

# OptumRx: Measuring the financial advantage

New study shows \$11-16 PMPM medical savings when Optum care management and Optum pharmacy are provided together with medical benefits.



## Synopsis

Optum recently completed a study intended to assess the value of integrating medical and clinical benefits with OptumRx pharmacy benefits.

The study compared medical expenditures between two groups of customers:

1. Those who had OptumRx integrated with medical benefit plan.
2. Those who had an external pharmacy benefit manager with their medical plan.

All groups had the same carrier for medical coverage plus Optum care management programs. Due to the retrospective view of the study, the group with OptumRx integrated with medical/clinical included a range of synchronized model capabilities. To varying degrees, all of the plans being studied feature data, people, and technology used in a coordinated way across all channels.

Study results demonstrate up to a seven percent reduction in inpatient admissions and up to six percent reduction in emergency room (ER) visits, with an overall Per Member Per Month (PMPM) medical savings of \$11-\$16.

**\$11-\$16**  
**Overall PMPM Savings**

## Introduction

Today, those who pay for and receive pharmacy benefits face complex challenges. These include more demand for medicine, more expensive specialty medicines, significant price inflation for many traditional medications, and more chronic illness than ever before.<sup>1,2,3,4</sup> These challenges have created an important opportunity for a **next-generation** pharmacy care services company like OptumRx.

Historically, cost management efforts of pharmacy benefit managers (PBMs) have been limited by a lack of data beyond prescription claims. At best they might have only sporadic access to medical and other data sources. PBM programs supported only by pharmacy claims data are subsequently forced to rely on inferred diagnosis and other assumptions as they attempt to drive any interventions.

Further, without the opportunity to leverage data in health care arenas beyond pharmacy, traditional PBMs tend not to attain broad and deep domain expertise. Such limited expertise in analytics and technology sets a low cap on the value they can deliver.

Finally, traditional PBMs can only interact with members only via traditional PBM encounters. This is a significant additional limitation. When fully integrated or synchronized, OptumRx has the power to look beyond pharmacy by leveraging data, analytics, technology, with our expertise and capabilities to help drive better care with a wider focus on total health care costs.

Many criteria can be used to evaluate a PBM's value. This analysis examines the inherent value of integrating the OptumRx pharmacy management services with clinical and medical coverage. Specifically, we asked: **"What medical cost savings can be measured when we compare our pharmacy care services approach to the traditional PBM approach?"**

## Method

This study extends and refines an ongoing series of internal studies. It features over 5 million participants from 80 clients, within a 12-month period ending in June 2015.

The analysis looked at the overall savings using a top-down approach to estimate the incremental overall value of integrating OptumRx pharmacy benefits and services with medical insurance coverage, as well as care management programs from Optum. The assumption is that integration of the unique pharmacy care services offered through OptumRx creates value by providing a faster and more complete view of a member's care across all benefits. This allows Optum to identify gaps in care and other savings opportunities more quickly.

After adjusting for various factors to create valid comparable groups, we identified 80 large administrative services only (ASO) groups for the study. Common among all groups was health insurance coverage from the same carrier and clinical services from OptumHealth:

- 40 groups had integrated pharmacy benefits with OptumRx.
- 40 groups used an external vendor for their PBM.

This study focused exclusively on **medical cost and utilization**, since pharmacy costs were not available for the non-integrated groups

At the request of OptumRx, Milliman validated the reasonability of the study methodology and assumptions. Please contact OptumRx for a complete copy of the Milliman review.

## Study Participants

|                             | With OptumRx | Without OptumRx |
|-----------------------------|--------------|-----------------|
| <b>Number of Groups</b>     | 40           | 40              |
| <b>Percent Female</b>       | 49.4%        | 49.9%           |
| <b>Average Age</b>          | 33.3         | 33.4            |
| <b>Total Unique Members</b> | 2.1 million  | 3.3 million     |
| <b>Total Member Months</b>  | 21.3 million | 33.7 million    |

\* All groups use UnitedHealthcare as medical provider.

## Group Pairing Criteria

The analysis paired integrated and non-integrated groups and adjusted for factors such as retrospective risk, geographic cost, and plan specific factors such as cost sharing, plan design, provider network and wellness programs with United Healthcare and OptumHealth products.

**Risk:** Different groups of individuals will usually present differing levels of risk for future health care costs. The Symmetry® Episode Risk Group (ERG®) is a proprietary Optum risk assessment tool that predicts current and future health care usage for individuals and groups. The Society of Actuaries recognizes ERG as the most accurate risk assessment tools in the industry.<sup>5</sup>

We used ERG to create retrospective risk scores and calculated relative aggregate risk for each group that incorporated episodes-of-care methodology, medical and pharmacy claims information, and demographic variables.

**Geographic Location:** Inpatient, outpatient and physician costs can vary widely by location. To account for these differences we created an index for each ZIP code to reflect relative cost differences. The index value was applied to all costs to reconcile the differences and create values that are more comparable.

