

# J.P. Morgan 30<sup>th</sup> Annual Healthcare Conference

Michael B. McCallister  
*Chairman of the Board  
and Chief Executive Officer*

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**Humana**

# Today's Discussion

- In quiet period before 4Q11 earnings release on February 6
  - Successfully concluded Annual Enrollment Period for 2012; additional SNP and age-in enrollment expected throughout remainder of 2012
  - Net 2012 Medicare Advantage growth expected to be somewhat ahead of previous guidance
  - Net 2012 PDP growth projected to be in line with prior guidance range
- Recent M&A activity
- Company strategy
  - Our 15 Percent Solution
  - Humana's experience with ACOs
  - Instituting a comprehensive approach to lifelong well-being

# Recent M&A Activity

- Completed acquisitions of:
  - Anvita Health (closed 12/6/11)
  - MD Care (closed 12/30/11)
- Announced intent to acquire:
  - ARCADIAN
  - SeniorBridge

**Leveraging the capabilities and tools of Anvita across Humana's population will drive significant value through a number of different mediums...**



- Insight Engine: Batch and real-time engine with over 30,000 algorithms (clinical rules)
- Drug Safety / Adverse Drug Effects / Drug-Drug Interactions / Drug-Disease interactions
- Gaps in Care
- Health Thesaurus: Data integration and standardization for condition identification

- Clinical alerts for Medicare HEDIS Stars improvement
- Data analytics to more accurately to capture population health information
- Clinical Decision Support for specific specialty and diagnostic tests
- Real-time simplified PHR with drill down capabilities
- Actionable medical profile
- Comparative efficacy of treatments using large datasets

- Dynamically manage medication co-pays using EMR data
- Real-time data capture to create instant member medical history
- Real-time clinical decision support for: PHRs, EMRs, e-Prescribing and HIEs
- Provider assessments and quality reporting
- Data mining / predictive modeling to better anticipate health issues
- Ability to handle large amounts of data from disparate sources

**Value Proposition to Humana**

Savings through Anvita's rules engine and medical alerts

Realization of additional incremental value through expansion and optimization of Anvita products

Facilitation of increased quality and reduced medical spend for all members

# MD Care and ARCADIAN

## MD Care (completed)

- Medicare Advantage health plan located in Southern California with ~15,000 members - including ~1,800 dual eligible special needs plan (SNP) (July YTD).
- Products sold in the following counties:
  - Los Angeles (~6K)
  - Riverside (~6K)
  - Orange (~2K)
  - San Bernardino (~1K)

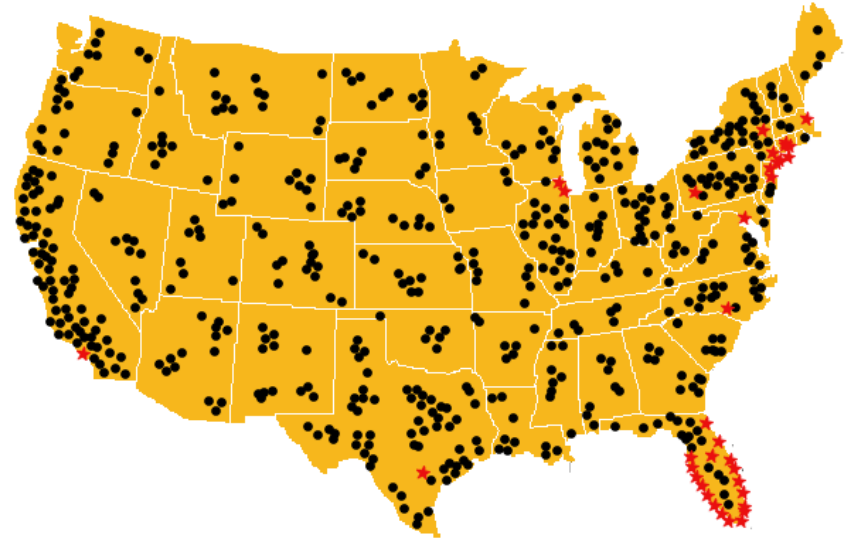
## ARCADIAN (pending)

- Offers Medicare Advantage plans (including SNP) through six wholly-owned subsidiaries
- Broad geographic presence with focus on secondary, underserved and non-urban markets
  - Offers health plans in 51 markets comprising 236 counties in 15 states
  - Arcadian is the largest HMO in 18 of its 51 markets and the second largest in 19 markets
- Network includes 6,300+ PCPs, 22,000+ specialists and 284 hospitals

# SeniorBridge™ (pending)

*Managing complex chronic care for seniors for ten years*

- Expands Humana's existing transitional care capability, reducing readmissions and ER utilization
- Greater access to home setting improves data collection efforts and provides greater insight into care needs of most complex members
- Establishes direct-to-consumer/retail business, providing expanded opportunity to work with seniors outside of Medicare Advantage



