



UnitedHealth Group

Administrative Simplification Across Payers (And Care Providers, Too!): A Framework for Policy Development

IOM Workshop 3: The Healthcare Imperative
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September 10, 2009





Overview:

- Major opportunities exist to reduce administrative waste/complexity in healthcare, particularly on the transaction and “utility” side
- Areas of Opportunity:
 - Developing/deploying common technology and information standards
 - Leveraging technology to improve payment accuracy and speed
 - Promoting broader use of industry-wide “utilities” e.g. CAQH
- A Policy Framework:
 - Policies that promote “spread” of existing standards and capabilities
 - Policies promoting electronic connectivity and transaction automation
 - Policies promoting multi-payer capability
- Interoperability and capability maturation should be emphasized, not just “standardization” (risk of lowest-common denominator and stasis)
- Public/private harmonization would accelerate change

- \$2.6T Spent on Health Care Annually
- Estimated \$290B (11%) Spent on Administration
- Lack of Rigorous Standards
- Under-Development and Application of Collaborative and Interoperable Technology – Intensely Manual
- Limited Industry Utilities

Sub-Optimal Diagnosis, Treatment and Outcomes

Consumer Mistrust and Hassle

Reduced Productivity

Excessive Costs

A Sobering Thought...



Healthcare trails the field when it comes to benchmarking revenue cycle

- **Cost is several magnitudes higher than other industries**
 - **Back end 4%**
 - **Other billing related 2.5%**
 - **Other practice costs 8%**

- **Yet other industries report 0.25 to 0.5%**

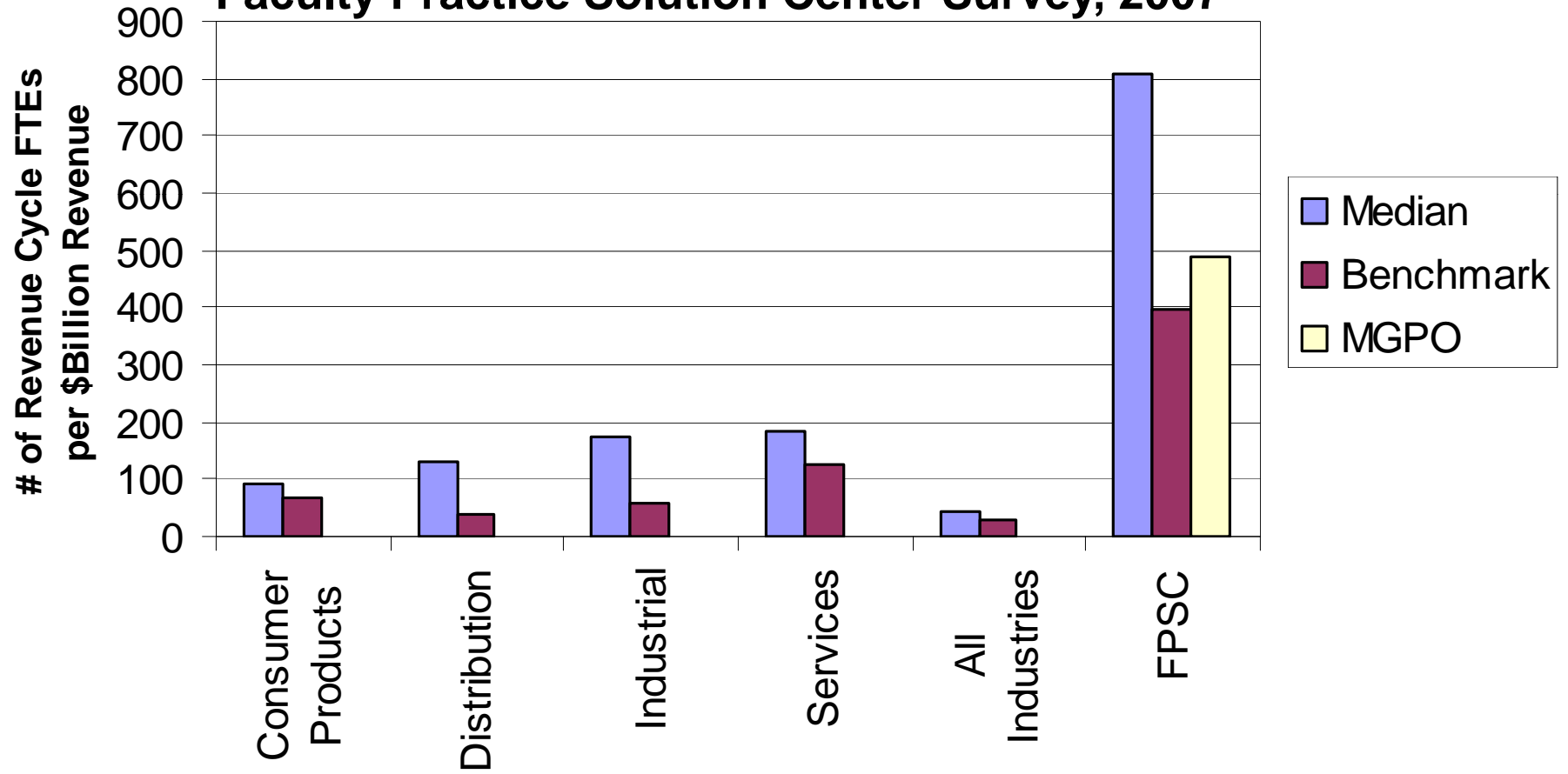
- **Error rates would be unacceptable in any other industry**
 - **First time reject rate 10%-15%**
 - **Level 1 of six sigma would have an error rate less than 10%**
 - **Level 2 of six sigma would have level errors less than 1%**

