

Everest Group PEAK Matrix™ for Payer Payment Integrity Solutions 2020

Focus on Optum
October 2019



Introduction and scope

Everest Group recently released its report titled “[Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020](#)” This report analyzes the changing dynamics of the Payer Payment Integrity Solutions landscape and assesses solution providers across several key dimensions.

As a part of this report, Everest Group has assessed 11 solution providers on the Everest Group PEAK Matrix™ for Payer Payment Integrity Solutions into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of Payer Payment Integrity solution providers based on their market impact and vision & capability.

Based on the analysis, **Optum emerged as a Leader**. This document focuses on **Optum’s** Payment Integrity solutions experience and capabilities and includes:

- Optum’s position on the Payer Payment Integrity Solutions PEAK Matrix
- Detailed Payer Payment Integrity Solutions profile of Optum

Buyers can use the PEAK Matrix to identify and evaluate different solution providers. It helps them understand the solution providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against solution provider capability for an ideal fit.

Background and methodology

Payment integrity has the potential to reduce the rising healthcare waste and fraud to ensure that claims are paid correctly, free of wasteful and abusive practices. As the health plan environment becomes more complex, coordination of payments to multiple parties and a wide range of government and private health plans remains a challenge.

The traditional approach of pay and chase by payers has increased friction with providers and limited the recovery of dollars. Payment integrity solution providers are now providing solutions that analyze a claim both pre- and post-submission, using advanced analytics and data mining. Patterns identified across billions of lines of claims are used to predict errors in claims, thereby helping firms to reduce waste and focus on value-based care for patients. Vendors now need to become strategic partners to these payers in reducing waste, promoting payment efficiency, and improving relations with providers.



In this report, we analyze the capabilities of 11 solution providers specific to payment integrity solutions. These vendors are mapped on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a vendor's vision & capability and market impact. We focus on:

- Market trends for payment integrity and the associated solutions market
- The landscape of vendors for payment integrity solutions
- Assessment of the vendors on several vision & capability- and market impact-related dimensions

Scope of this report:



Geography
The US



Industry
Healthcare payers



Vendor offering
Payment integrity solutions

Payer Payment Integrity Solutions PEAK Matrix™ characteristics

Leaders:

Change Healthcare, Cotiviti, and Optum

- Leaders have established themselves as front runners in providing payment integrity solutions to the payers
- These players have showcased an integrated end-to-end platform offering for areas across payment integrity, deep expertise in pre-payment as well as post-payment solution, a healthy mix of mid- and large-sized clientele, with accounts in many prominent healthcare payer firms, and domain expertise and the ability to incorporate advanced technology themes within their solutions
- Leaders continue to keep pace with market dynamics through continued investments in technology and capability development (internal IP / tools, M&A, partnerships, etc.)

Major Contenders:

Burgess, ClarisHealth, EXL, FICO, HMS, and IBM

- While a few of the major contenders have complete integrated end-to-end platform offerings, some have built meaningful capabilities to deliver a wide range of solutions across payment integrity
- Others are influential within specific areas, such as coordination of benefits, subrogation, claims adjudication
- Some of these vendors are making high-profile investments around the payment integrity business to bridge the gap with Leaders

Aspirants:

