



Community Care of Wake and Johnston Counties Network Update

Our Customers



Our Customers



Strategic Relationships

Business Development - Strategy

CCNC must provide services to the entire Medicaid market

- Partner with all state-wide MCOs

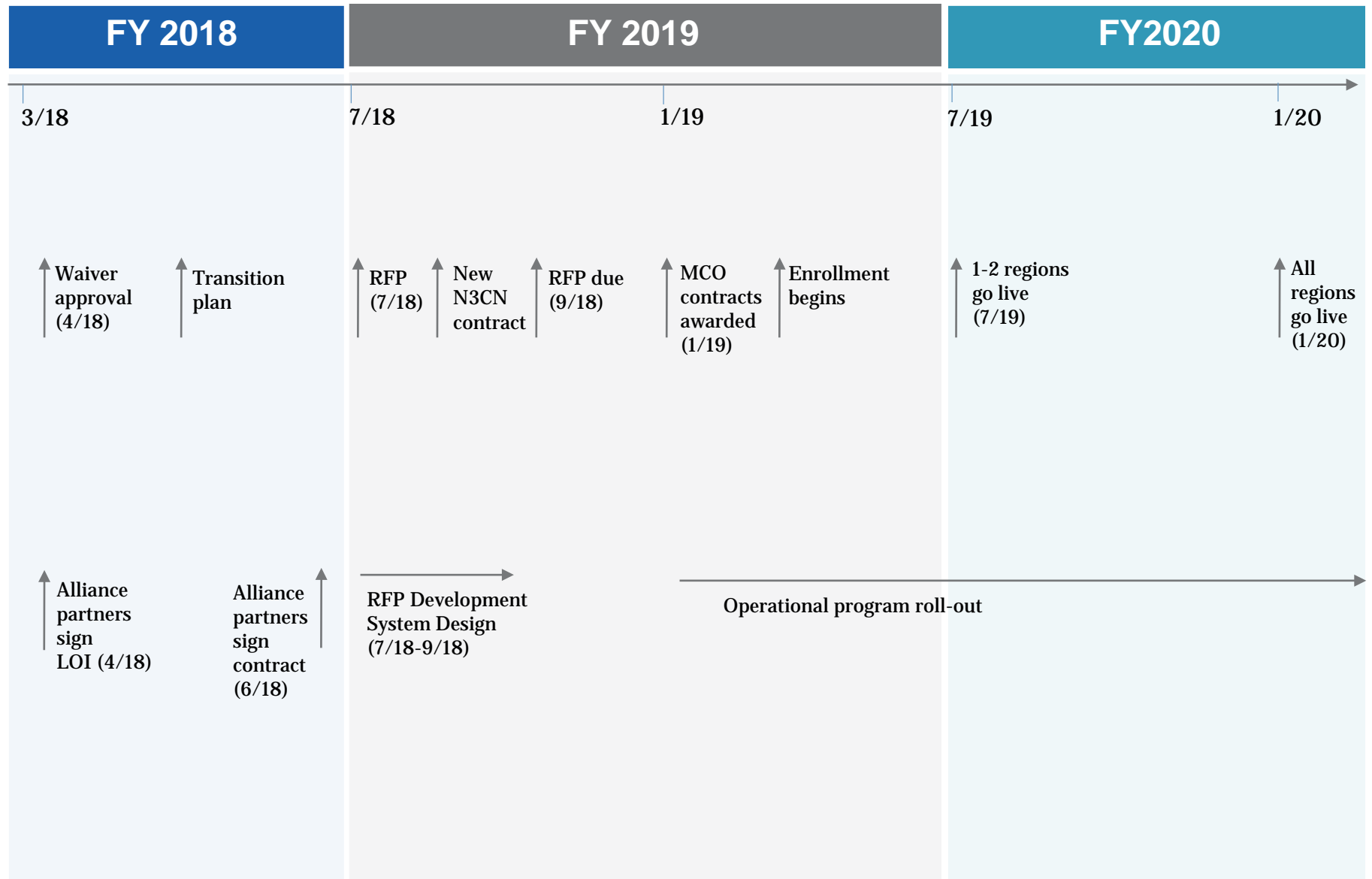
CCNC will seek out additional Medicaid partners that provide access and opportunity to other populations (i.e. Medicare, Exchange, etc.)

