

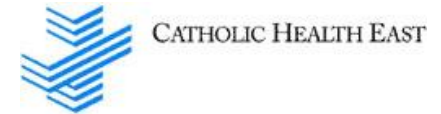
Capital Markets Day: Craneware

November 17, 2015

Craneware History & Update

George Elliott

Trusted Partner to ¼ of US Hospitals



Customers

During the last 15 years, approximately one quarter of all registered US hospitals have chosen Craneware to assist them on their journey to improve financial performance and revenue integrity.

Customers range from small community hospitals to large healthcare networks.



Today's Presenters



Russ Rudish, Non-Executive Director

Russ Rudish has more than 30 years' experience in serving the Healthcare industry, both in the United States and internationally. Russ holds a directorship in Rudish Health Solutions, LLC, a healthcare consulting firm. Russ is also a principal in Healthcare IT Leaders and Run Consultants, both of which provide IT staff augmentation services. Between 2006 and 2014, Russ served as partner and Global Sector Leader for Healthcare at Deloitte Touche Tohmatsu, where he led the \$2 billion global consulting, audit, tax and financial advisory business, developing the firm's Global health care strategy. He is an active speaker and contributor to thought leadership on today's most pressing Healthcare business issues. Russ holds a directorship in Rudish Health Solutions LLC. He previously held a partnership in Deloitte LLC, from 2006



Colleen Blye, Non-Executive Director

Colleen Blye is the Executive Vice President and Chief Financial Officer for Catholic Health Systems of Long Island ("CHS"), an integrated healthcare delivery system which includes six hospitals, three nursing homes, a regional home care and hospice group and a community-based agency for persons with special needs. Colleen joined CHS in 2010 from Catholic Health Initiatives (CHI), where she served as Executive Vice President and Chief Financial Officer since 2005. She was with CHI for over twenty years, serving in various roles of increasing responsibility. Ms. Blye started her career in Finance with Ernst and Young in Philadelphia, PA. She has been a certified public accountant since 1984 and is a member of the American Institute of Certified Public Accountants, and the Pennsylvania Institute of Public Accountants. She is also a member of the Healthcare Financial Management Association



Mark Montgomery, Chief Marketing Officer

As Chief Marketing Officer, Mark Montgomery provides strategic and operational leadership for corporate development, product management and marketing that drive to Craneware's long-term goals. Prior to joining Craneware in 2013, Montgomery led several teams for Experian Healthcare's client services organization, encompassing reimbursement, client support and central operations. Montgomery joined Experian in 2011 with the acquisition of Medical Present Value, Inc. (MPV). Prior to joining MPV in 2009, Montgomery spent eight years with McKesson and 17 years with Lanier Healthcare in a variety of strategic sales, marketing and operations roles. Montgomery earned his bachelor's degree in broadcast communications from Tennessee Temple University and a master's degree in business administration from the University of Georgia.

Healthcare Consulting Strategies for a Consolidating Market

Russ Rudish

Industry Impacts to the IT/Consultancy Market



Regulatory Evolution

The industry continues to be led by regulatory influences:

- 1960s—Medicare & Medicaid
- 1980s—Prospective Payment System
- 2000s—Medicare Advantage
- 2010s—Affordable Care Act



Alliances & Acquisitions

Health providers are aggressively seeking strategic partners that:

- Expand current services offerings
- Expand to new markets within the traditional and non-traditional service areas
- Seek alliance/acquisition of physicians and other healthcare professionals



Renewed Focus Toward Innovation

- Quality care delivery
- Optimal margin performance and growth
- Compliance with regulatory and commercial payor polices
- Innovation in care delivery and patient engagement



Consultancy as a Strategic Partner

- Expanded revenue and cost management execution
- People/Process/Technology
- Channel partners: Group Purchasing Organizations
- Channel partners: Consulting Services firms
 - HIS deployment
 - Cyber Security
 - Population Health readiness

The CFO Role: Managing Emerging Risks in a Value Based Market

Colleen Blye

$$\text{VALUE} = \frac{\text{Quality}^{\{1\}}}{\text{Payment}^{\{2\}}}$$

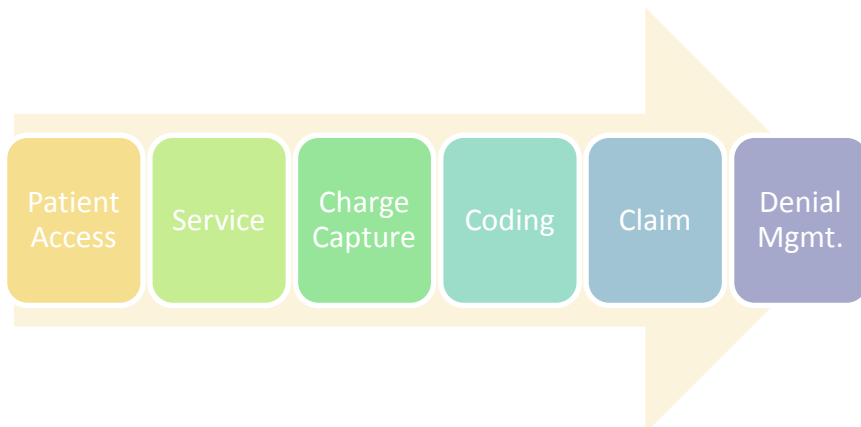
{1} Composite of patient outcomes, safety, and experiences

{2} Cost to all purchasers of purchasing care

Revenue Cycle

- Fee-for-service
- Connect charges to units of service provided

“All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue”



Value Cycle

- Value-based and other alternative payment models
- Connect costs to units of service and charges

“The process and culture by which healthcare providers pursue quality patient outcomes and optimal financial performance through the management of clinical, operational and financial assets.”



