

Maximize Savings with a Prepayment Strategy

Administrative cost savings reach \$47 billion if plans pre-score claims for coordination of benefits, fraud, subrogation and other categories.

Prepayment best practices can maximize administrative and medical cost savings. Unfortunately, payment integrity is a complex matrix of multiple vendors, isolated responsibilities, competing objectives and disjointed reporting.

Focusing on “pay now, chase later” creates provider and member friction around payments, and increases administrative and medical costs, possibly impacting medical loss ratio and the ability to compete in new markets. Proactive payment integrity is a strategic enterprise capability — and critical to compete today.

Payment Integrity, By the Numbers

Most health plans define payment integrity to include the identification and recovery of fraud, waste, abuse, coordination of benefits (COB) / third-party liability, subrogation, error/clinical editing, and administrative overpayment.

\$ **47** billion

The estimated administrative cost savings alone if plans use predictive modeling to pre-score claims for coordination of benefits (COB), upcoding, subrogation, fraud and medical management prior to payment.²



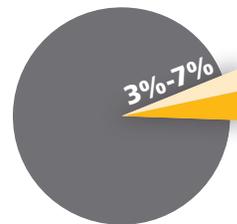
\$ **362** billion

What payment integrity is worth to the health care industry as a whole, in estimated medical cost savings related to improved payment integrity and decreased overpayments.¹



\$ **2.6** trillion

The amount spent on health care in 2010 in the United States.⁴



The percentage of health care claims that are inaccurately paid,³ in a continuum that ranges from mistakes to intentional fraud. Because payment integrity issues are difficult to parse, identifying and resolving them can lead to overlap, inefficiency and abrasion.

Maximize Savings with a Prepayment Strategy

A strategic payment integrity approach cuts operating and medical expenses, mitigates future risk, and retains member and provider loyalty. Ideally, the strategy should be enterprise-wide, because as commitment increases, so does the level of savings.

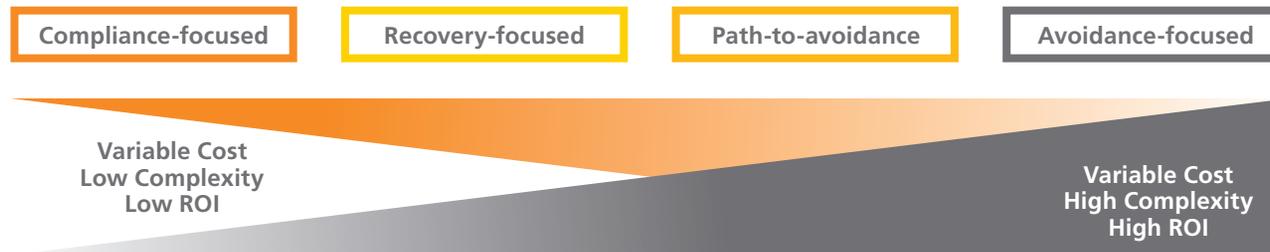
Payment Integrity is a Strategic Imperative



1,2. UHG http://www.unitedhealthgroup.com/hrm/UNH_WorkingPaper2.pdf
 3. Optum Client Observation
 4. Kaiser <http://www.kaiseredu.org/issue-modules/us-health-care-costs/background-brief.aspx>

Developing a Proactive Enterprise Strategy

Many health plans tend to start with a compliance-based, post-payment approach — which requires the least commitment. As they move from that to a recovery-focused approach, then to a path-to-avoidance approach, and finally to an avoidance-focused approach, plans move up both the commitment chain and across the value chain to address prepayment issues and maximize savings.



Evaluate your situation starting with an assessment. Find it here.



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Best Practices in Enterprise Payment Integrity

1. **Regular self-assessments** to identify gaps and establish a best-practice comparison
2. **Commit to a proactive prepayment approach**, including claim edit systems, prospective payment systems, prospective fraud, waste and abuse detection, and comprehensive coordination of benefits
3. **Use a service provider** to access high-end analytic tools and ancillary prepayment software
4. **Focus on intelligent, integrated analytics** to get the most out of multiple-platform analytics
5. **Employ electronic payment systems** to meet regulatory requirements, lower costs
6. **Work with partners** who will focus on root cause identification
7. **Consolidate vendors** to boost efficiency, avoid friction