Driving Operational Excellence

Jim Davis

EVP, General Diagnostics

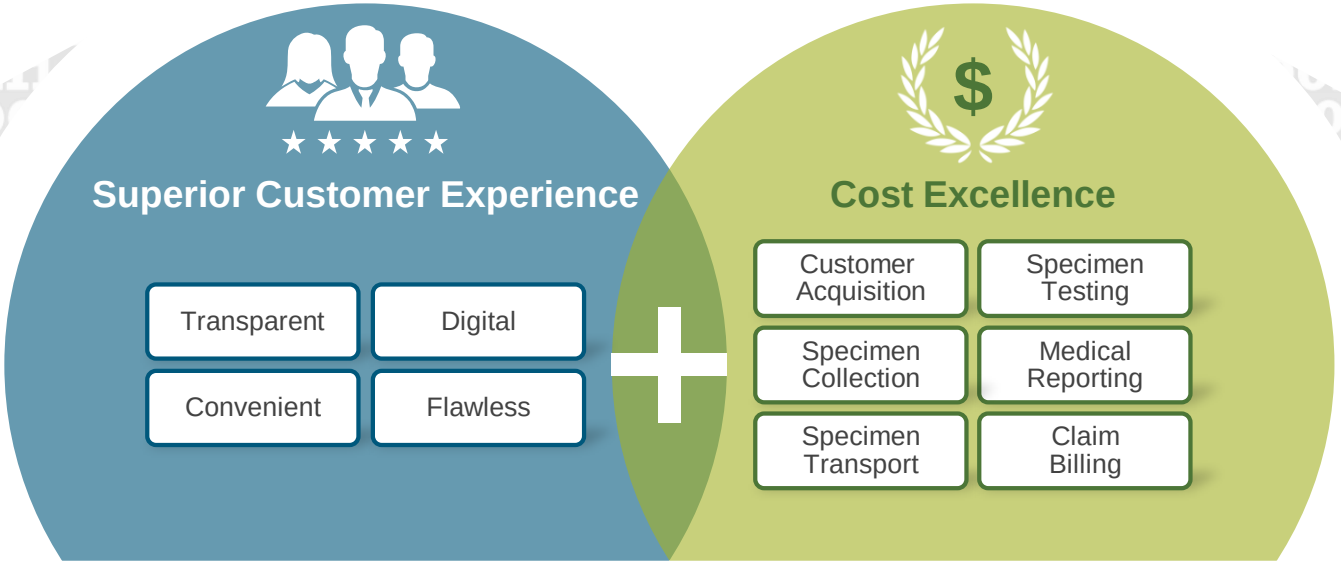


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SAFE HARBOR DISCLOSURE

The statements in the following presentations that are not historical facts may be forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the Company include, but are not limited to, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, changes in government regulations, changing relationships with customers, payers, suppliers or strategic partners and other factors discussed in the Company's most recently filed Annual Report on Form 10-K and in any of the Company's subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, including those discussed in the "Business," "Risk Factors," "Cautionary Factors that May Affect Future Results" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of those reports.

Delivering the promise of a **superior customer experience at lower cost**

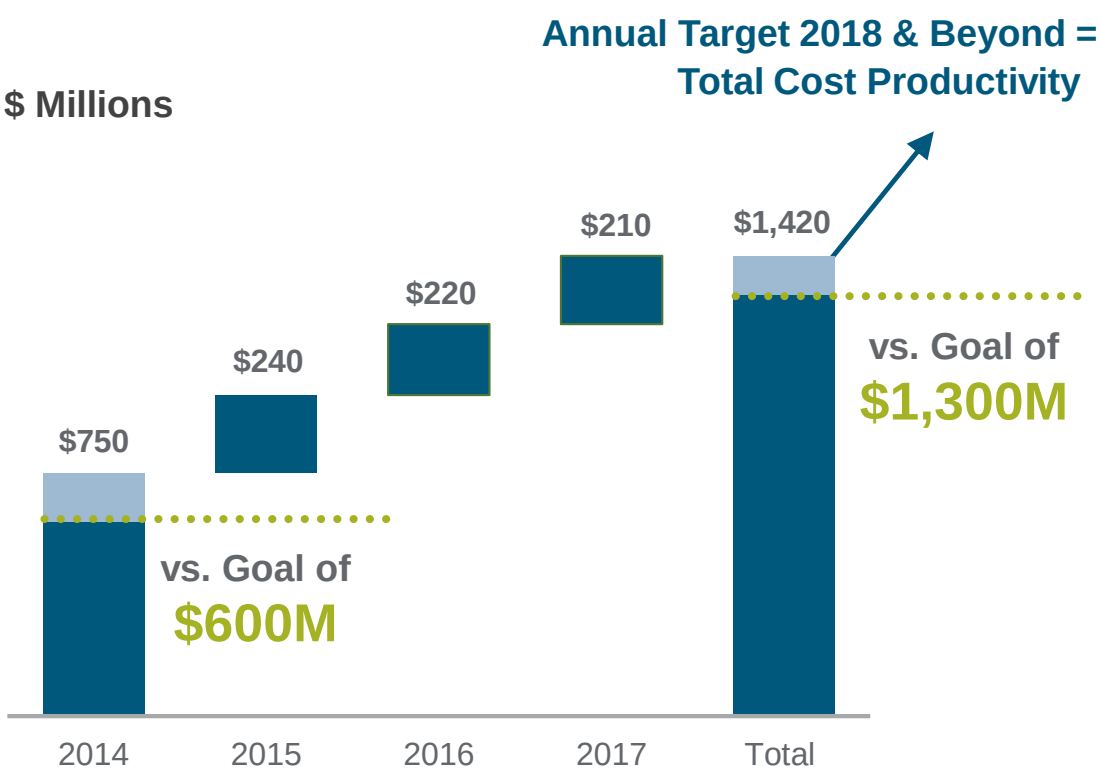


It's not an "either / or" imperative …

We are delivering on BOTH

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Proven track record of results with more opportunity ahead



Highlights

- Over 40 health plans using advanced estimation connectivity
- Collected over $100M in cash at our Patient Service Centers
- Implemented new Logistics routing and dispatch system, reducing wasted stops
- Standardized multiple test platforms, especially in PDM and hematology
- Re-engineered test processes for significant productivity and quality improvements

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Since we last met in 2016 …

Improved Experience

Re-Collections *Failed Draws*	▼ **25%**
Honoring appointments *Keeping Our Commitment*	From **85% to 95%** of target
Clinical turn-around time *Keeping Our Commitment*	From **92% to 95%** of target
Health Plans on RTE *Real-Time Estimation*	**Over 40** Health Plans added since 2016

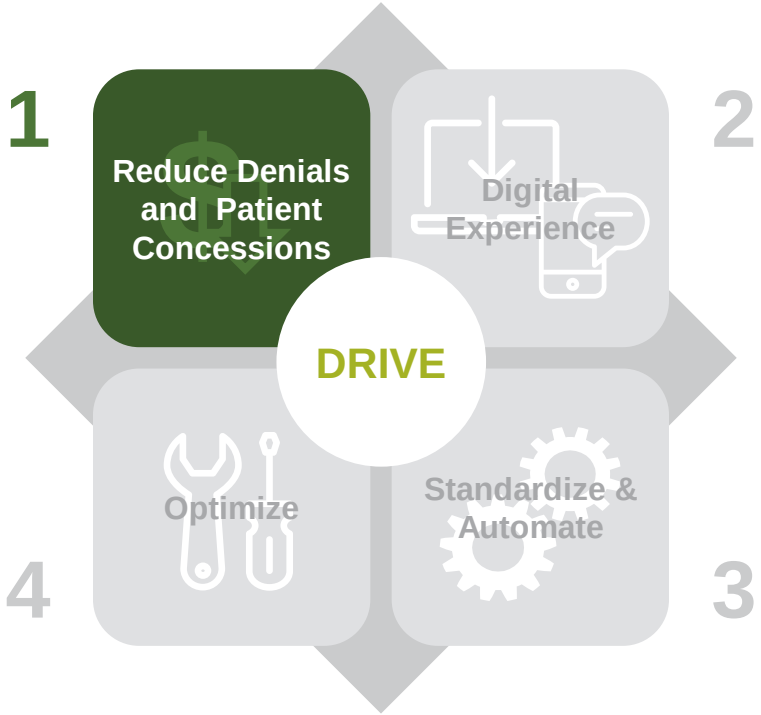
Improved Efficiency

Missing Information *Fast and correct Billing*	▼ **23%**
Revised Reports *Medical Quality*	▼ **20%**
Employee Satisfaction *Living our Values*	**94%** Response Rate **74%** Engagement
Savings through QMS *Culture of Improvement*	**40,000** Ideas **50%** Implemented **$25M+** Saved

