



Telehealth at the Forefront of Healthcare Delivery

Feb 16, 2016 | IBI Annual Forum

Ryan June, Teladoc | Dawn Milligan, Reynolds American

The highlights of Teladoc

70%

Market share¹. We are the first and largest telehealth solution

QUALITY

Disruptive care delivery model with the **highest clinical quality**

VALUE

for all constituents:
payor/employer;
member/employee and
provider

\$29B

Underpenetrated market with an estimated 548M annual visits²

ROI

Delivering significant, measurable **return on investment**

GROWTH

Attractive business model with **strong revenue growth** and scalability

(1) Share based on total telehealth 2015E visits. Depicts share only among top four players. Calculated by dividing Teladoc 2015 total visits of 575K by the sum of all combined visits for Teladoc, MDLive, American Well and Doctor on Demand for calendar year 2015. Visit counts for competitors represent management estimates.

(2) Represents ambulatory care market (\$17bn) and behavioral health market (\$12bn).

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Deficiencies in primary care today

Shortage in primary care physicians due to high demand is currently **16,000** and that is projected to increase to **31,000** physicians by 2025

Dall TM, Gallo PD, Chakrabarti R, West T, Semilla AP, Storm, MV. An Aging Population and Growing Disease Burden Will Require A Large and Specialized Health Care Workforce By 2025. Health Affairs. 2013; 32:2013-2020

Only **30%** of Americans can easily contact their physician after hours

C. Schoen, R. Osborn, M. M. Doty, D. Squires, J. Peugh, and S. Applebaum, "A Survey of Primary Care Physicians in 11 Countries, 2009: Perspectives on Care, Costs, and Experiences," Health Affairs Web Exclusive, Nov. 5, 2009, w1171-w1183

Of the US physician workforce, **35%** are PCP's and **65%** are specialists, yet nearly **60%** of patient visits to physicians are for primary care

Weida NA, Phillips RL Jr., Bazemore AW. Does graduate medical education also follow green? Arch Intern Med.2010;170(4):389-90

Having a PCP versus a specialist as a primary care physician reduces healthcare spending by **33%** as well as lowers mortality by **20%**

P. Franks and K. Fiscella, "Primary Care Physicians and Specialists as Personal Physicians: Health Care Expenditures and Mortality Experience," Journal of Family Practice 47, no. 2 (1998): 105-109

62 million people have no or inadequate access to primary care due to shortages of primary care physicians

National Association of Community Health Centers (NACHC). "The Medically Disenfranchised and Shortage of Primary Care." (March 2014). www.nachc.com/research

An increase in primary care physicians of **1 per 10,000** people would reduce emergency room visits by **11%**

Stephen J. Kravet, Andrew D. Shore, Redonda Miller, Gary B. Green, Ken Kolodner, Scott M. Wright, "Health Care Utilization and the Proportion of Primary Care Physicians," American Journal of Medicine, 2008

In 2015, 48% of Teladoc users identify as having a PCP

Large and under penetrated markets

AMBULATORY CARE MARKET

1.25 billion ambulatory care visits¹



33%

estimated treatable through telehealth²

417 million visits



Up to \$40 cost per telehealth visit³



\$17bn TAM

BEHAVIORAL HEALTH MARKET

168 million annual addressable visits



78%

estimated treatable through telehealth

131 million visits



~\$89 per telehealth visit³



\$12bn TAM⁴

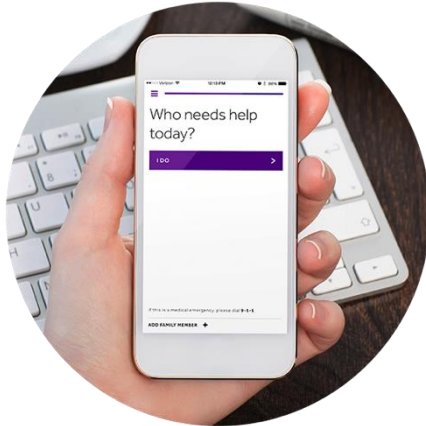
Contribution from Behavioral Health market increases TAM to \$29bn

¹ According to a 2010 report from the Centers for Disease Control and Prevention (CDC); includes visits in the United States per year, including those at primary care offices, hospital emergency rooms, outpatient clinics and other settings