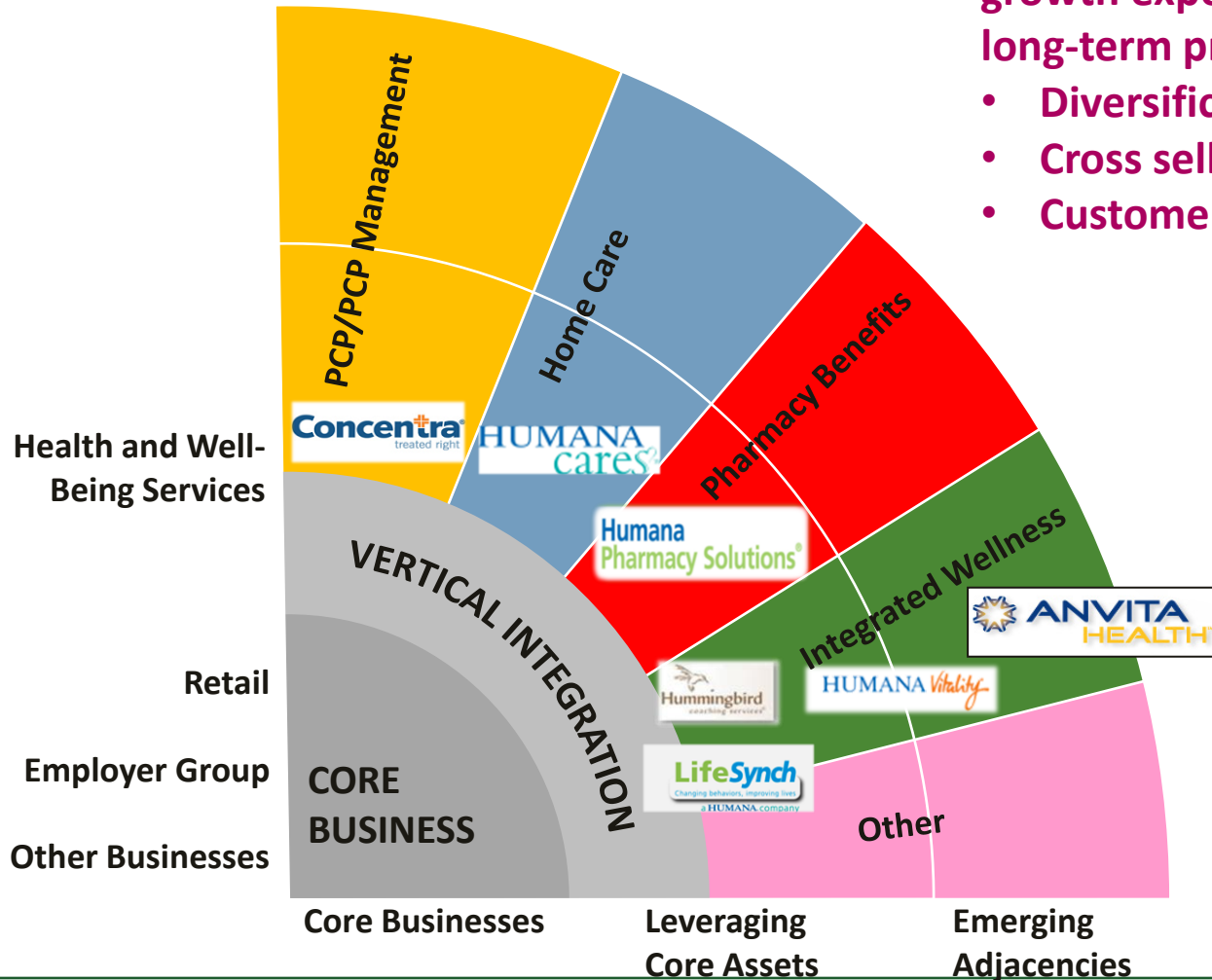
## Overview

- National network of more than 1,500 geriatric care managers
- Adds ability to directly provide Activities of Daily Living (bathing, dressing, eating, etc.) and Instrumental Activities of Daily Living (housework, medication adherence, grocery shopping, etc.) care to members
- Expands in-home assessment capability and post-discharge transitional care
- Top sales referrals from hospitals and sub-acute rehab facilities (36%), word of mouth (16%), homecare agencies (10%), internet and advertisements (9%), physician offices (7%)

# Humana's Strategy

Near-term Medicare Advantage growth expected to produce long-term prosperity:

- Diversification
- Cross selling
- Customer retention



# Humana's 15 Percent Solution

Our holistic approach, together with the scale needed to execute in a post-reform environment, positions us well to deal with wasteful spending in the health system that has been estimated at more than half of all health spending.\*

**1% to 2%**

## Early Identification

- Humana Health Assessment
- Predictive modeling

**7% to 10%**

## Provider Contracting

- Efficient physician networks
- Efficient hospital contracting
- Discounts for free-standing facilities and ancillary services

**3% to 4%**

## Clinical Integration & Guidance

- Provider guidance
- Clinician-based support
- Wellness and productivity
- Pharmacy solutions

**1% to 2%**

## Claims Cost Management

- Consistent application of Medicare-published local coverage determinations
- Timely DRG audits and recoveries
- Specialized physician billing review software
- Observation status review
- Fraud detection





# Humana's ACO Strength

- Over 24 years' experience with accountable care model
- Nearly 600,000 Medicare Advantage and 90,000 commercial members in accountable care models
- ACO models in over 45 markets today and continuing to grow
- Flexible reimbursement models to service various ACO arrangements - designed to accommodate and reward improved performance in population health management
- IT Infrastructure required to deliver integration, connectivity, accountability, and reporting
- System capabilities designed to exchange clinical and financial information to provider partners
- Robust quality and utilization measurement for improved performance

# Instituting a Comprehensive Approach to Lifelong Well-Being for Seniors and Other Consumers

- Launch innovative, results-based approaches using rewards and incentives to foster positive behavior change
- Engage providers for productivity and efficiency
- Analyze data in ways that translate directly to better health outcomes
- Create counterintuitive, people-centered retail partnerships

**Humana®**