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## Digital Transformation of Maternity Care

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# US Market Strategy



Presented by Alex Radke  
US General Manager



# Disclaimer

## Important notice regarding forward looking statements

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<https://www.asx.com.au/asx/share-price-research/company/HMD>

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# Covid-19: Global health challenges present opportunities

The outbreak of COVID-19 globally has proven to be one of the most challenging health, social and financial crises in generations and has caused fundamental changes in global healthcare system infrastructure. High level officials are encouraging and supporting the use of digital healthcare solutions, remote monitoring and homecare, all of which will remain a critical part of our healthcare systems long after the COVID-19 pandemic has ended.

- The most qualified medical and professional organisations such as The American College of Obstetricians and Gynecologists (**ACOG**) and the Royal Australian and New Zealand College of Obstetricians and Gynecologists (**RANZCOG**) have recognised and emphasised the need for extensive telehealth service, digital tools and a comprehensive homecare-based approach.
- This presents HeraMED with a unique and significant opportunity to more strongly roll-out its pregnancy digital and telehealth solution to satisfy the rapidly increasing global demand for remote health solutions

## COVID-19 driven action

- **The FDA, US Medicaid and Medicare, private insurers, the Australian Ministry of Health** and many others are rapidly integrating this recommendation by updating their programs to adopt a wider range of telehealth solutions and reinventing their support and reimbursement models.
- **The FDA's** guidance grants leeway to companies to expand distribution of products cleared for use in hospitals to also be used in patients' homes, and it also allows companies and providers to use these products to help monitor and treat patients with Covid-19.
- **ACOG:** Ob-gyns and other prenatal care practitioners should maximize the use of telehealth across as many aspects of prenatal care as possible.
- **Harvard Medical school:** Prenatal visits are important to ensure maternal and fetal health. However, given the current global pandemic we are facing, many obstetricians are either increasing the interval between visits or encouraging telehealth visits

# US Maternity Care is Expensive & Deficient



3,791,712

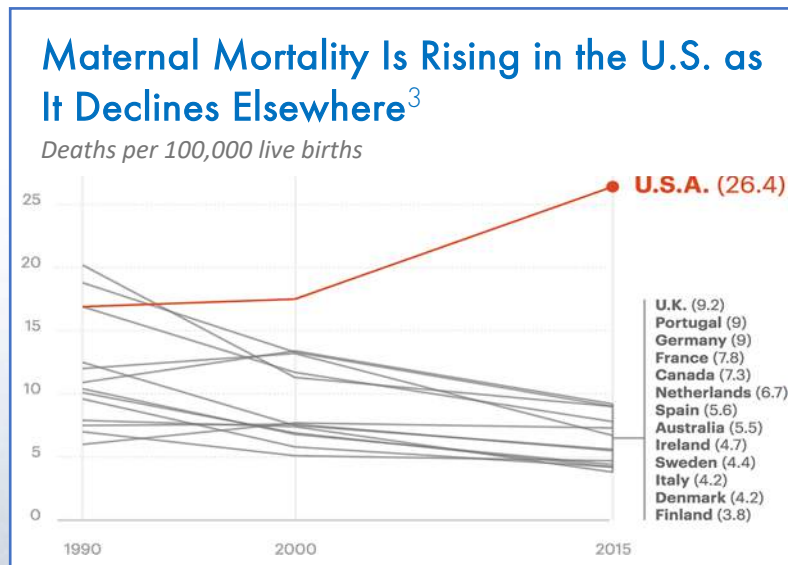
2018 Number of Births<sup>1</sup>



\$111 Billion

Total Cost of All Payers<sup>2</sup>

Maternity care represents the **second-highest healthcare expenditure for EMPLOYERS** in the United States and the **largest for Medicaid**



31.9%

of women had a c-section<sup>4</sup>

3.8%

of pregnancies suffer preeclampsia, one of the leading cause of maternal mortality<sup>6</sup>

11%

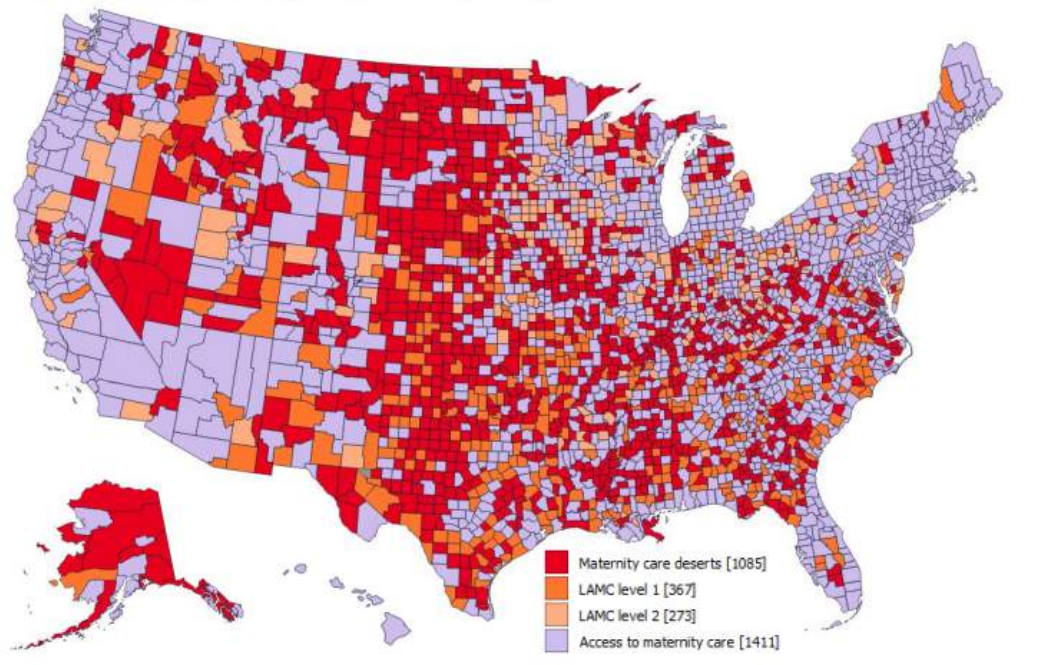
of women experience symptoms of postpartum depression<sup>5</sup>

