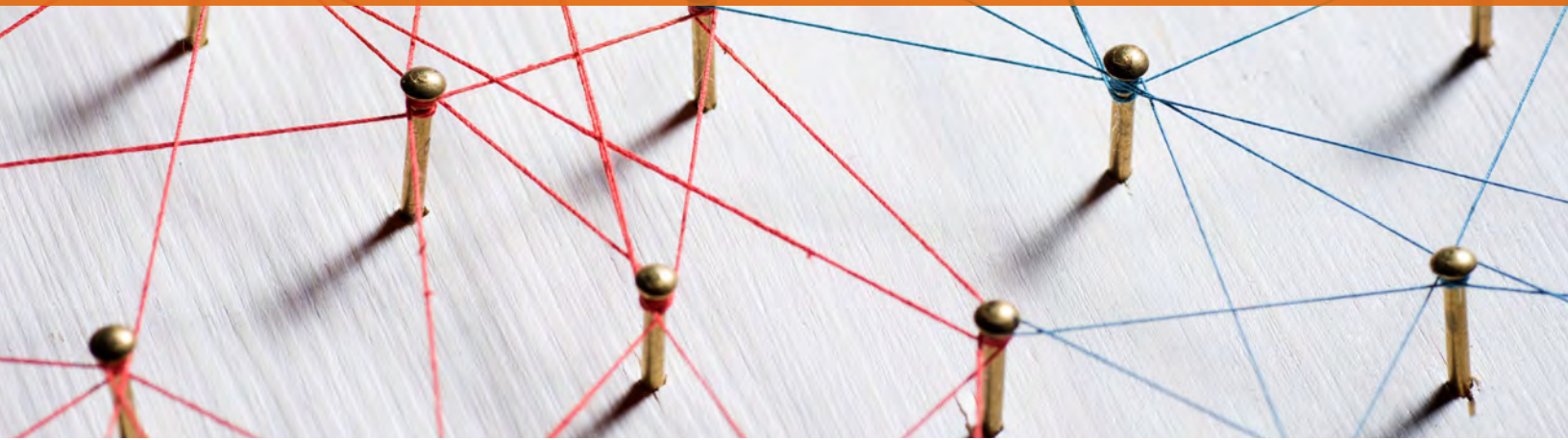




Medicaid Actuarial

OPTUM ADVISORY SERVICES



Keeping up with the needs of managed Medicaid

Medicaid plans of all sizes need to retain and grow their business while competing with increasingly complex regulations and cost pressures. Many factors make it difficult for health plans to expand their managed Medicaid business while containing costs.

Medicaid changes constantly, and strategies to retain and win new business require deep industry expertise. However, many health plans lack the resources, regulatory knowledge and scale necessary to move forward. They need help keeping up with:

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Explore key needs of Medicaid leaders today.



State regulatory changes



Plan payment changes



Provider reimbursement changes



Innovative products

How Optum Actuarial Advisory Services can help

Our industry knowledge, artificial intelligence (AI) analytics, and benchmark data work together to help clients become financially successful. We tailor solutions to a client’s specific needs through the following process:

- Analyze** We use AI and other modern analytical techniques to truly understand the drivers of your financial results.
- Recommend** Based on the results of our analysis, we work with you to recommend business interventions to improve your financial performance.
- Monitor** We ensure an objective financial monitoring mechanism is in place to measure the ROI of the business interventions.
- Succeed** We emphasize strategic services, not low-level calculations. Our goal is to help you succeed.



Member retention

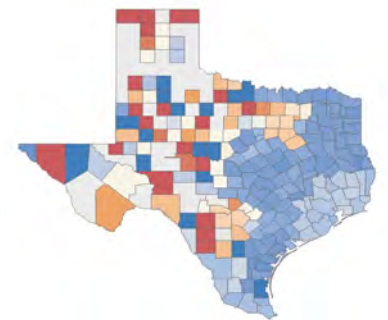
Business need:

Member disenrollment is the #1 driver of financial performance for Medicaid and dual programs. Without member retention, plans cannot establish successful care management, risk adjustment or quality programs.

