Welcome

Cardinal Health, Inc. Dublin Day
June 17, 2016



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Healthcare is changing…
We're changing healthcare.

Speakers

George Barrett
Chairman and CEO

Mike Kaufmann
Chief Financial Officer

Don Casey
CEO, Medical Segment

Jon Giacomin
CEO, Pharmaceutical Segment

Clay Richards
CEO, naviHealth

Sally Curley
SVP, Investor Relations

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Forward-looking statements and GAAP reconciliation

Cautions Concerning Forward-Looking Statements

This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include competitive pressures in Cardinal Health's various lines of business; the frequency or rate of pharmaceutical price appreciation or deflation and the timing of generic and branded pharmaceutical introductions; the ability to continue to achieve and maintain the benefits from the generic sourcing venture with CVS Health and from the acquisitions of Cordis and The Harvard Drug Group; the risk of non-renewal or a default under one or more key customer or supplier arrangements or changes to the terms of or level of purchases under those arrangements; uncertainties due to government health care reform, including federal health care reform legislation; changes in the distribution patterns or reimbursement rates for health care products and services; the effects of any investigation or action by any regulatory authority; and changes in foreign currency rates and the cost of commodities such as oil-based resins, cotton, latex and diesel fuel. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of June 17, 2016. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, this presentation may contain Non-GAAP financial measures. Cardinal Health provides definitions and reconciliations of the differences between the Non-GAAP financial measures and their most directly comparable GAAP financial measures in the Financial Appendix at ir.cardinalhealth.com. An audio replay of the conference call will be available at ir.cardinalhealth.com.

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For those tasked with navigating the complexities of healthcare…

Cardinal Health brings **scaled solutions** that **help our customers thrive** in a changing world.

Agenda

Time	Topics	Speakers
10:00 AM – 10:15 AM	Welcome & agenda overview	*Sally Curley*
	Introductory comments	*George Barrett*
10:15 AM – 11:00 AM	Brief overview of Medical initiatives	*Don Casey*
	Intro to naviHealth followed by Q&A	*Clay Richards*
11:00 AM – 11:45 AM	Medical segment Q&A	*Don Casey*
11:45 AM – 12:00 PM	*Break for lunch (note that we will pause the webcast)*	
12:00 PM – 1:00 PM	Pharmaceutical segment Q&A	*Jon Giacomin*
	Capital deployment and other Q&A	*Mike Kaufmann*
1:00 PM	*Adjourn*	

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naviHealth enables health plans, health systems and health care providers to better manage post-acute care

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>15	years of experience managing post-acute care (PAC)
>1.5M	Medicare Advantage and ACO lives under management for PAC
50K	annual episodes under management in CMS's BPCI program
>1K	acute hospitals touched by naviHealth services
10K	PAC facilities touched by naviHealth services

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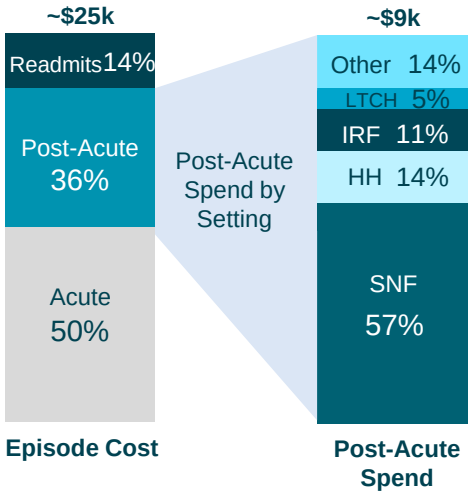
Post-Acute Care is costly and difficult to manage

Half the total medical expense of an episode of care occurs post-discharge, yet post-acute care is often one of the least-managed, least-understood areas of spend

Post-Acute Care is Expensive…

Average cost of episode of care[1,2]



~50% of the cost of an episode of care occurs post-discharge

…and Often Poorly Managed

Lack of Clinical Standardization

"Post-acute care accounts for 73% of total variance in Medicare spending per beneficiary." ***– Institute of Medicine Report, July 2013***