Risks Will Increasingly Affect Your Margins



Population Health/Assumption of Risks

Example: Medicare's Comprehensive Care Joint Replacement (CCJR) Program

- Responsible for all aspects of care for a given population for life
- Balancing care/payment to ensure financial viability for the provider



Alternative Reimbursement Models = Less Predictable Cash Flow

Example: payments tied to clinical outcome and quality

- Bundled
- Risk/quality contingency
- Full risk: fixed payment for preventative and curative services



Consumerism and Patient Engagement

Example: growing patient engagement and patient responsibility

- Clinical awareness and education
- Self pay: High deductible / patient responsibility
- Pricing transparency Uninsured & self-pay
- Self insured: Companies are contracting directly with providers for outcomes-based care delivery with transparent pricing

Keys to Success



Meeting the Challenge:

- For the patient: Competitive pricing that delivers optimal clinical outcomes
- For the provider: balancing quality patient outcomes with optimal financial performance



Information driven through Data Analytics

- Create the ability to measure clinical outcomes, quality and cost data accurately in real-time



Care Management Infrastructure

- Meeting consumer expectations
- Delivering optimal clinical outcomes
- Creating the appropriate care network

Healthcare Trends

Mark Montgomery



An evolving healthcare marketplace is rapidly driving shifts to new financial performance metrics focused on value.

