



Driving healthcare savings and satisfaction

ACCOLADE METHODOLOGY AND RESULTS

With cost savings methodology attestation by Milliman, Inc.

Achieving Results through Innovation

In 2008, the Institute of Health Improvement called on the healthcare industry to develop new models of care that can simultaneously improve the patient experience, improve the health of populations, and reduce the per capita healthcare costs - achieving what the industry has adopted as the "Triple Aim" in healthcare.

Today, large, self-insured employers are demonstrating how these goals can be met. Using Accolade's innovative engagement and influence model, employers are **improving the consumer healthcare experience, driving better health outcomes for their employee and member populations, and achieving substantial healthcare cost savings per year.**

The Accolade solution uniquely integrates high-touch human interaction and advanced technologies to empower consumers to more efficiently and effectively navigate the healthcare system and get the right care at the right time.

Highly trained Accolade Health Assistants **engage with the full member population - not just the high-cost claimants.** Applying the company's unique people science model, Accolade Health Assistants develop trusted relationships that often begin before care is sought - when consumers may contemplate, rather than require, clinical support. By engaging with individuals early and providing unbiased guidance, Accolade builds trust and influences confidence in healthcare decisions. **The Accolade engagement and influence model directly impacts and helps eliminate the overuse, underuse and misuse of healthcare services** - avoidable costs that make up an estimated 40 percent of U.S. healthcare spending.

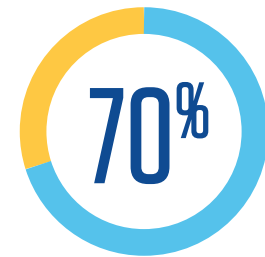
Accolade Health Assistants are supported by deep data analytics and sophisticated technologies that aggregate hundreds of data points to create a holistic, actionable profile for each individual. Accolade combines claims, biometrics and health history data with vital social determinants of health gleaned from these personal interactions to support individuals in a way not possible from other healthcare services or solutions.

This paper provides a deeper look into the results achieved by Accolade employer customers, with a focus on two of the three areas of the Triple Aim - healthcare cost savings and consumer satisfaction. The paper also presents the methodologies used by Accolade and validated by Milliman, Inc., a renowned independent actuarial consulting firm.

ACCOLADE EMPLOYER CUSTOMERS ARE SEEING THE FOLLOWING:



employee satisfaction



engagement with an Accolade Health Assistant, representing 90 percent of the medical claims spend



return on investment (ROI)

