



# A Total Cost of Care approach to drive more health care value



With the right blend of customized, data-driven strategies, employers can more effectively manage long-term trend.

Health care spending in the United States is expected to reach \$6 trillion by 2028—20% of gross domestic product.<sup>1</sup> So it's no surprise that almost two-thirds of employers report struggling with managing health care costs for their organization and employees.<sup>2</sup>

And while the federal government has established price transparency requirements for health care services, it's not known if consumer access to that pricing data—including services and prescription drugs—will ultimately lower consumer costs. However, the new rules could show where health care costs are particularly high for certain services, helping to inform policy.<sup>3</sup>

What does this mean for an employer's benefits strategy? The increased cost transparency may shift the focus away from network discounts and per-unit costs toward a more meaningful, long-term plan for managing total cost of care. This includes removing wasteful spending due to a lack of care coordination, overtreatment, and pricing fraud and abuse.

"The plan with the better discount might actually be the plan that winds up costing more—not less," says Jessica Paik, Senior Vice President, Client Management for UnitedHealthcare National Accounts.

UnitedHealthcare works with hospitals and physicians to help deliver a simpler end-to-end member experience and better outcomes at lower costs by focusing on 4 areas:



Clinical and care management



Network and product design



Employee engagement



Payment integrity

**“Based on the objectives of the employer and the characteristics of its employee population, a blend of strategies may better position the employer for success.”**

**Jessica Paik**  
Senior Vice President,  
Client Management  
for UnitedHealthcare  
National Accounts

# Clinical strategy and care management to empower more informed decisions

Research showed that employees made less-than-optimal health care choices 38% of the time, which directly impact their health—and increased the cost of health care for everyone.<sup>4</sup> And with more than half of all adults having 1 or more chronic conditions,<sup>5</sup> clinical management strategies play a key role in containing costs.

“Our goal is to surround our members and their families with the resources that will help them get the care they need, when they need it,” says Dr. Joel Feigin, Senior Vice President and Chief Medical Director at UnitedHealthcare. “It’s all about providing that member with end-to-end support across the entire health care continuum.”

One population health strategy involves using advanced analytics to identify employees with chronic and high-cost conditions for outreach. A nurse asks if the employee would like to participate in proactive engagement through digital tools including secure text messaging, online live chats, or nurse outreach based on digital device readings.

While not managing a chronic condition or getting preventive care can raise costs in the long term, employees receiving inappropriate or unnecessary care may also result in poor health outcomes and higher costs. For inpatient care, Medical Necessity is a process to help ensure employees receive procedures and bed days that are clinically appropriate, clinically effective and cost effective.

These efforts to drive down costs along with integrating medical, pharmacy, behavioral and specialty benefits help advocates identify gaps in care since they can see a more complete look of an employee’s health. During a call with an employee, they can help employees enroll in clinical programs to manage their conditions, which may keep costs lower. In fact, 57% of clinical programs offered in Advocate4Me® are accepted by members.<sup>8</sup>

↑ \$5

PMPM medical claims savings with integrated medical and specialty benefits<sup>6</sup>

↑ \$6.88

savings PMPM and overall medical savings of 2% with Medical Necessity<sup>7</sup>

## Integrating benefits may help lower cost trend

As part of an overall strategy to lower costs, employers have the ability to integrate UnitedHealthcare medical with behavioral, pharmacy and specialty benefits such as dental and vision for a comprehensive view of an employee’s health status. When data analytics are applied across all the benefits, employers may have a more complete view of cost drivers within an employee population and close gaps in care.

Many factors come into play in a health plan designed to lower an employer’s overall costs. And while network discounts may appear to make one plan more affordable than another on

the surface, discounts are typically based on trend data from previous plan years. Given how much can change year-to-year—consider how COVID-19 transformed the health care industry in 2020—using past data to project future cost trend may be misleading and not accurately reflect a complete cost picture.

“You may be guaranteed a 1% discount advantage in your first year, but that can erode quickly if you’re not considering future trend management,” says Craig Kurtzweil, Vice President, Center for Advanced Analytics at UnitedHealth Group.

For example, the discount may erode when there are claims for unnecessary services or procedures, or outpatient procedures could have taken place at a lower cost in an ambulatory surgery center instead of a hospital.

When employers commit to a total cost of care approach—which may include an integrated benefits strategy, leveraging high-performing network solutions and investing in advanced advocacy programs—they have more opportunities to lower long-term cost trend and may qualify for cost guarantees depending on a key set of factors.

