Changing Landscape in Provider Reimbursement Models

March 3, 2014
Optum’s context within UnitedHealth Group Health Benefits and Services

UnitedHealthcare

Health care coverage and benefits businesses, unified under a master brand:

- Employer & Individual
- Medicare & Retirement
- Community & State
- Military & Veterans
- UnitedHealthcare International

Optum

Information and technology-enabled health services platform, encompassing:

- Technology solutions
- Intelligence and decision support tools
- Health management and interventions
- Administrative and financial services
- Pharmacy solutions
Specialty health solutions

**We build systems of care**

- We manage financial risk
- We manage provider networks
- We manage clinical care
- We ensure quality measures are achieved

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**Behavioral Health**
- Comprehensive Behavioral Health
- Medical/Behavioral Integration
- EAP and WorkLife
- Community Based Products

**Complex Medical Conditions**
- Transplant Solutions
- Kidney Solutions
- Infertility Solutions
- Bariatric Resource Solutions

**Physical Health**
- Chiropractic
- Physical Therapy
- Speech Therapy
- Occupational Therapy
- Alternative Medicine

**Optum International**
- EAP
- Wellness
- Wellbeing
- Technology Solutions
- Network Management
Engaging providers to influence member outcomes

**Enabling Services**
- Align incentives to promote quality results
- Invest in enabling success (technology, reporting, staff, incentives)

**Streamline Business Practices**
- Reduce the hassle factor, especially around payment and utilization management practices
- Engage providers with holistic programs and invest to enable change

**Feedback and Engagement**
- Use regular, consistent, and benchmarked information feedback for improvement
- Provide technology (e.g., electronic health records) to support point-of-service information

**Partner for Success**
- Move from transactional relationships to collaborations
- Assess joint opportunities to better meet the needs of the market to create competitive differentiators
Continued enhancements to Optum provider performance metrics

- Launching outpatient pay-for-value effective March 1 for providers achieving two-star rating (effectiveness first and supplemented with efficiency ratings)
- Enhancing facility pay-for performance initiative to tie to enhanced facility metrics under ACE – Achieving Clinical Excellence

**Clinician Metrics**

- **Quality**
  - Severity-adjusted effect size from the Wellness Assessments

- **Cost**
  - **NEW:** Case-mix-adjusted average number of visits
  - **NEW:** Average cost per episode

**Facility Metrics**

- **Quality**
  - **NEW:** 30-day readmission rate
  - **ENHANCED:** Risk-adjusted 30-day readmission rate
  - **ENHANCED:** Follow-up after mental health hospitalization (HEDIS)
  - **NEW:** Peer review rate

- **Cost**
  - **ENHANCED:** Case-mix-adjusted average length of stay
  - **NEW:** Spending per beneficiary
The future of providing health care has arrived

Introducing Achievements in Clinical Excellence (ACE)

A program that rewards providers that deliver both effective and efficient clinical care.
Why is ACE necessary, and where does it fit?

The purpose of ACE is to guide and reward providers for delivering services more effectively and efficiently

These are achievable goals that perfectly align with the wants and needs of patients, providers and Optum

ACE helps facilities reach these goals by:

• Obtaining unbiased, risk-adjusted data that is quantified and benchmarked against regional facilities
• Pinpointing and eliminating variations in practice patterns, which drive increased costs and poor clinical outcomes
• Assign facility-specific tier designations and incentivize facilities to achieve and maintain Platinum status
Helping guide every facility to the platinum tier

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<tr>
<th>Tier</th>
<th>Criteria</th>
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<tbody>
<tr>
<td>PLATINUM</td>
<td>passed effectiveness and efficiency</td>
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<tr>
<td>GOLD</td>
<td>passed quality only</td>
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<tr>
<td>SILVER</td>
<td>passed cost and peer review</td>
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<tr>
<td>BRONZE</td>
<td>passed cost but not peer review</td>
</tr>
<tr>
<td>CRITERIA NOT MET</td>
<td>not meeting quality or cost metrics</td>
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Measurements for success - Achieving platinum status

