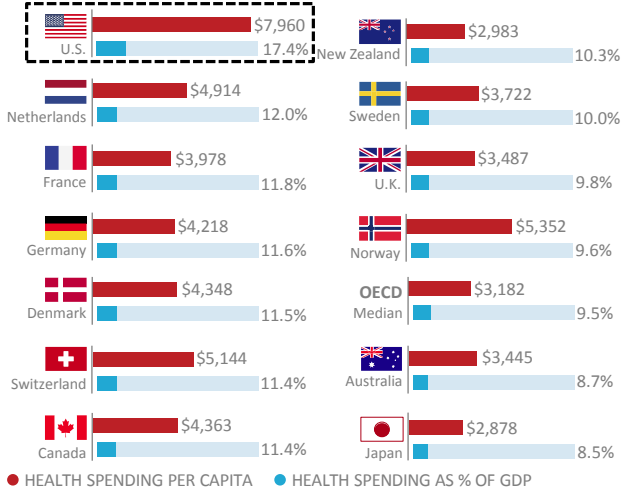


CURRENT STATE OF HEALTHCARE

HEALTHCARE COSTS IN SELECT OECD COUNTRIES



IN ANNUAL HEALTHCARE SPEND



GROWTH THROUGH 2025

CURRENT TRENDS

- RISING HEALTHCARE COSTS**
- CONCERNS REGARDING MEDICARE ACCESS & CHIP REAUTHORIZATION ACT**
- INCREASED TECHNOLOGY APPLICATION**
- GROWING RESEARCH COLLABORATIONS**
- ACHIEVING VALUE WITH LOWER COSTS**
- REORIENTATIONS IN THE INDUSTRY**

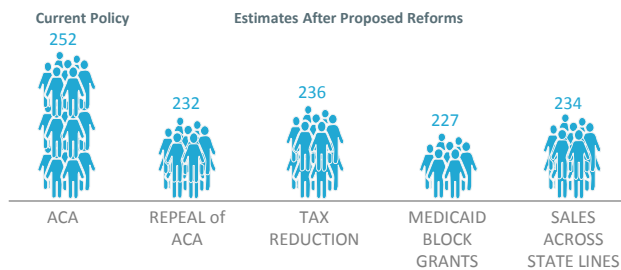
MAJOR REFORMS PROPOSED

- HEALTH SAVINGS ACCOUNTS**
 - 62% of employers already offer HSAs while another 21% are considering offering them
- MEDICAID BLOCK GRANTS**
 - Each state to be given a fixed amount of federal money as a block grant to provide health care to low-income people
- REPEAL/REPLACE ACA**
 - Lower taxes
 - Loss of enrollees in insurance exchanges

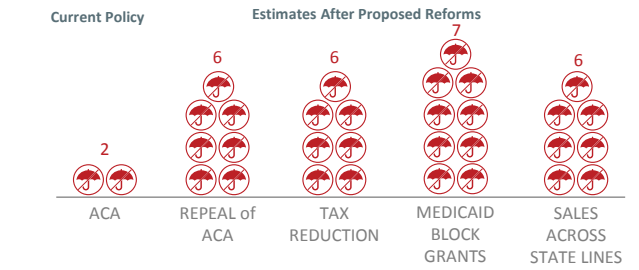
- PURCHASE INSURANCE ACROSS STATE LINES**
 - Is expected to increase competition and impact industry margins
- TAX REDUCTION**
 - Individuals will be allowed to deduct the full amount of premiums for individual health plans from their tax returns
- STRENGTHEN MEDICARE ADVANTAGE**
 - Through innovation and transparency for seniors

IMPACT OF PROPOSED REFORMS ON CITIZENS

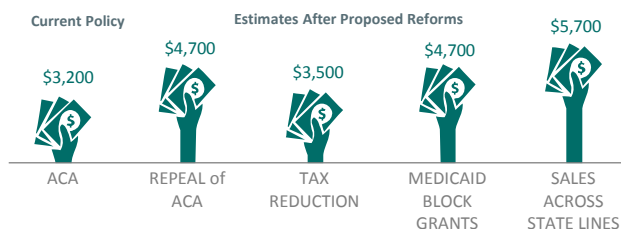
POPULATION INSURED - 2018 (MN)



