

## How Centers of Excellence help improve quality and control costs



Treatments for complex medical conditions — such as liver transplants, ventricular assist device surgeries and advanced-stage cancer care — occur relatively infrequently. So why should health plans be concerned? There are several reasons:

- Driven by new medical technology and specialty drugs, the cost of treating these conditions is rising fast: transplant billed charges have doubled in less than a decade; the average billed charges for some transplant episodes can reach \$1 million or more.<sup>1</sup>
- Significant variation in price and quality among hospitals for the same procedures is a growing concern.<sup>2</sup>
- Thousands of unnecessary surgeries are performed each year at a cost of billions of dollars.<sup>3</sup>
- Johns Hopkins University researchers estimate that medical errors in hospitals and other health care facilities may be the third-leading cause of death in the United States — after heart disease and cancer — claiming 251,000 lives annually.<sup>4</sup>
- With advances in medical research and treatment occurring so rapidly, few health plans have the expertise to manage complex medical conditions, vet providers and control financial risk exposure.
- Facing a bewildering array of options, members may make poor decisions about their medical treatment, leading to sub-optimal outcomes and higher costs.

This paper examines the critical need to identify and advance high-quality specialty care providers. In particular, it discusses how the use of Centers of Excellence (COEs) helps members access the most appropriate programs to treat their conditions, delivers superior clinical results and enables payers to manage costs.



### Centers of Excellence

Members can access the most appropriate programs to:

- Treat their conditions
- Deliver superior clinical results
- Manage costs

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*Identify and advance high-quality specialty care providers.*

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## Defining Centers of Excellence

COEs are high-performing programs within a hospital or medical facility that have met rigorous qualification criteria and have a proven history of clinically superior and cost-effective outcomes. Their success correlates with high case volumes and deep levels of provider experience and specialization.

## The Optum COE model

Optum COE criteria, over 30 years in the making, focus on five goals in managing complex medical conditions:



Using sophisticated data analytics, Optum evaluates programs at medical facilities and provider networks throughout the United States and identifies those performing a high volume of surgeries with superior clinical outcomes. Optum applies a consistent analytical approach to provider contracting, benefit design and personalized member support. Some options offer predictable bundled costs for payers.

### This strategy enables health plans to:

- Make expert care accessible to the widest possible patient population
- Reduce variability in outcomes
- Manage costs more closely

### The COE model of care has proven critical to the success of:

- Solid organ and stem cell transplants
- Ventricular assist device implantation procedures
- Congenital heart disease surgery
- Bariatric surgery
- Complex cancer treatment
- Spine and joint surgeries
- Infertility procedures

## Strong financial, clinical and member satisfaction results

The Optum COE approach delivers positive outcomes and provides a supportive relationship with both members and payers, says Optum Clinical Sciences Institute Senior Director Lynn Wetherbee, RN, BSN, MPH.

“We want our Centers of Excellence programs to be thought leaders, to give excellent care to the members we’re sending to them — sometimes from across the country.” She notes that Optum clinical management teams help guide each member to an appropriate provider based on diagnosis, plan language, geography and many other factors. “We educate the member on our COEs whenever possible to help ensure they receive the best possible care.”



### Cost savings

**54%** Average contractual savings through Optum Transplant network.<sup>5</sup>

**45–50%** Average savings on billed hospital charges from Optum Ventricular Assist Device network.<sup>6</sup>

**35–40%** Immediate savings of billed rates on oncology services performed at Optum COE cancer network.<sup>7</sup>

Up to **25%** reduction in newborn costs using Optum Fertility Solutions Center of Excellence.<sup>8</sup>



### Clinical improvement

- The Optum transplant COE and clinical management program length of stay was **17%** lower than the national benchmark in 2015, and measured a **10%** lower incidence than the expected national average.<sup>9, 10</sup>
- **36%** shorter length of stay on average with Optum congenital heart disease COEs versus non-COEs.<sup>11</sup>



### Member satisfaction

- **98%** satisfied or very satisfied with Optum cancer COE program
- Satisfied or very satisfied with nurse case manager:

COE	Satisfaction Rate
Spine/joint	100%
Cancer	97%
Transplant	95%
Bariatric	92%
Infertility <sup>12</sup>	91%

## Growing demand for Centers of Excellence

- 1 The increasing demand for high-quality specialty care centers is driven by several factors.

