



PALADINA
HEALTH™

Paladina Health

**IMPROVING CLINICAL OUTCOMES, ENHANCING
PATIENT SATISFACTION, LOWERING HEALTHCARE COST**

Paladina Health, a subsidiary of Fortune 500® healthcare services company DaVita Inc., is a physician-led model of healthcare that improves patient care and satisfaction by shifting care back to where we can have the greatest impact: primary care. Employers who offer Paladina Health to their employees and families aim to provide the highest-quality benefits while keeping a long-range view of improving the health and wellness of their covered population.

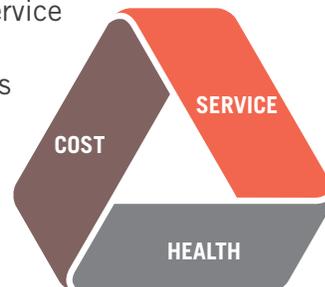
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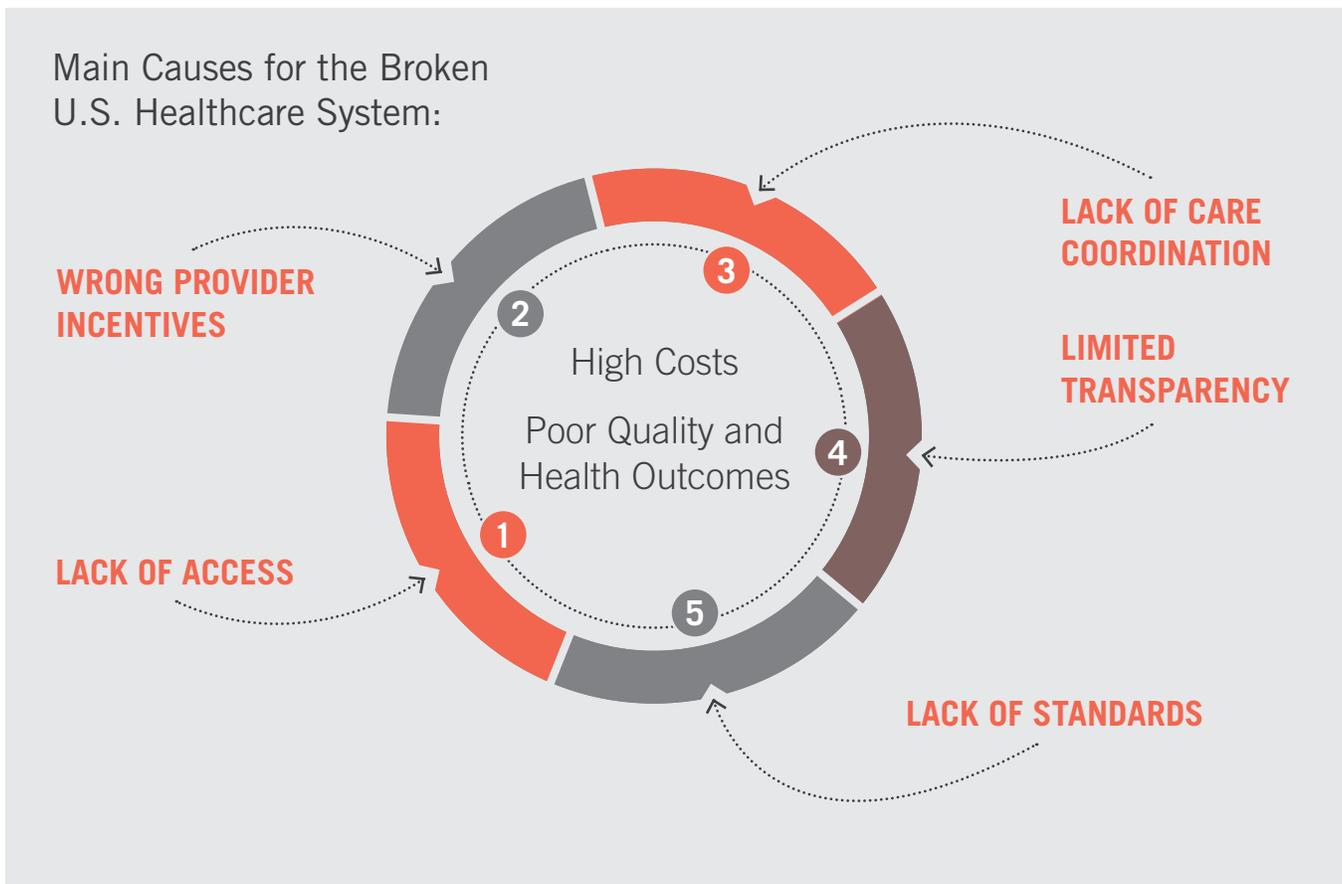
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The Healthcare System is Broken

