



Strategic Advisory (1/2)

Case Studies



Engagement Type

Strategic Advisory

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.

Situation

- Identified the client's key capabilities for new business entry
- Developed potential growth opportunities
- Gathered perspective from stakeholders on demand for the client'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 plan	Implementation reference
<ul style="list-style-type: none"> Plans are looking for home care providers to provide enhanced communication with the plan – standard info reported back and proactive flagging of patients when appropriate Key in having aides and nurses well trained enough and/or proper tools to identify appropriate changes in patient's status and notify plan 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"> General belief that not all aide hours are productive/active working hours and plans are paying for more hours than clinically appropriate A couple plans indicated they'd be willing to pay a higher hourly rate for appropriately decreased hours; others likely will look to pay on a capitated basis and let provider go at risk for hours provided
<ul style="list-style-type: none"> Assist in the use of proven telemonitoring services that improve quality of care and decrease cost Many plans don't know which telemonitoring activities actually save money and/or are not able to quantify the benefit (i.e., anecdotal evidence it helps) 	<ul style="list-style-type: none"> While almost all home health providers offer telephonic evidence they are in the home with the patient, plans would like better tools, for example biometric reporting (e.g., eye scan, finger print), to prove they are in the patient's home when they are supposed to be

Evaluation Of Potential Areas Of Expansion

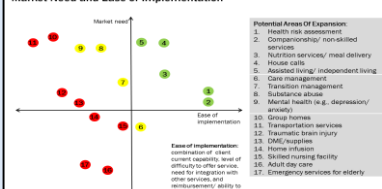
Category	Homecare Source	Relationship To Client/Business	Current Volume/ Capacity	MCO Potential
Health care assessment	Dual/ MCO/ MSA	Complementary	High	High
Comprehensively managed services	Medicaid/ Dual/ MCO/ private	Complementary	High	M/H
Medicaid MCO/ Dual/ private	Medicaid/ MCO/ Dual/ private	Complementary	High	M/H
Private care	Dual	Complementary	High	M/H
Medicaid long-term independent living	Private/ dual/ Medicaid	Feeder	High	N/A
Case management	Dual/ MCO	Complementary	High	L
Transition management	Dual/ MCO/ MSA	Feeder	High	M
Substance abuse	Medicaid MCO/ Dual/ commercial	Complementary	High	M
Wound care + behavioral health	Medicaid MCO/ Dual/ commercial	Complementary	High	M
Medicaid/ private	Medicaid/ Medicaid MCOs	Feeder	High	N/A
Telephonic services	Medicaid MCOs/ Dual	Complementary	High	M/H
Medicaid/ private	Medicaid/ Medicaid MCOs	Complementary	High	L
Other services	Medicaid/ MA/ Medicaid MCOs	Complementary	High	L
Behavioral health	Medicaid/ private	Complementary	High	L
Adult day care	Dual/ MSA/ Medicare	Feeder	High	L
Long-term care	Medicaid/ Dual/ MCO	Complementary	High	L
Long-term care (assisted living)	Qualty MA	Complementary	High	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 into managed care have forced changes in operations, contracting and reimbursement to providers Plans will continue to increase pressure on rates by negotiating discounts with providers Managed care will continue to rise on a provider level for Medicaid and Medicaid eligible patients
Increased challenges to profitability for plans	<ul style="list-style-type: none"> Once profitable managed care plans experience MCO/ Dual/ demonstration plans are being the population – often rates pressure. They assume new risk, and then learn to manage new risk Plans are looking to recover cost containment efforts by plans, such as utilization management, care tools, program redesign to reduce hospitalizations, and risk sharing arrangements with providers
Plans focused on quality measures	<ul style="list-style-type: none"> Use of metrics, such as star ratings, quality measures, and other quality-based incentives as reimbursement and inclusion in Medicaid Advantage are closely tied with these measures Plans are particularly interested in contracting for things that score decrease gaps in care year that increase ratings, especially for the dual eligible population which tend to decrease star ratings
Competing care management initiatives	<ul style="list-style-type: none"> Several consulting care management programs will likely emerge with little to no coordination among different entities, making it difficult for providers to effectively use the programs For example, managed care plans have internal care managers, some providers accepting risk will perform care management activities, and some forward managed provider organizations will perform a similar set of activities and care management programs over time
For profit competition	<ul style="list-style-type: none"> Competitive pressure from for-profit providers with cheaper direct care services will further drive rates down for all providers in the future

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

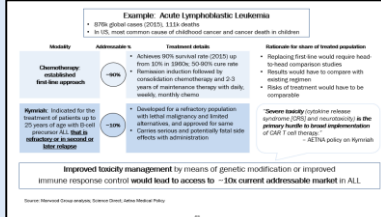
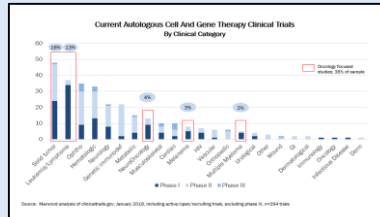
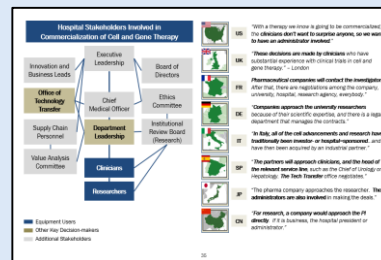


Strategic Advisory

A large biotech company was considering a new business model for their patented manufacturing technology in the cell and gene therapy space and sought guidance on potential demand as well as an analysis of what conditions and international markets would be most attractive.