**Groups matched by:**

- Risk
- Geography
- Integration

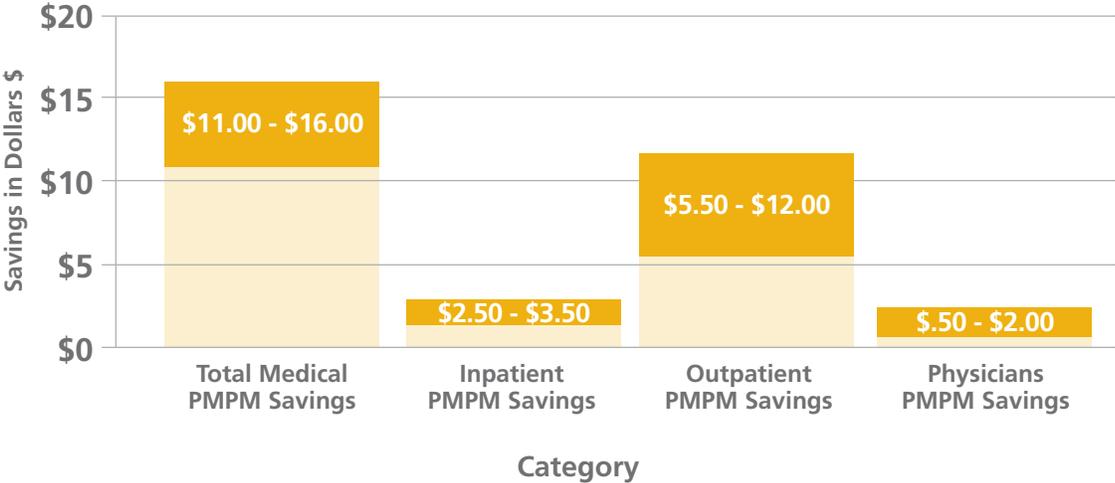
**Plan Factors:** We use a proprietary actuarial index designed to summarize all the health and cost management solutions available to a client. These are grouped into seven cost management “levers,” including plan design, cost sharing, provider network, as well as clinical and wellness programs. Each solution lever receives an actuarial score based on its expected impact on medical costs. So for example, a plan design score of 1 is expected to yield 1% medical cost impact. When the scores for all the levers are combined, we have a single value, which captures how aggressively a plan is managing overall population spend.

In general, very large groups will tend to show many characteristics in common. However, we could not create an exact match between individual integrated and non-integrated groups across all metrics. The differences widened when pairings were aggregated to overall integrated and non-integrated groupings. Therefore, we made separate adjustments to aggregate PMPM costs for each factor.

### Findings

On average, the medical claims from groups with integrated OptumRx demonstrated an overall savings of \$11-\$16 PMPM compared to the groups who did not have OptumRx. In each major spend category, costs were significantly lower, including Inpatient hospital, Outpatient hospital, and Physician, with Outpatient showing the highest value. The results also demonstrated lower inpatient hospital admission and Emergency Room (ER) visit rates.

## Overall Savings



**Did you know?**

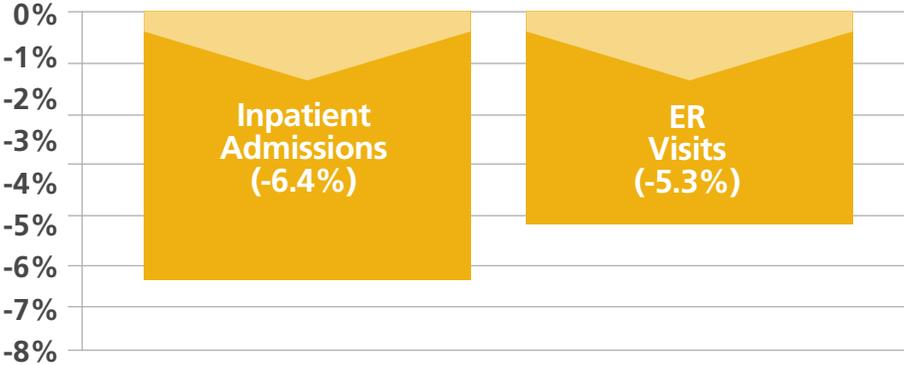
This study focused on the benefits of integrating pharmacy and medical coverage. Note that some of the assumptions that drive the savings demonstrated here can be implemented for clients with other health plan carriers through the Health Care Advisor model. Health Care Advisor utilizes the underlying “intelligent engine” supporting a synchronized approach.

The study also evaluated utilization and cost for sub-categories within the major spending categories, including medical/surgical/ICU, outpatient surgery, radiology/diagnostic, and anesthesia. There were significant reductions in both utilization and cost in favor of the group with OptumRx.

