

# Reinventing Utilization Management: Faster, Smarter, and Automated

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## Welcome



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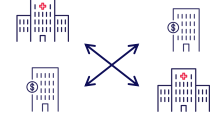
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# Industry in Transformation

Healthcare spending is on the rise again<sup>1</sup>



Consolidation Acquisitions Challenged



By 2020, healthcare will account for nearly 1/5 of the total U.S. economic output<sup>2</sup>

Demographic Trends

- 10K baby boomers turn 65 every day<sup>4</sup>
- People 65+ years cost 3x more than 25-44 years<sup>5</sup>



New Payment and Care Delivery Models Increased Adoption

Future of the ACA

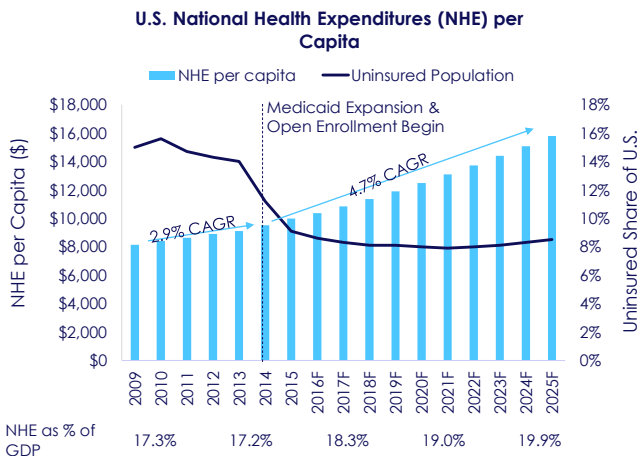


1: Allum Institute, Health Sector Trend Report, March 2015, accessed April 2015; Tozzi J, "U.S. Health-Care Spending is on the Rise Again," Bloomberg Businessweek, February 18, 2015, available at: www.bloomberg.com; 2: Nearly 20% of GDP to be Spent on Healthcare by 2020 (Health Leaders Media July 28, 2011); 3: Untapped Potential in the Healthy Aging Marketplace (BioTechnIQ July 1, 2013); 4: Slowdown in Healthcare Spending Could Be At Risk (Wall Street Journal July 14, 2013); 5: Slowdown in Healthcare Spending Could Be At Risk (Wall Street Journal July 14, 2013)



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# Reducing Cost is a Primary Emphasis



Source: CMS, U.S. Bureau of the Census

## Customer Impact

### Payers

- Rising costs remain a challenge where payers own the risk and put a spotlight on administrative costs
- Greater focus on engaging consumers to manage and mitigate the cost exposure

### Providers

- Providers benefitted significantly from the decrease in uncompensated care and bad debt from ACA's expansion
- Commercial and government payers are shifting increasingly to value-based payment models in lieu of FFS



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## The Triple Aim Goals of Utilization Management

Improving health  
of populations

Improving patient  
experience

Reducing the cost  
of health care

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## Utilization Management In Practice

Not living up to it's potential

### Inappropriate Care Abounds

**22.5%** Implantable defibrillators (ICD) inappropriate

**1/3** Knee surgery not necessary

**17%** referrals for spinal fusion "unnecessary"

### Slow Adoption of Evidence

**> 50%** Medicare Beneficiaries had 1+ cataract pre-op tests despite guidelines to the contrary

**8,000** articles "relevant to family practice published monthly"

### Unexplained Variance in Care

**Lumbar fusion/100,00 Medicare beneficiary 2001-2011**

**9.2** Bangor, ME vs. **127.5** Bradenton, FL

**Bariatric surgery /100,000 Medicare beneficiary 2007-2011**

**4** San Francisco, CA vs. **80** Muskegon, MI

### Increasing Complexity

**141** Million Americans have > 1 condition

**40%** of patients w/ heart failure 5+ chronic diseases

**29%** patients have a co-morbid mental health issue

Sources: JAMA July 6, 2011 vol 306; JAMA Jan 5, 2011 vol 305; Arthritis & Rheumatology, June 30, 2014; Surg Neural Int. Jun 21, 2011; New England Journal of Medicine, April 2015; J Med Libr Assoc. 2011 Jul 99(3):229-236; Dartmouth Atlas, Current Cardiology Reports, June 2012; The Synthesis Project, Robert Wood Johnson Foundation Feb 2011

