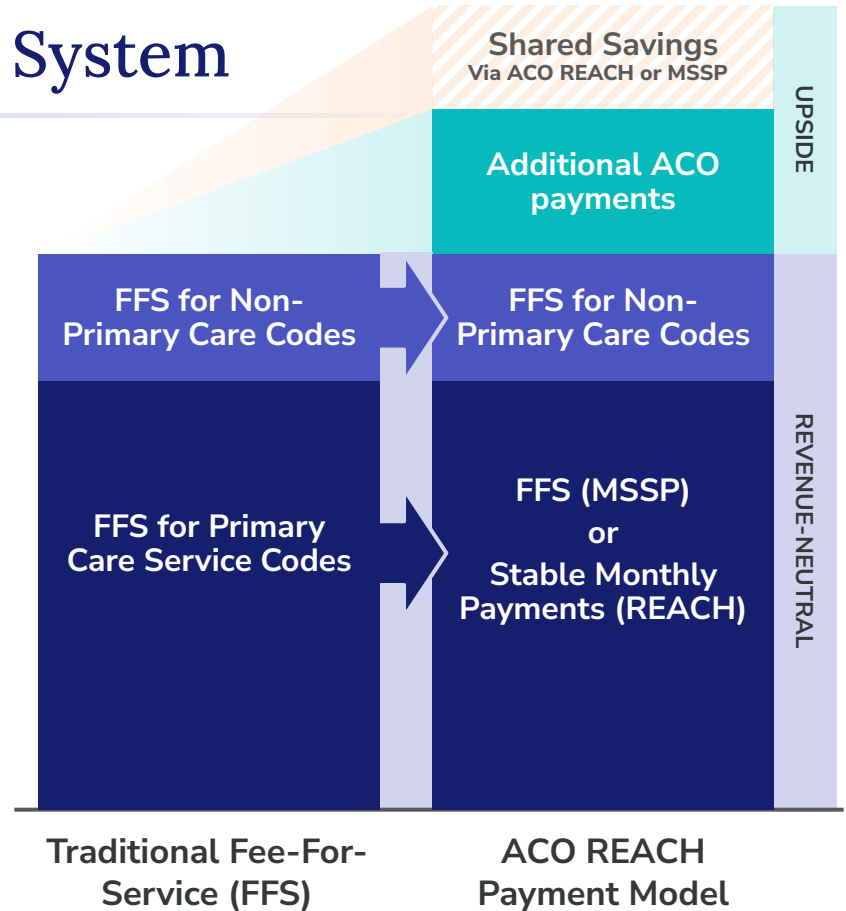
15% more likely to believe that the way they are paid allows them to provide holistic care for their patient panel

6% more likely to believe that the way they are paid is aligned with improving outcomes



A More Financially Rewarding System

- **Shared Savings (upside):** Paid for beating the benchmark. Some ACOs also offer downside risk protection.
- **Additional upside:** Many ACOs offer additional revenue, such as payments for actions that lead to more proactive care.
- **Per beneficiary per month payments:** In ACO REACH, stable monthly payments replace FFS revenue for primary care services (revenue neutral).



Managing Risk Through Data & Physicians

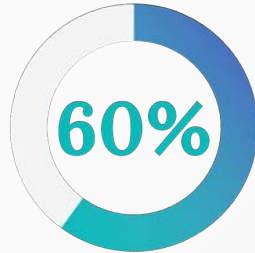
Chronic conditions are rising in frequency and severity

Mitigating key lifestyle risks reduces healthcare costs, improves quality of life, and increases life expectancy.

- Tobacco Use
- Poor Nutrition
- Lack of Physical Activity
- Excessive Alcohol Use



... of the nation's \$4.5 trillion in annual health care expenditures are for people with **chronic and mental health conditions.**



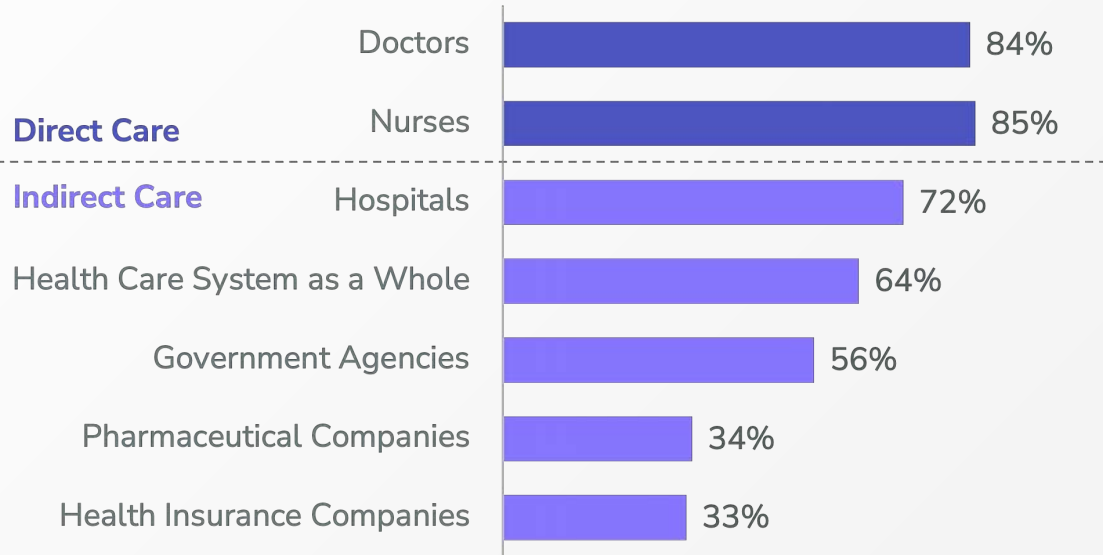
... of adults in the U.S. have **at least one chronic disease** and 40% have multiple chronic diseases.