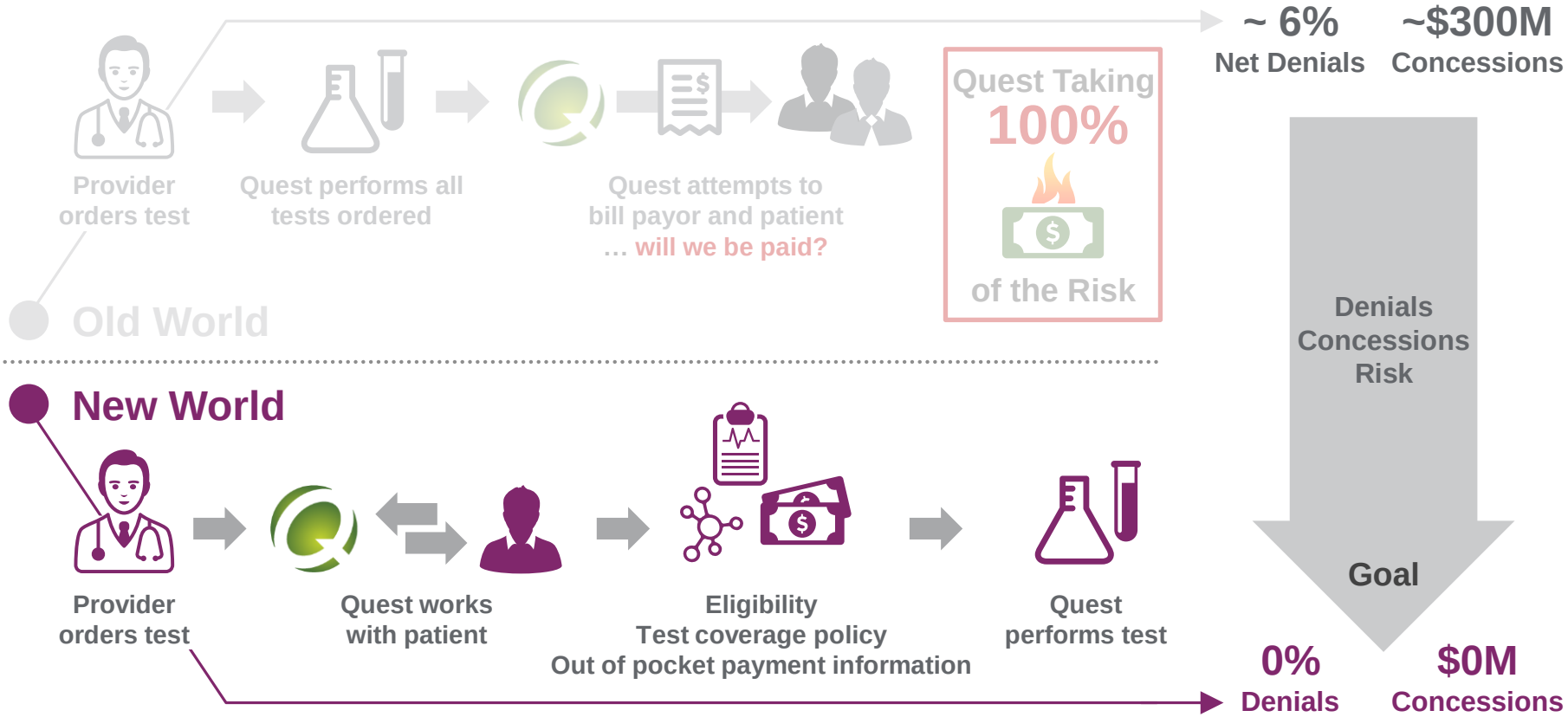
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Drive operational excellence

Reducing Denials and Patient Concessions



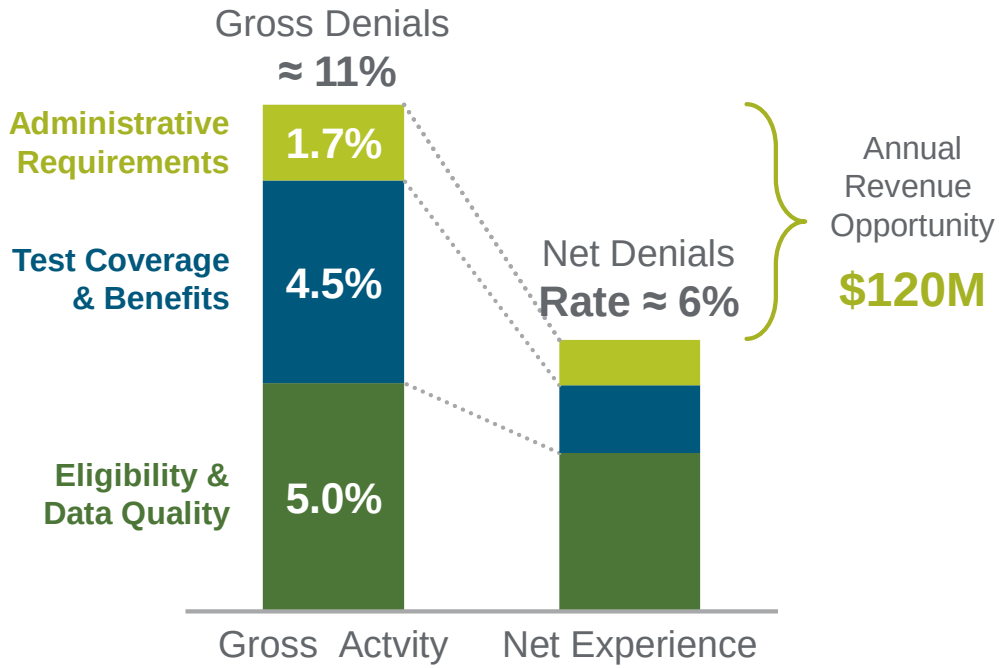
Taking risk out of the patient billing process



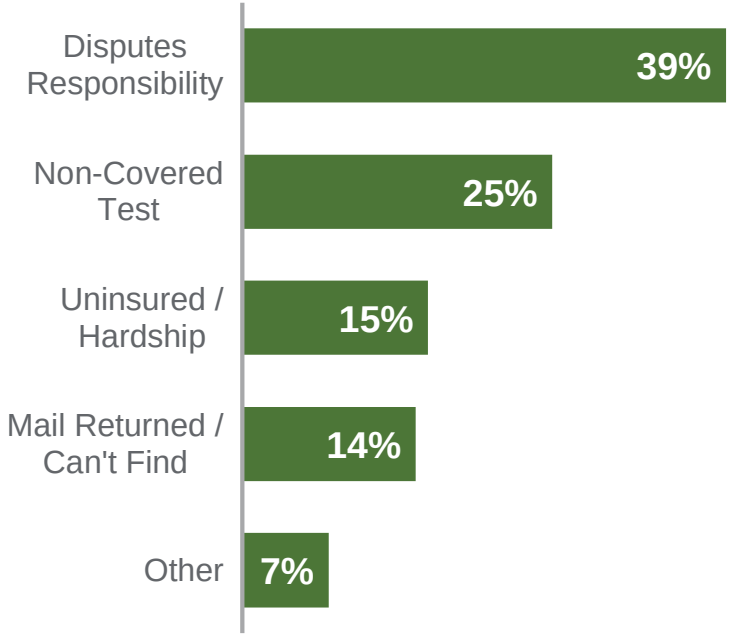
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Why tests are denied and why we have ~ $300M in Patient Concessions

