

WellMed™ INSURANCE INITIATIVES

Medical insurance is fundamentally important in financing health care and a key driver shaping the delivery of health care in America. Thus, medical insurance companies must shoulder their accountability for their part in the current health care crises. At WELLMED™, we think changing the way insurance compensates doctors from procedures performed to outcomes obtained is vital to improving the health of working Americans, to expanding health care access to all citizens and to creating more self-accountability for patients, providers and businesses involved in health care.

This document describes WELLMED™'s insurance initiatives which are a part of its larger aims and ambitions in the American health care industry. These insurance initiatives are being pursued in parallel with the development of the primary care medicine business and the business architecture and infrastructure initiatives discussed in the *American Medical Information Repository Trust™* and other WELLMED™ documents which are available at www.L3PS.com.

WELLMED™'s insurance interests and business/advisory services are separated into the following areas:

1. Insurance/Strategy Advisory Services

- a. Programs for small to medium businesses with 250 or less participants are being developed in conjunction with Day Financial Group, an insurance brokerage and financial planner located in Albuquerque, NM. Programs based on the New Mexico model are planned for Colorado, Arizona, Utah and Nevada. Future plans include possibly expanding in the Northwestern states, California and Texas.
 - b. Programs for larger and self-insured businesses, communities, unions and associations with more than 250 participants programs are customized for each specific situation by Level Three. These are developed in conjunction with Day Financial Group, Paradigm Shift, an actuarial consultant in Chicago, and the University of Michigan, Health Management Research Center in Ann Arbor, MI. We plan on offering these programs nationally with strategic partners.
 - c. Workforce impacting systems including HR, Change Management and medical insurance services plan design and implementation are offered by Level Three in partnership with Paradigm Shift and the University of Michigan, Health Management Research Center.
 - d. Establish or acquire an insurance company to provide plan designs to support our business model.
2. Actuarial and research activities related to comprehensive medicine and in conjunction with the University of Michigan, Health Management Research Center ("UM-HMRC") in Ann Arbor, MI for cost studies and impact analysis of Wellness programs using their Health Risk Appraisal ("HRA") and in conjunction with the *New Approach to Ambulatory Health Care™* developed by WELLMED™, and including proprietary technology and studies by Paradigm Shift.

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3. Research, outreach and evangelical activities related to the above, i.e. human-centered, evidence-based, wellness-based, comprehensive medicine in concert with UM-HMRC and Paradigm Shift and other strategic partners.
4. Business and strategy programs for clinics, medical practices, and owners and operators of hospitals, health plans and insurance programs who want to adopt WELLMED™'s approach or to license its technologies.

These are discussed in more detail in the following sections.

1. Insurance/Business Advisory Services

WELLMED™ has looked carefully at the issues of managed care incentives and capitation, treatment biases and administrative inefficiencies including fraud which lead collectively to reduced quality of medical care and increased direct medical costs. We are addressing them by redesigning clinical processes to be more effective, for physician compensation to be a function of population and panel health and medical performance, for increased efficiencies through improved business processes and Infrastructure including technology and computer systems, in addition to other influencing factors. We think these have the potential to reduce costs in the range of 25% according to our actuarial studies and similar experience in other industries.

To achieve our ultimate aim of 30-45% lower costs requires extending our search for improvements into the realm of comprehensive medicine which encompasses both conventional and complementary and alternative medicines. In other words, to an on-going search for safe and effective treatments, medicines, protocols and modalities which delay the onset of disease, mitigate the progression or slow the advance of disease, and influence and shape the future course of disease and treatments in human being in ways which reduce hospitalizations and overcome the need for superfluous and costly specialty tests and treatments. In other words, what we think of as through a regenerated and revitalized integrative primary medical care approach.

The whole process involves discerning patients with the potential to benefit from alternative approaches or open to exploring them, assessing their current health and future health risks using the *UM-HMRC Health Risk Appraisal* (<http://www.hmrc.umich.edu/>) as the basis for our Wellness-based treatment approach, and ensuring state-of-the-art, timely and appropriate care in accordance with conventional medical thinking and practice so as to establish a comprehensive care picture for patients. This strategy is applied to community based medical activities open to the public and consumers as well as with work-site programs tied to the specific needs of businesses large and small.

2. Actuarial/Research Activities

We began WELLMED™ with the idea for improving medical outcomes by improving the quality of medical care and reducing direct medical costs. *Paradigm Shift* did a preliminary actuarial study of health care nationwide showing the potential for costs reductions in the 25-27% range. Other results

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and research we found corroborates our own experience showing a cap or limit on potential reductions of these types of about 30%, i.e. from clinical and business process improvements and increased administrative efficiency.

Since our aim is to have a fundamentally disruptive effect on health care showing on an evidence-basis the potential for reducing costs 30-45% or more, we extended our basic concept formally to include comprehensive medicine which in our definition includes conventional or allopathic medicine and the whole spectrum of complementary and alternative medicines, supplements and treatments which are shown or known to be safe and effective.

Finally, we plan on collaborating with our business clients and strategic partners to produce evidence from our field work of the efficacy and effectiveness of our innovations in clinical practice so as to potentially shape in the future the public discourse on health care and health care costs in America.

3. Outreach/Evangelical Activities

We intend to develop our health care business and to establish a solid foundation of evidence about the efficacy and effectiveness of comprehensive medicine and the WELLMED™ business concept and business model in practice. As a result, we will actively seek partnering opportunities with activists, researchers, and pragmatic business people to promote human-centered, evidence-based, wellness-based, comprehensive medicine in America and to promote the acceptance and development of comprehensive medicine by all regulatory agencies and economic interests.

The research literature shows that *presenteeism* or indirect costs related to health are two (2) to four (4) times direct medical costs in larger businesses. This is substantially more than previously thought in the narrow construction of losses due to *absenteeism* and *short-term disability*. We think this is an important dimension that when added to the aimed for 30-45% reduction in direct medical costs will prove extremely attractive and beneficial to business executives competing in global markets.