Controlling Costs—
It's All Part of the Plan

Driving more health care value with a Total Cost of Care
approach to network and product design

**United
Healthcare**

What care can do™

Health care spending keeps trending upward

Health care spending in the U.S.[1]

- $3.8 trillion in 2019, or 17.7% of GDP
- Expected to reach $6 trillion by 2028, or 20% of GDP

25% of all health care spending is wasteful,[2] due to:

- Failure of care delivery
- Overtreatment or low-value care
- Failure of care coordination
- Pricing failure, fraud and abuse, and administrative complexity

[1] UnitedHealth Group sustainability report, 2019. [2] Shrank WH, et al. Waste in the U.S. Health Care System: Estimated Costs and Potential Savings. *JAMA*. 2019.

A best-in-class approach to reducing wasteful spending

UnitedHealthcare is recognized as a frontrunner in providing payment integrity solutions to payers by:[1]

- Showcasing an integrated, end-to-end platform

- Having deep expertise in both pre- and post-payment solutions

- Servicing a healthy mix of mid- and large-sized clientele

- Incorporating advanced technology

1 of only **2** payment integrity solution providers recognized as a leader by the Everest Group[1]

$9.17 PMPM savings before a claim is paid[2]

$34.86 PMPM gross savings from all programs[2]

[1] Everest Group (2019). Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020 report. Third-party-conducted study. [2] Savings based on 2019 UnitedHealthcare ASO data analysis.

A united approach to care and costs

Our products and services are connected to our medical plans and to each other, so we can help:

- Proactively identify health risks before they get worse

- Employees get the most from all of their benefits

- Eliminate waste and duplicative services

Medical and specialty

$5+

PMPM medical claim savings[1]

Medical and pharmacy

$16–$25

PMPM in medical cost savings with an integrated pharmacy approach[2]

Medical and behavioral

16%

lower outpatient costs per behavioral health episode[3]

[1] UnitedHealthcare 2019 BoB performance for clients with integrated UnitedHealthcare Specialty and UnitedHealthcare Medical; based on elected Specialty products. [2] 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. [3] Optum® provider analysis; Source: C. Mao, July 24, 2018.

A unique set of capabilities to address the big issues in health care

Data and analytics

Drawing insights from:

- 1.5T health transactions annually[1]
- 222M patient visits annually[1]

Clinical insights

- Over 86K staff clinicians
- Insights to help tackle flu and COVID-19 outbreaks
- Vast data to identify members with rare diseases for clinical trials

Technology

- $3B invested annually in technology and innovation
- Machine learning and AI integration
- Provider workflow integration

[1] UnitedHealth Group internal data collection and reporting, 2020.

The challenge Primary care providers have the ability to impact $0.63 of every health care dollar[1]

Networks designed for better care, greater value

Focusing on providers and systems that deliver proven quality and efficiency, our network strategies are designed to:

- Reward high-value care

- Guide care more effectively

- Deliver more value

- Support the provider-patient relationship
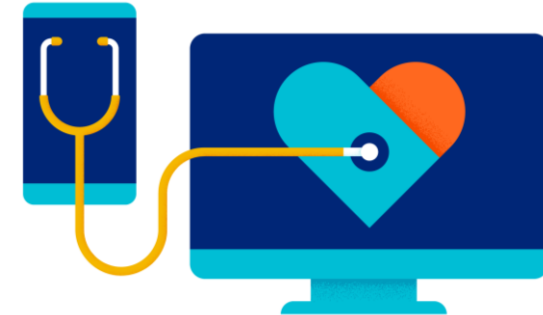
Real-time insights for providers

Integrating patient information into existing electronic medical records improves outcomes, lowers costs:

- $1.4M in Q4 2020 medical cost savings due to gap closure[2]

- $415 average client savings per switch to lower-cost alternative prescription[3]

[1] National Health Expenditures 2018 Highlights. Available: cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/highlights.pdf. Accessed May 11, 2021. [2] UnitedHealthcare internal analytics, February 2021. [3] Third-party analysis of OptumRx® claims data, September 2018 – August 2019 based on 4.6 million members, >180,000 providers and 28.2 million transactions using PreCheck MyScript®.

Innovating access, lowering costs with virtual care

Wellness programs   Urgent care   Primary care   Specialized care (e.g., behavioral)   Continuous care with Bluetooth® remote monitoring   Virtual ACO/clinic with Level2® diabetes program

154% more telehealth usage in March 2020 than March 2019[1]

Comparing costs: **$0–$49** Virtual Visit[2]   **$190** urgent care visit[3]   **$1,700** ER visit[3]

