



Large commercial health plan captures millions with pre-payment review



BRIAN FISHER

Commercial Payment Integrity
Client Manager

Brian Fisher currently holds a position in our Commercial Payment Integrity area as the Client Manager for prepay services. He has held the position for 3 years overseeing all implementation activities and the first two years of live production. Prior to his role in Commercial Payment Integrity, he spent eight year in the position of Program Integrity Account Manager for the State of Iowa's Medicaid program overseeing all aspects the State's Program Integrity operations.

A large commercial health plan partnered with Optum Payment Integrity to achieve tens of millions in incremental medical expense savings by implementing a comprehensive pre-payment review solution to address billing and payment issues that a typical pre-pay software or services program cannot catch.

Health plans seek to keep expenses down, reduce waste and curtail the post-payment “pay-and-chase” process. Where health plans typically have a gap in their claims review process is an inability to apply predictive analytics and human clinical review of a claim before it is paid, but after it has gone through the claims adjudication process. While some health plans may employ processes to review high dollar or DRG claims, they may not be aware of the extent of the gaps in their payment systems and may not be maximizing the savings that pre-payment review can deliver. Plans also may be using vendors that focus only on one aspect of pre-payment review, e.g., automated code editing or review of modifier usage, which means they are letting significant dollars fall through the cracks.

As the final step in the claims process, applied after all other pre-pay cost containment mechanisms have been utilized, pre-payment audit and review offer plans their last, best chance to stop erroneous claim payments before they go out the door.

Our pre-payment audit service detects suspicious claims — post-adjudication but pre-payment — and suspends them for human review, often with a request for medical records.



Case study: Plan seeks partner in addressing medical expense savings

In 2016, a large health plan on the West Coast was seeking a more thorough way to fully review all claims prior to payment to achieve greater claims accuracy. The health plan partnered with Optum to explore the potential of innovative mechanisms that would generate higher claims accuracy, educate providers and ensure proper payment. The plan began to utilize the Optum Pre-payment Review Solution, leveraging Optum’s industry-wide experience, medical expertise and sophisticated technology and analytics.

In partnering with Optum, the health plan was able to employ a system – one that would likely have been difficult and expensive to build on its own – that included advanced technology to quickly analyze all of their claims (not just the higher dollar or complex claims) and look for potential aberrancies. The health plan also wanted to leverage the expertise of Optum’s extensive resources (i.e., doctors, nurses, pharmacists, lab technicians, certified coders, certified fraud examiners) to examine claims from different vantage points (e.g., provider peer comparisons, member-centric analyses, procedure-diagnosis combinations) and ensure a claim would be paid correctly prior to the health plan issuing payment to the provider. The plan recognized that Optum’s solution provided net-new detection of billing and payment issues, in addition to taking away the “uncollectability” of erroneously paid claims and significantly reducing provider and member abrasion.



LISA CORNISH

Associate Director of
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Innovation and Growth

Lisa is responsible for the strategic leadership of the ideation development and cross pollination of analytics for commercial payment integrity clients. Lisa is accountable for savings and revenue targets, performance monitoring, process improvement and the management of staff. She also represents the Innovation and Growth department in commercial business development activities and technology advancement.

Health plan sought savings, new approach

Optum recommended an enterprise-level pre-payment review program, with an initial focus on pre-pay analytics (e.g., denial and pend for medical records), as well as advanced technology, such as machine learning and predictive scoring models that produce quantified payment risk scores for every claim processed each day. This partnership evolved to include other state-of-the-art detection tools and provider flags based on Optum's extensive claims review experience.

At the outset of the partnership, Optum dedicated two senior level PI experts to the client's site who remain committed to the delivery of the engagement over the term of the partnership. Optum deployed Brian Fisher, Business Lead for Optum Payment Integrity, and Lisa Cornish, Associate Director, Payment Integrity for Innovation and Growth, to work side-by-side with the health plan to identify potential claims payment vulnerabilities by analyzing the plan's reimbursement payment policies and manuals and evaluating their alignment with the Centers for Medicare and Medicaid Services (CMS) guidelines and the plan's own claims adjudication system. In addition to the two senior leads, Optum also had a team of over 50 payment integrity specialists dedicated to helping the plan achieve their goals. The result of this detailed collaborative research was a customized Vulnerability Assessment, which would be the roadmap for additional savings moving forward.