Physicians can best influence patient behavior (with the right technology)

Physicians can manage risk more effectively than insurers.

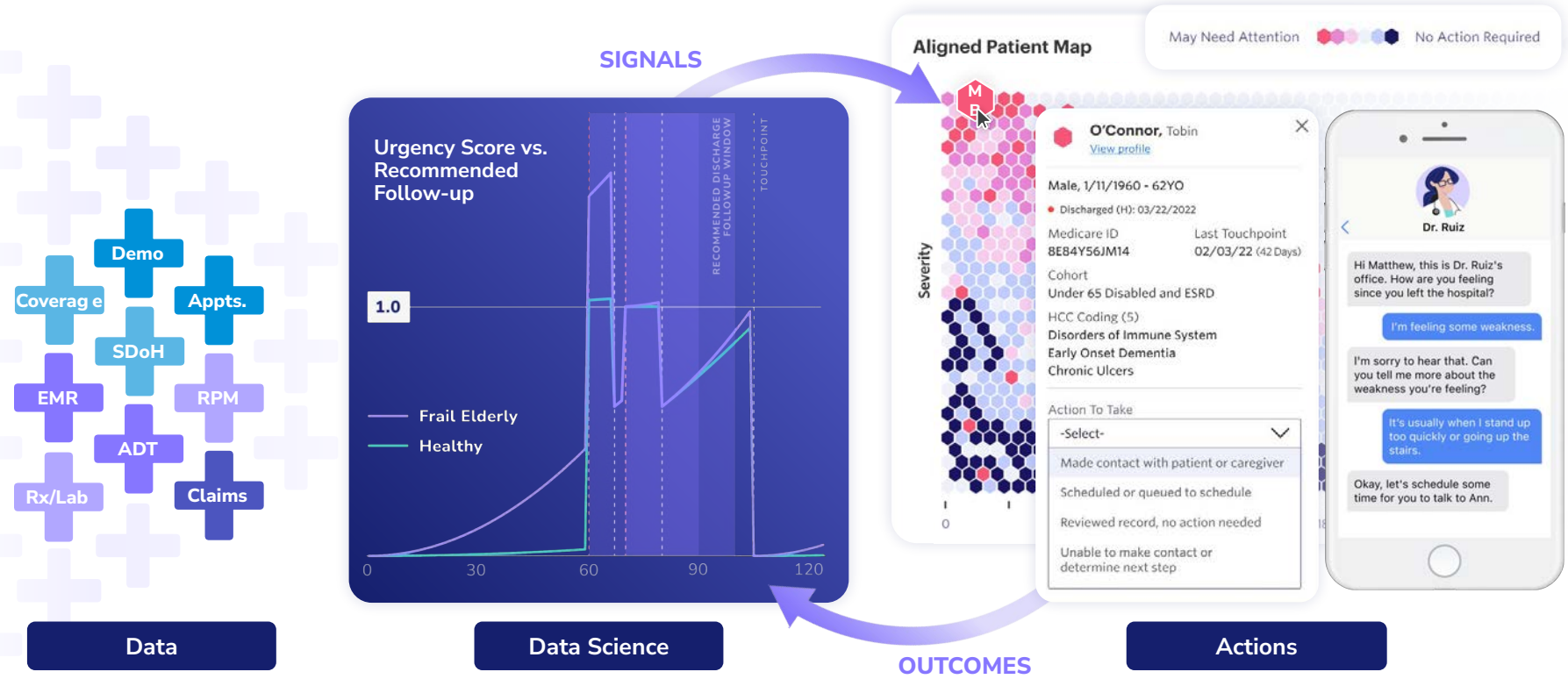
- Trusted by patients, better positioned to influence determinants of health and major drivers of spend
- Able to invest in value-based primary care models

Public Trust in Different Healthcare Entities



Source: NORC's AmeriSpeak, sample of 2,069 adults nationwide from December 29, 2020 – January 26, 2021.