[1] Koonin LM, Hoots B, Tsang CA, et al. Trends in the Use of Telehealth During the Emergence of the COVID-19 Pandemic — United States, January–March 2020. MMWR Morb Mortal Wkly Rep 2020;69:1595–1599. DOI: http://dx.doi.org/10.15585/mmwr.mm6943a3. [2] The Designated Virtual Visit Provider's reduced rate for a virtual visit is subject to change at any time. [3] Average allowed amounts charged by UnitedHealthcare network providers and not tied to a specific condition or treatment. Actual payments may vary depending upon benefit coverage. The information and estimates provided are for general information and illustrative purpose only.
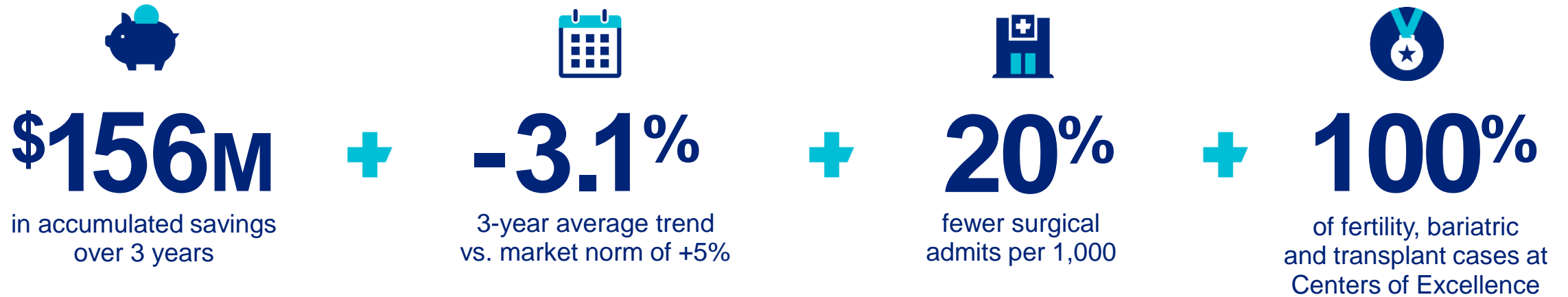
The challenge | Lowering costs without lowering quality of care

Network solution success story

This large, national retailer client (~70,000 covered lives)[1] implemented a high-value network solution in 2017 and saw improved cost control, utilization and decision-making over 3 years.

$156M + **-3.1%** + **20%** + **100%**

in accumulated savings over 3 years | 3-year average trend vs. market norm of +5% | fewer surgical admits per 1,000 | of fertility, bariatric and transplant cases at Centers of Excellence
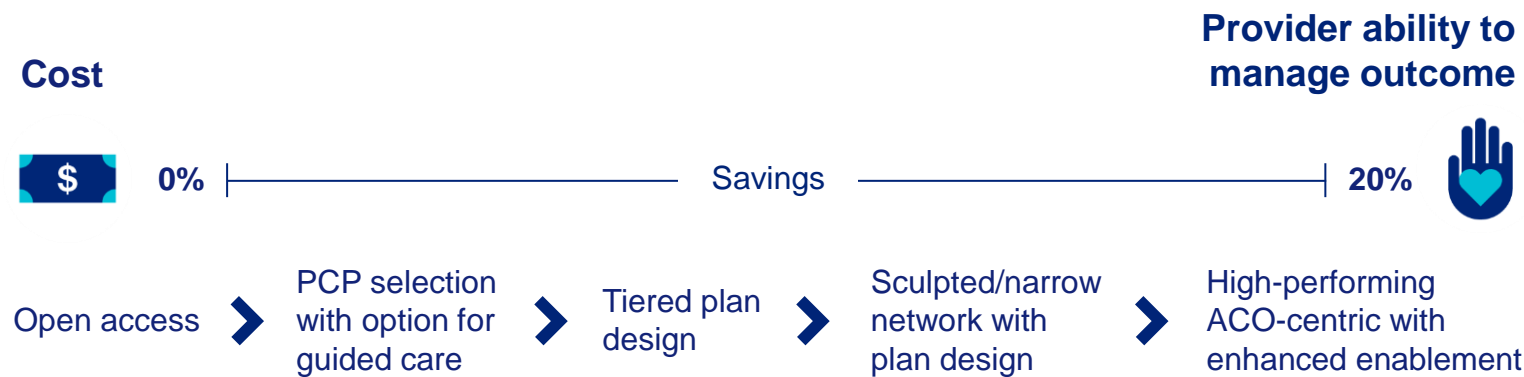
[1] This case study is true, but identifying characteristics have been changed to preserve confidentiality. Savings calculated on BoB case-rate savings for these programs. Savings for enrolled members are case specific. Results will vary based on client-specific demographics and plan design.

The challenge Connecting employees to networks of providers who demonstrate value on quality and cost

Plans built to empower providers and lower costs

Cost

Provider ability to manage outcome

$ 0% ———————————— Savings ———————————— 20%

Open access > PCP selection with option for guided care > Tiered plan design > Sculpted/narrow network with plan design > High-performing ACO-centric with enhanced enablement

UnitedHealth Premium® program

27% lower risk-adjusted PMPM[1]

47% fewer inpatient hospital admissions[1]

9% lower total cost of care[1]

[1] Savings estimates as of Sept. 25, 2020 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Figures are based on BoB results and represent the national average expected cost differential between Premium Care Physicians and non-Premium Care Physicians for entire episodes of care. Actual savings achieved will vary by customer depending on geographic availability and customer-specific service mix. All figures and estimated savings represent historical performance and are not a guarantee of future savings.