10%

of births are preterm<sup>7</sup>

# Maternity Care Desert<sup>19</sup>

Map 1. Access to Maternity Care in U.S. Counties, 2016



“

More than 5 million women live in maternal deserts that have no OB providers

“

An additional 10 million women live in countries with limited access to maternity care

# HeraCARE Solution

*delivers value across **insurers**, **healthcare providers** and **employers** in three key categories*



## Cost Reduction

- Reduction of both scheduled and unscheduled clinic visits.
- Reduction of pregnancy related absence from work.
- Reduction in pregnancy complication costs



## Increased Satisfaction

- 24/7 access to midwife consultants
- Digital personal pregnancy companion
- Reassurance and peace of mind
- Dedicated social reinforcement network

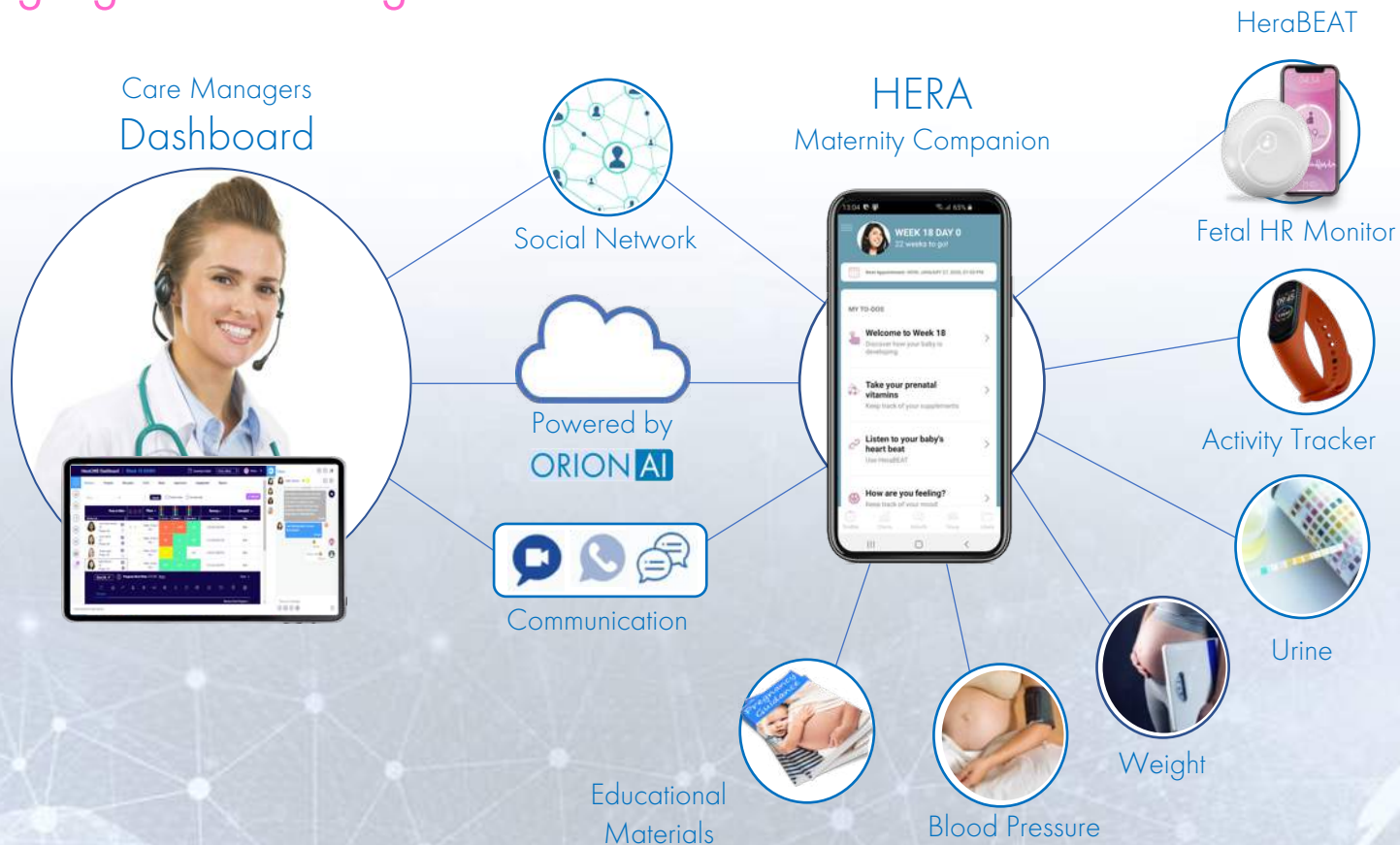


## Better Outcomes

- Early detection of potential complications
- Stress and depression reduction
- Better adherence to prenatal care guidelines