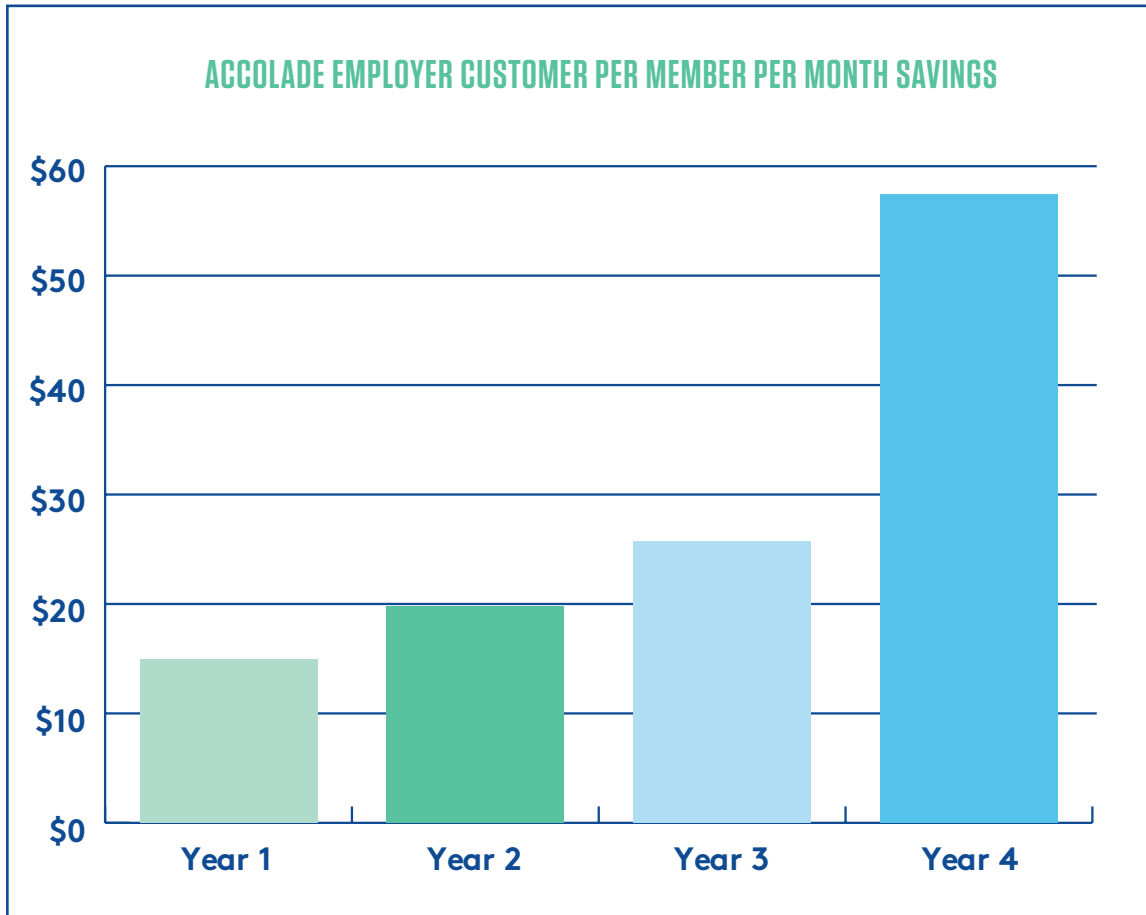
Two- to three-fold

increase in the use of existing benefits programs and tools, including point solutions

Driving Employer Healthcare Savings

By combining trusted member relationships with data insights and an intelligent technology engine, Accolade engages and influences individuals and families in their own care, helping them navigate the complex health system and make the best healthcare choices.

Accolade employer customers realize savings in the first year of service, and the savings grow over time. Across the Accolade book of business, healthcare cost savings by service year are shown in the chart below:



Savings Measurement Methodology

- Savings are calculated by adjusting pre-Accolade per member per month (PMPM) paid claims for changes in demographics (age-sex), geographic distribution and plan design between the pre-Accolade period and the measurement period.
- Adjusted costs are then trended to the measurement period using by the change in the S&P Healthcare Claims National Index.
- Actual PMPM paid claims during the measurement period are then subtracted from adjusted, trended PMPM paid claim cost.
- A positive result reflects savings generated by Accolade since the non-Accolade sources of savings (demographic change, geographic change, plan change) have been eliminated from the calculation.

Milliman Substantiation

Milliman, Inc. has reviewed this calculation methodology for the claim target described above.

Upon review, Milliman’s consultant concluded that the Accolade methodology to calculate claim targets is an “unbiased, independent estimate.” Further, Milliman stated they believe “**actual results that are consistently lower than target would demonstrate savings attributable to the (Accolade) program rather than random variation.**”

Savings Measurement Overview

The table below shows the mechanics of the Accolade savings measurement.

All factors are measured retrospectively at the end of the service period; the measurement avoids using any assumed experience and is based only on measurable claims and census data. For more information about the factors used, please see Discussion of Factors column at right.

COST SAVINGS CALCULATION: DISCUSSION OF FACTORS

- **Age-Sex:** Accolade uses the standard Age-Sex Factors from the Milliman Health Cost Guidelines.™
- **Geo:** Accolade uses the Area Factors from the Milliman Health Cost Guidelines.™
- **Actuarial:** Rather than using actuarial tables, Accolade measures the actuarial value of the plan retrospectively. The ratio of paid claims to allowed claims provides an objective measure for the value of the medical plan.
- **S&P Healthcare Index:** Independent index measuring health care trends in the market. The index includes general improvements in provider contracting. If a customer changes health plan vendors in order to improve discounts, then a measure of improved discounts from the vendor change is also used to adjust baseline claims.

ILLUSTRATIVE CALCULATION	PRE-ACCOLADE	SERVICE QUARTER	NOTE
Baseline PMPM	\$350.00		
FACTORS			
Age-Sex	1.050	1.045	Based on Milliman Factors
Geo	1.002	1.004	Based on Milliman Factors
Plan Design	0.900	0.891	Paid Claims/Allowed Claims
Combined Factors (.9873=1.045/1.05*1.004/1.002*.891/.9)		0.9873	
Adjusted Baseline PMPM		\$345.56	Baseline x Combined Factors
Trend based on S&P Claims Index		5% per year	
Expected PMPM		\$362.83	
Actual PMPM		\$348.58	
Savings PMPM		\$14.25	