² 33% based on Teladoc's internal estimates / assessment of conditions listed in the CDC report. According to a Deloitte report "eVisits: The 21st Century Housecall," of the 600 million annual visits to general practitioner offices in the US and Canada, about 50% are treatable through telehealth; ³ Based on Teladoc estimates for average cost of a telehealth visit (does not include PMPM fees or premium pricing for new products)

⁴ Total Addressable visits from AHRQ, 2012 report including only outpatient provider offices; Addressable via Telehealth and \$89 Weighted average price based on CDC report and methodology described in footnote 1 and Oliver Wyman report

Teladoc is an easy interaction



**REQUEST
VISIT**

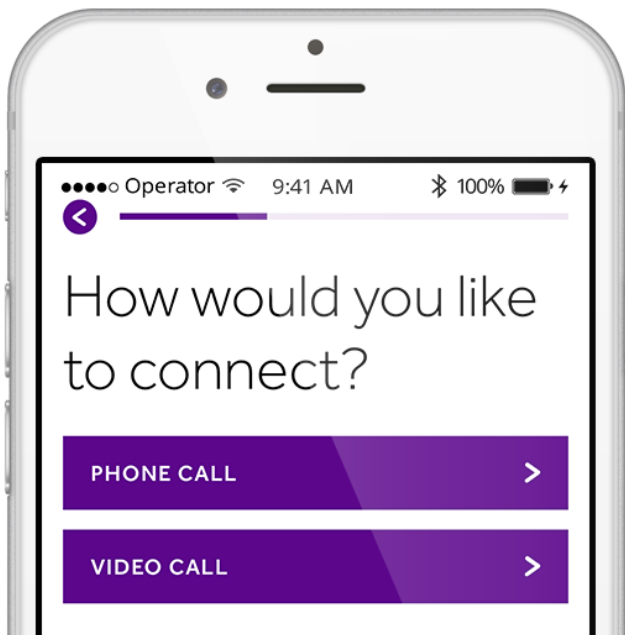


**TALK TO A
PROVIDER**



**ISSUE
RESOLVED**

Phone is a Critical Component of Telehealth



59% phone



42% email



36% text message



22% patient portal



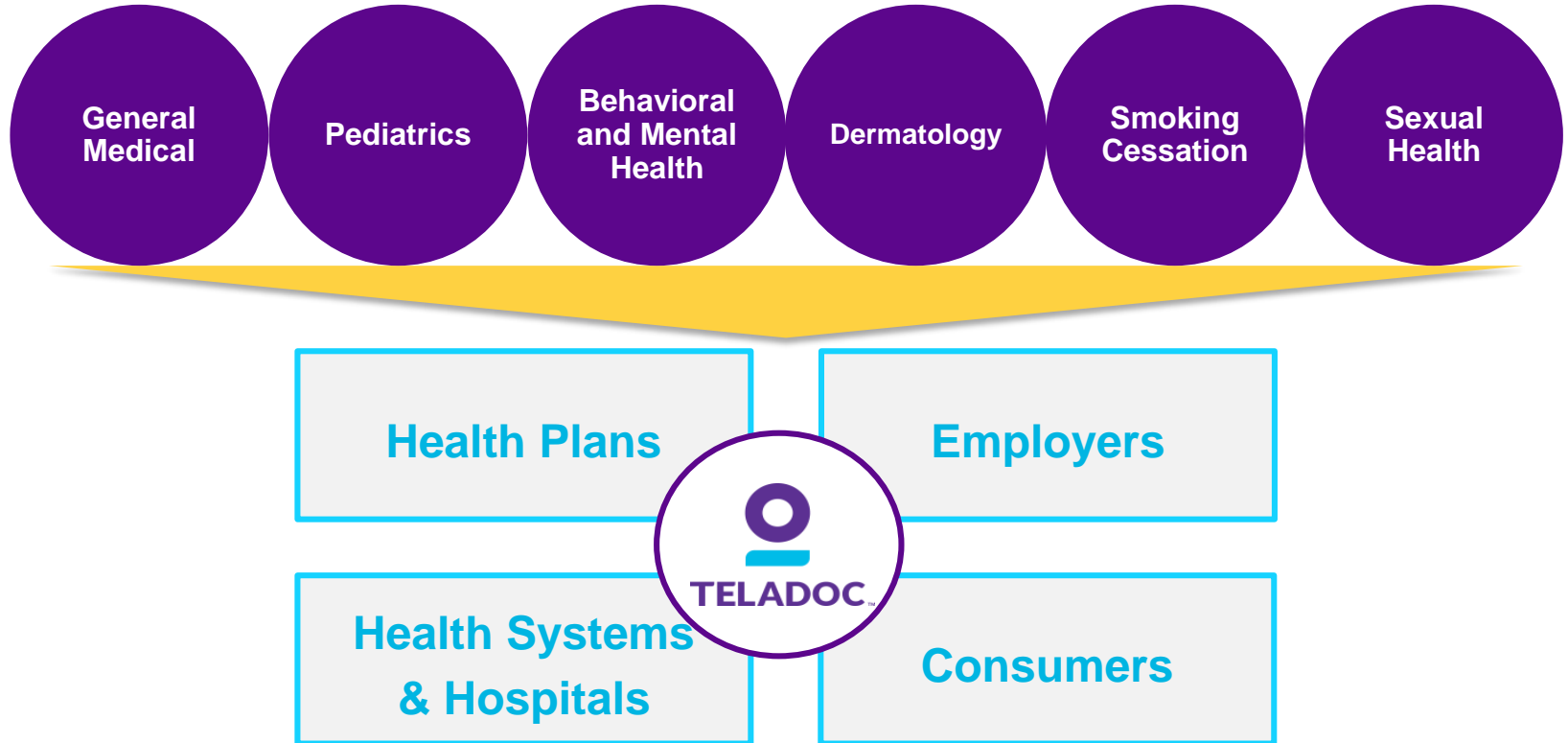
8% video



Source: iTriage consumer survey, September 2015. 27 question survey made available to all active users on iOS and Android between July 2015 and August 2015. Ages 18-75+, 43% of respondents between 45 and 64 years of age. ¹ 24 years old and younger.

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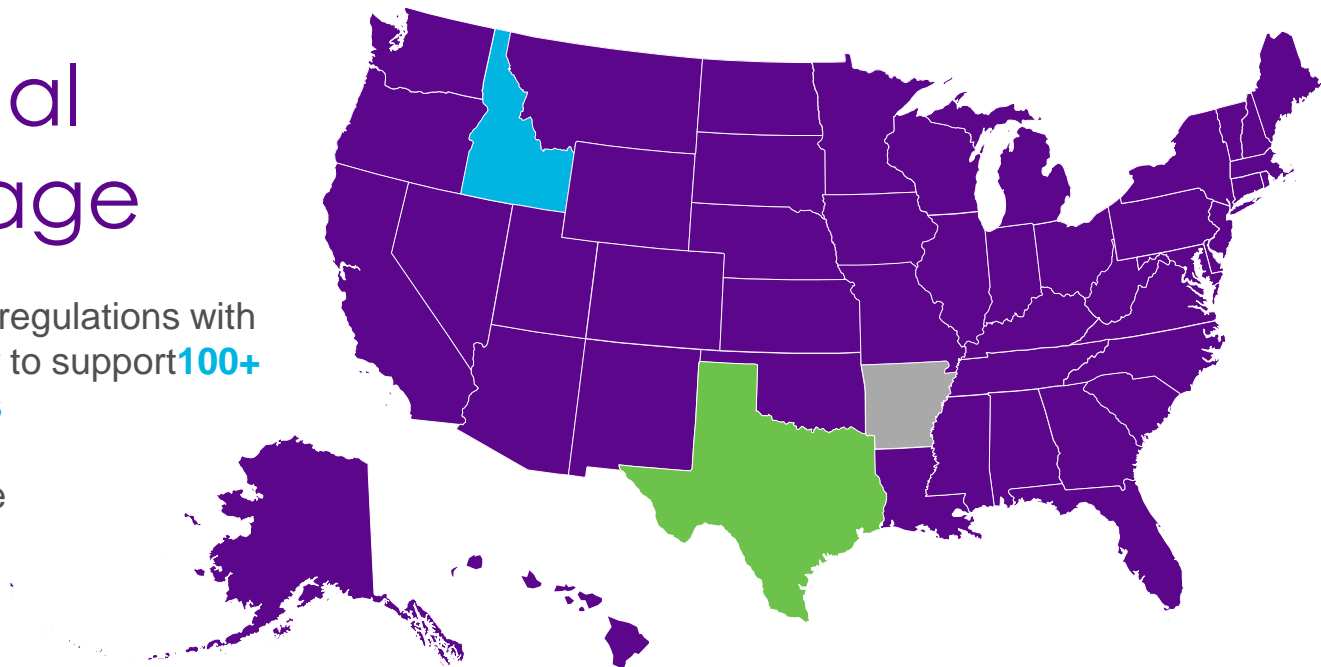
Teladoc's wide range of products address all areas of healthcare