As ideation lead for the plan, Cornish worked with the plan's subject matter experts and recommended and developed pre-payment edits (e.g., deny edits, medical record review edits and claim adjustment edits) that were tested by pulling back claims and payment error vulnerabilities after the claim had gone through the existing adjudication system; when an edit was applied on top of the current system and flagged a problem, Cornish could predict the expected savings to the plan.

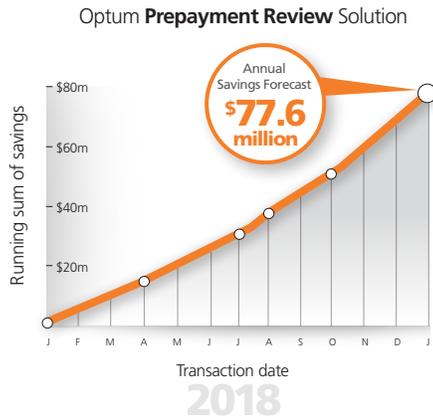
"We gave them the rationales, policies, procedures, industry standards and guidelines to support the change to allow them to take it to governance," Cornish explained. "We also would back them up at governance – serve as the intelligence behind the edit – to defend why the edit should be put into place," she noted. Optum also partnered with the health plan over 14 months to create an inpatient readmission policy that has produced in-year savings for the health plan amongst many other policies the plan has since created.

Optum's Fisher provided oversight of the entire contract with the health plan, serving as the point person for high-level issues, delivering reports and attending weekly, monthly and quarterly meetings to share information and results. "A big part of what we do is not to just identify and deliver savings, but to build a strong relationship and trust," Fisher stated.

"Although initially the health plan had questions about how to interpret reports, after the plan saw that Optum was willing to share the information the plan needed in a transparent way, that relationship evolved away from a typical vendor/payer relationship and toward a relationship that was built on mutual respect and trust; that collaboration allowed for even more opportunities to save the plan money by paying claims more accurately ahead of fully adjudicating the claim," he said. This collaboration between Optum and the plan led to the creation of reports that effectively conveyed both the savings and overall performance of the entire pre-pay program in a highly transparent manner and ensured that the plan had the level of information they needed to make appropriate decisions and provide effective oversight. These reports went beyond the standard inventory and aging reports but rather are dynamic Tableau models that show real time forecasting within each day of how Optum and the Customer's joint analytics are performing. This level of transparency lets the Customer not just understand what happened last month, last week, or even the day prior but how each item will perform in the future too.

Optum Prepayment Review Solution results

The Optum Prepayment Review Solution saved this plan \$30.5 million in year one and over \$77 million in year two. Further, several of the pre-payment analytics also provided the plan with opportunities to recover claims previously paid incorrectly, allowing the plan to achieve an additional \$10 million in post-payment savings in 2018. Both of these savings numbers are much higher than the health plan had originally anticipated and provided a huge ROI on their investment by paying it off in Year 1.



It is worth noting that these savings from the pre-payment system are net-new incremental savings over what the plan saved using post-payment mechanisms, their existing internal pre-pay efforts, and their existing software claims editor. And, according to Optum, per member per month savings related to pre-payment review actually continue to grow, because having the program, technology and staffing in place means that the review is being expanded and fine-tuned every day.

