Risk assessment has never been more important as health plans work to control costs and improve care while also navigating significant regulatory changes. Optum® Symmetry® Episode Risk Groups® (ERG®) can enhance the efficiency of underwriting—and boost the effectiveness of network and care management programs—by helping plans more accurately assess current health care risk for individuals and groups.

ERG predict current and future health care usage for individuals and groups in commercial and Medicare Advantage populations by creating individual risk measures that incorporate episodes-of-care methodology, medical and pharmacy claims information, and demographic variables. Like many existing risk assessment methodologies, Episode Risk Groups use basic inputs such as the diagnoses recorded on medical claims and demographic variables to predict health risk. Significantly, however, ERG use episodes of care as markers of risk rather than the diagnoses from individual medical encounters.

**An innovative approach to risk assessment**

With ERGs, the focus is placed on the key information describing a patient’s underlying condition instead of the individual services provided in its treatment. Moreover, because episodes of care can incorporate pharmaceutical data, ERG also take advantage of the information available from a patient’s use of prescription drugs, a feature that is used only to a limited extent by other health risk assessment models. The result is a powerful, cost-effective, and practical alternative to health risk assessment.

The Society of Actuaries recognizes ERG as one of the best risk assessment tools for predicting future health care costs.
Incorporating episodes-of-care methodology

The ERG system incorporates Symmetry’s patented Episode Treatment Groups® (ETG®) illness classification and episode building system. By assigning individual medical services to unique episodes of care and characterizing these episodes, ETG define clinically based units that can be combined to construct a profile of risk for an individual. ETG are able to prioritize related medical conditions, allowing focus on that condition best describing the mix of services required for the ongoing evaluation. Further, ETG has an episode-specific severity score that reflects an individual’s comorbidities and condition-specific complications, as well as age and gender. This is important as the clinical severity of an episode is highly correlated with increased resource consumption and, in turn, higher costs.

How it works: an integrated approach

Claims data
• Diagnosis codes
• Drug codes
• Procedure codes

Episode Treatment Groups
Claims data, grouped by episode

Episode Risk Groups
Risk score for each individual

• Age
• Gender
• Risk markers

Four easy steps to better risk assessment

1. Create ETG episodes of care: Using enrollment data, medical and pharmacy claims information, and the ETG methodology, an individual’s health care services are assigned to appropriate treatment groups, and the relative severity is assessed.

2. Map ETG to ERG: Each ETG is categorized into an Episode Risk Group, a grouping that combines episodes of similar clinical and risk characteristics.

3. Develop an individual’s ERG profile: A clinical and risk profile is created for each individual with age, gender, and ERG as inputs.

4. Create individual risk scores: A risk score for each person is computed by combining weighted ERG scores and demographic variables. Each individual risk score predicts an individual’s current and future need for health care services and associated costs.

Key benefits of ERG

• Predictive ability based on sound methodology honed over nearly two decades
• Clinical relevance of ERG provides an effective tool for understanding patient profiles of medical conditions and how they impact current and future health risk
• Retrospective, prospective, and actuarial and underwriting model options
• Administrative practicality as the diagnostic and procedural information that health plans collect as part of the claims transaction process will support ERG methodology
• Systematic, logical and transparent clinical approach to creating episodes of care enhances understandability, developed by medical professionals and statistical teams
• Better understanding of variations in medical costs and practices and how they relate to differences in health risk, yielding health-based payments with enhanced validity, increasingly precise premium rates, and improved effectiveness in targeting patients and populations
• Single, comprehensive solution for health risk assessment and episode-of-care methodologies

For more information on Symmetry Episode Risk Groups, please contact us at 1-800-765-6807 or empower@optum.com.