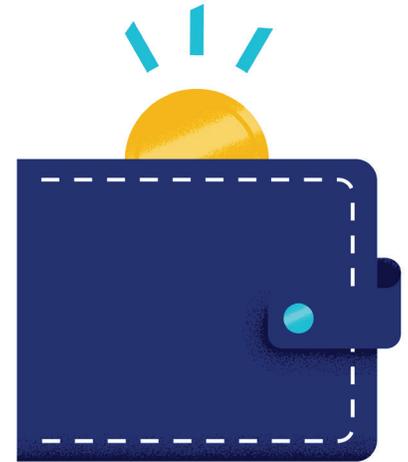




A Total Cost of Care approach to drive more health care value

The right blend of network design, engagement and clinical strategies may help employers achieve greater long-term savings.



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

And while the implementation of price transparency requirements for health care services by the federal government has begun, there has been a low level of awareness among consumers.³ However, the rules over time could show where health care costs are particularly high for certain services—potentially lowering costs for consumers.⁴

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.

“You may be guaranteed a 1% discount advantage in your first year, but that can erode quickly if you’re not considering future site of care utilization,” says Craig Kurtzweil, Vice President, UnitedHealthcare Center for Advanced Analytics®.

Network discounts are typically based on average utilization patterns in a market that don’t take into account negotiated rates with specific facilities and providers. For example, the discount may erode when outpatient procedures could have taken place at a lower cost in an ambulatory surgery center instead of a hospital, or there are claims for unnecessary services or procedures.

UnitedHealthcare works to improve the member experience with hospitals and physicians, and remove wasteful spending from the lack of care coordination, overtreatment, and pricing fraud and abuse by focusing on 4 areas:



Clinical and care management



Network and product design



Employee engagement



Payment integrity

“Our goal is to surround employees and their families with the resources that will help them get the care they need, when they need it.”

Dr. Joel Feigin
Senior Vice President,
Chief Medical Director
UnitedHealthcare

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 impacted their health—and increased the cost of health care for everyone.⁵ And with more than half of all adults having 1 or more chronic conditions,⁶ clinical management strategies play a key role in containing costs.

“It’s all about providing that member with end-to-end support across the entire health care continuum,” says Dr. Joel Feigin, Senior Vice President and Chief Medical Director at UnitedHealthcare.

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.

When employees call in or online chat for help, a dashboard may alert the advocate to alert the employees of available clinical programs. In fact, 39% of clinical program enrollees came from advocate referrals.⁷

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. Through Medical Necessity, employers have seen an average of \$6.88 savings PMPM and overall medical savings of 2%.⁸

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, and potentially qualify for cost guarantees depending on a key set of factors.

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.

For instance, integrated medical and behavioral benefits can address the full spectrum of health and well-being for whole person care. People with a mental health condition also experience higher morbidity and mortality rates compared

to those without—mostly from untreated and preventable chronic physical conditions such as cardiovascular disease, hypertension and diabetes.⁹ When employers integrate behavioral, medical and pharmacy benefits, there is one point of contact for an employee with a mental and chronic health condition who may need medication.

“Integrated benefits creates a more seamless and coordinated experience with a single carrier.”

Dr. Rhonda Randall
Executive Vice President and Chief Medical Officer
for UnitedHealthcare Employer & Individual

Specialty + Medical

\$4-\$7

PMPM in medical claims savings¹⁰

Pharmacy + Medical

\$28

PMPM in medical cost savings¹¹

Behavioral + Medical

16%

lower outpatient costs per behavioral health episode¹²

Innovative network and product design for better care, greater value

Primary care providers have the ability to impact \$0.59 of every health care dollar.¹³ 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.¹⁰ 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.¹⁴

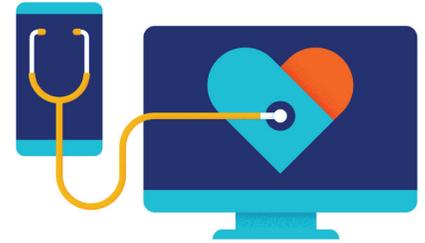
For example, Point of Care Assist[®] is designed to integrate a patient's UnitedHealthcare health records with a provider's Electronic Medical Records (EMRs). It gives the provider real-time insights on care needs and the employee's specific benefits including prescription costs, which may help reduce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