FraudLens and LexisNexis

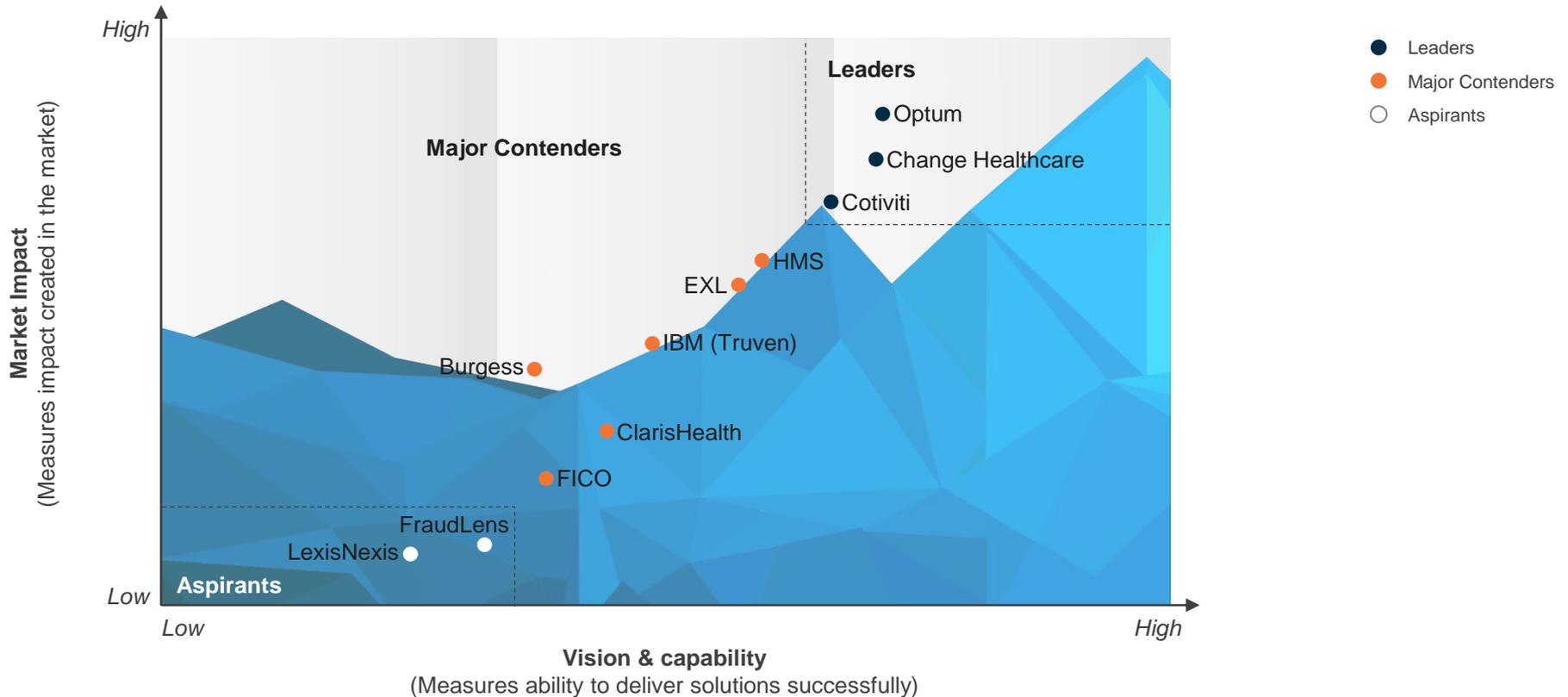
- Aspirants do not have balanced coverage across all areas of payment integrity, with most of them offering a number of distinct point solutions
- These players are limited by their scale and process coverage
- Some of these players are trying to grow in the payment integrity market by addressing relevant demand themes

Everest Group PEAK Matrix™

Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020 |

Optum positioned as a Leader

Everest Group Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020^{1,2}



Note 1 PEAK Matrix specific to payment integrity solutions of healthcare payers

Note 2 Assessments for FraudLens, IBM (Truven), FICO, ClarisHealth, and LexisNexis exclude solution provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, solution provider public disclosures, and Everest Group's interactions with buyers of payment integrity solutions

Overview

Strengths

- A valuable UnitedHealth Group pedigree and strong services base provide it with a distinct edge over its competitors
- Optum's Payment Integrity Advisory practice (Comprehensive Payment Integrity model) reflects its consult-to-operate engagement approach

Revenue by value chain coverage

■ High (>40%)
 ■ Medium (25-40%)
 ■ Low (<25%)

Pre-payment review revenue (pattern detection to identify additional discrepancies before paying the claim, clinical validation, etc.) ■

Post-payment review revenue (FWA pattern detection, identification of payment inaccuracy, correction, and recovery of overpayments) ■

Products revenue mix

■ High (>50%)
 ■ Medium (25-50%)
 ■ Low (<25%)

IP-led revenue ■ Services revenue ■

Case study 1: Pre-pay review services to large BCBS plan on West Coast

Business challenge	The client, was already using some of Optum's post-pay services, and wanted to expand its pre-payment services
Solution and impact	Optum provided complete pre-pay review services to identify incremental savings and overpayments prior to payment. It also assigned a dedicated senior-level business leader to focus on the operational and P&L aspects of the partnership. As a result, the client was able to save over US\$110 million in incremental savings behind their claims editor

Areas of improvement

- It needs to position offerings better to attract to more small- and mid-sized firms, given the high demand prospects in these organizations
- Can look to integrate a value-based care module into its payment integrity solutions

Revenue by buyer size

■ High (>40%)
 ■ Medium (20-40%)
 ■ Low (<20%)

Small (Annual client revenue < US\$1 billion) ■

Medium (Annual client revenue US\$1-US\$10 billion) ■

Large (Annual client revenue > US\$10 billion) ■

Revenue by lines of business

■ High (>50%)
 ■ Medium (25-50%)
 ■ Low (<25%)