The **Optum member retention solution** uses our AI predictive algorithms and a Tableau reporting platform to support your member outreach targeting.

- **Analyze** your member-centric data, or use our benchmark data for smaller plans, to identify the drivers of member disenrollment, including social determinants of health.
- **Prioritize** your member retention outreach to target the most challenging member cohorts.
- Provide detailed **member cohort data** to support your operations.
- Deploy our **detailed reporting**, drillable to the member level, and member performance monitoring solution in Tableau.

Voluntary disenrollments by county: Texas example*



*Optum retention benchmark data.

HOW WE WORK WITH CLIENTS

Case study: Member retention

A supportive team improves member retention rates.



Client need:

Wanted to improve member retention in the Medicaid and DSNP lines of business

Optum Medicaid actuarial solution:

- Used our AI predictive algorithms to identify drivers of member disenrollments, integrating social determinants of health (SDOH)
- Stratified clients' member population for prioritized targeted member retention outreach
- Set up a reporting platform to monitor member retention improvements

RESULTS



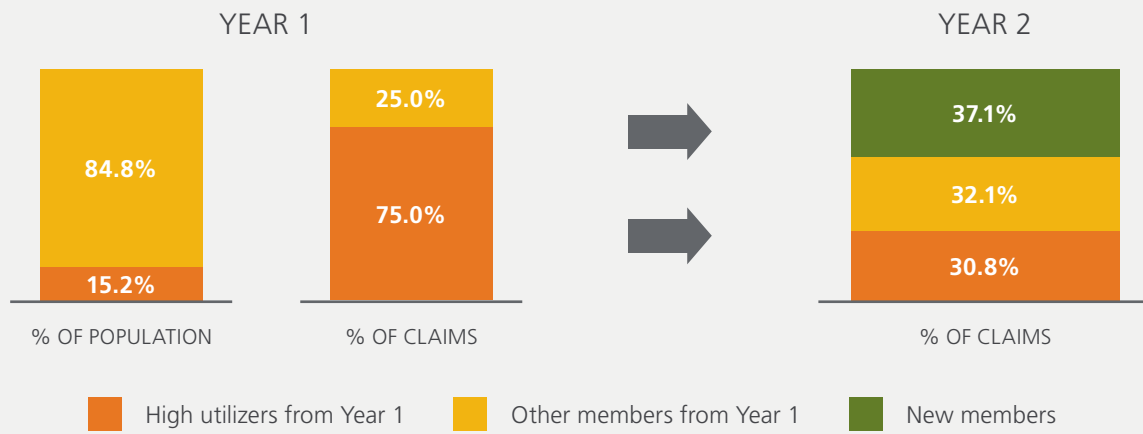
Member retention

The plan achieved a **4.1%** improvement in semiannual retention rate.

Program profitability

Business need:

Based on Optum benchmark data for Medicaid and dual programs, 15% of members (“high utilizers”) generate 75% of medical expenses. However, in the following year, these same members only account for 30% of medical expenses. As a result, reports of current and past financial performance are a good tool to understand emerging results — but not the best to manage your business.

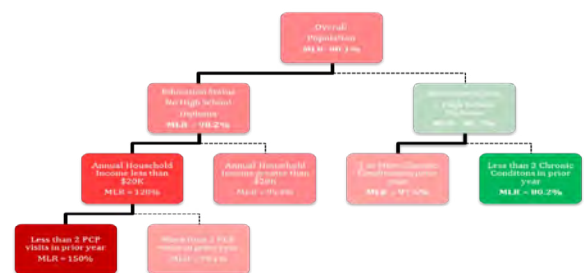


The **Optum program profitability** solution uses AI predictive algorithms (for example, decision trees, clustering, regression) to help you **proactively manage** your financial performance. We analyze your member-centric data — or use our benchmark data for smaller plans — to identify the drivers of profitability and help you to better serve your members. We fully risk-adjust revenue at a member level and study SDOH as potential drivers.