  - Sedentary lifestyles and an aging population are triggering higher incidence of illness, and costs are escalating, due in part to advances in medical technology.
  - Estimated annual obesity-related health care costs in the U.S. are close to \$200 billion — nearly 21 percent of the nation’s medical spend.<sup>13</sup> Comorbid conditions add to the human and financial toll that obesity extracts, as roughly 80 percent of people with diabetes are overweight or obese.<sup>14</sup>
  - Roughly 1.9 million new cancer cases per year are expected in the U.S. between 2010 and 2020<sup>15</sup>; total medical costs for cancer in the U.S. are expected to reach \$158 billion by 2020.<sup>16</sup>
  - Ventricular assist device implantation procedures are projected to increase by 61 percent between 2013 and 2020 (7 percent CAGR) as the trend shifts from bridge-to-transplant to a destination therapy model.<sup>17</sup>
  - The estimated average cost for a transplant for individuals under age 65 is \$598,000, a 25 percent increase over 2011 estimates.<sup>18</sup>
- 2 Employers increasingly seek to maximize the value they receive from their health plans. Forty-five percent of employers give their employees access to COEs for specialty services (including back, knee, cardiac and infertility issues), up from 37 percent in 2015, with another 32 percent planning to do so by 2018.<sup>19</sup>
- 3 In today’s digital age, members increasingly demand efficient, high-quality service when dealing with retailers and other service providers. They have those same high expectations when navigating the health care system for treatment of their medical conditions.

## The Optum Centers of Excellence Approach

The Optum approach to COEs is based on three pillars: clinical qualification methodology, financial qualification and contracting, and guiding members to COEs.

### Rigorous clinical qualification methodology

Ensuring that the Optum COE network lives up to its promise is a continuous, rigorous process. It requires state-of-the-art analytics and guidance from leading medical experts and specialists. The process is managed by the Optum Clinical Sciences Institute (CSI). CSI relies on expert panels of non-Optum affiliated, board-certified practicing physicians and surgeons — leaders in their field — to guide the qualification process for each complex medical condition program.

The COE qualification criteria, listed to the right, are annually reviewed and revised, consistent with best practices, quality parameters and key performance benchmarks for each specialty. Our continuous quality improvement process also includes quality of care concerns, serious event processes and member feedback.



### Optum COE networks nationwide:

- Transplant
- Ventricular assist device
- Congenital heart disease
- Cancer
- Bariatric surgery
- Infertility
- Spine and joint

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## COE qualification criteria

Each Center of Excellence is examined to assure it performs far above the national average in:

- Volume of procedures
  - Patient outcomes
  - Readmission rates
  - Evidence of best practices
  - Proof of a multidisciplinary approach
  - Annual, published clinical research
  - Support services for family members
  - Procedure and follow-up care cost
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### Financial qualification and contracting

Health plans expect specialty care programs to deliver cost-effective pricing. The Optum COE solution often provides beneficial pricing that lowers payers' and members' cost of care. In exchange, providers receive a patient volume that supports higher levels of growth and reinvestment in skills development, research, technology and specialized facilities.

For example, the Optum Spine and Joint COE providers charge a bundled payment that covers all costs related to the surgical episode, including reassurance against potential readmission. Provider contracts for more complex care episodes may take the form of a simplified bundled payment or episodic case rate covering most facility surgical, inpatient and testing expenses as well as professional fees. Optum transplant COE contracts provide comprehensive coverage — covering the full episode of care from evaluation for transplant through a full year post-discharge.

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*The Optum COE solution often provides beneficial pricing that lowers payers' and members' cost of care.*

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### Guiding members to COEs

To effectively guide members through their provider options, many Optum COE network services offer benefit design consultation and specialized clinical management teams. To encourage members to use a COE, plans may highlight that COEs are the designated network in their health benefit documents.