Why Payers Deny



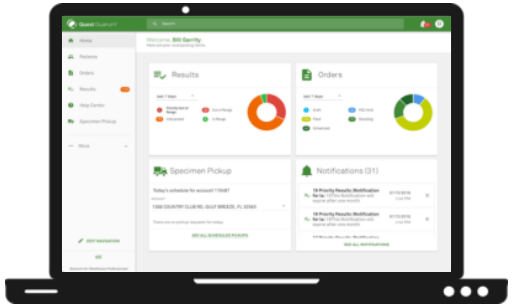
Patients Don't Always Pay

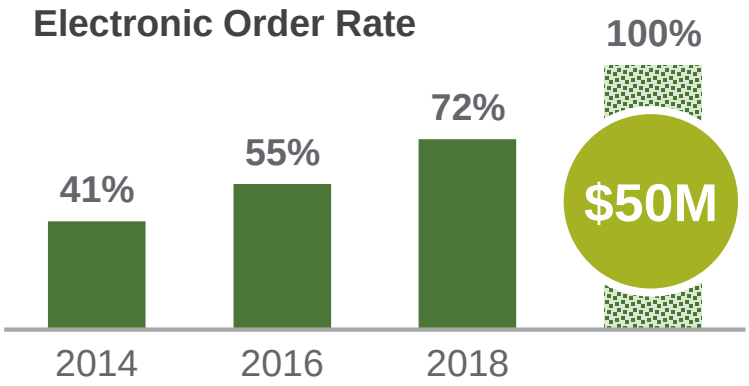


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The key to transforming to the new world is an **electronic order**







Electronic orders help create a **Consumer Experience**

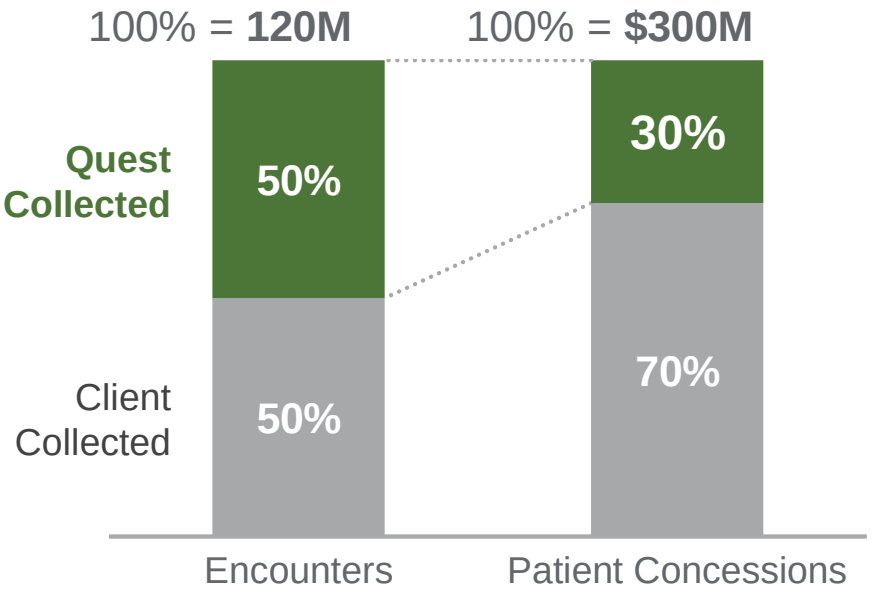
- Analyze the order **before the specimen is collected**
- Alert the physician to **order irregularities** right away
- Outreach to the patient with **transparent pricing**
- Provide a **moment of choice** for the patient
- **Connect the patient to her results**

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Changing the norms

Specimen Sources

"Client Bill" Excluded



SMART: Substituable Medical Applications, Reusable Technologies
FHIR: Fast Healthcare Interoperability Resources

When Quest does the Draw

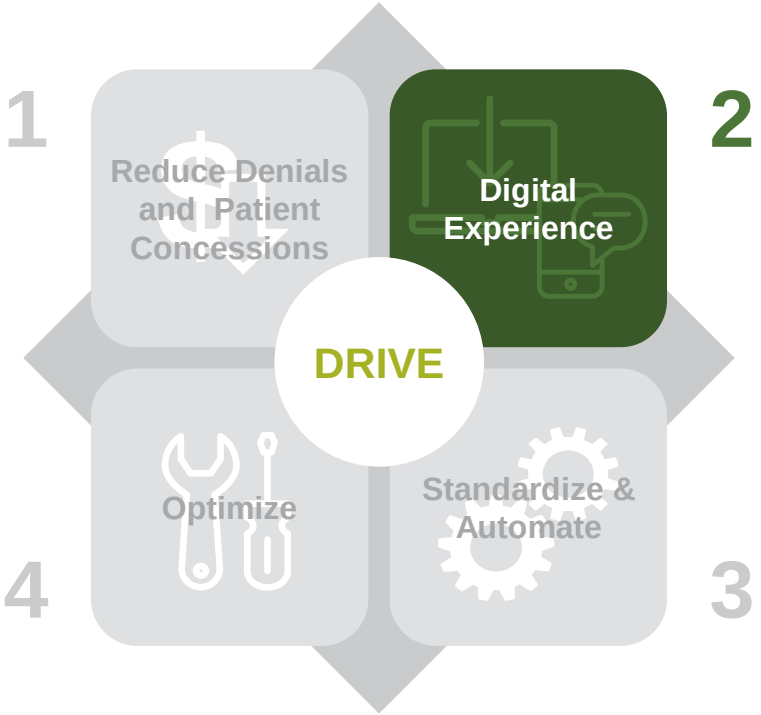
- Receive electronic order or digitize the paper order
- Activate real-time tools
  - Is the patient in the plan?
  - Is the test covered?
  - Adjudicate: Deductible, Co-Insurance, Pricing
- Present price to the patient
- Capture credit card

When Client does the Draw

- Quanum Lab Services Manager used by 50,000 physician offices
- Specimen requirements
- Price transparency
- Connected to hundreds of EMRs
- Collaborating to present order quality checks
- Advancing SMART on FHIR integration

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Drive operational excellence

