



AGM 2003

Managing Director's Report

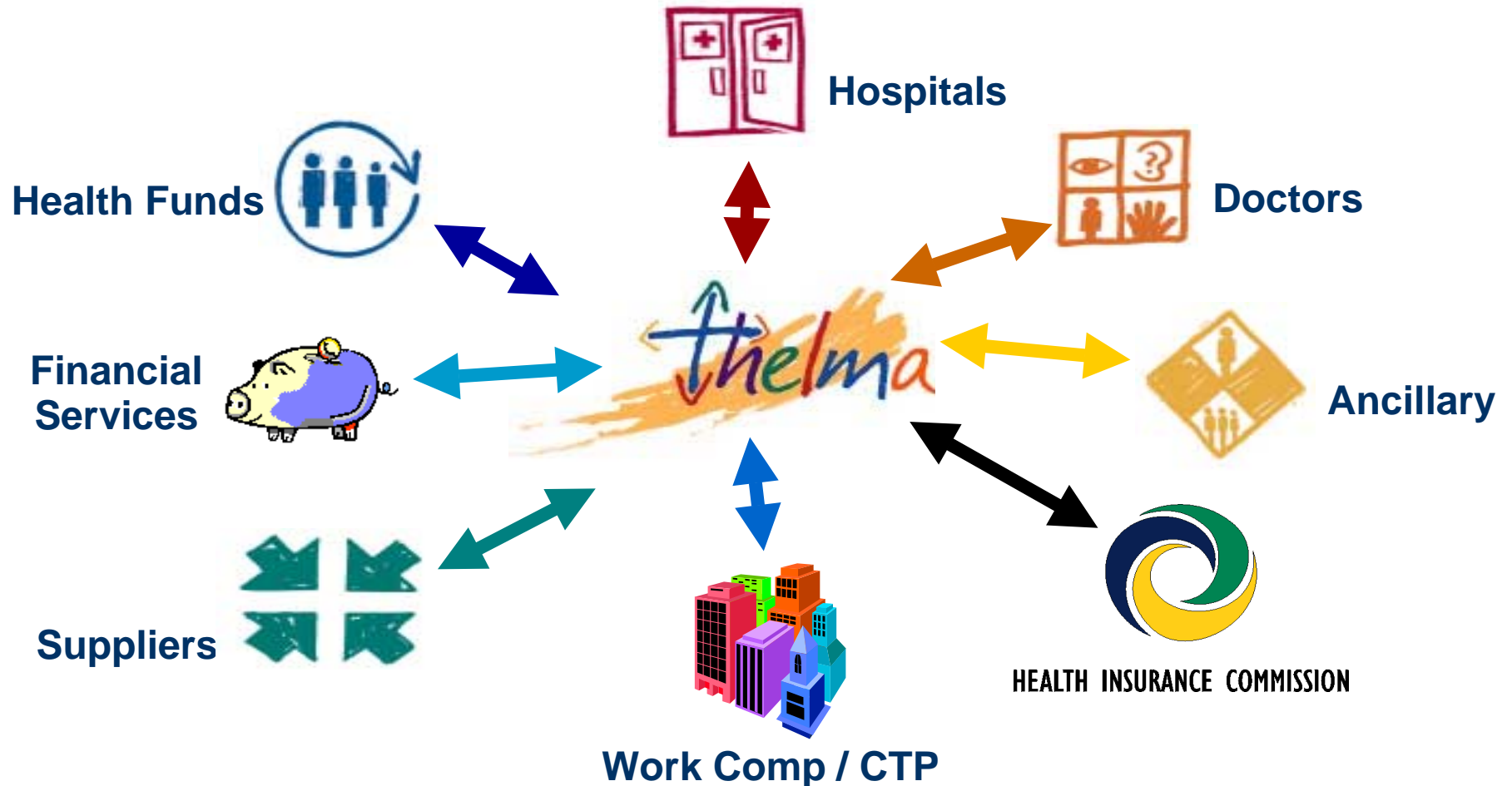
Business Overview

- ◆ **ICS's core business is the ownership and operation of the health industry clearing house THELMA (Transactional Health Exchange Linking Multiple Applications).**
- ◆ **Health funds, hospitals and doctors use THELMA to execute transactions electronically that traditionally have been carried out manually**
- ◆ **There are hundreds of millions of these transactions**
- ◆ **THELMA's business model is like a telephone service, with revenue coming mainly from transaction fees**
- ◆ **Other successful examples of automation systems like THELMA include ATMs, electronic banking and CHESS**

