

# The ProAct Story

## 30-40 Million Undiagnosed OSA Patients

### Managing an Epidemic

- 2000: 11 million undiagnosed
- 2011: 30 million Undiagnosed
- 2013: 35-40 million undiagnosed
- 2014: Time to take action.

**Combining ProAct's technology, testing, diagnosis, and treatment capabilities, with a team of referring physicians and treating dentists committed to identifying patients in need, we can collectively bring the epidemic of OSA under control.**

## Background

In 2000, there were an estimated 85%, or 11 million people, with undiagnosed Obstructive Sleep Apnea (OSA). With the introduction of the home sleep test device, as an alternative to laboratory based testing, many thought a major barrier to the diagnosis of OSA was removed, and therefore a dramatic improvement in the number and percent of people being diagnosed and treated should be expected.

Unfortunately, it didn't happen. By 2011, 85% were still undiagnosed; however the number of undiagnosed patients grew to an estimated 30 million. Based on ProAct's 2013/14 experience in its test market, Management now believes that the actual number of undiagnosed patients may be as high as 40 million, perhaps exceeding 85% of those with the disease.

Making matters worse is the fact that of the few who are diagnosed, 97% of them are treated with a modality that is not tolerated over 50% of the time, resulting in a high treatment dropout rate. This means that, in reality, only an estimated 7% are under treatment, leaving an estimated 30-40 million patients in need.

It can be fairly said that the medical community at-large has not successfully solved the problem; and it is clear that the solution goes beyond further innovations in diagnostic and treatment devices. In many ways, the industry is plagued with dated paradigms in which patients are referred to the most expensive and uncomfortable testing and diagnostic environment and then subjected to treatments that are frequently not tolerated. Today, far better alternatives are available.

At ProAct, we believe the problem starts with the lack of a formal delivery infrastructure that coordinates the full continuum of care within a best practices protocol. We believe that's where the solution should begin. ProAct is a technology enabled provider focused on delivering the "full continuum" of OSA care under a best practices protocol that is based on current clinical standards, and under the direction of a Certified Sleep Specialist.

Through its technology driven cloud-based proprietary iSync™ System, ProAct links all providers delivering services within an integrated chronic disease management platform. The system creates a virtual delivery infrastructure that enables any physician or dentist to manage the total continuum of care with the interdisciplinary communication and outcomes orientation that one would expect within a modern hospital.

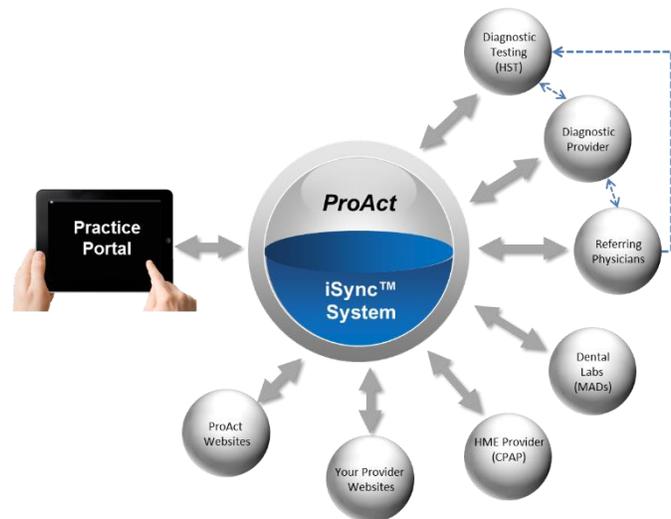
## Technology Enabled Patient Management

ProAct's continuum of care starts with broad based patient screening and assessment, which can be completed as part of any payor, employer, or provider based wellness program. A digitally scored Assessment is administered on our iSync™ website or by a digital input device in the provider office or wellness center. Results are immediately posted to a tablet or to a portal on an existing computer for review with the patient.

Based on the results, an eScript for a Home Sleep Test can be issued from the provider portal. ProAct completes the HST and a Sleep Specialist interprets the test, completes the diagnosis, and makes a treatment recommendation using a ProAct portal. Results are posted to a participating provider portal where an eScript for treatment by Oral Appliance Therapy (OAT) or Positive Airway Pressure (PAP) device (commonly known as a CPAP) can be issued.

If the recommended treatment is a PAP, ProAct's DME Division supplies the device and manages the patient to ensure compliance. If the recommended treatment Customer Relationship Management (CRM) System keeps all parties focused on the solution and provides constant feedback and status reports to all parties, including the referring provider, treating provider, and the patient.

ProAct requires no software investment by the provider and no equipment purchases beyond screening tools (i.e. optical scanner or electronic tablet) sufficient to screen the target population. The system enables the referring provider to be fully in control of their patient's care, and completely eliminates the administrative hassle of effectively and efficiently managing the care of these patients.



ProAct brings a next generation best practices disease management platform to this fragmented environment, managing the full continuum of OSA care to deliver a high value proposition to payors interested in controlling costs.

ProAct enables any physician or dentist to care for 100% of their OSA patients, by offering all treatment modalities within a structure that maximizes outcomes....less than 10 clicks of the mouse in an integrated management system.

ProAct uniquely offers the full continuum of care from screening, testing, diagnosis, and all modes of treatment.

## How We Work

First and foremost, we provide the full continuum of care under the direction of a Certified Sleep Specialist and within best practices protocols. But, there are challenges; treatment of OSA has been plagued by long standing paradigms.

