Humana Innovation

Vision and Approach
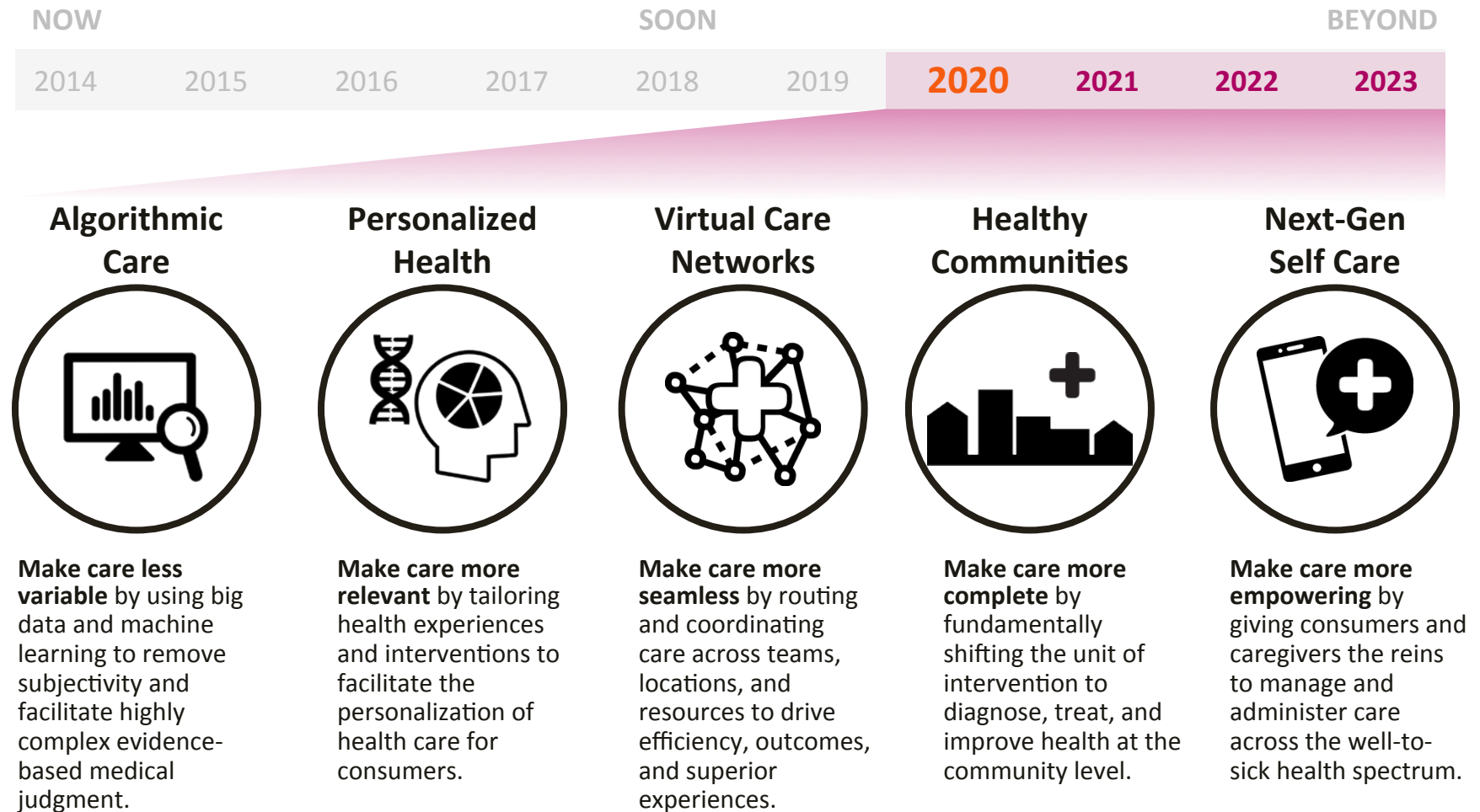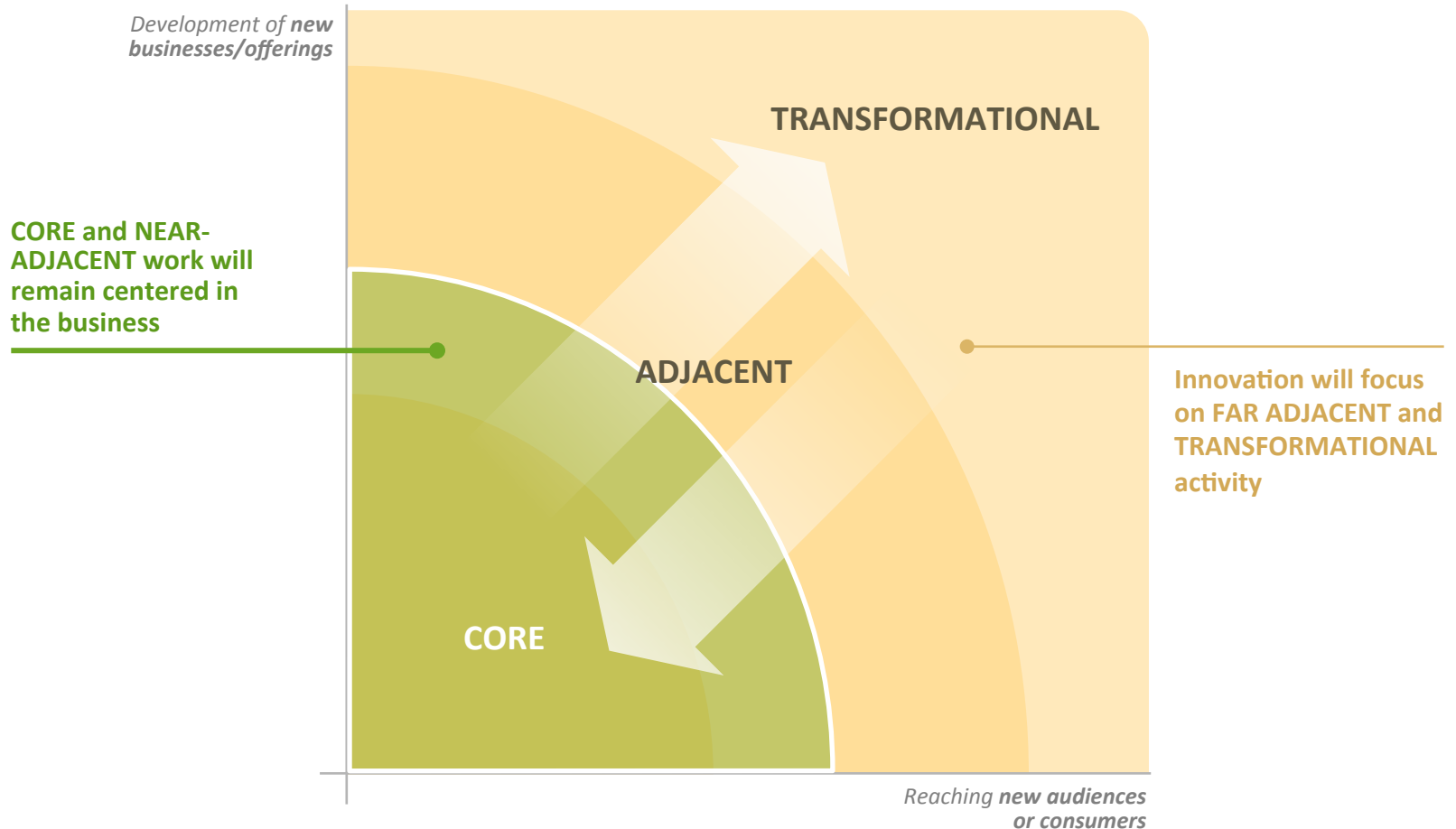
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Humana Innovation Vision

Innovation grounds its vision of the future in consumer needs and expectations. Following extensive research, Innovation developed *five focus areas* that address these needs, both today and in the future.