Business Overview (ctd)

- ◆ **Market penetration is increasing rapidly; critical mass reached on health fund side**
- ◆ **THELMA generating cash since Dec 2001; rising by the month, albeit from a low base, demonstrating technical risks have been overcome**
- ◆ **Initially focus on roll out of 2 transaction types; focus widening now to additional product / service rollout**
- ◆ **Largest player, Medibank Private, has backed THELMA through User Agreement and options over 17% of ICS**
- ◆ **ICS has flat running costs of \$3.5m**
- ◆ **Australian e-health transaction market at least \$100m pa**
- ◆ **No visible competitor in the marketplace**

The opportunity: to reduce paper and inefficient processes from our Health Industry

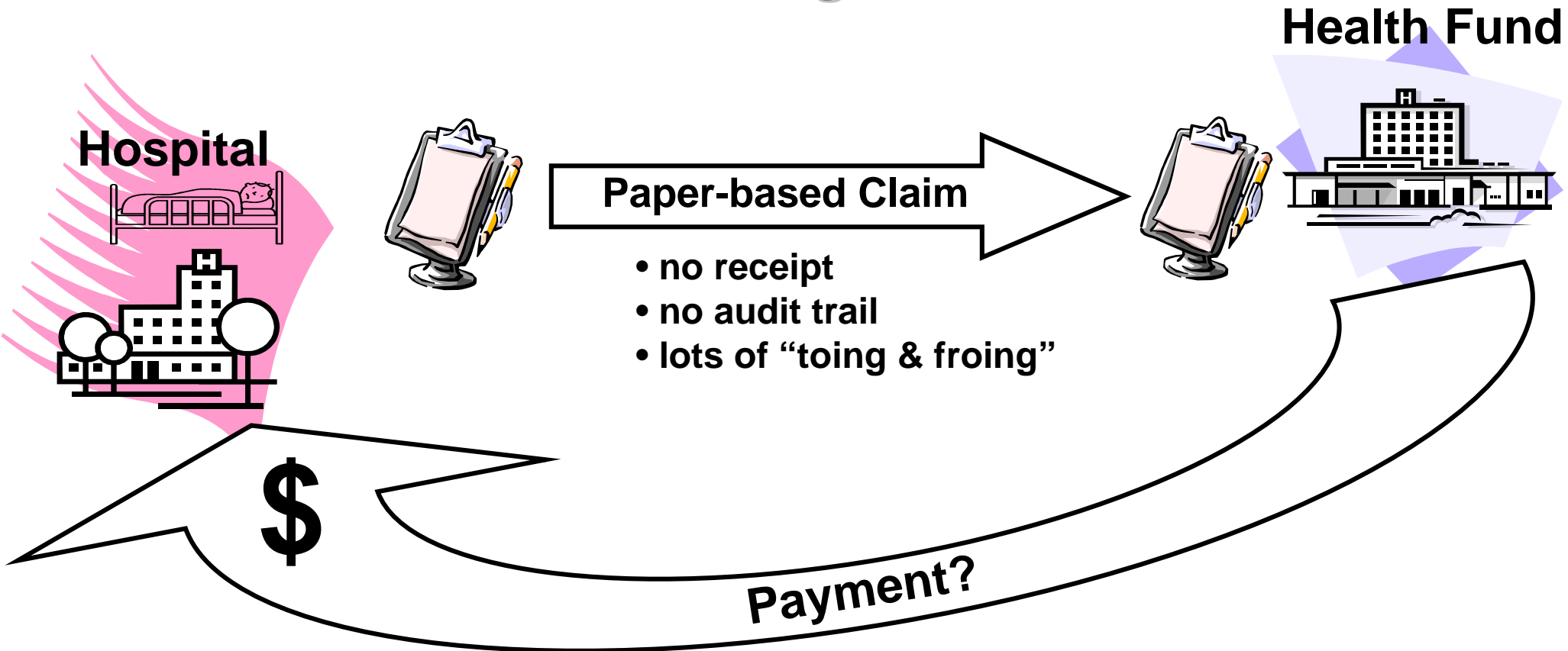


Demand for a wide range of electronic business & clinical information transactions

- ◆ **Eligibility Checking** 
- ◆ **Informed Financial Consent**
- ◆ **Admissions & Theatre Bookings**
- ◆ **Hospital (Accommodation) Claims** 
- ◆ **In- Hospital Medical Claims**
- ◆ **Ancillary Claims**
- ◆ **Medicare (bulk bill) claims: GP, DVA, Radiology, Pathology, etc**
- ◆ **Pathology / Radiology Requests & Results**
- ◆ **Pathology / Radiology Claims**
- ◆ **Hospital Discharge Notices**
- ◆ **eProcurement**
- ◆ **ePrescriptions**
- ◆ **Electronic Health Records**