The U.S. healthcare system is the most expensive in the world, yet it underperforms relative to other countries on most dimensions of health outcomes, access, efficiency and quality performance. Paladina Health's mission is to deliver a new and fundamentally superior value to the way healthcare is delivered, financed and experienced, fixing what is broken. Our model was designed from the ground up with the goal of comprehensively addressing the main causes of poor quality and escalating costs in the healthcare system, such as:

- (1) lack of physician access
- (2) fee-for-service billing that leads to the wrong provider incentives
- (3) lack of care coordination
- (4) lack of transparency into cost and quality
- (5) lack of standards in care delivery

We believe that by fixing these broken incentives, we can flip traditional healthcare on its head. We focus on the incentive structure between all parties – the physician, the patient, the organization providing benefits and ourselves as the provider of services. Our payment and care model have been developed to create a true partnership with our clients and are working together to engage patients and drive significant change to health outcomes, patient satisfaction and cost.



How Paladina Health Impacts Healthcare

How do we fix the broken healthcare system? By making primary care accessible. This is the key in maximizing the effectiveness of prevention and well-care instead of continuing to treat diseases after they have become costly and complex. The Paladina Health Direct Primary Care (DPC) program gives patients greater access and control over their personal healthcare.

Members enjoy access to their personal physician in person at a conveniently located physician's office, 24/7 by phone for urgent needs or by email. Across the nation, the Paladina Health program is increasing in popularity because of these powerful benefits. When compared to alternatives such as traditional onsite clinics, Paladina Health offers a differentiated value to organizations providing benefits to their members or employees through an extensive service offering.

The Paladina Health Direct Primary Care program delivers high quality care while reducing total costs.

MAXIMIZING PRIMARY CARE

Physician-led program provides comprehensive access, including 24/7 access via phone for urgent needs

SYSTEMATICALLY IMPROVING HEALTH

Focus on evidence-based clinical process and quality outcomes

ALIGNING INCENTIVES

For patients, providers and organizations to drive cost savings

Paladina Health focuses on these critical areas to maximize results:

ENHANCED ACCESS

- Highly experienced physicians with small patient panels
- 24/7 physician access via phone for urgent needs
- Physicians incentivized on quality & outcomes

CONVENIENT LOCATIONS

- Dedicated onsite & nearsite (community) offices
- Available to both employees & dependents
- Paladina Health invests start-up capital in nearsite clinics

COMPREHENSIVE SCOPE

- Primary, preventive, acute & urgent care
- Wellness, condition management & care coordination
- In-house pharmacy & labs*

TRANSPARENCY

- Referral management process that emphasizes high-quality, low-cost specialists
- Claims data analysis to support cost transparency

COST SAVINGS

- ROI based on redirecting medical & pharmacy claims maximizes savings in the employer's plan
- Historic & ongoing claims data analysis as evidence
- Risk-based pricing available to qualifying client

* Due to some state and local laws, not all locations have onsite pharmacy.

The Paladina Health Trifecta: Exceptionally Great Service

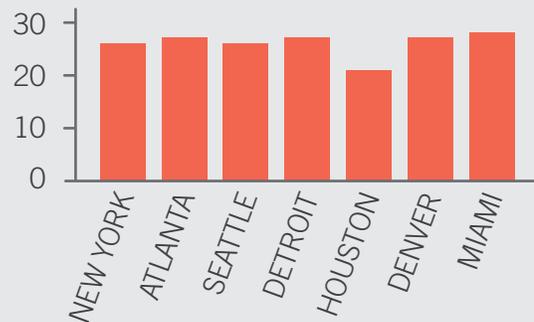
We're creating a better patient experience. With Paladina Health, patients have easily accessible and unhurried appointments with their physician. Paladina Health physicians have, on average, 70% fewer patients to care for than a traditional primary care practice, so physicians can spend the time needed with their patients to discuss their health concerns and history, and develop a trusting relationship.

Providing this experience with a physician, as compared to other levels of practitioners, gives patients a superior level of care coordination and medical guidance.