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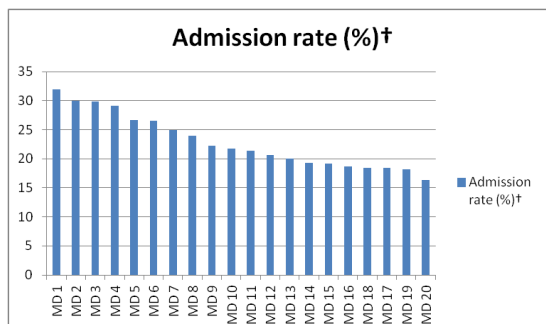
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## Decision Support Needed In the ED

- Inpatient admissions account for \$600–800 billion expenditure annually
- Reducing admissions by 10–25% could save approximately 1.0–2.5% of total health spend

Wide Variability in Emergency Physician Admission Rates: A Target to Reduce Costs Without Compromising Quality

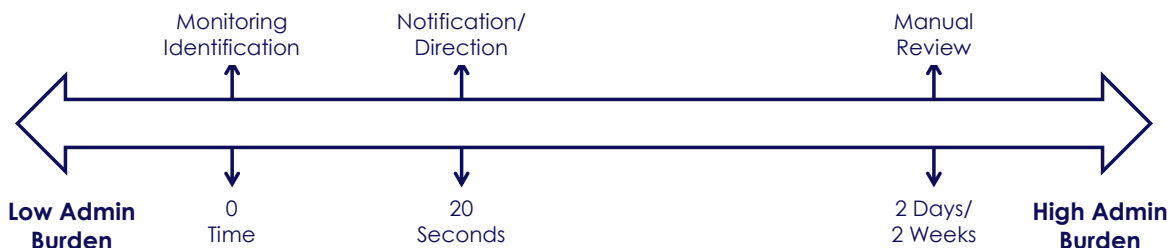


Admission rates of some ED attending physicians greater than twice the rates of others, unexplained by known confounders.

West J Emerg Med. 2016 Sep; 17 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5017840/>

## Choosing the Right Intervention for Value

Based on specific provider performance & strategic objectives

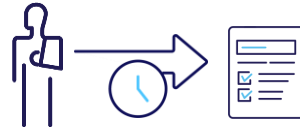


# High Administrative Burden

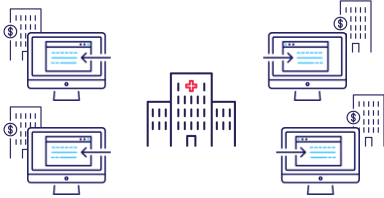
Manual



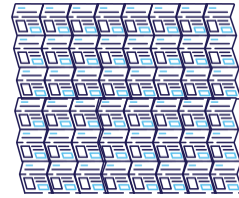
Retrospective



Inefficient



Overwhelming



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# High Administrative Burden



