

**Milliman** is among the world's largest providers of actuarial and related products and services. Independently owned, Milliman brings an unbiased perspective that allows us to focus solely on your needs and organizational priorities.

**If you are part of today's healthcare industry**, you have seen significant changes and face mounting concerns about financial viability, efficiency, and quality. Milliman can help you evaluate and address these pressures with reliable information, solid strategy, and fresh ideas. Known for our business and technical acumen, we provide expert consultation on both the financing and delivery of healthcare. Some of the health system and ACO-related services we provide include:

### **Reimbursement Structure Evaluation**

Health systems and ACOs need to understand their current and future characteristics and move towards reimbursement structures that maximize their financial goals and other strategic initiatives.

Milliman consultants can help your health system or ACO identify where to position itself on the contracting spectrum. We can help you identify appropriate alternative reimbursement options for your circumstances and model potential results under various scenarios.

### **Establishing Healthcare Cost Budgets and Benchmarking**

Population-based payment structures typically set healthcare cost budgets on a per-member per-month (PMPM) or percentage of premium basis. Detailed actuarial models based on a health system's or ACO's experience, as well as industry benchmarks, are important in developing budgets, identifying opportunities for utilization efficiencies, and measuring financial results as they emerge. Milliman consultants will work with you to compare utilization and costs by detailed service category to the

performance of other comparable organizations in your market and throughout the United States.

### **Contract Negotiations and Audits**

Negotiating payment terms between payers and providers is a high-stakes effort for both sides. The technical aspects of contracts can be difficult to analyze, and today's complex contracts often contain traps for the unwary.

Milliman consultants are experts at complex contractual arrangements and provide clients with detailed analyses grounded in financial realities, which can be invaluable for providers contemplating taking additional risk through capitation or other reimbursement methods. We can help providers assess various reimbursement methods using an organization's historical data or our internal database and point out the pros and cons of each.

Milliman also audits the technical and financial components of value based reimbursement agreements. This includes auditing attribution, cost target verification, data validation, and financial settlements.

### **Market Share**

Milliman's market share measurement services allow health systems and ACOs to evaluate payer-specific inpatient and outpatient market shares for a wide range of hospital, ambulatory, and physician office medical services without waiting several months to obtain historical market data. The results can be very powerful when used in the strategic planning process.

Using highly-refined actuarial models adjusted to the specific circumstances of each geographic area, we provide detailed utilization projections based on the demographics, payer mix, and utilization patterns of each of the health system's local markets.

### **Revenue Distribution / Quality Targets / Incentive Pools**

Once providers accept capitation revenue or shared savings from health plans, they need to determine a method of distributing it to their member providers. This might involve splitting revenue between a hospital and physician group or distributing physician group capitation to individual physicians. Milliman consultants can help provider groups develop consistent, fair, and objective approaches for payment methods.

### **Risk Adjustment**

A common worry among providers taking risk is being paid an average premium but receiving a disproportionate share of "sick" patients. Risk adjusters use claim experience, diagnosis data, and other information to modify the average premium to more accurately reflect the morbidity of the population for which the provider is taking risk. Risk-adjusted payments can be based on past (i.e., retrospective) or projected (i.e., prospective) experience. We ensure providers are receiving a fair payment through the use of risk adjusters.

### **Pricing and Transparency**

Milliman consultants can assist you with evaluating your pricing for hospital services based on your hospital's treatment and case mix patterns and desired position in your market. We can also help you price bundled payments.

### **Measuring Risk Variation**

Providers worry about taking risk on a group of patients that incur higher than expected medical claims. When providers assume risk on smaller populations, this risk is significant since one or two claimants can expend most of the revenue received. Through sophisticated actuarial modeling, we quantify the increased risk of exposures of various reimbursement arrangements under numerous scenarios and develop risk mitigation solutions.