NOW				SOON				BEYOND	
2014	2015	2016	2017	2018	2019	**2020**	**2021**	**2022**	**2023**

Algorithmic Care

Make care less variable by using big data and machine learning to remove subjectivity and facilitate highly complex evidence-based medical judgment.

Personalized Health

Make care more relevant by tailoring health experiences and interventions to facilitate the personalization of health care for consumers.

Virtual Care Networks

Make care more seamless by routing and coordinating care across teams, locations, and resources to drive efficiency, outcomes, and superior experiences.

Healthy Communities

Make care more complete by fundamentally shifting the unit of intervention to diagnose, treat, and improve health at the community level.

Next-Gen Self Care

Make care more empowering by giving consumers and caregivers the reins to manage and administer care across the well-to-sick health spectrum.

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Business drivers —shaped by consumer and ecosystem shifts—give direction to focus areas and ground Innovation work in the concerns of the business.
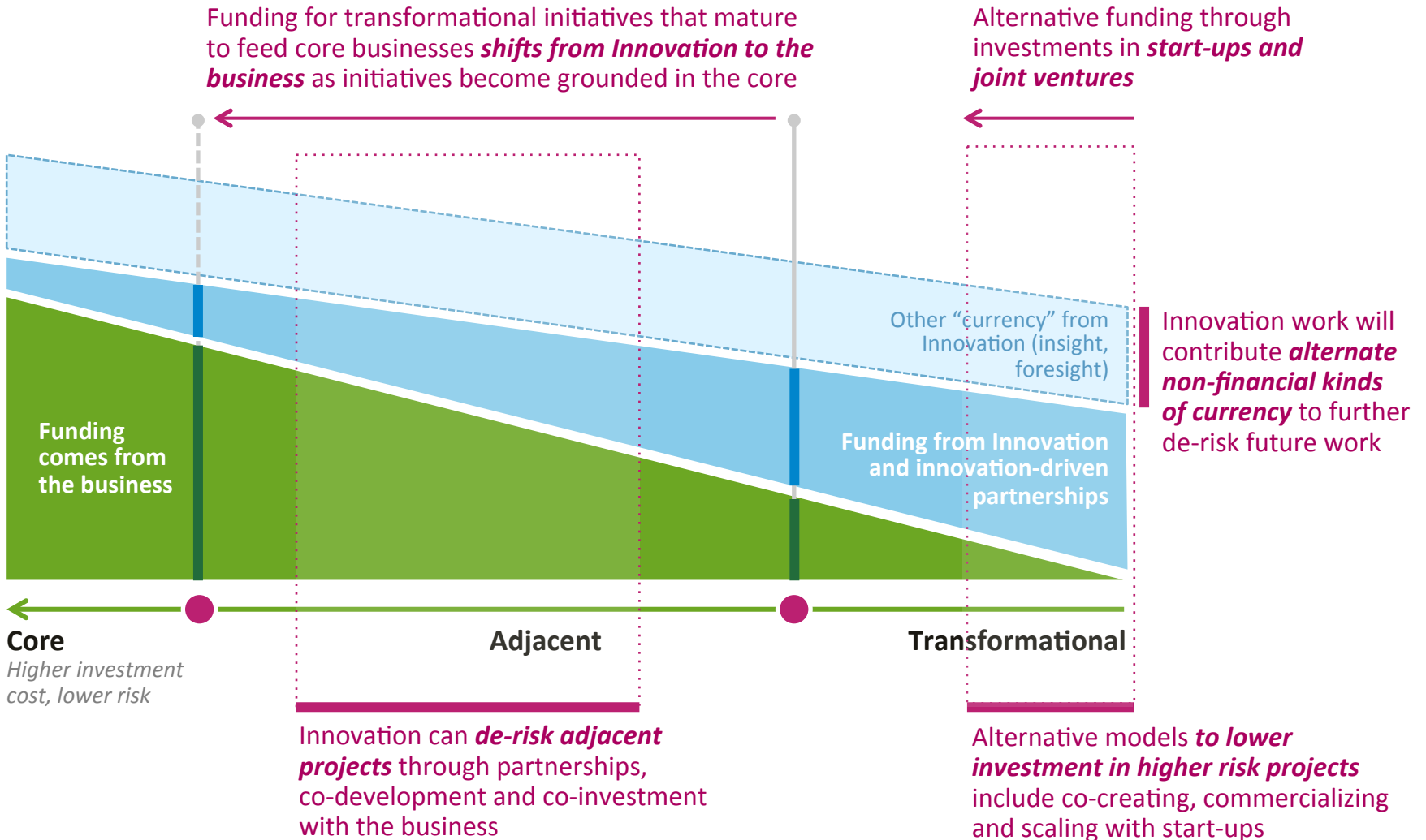
	BUSINESS DRIVER	CONSUMER/ECOSYSTEM SHIFTS
Provider Risk Enablement	**New Provider Models**	• **Practices are aggregating** at the delivery system, payor, and MSO levels. • With aggregation comes new opportunities for **practice standardization and health care industrialization** to improve clinical quality and cost efficacy.
Care Delivery Integration	**At Home**	• **Home care offers better clinical quality**, at lower cost, and delights consumers. • Despite the advantages, **the industry has been slow to adopt and promote home care**, in part, because of how it redistributes the health care dollar. • **Early adopters** could gain competitive cost, quality, and consumer advantages.
	Caregiver	• With the baby boomer generation living longer than any previous generation, it will become **more dependent on informal caregivers** than current seniors. • **Informal caregivers often lack tools and resources to be effective** in their role, but are looking for solutions to mitigate the burden of caregiving.
Retail and Consumer Focus	**New Distribution Models**	• **Baby Boomers will shop for insurance differently than the seniors of today**, who typically prefer at home face to face consults. • Humana will need to develop and gain expertise in **new sales and distribution models** to meet the expectations of tomorrow's insurance consumers.
	Pharmacy Rx	• Currently **20-30% of patients do not fill their prescriptions.** • **Non-adherence costs the healthcare system $300B annually** and drives higher patient costs. • As consumers bear an increased share of the cost, **they will seek ways to improve their adherence**, especially those with complex conditions.

