

## Network Payment Innovation solutions



Optum<sup>®</sup> Network Payment Innovation solutions enable health plans and providers to build, scale and administer multiple alternative payment programs.

From fee-for-service to bundle and value-based models, we support the strategic mix of programs that help organizations move from volume to value. Our solutions address the retrospective performance of providers through opportunity analytics as well as prospective opportunities for value enhancement through provider and operational reporting. Health plans and providers have been living with value-based contracting approaches, such as pay-for-performance contracts, prospective payment and various forms of capitation, for some time. However, new challenges — as well as new opportunities — are emerging:

- **Evolving regulations** — Value-based payments, readmission standards and hospital-acquired conditions regulations incentivize Medicare Advantage programs to meet performance standards.
- **Ongoing health expenditure increases** — Payers and providers are being forced to seek new, innovative ways to contain medical costs and ensure continued market viability.
- **Market performance** — Several health plans, ACOs and hospitals have implemented alternative payment programs over the past two to three years. A **2.6 to 6.8 percent reduction in total cost of health care** has been achieved by organizations like Pioneer Accountable Care Organization,<sup>1</sup> Blue Cross Blue Shield Massachusetts,<sup>2</sup> University of Pittsburgh Medical Center (UPMC) Health Plan<sup>3</sup> and Bundled Payments for Care Improvement (BPCI) model 2 hospitals.<sup>4</sup>

Alternative payment programs present special challenges to the traditional functions of health plan and providers, requiring coordination across departments that have typically functioned as silos (e.g., contract management, revenue cycle

---

### Addressing the full spectrum of value-based contracting needs

- **Opportunity analytics:** Modeling and guidance of what programs, criteria, measures and goals should be used
  - **Attribution:** Development of custom attribution models for panel alignment, risk adjustment or bundled payment model design
  - **Financial compliance:** Calculation of results and financial compliance of shared savings performance
  - **Provider transparency:** Effective communications between health plans and providers to drive ROI and improve quality
-

management, claim operations, network management, clinical care, IT). Developing and deploying value-based strategies require collaboration and an end-to-end solution that addresses:

- **Opportunity analytics:** Need timely access to appropriate clinical information, performance measurement and monitoring, and transparent and actionable information.
- **Administration capabilities:** Require technological and administrative ingenuity that will support, empower and evolve risk-based strategies across the payer, provider and consumer spectrums. The right technology and data methodologies are intrinsic to success.
- **Provider engagement:** Relationships among health plans and providers must change dramatically. Because providers share financial and clinical risk with health plans, it is essential that all parties share timely information about patients' clinical conditions and the services patients receive.

## Alternative payment solutions

Optum has the ability to assist with each of these areas of need. The Optum Network Payment Innovation framework provides clients the ability to leverage core analytics into integrated workflow, manage contractual relationships, provide health plan and provider transparency, and align to contractual performance and risk management.



**Opportunity analytics:** Provider network measurement using population measures and other metrics to determine which providers are delivering high-quality care at the lowest cost.

- Help ensure the contractual commitments you are trying to drive will be served to enable reducing the cost of care.
- Use targeted network performance reports, profiling quality, cost and utilization of different providers for proper value-based contracts and metric alignment for shared risk.
- Enable bundle financial modeling to ensure the right bundle definition and price are set.
- Adjust for differences in patient risk.



**Administration platform:** One of the greatest challenges is the administration of alternative payment contracts that align behavioral changes to financial incentives. Our solution goes beyond simply administering claims. The solution assists with managing the full life cycle of alternative payments from modeling and contracting to claims pricing, exception processing and financial distribution.

- Manage both prospective and retrospective bundle payment programs.
- Manage cost, quality, utilization and patient satisfaction value-based programs with performance reporting provided throughout the contractual period.
- Capitalize on over 100 clinically-defined default bundles and value-based templates, or create custom contracts.



**Contract modeler:** Client self-service management of payment arrangements, contract templates and metrics.

- Perform "what if" scenarios to align fee-for-service, bundled payment and value-based contracting initiatives.
- Use the existing bundle definition repository and claim history to identify the right bundle definition and pricing.

---

## Optum has solutions for alternative payment strategies that:

- Leverage existing investments in analytics; don't need to start from scratch or re-invest
  - Capitalize on existing Optum clinical knowledge and experience with evidence groupers
  - Deliver a standard method of incentive definition and ensure the right incentive structure to optimize health and financial outcomes for client-specific needs
-



**Attribution engine:** Convert data from predictive analytics engines into an attribution engine for panel alignment and workflow processing. Roster management, attribution and provider network measurement to ensure that value-based models align with business goals.

- Define peer groups to align proper attribution and benchmarking.
- Replicate prior attribution models to create new structures.
- Show attribution model results in a report style dashboard for verification.



**Provider engagement:** Gather provider reporting for all attribution models, contract metrics and value-based performance across quality, cost and utilization.

- Allow timely access to appropriate clinical information at point of care.
- Provide transparent and actionable information on provider performance.

For an alternative payment strategy to work, it has to be built around business needs, priorities and capabilities. Optum works with health plans and providers to understand their preferences and the context within which they operate to help identify the appropriate value-based contracting tactics.

- **Flexibility** — Deliver solution to meet your specific goals.
- **High-powered analytics** — Capitalize on our core analytics, with flexibility to align with others, to address any metrics needed.
- **Administration** — Support oversight and streamlined process for administering all alternative payment models.
- **Potential for alignment with other Optum solutions** — Payment Integrity, Provider Data Management, Advanced Analytics, Report Transparency (portal agnostic).

Whether your focus is on financial performance and predictability, clinical quality improvement or operational efficiency, Optum solutions will help you achieve your goals.

Sources:

1. GAO-15-401. Results from the first two years of the Pioneer Accountable Care Organization Model. Published: Apr 22, 2015. Publicly released: May 22, 2015.
2. Song Z, Rose S, Safran DG, Landon E, Day MP, Chernew ME. Changes in health care spending and quality 4 years into global payment. Song Z, Rose S, Safran DG, Landon E, Day MP, Chernew ME. N Engl J Med. 2014 Oct 30;371(18):1704-14.
3. Rosenberg CN, Peele P, Keyser D, McAnallen S, Holder D. Results from a patient-centered medical home pilot at UPMC Health Plan hold lessons for broader adoption of the model. Health Affairs; 31(11): 2423-2431.
4. CMS: Results from first year of voluntary bundled payment program are 'encouraging.' Advisory Board Daily Briefing. September 20, 2016.

---

Empower your value-based contracting strategies with a powerful administrative platform that enables you to build, scale and evolve payment programs.

**Call: 1-800-765-6807**

**Email: [empower@optum.com](mailto:empower@optum.com)**

**Visit: [optum.com](http://optum.com)**

---



11000 Optum Circle, Eden Prairie, MN 55344

Optum® is a registered trademark of Optum, Inc. in the U.S. and other jurisdictions. All other brand or product names are the property of their respective owners. Because we are continuously improving our products and services, Optum reserves the right to change specifications without prior notice. Optum is an equal opportunity employer.