National coverage

Adhering to state regulations with technical capacity to support **100+ million members**

- Video or phone
- Video only
- Phone only
- Unavailable

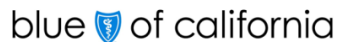


We have clients of all shapes and sizes

EMPLOYERS



HEALTH PLANS



HEALTH SYSTEMS



2015 By the Numbers

2 MILLION +
Emails
sent

10 MILLION +
Direct mail pieces
sent

62%
Email Subscriber
growth

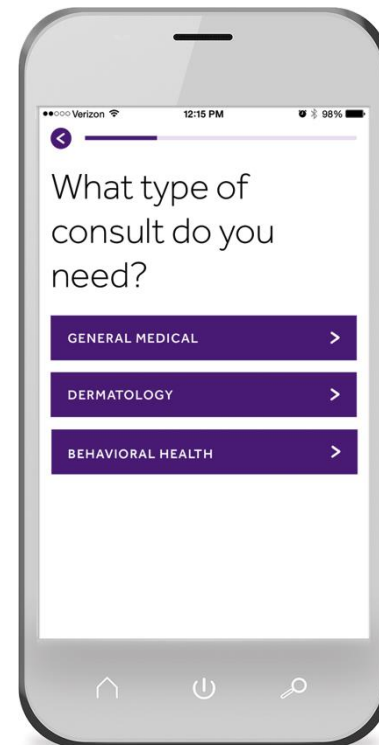
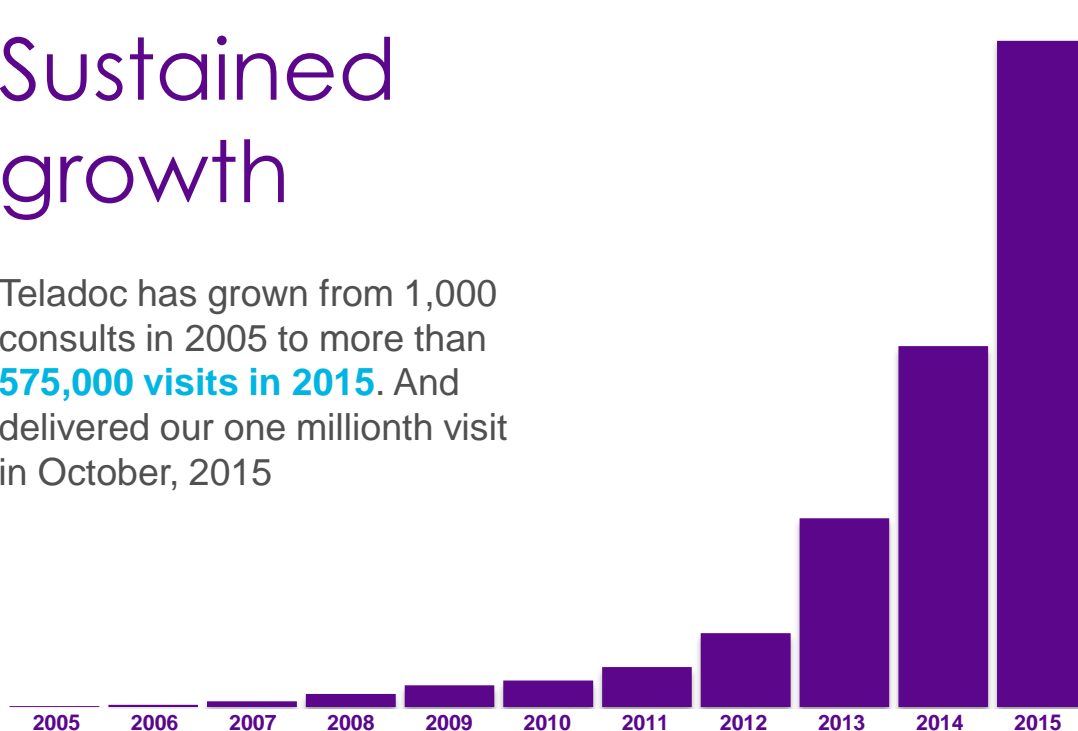
10
Thought leadership
webinars