Public plans ■ Private plans ■

Case study 2: Partnership with a multi-state Medicaid plan

Business challenge	The client wanted to advance and mature their medical expense savings and wanted a partner to help them run operations, manage vendors, install new solutions, and drive medical expense savings
Solution and impact	Partnered with Optum in a mix of Payment Integrity (PI) advisory services, claims editing, pre-pay review, and post-pay services products. Optum co-sourced the oversight of their PI office in assisting with reporting, dashboarding, ideation and governance process, and vendor management. In the first year of the program itself, the client expected to save more than US\$100 million in incremental savings

¹ Optum profile is reflective of its acquisition of Equian (July 2019)

Optum | Payment integrity products profile (page 2 of 3)

Solutions, investments, and partnerships

NOT EXHAUSTIVE

Key proprietary solutions (representative list)

Solution	Details
Claims edit system	It automatically reviews and identifies errors, omissions, and questionable coding relationships from professional and facility claims
Claims payment solution	It brings electronic data and banking functions together to simplify and streamline the claims payment process for payers and providers
Data mining solutions	It is a comprehensive, integrated solution that blends human intelligence and proprietary technology to identify and eliminate overpayments
DirectConnect	It is a web-based platform that serves as a universal portal to help payers and providers communicate more effectively, automate workflows, and drive the resolution process
EDC analyzer	It allows to determine the appropriate and fair level of facility reimbursement for outpatient Emergency Department (ED) services
Injury coverage coordination and subrogation	It delivers prospective and retrospective solutions that help identify, investigate, and prevent overpayments due to accident-related medical and disability claims expenses
Post-pay waste and abuse services	It provides retrospective identification, audit, and recovery services for suspect claims, including provider case development and medical records review
Pre-pay audit, waste, and abuse	It uses advanced detection engines to identify and flag suspicious claims based on questionable patterns and trends
Prospective payment system	It uses patient-specific data to identify services to be covered, payment rates to use, and formulas to use for reimbursement calculations

Optum | Payment integrity products profile (page 3 of 3)

Solutions, investments, and partnerships

NOT EXHAUSTIVE

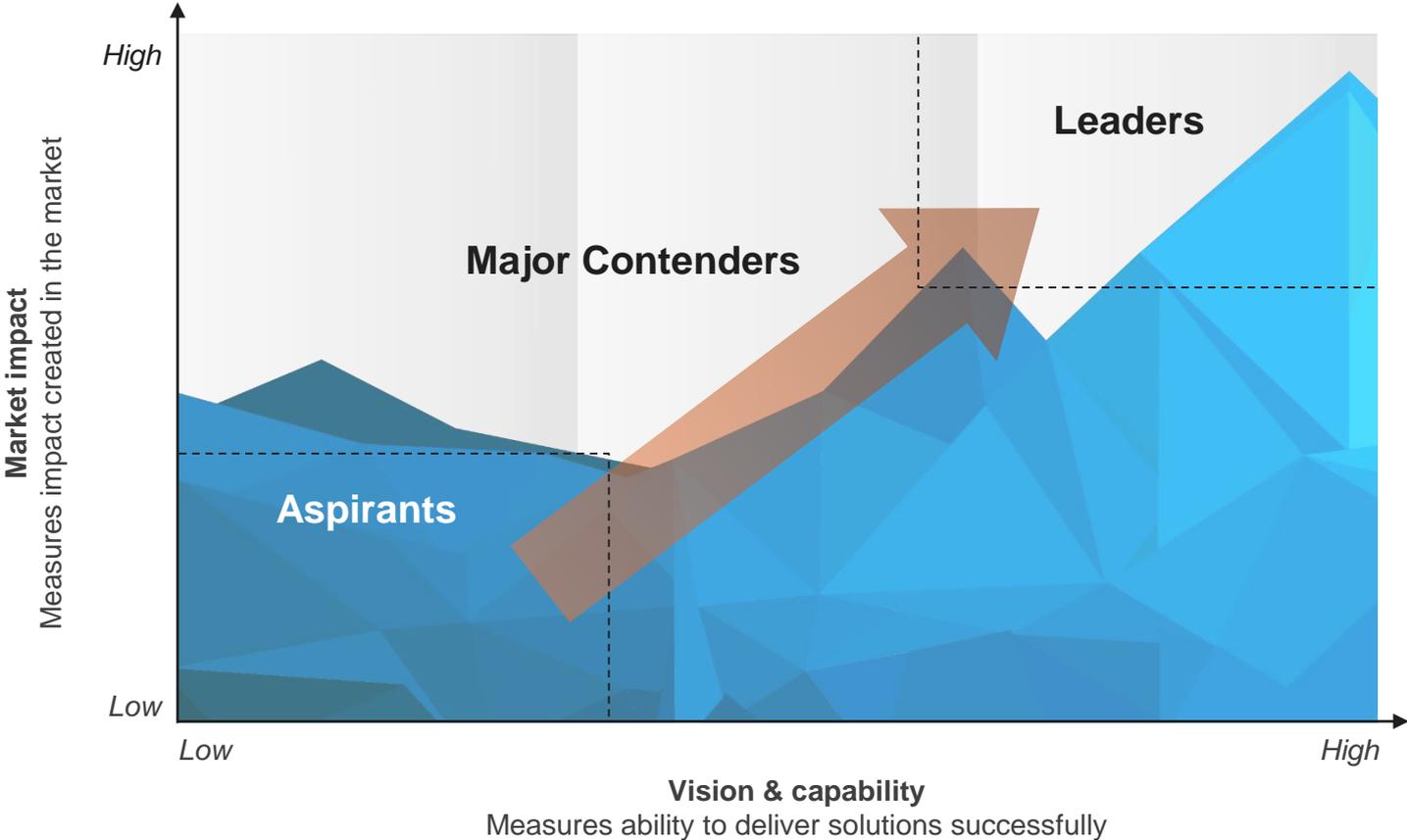
Recent partnerships/alliances and investments (representative list)

