Total Cost of Care

adeeper look

to lower the total cost of care.

Purchasing a health plan? It pays to look deeper than

simple network discounts for new strategies

THE NUMBERS

Health care spending is on the rise.

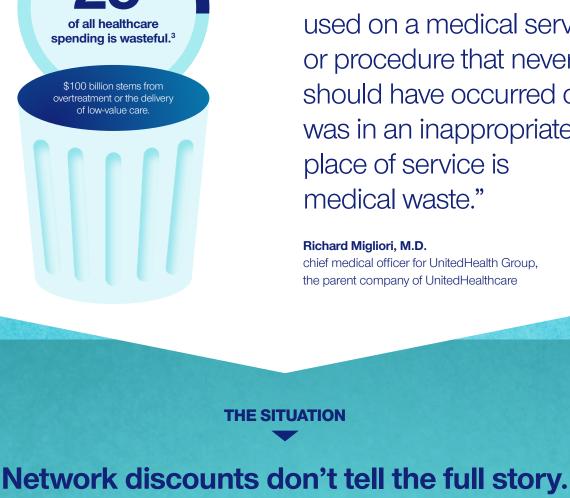
Given a list of cost drivers, Between 2015–2019, employers spent an average of 6% more year over year here's how employers ranked the ones that affect them most:2 on employee healthcare costs.1

6.8% **5.7**%

spending is wasteful.3

High-cost Specialty Specific Claims Pharmacy Costs Diseases Resulting from That continue to Such as chronic unmanaged chronic post double-digit conditions that may conditions and year-over-year be costly to treat poor health increases

"An excellent discount



used on a medical service or procedure that never should have occurred or was in an inappropriate place of service is medical waste." Richard Migliori, M.D. chief medical officer for UnitedHealth Group, the parent company of UnitedHealthcare

Buying a health plan can be like buying a car.

The sticker price doesn't always reveal the least expensive one to own.

THE SITUATION



When it comes to total healthcare costs, the competitor's network discount can't match our proven strategies designed to lower costs year over year.4

Average Inpatient

Submitted Cost

Network Discount

Net Cost

(+Clinical Management)

Discount Analysis \$13k \$12k **Cost Comparison** Admissions 55 45 (per 1k employees)

UnitedHealthcare

\$20K

-\$7K

\$585K

Annual Savings (per 1k employees)
A health plan strategy able to pull multiple levers that effect change can, over the long term, deliver more savings—and improve the experience and outcomes for employees and their families.
THE OPPORTUNITY

Upfront Discounts

Design

Total Cost of Care Strategies



Clinical

at-risk employees and

and greater savings.

PMPM medical

Up to 15% reduction

in inpatient admits.6 Up to 11% reduction in ER visits.6

cost savings⁶

Savings integration fact:

Employees save on average

\$135 per prescription when

prescribers choose lower-cost

alternatives through the

PreCheck MyScript® tool.7

\$361

THE RESULTS When you evaluate all costs, you can accelerate the savings.

\$367

lower average claim PMPM

\$304

UnitedHealthcare

Engagement

Many opportunities exist to engage

employees in healthier choices and informed actions.

With a 1% increase in Health

Activation Index™ score, medical

costs are lowered by .56%.8

Nearly 2/3 of ER visits

are non-emergent.9

Engaged employees make informed

choices.

Steering employees to

the most cost-effective place

for care is just one way that

engagement can lead to more informed choices, resulting in

more savings and lower costs.

redirected visit¹⁰

decrease in

ER visits among

targeted group¹⁰

See how a **Total Cost of Care**

to managing total cost of care:

