



UnitedHealthcare programs generate non-discount cost savings for self-funded employers

Santa Barbara Actuaries validates savings methodologies for payment integrity, advocacy and clinical programs, and out-of-network cost management

Employer costs are a combination of unit cost—typically measured through discounts—and utilization. Traditional consultant analyses capture discounts, but do not capture any savings from utilization, including ongoing savings generated from improved health outcomes, utilization management, site of care optimization and reducing fraud, waste and abuse.

Because discount tools typically don't measure programs such as this—and, therefore, don't accurately measure total cost of care—employers historically lack visibility into the potential for long-term savings from benefits strategies that include these programs. All told, these non-discount programs could drive about \$13M in savings annually for an employer with 10,000 members.¹

Cost-savings methodologies validated as consistent with industry best practices

To validate the savings associated with these programs, UnitedHealthcare commissioned Santa Barbara Actuaries, Inc. (SBA)—a third party health care actuarial consulting firm—to evaluate UnitedHealthcare's savings methodology for programs available to self-funded (ASO) customers.

In the Q1 2022 study, SBA found that UnitedHealthcare's evaluation methodologies are consistent with industry best practices for the following programs:

- Medical management²
- Advocacy
- Payment integrity
- Out-of-network management through Naviguard

Using the methodologies validated by SBA, UnitedHealthcare calculated an average book-of-business savings for these programs at about \$110 per member per month³ (PMPM), which translates to about \$13M for an employer with 10,000 members. As network discounts potentially consolidate due to transparency legislation, UnitedHealthcare has invested in these cost-savings strategies beyond discounts to help drive long-term trend management for employers.

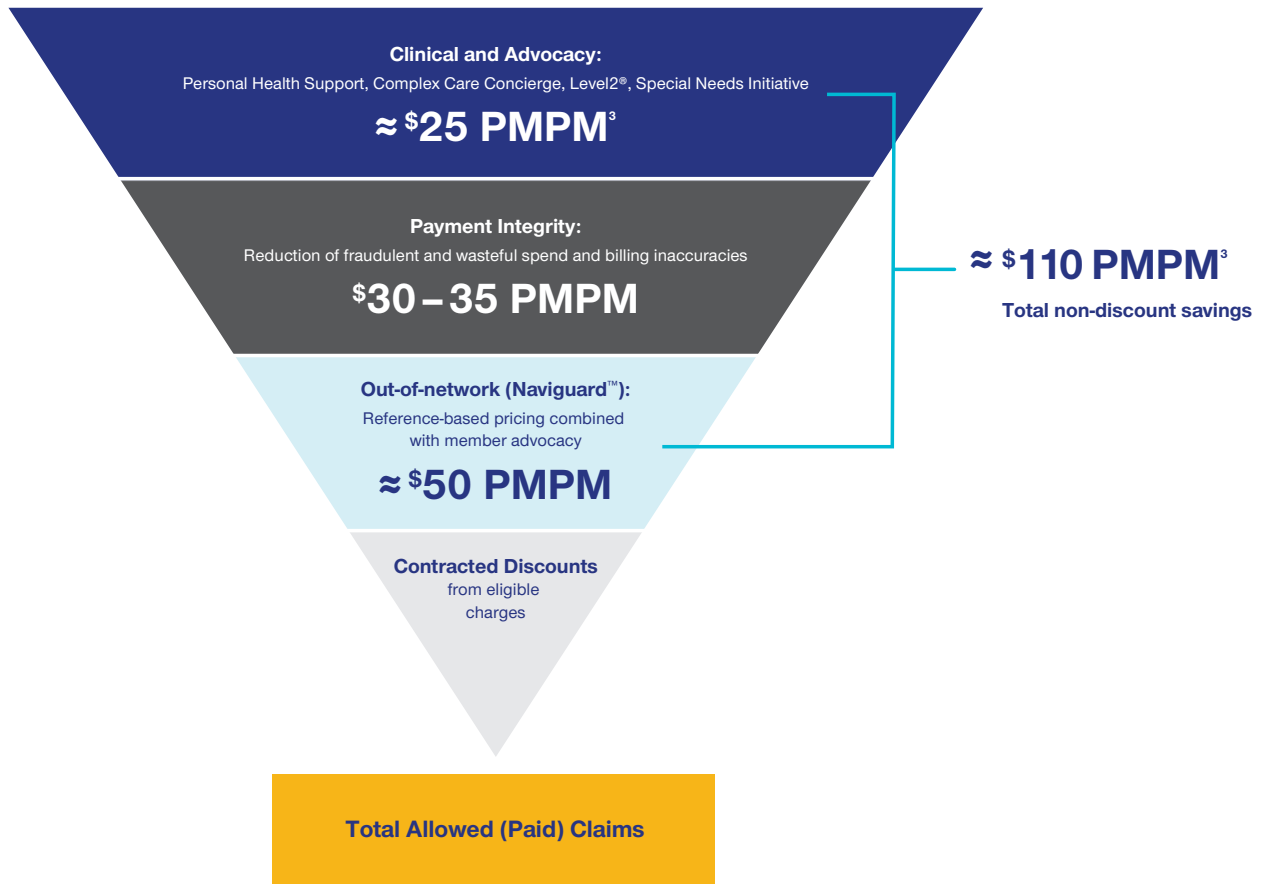


≈ \$110
PMPM savings not captured in discount tools³

≈ \$13M
savings for an employer with 10K members

Savings beyond discounts: Strategic cost management

Santa Barbara Actuaries validated savings methodologies for key drivers of UnitedHealthcare's total cost of care strategy.



What does this mean for self-funded employers?

Without considering the PMPM cost savings associated with these programs, an employer may not have the full financial picture in selecting a health insurance carrier. Employers looking to optimize their total cost of care strategy can:

- Talk to their broker or consultant about how their business is comparing UnitedHealthcare's value-added programs to other carrier programs.³
- Talk to their UnitedHealthcare account representative to understand the potential savings UnitedHealthcare may deliver through its independently validated programs.

About the study

The Q1 2022 study was conducted to evaluate the methodologies used to report savings of 15 of UnitedHealthcare's medical management programs, 13 payment integrity programs, three levels of its advocacy program and an out-of-network management product.

SBA provided an independent review of the approach and methods UnitedHealthcare used to report savings and determined they were reasonable and appropriate.

[View SBA's full report](#) or contact your UnitedHealthcare representative.

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¹ National Accounts BOB data, 2021. Assumes Highly Designated Advocacy and PHS 3.0 Tier 3.

² Specific to Medical Management, Santa Barbara Actuaries determined that programs accounting for ~80% of UHC's documented savings were consistent with industry best practices; programs accounting for the vast majority of the remaining ~20% of programs used reasonable methodologies though an industry standard evaluation method did not exist.

³ Based on Highly Designated Advocacy and PHS 3.0 Tier 3.

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