

MARKET PERSPECTIVE

Insights from Optum Forum 2019: Melding Clinical Expertise and Embedded Technology to Create an Optimal Care Experience

Cynthia Burghard
Mutaz Shegawi

Lynne Dunbrack

Scott Lundstrom

Jeff Rivkin

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Optum Forum 2019

Optum Forum 2019 was held in Las Vegas, from July 29 to July 31, 2019, with more than 1,400 customers, partners, and other guests in attendance. Like last year, the overarching theme of Optum 2019 was "moving healthcare forward together," with keynotes and breakout sessions showcasing how Optum is poised to help move the health industry forward together in partnership with its customers and partners.

Key Takeaways

- Optum offers smartsourcing from a one-stop shop.
- It's all about the data when serving healthcare and health insurers.
- There is a deeper focus on complex medical care at Optum.
- Optum demonstrated artificial intelligence (AI) in pragmatic prior authorization and revenue cycle management use cases.
- Optum continues its significant acquisition approach.

Recommended Actions

- Consider multifaceted vendors such as Optum in short lists.
- Recognize Optum's separation from UnitedHealth Group.
- Understand Optum's partner network.

Source: IDC, 2019

NEW MARKET DEVELOPMENTS AND DYNAMICS

Optum Forum 2019 was held in Las Vegas, from July 29 to July 31, 2019, with more than 1,400 customers, partners, and other guests in attendance. Like last year, the overarching theme of Optum 2019 was "moving healthcare forward together," with keynotes and breakout sessions showcasing how Optum is poised to help move the health industry forward together in partnership with its customers and partners. Covering the broad spectrum of the health ecosystem, more than 120 breakout sessions, including 80 client presenters, were organized into 8 tracks: Analytics; Essentials; Industry Perspectives; OptumRx Pharmacy Care Services; Payment Integrity; Revenue Cycle Management; Risk, Quality, and Network Management; and Provider Care Solutions. IDC Health Insights met with multiple Optum senior executives to discuss their strategy for moving the company – and the industry – forward.

IDC'S POINT OF VIEW

Optum's Vision for Moving Healthcare Forward

Optum is uniquely positioned to execute on its strategy to "move the industry forward," given the breadth of its portfolio of IT solutions and professional services for payers, providers, and life science organizations and the delivery of care through its OptumCare division. Over the course of the two-day conference, Optum executives emphasized that challenges facing the healthcare industry are too big for any one organization to tackle on its own. Thus Optum is committed to working together with its customers and strategic partners to build on the objectives of the Triple Aim:

- Create a simpler health system for consumers and healthcare providers to navigate and make it easier for patients to find, receive, and pay for care (experience).
- Improve care coordination across the continuum, especially at home (outcomes).
- "Not just bend the cost curve but break it" by lowering coordinated care cost, providing more insights at the point of decision making, and making care at home possible (cost, experience, and outcomes).

Other recurring themes included ubiquitous sourcing, better data quality, better data availability, enhanced product functionality, and improved services integration. Optum also focused on several enhancements and a broad evolving core set of artificial intelligence (AI) capabilities and data integrations across the company divisions using OptumIQ. OptumIQ is quickly evolving into an intelligent information platform for Optum data and services.

Smartsourcing from a One-Stop Shop

Optum with all its acquisitions and alignments is positioning to be a one-stop shop for providers and payers to achieve health and administrative excellence by changing the paradigm of how a healthcare organization sources. At Optum Forum, a panel led by industry futurist Tom Koulopoulos focused on the concept of smartsourcing, which advocates for outsourcing to not only reduce costs but also spur innovation and how this can be applied to healthcare. Optum shared details on its recent multiple-year strategic partnership with John Muir Health as an example of putting smartsourcing to work. John Muir Health was challenged to find ways to "delight the customer at an affordable price," and through this partnership, Optum will now manage key nonclinical functions, such as revenue cycle management (RCM), analytics, purchasing, and claims processing, allowing for John Muir Health to focus on its core provider competencies. By leveraging this new comprehensive relationship with Optum360, as a smartsourced solution, John Muir Health seeks to realize a range of benefits including increased

efficiency of administrative operations, more data-driven insight to care providers and patients at the point of care, accelerated delivery of value-based care, and a reduction in overall care delivery costs. As an additional example of smartsourcing, HealthTrust, a subsidiary of HCA Healthcare, selected OptumRx as its exclusive pharmacy care services provider, where CoreTrust (a division of HealthTrust) will partner with OptumRx to deliver pharmacy benefit solutions.

It Is All About the Data ...

