



Strategic Advisory (1/2)

Case Studies



Engagement Type

Strategic Advisory

Situation

A large regional home health provider faced significant changes in its core business, including margin pressure, and sought new opportunities which would allow the client to diversify its business and achieve profitable growth.

- Identified the client's key capabilities for new business entry
- Developed potential growth opportunities
- Gathered perspective from stakeholders on demand for the Company's services and its competitors
- Prioritized growth opportunities for the client based on market need and ease of implementation

Description of Marwood's Work and Analysis

There Are Several Innovations To Home Health Core Businesses Plans Would Like From Providers

Communication and data shared with plans	Implementation reference
<ul style="list-style-type: none"> Plans are looking for home care providers to provide enhanced communication with the plan – standard into reported back and proactive flagging of patients when appropriate A lot of plans indicated they'd be willing to pay a higher hourly rate for appropriately decreased hours (plans likely will look to pay on a capitated basis and let provider go at risk for hours provided) 	<ul style="list-style-type: none"> General belief that not all aide hours are productive/ active working hours and plans are paying for more hours than clinically appropriate A lot of plans indicated they'd be willing to pay a higher hourly rate for appropriately decreased hours (plans likely will look to pay on a capitated basis and let provider go at risk for hours provided)
<ul style="list-style-type: none"> Plans see value in capturing data from home visits in easily reportable formats to enable better care management and provide interventions 	<ul style="list-style-type: none"> While almost all home health providers offer telephonic evidence they in the home with the patient, plans would like better tools, for example biometric reporting (e.g. eye scan, finger/iris), to prove they are in the patient's home when they are supposed to be.

Evaluation Of Potential Areas Of Expansion

Category	Homecare Source	Relationship To Core Business	Current WHOV Capacity	MCO Opportunity
Health care assessment	Dual/ MCO/ MH	Feeder	●	M/H
Complementary residential services	Medicare/ Dual/ MCO/ private	Complementary	○	M
Medicare/MCO dual private	Medicare/MCO dual private	Complementary	○	M/H
House calls	Dual	Complementary	○	M/H
Independent living	Private pay/ Medicare	Feeder	○	M/H
Care management	Dual/ MCO	Complementary	○	L
Transition management	Dual/ MCO/ MH	Feeder	○	M
Substance abuse	Medicaid/MCO/ Dual/ commercial	Complementary	○	M/H
Wound care + behavioral health	Medicaid/ Medicare/MCO	Complementary	○	M
Telehealth	Medicaid/ Medicare/MCO	Feeder	○	M/H
Telephonic services	Medicaid/MCO/ Dual	Complementary	○	M/H
Complementary residential services	Medicaid/ Medicare/MCO	Complementary	○	L
House calls	Medicare/ MA/ Medicaid/MCOs	Complementary	○	L
Independent living	Medicare	Complementary	○	L
Wound care	Dual/ MH/ Medicare	Feeder	○	L
Behavioral health	Medicaid/ Dual/ MCO	Complementary	○	L
Emergency services for elderly	Dual/ MA	Complementary	○	L

L = Low, M = Medium, H = High

Managed Care Is Becoming The Dominant Payer For Health Services And Driving Key Trends In The Market

Emergence of managed care as payer	<ul style="list-style-type: none"> Shift of Medicaid and Medicare case into managed care have forced changes in operations, including new consentment or approval Plans will continue to increase pressure on rates by negotiating discounts with providers Managed care will continue to lean on a growing role for Medicare and Medicaid eligible patients
Increased challenges to profitability for plans	<ul style="list-style-type: none"> Once profitable managed care plans experienced MCO/ Dual discontinuation plans are feeling the pressure from rate pressure. They assume new risk, and this leads to manage new risk Plans will continue to increase pressure on rates by negotiating discounts with providers Managed care will continue to lean on a growing role for Medicare and Medicaid eligible patients
Plans focusing on quality measures	<ul style="list-style-type: none"> One of the primary reasons for rate pressure, and risk shifting arrangements with providers Plans will continue to increase pressure on rates by negotiating discounts with providers Managed care will continue to lean on a growing role for Medicare and Medicaid eligible patients
Competing care management initiatives	<ul style="list-style-type: none"> Several competing care management programs will likely emerge with little to no coordination among different entities, making it difficult to realize effectiveness of the programs For example, managed care plans have internal care managers, some providers accepting risk will perform similar care management activities, and some formal managed provider organizations will perform a similar set of activities and coordinate efforts with other groups
For profit competition	<ul style="list-style-type: none"> Competitive pressure from for-profit providers with cheaper dual structures will further drive rates down for providers in the future

Five Potential Areas of Expansion Have Been Prioritized Based on Market Need and Ease of Implementation

1. Health risk assessment
2. Complementary residential services
3. House calls
4. Care management
5. Telehealth

Strategic Advisory

A private equity sponsor sought to understand the market size and operating environment for a provider which offers residential, partial hospitalization and outpatient behavioral health / substance abuse treatment services.