Redundant medical reviews

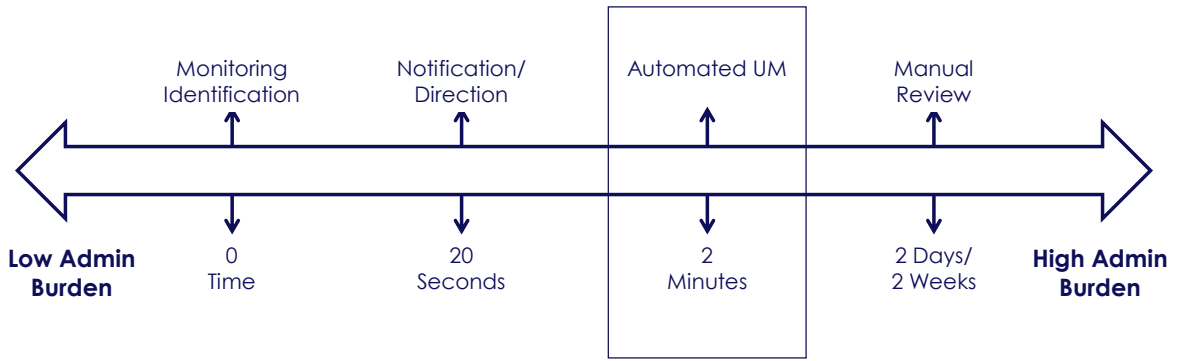
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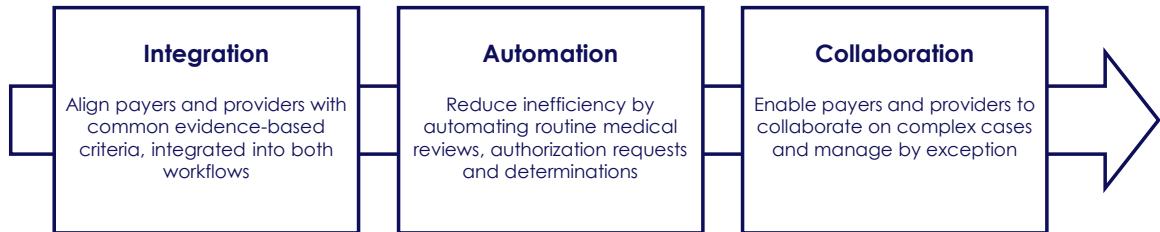
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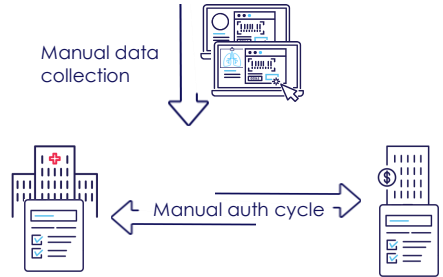


## A New Approach to Utilization Management

Shift from reactive to proactive & collaborative



# Reactive Utilization Management

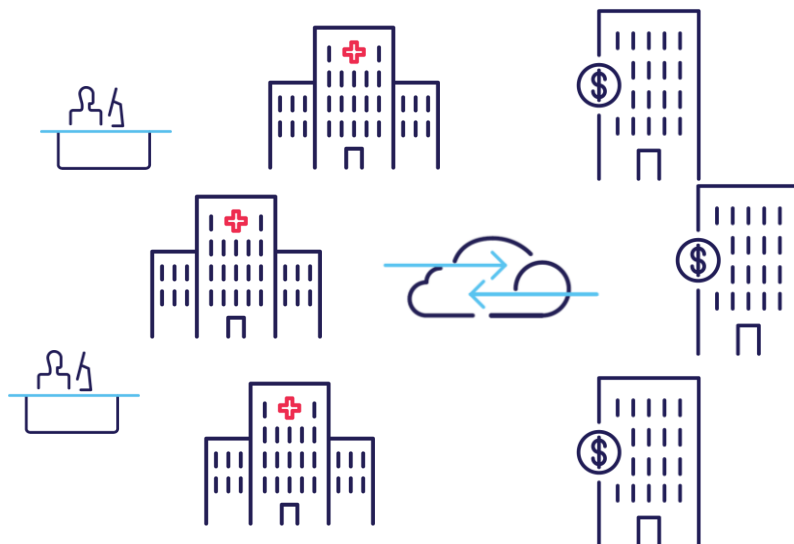


# Proactive Utilization Management

Inpatient



## Connected Ecosystem



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## Case Study: Dominant single-state payer

Current situation:

