



MEDENCENTIVE: THE CURE FOR WHAT AILS U.S.

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Jeff Greene describes Oklahoma City-based MedEncentive as a patented one-of-a-kind incentive system designed to accomplish what healthcare policy experts are now referring to as **Triple Aim – better health, better health care and lower health care costs.**

MedEncentive has independent validation that its system actually accomplishes the Triple Aim.

Here are some questions and answers with the MedEncentive founder and CEO about the company and its patented “evidence-based” approach to achieving the Triple Aim.

Q: How does it all work?

A: We contract with health plans sponsored by employers and health insurers to offer financial rewards to both doctors and patients when they declare or demonstrate adherence to performance standards that we present on our website, provided – and this is the key – that the doctor and the patient agree to allow the other party to confirm or acknowledge their adherence. The types of performance standards that can be adapted to our program are limitless, but begin with “evidence-based medicine” (EBM) treatment guidelines and “information therapy.” Physicians are compensated by our health plan customers when the doctors declare adherence on our website to these EBM guidelines and prescribe information therapy to educate and motivate their patients with each office visit. Patients are financially rewarded for responding to the information therapy prescriptions by accessing our website to learn how to self-manage their health and declare their adherence to what they learn. The kicker is that both doctors and patients must agree to allow the other party to confirm or acknowledge each other's adherence to the EBM recommendations. This approach creates “checks and balances” between the doctor and the patient that we call “mutual accountability” – and this is what leads to better health, better healthcare and lower costs. In the process, our program aligns or “triangulates” the interests of the patient, the physician and the health plan in a win-win-win arrangement.

Q: And the results show that it works?

A: Yes. What we've been able to offer through this platform is a tri-lateral motivation system that encourages adherence to better health and health care while promoting health literacy, all of which translates into significant cost containment and a real return on investment for employers and insurers. More specifically, independent experts such as the University of Kansas School of Medicine and The Loomis Company have discovered that by advancing health literacy and tapping into the motivational factors inherent to the doctor-patient relationship, our program produces a fairly significant uptick in medication adherence. This translates into a rather dramatic drop in hospitalizations. Other benefits include such things as a reduction in defensive medicine (doctors ordering unnecessary tests), which accounts for a fairly significant percentage of total dollars spent.

Q: What if a doctor disagrees with a treatment guideline or determines that a guideline doesn't fit a patient's particular circumstances?

A: Because our program uses the concept of triangulation to align the interests of doctors, patients and health plans; we are able to offer an “anti-cookbook” medicine feature that not only allows but encourages doctors to deviate from a guideline anytime they determine the guideline is inaccurate, out-of-date or doesn't fit a patient's particular circumstances. The triangulation occurs when the health plan, represented through our program, stipulates that the doctor communicate the reason for non-adherence to his/her patient through a convenient menu of reasons offered on our website, and agree to allow the patient to judge with his/her reason for non-adherence. The doctors love this feature because they are compensated for using their clinical judgment regarding best practices. This concept works in the other direction as well in a manner that allows patients to explain reasons for non-adherence to their doctors that can be useful in finding treatment alternatives that will work.

Q: Can you talk about what patents you own on the MedEncentive process?

A: Our U.S. patent was approved last year and we have another U.S. patent pending. Then we have international patents pending in Europe, Canada and Australia. It's a method patent and involves seven or eight components that are combined in a fashion that procures the elusive Triple Aim outcome. The components include a doctor and a patient and a payer. Then you have an intermediary that manages the three-way contract among these key stakeholders with a database and a set of web-based applications. You have financial rewards and performance standards. And then, last but not least, you have the method that combines these components into a system.

Medencentive
Rewarding better health

TREATING THE NATION'S BROKEN HEALTH CARE SYSTEM

There is a hint of evangelist in the voice of Jeff Greene as he describes an issue that has stirred a national debate and vexed policy makers, health care providers and insurers. It's the affordability of health care for Americans.

"The facts are that we have a huge problem that threatens to bankrupt our country," says Greene, founder and CEO of Oklahoma City's MedEncentive. "And if you look at why employers or small businesses don't add jobs or why people don't go out and become entrepreneurs, it's because they are scared to death that they will go bankrupt over the health care benefit they know they have to have, and that's a big drag on the economy."

MedEncentive was created eight years ago to provide a solution to what appears to many people to be an overwhelming, unsolvable problem.

"We can make health care affordable," he says. "And the way we make health care affordable is by tapping into the doctor-patient relationship by means of intelligent incentives that inspire both parties to hold the other accountable for their health behaviors and performance."

Once upon a time, Greene was Chief Executive Officer at CompOne Services, an Oklahoma City-based physicians billing and practice manage-

ment company. From his position at CompOne, Greene saw doctors' share of the health care revenue stream decline as costs soared for patients and payers. As a self-insured business owner, these soaring costs were a real and present threat to his company's viability and his personal livelihood.

Greene conceived MedEncentive as the answer. It is a patented, Web-based cost containment platform that uses evidence-based guidelines for physicians, information therapy for patients and an incentive system that rewards both doctors and patients for holding each other accountable for adhering to the prescribed treatments or for offering an appropriate reason for non-adherence.