Paladina Health provides an opportunity for organizations to achieve differentiated results in the areas of:

- 1. Exceptionally Great Service:** Our patients are highly satisfied with their experience across a variety of satisfaction measures.
- 2. Improved Health Outcomes:** Including for patients with chronic conditions, acute issues, and other preventable conditions.
- 3. Lower Overall Healthcare Costs:** We drive hard dollar claims reductions by providing focused attention to our high-cost patients and the services they need, assisting them while navigating the healthcare system outside of Paladina Health.

Average wait time in days to schedule an appointment with a family physician¹



SHORTER WAIT WITH PALADINA HEALTH

95% of urgent visits for Paladina Health patients occur same or next day and 85% of visits had a wait time less than 5 minutes.

PHYSICIAN ACCESS IS CRITICAL TO THE PALADINA HEALTH PROGRAM

Paladina Health patients have 24/7 phone access to their physician and same or next day appointments for urgent needs.

1) Merritt Hawkins: 2017 Survey of Physician Appointment Wait Times

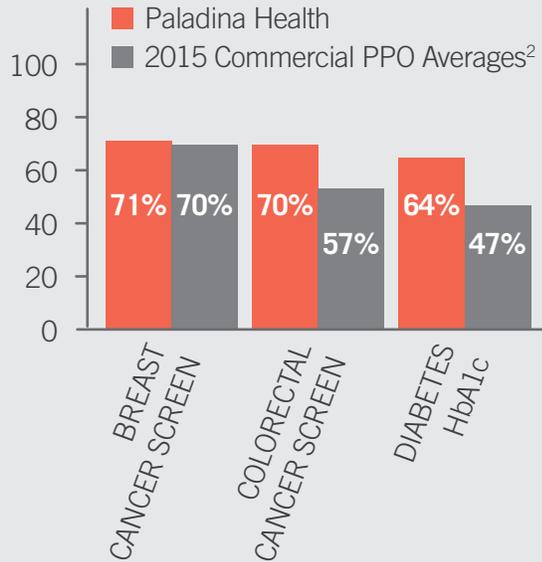
Why it Matters

- In some parts of the U.S., it can take a month to schedule an appointment with a primary care physician.
- The lack of access to primary care is a top complaint of patients and results in fragmented utilization of the system, including costly and unnecessary trips to the ER and urgent care clinics.
- By offering same or next day appointments, and 24/7 access to our physicians via phone for urgent needs, 92% of Paladina Health patients are satisfied or extremely satisfied with their access.
- The healthcare system is confusing and complex, which is why Paladina Health physicians serve as advocates for our patients. This helps them navigate the larger system, simplifying their choices and ensuring the right care is delivered in the right setting and often eliminating unnecessary tests and procedures.

The Paladina Health Trifecta: **Better Health**

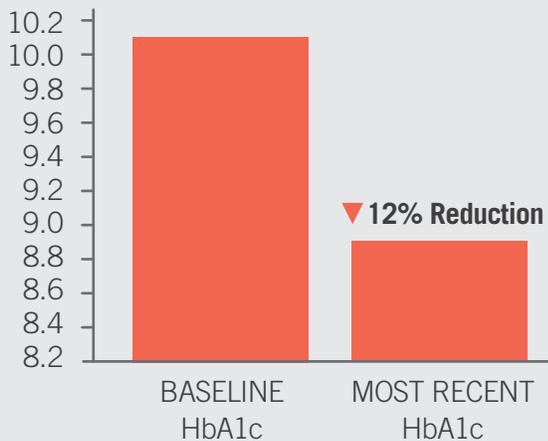
Clinical Quality Metrics for Preventive Screening

Percent of member compliant



Improvement in Diabetes Control

Percent change in HbA1c from baseline screening for Paladina Health member³



2) National Institute of Health; NCQA HEDIS Benchmarks
 3) Change in HbA1c for Diabetics with baseline HbA1c >8
 4) State of Healthcare Quality Report 2015. NCQA.

Our physicians are held directly accountable for our patients' total health and wellness, and are financially incentivized to deliver on clinical outcomes associated with the top chronic conditions of the enrolled population.

Through our Clinical Excellence Program, Paladina Health is constantly tracking our outcomes-based metrics and results. Two key areas of focus that help us drive total population health management are preventive screenings and proactively managing individuals with chronic conditions. By setting our standards at, or above, nationally recognized benchmarks, we are striving to provide top quality primary care and focusing on the right areas for long term results in outcomes and cost savings.