1,200 +
Engagecast
participants

13,000
Marketing portal
logins

Sustained growth

Teladoc has grown from 1,000 consults in 2005 to more than **575,000 visits in 2015**. And delivered our one millionth visit in October, 2015



Teladoc Program at RAI

February 2016

Teladoc & RAI

Introduction of Teladoc

Communication Strategy

Member Response

Teladoc Program

Introduced in 2014

Decision Considerations

Supported Consumer Awareness

Win-Win Program

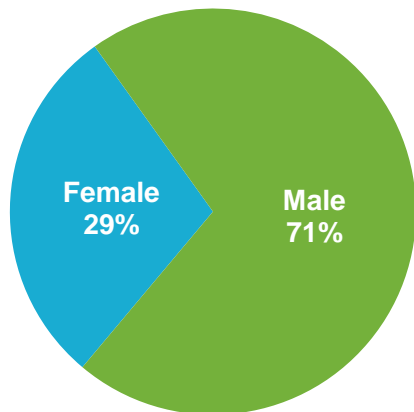
Adding Another Vendor

Member Response

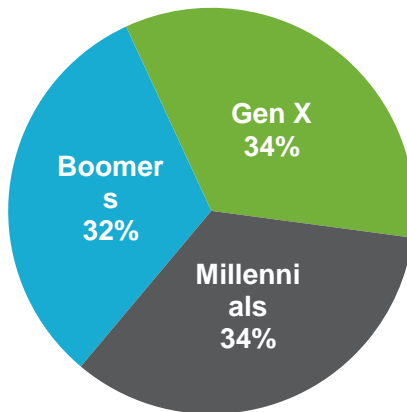
RAI Employee Profile

The majority of the RAI U.S. workforce is male, but the population is spread evenly across generations. Nearly half of U.S.-based employees reside in North Carolina.