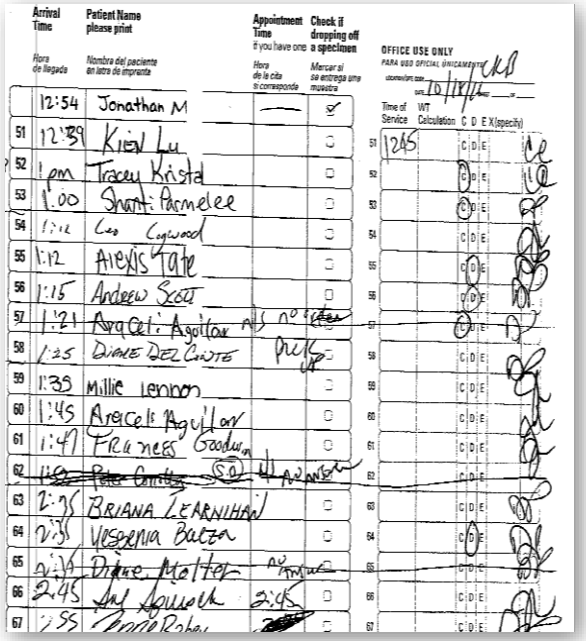


Digitize Everything

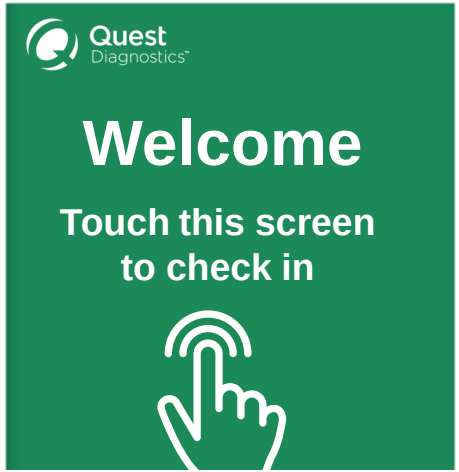
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The Power of Digitization: good for clients, patients, employees … and productivity

Old World



New World



Active in 2,200 PSCs Nationwide

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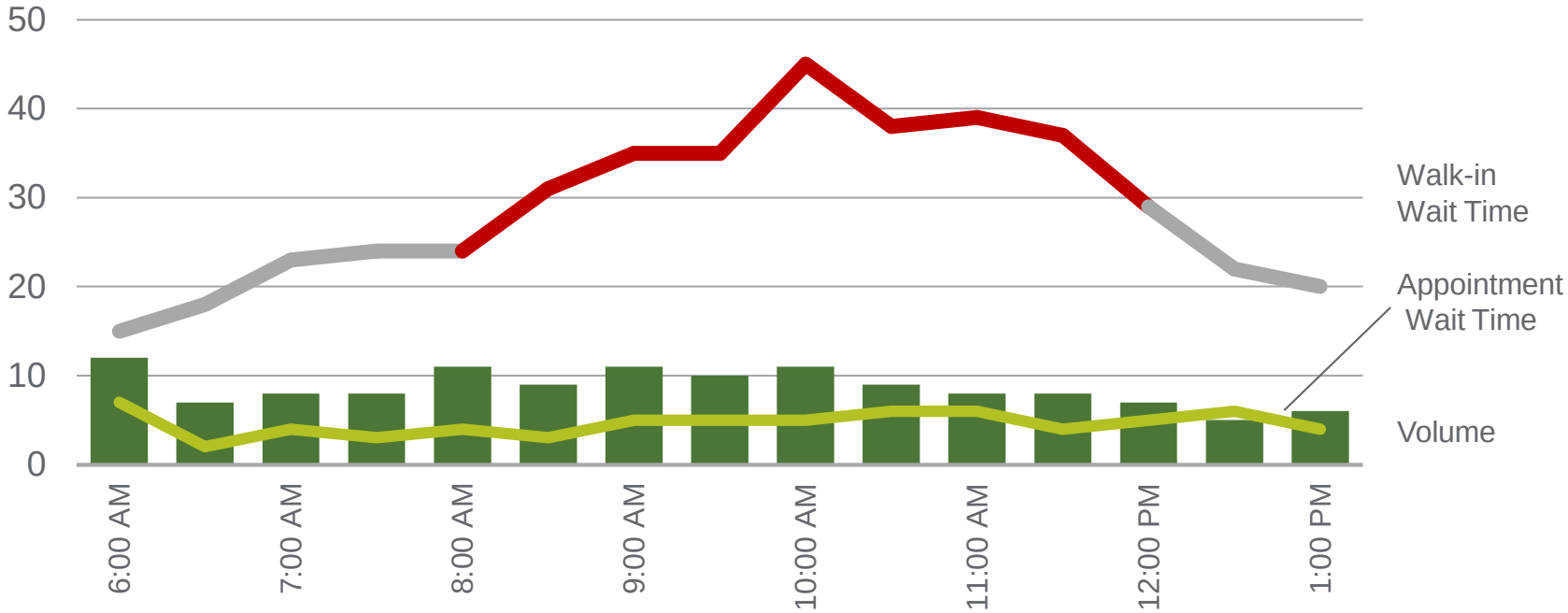
Patients and Employees **see wait time**



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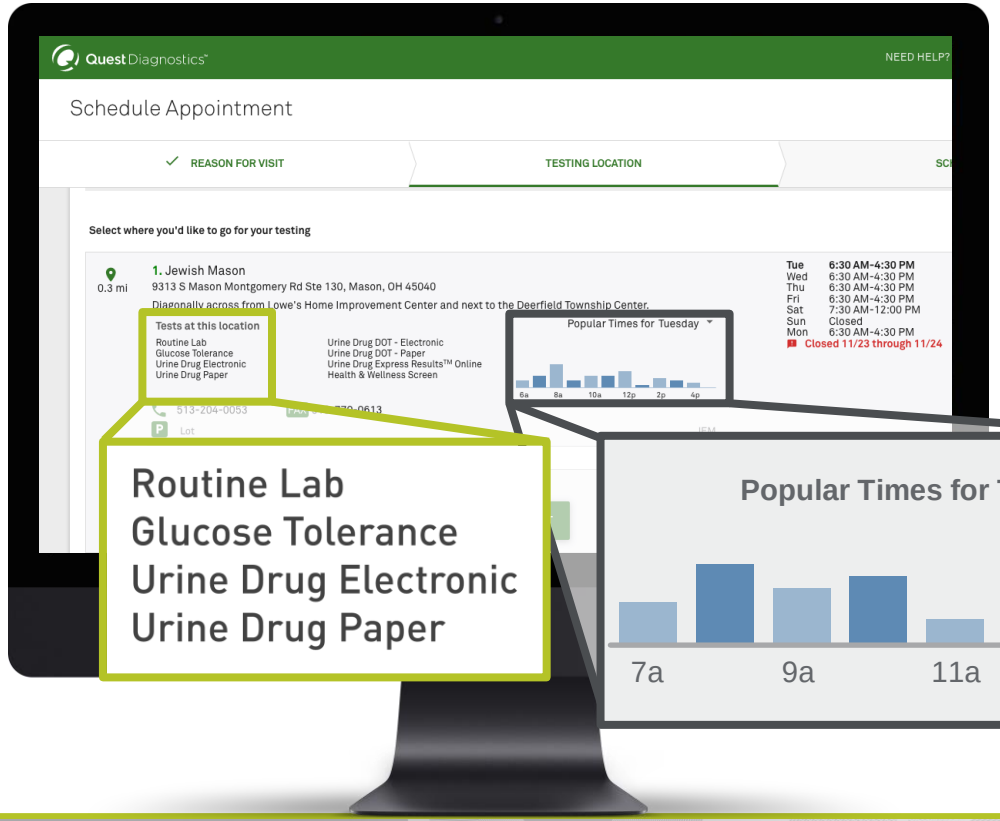
Benefits our **managers and employees**

