Integrated Health Care

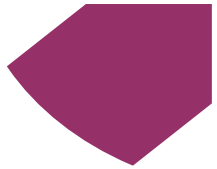
Bringing **Healthcare**, **Health Services** and **Health Insurance** together

The Situation Today

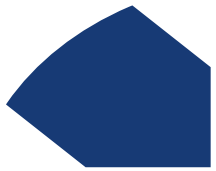
HEALTH CARE IS FRAGMENTED....

Payors don't trust Providers
(Over Utilization; Fraud)

Providers don't trust Payors
(Needless Cuts; Question Care)

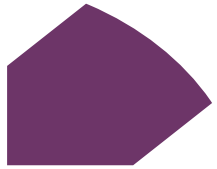


Payors don't trust Customers
(Fraud; Abuse)



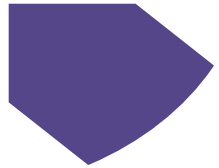
Customers don't trust Providers
(Over prescription; Needless Procedures; Quality of care

Misaligned Interests
(Hospitals make money from sickness;
Customers want to be healthy)



Cover is limited to hospitalization
(63% of spend is out of pocket)

Limited Trusted partners in HEALTI
(Fraud, Abuse, Dr. Google)



Too many players with 'too good to be true' promises
(Over prescription; Unsustainable Discounts; Will lead to poor experience in medium term

