Making Cost Containment Stick in the New Healthcare Economy
Q&A with Le Anne Trachok, Chief Strategy Officer, Optum360

1. What are the biggest challenges in understanding the true cost of care?

As the industry shifts toward population health initiatives and new value-based reimbursement models with the twin goals of reducing total cost of care and improving quality of care, it requires infrastructure investment and development. This introduces new, and often unanticipated, costs into the system that may not be readily visible to many people.

Such costs present challenges for health care organizations and contribute to an overall lack of cost transparency in health care. Two significant cost drivers include regulatory mandates and the complexity of the claims environment in recovering payments.

2. Can you give an example of a regulatory mandate and explain how it affects the cost of care?

This refers to a statute or regulation that requires health care organizations to perform certain actions or fulfill specific requirements. Often these mandates are designed to facilitate important, large-scale goals such as achieving long-term cost savings or improved quality for the health care system. Implementation typically requires a considerable upfront investment by health care organizations, which can lead to financial and productivity strains.

A good example was the requirement that all health care providers and health systems implement the ICD-10 coding system last year. ICD-10 was the first change to the U.S. medical billing and disease-tracking coding system in 30 years.

The goal of ICD-10 was to improve administrative efficiency and achieve better health outcomes and system-wide cost savings. To reap these benefits, preparing and transitioning to the ICD-10 platform required significant system changes and investments in time and resources.

Industry partners such as Optum360® provide technology solutions and services that can streamline processes and enable a smooth transition, while allowing the organization to focus on other priorities. For example, our clinical documentation improvement module automatically indexes all inpatient records to precisely identify and resolve missing or inconsistent clinical information concurrent to patient stay. This helps minimize the time and resources spent manually verifying documentation and delivers more comprehensive, precise results.

3. You also mentioned the claims environment. Can you explain how this is affecting the cost of care?

This refers to the time and money that providers and insurers put into collecting appropriate reimbursement. The back-and-forth between hospitals seeking to recover underpayments from payers and payers seeking to recover overpayments from providers is a friction point in the industry that increases the cost of care to the purchaser, without deriving any benefit. Data collected on this back and forth between payers and providers shows little net gain for anyone, making this another hidden cost that does not add material value for the consumer.

4. How can providers help reduce these hidden costs of care?

As health care organizations attempt to reduce costs and keep communities healthier under new reimbursement models, they must be prepared to support the administrative requirements of those reimbursement models. Over time, these new models should reduce the cost of care, but in the meantime there is an increased cost associated with the tools and administrative practices of putting them in place.

Technologies and solutions are available to help providers with these administrative needs, as well as identify opportunity areas to drive out costs and reduce friction between providers and payers. This is the mission of Optum360: Helping make health systems work better for everyone by modernizing provider revenue and services management.

We work to strengthen relationships between payers and providers, build clear connections between cost and care, help providers put patients in control of their financial health, and ensure ongoing regulatory changes are implemented as efficiently as possible. For example, our computer-assisted coding technology helps improve the accuracy of claims and increase staff productivity. Through constant innovation, we're working toward the goal of better alignment between payers, providers and physicians, and solutions for the future.