- Conducted a market sizing analysis to estimate the size of the national and select local markets for residential behavioral health and substance abuse treatment
- Gathered perspective and insights from referral sources for behavioral health facilities to understand the factors and considerations that impact where they refer
- Evaluated the competitive landscape and profiled the Company's key competitors
- Conducted interviews with the Company's management team

New Geographic Markets May Offer Additional Opportunity For Growth

Estimated Prevalence Of Conditions By Age Group By Geographic Market (MSA) Across All Income Levels	US Total	Market 1	Market 2	Market 3	Market 4	Market 5	Market 6
Total Population	308,745,538	13,333,447	844,177	20,153,624	6,331,877	6,337,389	3,788,932
Substance Dependence	3,393,275	44,729	4,117	62,874	24,389	26,684	13,864
MDE	2,628,689	22,549	7,329	209,023	43,882	47,130	30,711
Age 18 to 25							
Substance Dependence	6,130,033	300,927	18,019	291,500	115,831	102,128	67,572
MDE	3,322,639	144,873	6,566	144,423	53,118	52,790	40,037
DBR	1,570,129	62,282	3,373	68,208	23,380	25,967	17,675

Source: Marwood Analytics | © 2024 Marwood Analytics

Referrers Tend To Have Negative Perceptions Of Military/Boot Camp Style Programs But Report Mixed Opinions On Wellness Programs

Program	Overview	Top Themes	Continuity
Residential Treatment Programs (with Accredited Licenses)	<ul style="list-style-type: none"> Private, boot camp style residential treatment Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured
Wellness Programs	<ul style="list-style-type: none"> Private, but the medical center is not involved in the program Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured
Boot Camp/ Military Style Programs	<ul style="list-style-type: none"> Highly structured Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured 	<ul style="list-style-type: none"> Highly structured Highly structured Highly structured

Marwood Estimates There Are ~XK Individuals As The Primary Target Market For The Company's Facility

Estimated Market for the Company's Facility

Outcomes And Clinical Programing Are Most Important For Referrers When Evaluating Residential Treatment Programs

Most Important Factors for Referrers When Evaluating Residential Treatment Programs



Strategic Advisory (2/2)

Case Studies



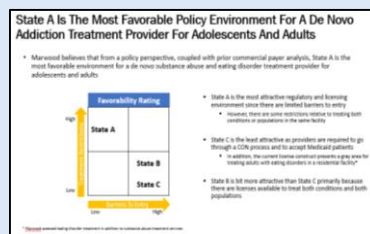
Engagement Type

Strategic Advisory

Situation

A leading treatment provider to patients suffering from co-occurring addiction and mental health disorders sought to identify de novo growth opportunities outside of its existing markets.

- Conducted a market favorability assessment to rank the attractiveness of new target markets based on key variables selected by Marwood
- Assessed commercial health plan views on coverage, utilization, networks and reimbursement in new target markets which were jointly identified by Marwood and the Client
- Analyzed state regulatory and licensing requirements
- Provided final recommendations on which new markets to enter



Key Takeaways: State Summaries And Rankings (Maximum Score = 70, Minimum Score = -40)

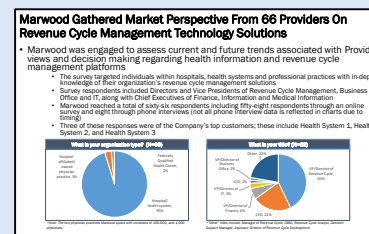
State	Score	Summary
State 1	28.9	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 2	28.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 3	27.6	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 4	26.2	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 5	24.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 6	23.8	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 7	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 8	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 9	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 10	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 11	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 12	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
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State 49	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices
State 50	23.4	Positive state and reimbursement (coverage, and patient satisfaction) on a project level and from national payor practices



Strategic Advisory

A private equity sponsor evaluating a potential investment in a leading healthcare information technology and revenue cycle management (“RCM”) company sought outlook and perspective from key stakeholders on the clearinghouse, prior authorization and provider engagement solutions offered by the target.

- Conducted provider and payor market analyses, gathering input from key stakeholders to assess current and future trends associated with views and decision making insights into choices, benefits and competitive dynamics around health information management and RCM platforms used by customers in primary and secondary markets
- Conducted a reputation analysis of the Company and its competitors
- Identified related unmet customer needs within primary and secondary target markets

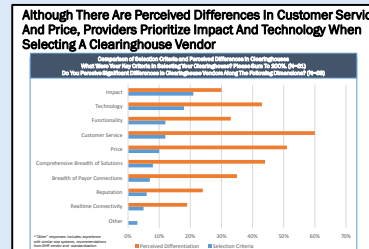


Of The Company's Provider Clearinghouse Competitors, Marwood Believes Competitor 1 Is Likely The Market Leader

Overview: Select Revenue Cycle Management Competitors

Competitor	Strengths	Weaknesses	Market Share
Competitor 1	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$1.6 B
Competitor 2	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$261 M
Competitor 3	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$104 M
Competitor 4	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$103 M
Competitor 5	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$103 M
Company	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$205 M
Competitor 6	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$1.6 B
Competitor 7	Proven software and analytics, connectivity, comprehensive payment, customer engagement, and workflow optimization capabilities for payors, providers, and intermediaries	Higher rates of customer churn and lower customer satisfaction	\$1.6 B

Source: CapIQ, Healthcare-Information.com for 2023 H1 revenue, Marwood Group analysis



The Company Has A Good Reputation And Customer Service, And Rates Fairly Across Other Criteria

How Would You Rate Your Clearinghouse Provider On Various Criteria? (0-100)

Criteria	Company	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5	Competitor 6	Competitor 7
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85
Customer Service	85	75	80	85	80	85	80	85
Pricing	85	75	80	85	80	85	80	85
Technology	85	75	80	85	80	85	80	85