

Aspirus Arise

A New Wisconsin Partnership



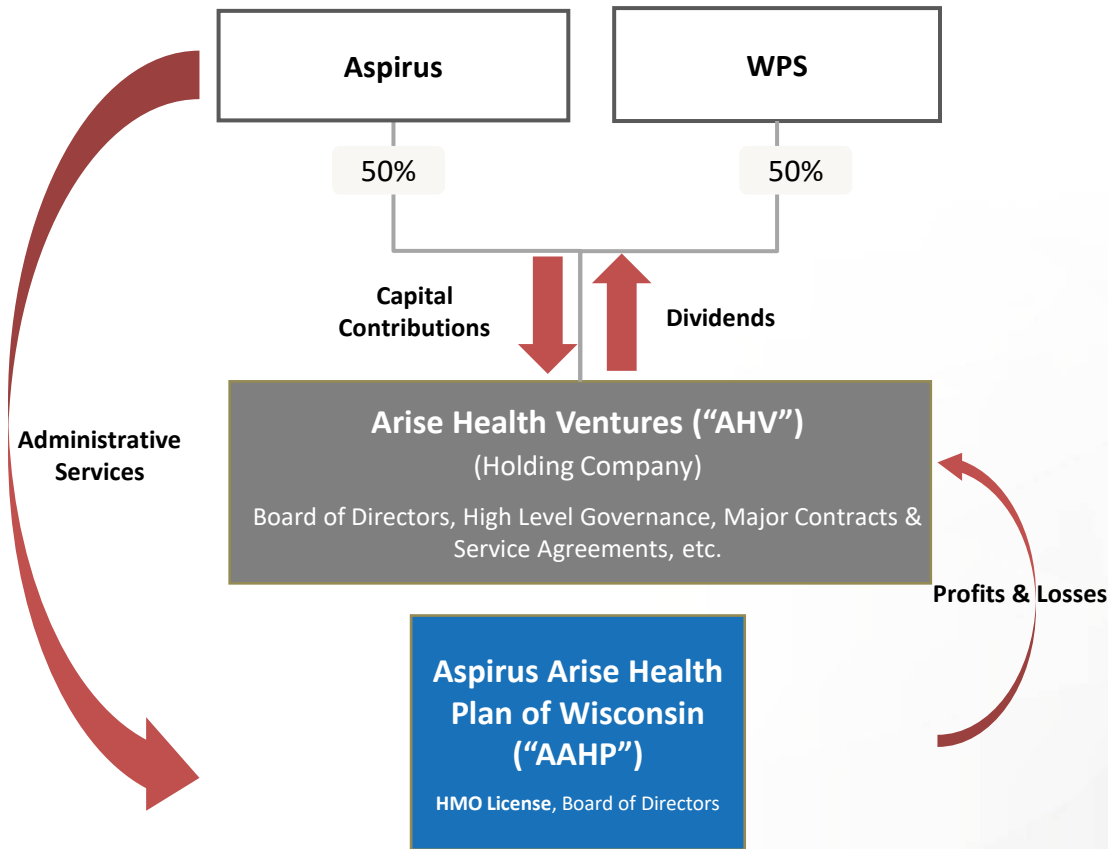
Partners



Partnership Timeline

- Co-branded individual on-exchange products in 2014
- Wisconsin Certificate of Authority application for a new HMO in 2015
- Approval granted in early 2016
- Product Filings
- Plan Build
- Product Launch/Go-Live

Organization Structure



- Both shareholders provide operational services to Aspirus Arise in addition to Board leadership
- Aspirus provides medical management services:
 - Disease Management
 - Care Coordination
 - Wellness/Aspirus Business Health
- WPS provides the majority of insurance services to the Aspirus Arise:
 - Claims Processing
 - Member Services
 - Billing/Enrollment, et. al
- AHV has a small team responsible for sales, account management, and operational management

Market Segments

“Risk” Business (Traditional Insurance)

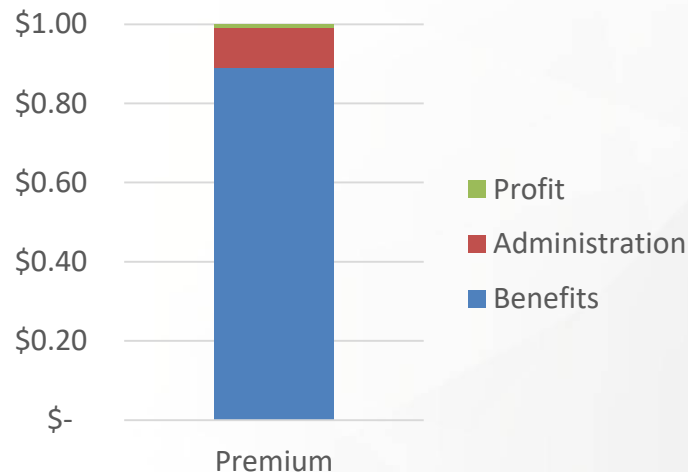
We take on risk- collecting insurance premiums to pay for benefit claims and administrative expenses.