# The HeraCARE Hybrid Maternity Care Platform

combining high tech with high touch



# HeraCARE – A New Hybrid Maternity Care Paradigm

digital | connected | home based



Data  
Driven



Integrated  
Analysis



Professional  
Service

Based on empowerment, education & self-measurement

Fully customizable to local prenatal care standards

Seamlessly integrated into IT infrastructure of  
healthcare organizations

Optimized adherence to prenatal care guidelines

24/7 Midwife consultants empowered by a set of  
data, technology and digital health tools

Machine learning engine designed to provide  
meaningful & actionable insights

# The Influence of Women in Healthcare



**90%** are primary healthcare decision makers for their family & key influencers for friends<sup>8</sup>

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**80%** of the household healthcare spending is done by women<sup>8</sup>

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Women are **75%** more likely to use digital tools for healthcare than men<sup>8</sup>

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**87%** of women said that a company's parental leave policy was important to them<sup>9</sup>

# The Challenges Of Maternity Care





The pregnancy experience hasn't changed since the 50's



## DOCTORS/ PROVIDERS

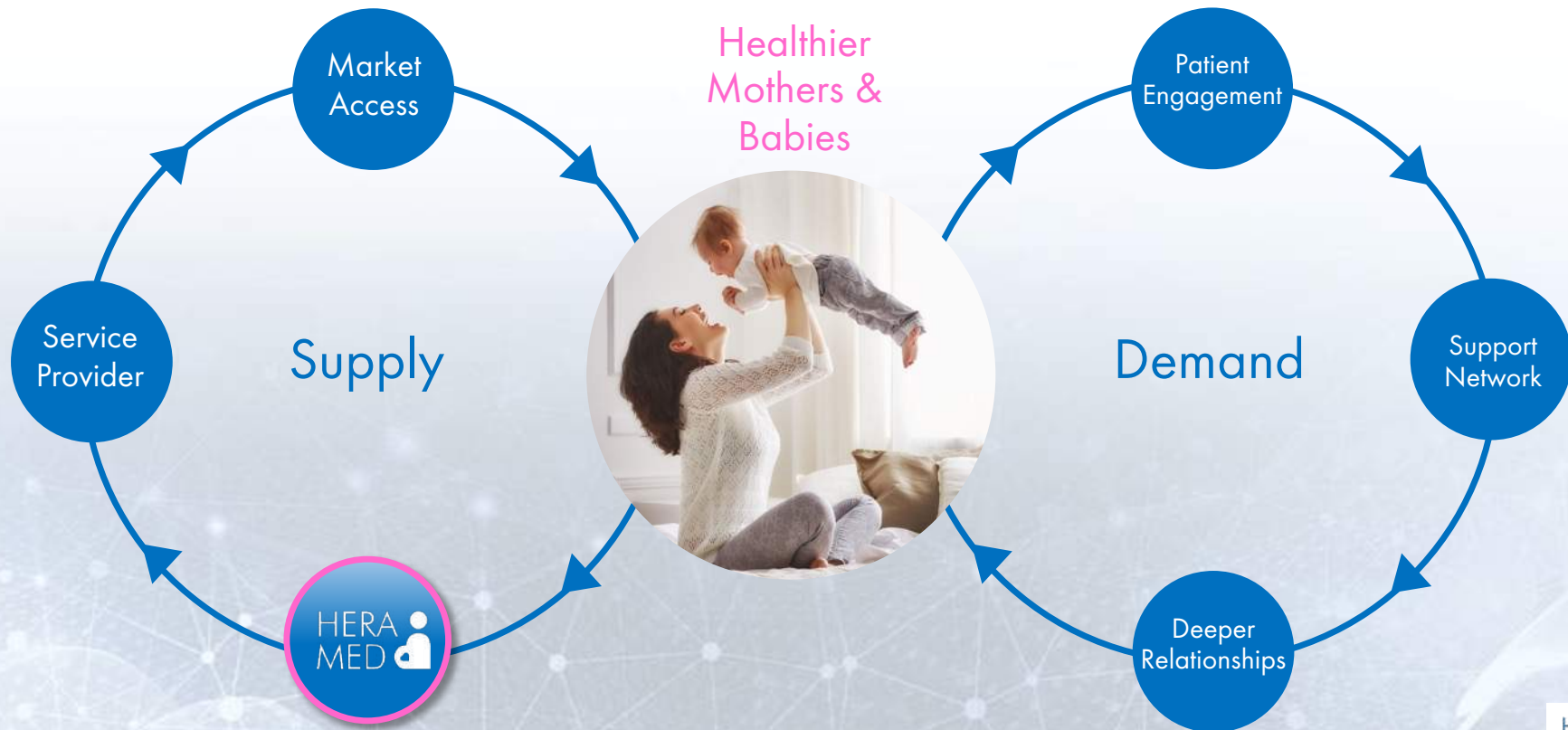
-  Shortage of fundamental services
-  Lack of time and attention
-  Low reliability of analysis
-  Episodic, Reactive, disconnected

## EXPECTING MOTHERS

-  14+ clinical sessions per pregnancy
-  Loss of time away from work / family
-  Personal anxiety and stress
-  Lack of continuous support

# The HeraMED Flywheel

HeraMED's platform enhances supply-side effectiveness, generating increased demand engagement, which drives a self-reinforcing cycle of care for pregnant women



# The Basics of Healthcare *as a Business*

## Revenue/Benefit:

Insurance premium from patient

## Cost:

Payment to provider



# US Market Development Strategy

## Providers



Opportunities



Hospitals



Doctors

## Payers



+



Opportunities



Employers



Insurance  
Companies

# Maternity Care Cost Savings

## Self-insured employers



For every dollar spent in prenatal care –

**employers** are saving  
**\$3.33** for postnatal care  
and

**\$4.63** in long term morbidity<sup>18</sup>

## Hospitals



- Complications add, on average, **20% to the cost** of a vaginal delivery and 25% to the cost of a c-section
- Severe maternal morbidity (SMM) escalates the episodic cost of care by up to **\$25,000**
- Women with SMM stay in the hospital about **70% longer** than those without SMM complications.