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Within a business driver, initiatives might take place in core, adjacent, and transformational spaces. Innovation initiatives will occur in adjacent and transformational spaces, and incorporate at least one focus area.

*Development of **new businesses/offerings***

TRANSFORMATIONAL

CORE and NEAR-ADJACENT work will remain centered in the business

ADJACENT

Innovation will focus on FAR ADJACENT and TRANSFORMATIONAL activity

CORE

*Reaching **new audiences or consumers***

Core initiatives will be primarily funded by the business, while adjacent and transformational ones will be driven by Innovation and partner models

Funding for transformational initiatives that mature to feed core businesses *shifts from Innovation to the business* as initiatives become grounded in the core

Alternative funding through investments in *start-ups and joint ventures*

Other "currency" from Innovation (insight, foresight)

Innovation work will contribute *alternate non-financial kinds of currency* to further de-risk future work

Funding comes from the business

Funding from Innovation and innovation-driven partnerships

Core
Higher investment cost, lower risk

Adjacent

Transformational

Innovation can *de-risk adjacent projects* through partnerships, co-development and co-investment with the business

Alternative models *to lower investment in higher risk projects* include co-creating, commercializing and scaling with start-ups

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6

Humana Innovation Approach

Using "At Home" as an example

Innovation will develop a point of view on the future for each of its business drivers, using the focus areas as a lens.