- Individual
 - On/off exchange
- Group
 - Small (2-50)
 - Large (51+)

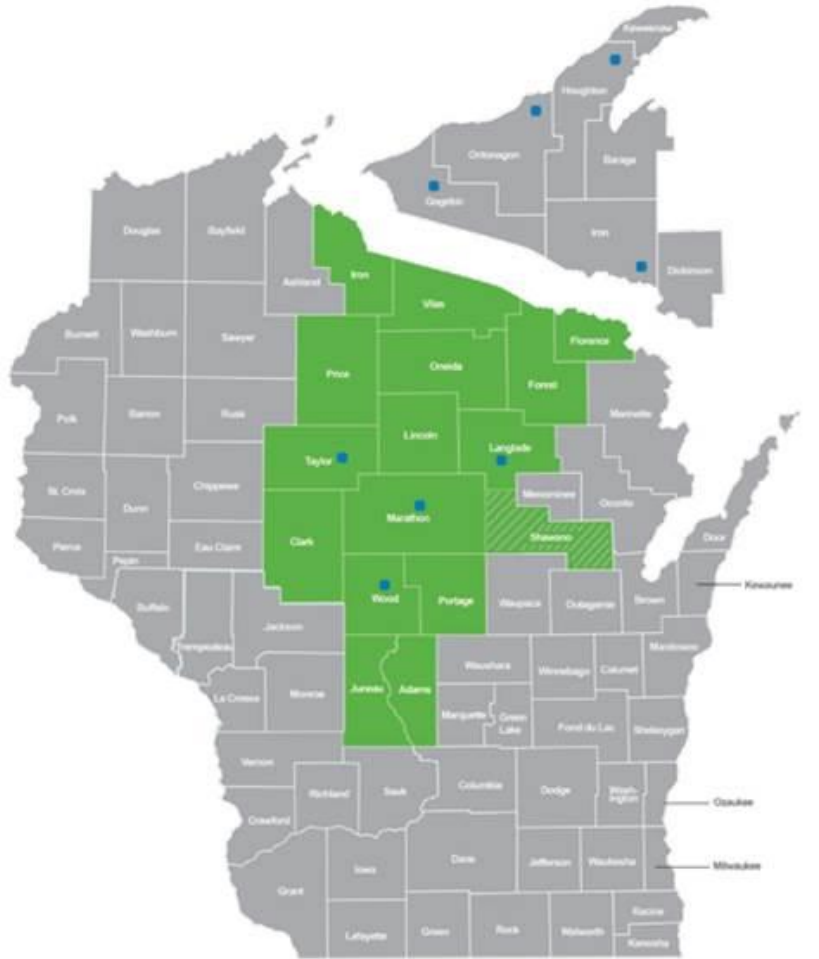
Administrative Services Only (ASO)

The employer group retains the risk- we act as a third party administrator (TPA) or claims processor; receiving administration fees from the employer for our service.

- Group
 - Small (2-50)
 - Large (51+)



Service Area & Network Options



“Narrow” network = Aspirus Network Inc.

- This is the primary network for Aspirus Arise, and will provide steerage to Aspirus providers.

“Narrow wrap” network

- This network is geographically broader and includes other providers affiliated with AboutHealth (e.g. Bellin Health)

“Broad” network = WPS Statewide

- This network will only be accessible to groups that “dual option”. Dual option groups will select both a narrow and broad network to accommodate widely distributed employees- e.g. a Wausau company with an office in Milwaukee.
- In practice, groups are utilizing this network to gain access to Marshfield & Ministry/Ascension

Surplus: Requirements & Dividends

- HMO's in Wisconsin are subject to surplus requirements mandated by the State.

Regulatory surplus:

1. Compulsory surplus
 - WI Statute 609.97
 - \$750k minimum; 3-6% of premiums
 - Initial expendable surplus of \$375k
2. Security surplus
 - WI Statute 609.97
 - 140% of compulsory surplus

Risk-based capital (RBC)

- Formula unique to each HMO/insurer, provided by NAIC
- Examines assets held by the HMO/insurer and assigns risk scores to adjust asset values to a new “risk-based capital”
- Target score = 300%; surplus to be 3 times the calculated risk based capital requirement

Insurance Accounting Nuances

- Statutory Accounting Principles (“SAP”)
 - Promulgated by the National Association of Insurance Commissioners (“NAIC”), adopted by Wisconsin’s Office of the Commissioner of Insurance (“OCI”)
 - No going concern; assumes you shut down tomorrow and assesses your ability to pay claims/benefits
 - OCI provides public access to the financial statements of all carriers in WI
 - Balance Sheet is presented with liquid assets that can be used to pay policyholders (“admitted” assets)
 - Non-liquid assets are treated as “non-admitted” assets

Where we're going

- Insurance products that span a member's life
 - Stick in the Aspirus system
 - Product expansion evaluation
- Increased Population Health
 - Data consolidation & organization
 - Insights & management
- Following our provider partner
 - Trumpeter for all provider services, all locations - market awareness
 - Their success is our success