# Maternity Care Cost Savings Opportunities

## Example Cost

## Complications cost (Per case):

## Annual Cost:

### Peg is Having a Baby

(9 months of in-network pre-natal care and a hospital delivery)

■ The plan's overall deductible	\$500
■ Specialist copayment	\$50
■ Hospital (facility) coinsurance	20%
■ Other coinsurance	20%

### This EXAMPLE event includes services like:

Specialist office visits (*prenatal care*)  
 Childbirth/Delivery Professional Services  
 Childbirth/Delivery Facility Services  
 Diagnostic tests (*ultrasounds and blood work*)  
 Specialist visit (*anesthesia*)

<b>Total Example Cost</b>	<b>\$12,800</b>
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### In this example, Peg would pay:

Cost Sharing	
Deductibles	\$500
Copayments	\$300
Coinsurance	\$2,300
What isn't covered	
Limits or exclusions	\$60
<b>The total Peg would pay is</b>	<b>\$3,160</b>



\$32K Postpartum depression<sup>10</sup>

~\$14B



\$18K c-section vs \$10K Vaginal<sup>11</sup>

~\$9B



\$14K Preeclampsia per delivery<sup>12</sup>

~\$2.18B



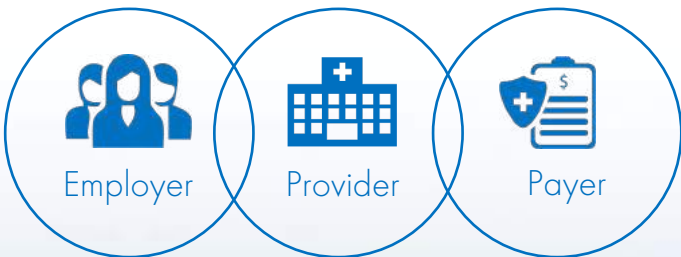
\$ 32K Preterm birth first year vs \$3K<sup>13</sup>

~\$26B

\$12,800 from payer +  
\$3,160 from mom

# Healthcare Providers - Leading Opportunity

## Healthcare



Large healthcare providers tend to be self insured creating a unique alignment between

**employer, provider and payer – all in one.**

Their interest is to keep employees healthy while providing them with the best possible healthcare services and simultaneously reducing cost, providing a **win-win-win scenario.**

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## Hospitals are the largest employers in 16 US states<sup>15</sup>

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University of Pittsburgh Medical Center (~87,000 employees)

Partners Healthcare (~76,000 employees)

Northwell Health (~68,000 employees)

Mayo Clinic (~63,000 employees)

# Strategy for Targeting Providers



- Leverage demonstrated success of pregnancy homecare programs (OB Nest)
- Gain additional clinical buy-in and validation of outcome measures
- Position HeraMED as a leader through clinical support

## Value to HeraMED

Health System	Doctor's Clinics
<ul style="list-style-type: none"><li>• Pilot &amp; product feedback/refinement</li><li>• Elevate credibility by aligning with established brands</li><li>• Publish research and clinical trials</li></ul>	<ul style="list-style-type: none"><li>• Early adopters with shorter sales cycles</li><li>• Easier implementation &amp; resource burden</li><li>• Validation of impact to patients</li></ul>
<ul style="list-style-type: none"><li>• Existing virtual prenatal care program</li><li>• Strategic focus on:<ul style="list-style-type: none"><li>• Maternity care</li><li>• Digital health</li></ul></li></ul>	<ul style="list-style-type: none"><li>• In competitive market looking for service differentiation</li><li>• Higher-profile to act as KOL &amp; advocate</li></ul>

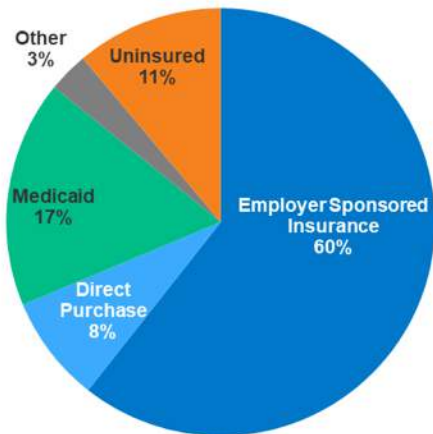
## Ideal Characteristics

# Strategy for Targeting Payers



- Present clinical validation from providers
- Offer reduced cost of care model
- Emphasize better patient satisfaction

## Women's Health Insurance Coverage 2018



Among 97.4 million women ages 19-64

SOURCE: KFF estimates based on 2018 Census Bureau's American Community Survey.

