



Changing Landscape in Provider Reimbursement Models

March 3, 2014

Optum's context within UnitedHealth Group Health Benefits and Services

UNH

Publicly Traded Registrant
(NYSE)

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

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



PLATINUM

passed effectiveness and efficiency



GOLD

passed quality only

SILVER

passed cost and peer review

BRONZE

passed cost but not peer review

CRITERIA NOT MET

not meeting quality or cost metrics



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



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
- Optum intervention on an “as needed” basis

Ease of Claims Access

- Designated contact for claims assistance and resolution

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

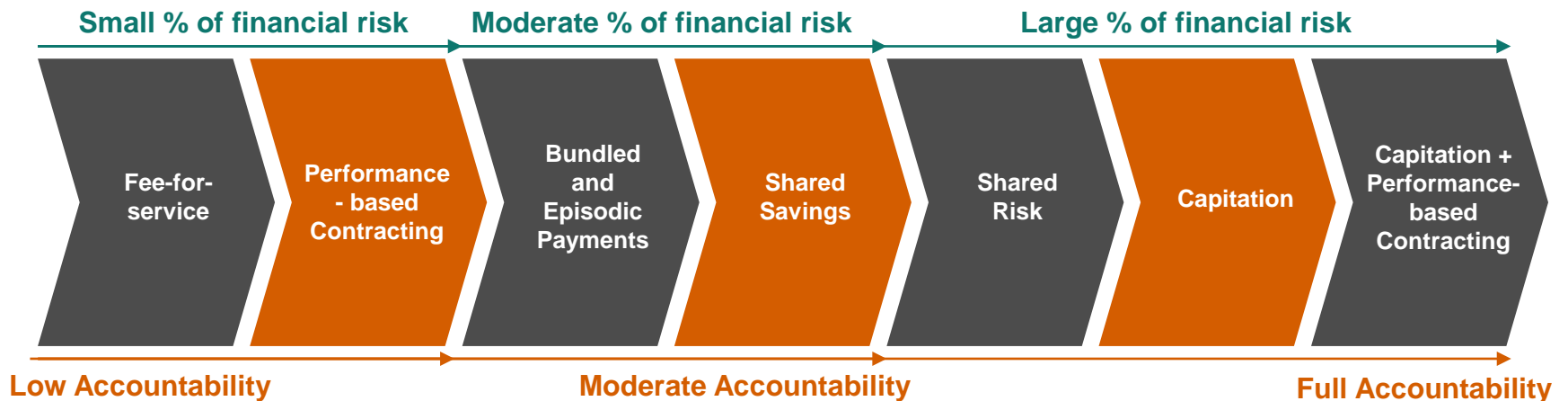
Marketing on Provider Behalf

- 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

Compensation continuum

In selected provider arrangements based on provider readiness, we are supporting financial risk, accountability, and utilization management practices.