Contracting strategy is delicate – Partners are requesting exclusivity. CCNC may potentially obtain a limited set of contracts with additional contracts being executed through CCPN

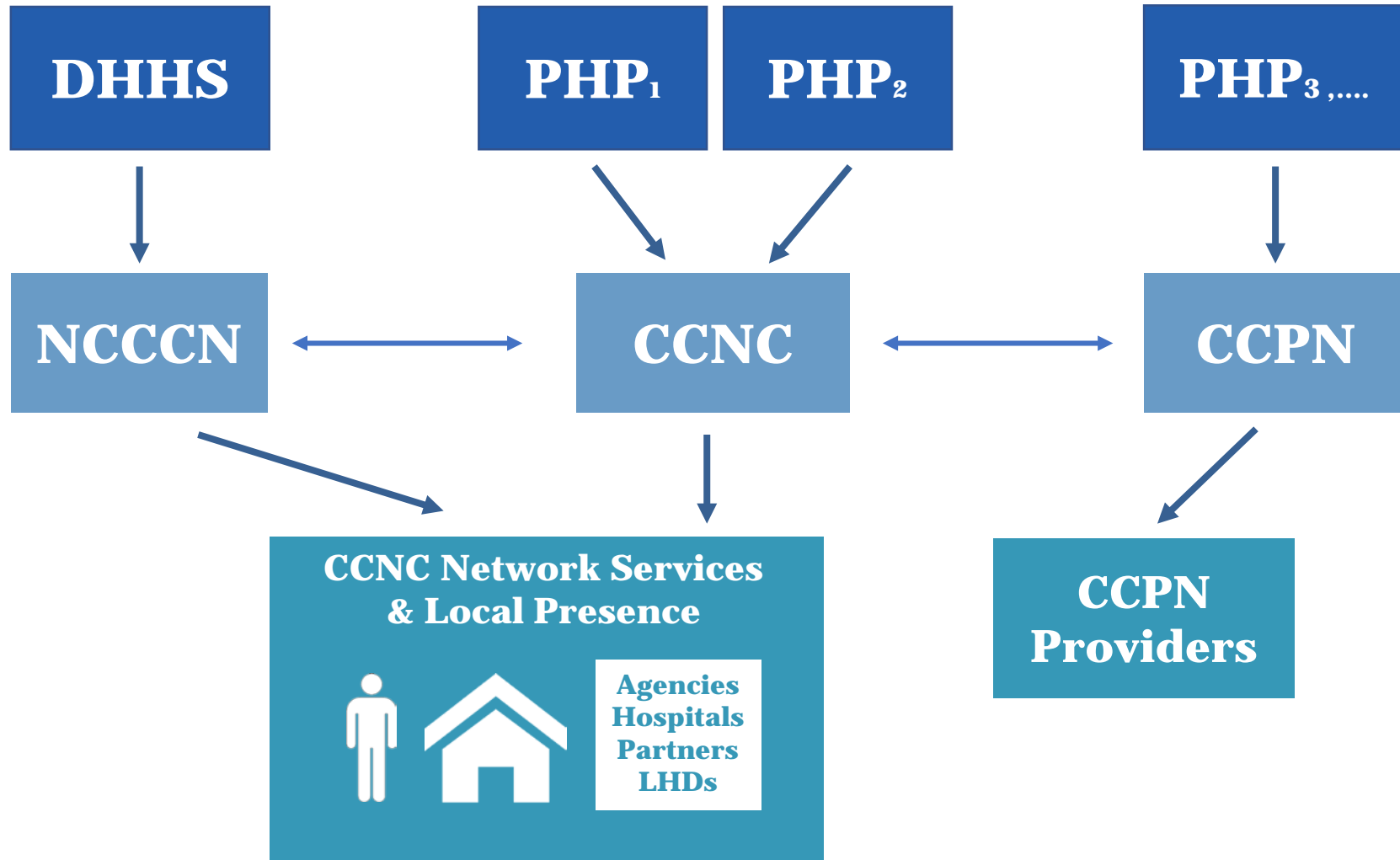
- Goal – maximize total enterprise membership and revenue for Care Management and Provider Support Services

2020

(Current)