Members may also receive one-to-one support by phone from an Optum dedicated nurse clinical manager who specializes in the member's condition. These nurses help members understand their benefits and educate them about their conditions so they can make informed treatment decisions and where to go for care. They also help members understand what to expect before and after surgery, and provide ongoing support to encourage them to follow the recommended treatment plan so as to avoid readmission and complications. Encouraging members to be highly informed and engaged helps payers reduce costs and improve outcomes.

The scale and scope of the Optum COE solution ensures that members have access to high-quality specialty care throughout most of the nation.

### Collaborating for continuous improvement

High-performing COEs are built on mutual respect, trust and collaboration between the program's medical teams and the network providers' health care staff.

Optum medical directors regularly visit Optum COEs. For example, each year an Optum national medical director for transplantation visits multiple transplant centers. The visits enable a close working relationship with the COEs and help Optum better understand the strengths and the specialization of each COE program.

Optum medical directors are members of multiple specialty society committees, including the Steering Committee of the Scientific Registry for Transplant Recipients, the UNOS Kidney Paired Donation Financial Sub-Committee, and the National Marrow Donor Program Working Committee on Clinical Trials and Stem Cell Transplants. Through these relationships, collaboration with COE providers and by serving on national medical panels, Optum medical directors can call upon a wide array of experts' opinions when faced with complex cases.

## The Optum advantage

Caring for members requiring a stem cell infusion, heart transplant, an intricate chemotherapy regimen or multiple surgeries for congenital heart disease is complex and costly. Yet few payers have the resources to identify and assess top-performing specialty care programs needed for these kinds of patients.

Optum claims data reveal that COEs deliver better clinical outcomes while reducing average lengths of stay and costs. This is consistent with our premise that high volumes build expertise to manage care better and more efficiently. For example, Optum has the largest case volume of any commercial transplant administrator in the United States.

As market competition intensifies, specialty networks from health plans and boutique specialty care providers are populating the landscape. We believe that the Optum COE criteria — including rigorous annual evaluation of programs' clinical outcomes, efficiency, accreditation and capabilities — result in a network of unmatched high-quality care.

## Next steps

Health plans need to develop a clinical and network strategy for managing patients with complex medical conditions. Follow these steps to jumpstart the process:

- Understand demographic trends and changing needs of your members.
- Evaluate your current provider network for quality, cost and regional coverage.
- Analyze your percent of medical spend for complex medical issues.
- Assess the variability of complex medical spend on your cash flow.
- Identify administrative and clinical gaps for managing complex medical issues.

## Start the conversation

Optum has the resources and expertise to help health plans through this process. Let us help with a no-cost assessment of your population's demographics and complex medical conditions. Contact your Optum representative to learn more.



## Relationships

Optum national medical directors have forged relationships with key thought-leading organizations, leading to opportunities to present products and strategies at national meetings, including:

- American Transplant Congress
- United Network for Organ Sharing (UNOS) Administrators Forum
- International Society for Heart and Lung Transplantation (ISHLT)
- American Society for Blood and Marrow Transplantation (ASBMT) Tandem Meetings
- Society for Advanced Reproductive Technology (SART)
- American Society for Metabolic and Bariatric Surgery (ASMBS)
- American Society for Clinical Oncology (ASCO)
- National Comprehensive Cancer Network (NCCN)

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

**Phone: 1-866-427-6845**

**Visit: [optum.com](https://www.optum.com)**

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## Centers of Excellence help improve quality and control costs

### Disclaimer

This program should not be used for emergency or urgent care needs. The information provided through the nurse support service is for informational purposes only. The nurse cannot diagnose problems or recommend treatment and is not a substitute for a doctor's care. Health plan member information is kept confidential in accordance with the law. The Centers of Excellence (COE) program providers and medical centers are independent contractors who render care and treatment to health plan members. The COE program does not provide direct healthcare services or practice medicine, and the COE providers and medical centers are solely responsible for medical judgments and related treatments. The COE program is not liable for any act or omission, including negligence, committed by any independent contracted healthcare professional or medical center.

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11000 Optum Circle, Eden Prairie, MN 55344

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