## Employers

- Large employers (>1,000 employees)
- Self-insured
  - Self-insured orgs are fully responsible for all healthcare costs of their employees
- Strategic focus on women's initiatives
- Demonstrated interest in maternal benefits
- Ideal industries:
  - Finance, Healthcare, Tech
- Target person: HR Benefits Directors

## Insurance Companies

- Value-based care initiatives
- Payment model innovation

# Insurance Companies are Taking Notice

The US's largest health insurers all have a focus on maternal care payment reform



## U.S. Women's Health Alliance Launches First-Ever, National Maternity Episode of Care

November 13, 2017

*The U.S. Women's Health Alliance, in collaboration with Cigna, has launched a national maternity episode of care program which allows its eligible OB/GYN providers to improve the quality and affordability of maternity care for women.*



## Humana launches bundled-payment model for maternity care

April 18, 2018

*Humana announced Wednesday it has contracted with five physician practices across the U.S. on a new bundled-payment model for maternity care.*



## UnitedHealthcare launches maternity-care bundle

May 2, 2019

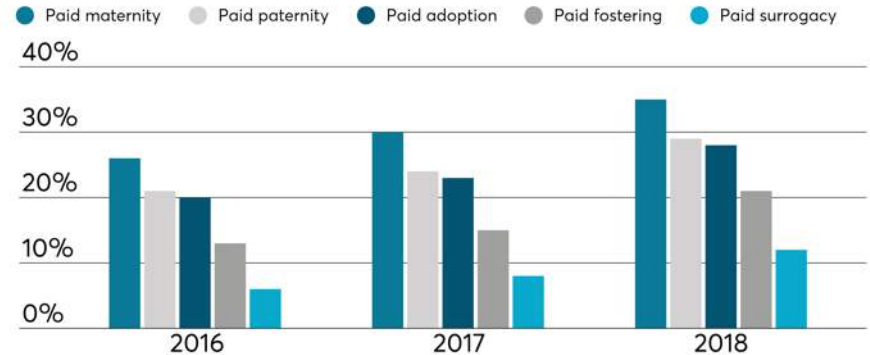
*The nation's largest insurer, UnitedHealthcare, has launched a nationwide bundled-payment model for maternity care, closely following the lead of Cigna and Humana, which have had the option since early last year.*

# Employers are Taking Notice

Average Cost of Employee Health Care Makes Up 7.6 Percent of a Company's Annual Operating Budget<sup>16</sup>

- Pregnancy and childbirth account for 25 percent of all hospitalizations in the United States<sup>17</sup>
- The US is the only developed country in the world without federally mandated parental leave
- However, employers are enhancing their maternal benefit offerings to **attract and retain female employees**

## Types of paid leave employers say they are offering



Source: SHRM

# US Market Tailwinds Favorable to HeraMED

Market adjacent companies have demonstrated viable pathways to market success

1

## Digital Health Adoption



*Digital chronic disease management platform*

- IPO: July 2019
- Market Cap: \$2.5 Bn

2

## Fertility Coverage Expansion



*Fertility benefits manager for employees at large companies*

- IPO: Oct 2019
- Market Cap: \$2.5 Bn

3

## FemTech Investments



*Is Technology Pink? Investments in Femtech to Cross the **\$1.3 Billion Mark in 2020***

# US Market Pathway to Success



# 2020 Work Plan\*

The company anticipates some milestones to be accelerated while others might be delayed due to the Covid19 operational and financial challenges

- Mayo Clinic Collaboration
- Initiate Orion AI
- HeraBEAT Plus Clinical Trial
- HeraCARE Pilot and commercializing

- ✓ Strengthen collaboration and cooperation with Medical community
- ✓ HeraBEAT FDA 510K Clearance for professional use
- ✓ Formal submission for IIA grant
- ✓ Finalise system configuration, detailed work plans and timetable for HeraCARE
- ✓ Receive data set of monitoring for OrionAI and setup infrastructure and work procedures with experts

- Launch HeraBEAT Pro
- Market Analysis and penetration strategy
- HeraBEAT plus –clinical trial execution
- Release HeraCARE V1.0
- Initiate HeraCARE pilot preparations
- Orion regulatory strategy

- Commercial HeraCARE release
- Orion release V1.0 and clinical trial initiation
- Submit for CPT reimbursement coverage