Why it Matters

Preventive Cancer Screenings

- Prevention screenings are critical in order to support early detection of cancer. When our results are compared with 2015 Commercial PPO Averages, we are exceeding standards across these critical cancer screening measures.
- In 2010, direct medical costs associated with cancer totaled \$124.6B.²

Chronic Condition Control Measures

- Proactively managing chronic condition measures, such as blood sugars and blood pressure, for individuals is critical to total population health management and cost reduction. Paladina Health is driving measurable improvement in chronic condition control metrics through high-touch and frequent interaction between physicians and patients.
- The medical costs of high blood pressure total more than \$46B annually. This number could increase to \$274B by 2030.⁴

The Paladina Health Trifecta: Cost Savings

The Paladina Health Direct Primary Care program lowers claim costs for organizations and patients.

By increasing primary care and redirecting a significant amount of services into the all-inclusive DPC program, the overall claims experience can be reduced, resulting in lower total costs over time.

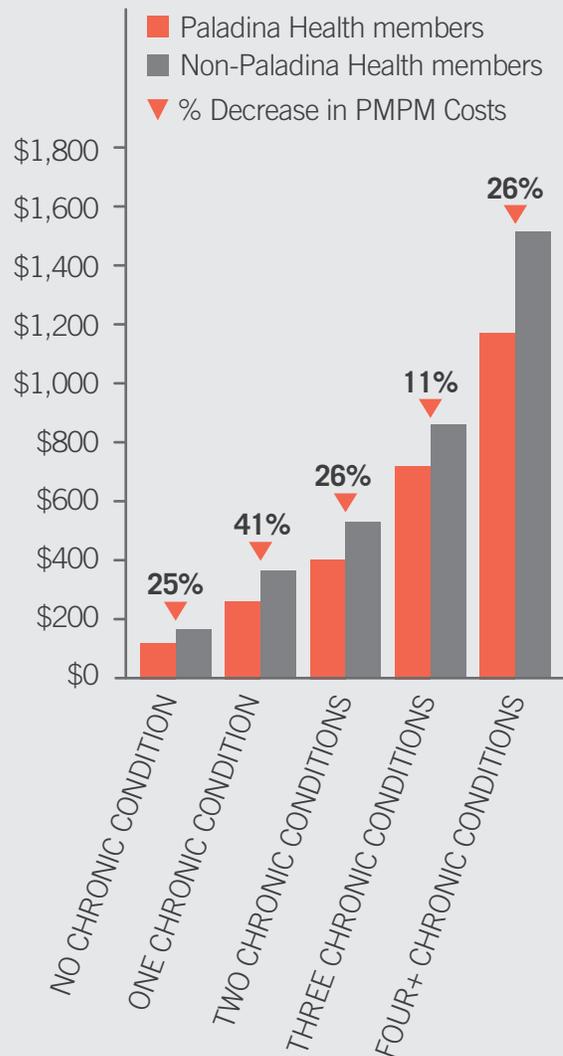


Why it Matters

- Private insurance spending is disproportionately concentrated. The top 1% of members make up 25% of the total cost. The top 5% of members make up 50% of the total cost. Fifty percent of members with the least annual spending make up only 3% of the cost.⁵
- Patients who have increased access to primary care physicians and engage more frequently will have more awareness and control of chronic conditions, which can lead to reduced healthcare spend.

5) IMS Institute Report: Healthcare Spending Among Privately Insured Individuals

Spend by Number of Chronic Conditions

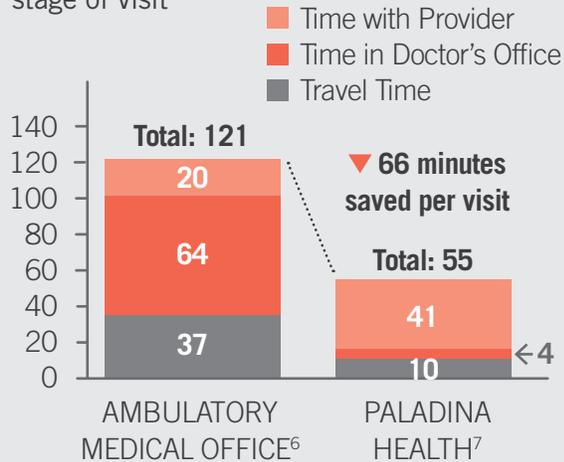


After participating in the Paladina Health program, members with chronic conditions had lower spend overall when compared to non-members with similar chronic conditions.