Typically, today's health ecosystem in India can be defined as

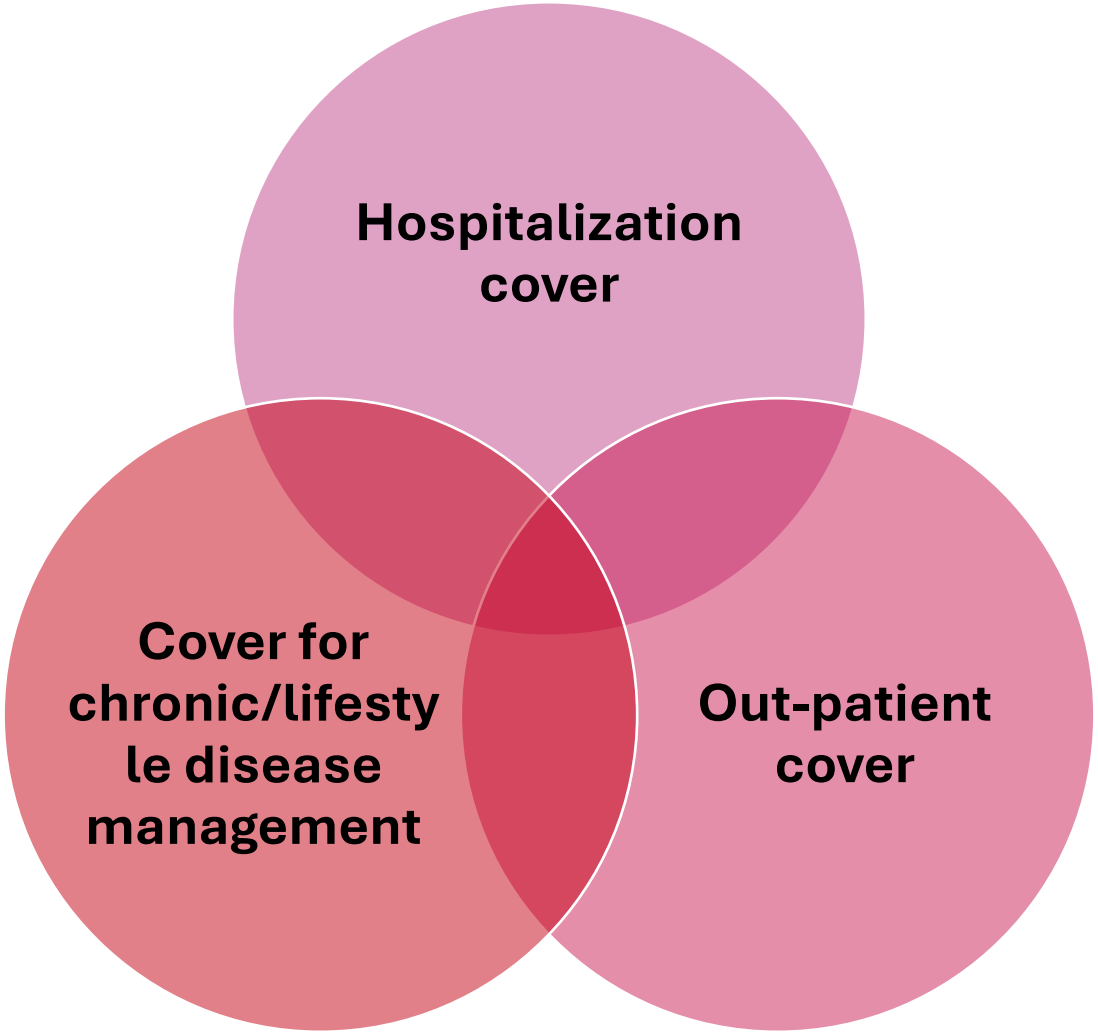
SICKNESS CARE

and NOT

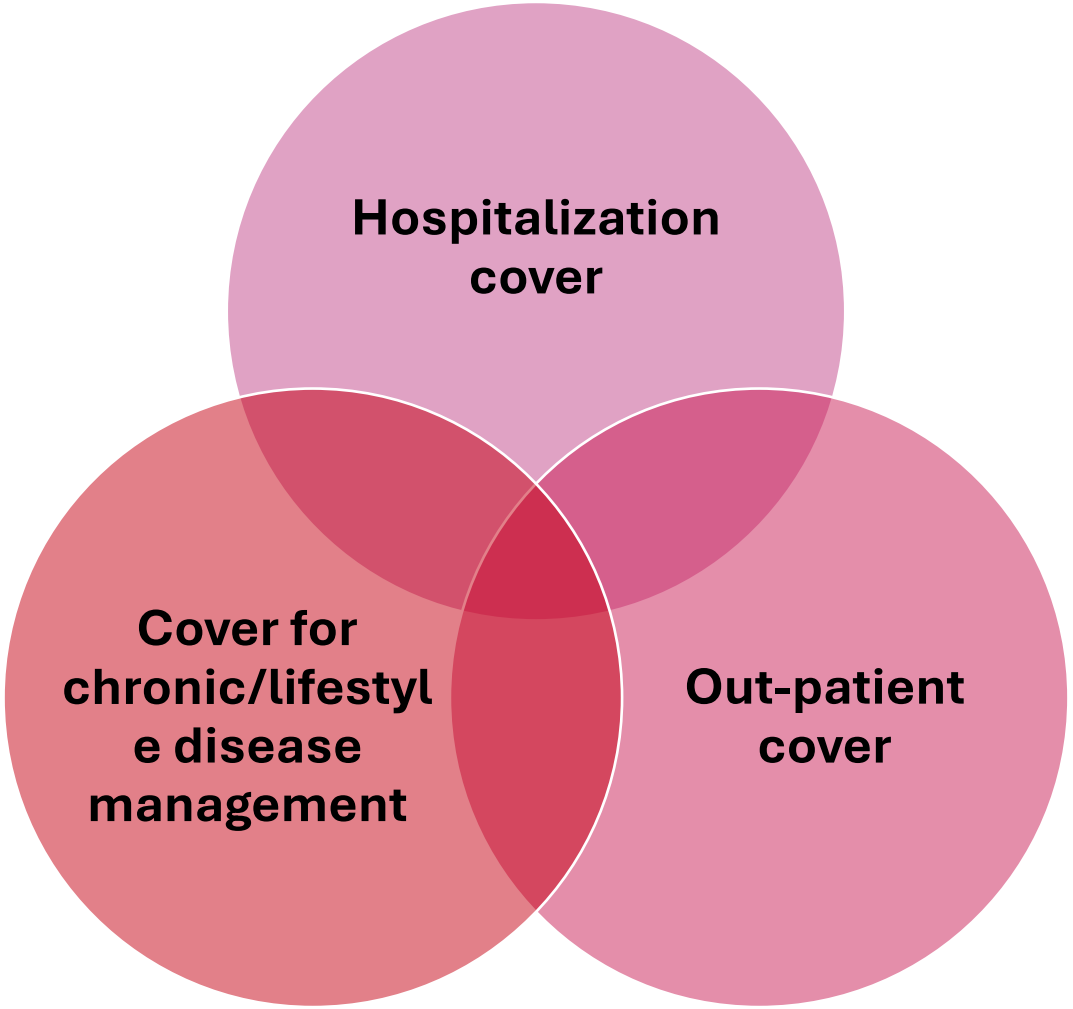
HEALTH CARE.