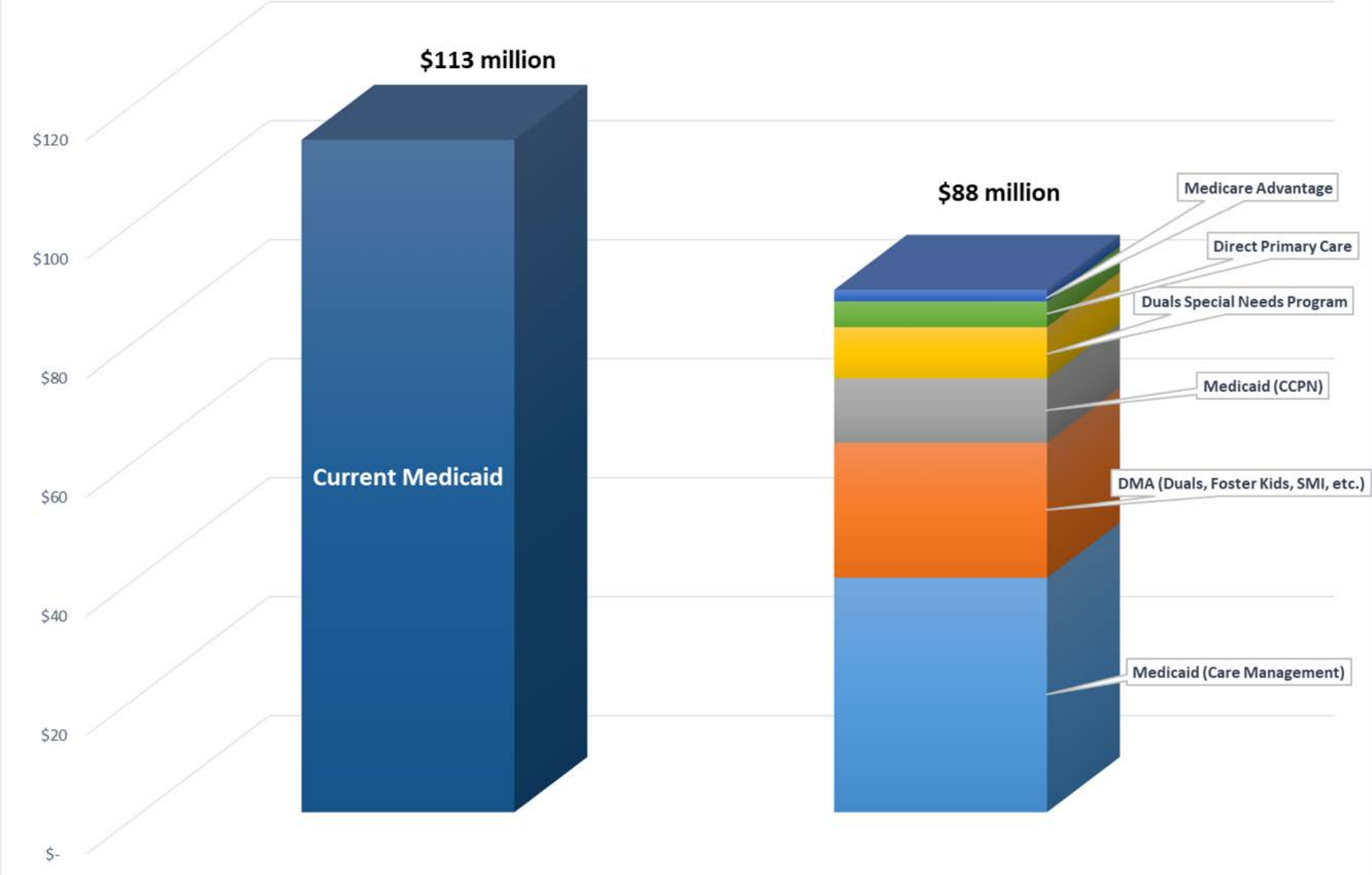


CCNC Post Go Live



Financial Projections

Annual Revenue



CCWJC Pro-forma

**Projection of Current Expectations
and
Conservative Model Projections**

Current Modeling Assumptions – 2020 Revenue

Medicaid

- Assume that CCNC/CCPN will have agreements with 2 or 3 (or 3 of 5) Medicaid MCOs who successfully win the bid
- Membership volume will be based on assumed market penetration
 - 2/3 based on current CCPN attributed membership
 - 1/3 based on current Medicaid membership
- Assume that the DMA will continue to partner with CCNC for Duals
- Assume network/central office split of 80%/20% for Care Management fees
- Assume network/central office split of 50%/50% for Provider Services fees

Non-Medicaid (Medicare Advantage, DSNP and Direct Primary Care)