Transaction example: Hospital Claims

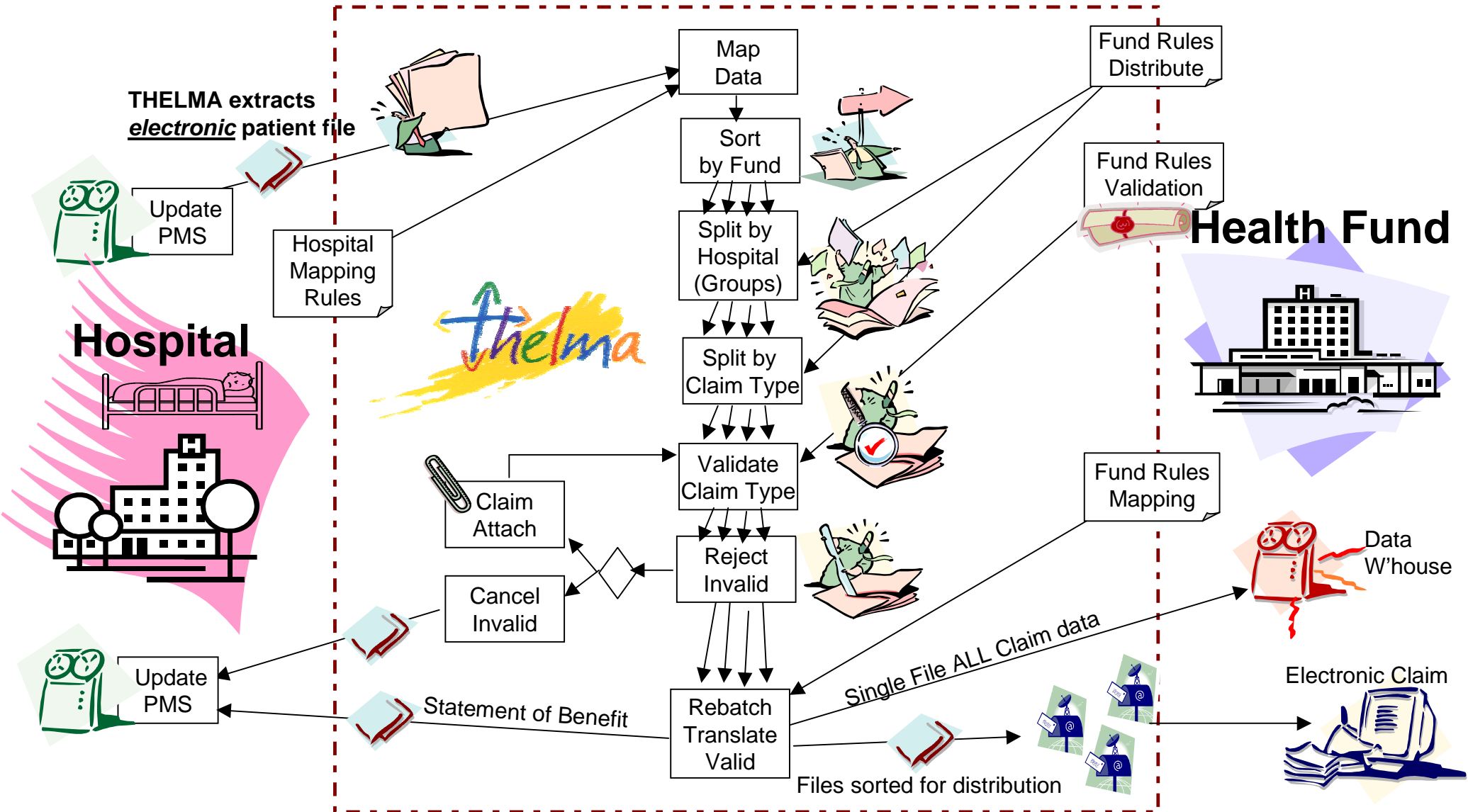
The Existing Problem



What does this inefficiency cost?