Accolade Customer A Savings Results

Customer A, with approximately 38,000 members (18,000 employees), has achieved healthcare **cost savings exceeding \$24 million across six years.**

ANNUAL MEDICAL SAVINGS VS BASELINE	BASELINE	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3	SERVICE YEAR 4	SERVICE YEAR 5	SERVICE YEAR 6
Baseline	\$264.88						
Age-Sex Factor	0.9101	0.9177	0.9191	0.9222	0.9280	0.9369	0.9449
Geo Factor	0.9989	1.0013	0.9978	0.9974	0.9959	0.9930	0.9911
Actuarial Factor	0.9263	0.9102	0.9048	0.8972	0.8974	0.8902	0.8881
Medical Trend Index	102.8567	114.6686	120.0006	125.9117	131.1155	134.0099	138.5102
Expected PMPM		\$293.29	\$304.53	\$317.79	\$332.57	\$339.43	\$352.30
Actual PMPM		\$287.15	\$280.74	\$292.88	\$311.67	\$300.00	\$293.92
Savings PMPM		\$6.14	\$23.79	\$24.92	\$20.90	\$39.43	\$58.38
Total Savings (millions)		\$2.8	\$10.7	\$11.2	\$9.2	\$17.0	\$24.7

Comparing expected to actual trends for Customer A provides an interesting measure of the value being created by Accolade. Annualized trends over the entire service period for Customer A have been 1.1 percent per year, significantly below the annual expected trend of 4.0 percent and below the annual compensation budget increase of 3.0 percent per year.

As a result, Customer A was able to maintain its medical plan design and still increase the take home pay of employees. While results showed some variability from year to year, due to the size of the member base, **Accolade helped the plan materially outperform market trends.**

ACTUAL VERSUS EXPECTED TRENDS

	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3	SERVICE YEAR 4	SERVICE YEAR 5	SERVICE YEAR 6	COMMULATIVE	ANNUAL
Expected Trend	5.2%	3.8%	4.4%	4.6%	2.1%	3.8%	26.4%	4.0%
Actual Trend	4.1%	-2.2%	4.3%	6.4%	-3.7%	-2.0%	6.6%	1.1%

Accolade Customer B Savings Results

Using Accolade solutions, Customer B, with approximately 70,000 members, has achieved savings exceeding \$25 million in four years.

ANNUAL MEDICAL SAVINGS VS BASELINE	BASELINE	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3	SERVICE YEAR 4
Baseline	\$279.66				
Age-Sex Factor	0.9228	0.9226	0.9244	0.9299	0.9338
Geo Factor	0.9941	1.0004	0.9960	0.9946	0.9964
Actuarial Factor	0.8986	0.8789	0.8765	0.8748	0.8727
Medical Trend Index	116.9871	125.9117	131.1155	134.0099	138.5102
Expected PMPM		\$296.18	\$306.87	\$314.43	\$326.16
Actual PMPM		\$283.10	\$300.37	\$306.98	\$299.86
Savings PMPM		\$13.08	\$6.50	\$7.44	\$26.30
Total Savings (millions)		\$12.1	\$5.9	\$6.8	\$25.0

Comparing expected to actual trends for this customer provides another interesting measure of the value being created by Accolade. **Annualized trends over the entire service period for Customer B has been 2.1 percent per year, significantly below the annual expected trend of 4.3 percent.** Despite some variability in actual claims experience, Accolade helped this customer outperform market trends over the period.

ACTUAL VERSUS EXPECTED TRENDS						
	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3	SERVICE YEAR 4	COMMULATIVE	ANNUAL
Expected Trend	2.9%	3.6%	2.5%	3.7%	13.3%	4.3%
Actual Trend	0.6%	6.1%	2.2%	-2.3%	6.6%	2.1%

Accolade Customer C Savings Results

Customer C, with approximately 55,000 members, has **achieved savings of nearly \$20 million in three years.**

ANNUAL MEDICAL SAVINGS VS BASELINE	BASELINE	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3
Baseline		\$274.31		
Age-Sex Factor (2 Month Lag)	0.9942	1.0089	1.0094	1.0021
Geo Factor (2 Month Lag)	1.0111	1.0128	1.0126	1.0132
Actuarial Factor	0.9240	0.9321	0.9285	0.9168
Medical Trend Index	117.3346	127.6171	132.9215	136.3736
Expected PMPM		\$305.91	\$317.50	\$319.52
Actual PMPM		\$293.09	\$299.83	\$291.94
Savings PMPM		\$12.82	\$17.68	\$27.58
Total Savings (millions)		\$9.1	\$12.5	\$19.5

Annualized trends over the entire service period for Customer C have been 1.0 percent per year, significantly below the annual expected trend of 3.3 percent, allowing the customer to outperform market trends materially over these service years.