Q4 2019

Q1 2020

Q2 2020

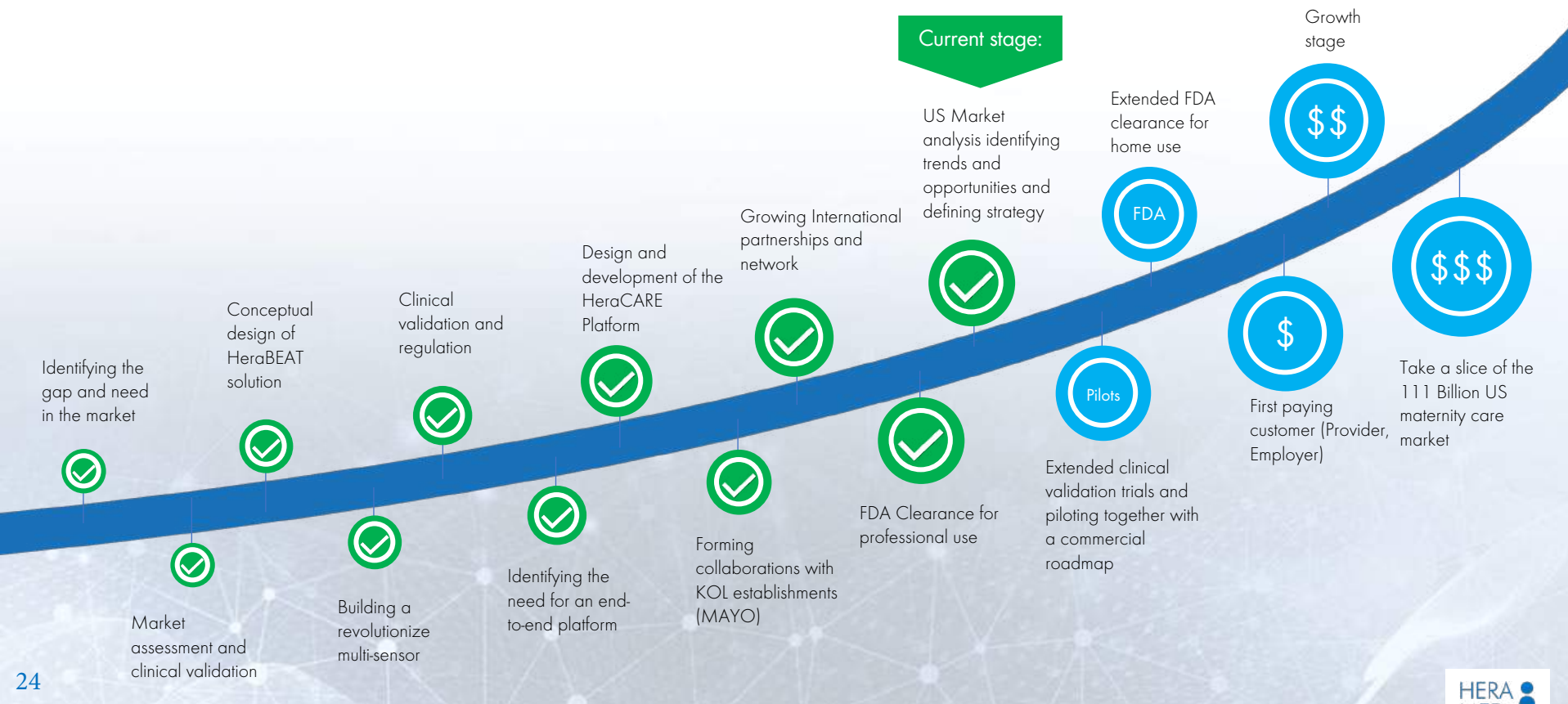
Q3 2020

Q4 2020

- ✓ HeraCARE Formal kickoff meeting with US collaborators
- ✓ HeraCARE MVP / V0.5
- ✓ HeraCARE regulatory strategy
- ✓ IRB approval for HeraBEAT Plus clinical trial
- Finalise strategy for obtaining CPT reimbursement codes

- HeraCARE – Pilot initiation
- Finalise strategic partnership short list, including Insurers, healthcare providers, employers, telehealth providers
- Collect and implement additional market feedback, requirements from key industry leaders

