



# It takes more than network discounts to lower costs



Independent study confirms UnitedHealthcare reduces total cost of care below industry average

Employer costs are a combination of unit cost, typically measured through discounts, and utilization. Traditional consultant analyses capture discounts, but do not capture utilization, including savings from factors such as site-of-care redirection or bed-day management, among others.

Because discount tools typically don't include these factors—and, therefore, don't fully measure total cost of care—employers historically lack visibility into the potential for long-term savings from strategies focused on these factors.

By looking at risk-adjusted allowed claims per member per month (PMPM), Wakely Consulting Group was able to perform a holistic comparison of UnitedHealthcare's ability to drive cost savings for members and determined they outperformed the market by ~10%—even though UnitedHealthcare is not the leader in discounts in many of these markets.

**UnitedHealthcare's cost savings for members outperformed the market by**

**~10%**

## Site of care redirection, inpatient management and preventive care utilization are key savings drivers



### Site of care redirection

UnitedHealthcare reduced allowed charges by shifting ER to urgent care for lower-acuity procedures; specialty drug usage from high-cost outpatient facilities to office settings; and radiology and pathology from the hospital outpatient to standalone outpatient setting.

This suggests various UnitedHealthcare care direction programs (advocacy, medical necessity and prior authorization, Point of Care Assist® and more) are successful in driving members to lower-cost sites of care.



### Inpatient management

UnitedHealthcare had 11% lower inpatient medical/surgical allowed costs.

This may be attributed to appropriately managing hospital stay days, including discharge and post-acute care planning.



### Preventive care utilization

UnitedHealthcare members have 11% higher utilization of preventive care than non-members.

This suggests UnitedHealthcare is successful in incentivizing members to engage in preventive care visits.

## What does this mean for self-funded employers?

Without considering the total cost of care savings a carrier can provide, 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 considering UnitedHealthcare's ability to drive total cost of care—which Wakely determined has outperformed the market average by ~10%— to other carriers
- Talk to their UnitedHealthcare account representative to understand the potential savings delivered through UnitedHealthcare's broader total cost of care strategy

### About the study

Wakely, a third-party actuarial firm, conducted this analysis to help UnitedHealthcare evaluate the effectiveness of their care management programs by comparing costs and utilization to industry averages. Wakely compared UnitedHealthcare membership on a risk-adjusted basis across 10 large metropolitan statistical areas (MSAs) to IBM MarketScan benchmarks to understand how UnitedHealthcare performs against competitors.

## Learn more

To view Wakely's full whitepaper, contact your UnitedHealthcare representative or [click here](#) if viewing electronically

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#### Not For Consumer Use.

The assumptions and resulting estimates included in this analysis are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. It is the responsibility of the organization receiving this output to review the full whitepaper with disclosures, limitations, and assumptions carefully. 2019 medical claims data and enrollment in select metropolitan statistical areas. Datasets included allowed claims with service dates in 2019 and paid through December 2020.

Benchmark uses IBM® MarketScan® © IBM Corporation 2019 (MarketScan®) adjusted to eliminate risk, unit cost and geographical differences between the two datasets. See full whitepaper for details. MarketScan Allowed Charges are adjusted to eliminate the differences in unit costs between UnitedHealthcare and MarketScan. In addition, the amounts risk adjusted and geographically adjusted to create a valid benchmark to UnitedHealthcare data. Excludes retail and mail-order pharmacies (only items administered by a medical professional are included). MarketScan units per 1,000 are risk adjusted to UnitedHealthcare's risk level, using HHS-HCC risk adjustment method for Gold plans on ACA Exchanges.

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