

Guidehouse Project Overview

Executive Summary of Key Activities

Guidehouse and ARC project staff completed market analyses and organizational assessments to identify the Commission’s readiness to engage with commercial buyers (Medicare Advantage plans, Accountable Care Organizations) to expand delivery of services and drive ARC revenue.

Market Analysis

- Conducted Market Analysis (*Theory of the Market*)
- Reviewed ARC sales processes
- Developed service crosswalk to Medicare Star Measures

Business Transformation Planning

- Informed ARC of commercial models and payment structures
- Conducted gap analysis
- Engaged ARC staff in acumen development discussions

Value Proposition

- Developed value proposition
- Identified ARC features and benefits
- Developed value proposition variations for contract targets

Strategy Activation

- Delivered recommendations
- Discussed data collection and reporting options
- Engaged ARC E-Team

Theory of the Market Summary

The theory of the market provides a snapshot of the market conditions that inform ARC's approach to winning contracts. Guidehouse scanned proprietary data sources aligned with ARC's service area to develop a TOTM that identifies growth potential for ARC.

1

Projected Growth Rate

ARC's region has the **highest projected annual growth rate of Medicare eligibles** in the broader region (4.9% vs. statewide 3.9%)...

...indicating Medicare / Medicare Advantage membership, and the challenges associated with population health management, will continue to grow

2

Quality Performance within the Market

Kaiser's entire population is in a 5 star plan, while 100% of United, WellCare, Cigna, BCBS and Care Improvement membership sits in a 3.5 star plan or less...leaving much opportunity for quality improvement.

...indicating **room for improvement for many plans – which is an opening for ARC to target.**

3

Medicare Advantage Competition

Medicare Advantage is an active (15% CAGR – 3-7% above average) and fragmented market, with United, Humana and Aetna leading in membership...

...while **quality performance is highly variable across plans** (e.g., Kaiser >4.5, WellCare <4)