Partner name	Details
Acquisition (2019)	Acquired Equian in July 2019. Equian expands the services and solutions Optum offers for pre-payment and avoidance strategies, and extends the engagement into the markets of property and casualty, workers' compensation and providers
Availity (2016)	Partnered to improve health insurance claims submission process for the benefit of care professionals, consumers, and health plans
HealthEdge	Partnered to help healthcare payers transform their core administrative operations, reduce costs, and adapt to market changes. Jointly launched a new portfolio of technology-enabled business process outsourcing services
HealthBI (2018)	Partnered to help providers better manage risk-based contracts, starting with Medicare advantage plans
Quest Diagnostics (2016)	Partnered to make the health system work better for patients, physicians, health plans, and employers
TriZetto and Medecision (2016)	Partnered with TriZetto and Medecision to launch a first-to-market services-based offering for states' Medicaid Management Information Systems (MMIS), the critical IT foundation of the public health program for low income people
Innovation lab	Opened a dedicated innovation lab outpost in Dublin, Ireland, that is dedicated to testing and exploring new product offerings, technology and AI applications, and operating models for claims payment accuracy in the health care domain
OptumIQ	Made a significant investment in OptumIQ, a unique approach to data, analytics, and healthcare expertise. Specifically invested in the areas of AI including ML, automation, NLP, and deep learning

Appendix

Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

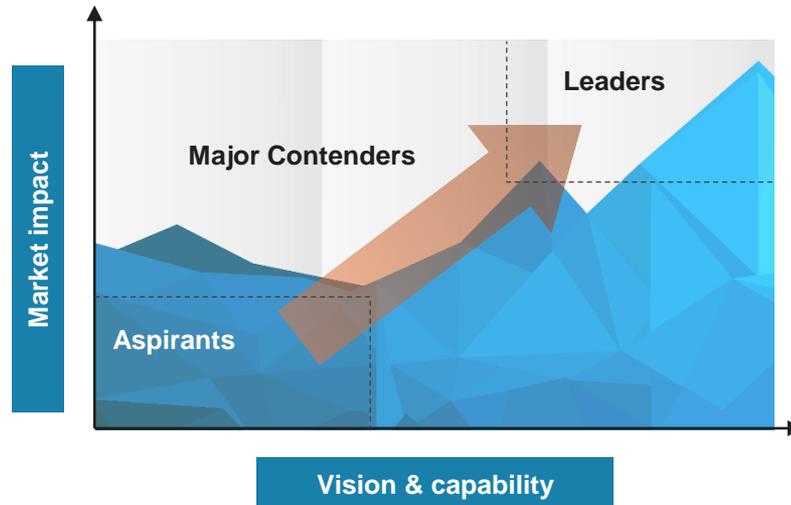
Everest Group PEAK Matrix



Solutions PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption
Size and growth of deployments across the solution portfolio
Portfolio mix
Solution footprint across geographies, industries, and buyer size segments
Value delivered
Value delivered to the client based on customer feedback and other measures



Measures ability to deliver solutions successfully. This is captured through five subdimensions

Vision and strategy	Technology capability	Services capability	Innovation and investments	Engagement and commercial model
Vision for the client and itself; future roadmap and strategy	Technical sophistication and breadth/depth across the technology suite	Effectiveness and breadth/depth of services portfolios across the services suite	Innovation and investment in the solution suite	Progressiveness, effectiveness, and flexibility of engagement and commercial models

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging solution provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

No. The PEAK Matrix highlights and positions only the best-in-class solution providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a solution provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
 - Issue a press release declaring their positioning. See [citation policies](#)
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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