- Medicare Advantage membership will be distributed in counties that Medicare Advantage plans are currently licensed
- Direct Primary Care Membership will be distributed in counties where DPC carrier has targeted potential employer agreements









CCWJC – FY2020 Pro-forma – Current Expectations

	Total Revenue
<i>Medicaid (CCNC - Care Management Only)</i>	\$ 3,973,809
<i>Medicaid (CCPN - Practice Support Only)</i>	784,150
<i>Medicare Advantage</i>	73,584
<i>Commercial DSNP</i>	639,305
<i>DMA (Duals, SMI, Foster Children, etc)</i>	1,006,177
<i>Direct Primary Care (Commercial - Alternative Payment Model)</i>	517,235
Total Revenue	\$ 6,994,260
% of current Medicaid	97.73%

* Current Medicaid excludes Healthcheck, and assumes flat membership

** Revenue in FY2020 represents managing ~90% of patients currently being managed

Assumption Changes in Conservative Model

-  Higher overall population moving to Managed Care based on care management whitepaper
-  CCNC partners with only 1 of 3 MCO's for fully delegated care management
-  Delegated care management and provider services for all CCPN attributed members across all MCO's.
-  Factoring a 10% membership reduction for those practices that meet tier 3 advanced medical home and provide care management at the practice level
-  Reduced the Medicare Advantage projections by 50% based on slower ramp up
-  Reduced the DSNP projections by 50% based on slower ramp up
-  Kept the DMA carve out membership flat (Duals, SMI, Foster Children)
-  Reduced the Direct Primary Care by 100%. We have struggled to get enough CCPN practices to participate. Still a viable product, but we need to educate and get adoption to make this work.

CCWJC – FY2020 Pro-forma – Conservative Model

	Total Revenue
<i>Medicaid (CCNC - Care Management Only)</i>	\$ 3,983,489
<i>Medicaid (CCPN - Practice Support Only)</i>	810,288
<i>Medicare Advantage</i>	36,792
<i>Commercial DSNP</i>	319,653
<i>DMA (Duals, SMI, Foster Children, etc)</i>	1,006,177
<i>Direct Primary Care (Commercial - Alternative Payment Model)</i>	-
Total Revenue	6,156,400
% of current Medicaid	86.02%

* Current Medicaid excludes Healthcheck, and assumes flat membership

**Revenue in FY2020 represents managing ~87% of the patients currently being managed

Business and Contractual Relationships

Contractual Framework – Assumptions

- In order to meet the obligations of future agreements a tighter contractual framework will be necessary.
- CCNC Inc. must have resources contractually committed to provide state-wide coverage.
- Networks are independent entities and new agreements may be in conflict with other existing relationships and contracts.
- CCNC, Inc. must provide a flexible approach for future business that acknowledges potential contractual conflicts within networks while being able to provide ready, state-wide coverage for care management and provider services activities.
- The most straightforward way to achieve this is through an Alliance and Subcontractor contractual relationships.

Alliance vs. Subcontractor Agreements

Alliance:

- Establishes a contractual commitment to continue to provide all services including provider services and care management and to extend to other unserved service area geographies if needed.
- Paid a percentage of total fees negotiated as well as the potential gain share or performance distributions.

Subcontractor:

- Provides the opportunity to provide support for certain lines of business.
- Allows networks option to not participate in agreements that may pose as a potential conflict (e.g. Proposed payor agreement would result in breach of existing payor agreement for the owner/affiliated institution).
- Paid agreed upon fees to provide care management services, which generally constitutes a lesser percentage of the PMPM negotiated fee.

Alliance Network Partners – Principles

- Contractual requirements are being market-driven, necessitating that we reassess how we partner as a state-wide Alliance to provide high value services to meet future customers business and performance requirements.
- This approach will define the go-forward business relationship and expectations between Alliance Networks partners and CCNC, Inc. as it seeks to preserve the state-wide infrastructure in support of our patients and providers.

Alliance Network Guiding Principles

- CCNC Inc. recognizes the Networks are independent entities and may choose whether and how to participate: as Alliance network partners, subcontractors, or not at all.
- CCNC Inc. would like to enter into an Alliance agreement with all the existing networks.
- The goal of the Alliance is to achieve high performance requirements for our customers and to enable the Alliance network partners to organize in a way that enables us to meet those high expectations, including the staffing ratios our customers need or require.
- CCNC is requiring that final contractual agreements for Alliance network partners be completed by 6/30/2018 in order to meet the contractual obligations with existing and future customers.
- Any network who does not become an Alliance network partner will not be considered for Alliance work unless otherwise agreed by the Alliance partners.