- ◆ 2,000,000 private hospital claims in total
- ◆ Paper claim costs hospitals \$55 = \$110,000,000
- ◆ Paper claim costs fund \$15 = \$30,000,000
- \$140,000,000**
- ◆ say just 50% reduction through going electronic
- \$70,000,000**

THELMA's Hospital Claims Transaction





[Inbox](#) [Sent items](#) [Archived](#) [To do](#)

[Archive](#)

[Cancel Transaction](#)

[Refresh](#)

[Search](#)

<input type="checkbox"/>	Status	<u>Thelma ID</u>	<u>Split Id</u>	<u>Reference ID</u>	<u>Type</u>	<u>Date/Time</u>	<u>Sender</u>	<u>Sent By</u>	<u>Receiver</u>	Actioned By
<input type="checkbox"/>		40053	40049	00441	IHCSBM	23/06/2003 11:20:55	DEMOH	Rose White	MBP	
<input type="checkbox"/>		40052	40049	00441	IHCSBM	23/06/2003 11:20:55	DEMOH	Rose White	AHMG	Rob Buj
<input type="checkbox"/>		40051	40049	00441	IHCSBM	23/06/2003 11:20:55	DEMOH	Rose White	NIB	
<input type="checkbox"/>		40050	40049	00441	IHCSBM	23/06/2003 11:20:55	DEMOH	Rose White	AUF	
<input type="checkbox"/>		40049		00441	IHCSBM	23/06/2003 11:20:55	DEMOH	Rose White	THELMA	
<input type="checkbox"/>		39877		00399	HCP	20/06/2003 15:25:55	DEMOH	Sarah James	MBP	Simon Free

- Claims are date stamped when received by fund.
- Cannot be lost.
- Traced & Tracked through the entire assessment & payment process

[Help](#)

[Privacy and Legal](#)

[Mail](#)

[Back to Menu](#)

[Log Out](#)

Claim Notes

Transaction: 489 Document: 1 Claim Reference: 137078

Print

Close

Date/Time	Sender	Sent By	Recipient	Status	Reason	Note Detail
23/06/2003 11:20:55	MBP	Leanne White	DEMOH	On Hold	Membership in arrears	Attempted to contact member on 10/3/03, awaiting reply

The Fund advises the status of claims received

- On Hold
- Rejected
- Adjusted
- Balanced

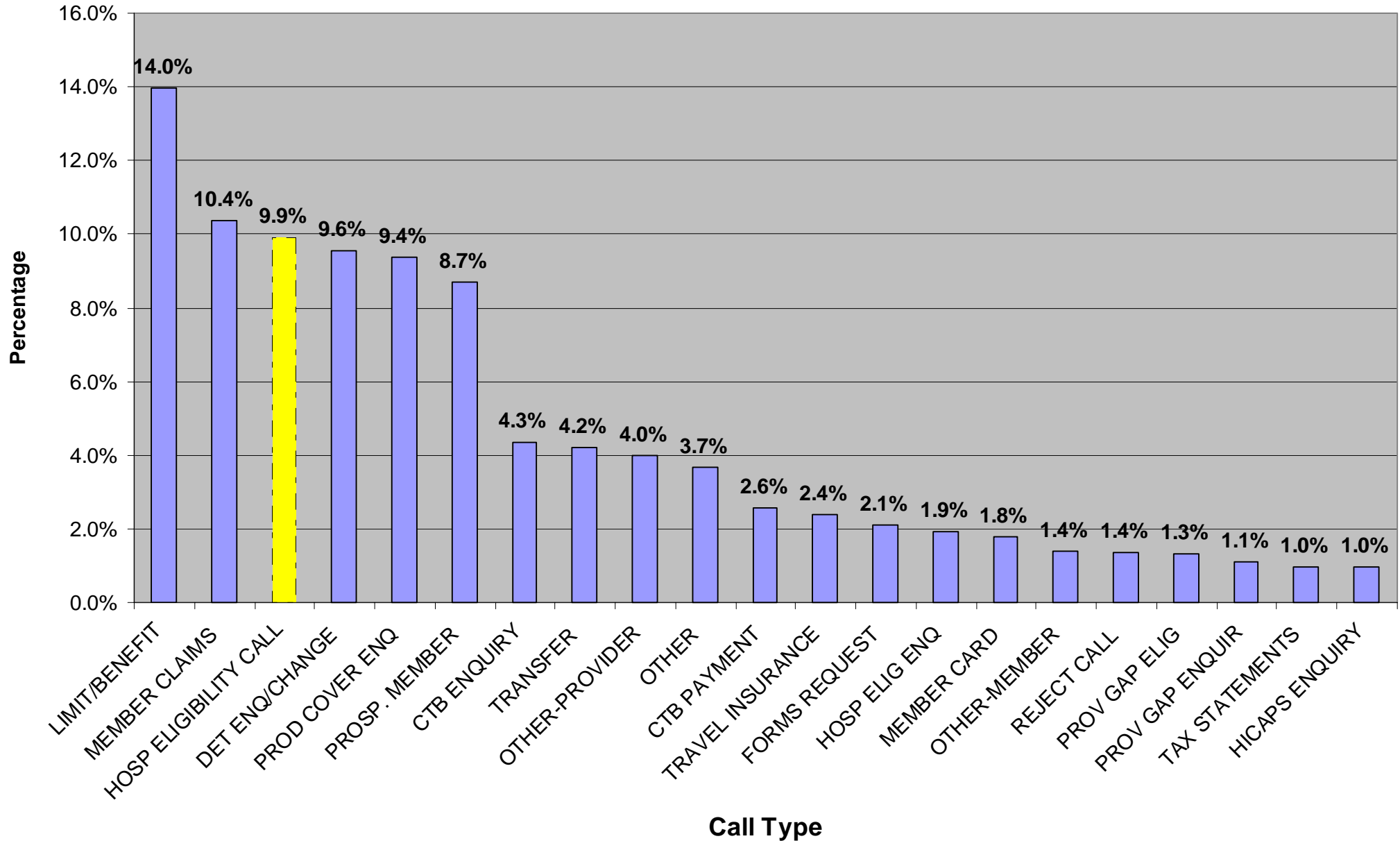
The hospital can respond to the note electronically