*Presented at the Administrative
Simplification Summit
Healthcare Administrative
Simplification Coalition
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*Includes results of a project made
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Research by Gregg S. Meyer, MD,
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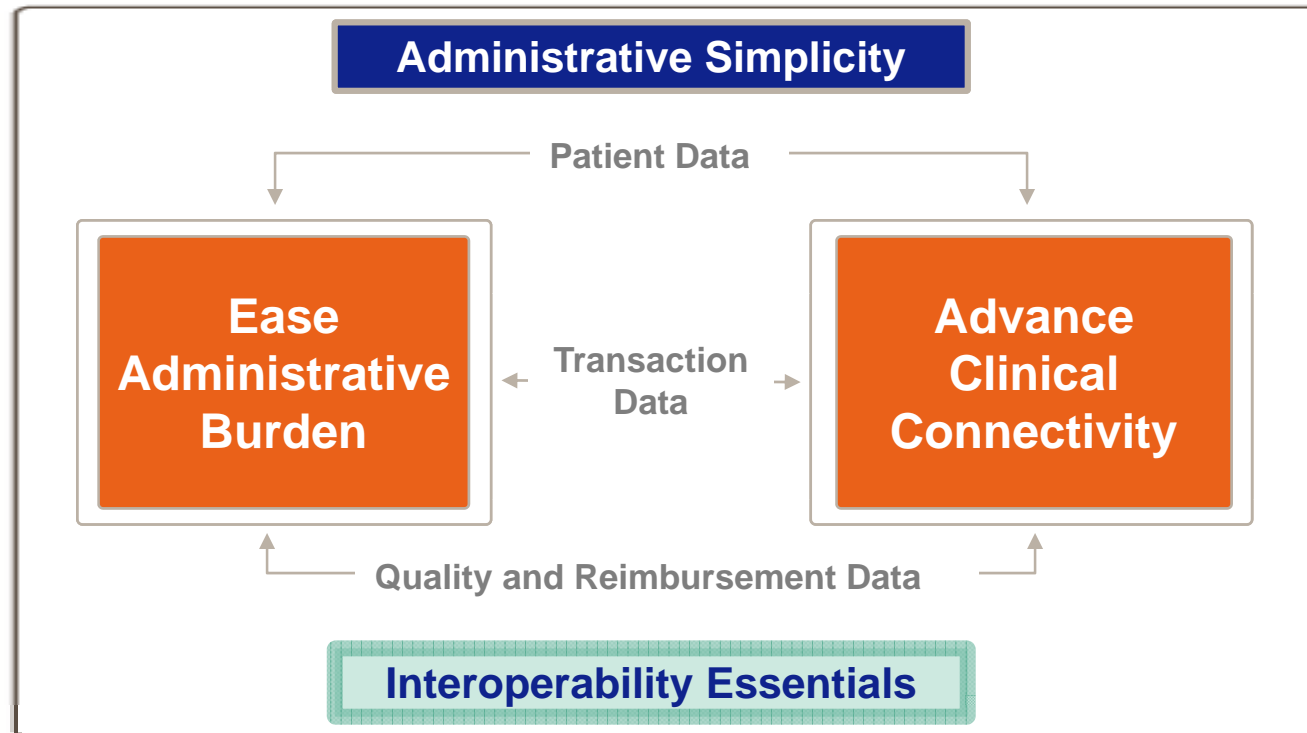
Physician Billing Staffing Compared to other Industries Faculty Practice Solution Center Survey, 2007



Sources: MGPO Analysis using for Industries Credit Today 2005 Benchmarking Survey and for Physician Billing Faculty Practice Solution Center 2006 Billing Office Survey; Courtesy James Heffernan, MGPO



Administrative Simplicity – What Is It?