When providers make referrals, they can find designated physicians who are part of the UnitedHealth Premium[®] program. These physicians have demonstrated their ability to deliver quality, cost-efficient care at a 10% lower total cost of care.¹⁵ High utilizers of Premium Care Physicians also have lower net paid costs, fewer ER visits and shorter inpatient stays.¹⁶

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.¹⁷

In addition, virtual care dramatically increased during the pandemic with almost 90% of Americans reporting they wanted to keep using these services long-term.¹⁸ Employees can access just about any kind of nonemergency care virtually, which may help them stay healthier while reducing the number of more expensive urgent care and ER visits.

Delivering a continuum of virtual care options to employees—wherever, whenever—may help them stay healthier, while potentially reducing the number of costlier—and unnecessary—urgent care and ER visits.



\$1.4M+

in medical costs savings
in a fiscal quarter due to
gap closure through
Point of Care Assist¹⁹

Up to

15%

savings for employers
using networks with
ACO configurations²⁰

Building opportunities for employee engagement

Empowering employees with tools to maintain or move toward a healthier lifestyle may impact total cost of care. Research showed higher levels of engagement are linked to improved health outcomes, lower costs and higher productivity.²¹

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.²²

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.²³

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.²⁴ Wearables can be used for everything from logging miles walked to monitoring blood sugar to tracking sleep patterns.

Offering eligible members access to wellness program presents insurers like UnitedHealthcare the opportunity to form a relationship as a resource in managing overall health. For instance, 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.²⁵



12%

medical cost reduction in 3 years for participants in Real Appeal®, a weight loss program²⁶



“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. Our customized analytics leads to targeted solutions for employers.”

Craig Kurtzweil

Vice President, Center for Advanced Analytics at UnitedHealth Group

Ensuring claims are paid accurately through payment integrity

A 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.²⁷

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

“Our focus is on understanding and interpreting the claims situation before it goes through our claims system, and addressing any potential concerns throughout the process,” says Harold White, Vice President of Payment Integrity at UnitedHealthcare. “Our advanced analytic solutions create a more efficient experience for providers and members while helping to provide savings for employers.”

A cost-management strategy designed to evolve

The pandemic has worsened the most common social determinants of health, including housing, food security and transportation, which has affected employees and their families across a variety of industries.

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.²⁹

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.



\$31.24

PMPM gross savings from all payment integrity programs²⁸



UnitedHealthcare payment integrity savings methodology independently validated in 2022

“Advocacy remains center stage in 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 make better health choices.”

Craig Kurtzweil

Vice President, Center for Advanced Analytics at UnitedHealth Group

Learn more

Contact your broker, consultant or UnitedHealthcare representative

¹ UnitedHealth Group Sustainability report, 2019.

² UnitedHealthcare survey of employers, 2021.

³ Kurani, Nisha; Kearney, Audrey; Kirzinger, Ashley; Cox, Cynthia. Few adults are aware of hospital price transparency requirements. Peterson-KFF Health System Tracker, June 28, 2021.

⁴ Rains-McNally, Kathryn; John M. Pickering. Full disclosure: Price transparency for health plans. Milliman, Sept. 14, 2021.

⁵ UnitedHealthcare National Accounts Book of Business, 2019.

⁶ About Chronic Diseases, Centers for Disease Control and Prevention, Accessed April 17, 2021.

⁷ UnitedHealthcare study of large employer clients 2018. UnitedHealthcare Advocate4Me performance reporting, full-year 2019.

⁸ 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.

⁹ 2020 Large Employers' Health Care Strategy and Plan Design Survey, Business Group on Health.

¹⁰ UnitedHealthcare 2019 BoB performance for clients with integrated UnitedHealthcare Specialty and UnitedHealthcare Medical; based on elected Specialty Products.

