

CIOs will chart the course to the cloud, beginning with payment accuracy



MATT CHOFFIN

Vice President, Commercial Payment Integrity at Optum

Matt has 14 years of health care payment integrity consulting experience for commercial health plans, Medicaid, and Medicare. His primary focus has been in the areas of fraud, waste, abuse, overpayment recovery and coordination of benefits.



Between 3% and 7% of claims are paid inaccurately for reasons ranging from mistakes to fraud.'

Payment accuracy is the low-risk, high-speed on-ramp to modernization

The inevitability that payers face is to modernize or disappear. They must replace outmoded systems with technologies that can learn from data sets, automate workflows and reduce costs. Matt Choffin is vice president of commercial payment integrity. Julie Durham is vice president of software engineering and payment integrity. They recommend payment accuracy as a critical jumping-off point for modernization. It's an effort that puts the CIO in the driver's seat of change. And with rapid ROI, it's an effort that funds itself and other transformation efforts.

Q1 Why should the CIO consider payment accuracy as the critical starting point of plan modernization?

MATT CHOFFIN: Payment accuracy is the core function of the payer system. If it is not functioning correctly, the business model is failing.

The claims payment system in the United States aggravates providers, payers and patients. It is inefficient and produces system-wide errors. This wastes resources, sows mistrust and makes it difficult to transition to new payment models. Instead, we should focus on integrating systems to create an interoperable whole, one that automates accurate payment workflows regardless of the payment model. This cohesive approach does much more than reduce costs. It forces payer organizations to view their business more holistically. It also enables them to engage (more positively) with many different providers according to different terms and conditions.

Driving payment accuracy up can produce immediate savings. It can save as much as 4% in medical costs and 10–20% in administrative expenses. This can be significant enough to fund modernization efforts with little to no new capital investments. The increasing prevalence and cost of fraudulent and improper medical claim payments affects not just the cost of health care. It also affects a payer's NPS and their relationships with providers.

Considering payment accuracy as the first order of business compels the payer organization to work across functional teams. These teams are able to move away from closed-loop, legacy systems to fuel analytics capable of detecting and preventing leakage. This exercise prepares the CIO and the organization to approach the business problem of payment accuracy from end-to-end, which is a cultural shift for most health plans. But the exercise is instructive across the organization and a precursor to additional modernization efforts.

**JULIE DURHAM**

Vice President, Software Engineering and Payment Integrity at Optum

Julie is accountable for all aspects of technology for payment integrity. She leads more than 500 software engineers who drive and support the full suite of Optum® payment integrity capabilities. Before joining Optum in 2016, Julie worked for SAP, Best Buy, ExxonMobil, Al-Futtaim and GE leading high-performing technology teams in EMEA and North and South America.

**How does your program compare?**

Mature payment accuracy programs **target 10–15% savings** of total medical expenditures when in full production.²

Q2 How does modernizing payment accuracy affect the payer CIO's role?

JULIE DURHAM: The CIO plays a crucial role in moving his or her organization to the cloud. But moving to the cloud is not about picking the best technology. It's about shifting the culture and helping facilitate the company's vision for big data and analytics. Using the cloud to streamline data sharing and workflows leads to the savings and accuracy everyone wants. Payment accuracy is an ideal and early opportunity for the CIO to prove his or her strategic value. At the same time, the CIO is building the skills necessary to bring people together to solve a systemic problem.

Centralizing payment accuracy processes requires everyone to move together as equal partners. Operations, product management, analytics, claims and member administration, as well as information technology teams all play an equal part in solving the data problems that prevent claims and payment accuracy. These disciplines share authority and objectives. They hold each other accountable and follow the same roadmap. When they can work together this way, success extends beyond reducing fraud, waste and abuse. It enables plans to respond to new business models, deliver real-time data and comply with evolving reporting requirements. These are all core benefits of modernization.

MATT CHOFFIN: If the health plan seeks to make payer accuracy a core capability, the key is to have one executive sponsor. This could be the CIO. The sponsor's goal is not to fulfill the discrete needs of each department in the value chain. Rather, the goal is to combine all activities under one office. Then you can identify the metrics and measures of medical savings, administrative cost controls and highest value opportunities.

The controls and audit processes put in place to prevent leakage and improve payment accuracy have spread incrementally throughout and outside the payer organization. Over the years, this has created a deeply siloed and decentralized framework that leads to a high-cost pay-and-chase model. The CIO has foresight into what a centralized program should look like from a technology standpoint. He or she can ensure that the organization is maximizing capital investments and using tools at their highest potential.

Cloud-based data integration allows for more accuracy in prepay. This drives savings and reduces friction between payers, providers and members. The CIO is at the table to create the IT roadmap for bringing the data together in the most efficient way possible. This enables successful, enterprise-wide payment accuracy and supports end-to-end analytics and reporting.

“A focus on a cohesive interoperable whole, capable of automating accurate payment workflows regardless of the payment model, does much more than reduce costs.

It forces payer organizations to view their business more holistically.”

— Matt Choffin



The National Health Care Anti-Fraud Association estimates that the financial losses due to health care fraud are in the **tens of billions of dollars each year.**³

Q3 **What are the first steps payers should take to move away from siloed payment accuracy systems?**

MATT CHOFFIN: The most successful transformations include assessing pre-payment and post-payment activities and predictive scoring models. This helps prioritize plan efforts.

Incremental growth of automation tools across the organization has delayed payers from creating data-driven decision-making throughout the payment lifecycle. In assessing your current payment accuracy strategy, examine and evaluate all the people, processes and technologies involved. Look at everything: from cost avoidance during pre-adjudication and pre-payment through cost-containment in post-payment. Identify opportunities to increase cost avoidance and decrease the need for cost-containment efforts. Assess your executive reporting and compare findings against benchmarks of mature payment accuracy models. Mature models use reporting to fuel ongoing improvements in avoidance and recovery tactics.

Q4 **In addition to cost savings, what are the other benefits of centralizing payment accuracy?**

JULIE DURHAM: Like most businesses today, it's all about the data. When data scientists have accurate and real-time data, better insights result. In a big data environment, a health plan can bring together more contextual information to detect patterns and anomalies to improve payment decisions. Increased automation and analytics build consistency and a common platform for decision-making between various departments. This enables access to data sooner and increases cost avoidance earlier in the payment process. Analytics can provide insight into complex fraud schemes that are difficult or impossible to understand with traditional techniques.

In data-driven organizations, the CIO has huge accountability to the data science team to make sure they have real-time access to data and the most modern tools. This is the place where performance can be dramatically improved — and payment accuracy is the perfect, foundational launch point.

“Better data leads to better insights.

In a big-data environment, a health plan can bring together more contextual and real-time information to detect patterns and anomalies and improve payment decisions.”

— Julie Durham

Conclusion

As the gateway to modernization, shifting payment accuracy from an archaic infrastructure to a cloud platform yields immediate and long-term financial benefits. It’s time for the industry overall to catch up technologically. Without modernized data structures and analytics, the payers that persist in the pay-and-chase model — rather than a model that builds in accurate decision-making earlier in the payment process — will lose to payers that transform.

Learn more from Matt and Julie about how centralizing payment accuracy can fund your transformation by visiting optum.com/PASeries.

And for emerging trends and innovations in payment integrity visit optum.com/PaymentIntegrity.

Sources

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