- Evaluated and ranked eight national markets by regulatory, reimbursement, and market potential to identify potential entry points
- Engaged with prospective customers globally in key scientific centers to test the value proposition of the offering and the potential approach and associated capabilities required
- Modeled the business case (revenue, costs, NPV, IRR) associated with developing novel personalized medical therapies using client technology

Market	IPM (low to high)	IPM (low to high)	Market Potential	Market Potential	Summary Comments
US	A	A	A	A	Large market, advanced science, supportive environment. Dynamics
JAPAN	B	A	A	A	Government support and strong science community, reimbursement setting, interest in advanced manufacturing, open to CMO partnerships, accelerated regulatory pathway with special benefits
UK	A	A	A	A	Very positive outlook following Government focus on developing the sciences ecosystem, with a health system that has established single fund and has policies that support access to innovative treatments
INDIA	A	A	A	A	Very positive outlook following the allocation of a CDR fund for innovative treatments and a favorable regulatory environment for startups and start-up friendly manufacturing environment
GERMANY	B	A	A	A	Highly positive outlook reflecting the allocation of a CDR fund for innovative treatments and a favorable regulatory environment for startups and start-up friendly manufacturing environment
SPAIN	B	A	A	A	Highly positive outlook reflecting the allocation of a CDR fund for innovative treatments and a favorable regulatory environment for startups and start-up friendly manufacturing environment
FRANCE	B	A	A	A	Highly positive outlook reflecting the allocation of a CDR fund for innovative treatments and a favorable regulatory environment for startups and start-up friendly manufacturing environment
CHINA	B	A	A	A	Highly positive outlook reflecting the allocation of a CDR fund for innovative treatments and a favorable regulatory environment for startups and start-up friendly manufacturing environment





Strategic Advisory (2/2)

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Situation

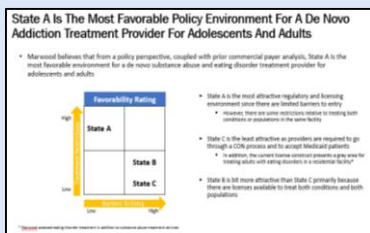
A leading treatment provider to patients suffering from co-occurring addiction and mental health disorders sought to identify de novo growth opportunities outside of its existing markets.

A provider of medical cost containment solutions and integrated care management services sought assistance in developing a strategy to diversify into new markets and expand its suite of products and services

- Conducted a market favorability assessment to rank the attractiveness of new target markets based on key variables selected by Marwood and the client
- 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

- Identified potential service lines with significant unmet need, across Medicare Fee-For-Service, Medicaid Fee-For-Service, Medicare Advantage, Medicaid Managed Care, Managed Long-Term Care and commercial payers
- Gathered perspectives from key stakeholders on the relative value proposition of the services
- Assessed national market size, total addressable market size, and market growth outlook for the service lines