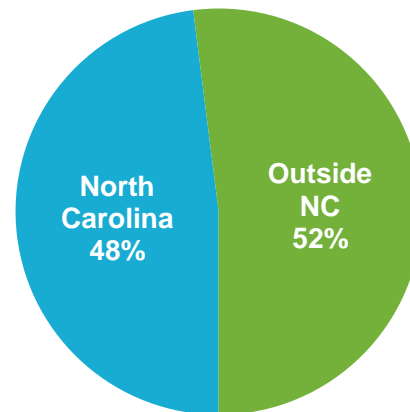
Gender



Generation

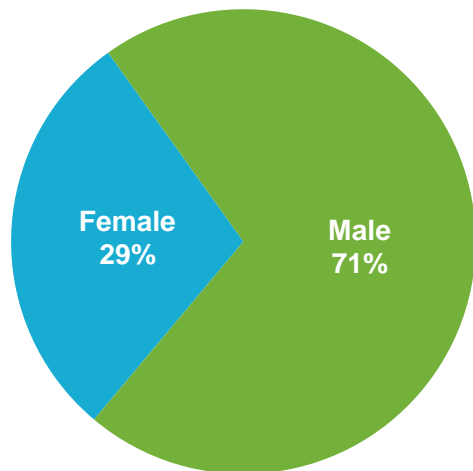


Residence

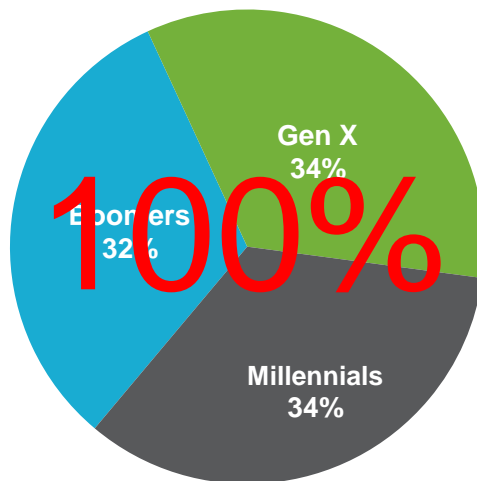


RAI Retiree Profile

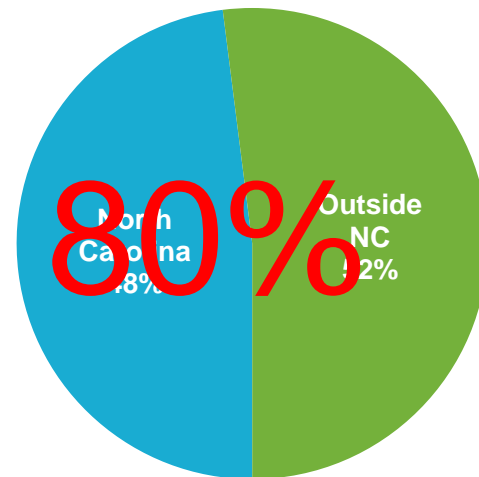
Gender



Generation



Residence



Teladoc Program

Communication - Creating Connection

Teladoc Outreach

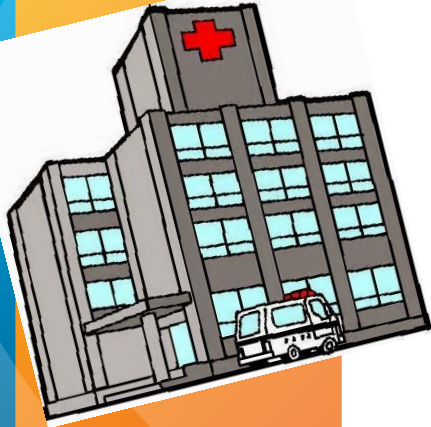
CBT Benefits Training

Business Partner Champions

Employee Meetings

AE Materials / HUB Announcements

Employees



Member Response

92% positive experience rating

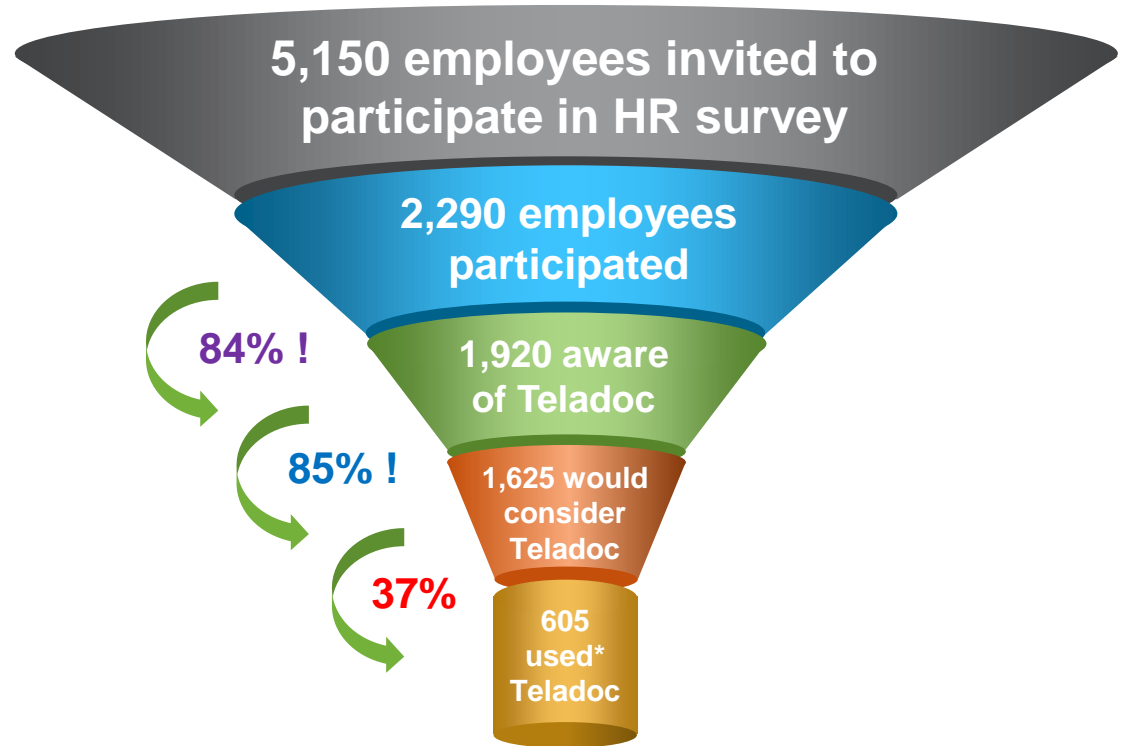
83% of registered members use Teladoc

63% of consultations are with employees

Retirees are lagging behind in adoption and utilization

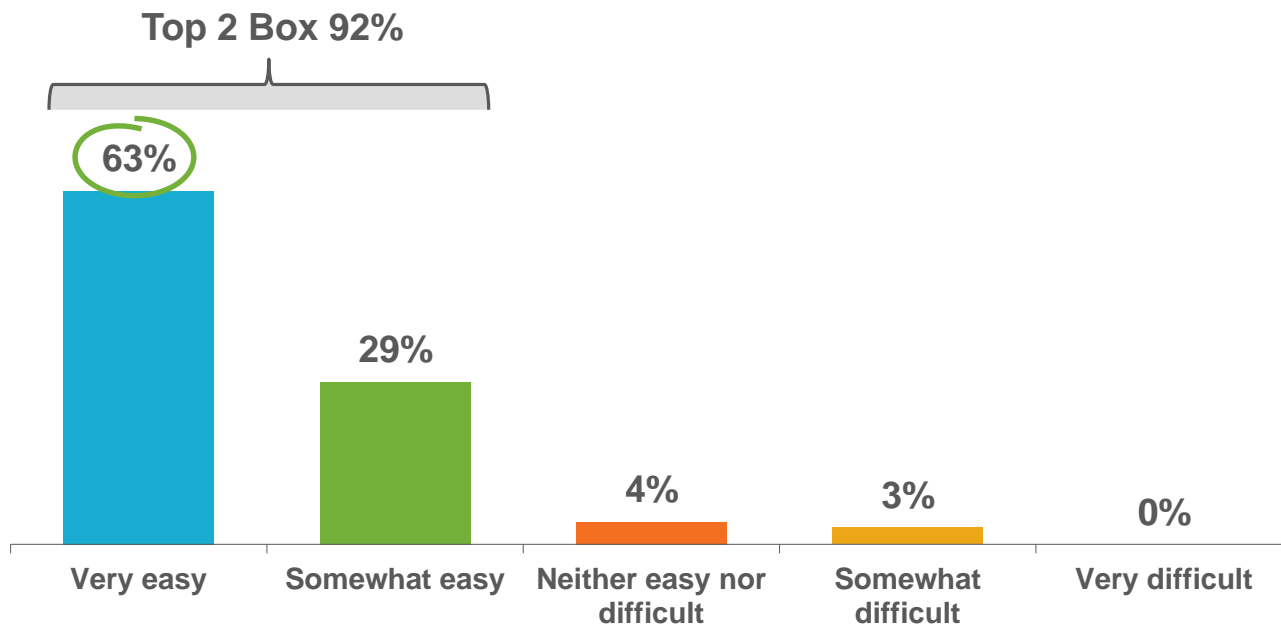
Teladoc: Awareness, Consideration, Usage

The majority of employees who participated in the HR Customer Satisfaction survey are aware of and would consider Teladoc.



Teladoc: Ease of Understanding

The majority of employees who have used Teladoc find the service very easy to understand.





Looking back

- Program easy to introduce
- Employees see value
- More opportunity for participation



FOCUSED ON WHAT MATTERS MOST

During our rapid growth, we've never lost sight of our members, maintaining a **92% resolution rate** and **95% member satisfaction**.

An independent study revealed



34% visits occurred on weekends & holidays



21% patients did not seek care in the past year



6% required a follow-up visit



52% represent top 3 diagnoses



Only Teladoc delivers these episode-of-care savings

\$191

Teladoc savings
vs. office visit

\$2,661

Teladoc savings
vs. ER visit

\$673

Teladoc savings
vs. weighted average
(office visit & ER)

