OPTUM®

Executive Health Resources

Accountable Utilization Review (AUR)

Payer/Provider Collaboration and Value-Based Care

Health system CEOs agree that value-based care (VBC) is the most important trend facing their industry over the next ten years and are analyzing how soon they should shift their business model and with whom they should partner.[1] In a recent survey by the American Hospital Association, 89% of hospitals expect to engage in upside or simple shared savings risk arrangements with health plans.[2]

To prepare for VBC, health plans must establish hospital trust and create true partnerships with their hospital systems. This is a tall task: a recent hospital survey of health systems indicates that hospital trust of health plans remains generally low.[3] Yet, health plans that build this foundation will be better positioned to thrive under VBC than their competitors.

The Need to Manage Costs

Utilization review is expensive and resource-intensive, both in terms of medical director expenses and administrative costs for managing claims and appeals. The Affordable Care Act established medical loss ratio standards for exchange-based plans that match existing state Medicaid requirements and CMS proposals for national standards. Reducing these administrative costs is now both a good business practice and a legal requirement.

Hospitals and health plans already agree on 97% of medical necessity determinations, yet they waste resources by performing duplicate utilization reviews on the same case.

Benefits of AUR to Health Plans

- Decreased clinical and administrative costs from utilization review.
- Reduced provider friction resulting from medical necessity.
- Improved provider relationships.
- Positive step towards Value-Based Care.
- Increased accuracy of incoming medical necessity determinations.

1 Deloitte Center for Health Solutions, "Lens Into the Future: Health System CEO Interviews," 2015.

2 American Hospital Association, "Accountable care organizations: findings from the survey of care systems and payment," August 2014.

3 Williams, Kim, "Tracking Payer Performance: The 2015 PayerView Report," 2015.

Solving These Challenges with Accountable Utilization Review

AUR offers a solution to address this waste. Through AUR, Executive Health Resources validates medical necessity before the facility submits its claims, freeing health plans from the financial burden of performing a duplicate review. As a result, health plans can successfully shift responsibility for accuracy to the hospital, reduce their own administrative costs, and establish a partnership with their providers that improves provider relations and lays the groundwork for value-based care.

Challenges facing health plans:

- Risk of disintermediation
- Administrative medical loss ratio requirements
- Provider tension from issuing denials
- Duplicative processes wasting resources
- Need for strong provider relationships to prepare for value-based care

Pilot Results: A Saved Contract and Improved Key Measures

Optum partnered with one of the "Big Five" health plans and five of its network hospitals in an AUR pilot program. Prior to the pilot, one of the hospitals intended to terminate its contract with the health plan, viewing AUR as a "last chance" to save the relationship. The AUR pilot improved the relationship between the parties so significantly that the hospital cancelled its planned termination and renewed its contract.

In addition to this success, the health plan also observed a favorable impact to several key measures:

- 4% decline in observation-eligible one-day stay as a percent of observation eligible events
- 1% decrease in ALOS actual-to-expected ratio
- 11% decrease in readmission actual-to-expected ratio
- 5% increase in hospital admission notification
- 32% decrease in OP surgery-eligible cases done IP as a percent of OP surgery-eligible events

Benefits

- **Decreased Administrative and Clinical Costs.** AUR removes health plan costs by eliminating the wasteful and unnecessary duplication of utilization review efforts.
- **Increased Accuracy of Incoming Claims.** Health plans can be confident in the accuracy of hospital medical necessity determinations, reducing denials and the time dedicated to utilization review.
- **Reduced Provider Friction.** AUR replaces a process that generates rejections and frustration with one that produces accepted claims, accurate payments and positive interactions.
- **Improved Provider Relations.** AUR can help repair damaged provider relationships and retain valuable network hospitals, as it successfully achieved during the AUR pilot.
- **A Step towards Value-Based Care.** AUR allows health plans to prepare for VBC by establishing provider trust and creating true partnerships with their hospital systems.

Why Choose Optum?

Optum has the unique combination of experience to help health plans establish strong hospital partnerships and reduce administrative costs.

- **Unmatched Experience.** Optum has reviewed over 15 million patient charts and conducted more than 1.5 million physician-to-physician interactions for more than 2,300 providers and 300 health plans.
- **Expert Physician Advisors.** Our team includes hundreds of licensed physicians representing 60+ medical/surgical sub-specialties, researchers who continually update our evidence-based medical library, and experts in regulatory investigations.
- **Evidence-Based Criteria.** Our industry-leading, evidence-based, risk-stratification methodology is supported by clinical evidence and leading medical research to achieve an unparalleled degree of quality.
- **Intense Training.** Our Physician Advisors complete our extensive IPAC™ training curriculum and undergo a minimum of six months of extended training and guided case reviews.

To learn how AUR can help your health plan:

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