The Future is
INTEGRATED CARE

INTEGRATED CARE from a Health Insurance POV



INTEGRATED CARE from of a Health Insurance POV



1

HEALTH INSURANCE PLAN
THAT
COVERS IT ALL

Challenges for INTEGRATED CARE in India's setting

Hospitalization cover

- **Misaligned interest** of payor, insurer and care provider
- High premium, "**transactional**" care, **low customer trust**
- **Sub-optimal** penetration

Out-patient cover

- Open plans do not exist as they face **high risk** of fraudulent claims
- Current offerings includes tele-consultations. However, a BMC study suggests **71% prefer in-person consultations**
- Insurance providers into hospital business may attempt to solve this by offering OPD care at their hospitals only, but all care does not require hospital visits and utilization of hospitals for primary care **might not be the best use of infrastructure**

Cover for chronic / lifestyle disease mgmt.

- Stand-alone service providers, startups **miss the much-needed holistic care**
- **Unsustainable discounts** leading to poor customer experience in mid-term
- Scope of adding this aspect into insurance may open the **avenue for anti-selection and hence non-sustainable affordability.**

Probable solutions for INTEGRATED CARE in India's setting

Hospitalization cover

- What if the care provider and insurer are the same or insurer can have stake in some healthcare provider value chain?
- Will the above reduce enough aspects of misaligned interest?

Out-patient cover

- Strong network of primary and secondary care clinics is required
- Trusted gatekeeping with Family Physician and Health check up assessment

Cover for chronic / lifestyle disease mgmt.

- Will Chronic Care Management reduce hospitalization visits and healthcare costs? -> This has resulted in reduction of **15%** in the former and **20%** in the latter (as seen in the US)
- Will high proportion of **chronic condition population (~41%)** choke the infrastructural bandwidth? -> First physical consultation followed by teleconsultation does not reduce customer trust, but reduces hospital readmission by up to **50%** for complications of chronic conditions such as heart failure, diabetes, and COPD (as seen in the US)

LET’S SEE HOW INTEGRATED CARE HAS WORKED OUT IN SOME COUNTRIES

INTEGRATED CARE MODELS – A FEW SUCCESS STORIES

USA

KAISER PERMANENTE

*An integrated care pioneer covering **12.6 million members**, Kaiser combines insurance, hospitals, and salaried doctors with a unified Electronic Health Records (EHR).*

*It reduced heart disease mortality by **30%**, ranks #1 in member satisfaction, and took **70+ years** to fully mature.*

ISRAEL

CLALIT HEALTH

*As Israel's largest HMO, Clalit insures **~5 million people (53% of the population)** and owns **1,400+ clinics and 14 hospitals**.*

*It delivers care with **60% of pediatric visits via mobile**, achieving world-leading vaccination and screening rates through digital-first integration*

USA

CVS Health
aetna™

*Following their **$69 billion merger in 2018**, CVS and Aetna created one of the largest integrated care ecosystems in the U.S., blending **~9,900 retail clinics**, **35M insured lives**, and **a leading PBM (Pharmacy Benefit Merger)**.*

They are transforming primary care access, chronic disease management, and medication adherence—already seeing reduced ER visits and higher preventive screenings.

INTEGRATED CARE MODELS – A FEW SUCCESS STORIES

(sources)

Aspect	Kaiser Permanente (USA)	Clalit Health Services (Israel)	CVS Health® and Aetna®
Launch Year	1945 (public)	1911	2018
Population Covered	~12.6 million members (2024)	~5 million people (≈53% of Israel)	~27 Million members
Core Model	Fully integrated care + insurance under one org.	Non-profit HMO + owns clinics, hospitals, labs	Retail clinics (MinuteClinic), insurer (Aetna), pharmacy & digital platform integration
Care Coverage	Primary, secondary, tertiary + pharmacy, diagnostics	Full spectrum: primary to tertiary + home care	Retail primary care, chronic care management, pharmacy services
Payment Model	Capitation – per member per month; no fee-for-service	Capitation + global budgets	Value-based models, bundled payments
Ownership	Integrated system: hospitals, clinics, insurance under Kaiser	Clalit owns ~1,400 clinics, 14 hospitals	Integrated System: Multiple Insurance Products, in-home health evaluation, care model and 9,000+pharmacies
EHR/IT	Comprehensive shared EHR since 2006 (KP HealthConnect)	Digital-first: all clinics and patients use online health records	Connected care through Aetna app, digital pharmacy + MinuteClinic
Governance	Centralized under Kaiser Foundation Non-profit, member governed	Government regulated; non-profit; publicly funded	Corporate governance under CVS Health; For Profit