¹¹ Internal study based on 2020 analysis of 91-100 National Accounts data. This is not a guarantee. Actual guaranteed savings will vary based on benefit, program size and population size.

¹² Optum provider analysis; Source: C. Mao July 24, 2018.

¹³ National Health Expenditures, 2020 Highlights. Centers for Medicare & Medicaid Services.

¹⁴ UnitedHealthcare Value-based Care Report, Feb. 2018.

¹⁵ Savings estimates as of Nov. 2021 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Figures are based on book-of business results and represent the national average expected cost.

¹⁶ 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.

¹⁷ 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.

¹⁸ Patients want to continue to use virtual care even after pandemic ends, Accenture survey finds. Accenture press release, July 9, 2020.

¹⁹ UnitedHealthcare internal analytics, Feb. 2021.

²⁰ Customer-level potential savings will be a function of plan design, geographic mix, service mix, the proportion of total spend currently associated with non-Tier 1 providers and the extent to which that current spend is redirected to Tier 1 providers. Savings estimates relate to UnitedHealthcare's book-of-business results. All figures and estimated savings represent historical performance and are not a guarantee of future savings. Meaningful benefit design differentials needed to achieve the upper bound of savings. Projected savings of Nexus ACO tiered and primary care-centered. Data accessed May 12, 2017.

²¹ 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.

²² 2019 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Rates are based on historical information and not a guarantee of future outcomes.

²³ 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).

²⁴ Deloitte, "Are consumers already living the future of healthcare?" Aug. 13, 2020.

²⁵ Jan. 2021 UnitedHealthcare Motion updates bring new goals and features. UnitedHealthcare press release. Sept. 21, 2020.

²⁶ The ACTION Study; Obesity, 2021.

²⁷ 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.

²⁸ Savings based on 2021 UnitedHealthcare ASO data analysis.

²⁹ 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.

The Centers of Excellence (COE) program providers and medical centers are independent contractors who render care and treatment to health plan members. The COE program does not provide direct health care services or practice medicine, and the COE providers and medical centers are solely responsible for medical judgments and related treatments. The COE program is not liable for any act or omission, including negligence, committed by any independent contracted health care professional or medical center.

The UnitedHealth Premium® designation program is a resource for informational purposes only. Designations are displayed in UnitedHealthcare online physician directories at myuhc.com®. You should always visit myuhc.com for the most current information. **Premium designations are a guide to choosing a physician and may be used as one of many factors you consider when choosing a physician. If you already have a physician, you may also wish to confer with him or her for advice on selecting other physicians. You should also discuss designations with a physician before choosing him or her. Physician evaluations have a risk of error and should not be the sole basis for selecting a physician.** Please visit myuhc.com for detailed program information and methodologies.

UnitedHealthcare Motion is a voluntary program. The information provided is for general informational purposes only and is not intended to be nor should be construed as medical advice. You should consult an appropriate health care professional before beginning any exercise program and/or to determine what may be right for you. Receiving an activity tracker and/or certain credits and/or purchasing an activity tracker with earnings may have tax implications. You should consult an appropriate tax professional to determine if you have any tax obligations under this program, as applicable. If any fraudulent activity is detected (e.g., misrepresented physical activity), you may be suspended and/or terminated from the program. If you are unable to meet a standard related to health factor to receive a reward under this program, you might qualify for an opportunity to receive the reward by different means. You may call us toll-free at 1-855-256-8669 or at the number on your health plan ID card, and we will work with you (and, if necessary, your doctor) to find another way for you to earn the same reward. Rewards may be limited due to incentive limits under applicable law. Subject to HSA eligibility, as applicable.

Real Appeal is a voluntary weight loss program that is offered to eligible members at no additional cost as part of their benefit plan. The information provided under this program is for general informational purposes only and is not intended to be nor should be construed as medical and/or nutritional advice. Participants should consult an appropriate health care professional to determine what may be right for them. Results, if any, may vary. Any items/tools that are provided may be taxable and participants should consult an appropriate tax professional to determine any tax obligations they may have from receiving items/tools under the program.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.

United Healthcare