

Baby+Co.



February 5, 2016

Baby+Company

Overview & Payment Structure

WELCOME



Cara Osborne, CNF

Chief Operating Officer

Baby+Company

Consumer demand and cost trends are driving interest in 'out of hospital birth'

1 U.S. maternity care is high cost

- ❖ One of the largest contributors to health bill (\$100bn/year)
- ❖ Among the top 5 hospital costs to payers

2 Women are increasingly interested in out of hospital birth

- ❖ 25% of women said that they would prefer a birth center birth if one were available; another 39% would consider it
- ❖ 30% increase in out of hospital birth since 2010

3 Lowering the Cesarean Section rate in the US is a high priority and maternity centers can play a role

- ❖ National average rate of 33% versus 6% average in birth centers in the US.
- ❖ W.H.O recommends rates of between 5% and 10%.
- ❖ ACOG has made lowering the rate a top strategic priority and suggested that expanding access to birth centers could play an important role in improving outcomes

Increasing access to safe, out of hospital birthing options can:

- 1) Lower cost
-) Improve customer satisfaction
- Improve clinical outcomes for low-risk moms and babies

Source: Agency for Healthcare Research and Policy; Childbirth Connection: Listening to Mothers III: Pregnancy and Birth, 2013; American Association of Birth Centers Press Kit; American College of Obstetricians and Gynecologists (ACOG) and Society for Maternal-Fetal Medicine (SMFM), "Obstetric Care Consensus Statement #2-, Levels of Maternity Care.", Obstetrics & Gynecology, Feb 2015.

Outcomes that are as good or better than hospital based care

1. Lower cesarean rates

- C-section rates of 6%¹ vs. 26.9% for women with low-risk pregnancies in the United States²

2. Outcomes that are as good or better¹

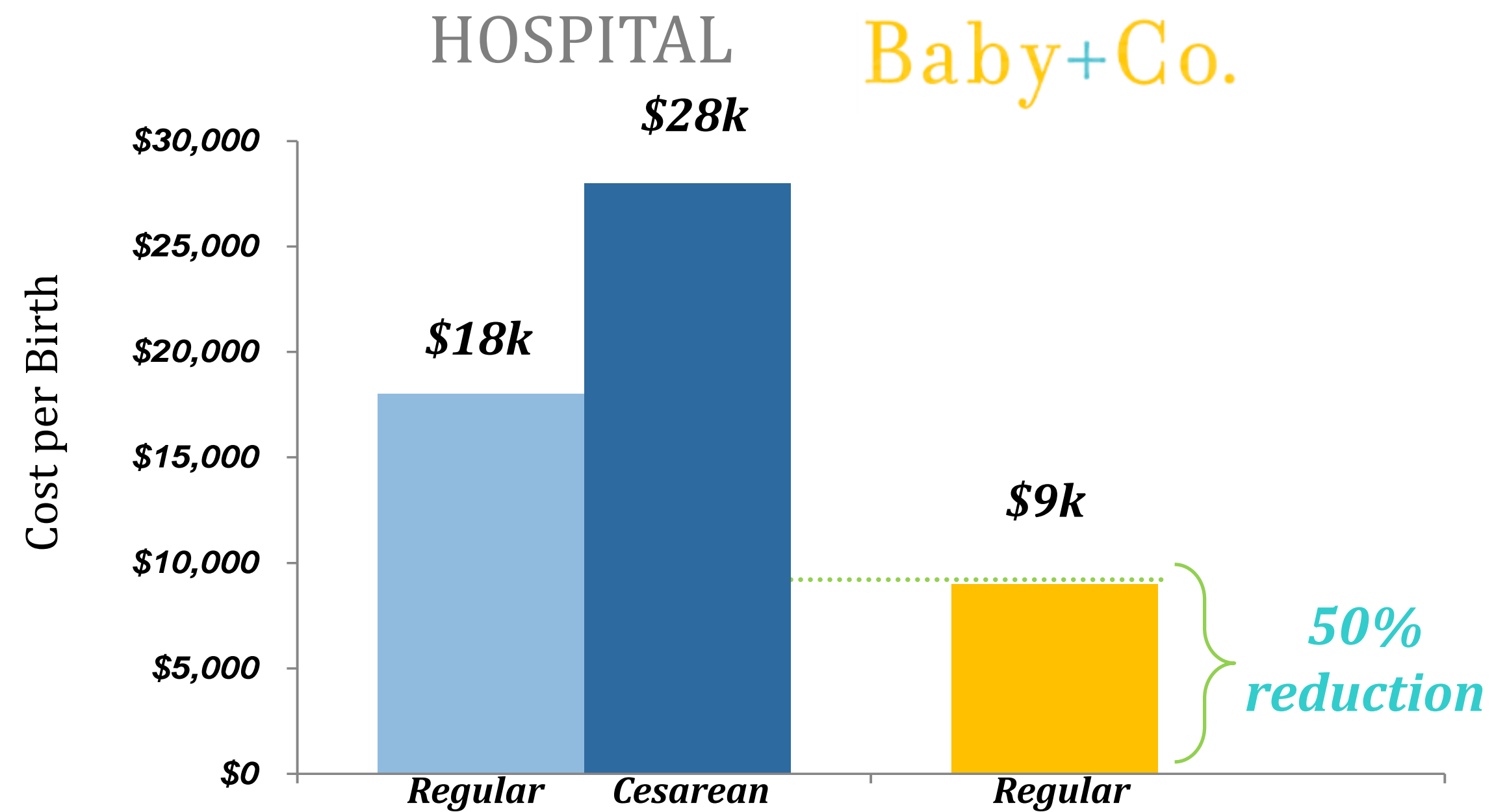
- Morbidity or mortality rates that are as good or better than hospital based care
- Higher breastfeeding rates
- Lower NICU Admissions rates