## The Challenge of Change

### Challenge #1: No Screening Mechanism

85% of OSA patients remain undiagnosed and untreated, because there is no tool for easy, cost effective screening and, in the vast majority of practices, there is no screening protocol. Typically, those being treated present to the physician when they are desperate for a solution.

### Challenge #2: An Antiquated Diagnostic Approach

97% of presenting OSA patients are directed to a sleep lab, which is expensive (\$2,000-\$7,000), inconvenient, uncomfortable, and, in most cases, totally unnecessary with today's technology. Many patient who suspect they have OSA, won't pursue treatment because they've heard about friend's experience with a Sleep Lab or a CPAP.

After the diagnosis there is little interdisciplinary communication between the primary referring physician and the diagnosing and treating parties, so patients are left to fend for themselves. As a result, an estimated 50% of those entering treatment become non-compliant in just a few months.

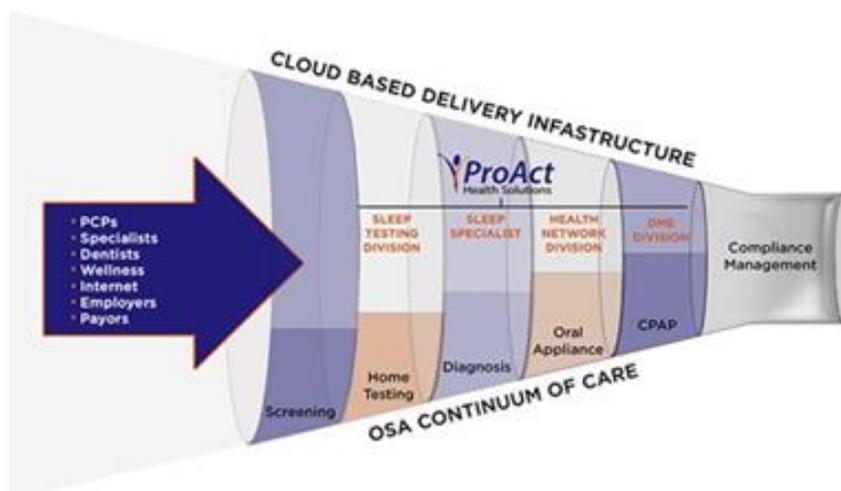
### Challenge #3: An Outdated Treatment Approach

97% are prescribed a CPAP device, which is not tolerated by OVER 50% of the patients; while only 3% are prescribed Oral Appliance Therapy (OAT), which is tolerated by over 90% of the patients.

Treatment modalities have not kept pace because there is a lack of understanding of today's technology, many embedded paradigms with the participating parties, and the financial self-interest of some participants in the continuum of care. Clearly, the system is not working; like many chronic diseases, OSA lacks a delivery infrastructure that facilitates care within a well-defined, best practices disease management protocol.

## A Best Practices Approach to OSA Care

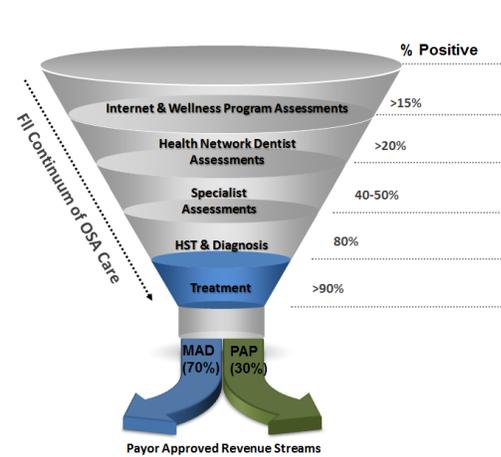
Working with an Advisory Group made up of Certified Sleep Specialists, physicians, dentists experienced in treating OSA, the ProAct Provider Health Network establishes product standards and diagnostic and treatment protocols that are consistent with today's technology and the patients' best interest. At ProAct, the patient is the number one priority. Under the direction of a Certified Sleep Specialist, ProAct implements a clinically documented best practices disease management protocol to address these challenges.



### Solution #1: Screen all Patients and Employees

ProAct provides a free digitally scored screening tool that can be used online or in any office, from the dentist's to the endocrinologist's to the corporate wellness coordinator. We believe in early detection, diagnosis, and treatment is essential to preventing the disease, and its comorbid diseases, from progressing. Network Dentists or referring physicians such as endocrinologists, cardiologists, or bariatric physicians, are provided with an easy-to-use digitally scored assessment tool, including an electronic referral capability to ProAct's Home Sleep Testing service.

### Solution #2: Diagnose in an Economical Patient Friendly Environment



95% of patients are tested in the comfort of their own home with an inexpensive Home Sleep Test and diagnosed by a Certified Sleep Specialist, maintaining clinical quality while precluding the cost and inconvenience of a sleep lab.

### Solution #3: Outcomes Oriented Treatment Protocols

Based on a Sleep Specialists recommendation, which is electronically posted to the referring doctors ProAct portal, approximately 70% of patients, who are mild to moderate with no extenuating factors, will be treated with an OAT, which is tolerated by over 90% of patients; these are fitted by one of our Provider Health Network dentists trained in oral appliance therapy.

Approximately 30% (the severe OSA patients) will be treated with a CPAP as the primary treatment modality; but the ProAct iSync™ System closely monitors the patients for compliance; and if they prove to be intolerant, they are referred to a network dentist to receive an OAT rather than fall out of the continuum of care.