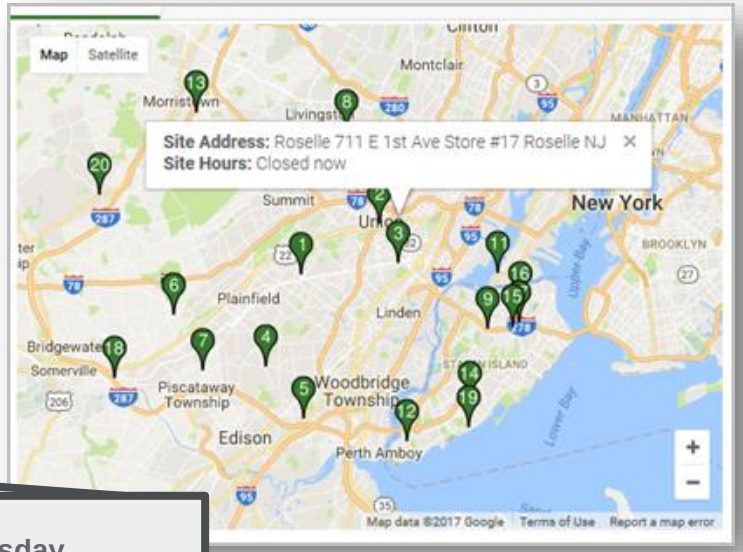
Real-time Monitoring



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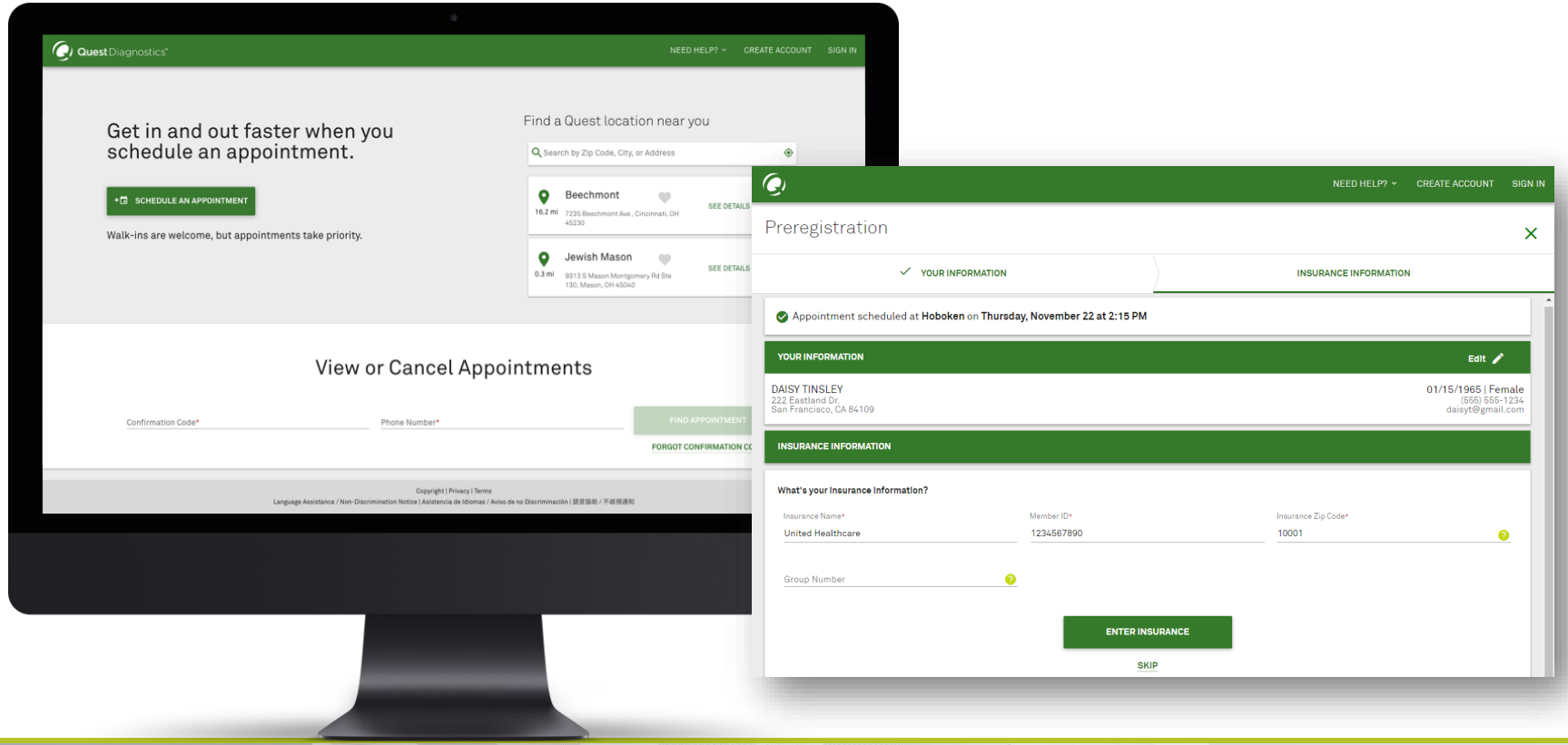
Know **where to go** and **when**





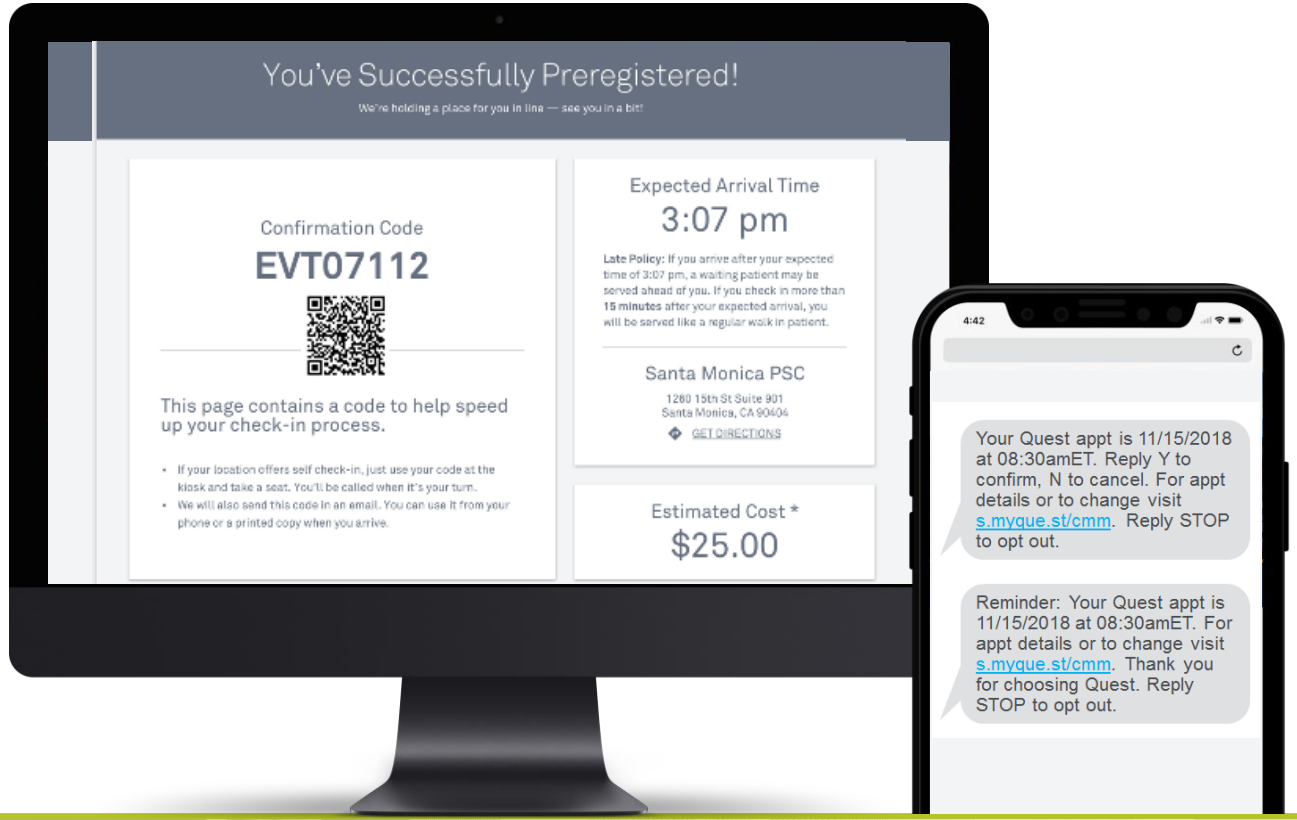
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Appointments and pre-registration enables a **Consumer Experience**