Interoperability Essentials Include:

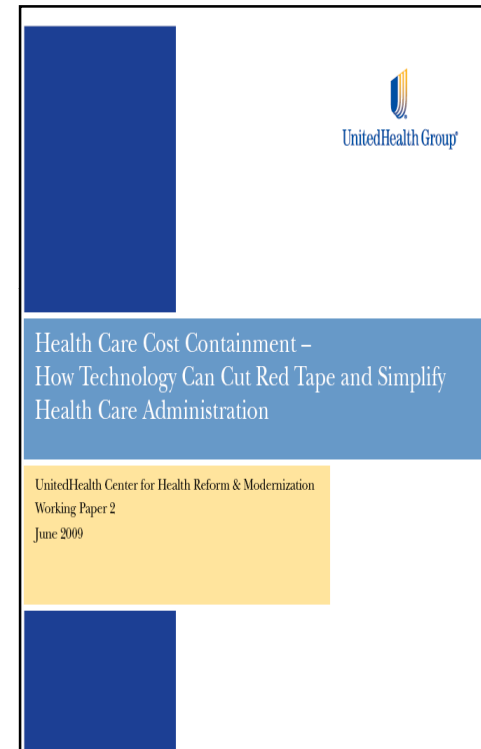
- Common standards
- Integrated administration
- Reduced costs
- Portability
- Improved diagnosis
- Better EBM compliance
- Improved outcomes



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Major Cost Savings are Possible:

- Not All-Inclusive; Just 12 Fundamental Changes
- Grounded in Experience or Extensions of Experience
- Three Broad Categories
 - Standards, Enhanced Interoperability and Connectivity
 - Common Claim Handling and Clearing
 - Selective Industry Utilities



Identified \$332B in Administrative Savings Over 10 Years, Plus Offered \$464B in Medical Cost Savings

Policies to Promote “Spread”

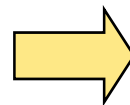


- Use of CAQH and standardized credentialing
- Existing transaction standards and capabilities e.g. ID Card using WEDI standards

WEDI Strategic National Implementation Process (SNIP)
SNIP Transactions Workgroup
Health ID Card Sub-Workgroup

Approved
November 15, 2007

Health Identification Card Implementation Guide



Front of Card

- 1 Customer Logo – Employer group logo if requested
- 2 Member ID
- 3 Group Number
- 4 Member and Dependent Names
- 5 Payer ID
- 6 Pharmacy Information
- 7 Standard Copays

Back of Card

- 1 Member Information
- 2 Provider Information — presentation of the ID card does not guarantee patient eligibility and benefits. We encourage providers to visit the Web site listed on the back of the ID card to verify this information.
- 3 Pharmacy Information

RAISING THE BAR: UnitedHealthcare is the first company to implement the WEDI standards for all business.

AHIP-Multi-payer portal pilot



1. Test a portal for providers to interface with multiple health plans in two states (Ohio and New Jersey)
2. Test methods to increase the exchange of administrative data in real time
3. Test methods to integrate existing methods providers use to interact with health plans (e.g. practice management systems, and health plan websites)

Pilot will be operational by October 2009, with health plans coming on board throughout the 4th quarter.

Standardization vs. Interoperability



Does anyone say we need to “standardize” product features and offerings at the grocery store due to administrative complexity?

Consumer Health Retailization



The screenshots show the myuhc.com interface. The left screenshot displays 'Quality of Care and Cost Estimates for Aurora Baycare Medical Center', including a star rating and mortality/complication rates. The right screenshot shows 'Account Balances' with a table of account types and their respective amounts.

Description	Plan Year	Initial Amount	Applied Amount	Remaining Amount
Health Reimbursement Account (HRA)	03/01/2007-03/01/2008	\$6000.00	\$450.00	\$150.00
Healthcare Flexible Spending Account (FSA)	03/01/2007-03/01/2008	\$2,000.00	\$502.00	\$1,498.00
Dependent Care Flexible Spending Account (FSA)	03/01/2007-03/01/2008	\$2,400.00	\$400.00	\$2,000.00
Health Savings Account (HSA)	03/01/2007-03/01/2008	\$422.00	N/A	\$180.00

Consumer evaluates resources



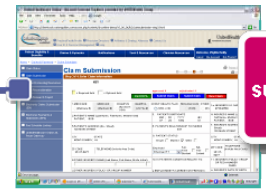
Consumer receives care

Consumer

Consumer shops for care



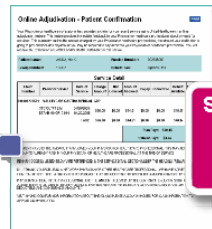
Consumer receives care



Physician submits Claim in real-time

Claim adjudicated in 10 seconds or less

Physician prints copy for Consumer which includes detail of the claim, benefit and his or her financial responsibility



Successful adjudication message including coverage and charge amounts

Real-time adjudication



Consumer receives health statement

The Center of the Health Care Universe: The Exam Room



- Health care delivery is most effective when doctors and patients make choices that are
 - Informed by a rich understanding of the patient's needs
 - Supported by evidence-based medicine
 - Tracked by tools that assure progress to the desired clinical and economic outcome

Health care transformation: synchronizing the system and its participants