3. Wellness benefits that extend beyond the maternal episode

Source: (1) Stapleton et al.: "Outcomes of care in birth centers: demonstration of a durable model," JMWJ, 2013; Begley et al., 2011; Janssen et al., 2012; (2) National Vital Statistics Reports, Vol. 63, No. 6, November 5, 2014 "Trends in low-risk Cesarean Delivery in the United States 2009-2013"

Significant savings

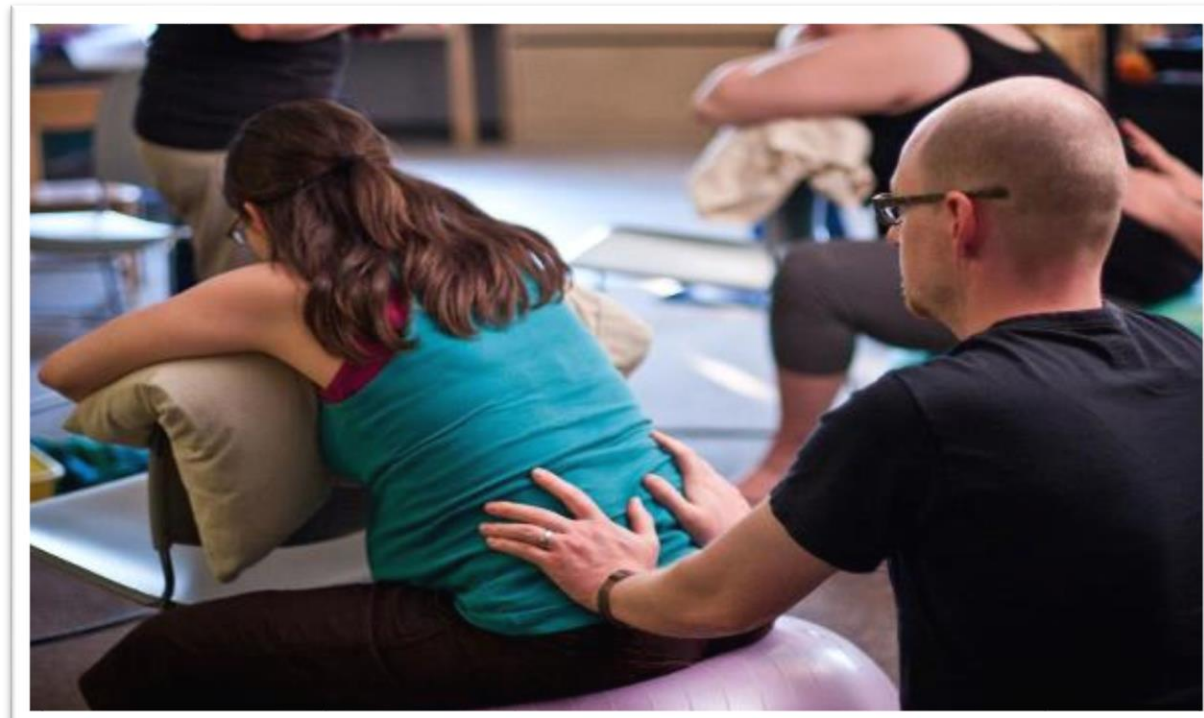
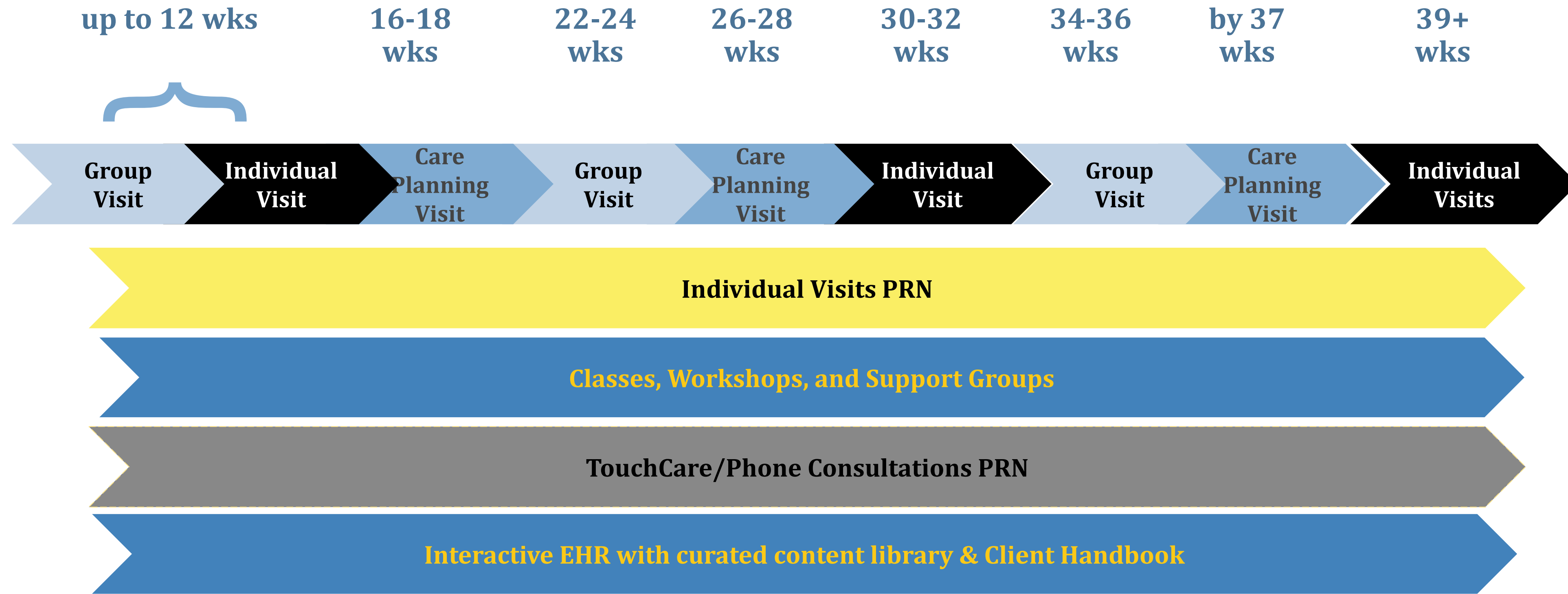
Savings come both from a reduction in the number of cesarean sections and a reduction in the cost of vaginal birth.