Indeed, during this partnership, Optum worked with the plan to build more than 120 custom analytics; in the first 10 months, Optum added eight analytics per month in addition to deploying a

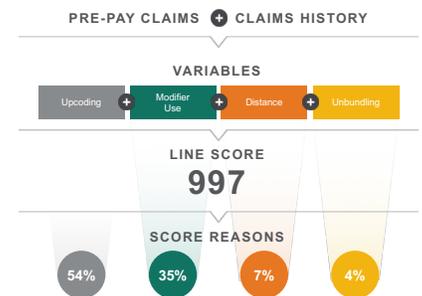
predictive model to risk score every claim received pre-payment, driving significant net-new savings shortly after the program’s go-live date. Refinement of these analytics based on actual program results, in tandem with the deployment of a supervised (learns from experience) machine learning model to augment the existing predictive score model, continue to reduce false positives and drive higher savings. Of the claims for which Optum recommended payment reduction or denial, less than 1 percent were overturned on appeal, indicating that the program is not delivering false positives and is meeting the highest review quality standards. Further, Optum reviews all of the plan’s claims each day, achieving a 100-percent rate of returning those claims within 24 hours.

Benefits of pre-payment review

Health plans often fear a “black box” type approach when a vendor takes action on a claim without full transparency or explanation of the action. Predictive models and machine learning are complex topics and OPRS helps simplify and explain the process, which gives clients confidence in supporting the program.

In addition to the savings that plans can achieve through a robust, multi-pronged pre-payment system, there are other benefits of entering into a partnership with Optum to implement prepayment review:

- Reducing provider abrasion. Under a post-payment system, providers may be asked to return funds they already received when a claim was first paid. This practice is a hassle for providers and undermines the provider-payer relationship. Identifying claims issues before payment helps to prevent this abrasion.
- Reducing member abrasion. When members pay a co-pay or a deductible in advance of a claim being reduced or recouped post-payment, they may question if they are receiving the right amount back, which makes them question the process. Getting the claim right the first time, so members are not affected, is an important value proposition.



- Medical expense savings reallocation. Finding areas where waste occurs and limiting or eliminating that waste is a win-win for health plans. Any savings that ensues from pre-payment review may result in plans reducing member premiums, leading to member growth or in funding new product innovation that will make the plan more competitive in the marketplace.

Optum's collaborative approach works for all plans

Health plans may find it difficult to gather the core competencies and the capital to hire, build and manage their own efficient, effective pre-payment analytics program. Although some plans may want to explore that option — and they have the technical abilities to create pre-payment analytics in-house — they may not have the right number of clinicians on staff to conduct medical record reviews (typically 15–40 highly skilled resources) to make claim decisions quickly based on the intelligence delivered by those analytics. Other plans might have a strong bench of clinicians, but may not have the inclination to build their own sophisticated systems to tackle pre-payment review on their own. In other words, plans' independent efforts might check some of the pre-payment review boxes, but that does not maximize return on investment.

By partnering with Optum on a pre-payment solution, any plan can harness Optum's knowledge base from its 300-plus health plan clients, its clinical expertise of over 5,200 professionals dedicated to payment integrity, and its powerful and sophisticated technology and analytics to close their claims payment gaps and foster new ideas and approaches on an iterative basis. Aligning with a partner that has payment integrity expertise to better inform a health plan's own tools makes those tools more powerful, resulting in increased (and accelerated) medical cost savings. For example, in the case study above, Cornish and Fisher could use their years of experience with other health plans to that plan's advantage and see patterns or trends in the plan's data to help that plan determine gaps and solve problems.

Because of Optum's collaborative process, health plans in any stage of considering, building or implementing a pre-payment review system will benefit from Optum's ability to identify gaps, develop analytics, deploy cutting-edge machine learning technology, review claims and deliver results. Each plan can decide which accountabilities it will handle and where it would like to partner with Optum to either establish or scale up the operation.

Optum's goal is to meet plans where they are in their pre-payment journey and to design a multi-pronged, one-stop pre-payment review solution that makes sense for each plan, depending on its capabilities and needs. The transparency that Optum provides and the trust that Optum builds with its partners gives plans the confidence and the capacity they require to maximize incremental pre-payment savings over time.

To learn more about the innovations Optum is making in payment integrity, visit optum.com/paymentintegrity.



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