INTEGRATED CARE MODELS – A FEW SUCCESS STORIES

(sources)

Aspect	Kaiser Permanente (USA)	Clalit Health Services (Israel)	CVS Health® and Aetna®
Outcomes	• Lower hospitalization rates • Better chronic disease management • #1 in member satisfaction	• High vaccination & screening rates • Low hospitalization rates • High digital engagement	• 18% fewer hospitalizations and • 3–6% PMPM lower overall medical spend • 10% fewer ER visits • Average 6% higher drug adherence rates across chronic conditions • 40 % higher level of engagement in care mgmt. programs
Anecdote	Patients benefit from seamless transitions: e.g., post-surgery care, medication, labs — all through one app or facility	60% of pediatric consultations via mobile even before COVID	Members can walk into a MinuteClinic, get labs, refills, virtual care, all linked to Aetna plan
Challenges	• High startup costs • Resistance from fee-for-service providers • Limited scalability	• Managing vast infrastructure • Balancing innovation with equity • Budget constraints	• Integration across silos • Scaling beyond retail settings • Balancing commercial and care objectives

The takeaways from these examples are nothing but the reflection of

WALTER LEUTZ's FIVE LAWS OF INTEGRATING MEDICAL AND SOCIAL SERVICES

LAW 1

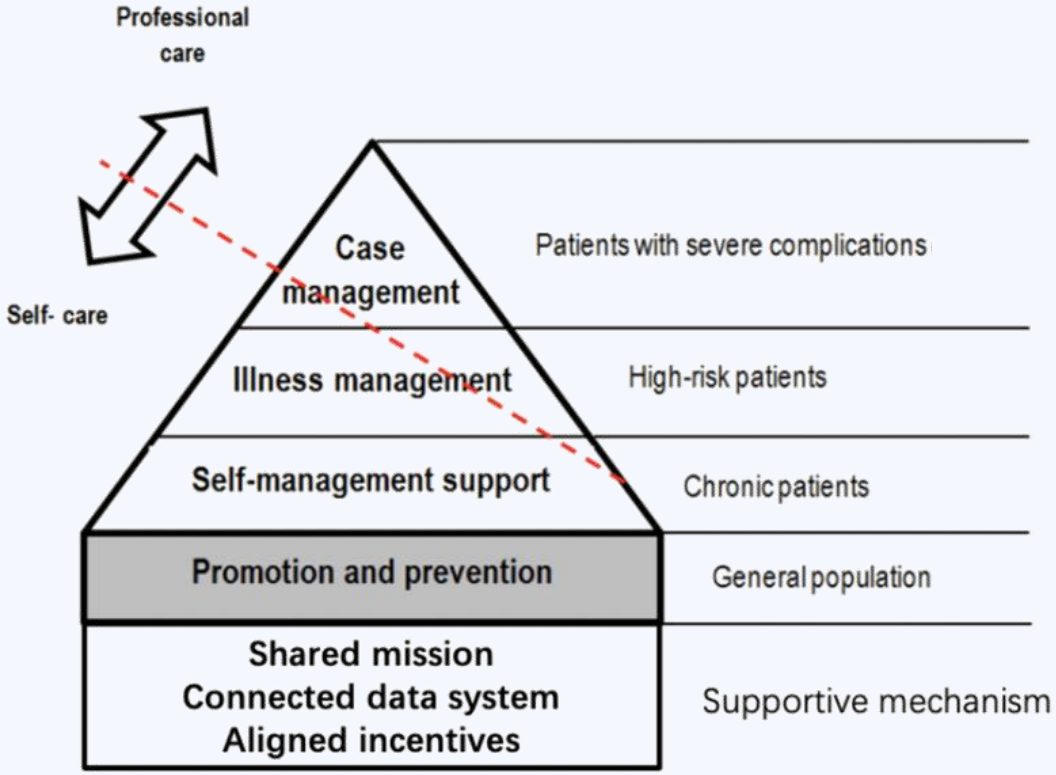
You can integrate

All of the services for some of the people,

Some of the services for all of the people,

***but* you CAN'T integrate**
All of the services for all of the people

COHORTIZATION IS THE KEY



Source: Integrated Journal of Integrated Care

LAW 2

Integration costs before it pays

COSTS OF

- Setting up and running Insurance Business
- Developing Primary, Secondary and Tertiary care infrastructure
- Setting up extensive points of presence
- Integrated data systems
- Personnel costs

LAW 3

Your integration is my fragmentation

NOT EASY TO:

- Manage mindset inertia
- Create IT systems for multitudes of use cases
- Administer and train personnel
- Manage rapidly changing consumer behavior
- Justify mid-term ROIs to stakeholders

LAW 4

You can’t integrate a square peg into a round hole

GATEKEEPING IS THE KEY

Cohort	Gatekeepers	Expected outcome
Healthy population / those reporting acute conditions	**Family / General Physician**	Timely medical recommendation and intervention Pro-active medical attention to avoid further complication
Those with Chronic ailments	**Health check-up guided specialist intervention**	Timely course correction in treatment plan to reduce severity and supposedly, length of stay

The above would lead to

Optimal transition from Primary to Secondary to Tertiary care needs, at the time the customer needs it