NOW · **SOON** · **BEYOND**

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

1

Develop a POV on the future informed by focus areas…

Algorithmic Care, Virtual Care Networks, and Next-Gen Self-Care will have particular impact on the future of "At Home".

The Future of a Business Driver

determine levers for future **competitive advantage**…

Future competitive advantage will include close partnerships with Hospital at Home companies that have scaled nationally and can deliver a full suite of hospital services in the home, regardless of complexity.

2

3

…Invest in future competitive advantage today planting seeds

Humana could play "kingmaker" by identifying a few key players today to partner with, fund and scale, to correct fragmentation, grow nationally, and increase systemic impact.

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After developing a view of future competitive advantage, the Innovation team consults with the business to develop initiatives at the intersection of business drivers and focus areas that test and achieve one or more of the following:

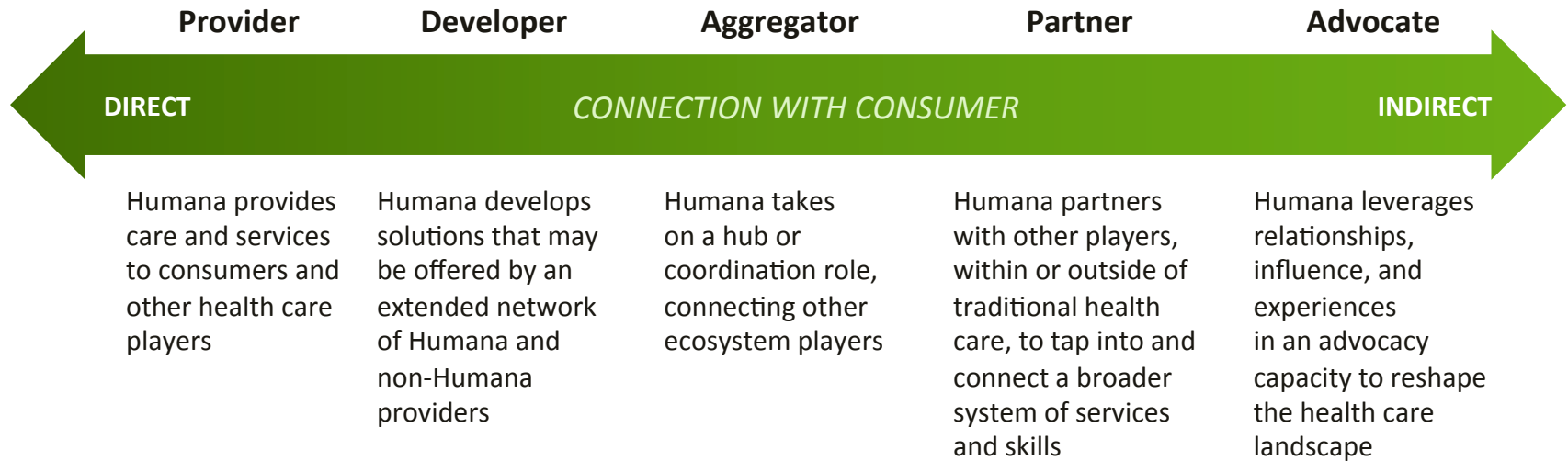| **Improve clinical quality**	**Decrease cost**	**Create a better consumer experience**	**Drive distribution**
Measurably improve treatment, delivery, effectiveness, and outcomes	Lower individual, population, or system costs	Improve interactions and engagement beyond today's existing means	Increase Humana's business through upsell or volume

Applied to "At Home":

• Bridge critical gaps in achieving outcomes at home • Improve diagnostics and / or treatment delivery • Facilitate standardized quality care in home setting	• Test if hospital-at-home delivers on promises • Test new lower-cost business models • Bring scale to effective solutions	• Provide more convenient, personalized, or comfortable access to care • Enable longer-term quality of life and aging in place • Design around consumer to integrate care seamlessly	• Increase growth of MA membership • Reach new consumer audiences • Enable new channels for access and delivery of care

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For each initiative Humana must determine its optimal role. Typically, Humana can play one of five roles in any initiative.