ACE encourages excellence across network facilities by promoting those facilities that provide the highest quality of care as measured by seven key performance indicators:

1. Peer Review
2. 3. Follow-up After Hospitalization
4. 5. Readmission Rates
6. Residual Length of Stay
7. Behavioral Health Spend per Inpatient Episode
## Platinum benefits – Great effort has its rewards

| Streamlined Clinical Reviews | • Efficient, streamlined review process requiring far fewer phone calls  
|                           | • Always-available, online secured website for initial and discharge reviews  
<table>
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<tr>
<th></th>
<th>• Optum intervention on an “as needed” basis</th>
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<tr>
<td>Ease of Claims Access</td>
<td>• Designated contact for claims assistance and resolution</td>
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| Increased Transparency and Improved Access | • Assigned Regional Medical Director for immediate resolution of issues  
|                           | • Assigned team of Optum staff including Facility Practice Specialist and Facility Performance Manager  
|                           | • Monthly review of effectiveness and efficiency data in order to share data trends |
| Marketing on Provider Behalf | • Optum will work in collaboration with your current marketing efforts to promote your Platinum achievement  
|                           | • Recognition on Provider Express  
|                           | • Certificate of achievement to display in the facility  
|                           | • Specially targeted messaging to area clinicians promoting a facility’s Platinum status |
In selected provider arrangements based on provider readiness, we are supporting financial risk, accountability, and utilization management practices.
## Performance-based contracting – At a glance

**Incentivizing provider performance leads to better outcomes for members**

### Facility Participation Requirements
- Adheres to our utilization management process, Level of Care Guidelines and Coverage Determination Guidelines, including attending MD visits, pre-authorization requirements, and discharge planning
- Qualifies as an OptumHealth High-Volume provider
- Participates in periodic meetings with OptumHealth clinical operations staff to review data
- Submits claims electronically

### Metrics
- Reduction in Case Mix Adjusted Average Length of Stay
- Reduction in Risk-Adjusted 30 day Readmission rate to any inpatient LOC
- Improved results on ambulatory follow-up rates (7 days post inpatient discharge)

### Performance Incentives
- Facility will earn escalator based sharing of savings if performance is within targeted range
- Facility will earn additional escalator through greater sharing of savings if performance exceeds range (up to a cap)
- Can earn an enhanced payment for exceeding effectiveness metrics
Nearly 10% of our total spending on inpatient network-based health care services across all Optum’s behavioral lines of business is tied to performance-based incentive contracts that reward providers for increased collaboration, outcome-based results, and improved cost-efficiencies.
Leading the way

Outpatient ACE and Pay for Value

- Preferred clinicians “star-rated” for quality can earn a second star rating for meeting cost-efficiency standards
- Launching March 1st for providers serving commercial members and achieving 2-star rating

Member Transparency

- Reward providers for increased outcome-based results and improved efficiencies
- Preferred clinicians “star-rated” for quality can earn a second star rating for meeting cost-efficiency standards
- Seeking formal accreditation for our provider performance programs through NCQA Physician Quality Accreditation program
Advancing our value-driven approach

Well-established

Affordable, High-Quality, Networks

- Rigorous Credentialing
- Negotiated Discounts
- Robust Coverage

Employee access to quality care

Leading the Way

Performance-Centered Value

- Performance Metrics, P4P
- Transparency
- Tiered Network

Employee access to best care

Coming Soon

Motivating Employee Behaviors

- Configured Networks
- Employee Empowerment
- Incentivization

Employees routinely using best care
Network innovation strategy to increase value

- We are developing and implementing a suite of value-based incentive programs that reward care providers for improvements in quality and efficiency.
- We are supporting delivery systems as they become more integrated and accountable for cost, quality and experience outcomes.
- Alignment across our Network, Product and Clinical innovations allows us to increase value for customers and consumers.