Based on the results of the analysis, Optum **stratifies your population for care management and risk adjustment interventions**. Then we work with you to recommend appropriate business initiatives for each member cohort.

We provide detailed member cohort data to support operations. We deploy our detailed reporting — drillable to the member level — and performance monitoring solution in Tableau to monitor the ROI of business interventions.

Sample of Analysis: Drivers of Profitability and Business Intervention results

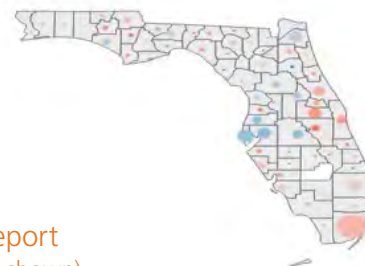


Program financial performance monitoring

Business need:

Understanding emerging financial results at a detailed level and monitor rate adequacy

Incurred PMPM trend by county (Illustration purposes only)



Excerpt from a Trend Report (some service categories not shown)

The Optum analytical performance profit and loss (APPL) solution is a Tableau detailed monthly reporting module that will help you understand your emerging results.

- Supports Medicaid/MLTSS **rate adequacy/actuarial soundness** negotiations with states/ state actuaries and identifies inadequately priced rate components
- Contains both **Medicaid/Medicare and LTSS services**
- Ties to your internal financial reporting and helps you deliver a **consistent message across the organization**
- Includes **monthly financial results** at the rate cell, region and delivery system level
- Is enhanced by **Optum internal benchmark data** for your population
- Facilitates budget/benchmark **variance analysis and trend monitoring**
- Is fully drillable to **member-level details**

Service Category	Budget/Benchmark	Prior Year Incurred PMPM	Current Year Incurred PMPM	YOY Trend %	Variance CY vs Budget	Contribution to Trend
INPATIENT						
Acute Medical/Surgical	\$315.01	\$353.20	\$412.50	16.80%	(\$97.49)	9.60%
Maternity Delivery	\$127.23	\$150.00	\$142.00	-5.30%	(\$14.77)	-1.30%
Mental Health/ Substance Abuse	\$49.65	\$45.00	\$47.00	4.40%	\$2.65	0.30%
Skilled Nursing Facility	\$45.29	\$53.56	\$62.10	15.90%	(\$16.81)	
OUTPATIENT						
Emergency Department	\$75.38	\$81.50	\$83.60	2.60%	(\$8.22)	1.40%
Ambulatory Surgery	\$20.22	\$22.32	\$19.25	-13.80%	\$0.97	-2.00%
PHYSICIAN						
PCP	\$24.15	\$15.15	\$17.37	14.70%	\$6.78	3.20%
Surgical	\$10.33	\$12.34	\$11.67	-5.40%	(\$1.34)	-1.00%
Specialist	\$8.15	\$5.67	\$6.14	8.30%	\$2.01	0.70%
LONG TERM CARE SERVICES						
Personal Care Services	\$1,890.01	\$1,897.45	\$2,333.20	23.00%	(\$443.19)	18.20%
Professional Visits	\$125.23	\$120.44	\$118.78	-1.40%	\$6.45	-0.10%
Nursing Home	\$230.05	\$242.45	\$300.12	23.80%	(\$70.07)	2.40%
Total Medical Trend	\$2,920.70	\$2,999.08	\$3,553.73	118.49%	(\$633.03)	

HOW WE WORK WITH CLIENTS

Case study: Rate adequacy

Ensuring rate adequacy of MLTSS premium rates



Client need:

Wanted to ensure long-term financial sustainability of MLTSS line of business

RESULTS



Rate adequacy

Optum actuaries worked with the health plan to:

- Used APPL to identify inadequately priced components of MLTSS premium rates
- Prepared analytical exhibits showing premium pricing inconsistencies and presented findings to the state
- Negotiated a remediation approach

As a result of negotiations, achieved a **\$501.19 PMPM** retroactive rate increase for the health plan.