Compensation Continuum



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

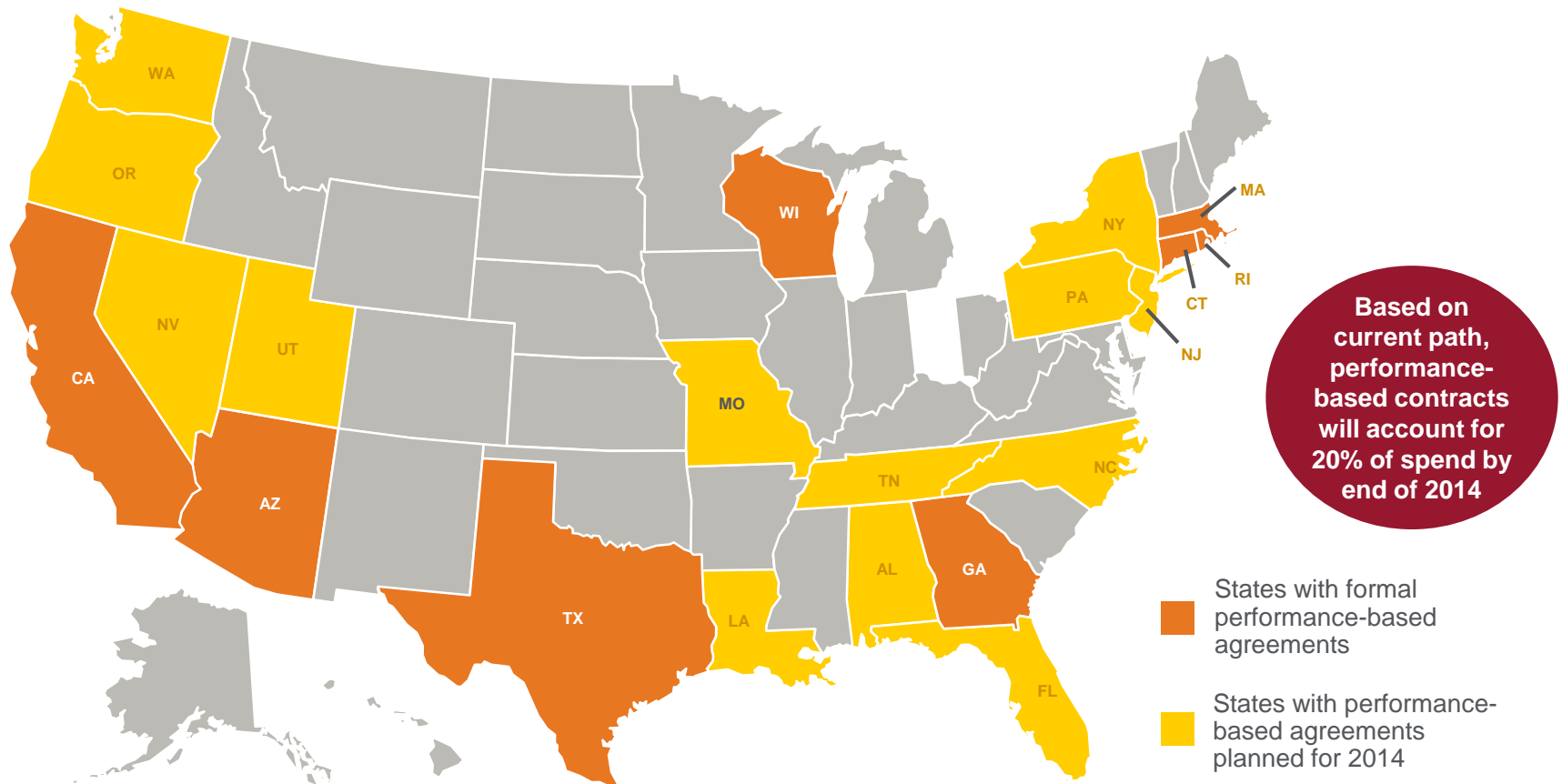
- Reduction in Case Mix Adjusted Average Length of Stay
- Reduction in Risk-Adjusted 30 day Readmission rate to any inpatient LOC
- Improved results on ambulatory follow-up rates (7 days post inpatient discharge)

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

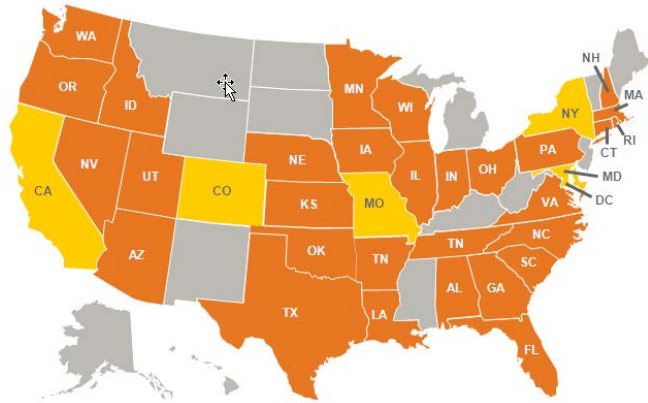
Performance-based contracting footprint

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



■ Included ■ Excluded ■ Not Targeted

- Reward providers for increased outcome-based results and improved efficiencies
- Launching March 1st for providers serving commercial members and achieving 2-star rating

Member Transparency

Clinician	Dist.	Clinician Type	Address
Bilanow Wilcock, Elen ★★	3.3	Masters Level Clinician	750 2nd St NE Ste 2
Eaton, Janet ★	8.8	Masters Level Clinician	7400 Metro Blvd Ste
Stoltenberg, Suzanne ★	8.8	Masters Level Clinician	6645 McCauley Trl
Verbeck, Linda	3.2	Masters Level Clinician	2550 University Ave
Cavanagh, Mary Colleen	3.7	Masters Level Clinician	4004 24th Ave S
OBrien, Barbara	4.0	Masters Level Clinician	4432 Chicago Ave
Jankord, John	4.0	Masters Level Clinician	1660 Hwy 100 S Ste
Draayer Thibodeau, Dawn	4.5	Masters Level Clinician	4500 Park Glen Rd
Nisja, Gene	5.2	Masters Level Clinician	5009 Excelsior Blvd
Graff, Michael	5.6	Masters Level Clinician	2233 Hamline Ave N

- 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



Rigorous Credentialing

Negotiated Discounts

Robust Coverage



**Employee access
to quality care**

Leading the Way



Performance Metrics, P4P

Transparency

Tiered Network



**Employee access
to best care**

Coming Soon



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