## Innovative network and product design for better care, greater value

Primary care providers have the ability to impact \$0.63 of every health care dollar.<sup>9</sup> Understanding their role, UnitedHealthcare network strategies focus on providers and systems that deliver proven quality and efficiency.

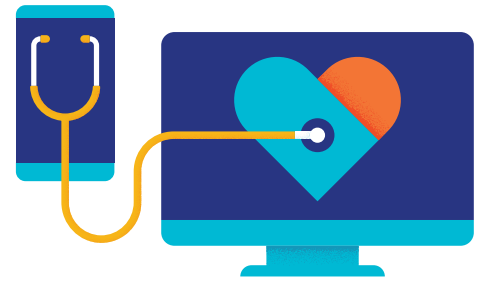
The approach also aligns with employers seeking innovation in network and benefit design as a key strategy to control costs.<sup>10</sup> This includes the promotion of value-based care and the use of high-performance networks, such as Accountable Care Organizations (ACOs) and Centers of Excellence (COEs), to deliver quality, cost-effective services. UnitedHealthcare has moved beyond traditional network strategies to focus on collaborating with providers in new and different ways.<sup>11</sup>

For example, Point of Care Assist<sup>®</sup> is designed to integrate a patient's UnitedHealthcare health records with a provider's Electronic Medical Records (EMRs). It gives the provider real-time insights on care needs and the employee's specific benefits including prescription costs, which may help reduce costs for the employee.

When providers make referrals, they can find designated physicians who are part of the UnitedHealth Premium<sup>®</sup> program. These physicians have demonstrated their ability to deliver quality, cost-efficient care at a 9% lower total cost of care.<sup>14</sup> High utilizers of Premium Care Physicians also have lower net paid costs, fewer ER visits and shorter inpatient stays.<sup>15</sup>

Other network innovations include UnitedHealthcare's COEs, which deliver procedures with quality care, fewer complications, shorter recovery times and lower costs. For example, in a population with 90% of cases at COEs for transplant procedures, cases saw an average of 24% lower hospital length of stay and 55% average contractual savings.<sup>16</sup>

UnitedHealthcare also offers a type 2 diabetes COE—a new virtual ACO called Level2<sup>®</sup> to help enrolled members with type 2 diabetes achieve remission. The care system, which serves as a virtual clinic, is the first of long-term condition management offerings. It also assumes the medical and financial risks and invests in the long-term health for eligible members. They receive integrated tools such as a continuous glucose monitor (CGM) and one-on-one clinical coaching at no member cost. Member cost-sharing on type 2 diabetes medications is also waived and bariatric surgery is covered if necessary.



# \$1.4M+

in medical cost savings  
in Q4 2020 due to  
gap closure through  
Point of Care Assist<sup>12</sup>

# \$415

average client  
prescription savings  
per switch to lower-cost  
alternative through  
Point of Care Assist<sup>13</sup>

# 2 to 8%

guaranteed savings  
from first to third year of  
Level2 implementation<sup>17</sup>

## Building opportunities for employee engagement

Empowering employees with tools to maintain or move toward a healthier lifestyle may impact total cost of care. Research shows higher levels of engagement are linked to improved health outcomes, lower costs and higher productivity.<sup>18</sup>

Where the need is the highest, UnitedHealthcare analyzes the performance of health choices using its Health Activation Index™ (HAI™) tool. Across a population, the HAI tool reviews 53 high value health decisions (financial, clinical, resources) and summarizes them into a unique HAI score, where each +1% change equals 0.56% savings.<sup>19</sup>

Segmentation by life-stage, demographic and socioeconomic factors allows an employer to effectively identify under-engaged groups. High-performing employers have saved up to 20% in costs by taking full advantage of this data-driven approach.<sup>20</sup>

Wellness and weight loss programs tied to rewards and incentives for healthier choices are another way to help drive engagement to prevent or manage chronic conditions and ultimately, lower costs. Combined with digital tools and devices, they can help support a wellness culture in the workplace.

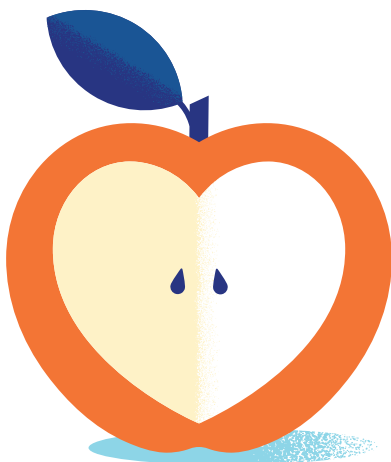
For example, more than 75% of consumers believed that wearable devices to track health or activity data helps them to change their behavior.<sup>21</sup> Wearables can be used for everything from logging miles walked to monitoring blood sugar to tracking sleep patterns.