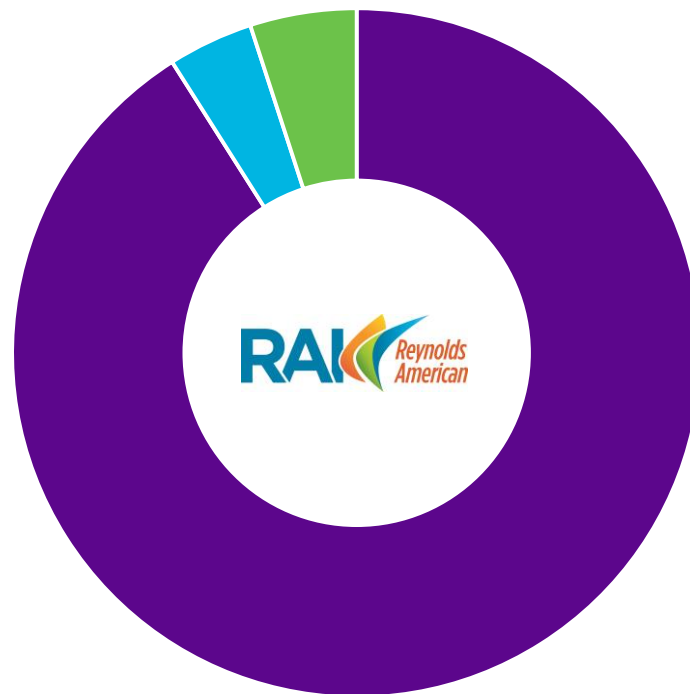
*Episode of care: Includes initial encounter and any subsequent utilization of follow up office visits, hospitalization, or ER utilization, resulting from initial encounter within a 30 day window for same and related diagnoses

**Weighted Average is based on redirection rates determined using member utilization of bricks and mortar services: 75% OV; 20% ER; 5% Do Nothing
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Teladoc saves members money

This is where their employees said they would've gone had they not used Teladoc.

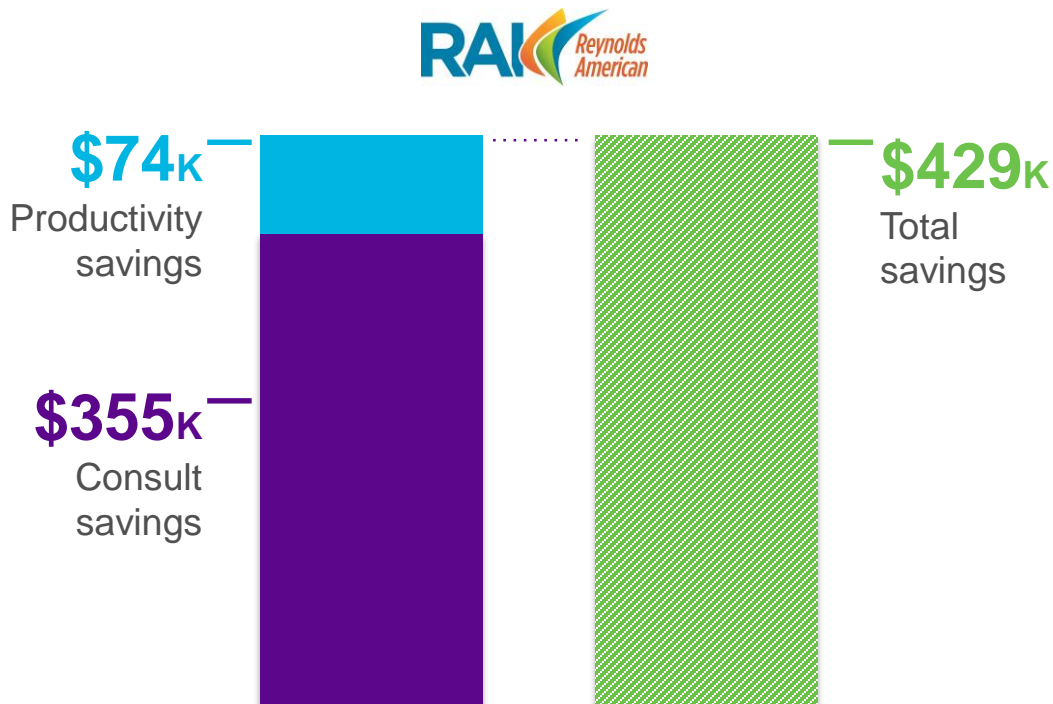
- | | |
|-----------------|---------------------|
| ● 91% Office/UC | ● \$271,000 (1,420) |
| ● 4% ER | ● \$165,000 (62) |
| ● 5% Do nothing | ● -\$3,000 (78) |



Savings per episode based on Veracity Healthcare Analytics analysis.

RAI Reynolds case study

This study was over a 12 month period and based on RAI's 7,066 employees. Through 1,560 total visits in 2015 we maintained **95% member satisfaction** rate and **22% utilization**.



Teladoc reporting. Productivity savings based on average wage and 2.5 hours lost per redirected visit. Total savings represents net savings and is inclusive of the fees associated with the service.

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Raving reviews from members

