

UTILIZATION MANAGEMENT

UTILIZATION MANAGEMENT GOLD CARDING STRATEGY

Evaluated strategic trade-offs and identified opportunities to enhance and harmonize the plan's UM programs to generate \$25 M claims savings

Client situation

- A Blues plan was interested in reducing the administrative burden of their utilization management (UM) programs without risking medical cost leakage, through developing a gold carding program for their high-performing providers
- Oliver Wyman was hired due to our knowledge of the client's current program design, familiarity with best practice UM programs across the industry, and analytical expertise in assessing the potential value of a gold carding program

Oliver Wyman approach

- Analyzed claims and denials by hospital to determine what gold carding "rules" would enable the greatest reduction of administrative review volume with the least leakage of medical claims and potential for provider abrasion
- Compared key options (public vs. internal, facility-level gold card vs. facility/specialty-level)
- Created initial and ongoing implementation plan

Key impacts achieved

- Determined that the specific gold carding strategy investigated would not reach the desired ROI
- Leveraged our knowledge of the enterprise to identify opportunities to enhance and harmonize the program across LOBs, to generate \$25 M in claims savings, while increasing admin costs by \$190 K
- As a result, the plan collaborated across LOBs to harmonize the UM program, and optimized the balance of enterprise ROI, operational complexity, and provider abrasion

UTILIZATION MANAGEMENT PRODUCTIZATION AND MONETIZATION

Defined a roadmap for continued UM integration with Care Management and Advocacy/Concierge products to enhance medical cost management performance

Client situation

- Client is a multi-state, Blues plan with membership across all LOBs
- Client is developing a robust Member Advocacy solution and was looking to optimize Utilization Management as part of the solution and as a standalone function
- OW helped the client evaluate the strategic tradeoffs of different Utilization Management monetization and integrated product approaches

Oliver Wyman approach

- Collaborated with client's member experience team to identify initiatives to improve the member and provider experience in the prior authorization process
- Evaluated strategic tradeoffs and implications of UM monetization and product approaches, including:
 - UM as data input to inform real time member outreach and next best action recommendations
 - UM as a buy-up where group customers pay for a higher degree of UM vs. what is included in base
 - UM as a key lever in an incentive based product where prior authorization triggers certain steerage requirement required for member to meet incentive
- Outlined roadmap to increase impact from UM (revenue opportunity, increased cost savings after PA approval)

Key impacts achieved

- Identified 10+ initiatives to improve the member and provider experience with UM
- Aligned with leadership on strategic opportunity set to use UM to drive incremental revenue and cost savings
- Aligned on a high level roadmap for continued UM integration with products and medical cost management levers

MEDICAL COST MANAGEMENT REDESIGN AND IMPLEMENTATION FOR A REGIONAL BLUE PLAN

Identified over \$50 M in savings across medical management initiatives and delivered a step-by-step playbook to deliver recommended UM changes

Client situation

- A large Blues plan sought to redesign their medical management organization
- Client was facing significant cost pressure and was seeking to quickly reduce medical cost for their MA and ACA books of business
- Client sought to redesign and implement a new complex care model that would identify impactable members, improve health outcomes, and reduce cost and utilization
- Client also wanted to redesign utilization management organization to deploy performance improvements and cost savings opportunities and launch targeted initiatives to realize savings

Oliver Wyman approach

- For case and disease management, Oliver Wyman:
 - Performed a rigorous analysis of the population to identify the right members for interventions and estimate savings
 - Designed interventions, operating model, and system requirements to manage target population
 - Implemented the newly designed model
- For medical utilization management, Oliver Wyman:
 - Conducted a deep assessment of the current organization
 - Developed a detailed playbook outlining the required future state utilization management org design and enhanced workflows
 - Identified cost saving potential of recommended changes

Key impacts achieved

- Identified over \$50 M in savings across medical management initiatives
- Launched an innovative complex care model for MA and ACA within six months
- Delivered a step-by-step playbook outlining changes required across UM to achieve target future state

MEDICAL COST MANAGEMENT AND PROVIDER REIMBURSEMENT PROGRAM ASSESSMENTS FOR A REGIONAL HEALTH INSURER

Detailed operational and value delivery assessment of 25 medical management programs – including the UM program portfolio – and identification of opportunities for improvement

Client situation

- The client was a regional health plan looking to evaluate their medical cost management (utilization management, care management, claims editing) and provider reimbursement programs to assess value being generated
- They were looking to optimize their value to the market delivered from their portfolio of medical management functions with the intent to drive more value with less administrative costs
- To inform the decision about how to optimize the portfolio of medical management programs and services, an understanding of the ROI and operational efficiency of each program was needed but had never been developed

Oliver Wyman approach

- Oliver Wyman was hired to fully assess the cost, operational processes, and value generated by each of the top 25 programs (by administrative spend) including prior authorization, inpatient review, case management, disease management, genetic testing, claim payment integrity programs, retrospective review functions, provider reimbursement programs, post acute care management, etc.
- Oliver Wyman's HLS and Actuarial teams collaborated to build custom savings models for each program to determine a robust ROI estimate for each program
- A detailed operational review was conducted for each program, including evaluation of performance against benchmarks
- Oliver Wyman identified opportunities for optimization of each program

Key impacts achieved

- The engagement built quantified, actuarially sound ROIs for the programs, identifying those that were generating little or no value
- Oliver Wyman recommendations identified opportunities to capture ~\$25 M in program improvements and supported implementation of several recommendations to accelerate value capture