Alliance Network Guiding Principles (cont.)

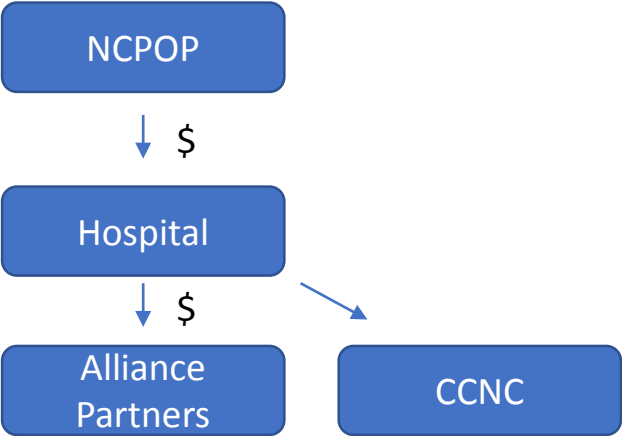
- CCNC will strive to provide incentives – ongoing business development, share of fees/gain share, support of local business objectives, branding to encourage recruitment and ongoing relationship with Alliance partners.
- Subcontractor rates will be lower than Alliance network partner rates. Total fees paid to subcontractors will be based upon total costs of care management and provider services. Subcontractors will engage using SOWs in a modified version of the Framework Agreement.
- CCNC will provide the right of first refusal to Alliance network partners for all business irrespective of geographies for future Medicaid as well as non-Medicaid business, subject to any future limitations imposed by the State.
- Subcontractor networks will not be given right of first refusal for new business.

Alliance Network Guiding Principles (cont.)

- If an Alliance network partner chooses not to extend services outside of existing geographies (decline right of first refusal), CCNC will evaluate the ability to provide services itself prior to offering to subcontractor network.
- CCNC will not seek to change existing “contract 28023” geographies for care management services for existing care management services.
- CCNC will continue to encourage and provide support for Alliance network partner’s local business development opportunities.

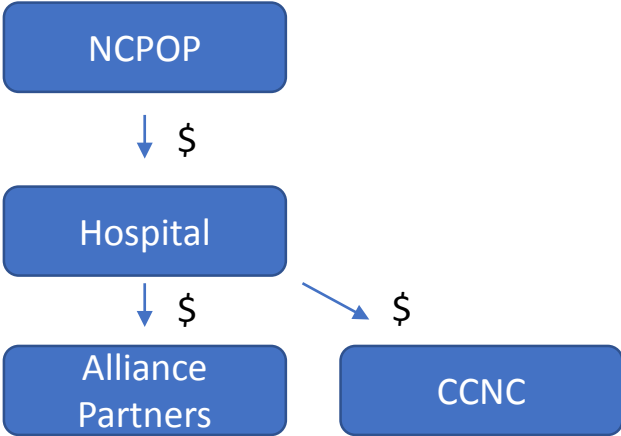
Local Work – Hospital Strategy

Hospital Strategy – No Infrastructure



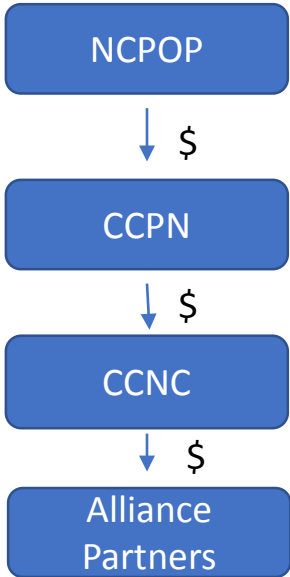
3-Party Agreement
 “Local Work Review”
 No Infrastructure Support
 No Revenue Split

Hospital Strategy – Infrastructure Required



3-Party Agreement
 “Local Work Review”
 Infrastructure Support
 Revenue Split

Independent Practice Strategy



Provides support
 for independent
 providers

Questions?

Appendix

CCNC, Inc. Alliance Responsibilities

CCNC Inc. will provide the following services in support of the Alliance with its customers:

- Sales and Marketing
- Contracting, Pricing, Legal and Compliance
- Account Management
- Program Oversight, Accreditation and Training
- Customer Accounting and Billing
- IT Infrastructure
 - Care Management system
 - Provider quality reporting
 - Performance reporting
- Government Affairs and Policy Efforts