⁶ This study measured the medical savings impact of synchronized medical and pharmacy benefits and capabilities for 351 Administrative Services Only (ASO) commercial clients with UnitedHealthcare medical benefits, OptumHealth care management support, and OptumRx pharmacy care services compared to that of 121 ASO commercial clients with UnitedHealthcare medical benefits, OptumHealth care management support, and an external Pharmacy Benefit Manager. The study was based on 2017 medical claims data and included 3.3M members. ⁷ Third-party analysis of OptumRx claims data. September 2018-August 2019 based on 4.6M members, >180,000 providers, and 28.2M transactions using PreCheck MyScript. Our Health Activation Index tool (HAI; formerly Consumer Activation Index, or CAI) evaluates 53 evidence-based decisions as well as life-stage, demographic and socioeconomic factors. In 2018 alone, 8.9 million National Account members were assessed through 49 million choices in the HAI tool. Activation +1% = 0.56% medical savings (UnitedHealthcare norm). 9 UnitedHealthcare analysis conducted in 2019 of U.S. commercial claims from 2018. Available: https://www.unitedhealthgroup.com/content/dam/UHG/PDF/2019/UHG-Avoidable-ED-Visits.pdf. July 2019. ¹⁰2016 UnitedHealthcare analytics. This case study is true but identifying characteristics have been changed to preserve confidentiality. Savings calculated on book-of-business case rate savings for these programs. Savings for enrolled members are case specific. Results will vary based on client-specific demographics and plan design.

UnitedHealthcare*

² 2019 Large Employers' Health Care Strategy and Plan Design Survey, NBGH, September 2018.

1 PwC Health Research Institute medical cost trends 2007-2020. June 2019. Available: https://www.pwc.com/us/en/industries/health-industries/assets/pwc-hri-behind-the-numbers-2020.pdf.

¹¹Based on actual average claim PMPM for UnitedHealthcare's Pennsylvania book of business and 3 large Competitor Carriers in the state. Competitor carrier data based on large group filings. Results shown are not a guarantee

Competitor A Competitor B **Competitor C**

approach can help you build a health plan with purpose.

Visit uhc.com/employer

For more information

3 William H. Shrank, MD, MSHS; Teresa L. Rogstad, MPH; Natasha Parekh, MD, MS. "Waste in the US Health Care System: Estimated Costs and Potential for Savings." JAMA. 2019;322(15):1501-1509.

4 Mid-Atlantic book of business example based on actual 2016 admits/1,000 published data for UnitedHealthcare and for competitor carrier, September 2017. Results shown are not a guarantee of future performance. ⁵ Comparison of UnitedHealth Premium Tier 1 Physicians to non-Tier 1 Physicians. UnitedHealth Premium program utilization is based on average utilization across all UnitedHealthcare groups, 2016.

The UnitedHealth Premium® designation program is a resource for informational purposes only. Designations are displayed in UnitedHealthcare online physician directories at myuhc.com®. You should always visit myuhc.com for the most current information. Premium designations are a guide to choosing a physician and may be used as one of many factors you consider when choosing a physician. If you already have a physician, you may also wish to confer with him or her for advice on selecting other physicians. You should also discuss designations with a physician before choosing him or her. Physician evaluations have a risk of error and should not be the sole basis for selecting a physician. Please visit myuhc.com for detailed program information and methodologies. Facebook.com/UnitedHealthcare Twitter.com/UHC Instagram.com/UnitedHealthcare VouTube.com/UnitedHealthcare B2B El20101767.0 3/20 ©2020 United HealthCare Services, Inc. 20-71627-E

\$660k

Competitor

\$20K

-\$8K

Looking deeper to lower the total cost of care. **Upfront discounts** are just the tip of the iceberg. Our Total Cost of Care approach uncovers hidden cost savings below the surface.

Working with employers, we customize a full suite of design, clinical and engagement strategies built to help them take advantage of cost-saving opportunities inside their organization and across their workforce.

Traditional discount analysis Integrating pharmacy and medical doesn't account for the impact benefits can help better identify of programs like UnitedHealth Premium[®], which identifies network trigger interventions designed physicians who meet quality and to generate better outcomes cost efficiency criteria. **Premium Care Physician**

Replacement

Procedure

Design

outcomes.5

lower average complication

fewer average

redo

procedures

Across 16 premium specialties,

UnitedHealth Premium

Care Physicians have a

7.24% lower total cost of care

than non-Premium

Care Physicians.5

Procedure

This Pennsylvania customer saved, on average, nearly 20% compared to other competitors over 4 years.¹¹

\$362

about UnitedHealthcare's approach

Contact your UnitedHealthcare representative