A sharpened focus on wellness accelerated by the COVID-19 pandemic presents insurers like UnitedHealthcare the opportunity to evolve its programs—further motivating eligible members to maintain or begin healthier habits. UnitedHealthcare Motion® promotes physical activity using an activity tracker and provides financial incentives for meeting goals. Offering more ways to hit goals, the list of physical activities has expanded from walking to riding an indoor or outdoor bike, using an elliptical, running or swimming.<sup>23</sup>



12%

medical cost reduction  
in 3 years for participants  
in Real Appeal®,  
a weight loss program<sup>22</sup>



**“When you break down the HAI score, you’re able to see the outliers such as job type, location, gender or ethnicity. An employer can then be more specific and focused on where they intervene based on health risk and population. It becomes more attainable to engage and help a population.”**

**Craig Kurtzweil**

Vice President, Center for Advanced Analytics at UnitedHealth Group

# Ensuring claims are paid accurately through payment integrity

A recent study found that 25% of total health care spending was identified as wasteful and concluded that implementation of effective measures to eliminate waste represents an opportunity to reduce the continued increases in health care costs.<sup>24</sup>

Payment inaccuracies are a major concern for the health care system. UnitedHealthcare is working to drive greater savings through solutions for payment integrity, defined as the process of ensuring a health claim is paid: by the responsible party for eligible members, according to contractual terms and policy, not in duplicate or error, and free of fraud and abuse.

## The UnitedHealthcare end-to-end approach to payment integrity includes:

- Tools of pre-adjudication and pre-payment analytics, which help ensure accuracy and work to eliminate incorrect payments, unwarranted payments and non-payments
- Review of both network and out-of-network claims

“Optum has the ability to understand and interpret the claims situation before the claim is paid and bring advanced analytic solutions to bear on any problem,” says Pat Ross, Senior Vice President of Payment Integrity for Optum, which administers UnitedHealthcare’s payment integrity solutions. “We are really transforming the way we attack any type of payment integrity concern.”



**\$9.17**

PMPM savings  
before a claim is paid<sup>25</sup>



**\$34.86**

average total PMPM savings  
for all payment integrity solutions<sup>25</sup>

# A cost-management strategy designed to evolve

The health care industry continues to evolve and adapt to better meet the needs of consumers at lower costs. The urgency continues to address COVID-19’s resulting economic downturn, which has worsened the most common social determinants of health, including housing, food security and transportation.

Recognizing access to health care represents only one piece of the puzzle, UnitedHealthcare has increasingly offered innovative solutions to address social determinants of health to serve members in all lines of business more holistically. Health care organizations moving forward will partner with community groups, charities, businesses and governments to address social factors and prioritize mental health and wellness services.<sup>26</sup>

To change the current spending trajectory, delivering better health outcomes and removing wasteful health care spending is key. This strategy may grow for employers to include addressing behavioral health needs, health equity and social determinants of health of their employees.



**“COVID-19 has put advocacy at center stage and how we address the needs of all of our members. It’s paramount for employers today to have resources in place to help their employees navigate the health care system.”**

**Craig Kurtzweil**

Vice President, Center for Advanced Analytics  
at UnitedHealth Group

# Learn more

Contact your broker, consultant  
or UnitedHealthcare representative

# United Healthcare

What care can do™

<sup>1</sup> UnitedHealth Group Sustainability report, 2019.

<sup>2</sup> UnitedHealthcare survey of employers, 2021.

<sup>3</sup> Kurani, Nisha; Rae, Matthew; Pollitz, Karen; Amin, Krutika; Cox, Cynthia. Price Transparency and Variation in U.S. Health Services. Peterson-KFF Health System Tracker. Jan. 13, 2021.

<sup>4</sup> UnitedHealthcare National Accounts Book of Business, 2019.

<sup>5</sup> About Chronic Diseases, Centers for Disease Control and Prevention, Accessed April 17, 2021.

<sup>6</sup> UnitedHealthcare 2019 BoB performance for clients with integrated UnitedHealthcare Specialty and UnitedHealthcare Medical; based on elected Specialty Products.