Provider	Developer	Aggregator	Partner	Advocate
DIRECT	*CONNECTION WITH CONSUMER*			**INDIRECT**
Humana provides care and services to consumers and other health care players	Humana develops solutions that may be offered by an extended network of Humana and non-Humana providers	Humana takes on a hub or coordination role, connecting other ecosystem players	Humana partners with other players, within or outside of traditional health care, to tap into and connect a broader system of services and skills	Humana leverages relationships, influence, and experiences in an advocacy capacity to reshape the health care landscape

Applied to "At Home"

Provider	Developer	Aggregator	Partner	Advocate
Humana directly enables and or provides care at home to consumers and caregivers	Humana develops compelling, effective platforms to connect providers, caregivers, and consumers through technology or coordination	Humana serves as a coordination or data hub to defragment the experiences between home care agencies, providers, and other stakeholders	Humana forms partnerships and fosters or funds organizations to reach scale across the spectrum of at home-care stakeholders	Humana acts as an advocate to change Medicare reimbursement policies around home care

Humana's role in future initiatives can and should change over time as groundwork is laid and the health care environment changes

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Three capability models and types of partnerships will speed and amplify initiatives for Innovation's chosen role.

	ACCELERATORS	**LABS**	**SANDBOX**
	Speed the development of existing ideas brining them to market faster	Supply platforms to test new and novel offerings or models with partners and customers	Provide "open" mechanisms to engage and co-create with partners
Partner Role	*Partners help integrate existing models and technologies bringing existing ideas to scale across broader populations at reduced development cost*	*Partners contribute leading-edge or fringe technologies for co-developing and testing ideas*	*Inclusion of non traditional partners through open innovation models and new uses for data*
Applied to "At Home"	Focused development of emerging or new At Home solution, such as a technology pilot or provider model	Humana-sponsored "Home Health Lab" to understand consumer needs and applications of next-generation technology	Specific At Home problem challenge issued to a set of partners, for example, Qualcomm or Intel, with open set of data to analyze

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To help partners be successful in their work with Humana and scale the co-developed solutions, Innovation will sometimes fund these external partners in one of the three ways.

SEED FUNDING

Investment in an early stage company to help bring a product or offering to market

INVEST AND GROW

Investment in a company with a proven product or offering to help it scale

JOINT VENTURES

Co-investment with another company to further scale one of their existing offerings, or to together create an entirely new offering

Applied to "At Home"

Provide funding to para-skilling coordination startup to test more efficient models for distributing the right level and kind of expertise to customers

Identify and invest in Hospital at Home companies to radically extend them outside their traditional regional boundaries, helping bring scale and subsequently reduce industry fragmentation

Partner with established companies in adjacent, non-medical, home-based spaces, such as Nest, to test new forms of sensor use and algorithms

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Disciplined stage-gate processes enable testing and learning from innovation initiatives, to both de-risk initiatives and maintain connection with the businesses.

OWNED BY INNOVATION

OWNED BY THE BUSINESS

Discovery
Discover
Organize
Socialize

A

Is there a compelling future vision?

Is it sufficiently relevant to business drivers and Focus Areas?

Does it have the potential to drive value back to the business?

Concept definition
Design
Identify partners

B

Is there a convincing business model?

Is the value to the business sufficiently articulated?

Have connections with external partners been made?

Prototyping
Evaluate to learn
Iterate
Test

C

Has the concept been adjusted based on prototyping feedback?

Is the initial audience and feature set well-defined?

Are resources in place to launch ?

Pilot launch
Validate
Adjust

D

Is the concept ready to hand off to the business?

Is there a plan to feed learning back internally?

Have partner capabilities been accounted for in scaling plans?

Scale
Operationalize
Expand

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