4

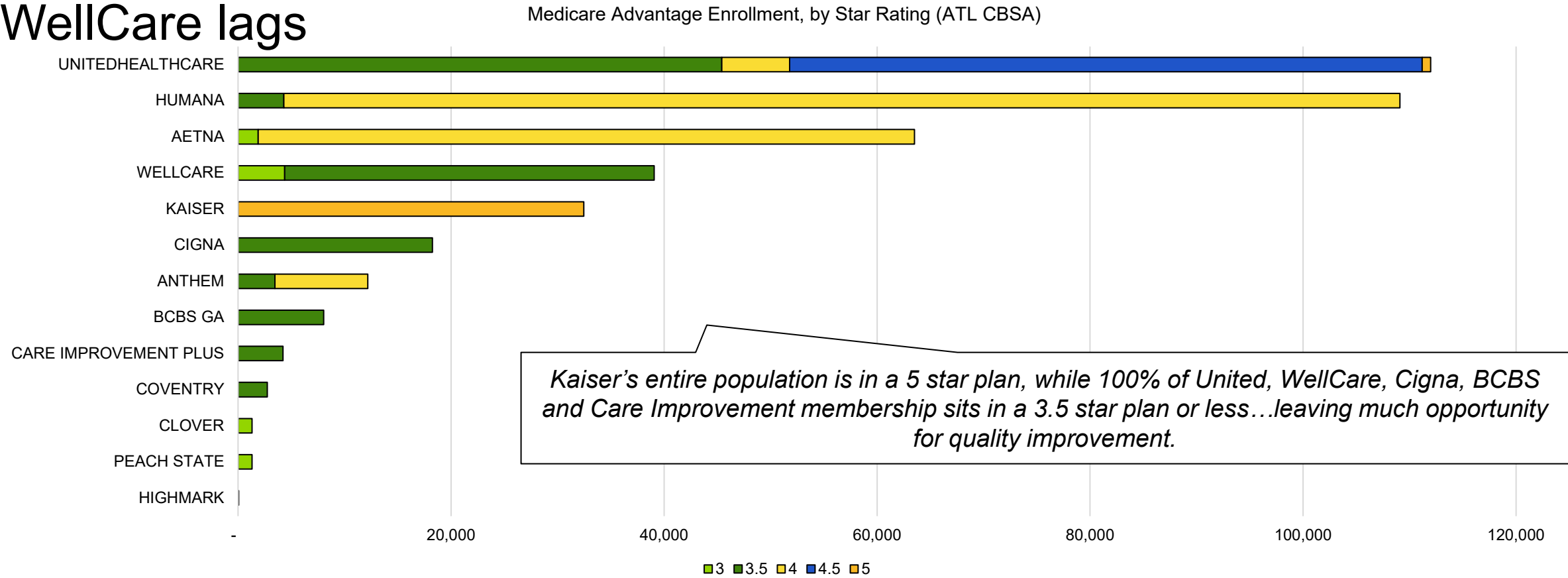
Relatively 'Risk-Ready' Market

Atlanta at-large is a well-managed population, with payers (e.g., UHC), providers (e.g., Piedmont) and disruptors (e.g., Aledade) alike exploring risk in baby steps...

...indicating an opportunity for **ARC to play a key role in successfully managing complex / at-risk populations**

Market Enrollment and Share Distribution

Medicare Advantage lives are spread across multiple health plans and across multiple star ratings; Kaiser leads in star performance, while WellCare lags



ARC's Value Proposition

ARC has existing ground-game coupled with deep expertise in management of high-cost populations (older adults, people with disabilities, and individuals with chronic care needs including behavioral health). ARC is uniquely positioned to help payors manage high-risk populations through home and community-based interventions that lower preventable cost and improve quality.

Service Benefits

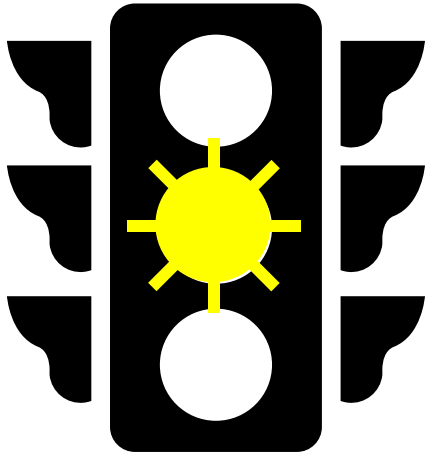
- ARC will leverage its **knowledge and expertise** to become the “one stop shop” for payers to refer high-cost populations.
- ARC provides face-to-face post-acute coordination that **increase overall quality** of services delivered and customer experience and is a trusted partner for hospital systems in the market.
- ARC can link your members to publicly funded services and supports, as appropriate – offering a “path to the safety net” to address whole-person services / benefits

Service Features

- ARC is mobilized to extend in-person and in-home throughout its 10-county region.
- Specialized expertise in information and referral, comprehensive assessment and coordination of in-home support
- ARC can tailor unique care plans to each individual based on their needs.
- The service mix is designed to address key social determinants of health
- Services can reduce overall costs through braiding of all available funding

Key Observations from Gap Analysis

ARC's current status in the transition from grant receiver to contractor



“Proceed with awareness of weak spots”

- ARC has not yet created a commercial payor-oriented infrastructure to target payers and pursue revenue. This process will be a continuous and evolving activity (based on market changes and new regulations / CMS initiatives).
- ARC contracting is driven more toward public sector procurement practices, not commercial contracting – terms and standard contracts will need to be developed to lock-in on needed terms and conditions (ex. minimal referral volumes, information sharing, etc.)
- ARC does not currently measure outcomes based on savings to commercial plans or value-added benefits and data infrastructure used is not easily customizable.

Recommended Initial Business Focus

An early focus on outreach / marketing will lead to understanding initial “scope” but will require business preparations to respond to interested partners quickly.

1

Outreach, Marketing, and Sales

- *Hire in-house staff (or contractor) with experience and existing connections in the commercial market (preferably Medicare Advantage).*

2

Nimble Contracting Processes

- *Develop a nimble process with replicable boilerplate contracts that commercial plans will agree to, have needed safeguards and business terms for ARC, coupled with a timely process for review and execution.*

3

Data Collection and Reporting

- *Establish versatile and cost-effective data collection methods targeted toward calculating cost reduction and quality improvement based on commercial and CMS measures of success.*