ACTUAL VERSUS EXPECTED TRENDS

	SERVICE YEAR 1	SERVICE YEAR 2	SERVICE YEAR 3	COMMULATIVE	ANNUAL
Expected Trend	5.6%	3.8%	0.6%	10.3%	3.3%
Actual Trend	3.4%	2.3%	-2.6%	3.0%	1.0%

Achieving Breakthrough Member Satisfaction

Accolade's unique high-touch, data-driven approach does more than help employers consistently bend their healthcare cost trend. It also helps them build a more engaged, satisfied and healthy employee population, which can make a meaningful impact on overall employee productivity in the workplace.

Net Promoter Score (NPS) Methodology

Accolade uses Net Promoter Score (NPS) to measure the satisfaction of individuals directly engaging with Accolade. On a bi-weekly basis, Accolade conducts a brief three-question online survey to a random sampling of approximately 700 members who have communicated with an Accolade Health Assistant the prior week. Members are eligible to receive the survey again after a rolling three-month period.

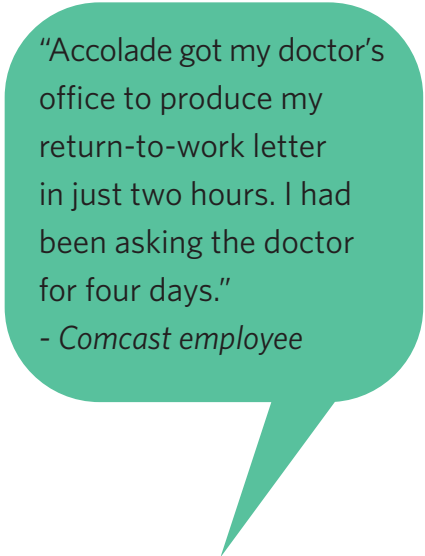
Members are asked to rate, on a scale of 0 (very unlikely) to 10 (very likely), how likely it is they would recommend Accolade to a friend or colleague. Scores of 9 and 10 are recognized as "promoters." Scores of 7 or 8 are recognized as "passives," and scores of 6 or lower are "detractors." The percent of responders that are detractors is subtracted from the percent of responders that are promoters. The result is the net promoter score (NPS).

Accolade has run the online survey since February 2013 and **consistently achieved NPS scores of 70 and above, one of the highest NPS scores in the healthcare industry.**

Overall Member Satisfaction

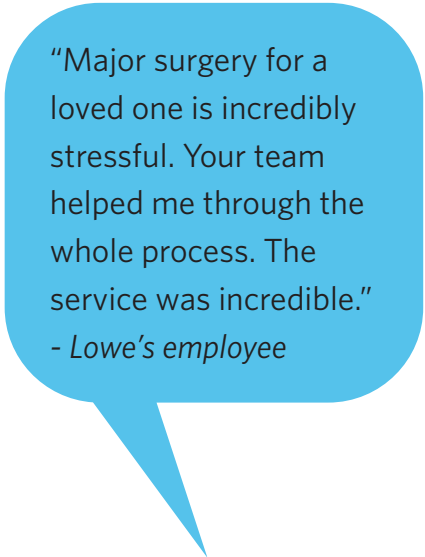
Accolade's online survey also asks members to rate their satisfaction with the service received and to share additional feedback about their experience.

Accolade consistently earns a nearly perfect 98-percent member satisfaction rating. The appreciation and satisfaction shared by Accolade members is captured best in their own words.



"Accolade got my doctor's office to produce my return-to-work letter in just two hours. I had been asking the doctor for four days."

- Comcast employee



"Major surgery for a loved one is incredibly stressful. Your team helped me through the whole process. The service was incredible."

- Lowe's employee

A Model that Works for Today and Tomorrow

While the direction of healthcare law and reform is uncertain, the complexity and cost of healthcare will continue to rise. Employers need innovative solutions that help them foster a healthy, happy and productive employee population while reducing costs and staying competitive in their industries. Results achieved by Accolade employer customers today demonstrate the power of a high-touch, high-tech approach to address this need.

For more information on the Accolade model, please contact sales@accolade.com.