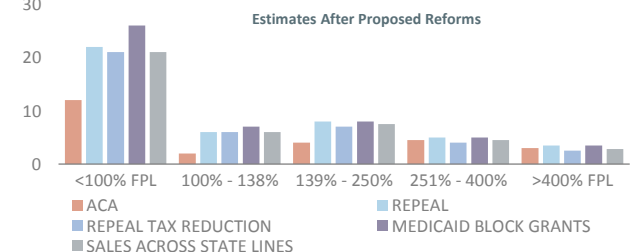
UNINSURED INDIVIDUALS IN FAIR OR POOR HEALTH - 2018 (MN)



ANNUAL OUT OF POCKET EXPENSES FOR INDIVIDUALS - 2018



UNINSURED INDIVIDUALS BY INCOME DISTRIBUTION - 2018

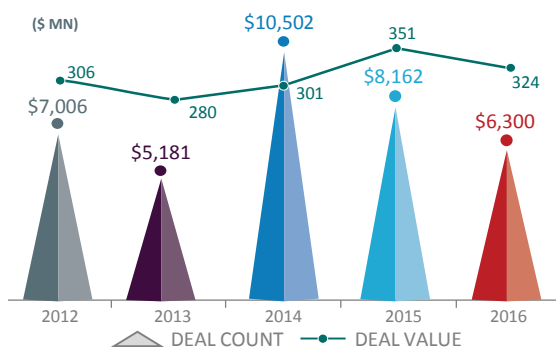


IMPACT ON INDUSTRY

HEALTH SECTORS AFFECTED

STAND-ALONE PROPOSALS OR POTENTIAL REPLACEMENT OPTIONS UNDER REPEAL	LIKELIHOOD OF GAINING TRACTION	IMPACT ON THE FEDERAL BUDGET	HEALTH SECTORS AFFECTED		
			PAYERS	PROVIDERS	PHARMACEUTICALS
REPEAL / REPLACE ACA	MODERATE	↓	↓	↓	↑
TRANSPARENCY OF PROVIDER SERVICE PRICES	HIGH	↑	↑	↓	↓
EXPANDED USE OF HEALTH SAVINGS ACCOUNTS	HIGH	↓	↑	↓	↓
SALE OF INSURANCE PLANS ACROSS STATE LINES	MODERATE	-	-	-	-
RE-IMPORTATION OF PRESCRIPTION DRUGS	MODERATE	-	-	-	-
ALLOW MEDICARE TO NEGOTIATE DRUG PRICES	MODERATE	-	-	-	-
CONVERT FEDERAL MEDICAID FUNDING TO BLOCK GRANTS	MODERATE	↑	-	↓	↓
ALLOW ALL INDIVIDUALS TO DEDUCT HEALTH INSURANCE PREMIUMS	LOW	↓	↑	↑	↑

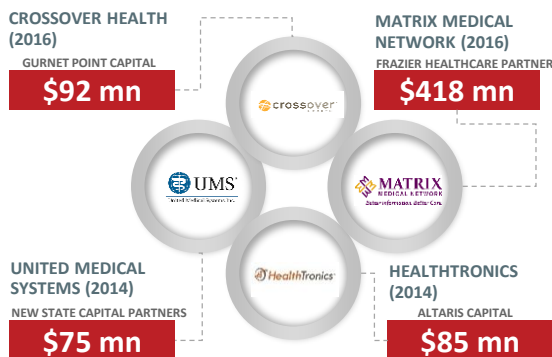
DEAL VALUE AND NUMBER OF DEALS (PE*)



*DEALS INVOLVING PE ACQUISITIONS



MAJOR HEALTHCARE PE DEALS



INVESTING IN HEALTHCARE – GROWTH DRIVERS

AGEING POPULATION

- More than 15,000 people turn 65 every day in the U.S.

DEREGULATION

- Moving towards a free drug market place

TAX REFORMS

- The new administration will look to repeal the 3.8% net investment income tax

OPERATIONAL COSTS

- Innovative technologies and alternative approaches are expected to lower costs

INNOVATION

- Several potential game-changing bio-therapeutics have achieved fast-track status with the FDA

INCREASE IN CHRONIC DISEASES

- Chronic diseases will affect nearly half of the U.S. population by 2025

Sources: Bloomberg, Commonwealth Fund, PWC, Bain and Company, First Capital, Mehlman Castagnetti, Press Releases

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