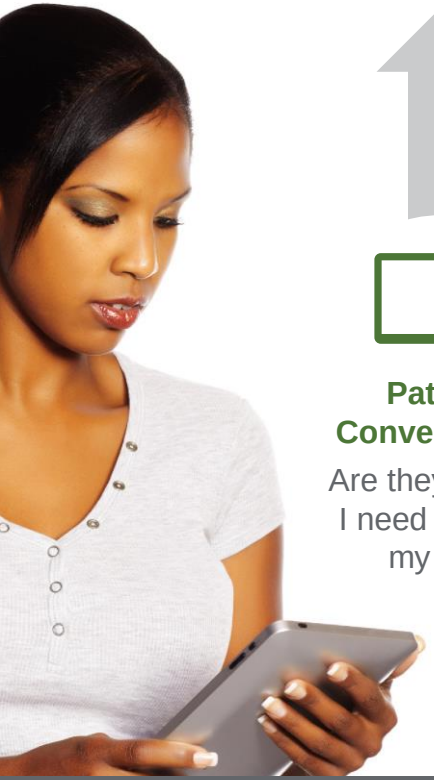


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Confirmation by text and email with **out-of-pocket expectation**



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Patient Convenience

Are they busy? I need to plan my day

Patient Satisfaction

I see how long I'll wait … have something to watch

Operational Efficiency

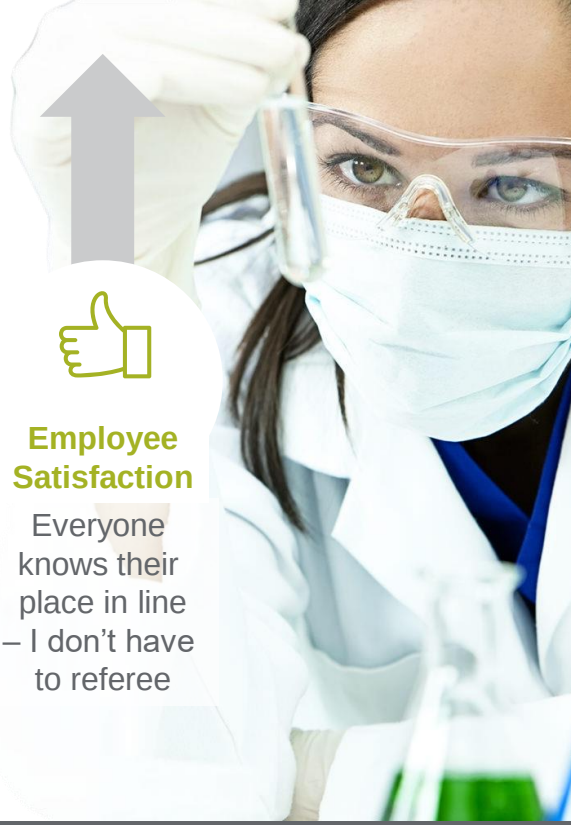
15 min per transaction ➔ 10 min per transaction:

$60M

in labor value

Employee Satisfaction

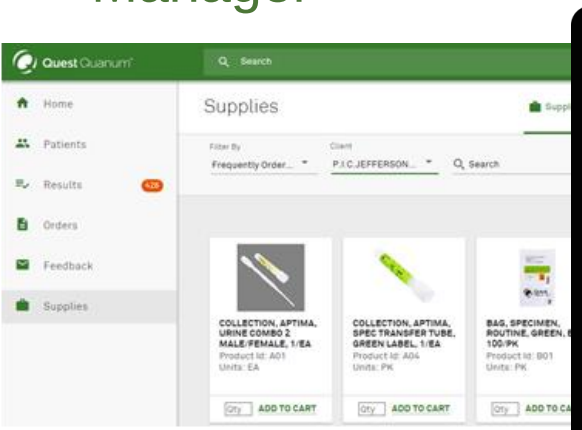
Everyone knows their place in line – I don't have to referee

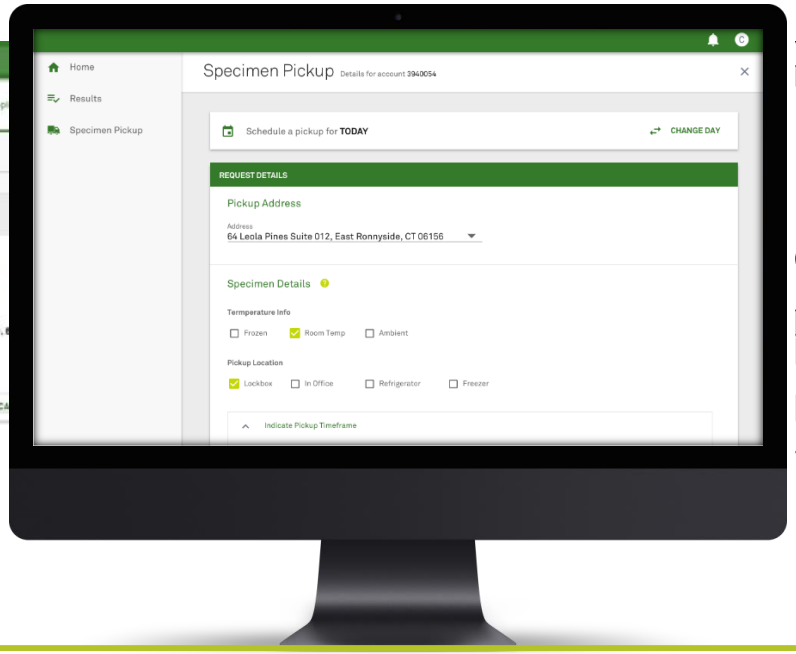


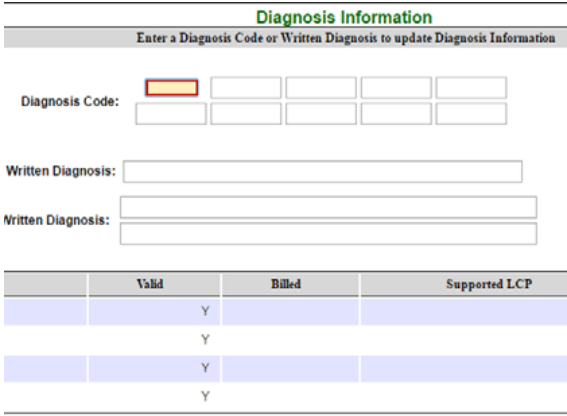
Everyone Wins

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We are advancing our Physician services with Quanum Lab Services Manager







Rapid adoption of our new self-service channels

Calls per requisition down 10%+ since 2016

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Digitization is a **$120M opportunity**