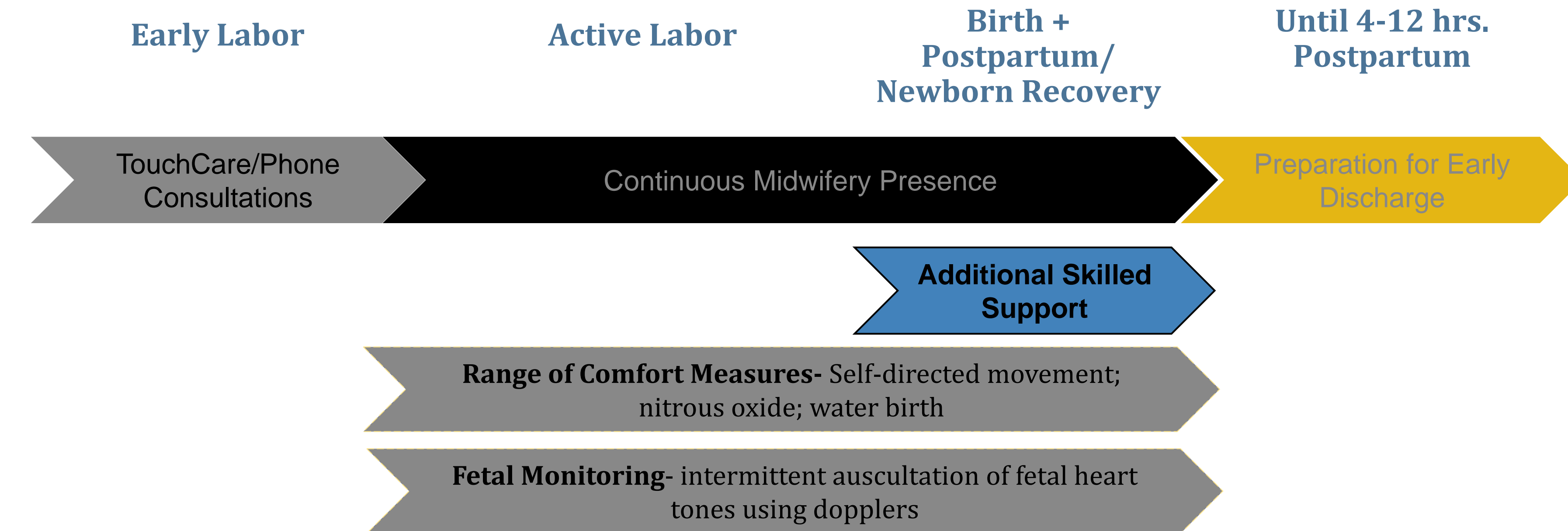
	United States Average (low-risk pregnancies)	Baby+Co. Average
Cesarean Rate	26.9%	6%

Source: Truven Health Analytics, *The Cost of Having a Baby in the United States*, 2013; National Center For Health Statistics; Vital Statistics Report: Volume 63, No 6, November 4, 2015