<sup>7</sup> ASO National and Key Account clients with Medical Necessity demonstrated 2019 savings. Achieved in 2019 by applying evidence-based medicine to inpatient and outpatient procedures. \$6.88 composition: \$4.58 actuals, \$0.30 additional prior authorization programs added at no additional cost Jan. 1 2020, \$1.10 step therapy/preferred program, plus \$0.90 genetic testing projected savings. These figures are based on historical experience and are not intended to be predictive of individual customer results or a guarantee of future performance. Actual results and individual customer experience will vary based on multiple factors, including, but not limited to, plan design, population demographics, utilization, claims experience, network market conditions and other factors.

<sup>8</sup> UnitedHealthcare study of large employer clients 2018. UnitedHealthcare Advocate4Me performance reporting, full-year 2019.

<sup>9</sup> National Health Expenditures, 2018 Highlights. Centers for Medicare & Medicaid Services.

<sup>10</sup> 2020 Large Employers' Health Care Strategy and Plan Design Survey, Business Group on Health.

<sup>11</sup> UnitedHealthcare Value-based Care Report, Feb. 2018.

<sup>12</sup> UnitedHealthcare internal analytics, Feb. 2021.

<sup>13</sup> Third-party analysis of OptumRx claims data, Sept. 2018–Aug. 2019 based on 4.6 million members, >180,000 providers and 28.2 million transactions using PreCheck MyScript.

<sup>14</sup> Savings estimates as of Sept. 25, 2020 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Figures are based on book-of business results and represent the national average expected cost differential between Premium Care Physicians and non-Premium Care Physicians for entire episodes of care. Actual savings achieved will vary by customer depending on geographic availability and customer-specific service mix. All figures and estimated savings represent historical performance and are not a guarantee of future savings. The Designated Virtual Visit Provider's reduced rate for a virtual visit is subject to change at any time.

<sup>15</sup> Savings estimates as of Sept. 25, 2020 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Figures are based on book-of business results and represent the national average expected cost differential between Premium Care Physicians and non-Premium Care Physicians for entire episodes of care. Actual savings achieved will vary by customer depending on geographic availability and customer-specific service mix. All figures and estimated savings represent historical performance and are not a guarantee of future savings.

<sup>16</sup> 2018 internal claims data. Accessed Dec. 2019. 2 Analysis of Bentley TS, Phillips S. 2017 U.S. organ and tissue transplant cost estimates and discussion. Milliman, Inc. Aug. 3, 2017. Note: Length of Stay (LOS) includes days within the inpatient confinement period of a transplant episode. Optum book of business LOS adjusted for transplant mix to match that of Milliman.

<sup>17</sup> UnitedHealthcare analysis of more than 790 Level2 participants enrolled in employer-sponsored and Medicare Advantage plans, 2020.

<sup>18</sup> UnitedHealthcare large employer analysis of highly activated individuals (HAI >75%) 2018 allowed costs vs. median (adjusted for risk, geography, age/gender, catastrophic claimants). 4.9M members.

<sup>19</sup> 2019 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Rates are based on historical information and not a guarantee of future outcomes.

<sup>20</sup> UnitedHealthcare large employer analysis of highly activated individuals, 4.9M members, (HAI >75%), 2018 allowed costs vs median (adjusted for risk, geography, age/gender, cat claimants).

<sup>21</sup> Deloitte, "Are consumers already living the future of healthcare?" Aug. 13, 2020.

<sup>22</sup> The ACTION Study; Obesity, 2021.

<sup>23</sup> Jan. 2021 UnitedHealthcare Motion updates bring new goals and features. UnitedHealthcare press release. Sept. 21, 2020.

<sup>24</sup> Shrank WH, Rogstad TL, Parekh N. Waste in the US Health Care System: Estimated Costs and Potential for Savings. JAMA. 2019;322(15):1501–1509. doi:10.1001/jama.2019.13978.

<sup>25</sup> Savings based on 2019 UnitedHealthcare ASO data analysis.

<sup>26</sup> Acceleration the health economy of tomorrow: Transforming health systems and embracing innovation amid a pandemic. PwC, 2020.

Advocate4Me services should not be used for emergency or urgent care needs. In an emergency, call 911 or go to the nearest emergency room. The information provided through Advocate services is for informational purposes only and provided as part of your health plan. Wellness nurses, coaches and other representatives cannot diagnose problems or recommend treatment and are not a substitute for your doctor's care. Your health information is kept confidential in accordance with the law. Advocate services are not an insurance program and may be discontinued at any time.

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