Performance data emerging from hospitals using THELMA:

- ◆ Improved cash flow \$5 / week
- ◆ No more lost claims \$10 / lost claim
- ◆ Office consumables, phone, fax \$1- \$1.50/ patient
- ◆ Reduced bad debts (eligibility) \$15 / patient
- ◆ Staff time elect v manual \$1.67 / 5 mins
- ◆ Certificates not required ??????
- ◆ Happier, less stressed staff ??????
- ◆ Happy, less stressed patients ??????

Estimating: \$1,000 - \$2,000 benefits / bed /annum

Percentage Data emerging from THELMA's health fund users



THELMA's Customer Base

9 Health Funds (44% of Market)

- ◆ Medibank Private (largest @ 30%)
- ◆ NIB (6th @ 5.5%)
- ◆ Australian Unity (7th @ 2.9%)
- ◆ Aust Health Management Group (8th @ 2.8%)
- ◆ CBHS Friendly Society (14th @ 1.2%)
- ◆ Teachers' Union Health - Qld (19th @ 0.5%)
- ◆ Lysaght Peoplecare (22nd @ 0.4%)
- ◆ Grand United Health Fund (26th @ 0.3%)
- ◆ Grand United Corp Fund (28th @ 0.3%)

Approx 120 Hospitals:

22% of national privates

31% of NSW publics

19% of VIC publics

6% of QLD publics

1,000+ Specialists (5% market) via Hospitals & Simplified Billing Agents

Customer Base Expected in 03 / 04

Health Funds

**60% - 90% of
insured population**

Hospitals:

**50% of private
patients**

Status of other transaction-based growth opportunities

- ◆ Eligibility Checking
- ◆ Informed Financial Consent
- ◆ On-line Operating Theatre Bookings
- ◆ Hospital (Accommodation) Claims
- ◆ In- Hospital Specialists Claims
- ◆ Ancillary Claims (dental, optometry, physio, chiro, etc)
- ◆ Medicare (bulk bill) claims: GP, DVA, Radiology, Pathology, etc
- ◆ Pathology Test Requests
- ◆ Pathology Claims
- ◆ Hospital Discharge Notices
- ◆ eProcurement
- ◆ Electronic Health Records

ICS an increasingly attractive growth stock:

- ◆ **The need for eHealth transactions increasingly critical**
- ◆ **THELMA technology proven and operating**
- ◆ **Significant first mover advantage & still the only player**
- ◆ **THELMA's multi-transaction platform a powerful defense against competition**
- ◆ **Medibank Private a customer with options over ICS**
- ◆ **Health fund and hospital users now publishing benefit data and cross promoting THELMA to increase penetration**
- ◆ **Non traditional cost model makes for strong profitability**
- ◆ **Australian e-health market large, lucrative, huge growth**

Key announcements going forward:

- ◆ **Transaction volumes**
- ◆ **Signing up of remaining large funds and hospitals**
- ◆ **Large funds and hospitals going live**
- ◆ **New transactions going live**
- ◆ **Mergers / Acquisitions**



Questions