Description of Marwood's Work and Analysis



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

State	Score	Summary
State 1	28.0	Positive state and reimbursement (strong), and great addition to a product line
State 2	26.0	Positive state and reimbursement (strong), and great addition to a product line
State 3	25.0	Positive state and reimbursement (strong), and great addition to a product line
State 4	24.0	Positive state and reimbursement (strong), and great addition to a product line
State 5	23.0	Positive state and reimbursement (strong), and great addition to a product line
State 6	22.0	Positive state and reimbursement (strong), and great addition to a product line
State 7	21.0	Positive state and reimbursement (strong), and great addition to a product line
State 8	20.0	Positive state and reimbursement (strong), and great addition to a product line
State 9	19.0	Positive state and reimbursement (strong), and great addition to a product line
State 10	18.0	Positive state and reimbursement (strong), and great addition to a product line
State 11	17.0	Positive state and reimbursement (strong), and great addition to a product line
State 12	16.0	Positive state and reimbursement (strong), and great addition to a product line
State 13	15.0	Positive state and reimbursement (strong), and great addition to a product line
State 14	14.0	Positive state and reimbursement (strong), and great addition to a product line
State 15	13.0	Positive state and reimbursement (strong), and great addition to a product line
State 16	12.0	Positive state and reimbursement (strong), and great addition to a product line
State 17	11.0	Positive state and reimbursement (strong), and great addition to a product line
State 18	10.0	Positive state and reimbursement (strong), and great addition to a product line
State 19	9.0	Positive state and reimbursement (strong), and great addition to a product line
State 20	8.0	Positive state and reimbursement (strong), and great addition to a product line
State 21	7.0	Positive state and reimbursement (strong), and great addition to a product line
State 22	6.0	Positive state and reimbursement (strong), and great addition to a product line
State 23	5.0	Positive state and reimbursement (strong), and great addition to a product line
State 24	4.0	Positive state and reimbursement (strong), and great addition to a product line
State 25	3.0	Positive state and reimbursement (strong), and great addition to a product line
State 26	2.0	Positive state and reimbursement (strong), and great addition to a product line
State 27	1.0	Positive state and reimbursement (strong), and great addition to a product line
State 28	0.0	Positive state and reimbursement (strong), and great addition to a product line
State 29	-1.0	Positive state and reimbursement (strong), and great addition to a product line
State 30	-2.0	Positive state and reimbursement (strong), and great addition to a product line
State 31	-3.0	Positive state and reimbursement (strong), and great addition to a product line
State 32	-4.0	Positive state and reimbursement (strong), and great addition to a product line
State 33	-5.0	Positive state and reimbursement (strong), and great addition to a product line
State 34	-6.0	Positive state and reimbursement (strong), and great addition to a product line
State 35	-7.0	Positive state and reimbursement (strong), and great addition to a product line
State 36	-8.0	Positive state and reimbursement (strong), and great addition to a product line
State 37	-9.0	Positive state and reimbursement (strong), and great addition to a product line
State 38	-10.0	Positive state and reimbursement (strong), and great addition to a product line
State 39	-11.0	Positive state and reimbursement (strong), and great addition to a product line
State 40	-12.0	Positive state and reimbursement (strong), and great addition to a product line
State 41	-13.0	Positive state and reimbursement (strong), and great addition to a product line
State 42	-14.0	Positive state and reimbursement (strong), and great addition to a product line
State 43	-15.0	Positive state and reimbursement (strong), and great addition to a product line
State 44	-16.0	Positive state and reimbursement (strong), and great addition to a product line
State 45	-17.0	Positive state and reimbursement (strong), and great addition to a product line
State 46	-18.0	Positive state and reimbursement (strong), and great addition to a product line
State 47	-19.0	Positive state and reimbursement (strong), and great addition to a product line
State 48	-20.0	Positive state and reimbursement (strong), and great addition to a product line
State 49	-21.0	Positive state and reimbursement (strong), and great addition to a product line
State 50	-22.0	Positive state and reimbursement (strong), and great addition to a product line
State 51	-23.0	Positive state and reimbursement (strong), and great addition to a product line
State 52	-24.0	Positive state and reimbursement (strong), and great addition to a product line
State 53	-25.0	Positive state and reimbursement (strong), and great addition to a product line
State 54	-26.0	Positive state and reimbursement (strong), and great addition to a product line
State 55	-27.0	Positive state and reimbursement (strong), and great addition to a product line
State 56	-28.0	Positive state and reimbursement (strong), and great addition to a product line
State 57	-29.0	Positive state and reimbursement (strong), and great addition to a product line
State 58	-30.0	Positive state and reimbursement (strong), and great addition to a product line
State 59	-31.0	Positive state and reimbursement (strong), and great addition to a product line
State 60	-32.0	Positive state and reimbursement (strong), and great addition to a product line
State 61	-33.0	Positive state and reimbursement (strong), and great addition to a product line
State 62	-34.0	Positive state and reimbursement (strong), and great addition to a product line
State 63	-35.0	Positive state and reimbursement (strong), and great addition to a product line
State 64	-36.0	Positive state and reimbursement (strong), and great addition to a product line
State 65	-37.0	Positive state and reimbursement (strong), and great addition to a product line
State 66	-38.0	Positive state and reimbursement (strong), and great addition to a product line
State 67	-39.0	Positive state and reimbursement (strong), and great addition to a product line
State 68	-40.0	Positive state and reimbursement (strong), and great addition to a product line



External review is only a small portion of an HMO's revenue

- Approximately 5%
- Plus CCL (Capex)

Revenue comes from:

- Capex: \$10M revenue each, remaining 50% from revenue
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Other case management, population health management services to improve delivery of group health plans

Other case management, population health management services to improve delivery of group health plans. Includes risk adjustment, utilization management, care management, and more. Revenue from:

- Capex: \$10M revenue each, remaining 50% from revenue
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- Capex: \$10M revenue each, remaining 50% from revenue

High Net Worth Market (HNM) of 15M+ individuals, Total Net % Annual Change

High Net Worth Market (HNM) of 15M+ individuals, Total Net % Annual Change. Revenue from:

- Capex: \$10M revenue each, remaining 50% from revenue
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