- △ High volume of authorization requests managed by over 50 FTEs
- △ Technology changes at provider facilities caused decrease in portal value and decline in use
- △ High rate of denials due to lack of information



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## Case Study: Dominant single-state payer

Goal:

- △ Decrease administrative expenses while increasing responsiveness
- △ Improve provider relations through transparency and automation
- △ Break the cycle: submit → deny → resubmit → approve



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## Tackling the Automation Challenge

**42 conditions = 91% of admissions through ED<sup>1</sup>**

**Top 7 account for 30% of all admissions**

- |                                  |            |
|----------------------------------|------------|
| 1. Heart Failure                 | 5. TIA     |
| 2. Acute Coronary Syndrome (ACS) | 6. Stroke  |
| 3. Infection, Pneumonia          | 7. Syncope |
| 4. COPD                          |            |

**Example: Heart Failure<sup>2</sup>**

- 5% of all hospital stays for patients 65 and older
- 42% of total Medicare FFS admissions

**Codifying objective findings**

- Clinical markers of severity
- Aligning to standard terminology

**Exploring ambulatory content**

- Total Joint Replacement
- Lumbar spine imaging
- Non-invasive Airway Assist Devices
- Upper GI Endoscopy

1: Internal analysis  
2: The High-Cost of Heart Failure for the Medicare Population: An Actuarial Cost Analysis Commissioned by Novartis Pharmaceuticals, Feb. 2015

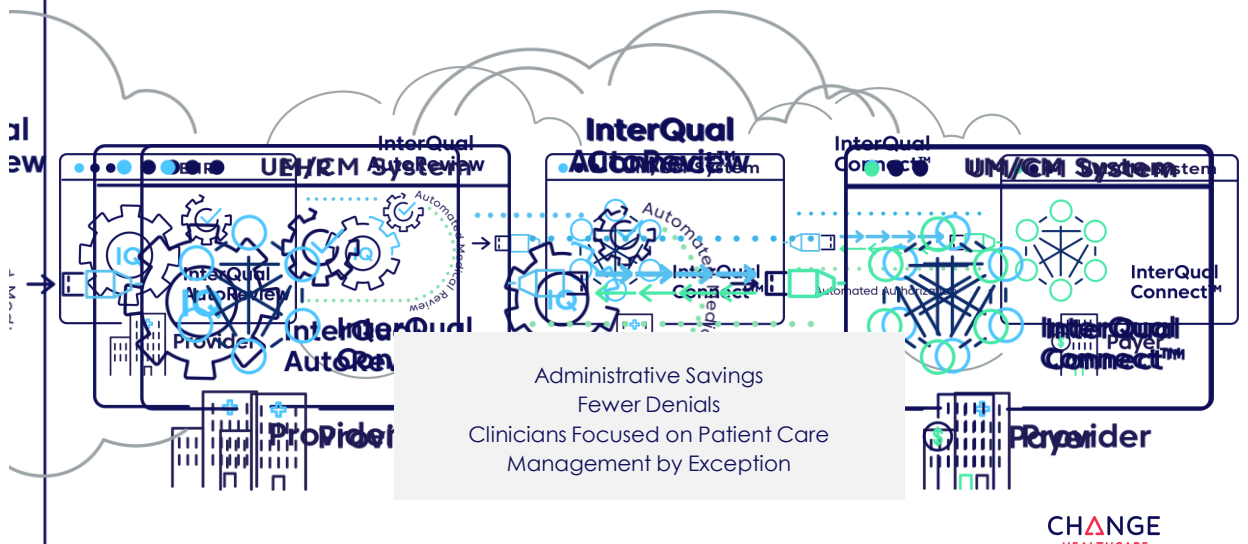
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# End-to-End Authorization Ecosystem

Seamless exception-based utilization management



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# Alliance Partner Network

## Payer Partners


## Provider Partners

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## Portal Partners

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# Utilization Management Reinvented

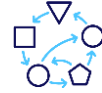
Integrated



Automated



Collaborative



Cost  
Effective



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