Optum's experience and expertise in curating, managing, and applying data were present across most, if not all, of the presentations and discussions at Optum Forum 2019. The opening session included three vignettes that demonstrated how Optum was using its data acumen across a broad array of use cases and domains:

- The first use case described how an OptumRx pharmacist was able to synchronize care for a patient after seeing an alert indicating that a patient was in need of intervention. The care coordinator worked with the pharmacist to address the patient's need and avoid complications.
- The second use case presented the power of Optum's Digital Research Network to assist physicians identify patients who meet the criteria for participation in a clinical trial. Low enrollment in clinical trials is a tremendous pain point for researchers, and a process to streamline recruitment will likely lead to higher rates of enrollment.
- The final vignette demonstrated the operational improvements that members/patients can experience by applying data in the context of their desired activity like paying a bill or scheduling a clinical visit.

Through acquisition, Optum has amassed a broad array of analytic applications and methodologies (e.g., Symmetry Episode Treatment Groups) as well as internally developed applications and analytic methods and approaches including the use of artificial intelligence. As a result of the acquisitions, many of which brought analytic assets, Optum has struggled to rationalize its applications. However, that has changed with the emergence of the Optum Enterprise Analytics where analytic methods, innovation, and tools are housed and developed. This centralization decreased duplication and provided access to these assets by all Optum business units. One of the panels highlighted the breadth and depth of Optum's analytic services capabilities. The panel included representatives from Payer Actuarial Services and Provider Actuarial Services as well as executives responsible for strategy and innovation and services for Optum Performance Analytics. To be successful in the use of analytic tools, healthcare organizations need an increasing amount and sophistication of services to help clients reach their goals for their analytic investments.

Optum Performance Analytics was highlighted in a presentation made by Blue Cross and Blue Shield of North Carolina. A key to the success of a health plan is its relationship with the employers that purchase insurance and/or other services on behalf of employees. A challenge that has existed for decades is the ability for health plans to provide enough transparency into the services and costs that are expended. With cost pressures rising, the metric is the ability of a health plan to share relevant data with employers within the context of available benefits and network performance and to identify opportunities to improve financial and clinical performance. Blue Cross and Blue Shield of North Carolina repeatedly focused on the level of service it needed and got from the Optum Performance Analytics team. With data now available to Blue Cross and Blue Shield of North Carolina for the first time, the demand for additional analysis and interpretation was critical to its success.

Discussions throughout the event focused on the need to bring data to the point of care wherever that might be – to a physician, a nurse care manager, a pharmacist, or others. Optum is delivering insights to clinicians and has been successful in integrating key data via "pop-ups" into the EMR to make key data available for physicians during previsit planning or during the visit itself.

Deeper Focus on Complex Medical Care

With more healthcare being delivered outside the four walls of the hospital in ambulatory settings and in patients' homes via remote health monitoring, home health nurses, and virtual care services, those patients receiving inpatient care are sicker and require more complex medical care. These patients who represent 5% of the U.S. population drive 50% of the \$3 trillion-plus annual healthcare expenditures.

Optum is responding to the growing pressure of patients with multiple chronic conditions and more complicated cases by analyzing the causes of higher costs of specialty care and realigning incentives to achieve better patient – and financial – outcomes. One such example is oncology. By decoupling the cost of oncology drugs from physician reimbursement, Optum realized a 30% reduction in its senior cancer patient costs. More importantly, patient outcomes were better, and patients were more satisfied. Another example highlights how Optum's integrated products and services enable synchronized data and care across the company. Approximately 91% of patients who require specialty medications have multiple chronic conditions. Optum Pharmacy clinicians have visibility into their patients' lab results and medical conditions. An integration between Optum Pharmacy and the patients' electronic health records helps Optum pharmacists to have a more informed conversation with their patients about their medication regimen, which in turn improves in-home care, health counseling, and medication adherence. Optum can leverage its experience as a healthcare provider through its OptumCare division to identify best practices in navigating complex and difficult clinical and financial pathways for patients and to create the appropriate financial incentives to achieve the Triple Aim.

Demonstrating AI

For Prior Authorizations

Optum's innovation team demonstrated a machine-led human-governed "Machine-Assisted Prior Authorization Machine (PAM)." Moving the prior authorization process from days to milliseconds using deep learning was shown in a production application, now used in three states by UnitedHealth Group (UHG).

The application established a training base accumulated from claims, pharmacy, CMS, code books, UHG knowledge libraries, lab results, and MCG. From this base, the UHG policy was applied to combine compassion with hard data to analyze data and produce prior authorization insights without the need for human review in milliseconds.

This "machine" is found in three states so far for UHG, and the learning base had to show flexibility because about 10-20% of the logic and policy used in this process change from state to state due to UHG compliance to local guidelines. This gives credence to the trend that AI is helping incrementally, but still significantly in healthcare.