Misalignment of Incentives

"In 2002 nursing homes gave ultrahigh therapy to 7% of patients…in 2013, they billed 54% as ultrahigh."
– Wall Street Journal, August 2015

Poor Coordination at Discharge

"Readmissions from SNF are common… and expensive… and a large portion are preventable."
– RTI on behalf of CMS, March 2015

1. *SOURCE: naviHealth experience managing >500,000 episodes of care per year; data for Medicare population*
2. ***LTCH**: "Long Term Acute Care"; **IRF**: "Inpatient Rehab Facility"; **SNF**: "Skilled Nursing Facility"; **HH**: "Home Health"*

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naviHealth addresses the key challenges providers face in managing PAC as part of value-based care

Key Challenges in Discharge Planning



Managing quality and costs across the continuum without visibility into and control of what happens post-discharge



Standardizing transition workflows and collaborating with downstream providers without the technology or infrastructure to facilitate the process



Identifying high-risk patients and making informed clinical decisions with limited data and analytics



Monitoring patient progress across the continuum and intervening when necessary without people to manage the process

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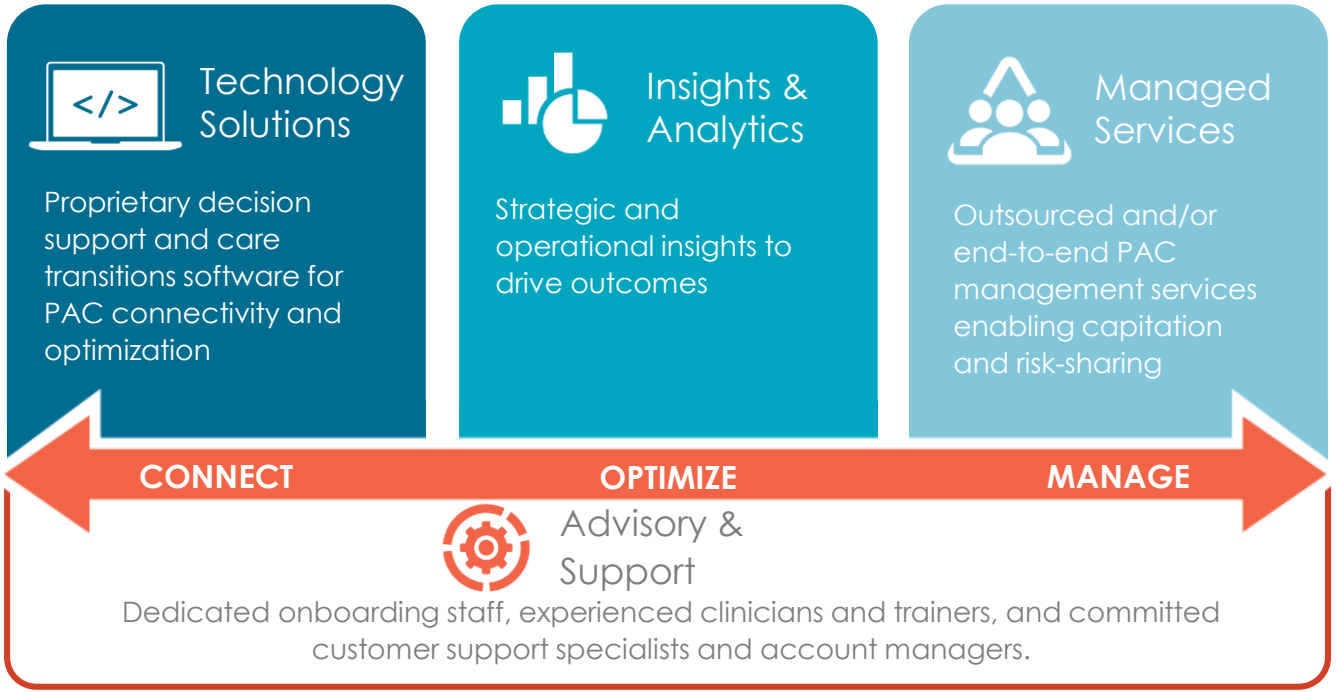
naviHealth offers comprehensive PAC solutions to enable success in value-based care for both payors and providers