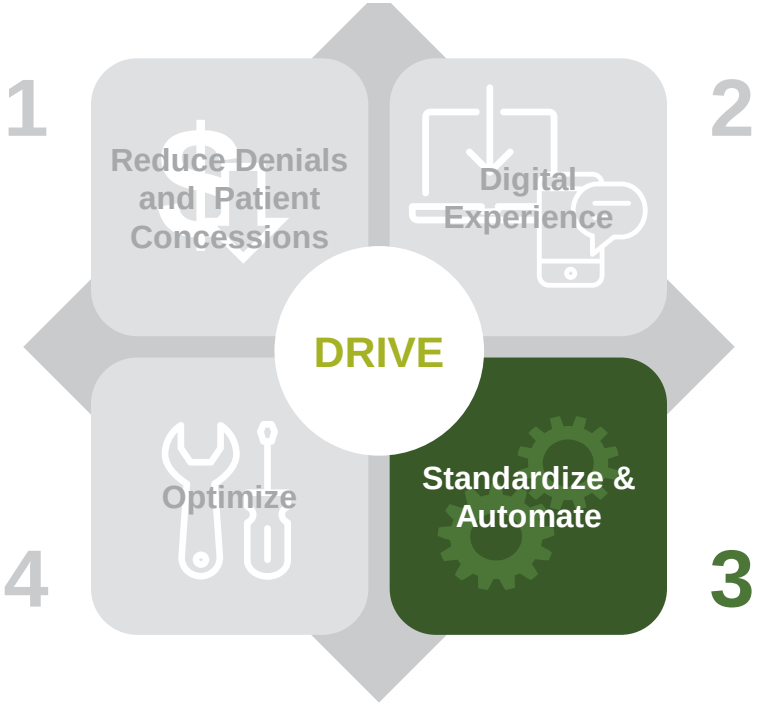
Transformation		Potential Impact, est.
Patient Pre-Registration and Appointment Scheduling	Believe 20% of phlebotomy time is in handling data	**$ 60M**
eRequisitions	Client drawn paper orders transcribed in lab	**$ 25M**
Physician Office processes	Calling for supplies, pickups, status, etc.	**$ 5M**
Call Center optimization	Significant call volume for PSC hours, test results, etc.	**$ 30M**

$ 120M
Over ~5 years

Patient and Employee Satisfaction:
immeasurable

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Drive operational excellence



Standardize and Automate our processes

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We are working with multiple suppliers, **putting new innovations to work**

6
suppliers

7
platforms

500+
units

128M
tests



$50M
over five years

Case Study in Action: Immunoassay

- Improvements in Immunoassay platforms allows shift away from 'Best of Breed' approach
- Intend to consolidate and simplify fleet for greater throughput, more autonomy and efficient footprint
- Involving suppliers in our redesign events to leverage expertise
- Ultimately allows us to reimagine digital lab workflows

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Driving toward a **standard operating platform**

100% **Regional Sites on Qsuite Standard**

✓	Denver	2015
✓	New Mexico	
✓	Sacramento	
✓	San Jose	
✓	Florida	2016
✓	Birmingham	
✓	Baltimore	
✓	Las Vegas	2017
✓	Greensboro	
✓	NY / NJ	2018
✓	Pittsburgh	

Next **Esoteric Centers**
Pathology Centers



Reduce one-off system support



Simplify organization and regional management



Faster customer on-boarding



Multiply the benefits of best-practices



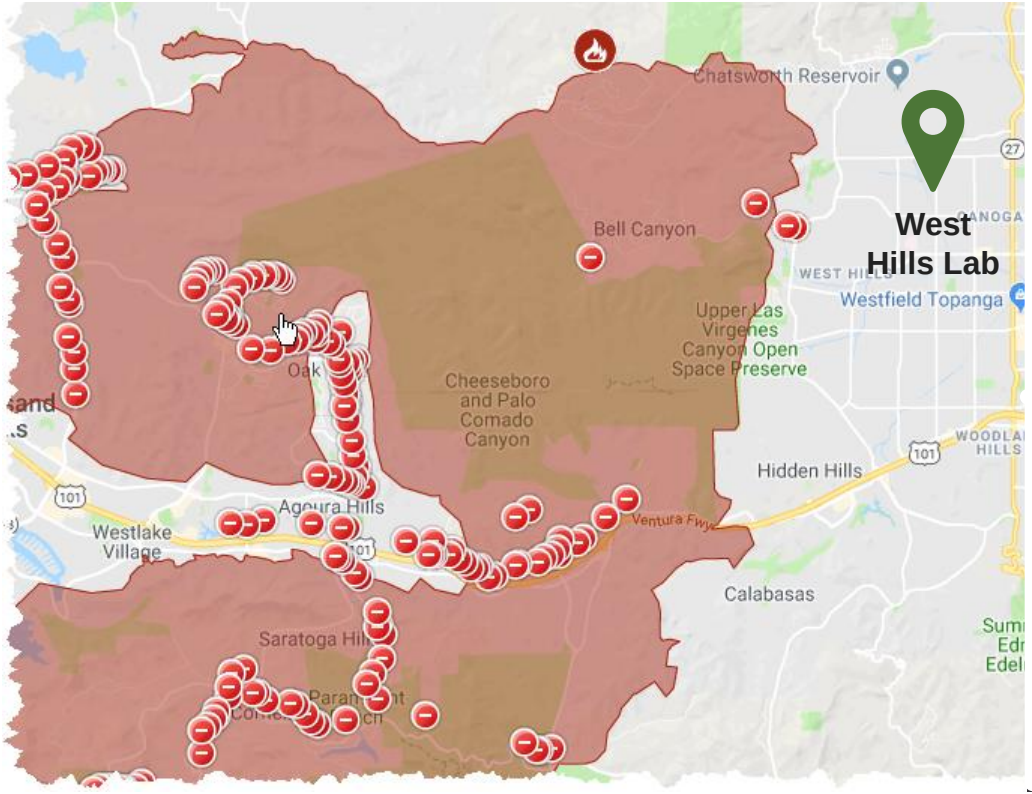
Enables further consolidation



Quickly load balance and move specimens

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Saving 35,000 specimens **overnight**







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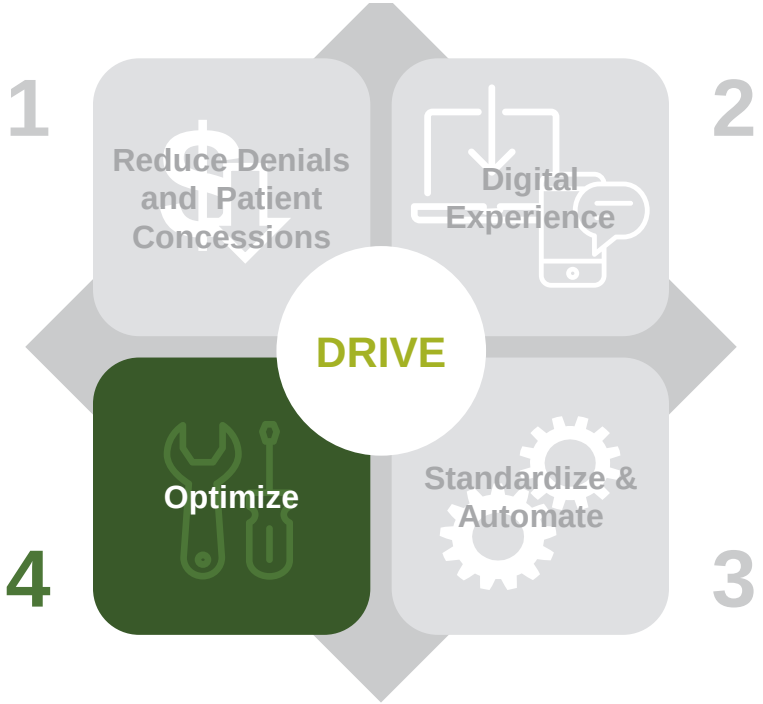
Seamless re-routing and on-time delivery



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Drive operational excellence

Optimization

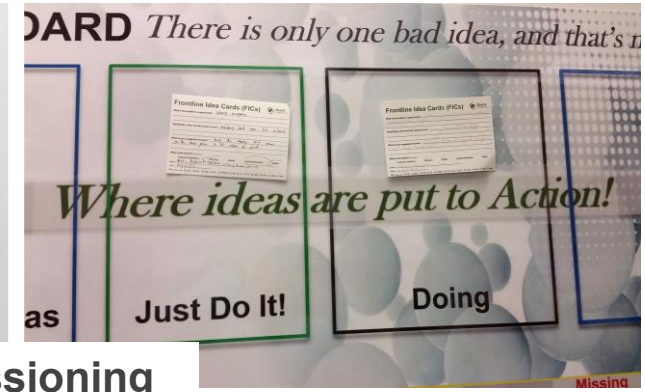


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Our drive for **Continuous Improvement** yields real results and we continue to see more opportunity