# HeraMED's Path to Commercialisation



# End-to-End Solution Drives Multi-Stakeholder Value



Patients

Empowerment  
Convenience  
Peace of Mind



Clinical Staff

Improved outcomes  
Patient satisfaction  
Reduced burden



Hospitals

Operational Efficiency  
Customer Loyalty  
Innovation Identity



Employers

Employee experience  
Financial savings  
Enhanced employee health



Insurance Companies

Decreased cost  
Proactive management  
Member experience



Researchers

Richer data sets  
Deeper engagement  
New study methods

# Appendix

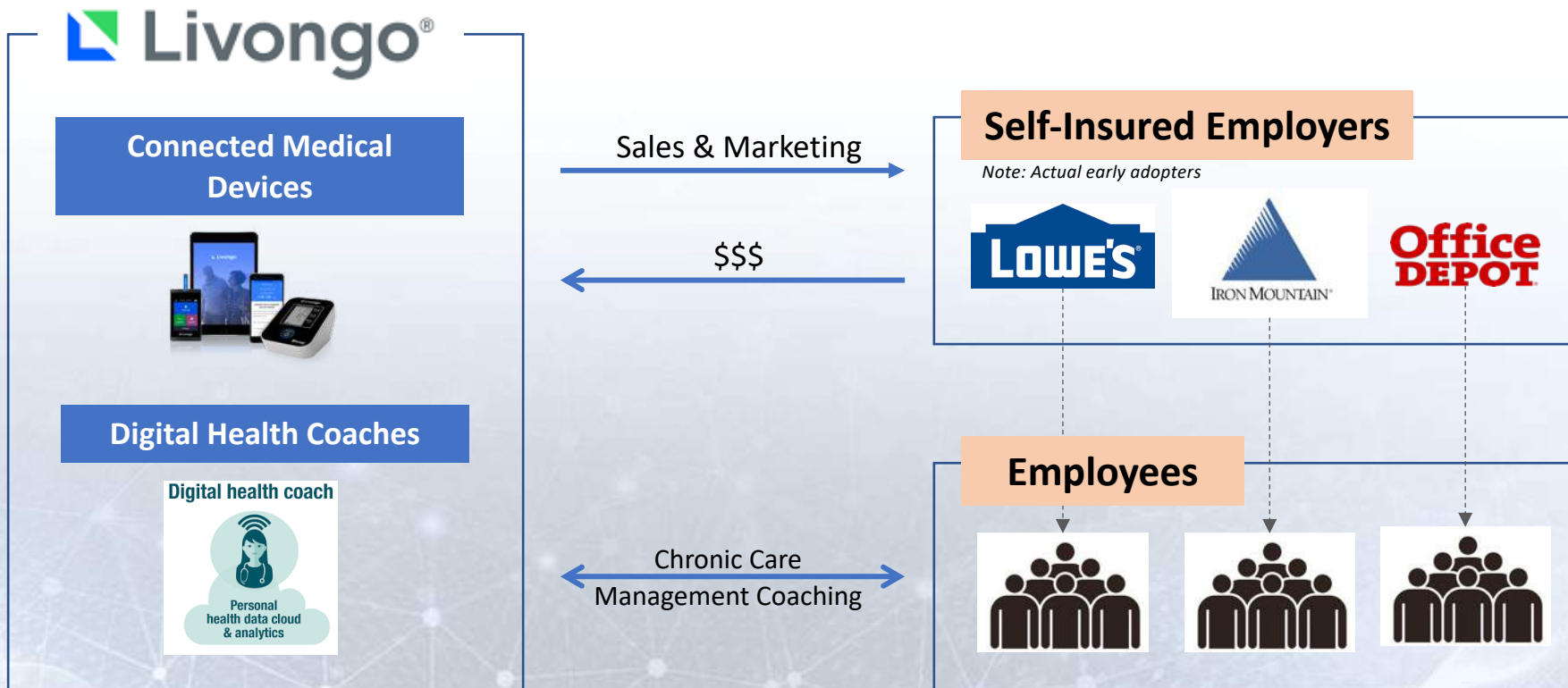
# Footnotes

1. [https://www.cdc.gov/nchs/data/nvsr/nvsr68/nvsr68\\_13-508.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr68/nvsr68_13-508.pdf)
2. <http://www.pbgh.org/maternity>
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# Case Study

# Livongo

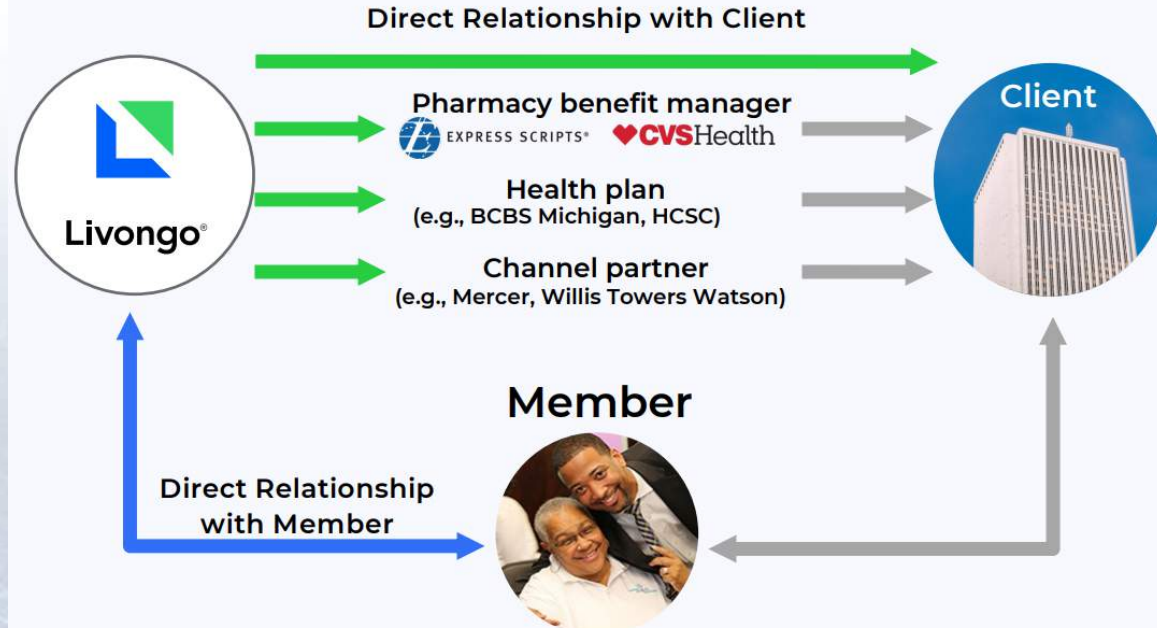
# Livongo: Business Model



<https://ir.livongo.com/static-files/a1340ee4-27a2-4df0-91ff-078f04325134>

# Livongo's Multi-Channel Approach

## Multiple Channels to Reach our Client



Typical Client Has a One to Three Year Contract

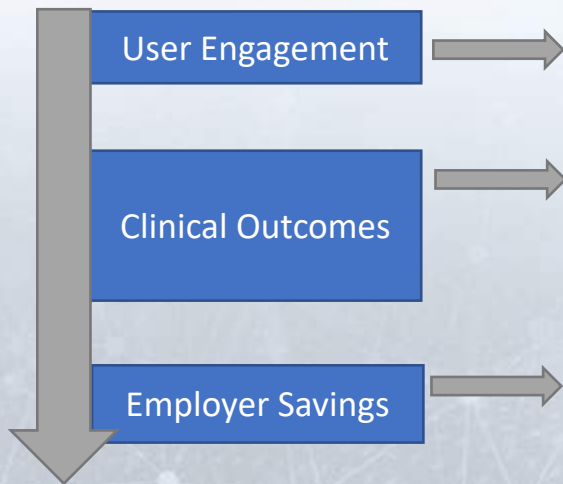
<https://ir.livongo.com/static-files/a1340ee4-27a2-4df0-91ff-078f04325134>