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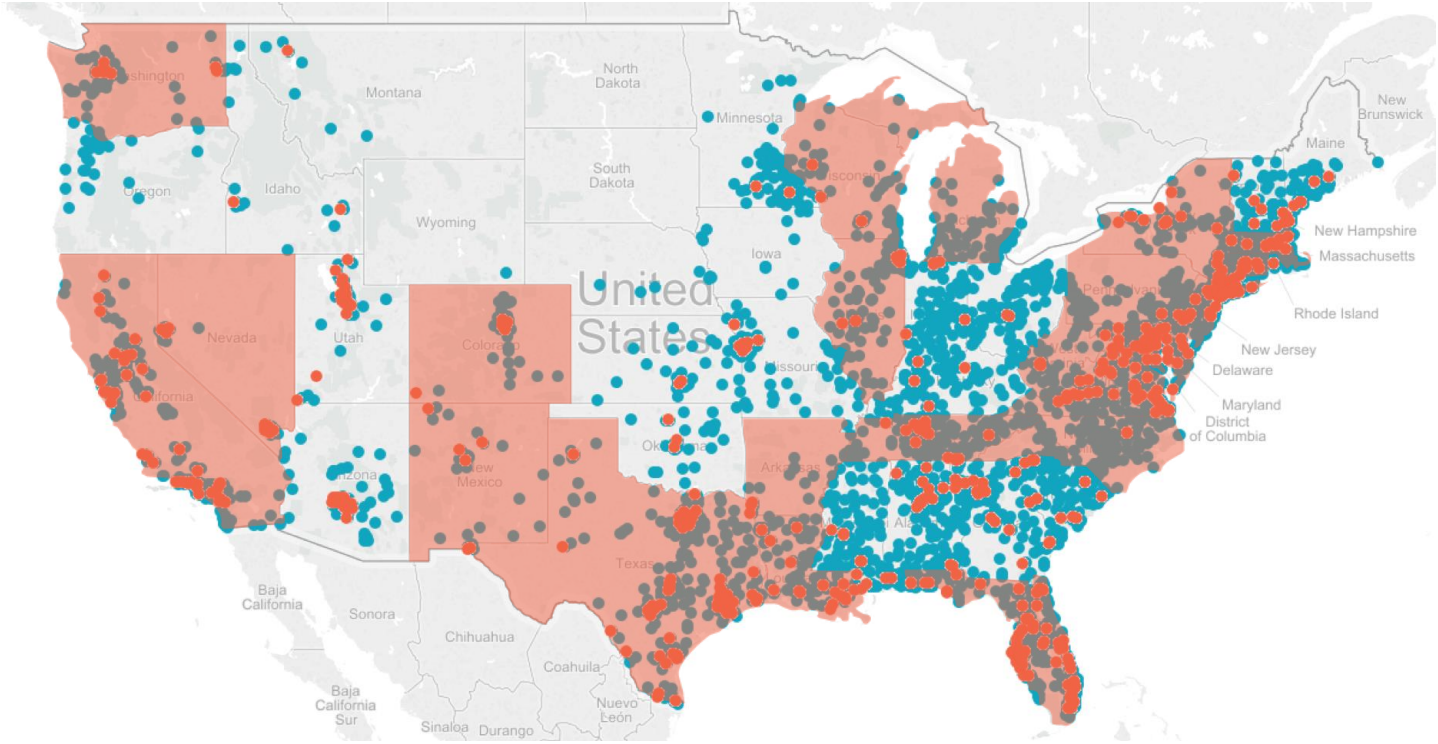
naviHealth's footprint spans the country and cover a significant potion of total hospital discharges nationally



- Post-acute care customers
- Acute care customers
- 20+ Clinical Service areas

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A unique set of tools to address needs in a changing environment

Goals



Optimize Post-acute Care Placement & Utilization



Reduce Readmissions



Adhere to CMS Conditions of Participation



Reduce Acute LOS



Enhance Staff Productivity

Results: Better Outcomes, Lower Cost



Significant increase in patient functional recoveries

Double-digit (%) decline in readmissions

Double-digit (%) decline in post-acute medical expense

>90% member satisfaction

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