

SATELLITE HEALTHCARE
DIALYSIS • WELLBOUND • RESEARCH



Satellite Healthcare, Inc.
Heartland Kidney Network
February, 2012


Clinical Leader Dedicated to Serving ESRD Community SATELLITE HEALTHCARE DIALYSIS • WELLBOUND • RESEARCH



- Not-for-profit founded in 1973
- Our mission is *making life better for those with kidney disease*
- We serve over 5,000 patients in 50 centers in six states

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Based in California, National Scope SATELLITE HEALTHCARE DIALYSIS • WELLBOUND • RESEARCH



- WellBound
- Satellite Dialysis

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Clinical Innovation Patient-Centric

National Leader in Home Therapy

1st to introduce dedicated home dialysis centers of excellence - WellBound

23% of Satellite's patients are on home dialysis

3x 3x the national average home penetration

>40% of patients educated by WellBound elect home dialysis


55% Longer on PD (median duration)



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Success with the Bundle – What have we learned?

Where in the World is ~~Carmen San Diego~~ The ICD-9CM Code???



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Co-Morbid Case Mix Adjustor Capture

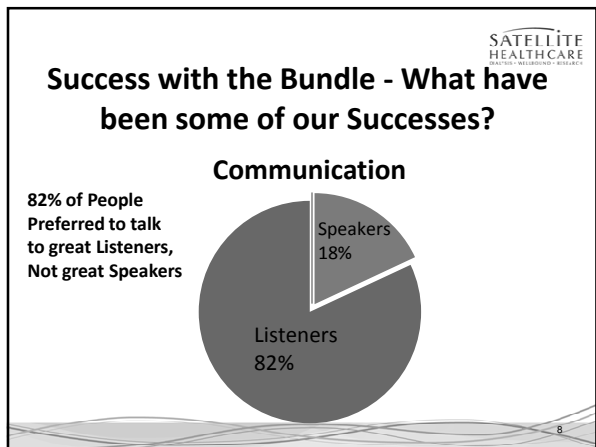
Co-Morbidity (UM-KECC 2004-2006 Data)	ESRD Facilities	After including Nephrologists	After including All Physicians	After including in/out patient hospital claims	After including home health, DME and SNF Claims
Bacterial Pneumonia 1.7%	0.01%	0.15%	1.64%	2.34%	2.44%
GI Bleed 1.2%	0.00%	0.03%	0.72%	1.16%	1.19%
Pericarditis 0.4%	0.00%	0.05%	0.35%	0.42%	0.43%
Sickle Cell 2.4%	0.08%	0.08%	0.22%	0.32%	0.33%
Monoclonal Gammopathy 1.1%	0.27%	0.29%	1.06%	1.21%	1.22%
Myelodysplastic Syndrome 1.4%	0.17%	0.21%	1.22%	1.44%	1.46%

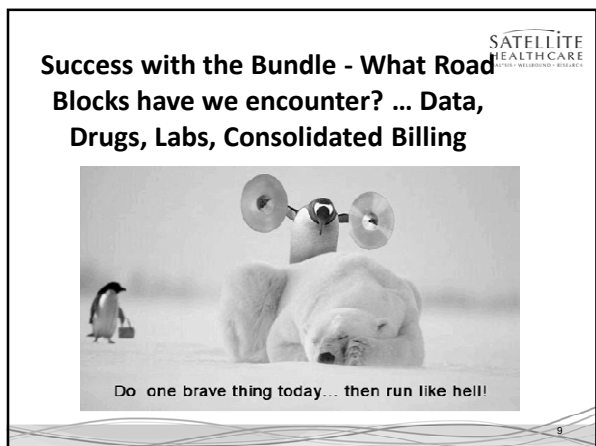
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HEALTHCARE • MEDICINE • BUSINESS

Co-Morbidity (UM-KECC 2004-2006 Data)	ESRD Facilities	After including Nephrologists	After including All Physicians	After including in/out patient hospital claims	After including home health, DME and SNF Claims
Bacterial Pneumonia 1.7%	1/170	1/10	10/10	You Win	You Win
GI Bleed 1.2%	You Lose	1/40	7/12	You Win	You Win
Pericarditis 0.4%	You Lose	1/8	9/10	You Win	You Win
Sickle Cell 2.4%	1/30	1/30	1/10	1/8	1/8
Monoclonal Gammopathy 1.1%	1/4	1/4	9/10	You Win	You Win
Myelodysplastic Syndrome 1.4%	1/10	1/7	9/10	You Win	You Win

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Success with the Bundle - What are we working to improve?

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"As you can see, we have thought carefully about ways of improving staff productivity in this company!"

search | D: p10451

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What happens in 2014 when transition is complete and oral drugs w/o IV equivalents get added to the Bundle?

- Will CMS adjust the Bundle rate downward to account for decrease ESA utilization?
- Will CMS re-evaluate the cost of oral medications?

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Will this be a Quid Pro Quo?

↓

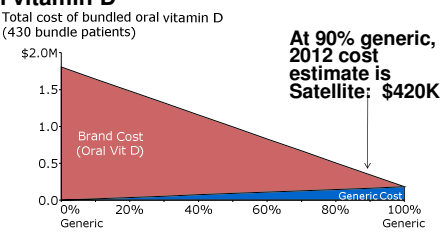
Not to mention the recent ESA prices increases

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2011 Example = Ratio of brand vs. generic is the top driver of your cost of oral vitamin D

Total cost of bundled oral vitamin D (430 bundle patients)



At 90% generic, 2012 cost estimate is Satellite: \$420K

Generic %	Total Cost: Oral Vit D
0%	\$1.8M
20%	\$1.5M
40%	\$1.2M
60%	\$0.8M
80%	\$0.5M
100%	\$0.18M

Assumptions: 12 scripts/px/year, Avg. cost of Calcitriol = \$35, Avg. cost of Brand = \$350, Dispense & shipping included

Let's Run the Numbers for 2014 SATELLITE HEALTHCARE

- Satellite's 5,000 patients
- Current oral drug cost 2011 \$420,000 for home PD/HHD
- In 2014
 - Add Sensipar cost \$11M
 - Add Phosphate Binders Cost \$14M
- 2014 Oral Drug Cost \$25.5M
- 2014 CMS reimbursement
 - \$13 / tx proposed PPS rules = \$6M
 - \$30/ tx = \$14M
 - \$50/tx = \$24M
- In all cases, we are financially underwater!
- Ergo...the need to focus on utilization & substitution w/o compromising clinical outcome

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2014 Example - Changing number of patients on bundled Sensipar by 10% could save as much as \$3M / year in 2014 SATELLITE HEALTHCARE

Satellite: Estimated annual cost of bundled Sensipar (3000* bundle eligible patients)

Total Cost: Sensipar	\$33M	\$26M	\$20M	\$13M	\$7M	\$0M
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Assumptions: Using today's pricing, Avg. cost of Sensipar = \$635 (today), 12 scripts/pw/year

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What happens with the health care exchanges in 2014? SATELLITE HEALTHCARE

- State by State Implementation
- Definition of "Essential Health Benefits" does not specifically include "coverage of ESRD"
- Ambiguities in proposed Exchange establishment regulations failed to acknowledge the "MSP" statute, which currently provides 30 months of coordination with private coverage

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