# Livongo's Value Creation & Results

## Customer Value Prop

Decrease cost of care to employers for employees with chronic conditions

### Value Delivery Pathway



## Our Success Factors.

### Results that Matter – Powered by Data Science



#### Members Love Us

**+64** average Member NPS<sup>1</sup>



#### Positive Outcomes

##### Member Improvements<sup>2</sup>

HbA1c

**0.8 points**

Systolic BP

**10mmHg**

Weight loss

**7.3%**

DASS

**55%**



#### Proven Results

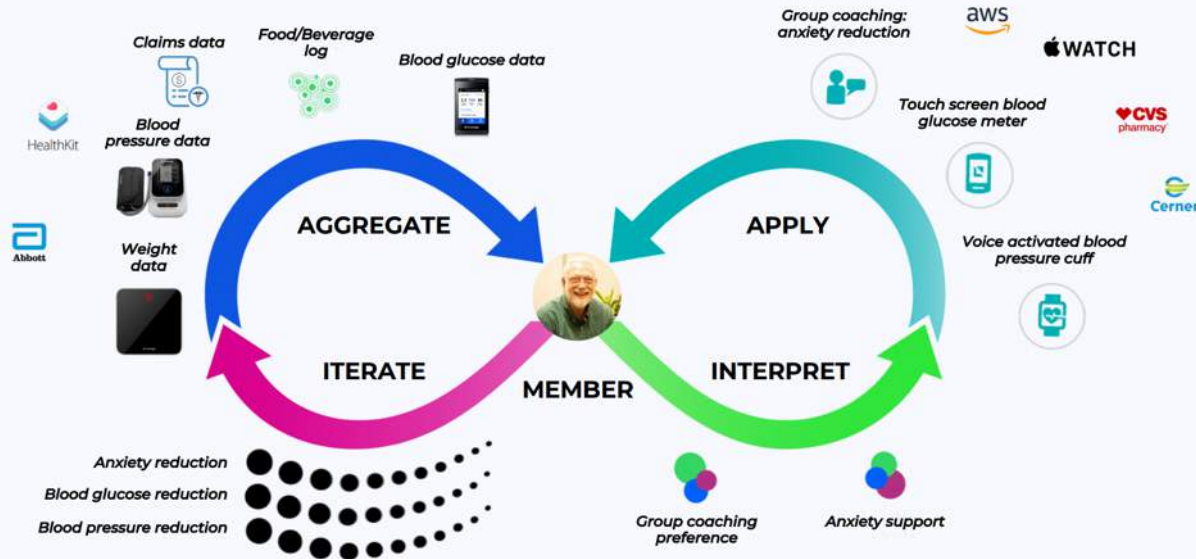
**\$1,908** per participant per year gross medical savings in diabetes<sup>3</sup>

<https://ir.livongo.com/static-files/a1340ee4-27a2-4df0-91ff-078f04325134>

# Product Features Centered Around End-User

## Our AI + AI Engine Powers Our Platform.

Livongo™



8

<https://ir.livongo.com/static-files/a1340ee4-27a2-4df0-91ff-078f04325134>

# Key Lessons for HeraMED

## KEY TAKEAWAYS

- Clinically validated care model and clearly defined outcome measures
  - Developed data-set to unlock additional sales channels
  - Clear value prop to payment source (i.e. insurers)
- Market entry through self-insured employers
  - Progressive employers with high chronic care management costs
  - Maintained direct connection with end-user to generate product feedback
- Closed loop & fully-integrated end-to-end solution
  - No integration with existing care delivery system
  - Greater operational control and accelerated growth
- Services component was key differentiator, not tech

## KEY DIFFERENCES

- Chronic care management has near unlimited lifetime value delivery options
  - Pregnancy period is a fixed duration
- Pregnancy has predictability for more effective lead-generation targeting
- Demographics are more targeted, i.e. young-women of child-bearing age, so greater technology adoption
- Birthing experience is generally viewed as a positive life-event

# Alexander Radke – Short Bio



Mr Radke was previously the Senior Vice President at Signals Analytics, a leading business intelligence platform focused on providing market insights to Fortune 500 brands including Proctor & Gamble, Nestle, Johnson & Johnson, Roche, Novartis, Bayer and others. In this role, he supported the CEO to facilitate business and commercial development initiatives resulting in securing Signals' largest client contract and assisting in the expansion of the company's healthcare practice.

Prior to that, Mr. Radke spent a number of years at Northwell Ventures, the Healthcare Corporate Development arm of Northwell Health where he led the expansion of Northwell's international strategy and simultaneously oversaw multiple largescale international projects. Northwell Health is New York State's largest healthcare provider and private employer with over 70,000 employees and over 13,600 affiliated physicians through 23 hospitals and 750 outpatient facilities.

Prior to his role within Northwell Ventures, Mr. Radke supported Northwell Health's Deputy Regional Executive Director of the Western Region overseeing strategic projects. He successfully completed over 15 strategic initiatives across the enterprise, working with stakeholders at all levels and his portfolio of projects led to significant improvements in operational and clinical performance.

Mr. Radke is a noted speaker at family office and investor events on impact investing in healthcare. He's provided due diligence and advisory services to several investment firms, and previously worked to support an investor to evaluate healthcare investment opportunities and assist in their portfolio companies' growth.

Mr. Radke also serves on the Associate Board of The Opportunity Network, a charity focused on supporting youth advancement in underserved communities.