The Paladina Health Trifecta: Other Savings

Time Saved From Improved Access

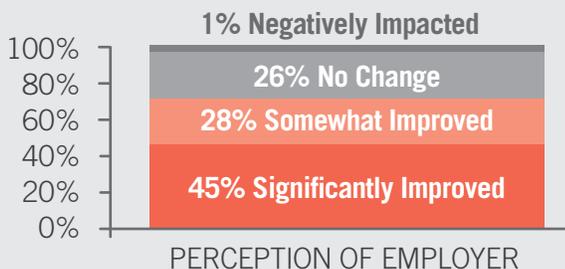
Average time spent in minutes based on stage of visit



An employer with 1,000 Paladina Health members will save ~2,750 work hours by using Paladina Health vs. a traditional medical office.

Member Survey - Opinion of Employer

Percent of Survey Respondents⁸



73% of respondents report an improved opinion of their employer after gaining access to Paladina Health.

6) Opportunity Costs of Ambulatory Medical Care in the U.S. Am J Managed Care. 2015;21(8); 567-574

7) Based on Paladina Health's Book of Business and assuming average member engagement of 2.5 times per year

8) Based on 3,018 survey responses

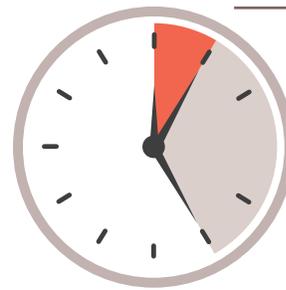
How does the Paladina Health Direct Primary Care program provide other savings for organizations?

Impacting Employee Productivity and Retention:

Paladina Health's innovative Direct Primary Care program is designed to help employers provide high touch, coordinated primary care and, in so doing, impact employee productivity and retention. In addition to optimized healthcare spending, clients see "soft" savings in the form of time saved, contributing to increased productivity as well as improved opinion of employer and retention by member satisfaction with the program.

Paladina Health offers much shorter wait times and longer physician-patient encounters than is typical in the outside healthcare system.

Appointment Wait Time In Minutes



Paladina Health:
85% of visits had a wait time <5 minutes

Non-Paladina Health National Average:
85% of patients report wait times between 10-30 minutes⁹

9) No Room For Waiting. Sequence 2016 Report based on more than 2,000 U.S. consumers over 18 years of age on their impressions of connected patient experiences

Why it Matters

There are a number of benefits associated with improved opinion of employer:

- Greater employee retention and work engagement
- Differentiated health benefit that can be used in recruiting and retention
- Demonstrated investment in the health and well-being of employees and their families

Improving Primary Care for Patients

Paladina Health is a subsidiary of DaVita Inc., a leading provider of kidney care in the United States, delivering dialysis services to patients with chronic kidney failure and end stage renal disease (ESRD). DaVita operates and administers services at approximately 2,400 outpatient dialysis centers located in the United States, serving approximately 196,000 patients. DaVita — which is Italian for “giving life” — employs teammates around the nation working to provide superior patient care. DaVita’s industry-leading clinical results are well documented.

In 2010, DaVita began to explore expansion outside of dialysis and concluded that creating an innovative, new approach to primary care delivery was the best opportunity among the dozens it considered because primary care matters, primary care is not being delivered effectively, and DaVita has industry-leading capabilities in integrated care.

Out of its enthusiasm for and confidence in this new primary care business model, the DaVita Board of Directors approved the allocation of significant funding in 2011 to enable the rapid growth of Paladina Health. Paladina Health leveraged part of these funds to acquire ModernMed in January 2012 as a means to accelerate growth. ModernMed brought to Paladina Health five years of operating experience in medical home practices across the U.S. Most importantly, ModernMed’s approach to care and business model were aligned with Paladina Health’s vision of bringing broader and better primary care to patients, unlike those of other leading onsite clinic providers that Paladina Health explored acquiring.



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Paladina Health is headquartered in Denver, Colorado, and serves corporate clients and organizations across a wide variety of industries from coast to coast. We are pursuing rapid national expansion.

Contact us for more information about our Direct Primary Care program.

www.paladinahealth.com
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