Revenue Cycle Management

Value Cycle Management

Capitation



Fee for Service



FFS/Value Based



Population Health

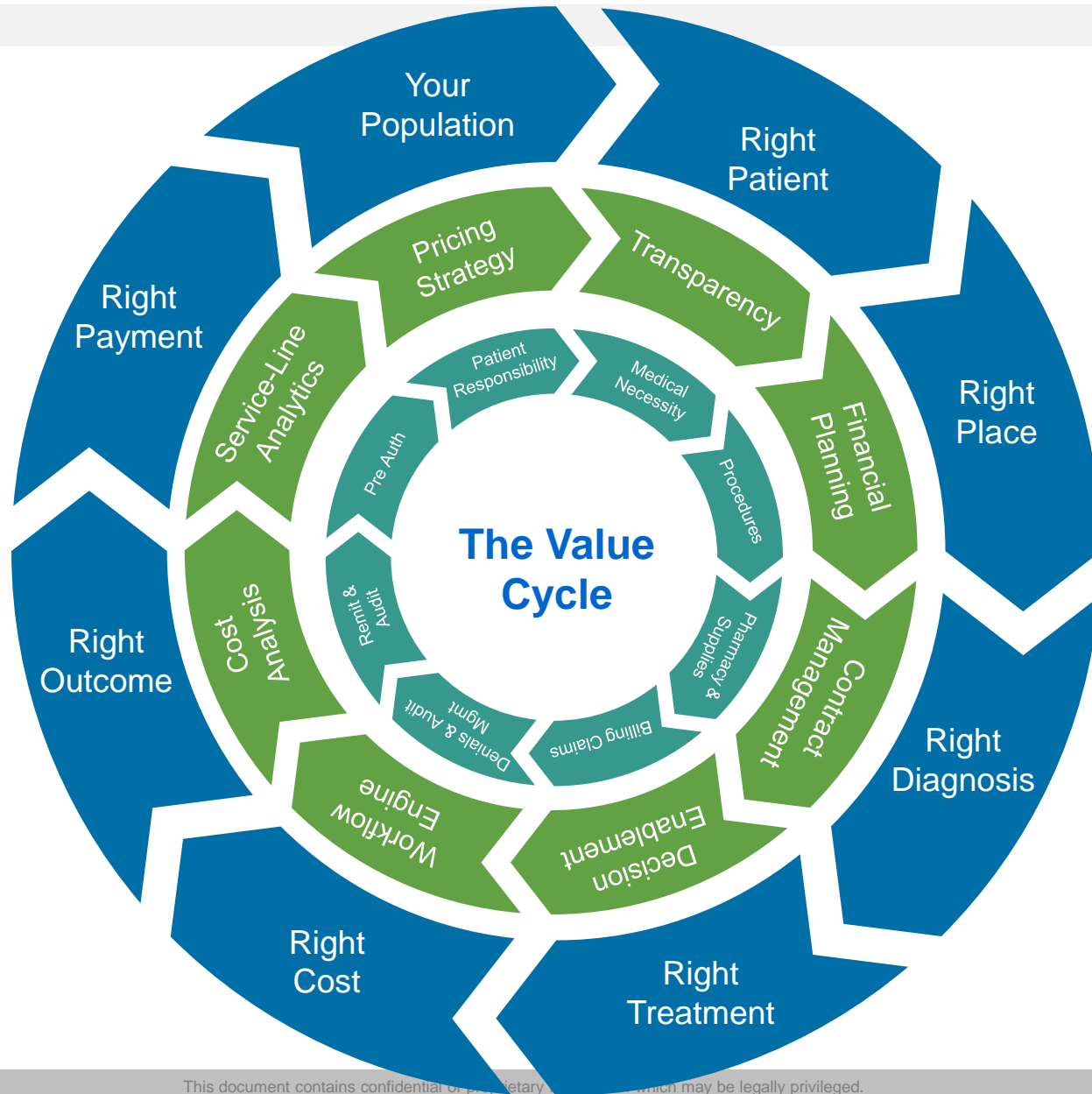


Previous

Recent

Now

Today/
Tomorrow



Craneware Moving Ahead



Craneware in the value cycle, today and in the future



Our Domain



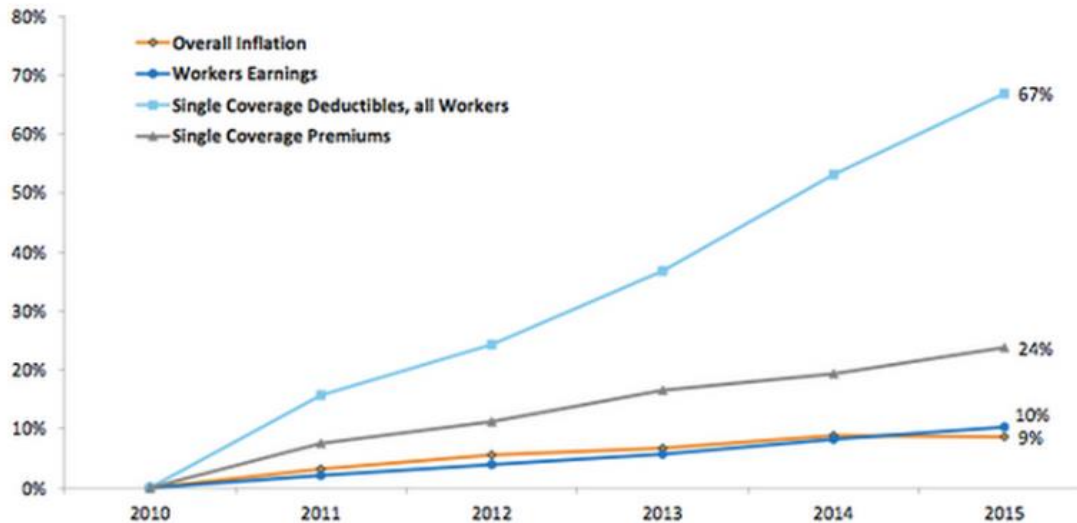
Our Future

Craneware Patient Engagement Strategy



Patient Responsibility for Payment is Escalating

Cumulative Increases in Health Insurance Premiums, General Annual Deductibles, Inflation, and Workers' Earnings, 2010-2015



NOTE: Average general annual deductible is among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

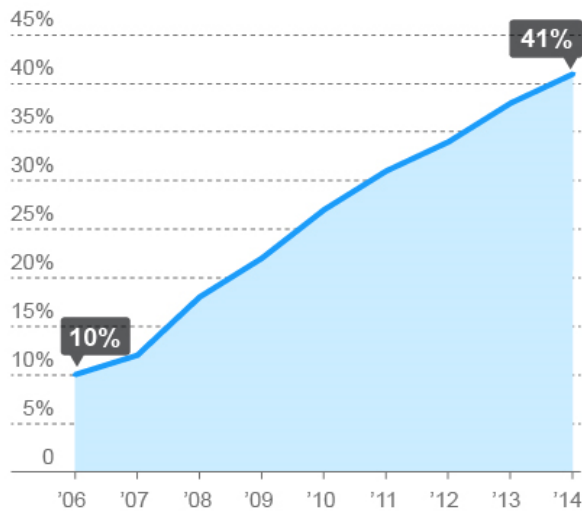
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010-2015. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2010-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2010-2015 (April to April).



Higher Deductibles are the Reality

Percentage of covered workers with deductibles of \$1,000 or more

For single coverage, all company sizes:



Source Kaiser Family Foundation's "Employer Health Benefits, 2014 Annual Survey: Employee Cost Sharing"

DEDUCTIBLES RISING

The year-to-year average increases in employer-paid health insurance deductibles aren't all that big because some firms haven't raised them much. But the overall trend is for deductibles to keep rising, especially at smaller firms.



Kaiser Family Foundation
Frank Pempa, USA TODAY



■ IT'S IN THEIR POCKETS...




1.5 BILLION
smartphone users*

In the US...

 83%
don't leave home
without them†

 63%
Check their smart phone
at least once an hour†

 9%
check every
five minutes†

We share personal info...
33% of people would fear the
contents of their smartphone
being projected on a big screen† 

Questions