This graph illustrates reduced utilization rates for inpatient admissions and emergency room (ER) visits:

# Reduced Utilization

**Percent Change  
in Admissions  
or Visits per  
1000 Members**



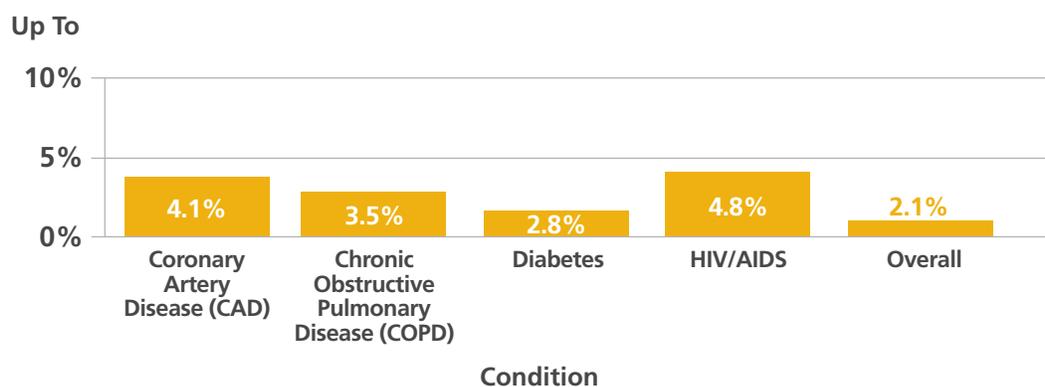
## Evidence-Based Medicine (EBM)

We also measured compliance with nationally recognized Evidence-Based Medicine (EBM) guidelines. The purpose of EBM and practice guidelines is to provide a stronger scientific foundation for clinical work; to achieve consistency, efficiency, effectiveness, quality, and safety in medical care.<sup>6</sup>

**Substantial savings for both Utilization & Cost**

**EBM compliance was shown to be routinely higher for groups with OptumRx integrated pharmacy benefits.** Shown below are summary results for select conditions:

## Highlighted Conditions with increased Evidence-based Medicine compliance



## Discussion

Overall, the study yielded favorable findings in many areas – from aggregate medical PMPM to condition-specific compliance with EBM guidelines. Further research is underway to substantiate the extent to which each value driver contributed to the savings. What the analysis does show is a difference in outcomes that may be driven by the holistic view of medical and pharmacy benefit management in decision-making around UM/PDL/Clinical programs, as well as the following activities:

***“The OptumRx integration role is key.”***

- **Medical, pharmacy, and clinical data** are collected, integrated, analyzed, and referenced using a common clinical platform. This system generates over 130 billion evaluations per month – over 4 million evaluations per second.
- **Data velocity is much greater** for clients with OptumRx integrated benefits. Daily data exchange results in faster, more timely, more actionable information.
- **Multi-disciplinary teams are in place** to coordinate care for integrated clients. Each team consists of a health advocate, a nurse, and a pharmacist.
- **Members are educated to call their health advocate** for any health need or pharmacy concerns. Since pharmacy is frequently the most used benefit, these additional calls represent additional touch points, for greater medication adherence and clinical engagement.
- **One of our key intervention tools is called *next best action*.** Our multi-disciplinary teams are equipped with personalized insights into each member's situation that generate “next best action health and savings offers” based on clinical research. These offers provide valuable influence for members, and include connecting them to other services, including wellness or behavioral support, disease and care management programs; identifying any potential safety or adherence issues; and promoting lower cost alternatives.

Through this approach, we capitalize on our ability to engage with our members and intervene to influence their next best health actions or set of personalized opportunities. This happens regardless of how or where the member came in contact with us.

The OptumRx relationship is key. Front-line clinical staff have real-time access to pharmacy claims information which cannot be duplicated when an external PBM solution is in place. This data helps generate a complete 360 degree view of the member, which fuels our ability to generate prioritized, relevant member-level opportunities across medical and pharmacy with the most current information.

## Specialty

One key area where perhaps intervention makes a material difference is in specialty pharmacy services. Domain specialist teams of nurses and pharmacists support patients with chronic and complex diseases like oncology, rheumatoid arthritis, multiple sclerosis, and HIV/AIDS utilizing the 360 degree view when available. In the future, when patients are engaged and educated, they improve medication adherence, are able to better manage adverse effects, and benefit from lower overall health care costs compared to non-integrated patients.<sup>7</sup> In the future, Optum plans to expand on synchronized capabilities specifically within specialty management services.

Things to look for

- **We expect to release updated studies documenting specific specialty treatment outcomes in the coming months.**
- **Since this study has been conducted, we are now employing a new method for prioritizing potential next-best actions. We'll tell you more about this exciting capability in the upcoming months.**

## Conclusion

It's clear that the time for impactful next-generation pharmacy services has arrived. These results demonstrate that OptumRx is best positioned to drive meaningful improvement in outcomes and value through the pharmacy benefit. OptumRx pharmacy care services with its synchronized approach leverages data and technology to build connections that result in more effective and responsible health care delivery to improve **total medical costs**.

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