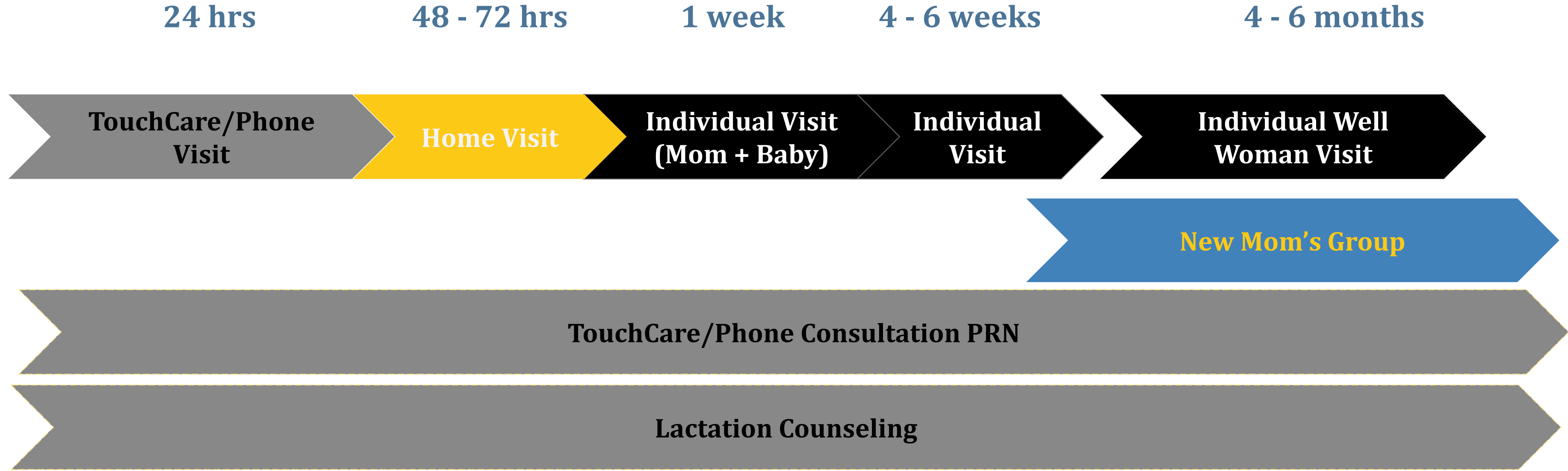
Prenatal Care



Labor + Birth Care



Postpartum and Newborn Care



Summary of Work With Payers

1. We are working with payers to set pricing based on the outcomes we deliver (healthy mom and baby) rather than the inputs we are using
1. With most payers we are establishing a single episodic case rate for our birth clients that covers both the facility and professional fees (and a set of other services). With this structure, we are incentivized to deliver a healthy mom and baby and a happy family at the lowest possible cost.
2. With some of our partners we earn an incremental percentage at the end of the year if we hit certain quality markers
3. Our pricing structure has limitations in that it is set up for birth center care and if a patient transfers to the hospital, payers will pay an incremental cost to the receiving providers.
4. However, our current rate structure sets a price benchmark for the episodic cost of low-risk uncomplicated birth as it demonstrates that it is possible to deliver high outcomes and a high touch service at a low cost.
5. We are currently working with our health system and physician partners to more closely integrate our services and could ultimately negotiate a single birth price for any patient that initiates care at the birth center (even those that ultimately transfers), thereby adding a true risk sharing element to our pricing structure.

We have set episodic case rates for birth and transfer clients

Timeline	Mo. 1	2	3	4	5	6	7	8	9	Labor & delivery	6 weeks postpartum
Key touchpoints	Initial OB visit / orientation to care, routine prenatal visits, tele-med visits & other forms of remote communication w/ CNMs, childbirth classes, breastfeeding & nutritional counseling									Labor & delivery	Post-partum care & lactation support
1 Complete episode	Bundled rate for all birth center services as part of the complete pregnancy episode (including follow up at 6wks postpartum)										
2 IP transfers episode	Bundled rate for all prenatal services at birth center and labor support for patients who transfer during labor										
3 AP transfers episode	Bundled rate of patients who transfer out prior to labor										
4 Well woman care	Ongoing well woman care: annual exams, birth control counseling, contraceptive provision, fertility counseling										

Baby +Company as a Purchaser

- ❖ ~100 employees
- ❖ Interest in offering maternity care for our employees that is in keeping with the care that we offer the families that we serve
- ❖ As a small company we have limited leverage in plan design
- ❖ The plan that was the best fit for our employees broadly isn't contracted with us as a provider