Distilled Patient Insights, Intelligent Recommendations

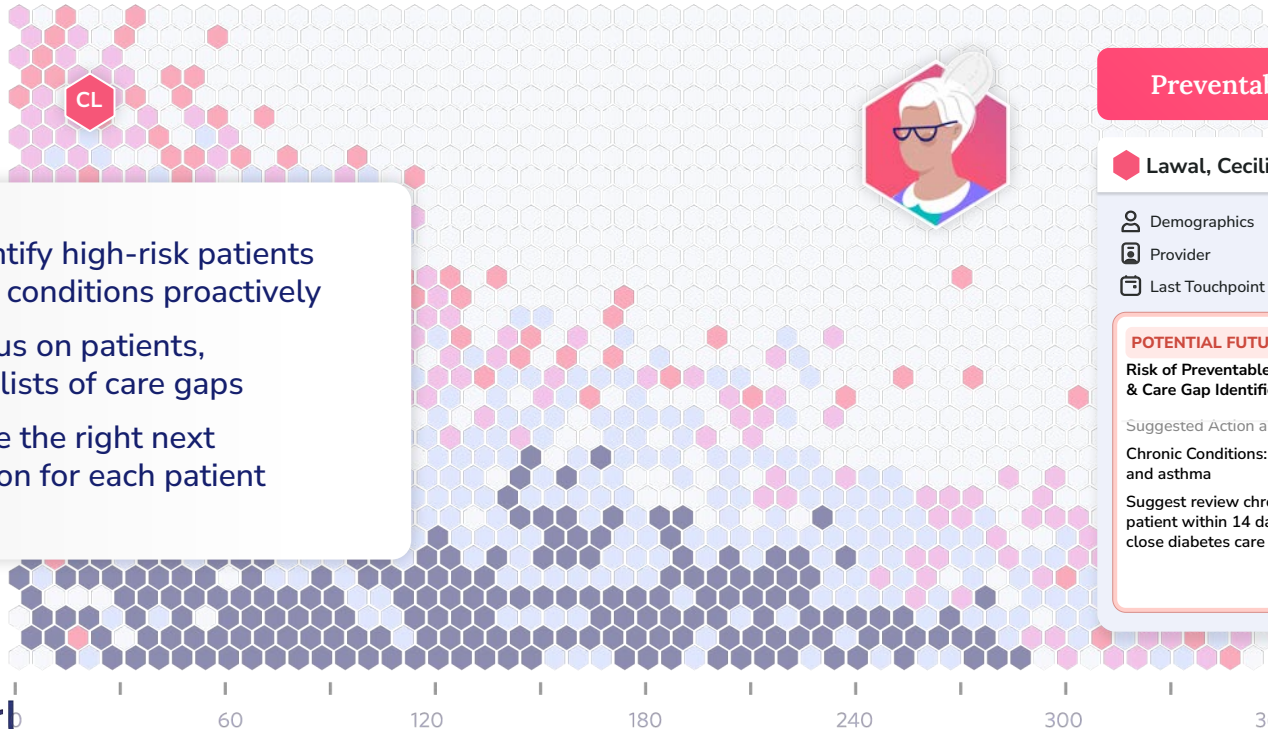


SIMPLE VISIBILITY, ACTIONABLE INSIGHTS

Identify the Patients Most Likely to Need Attention


Showing 746 of 746 patients

Higher Urgency    Lower Urgency



Preventable ED Visit

 **Lawal, Cecilia** [Profile >](#) [X](#)

 Demographics Female, 08/23/1944, 79yo
 Provider Veronica Ruiz, M.D.
 Last Touchpoint 10/28/2023 (30 days)




POTENTIAL FUTURE ED VISIT

**Risk of Preventable ED Visit
& Care Gap Identified**

Suggested Action and More Info:

Chronic Conditions: Diabetes (HbA1c > 9.0%)
and asthma

Suggest review chronic conditions & contact
patient within 14 days; schedule PCP follow-up to
close diabetes care gap.

-  Identify high-risk patients and conditions proactively
-  Focus on patients, not lists of care gaps
-  Take the right next action for each patient

Providers will take a central role in managing risk

	Old World	New World
Health Care Risk Exposure	Health plans and taxpayers	Distributed amongst providers, payors, and taxpayers
Costs of Services	Unknown to almost everyone in the system. Consume first, price later.	Mindfulness on behalf of those who order it and consume it. Increased push toward transparency and simplicity.
Reimbursement Model	Bill for what you can get. Target high-price and high-margin services. Avoid low-priced, low-margin services.	Hybrid, reimbursement for the cost of services provided and returns for helping manage total cost of care, as well as patient responsibility and satisfaction.
Delivery System	Integrated, vertical, and horizontal monopolies to maximize profit and coordinate care from hospital bed down to physician.	Distributed nodes of excellence that coordinate — often digitally and asynchronously — to help patients get the best and most affordable care. Cash pay and consumer direction of expenditures become popularized.

PEARL HEALTH

Additional questions or comments?
I'd love to hear from you.



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Visit [pearlhealth.com](https://www.pearlhealth.com) or email me to
continue the conversation!



Thank you



pearl