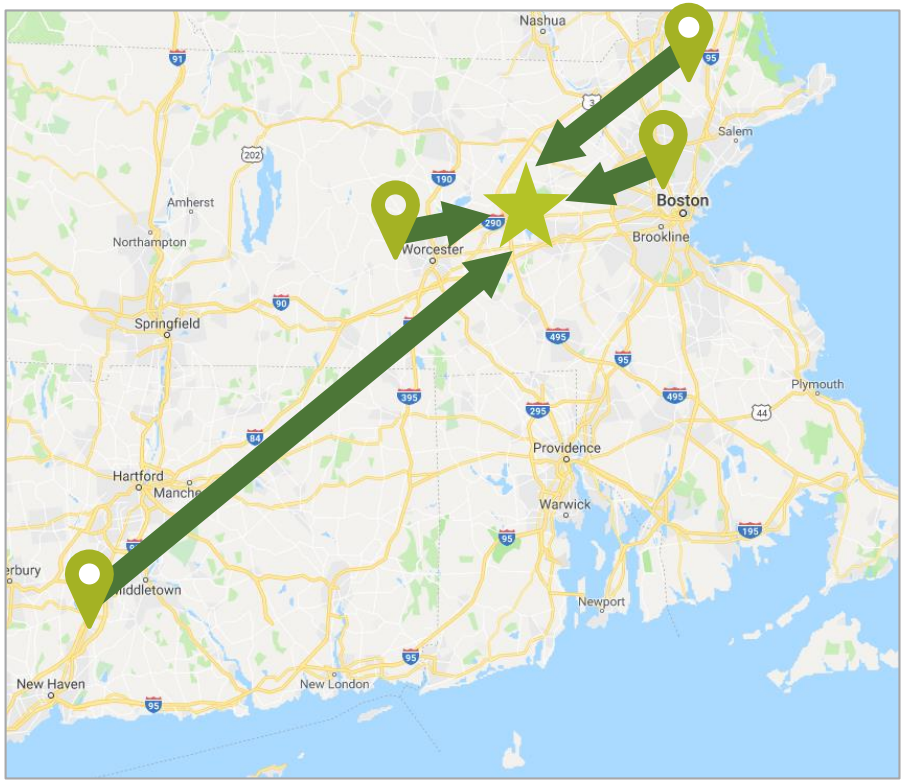


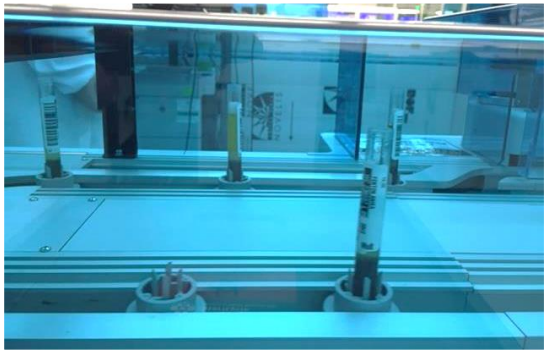
Example, Lab "A" Specimen Accessioning

Situation	Action	Results
Only **50%** of requisitions for PDM tests met turn-around time	• Held first End-to-End Kaizen • Seven dedicated teams • Pain Management testing focus	• Now reaching **95%** to target • While volume increased **30%** • Cut cycle time down by **40%**

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Our North region consolidation enabled our first automated lab

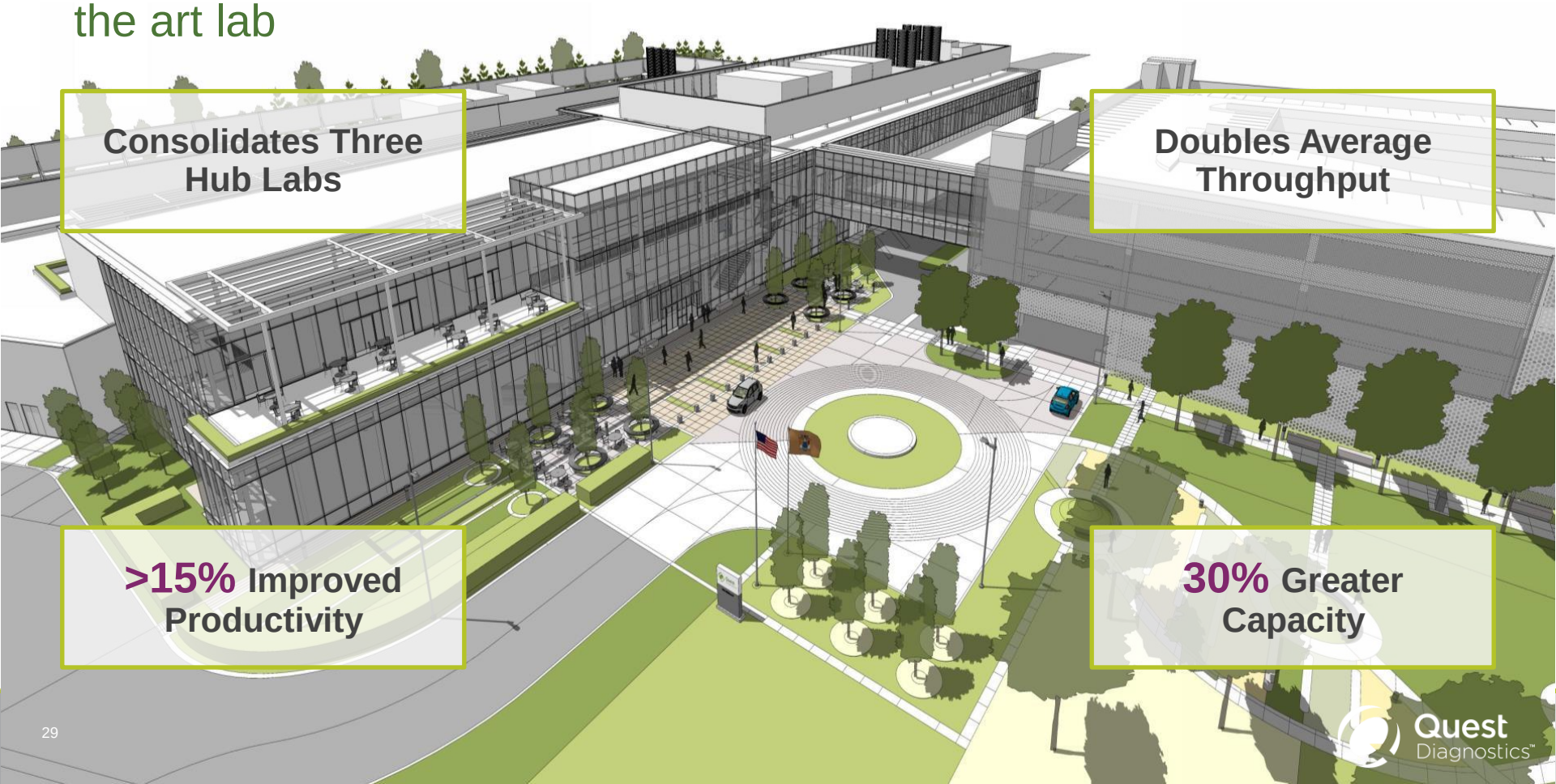






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We are now executing our East region strategy into our next state of the art lab



Consolidates Three Hub Labs

Doubles Average Throughput

>15% Improved Productivity

30% Greater Capacity

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Key takeaways

- Proving how a digital transformation benefits our customers and our Company
- Simplifying how customers engage with us also simplifies how Quest operates
- Ample opportunity to generate 3% total cost productivity in the short and medium-term horizons


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2018
INVESTOR MEETING