Risk adjustment analytics

Business need:

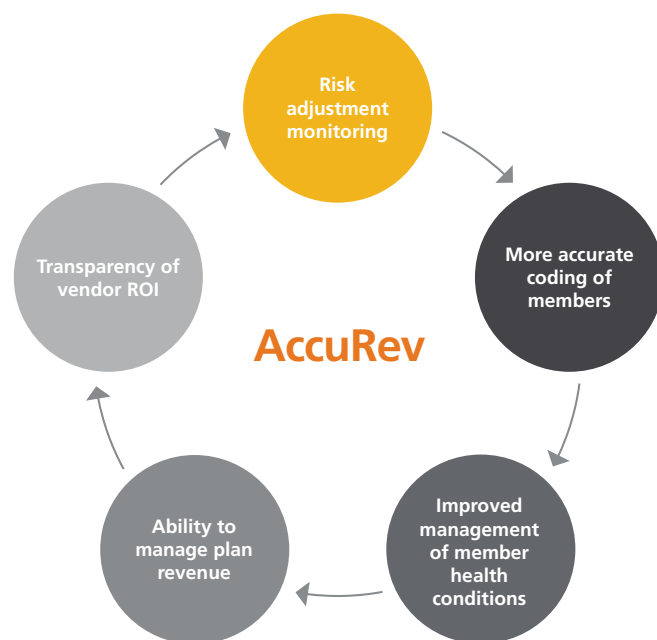
Receiving accurate risk-adjusted revenue is critical to the financial success of Medicaid/dual/MLTSS plans

The **Optum risk adjustment** solution uses our AI-based analytics for coding accuracy initiatives.

- Calculates **up-to-date, member-level risk scores** for all risk-adjustment methodologies, including Medicare HCCs, Medicaid CDPS/DxCG/CRGs/ECGs, etc., and MLTSS assessment-based models
- Determines **financial accruals** and estimates the **financial impact** of risk score changes
- Identifies potentially **inaccurately coded member cohorts**
- Determines **ROI** on coding accuracy initiatives

Optum® AccuRev is our proprietary revenue accuracy solution. AccuRev is a member-centric performance monitoring platform in Tableau that includes:

- Member risk score trends
- Prevalence and trend of model components (HCC, ADL, SDOH — depending on the specific RA model)
- Comparative analysis to Optum industry benchmarks
- Recapture reporting



HOW WE WORK WITH CLIENTS

Case study: Risk adjustment

Ensuring risk-adjustment accuracy for a Medicaid line of business



Client need:

Wanted to ensure appropriateness of risk adjusted Medicaid revenue

RESULTS



Risk score accuracy

Optum Medicaid actuarial solution:

- Utilized the Optum Pharmacy Risk Grouper (PRG) to identify members with inaccurately coded diagnostic profiles
- Provided client with necessary data for provider outreach
- Set up a reporting platform to monitor risk score accuracy improvements

As a result, the plan achieved an **11.1%** risk score accuracy improvement.

Actuarial regulatory services

Business need:

Compliance with regulatory requirements is an issue that all plans must face

The **Optum regulatory services solution** continually monitors market regulations so plans can ensure they stay in compliance with rate, benefit and reporting requirements.

Provider reimbursement

- Model the impact of regulatory changes to provider reimbursement
- Model the impact of transitioning from FFS to outcome-based reimbursement

Medicare bids for dual SNPs

- Bids and product strategy in dual market

Regulatory financial reporting

- Statement of actuarial opinion for statutory blanks
- State Medicaid cost reporting
- MLR (medical loss ratio) reporting
- Audit support

Meet our experts

Team of health care actuaries with deep expertise in the national Medicaid/MLTSS/dual marketplace:

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Learn how **Optum Advisory Services** can help you determine and reach your organization's goals.



Learn more

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