Greene calls it "doctor-patient mutual accountability." Doctors follow treatment guidelines. Patients educate themselves about their health and follow the prescribed treatment. And both parties agree to allow the other party to confirm their adherence or reason for non-adherence to the performance standard. When MedEncentive authenticates these activities through its website, it initiates financial rewards funded by the health plan sponsor for one or both parties.

In addition to the financial rewards paid by the health plan sponsor, that includes health insurers, employers and governments; plan sponsors also pay a monthly fee to MedEncentive of roughly \$3 per enrolled plan member per month. Plan sponsors fund these program costs with the expectation that the program will produce health-care savings that exceed the cost of the program.

For the past seven years, the MedEncentive "tool" has been tested in several real-world trial installations located in three states -- Oklahoma, Kansas and Washington -- covering between 12,000 and 15,000 people. The company has prospects from coast to coast and recently added customers in Pennsylvania.

"We have a very focused business strategy," Greene said. "The company has been in proof-of-concept since inception in 2005. We wanted to first prove to ourselves that our system worked. We knew we then had to get independent validation, and we knew an independent examiner would want years of data, preferably in multiple trial installations. So we realized it was going to take time to aggregate the data. We also wanted to protect

our intellectual property, and method patents take time."

Now MedEncentive has the data, the patent and the independent validation.

Studies conducted by the University of Kansas School of Medicine on two MedEncentive trials and a separate analysis by The Loomis Group, a Pennsylvania-based health plan administrator, confirmed the effectiveness of MedEncentive's program. In effect, the findings of these studies were very similar. When MedEncentive is introduced to a population, patients and their doctors participating in the program increase health literacy, improve medication adherence, and reduce hospitalizations. The reduction in hospitalizations and other factors produced enough cost savings to generate significant returns on investment for each of the health plan sponsors over multiple years.

In the wake of those studies, two of the nation's top 10 reinsurance providers -- IHC Risk Solutions and Chartis (AIG) Insurance -- have announced that they will offer discounts on medical stop-loss coverage to self-insured employers that adopt the MedEncentive program.

Reinsurers provide "stop loss" insurance coverage for employers who want to protect themselves against catastrophic employee health care costs that could bankrupt the company. Institutionalized stop-loss discounts by the reinsurance industry for a wellness, care management or incentive service like MedEncentive is unprecedented.

"Employers that integrate the MedEncentive Program with their employee health benefit plan are taking the right steps to control their health care costs," said Chip Studer, Zonal Vice President for Chartis Accident & Health Corporate Benefit Sales, now AIG Benefit Solutions. "The Program's ability to engage both doctors and patients, interactively, reduces an employer's exposure to high cost claims, which allows us to discount premiums."

David Kettig, Chief Operating Officer of The IHC Group, echoed his counterpart's words.

"IHC prides itself on finding the most effective cost-containment innovations in the market," Kettig said. "We believe that employers that integrate the MedEncentive Program into their employee health benefit

plans will be taking the right steps to controlling their health care costs."

Momentum continues to build for MedEncentive. Greene anticipates other large reinsurers to offer discounts for adopting the MedEncentive system. Then new customers will climb aboard.

"When the reinsurance industry puts their money where their mouth

MedEncentive program in health coverage for all of its own employees.

In January, MedEncentive and one of the nation's largest re-insurers, Sun Life Financial Inc., announced a deal in which Sun Life's Employee Benefits Group will offer a discount to its stop-loss customers who use the MedEncentive Program.



is and says that 'we will discount your premium if you adopt this program, and that's what this program was designed to do, I don't know what more I could say,' Greene said. "That is the manifestation of seven years of trial and error, of independent studies that now have reached this stage. We are very proud of that, and it is going to manifest itself into big commercialization."

There is more momentum on the development front. The company announced in May that Cecily M. Hall, the former Director of Employee Benefits for the Microsoft Corp., has joined MedEncentive as Executive Vice President.

Hall spent 18 years at Microsoft and was responsible for managing more than 65 benefit plans and programs, serving 140,000 employees and family members.

"We met at a conference in Washington, D.C.," Greene said. "Sat at the same table. She asked me who I was and I asked her who she was. And I described what I did and she had the 'a-ha!' moment. She eventually left Microsoft and was seeking a career change in small startups like ours. She's quite a talent and highly regarded in lots of places."

In early October, MedEncentive announced that it had signed its first large preferred provider organization, Seattle-based First Choice Health, which is including the

Greene has taken the MedEncentive story across the nation, recruiting thought leaders and influencers such as academic researchers, economists, corporate executives, trade associations, physicians and physician groups.

"We've grown in the number of influencers who understand us and what our tool is about," Greene said. "We've spent a good bit of time educating folks who will help us grow the business in places like Washington, D.C., and Connecticut. We have what we call MedEncentive Champions within some of the largest corporation in the United States."

Growth is imminent. Two new senior level executives in sales and operations are being recruited. A large financing round is in the process of closing.

Then what?

"We have five employees today and envision hundreds, if not many hundreds in the future," Greene said. "I would say we will achieve success when we are counting percentage of the market that's covered by our program."

"We like to think that everybody ought to have the MedEncentive benefit attached to their health care coverage," he said. "Ultimately, we envision that to be the case. We believe that this platform, this program, is