For RCM

There are multiple challenges for RCM solutions to be able to truly support the transition to value-based care. Traditional approaches are increasingly being acknowledged in the industry as suboptimal, and the next generation of revenue cycle seeks to go beyond by ensuring end-to-end alignment of clinical and financial functions while tying in alignment of value-based goals toward maximizing reimbursements, increasing revenue, minimizing denials, and better serving patients. Optum appears to acknowledge the need for a next-generational evolution in RCM and is positioning its capabilities accordingly to enable clients to know where to look in the cycle for efficiencies from an end-to-end perspective by increasing data-driven collaboration and the visibility of data.

As a result, Optum has delivered several innovations that improve RCM for providers (e.g., via machine learning and artificial intelligence). Optum is also making tremendous strides in the accuracy and defensibility of documentation, in medical necessity review, and in proactively managing a holistic approach to revenue cycle documentation that more accurately reflects severity of illness and optimizes opportunities for maximal reimbursement. Administrative collaboration between payers and providers is another area of key improvement, where Optum is facilitating clinical information sharing at greater levels in the claim workstream to reduce friction while improving denial rates and reimbursement at first pass. Finally, Optum is leveraging natural language processing to create improvements in coding and documentation, including by abstracting key clinical elements in the encounter not addressed in a physician's documentation and ensuring these diagnoses are captured.

Optum is aggressively pursuing improvements in several back-office functions through the use of AI and RPA. Optum believes that many of its customers want to focus on "AI with an ROI" as they get started with this important new technology.

Key Acquisitions and Partnerships

Optum is a very acquisitive company. Notable acquisitions and partnerships highlighted at Optum Forum 2019 included:

- Optum completed its acquisition of DaVita Medical Group, one of the nation's leading independent medical groups, from DaVita Inc. (NYSE: DVA). As part of the transaction, HealthCare Partners Nevada, DaVita Medical Group's primary care practice in southern Nevada, will become part of Intermountain Healthcare. DaVita Medical Group will join OptumCare, which serves more than 80 health plans, and will provide care to a combined 16 million patients.
- Bolstering its already broad penetration in the payment integrity market, Optum's acquisition of Equian, which already serves 20 of the top 25 health plans, will cement the company near the top of this rapidly consolidating market. Over the past three years, more than 15 companies have been involved in some consolidation or acquisition activity in the payment integrity space.
- Polyclinic, a 210-physician primary and specialty care clinic in Seattle, merged with Optum Health supplementing the deal to acquire the 500-physician Everett Clinic, a primary and specialty clinic based in Seattle, and Northwest Physicians Network, a 1,000-plus physician practice in Pierce County, Washington.

LEARN MORE

Related Research

- *AI-Based Automation Framework for Healthcare* (IDC #US45069019, May 2019)
- *IDC Market Glance: Revenue Cycle Management, 1Q19* (IDC #US44357019, February 2019)
- *IDC Market Glance: Payer, 4Q18* (IDC #US44513918, December 2018)
- *IDC MarketScope: U.S. Provider Data Management 2018 Vendor Assessment* (IDC #US44514018, December 2018)
- *IDC Market Glance: Value-Based Health, 4Q18* (IDC #US44363018, November 2018)
- *Insights from Optum Forum 2018: Moving the Industry Forward* (IDC #US44221118, September 2018)
- *Retooling Consulting Capabilities – Key Findings from 2017 Provider Survey of Healthcare IT Consultants/Systems Integrators* (IDC #US44025418, July 2018)
- *Retooling Consulting Capabilities – Key Findings from 2017 Payer Survey of Healthcare IT Consultants/Systems Integrators* (IDC #US43859718, June 2018)
- *IDC Market Glance: Healthcare Provider Operational IT Solutions, 2Q18* (IDC #US43737518, April 2018)
- *IDC Market Glance: Healthcare Provider Clinical IT Solutions, 2Q18* (IDC #US43720418, April 2018)
- *IDC MarketScope: U.S. Contract Management Tools for Payers 2018 Vendor Assessment* (IDC #US43511218, February 2018)
- *IDC Market Glance: Healthcare Analytics, 1Q18* (IDC #US43456318, January 2018)

Synopsis

This IDC Market Perspective discusses the insights from Optum Forum 2019.

"Optum Forum 2019 showed how Optum is moving in a multifaceted way to be positioned alone or with its partners to do whatever it takes to make the healthcare system work better. Optum software, services, Rx, and care now expand way past its historical roots with UnitedHealth Group to enable a growing force in the healthcare ecosystem." – Jeff Rivkin, research director, IDC Health Insights

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights.

Copyright 2019 IDC. Reproduction is forbidden unless authorized. All rights reserved.