LAW 5

The one who integrates calls the tune

WHAT WILL BE BETTER?

- Timely and low-resistant care will most likely lead to swifter recovery
- Reduced length of hospitalization
- Improved health outcomes
- Reduced severity
- Higher retention rate of the customer
- More meaningful time utilization of healthcare professionals
- Revenue from getting rid of sickness as well as continuing to being healthy by pro-active intervention

LET US SEE

FEW EARLY INSIGHTS ON OUR INTEGRATED CARE APPROACH AT NARAYANA HEALTH

EARLY INSIGHTS

PERCEIVED RISK 1

Shifting from fee-for-service to subscription model for OPD will **not attract enough customers**

WHAT ACTUALLY HAPPENED?

Subscribed members are transacting much higher than non-members

EARLY INSIGHTS

PERCEIVED RISK 2

OPD-only subscription plan will face low renewal challenges

WHAT ACTUALLY HAPPENED?

We are seeing healthy renewal rates as early trends; the non-renewals have mostly been because of re-location to non-serviceable locations

EARLY INSIGHTS

PERCEIVED RISK 3

Gatekeeping will be a huge challenge in Indian market, considering the volatile choices the customers are used to

WHAT ACTUALLY HAPPENED?

- **Members are utilizing more Family Physician consultation consistently across years, channelizing optimal utilization of infrastructure**

- **A large number of our Insured Lives have utilized Health checkup benefit -> this may reap benefits in the longer run by timely corrective actions to reduce length of stay and hospitalization costs**

FURTHER EXPECTED OUTCOMES OF INTEGRATED CARE

True partnership with customer in their health journey, a win-win scenario for customer and business

Improved and optimal use of health infrastructure for the business and better health outcomes for the customer

Reduced or shortened hospitalization with early or timely primary or secondary care intervention

Optimal use of healthcare professional's time and attention

Data driven care management programs creation and activation, based on health check up record assessment

THANK YOU!

Sources / References

US Kaiser Permanente (USA)

- Kaiser Permanente Wikipedia
- Kaiser Permanente International
- McKinsey Interview
- Health Affairs Article
- HealthIT.gov Case Study
- JAMA Article on Mortality
- Axios Kaiser Story
- Insure.com 2025 Ranking

DE Gesundes Kinzigtal (Germany)

- Gesundes Kinzigtal Wikipedia
- IJIC Article
- NCBI Book Section
- OECD Report on Primary Health
- Health Affairs Germany Article
- PMC Physician Collaboration

CVS Health® and Aetna®

- https://s2.q4cdn.com/447711729/files/doc_downloads/2021/investorday/109.-2021-Commercial-Integrated-Value-Study.pdf