The challenge Adults without a primary care provider (PCP) are significantly less likely to fill prescriptions or get preventive screenings, which may impact their health[1]

Doctor-driven care, by design

With a PCP quarterbacking all aspects of their health, employees are more likely to get the right care at the right time.

In fact, adult members with a PCP are 19% more likely to get recommended preventive screenings.[2]

$0 copays for PCP visits with Doctors Plan

8%—13% lower costs for employers with UnitedHealthcare Navigate®[3]

10% lower risk-adjusted PMPM expenses when UnitedHealthcare Charter® members engaged with a PCP[4]

[1] Gonzalez, Peter, M.D. "Why do you need a primary care physician?" Harvard Health Publishing, August 29, 2019. Available: health.harvard.edu/blog/why-do-you-need-a-primary-care-physician-2019081917527. [2] PCP Attribution and Quality: HEDIS Preventive Measures analysis—Cohort Comparison. Analysis on 2017 member PCP attribution and gap closure data. [3] Savings estimates relate to UnitedHealthcare's BoB results. All figures and estimated savings represent historical performance and are not a guarantee of future savings. Meaningful benefit design differentials to achieve estimated annual savings. Quality and cost efficiency based on national standards and local benchmarks. May 2019. [4] UnitedHealthcare E&I BoB, Healthcare Economics analysis, 2019.

The challenge Protocols and technology for complex and costly conditions are constantly evolving, making it difficult to know where to go for treatment

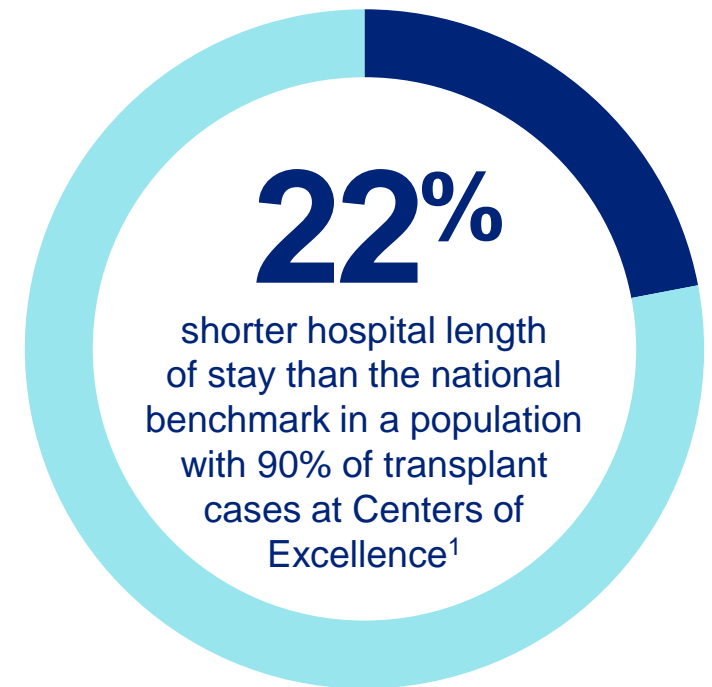# Supporting better outcomes and lower costs at Centers of Excellence

More accurate diagnoses and fewer readmissions and complications

Reduced initial procedure costs and complications

Higher survival rates and better outcomes

22%

shorter hospital length of stay than the national benchmark in a population with 90% of transplant cases at Centers of Excellence[1]

[1] Ruppert. 2016 CMC Internal Claims Data for FI (Facets). Accessed August 2017; Hanson S., Bentley T. 2014 U.S. organ and tissue transplant cost estimates and discussion. Millman, Inc. Available: us.milliman.com/en/Insight/2014-us-organ-and-tissue-transplant-cost-estimates-and-discussion. Published December 30, 2014. Accessed March 2, 2020. Note: Length of stay (LOS) includes days within the inpatient confinement period of a transplant episode. Optum BoB LOS adjusted for transplant mix to match that of Millman.

The challenge   25% of visits to network ERs lead to treatment by out-of-network (OON) physicians[1]

Out-of-network care doesn't have to mean out-of-control costs

Offering support when members have a choice to receive OON care and when they don't, Outlier Cost Management (OCM) is built to:

- Offer support resources and clear explanation of benefits

- Provide balance bill support and negotiation

- Drive cost savings for members and employers alike

OCM

62%
average savings[2]

Naviguard™

70%
average savings[3]

[1] UnitedHealth Group white paper, Feb. 2019. Available: unitedhealthgroup.com/affordability. [2] UnitedHealthcare Q1 2019 ASO BoB gross savings.
[3] UnitedHealthcare proprietary, reference-based pricing with demonstrated overall discount. Savings may vary based on customer plan and geographic distribution and are not a guarantee of future results.

Naviguard only

Out-of-network care doesn't have to mean out-of-control costs

Designed to lower OON costs significantly while giving employees someone to turn to when surprise bills do arrive, Naviguard™:

- Offers self-service tools for employees, including tips, scripts and action plans

- Provides 1-on-1 balance bill support from a dedicated advisor

- Is designed for end-to-end issue resolution
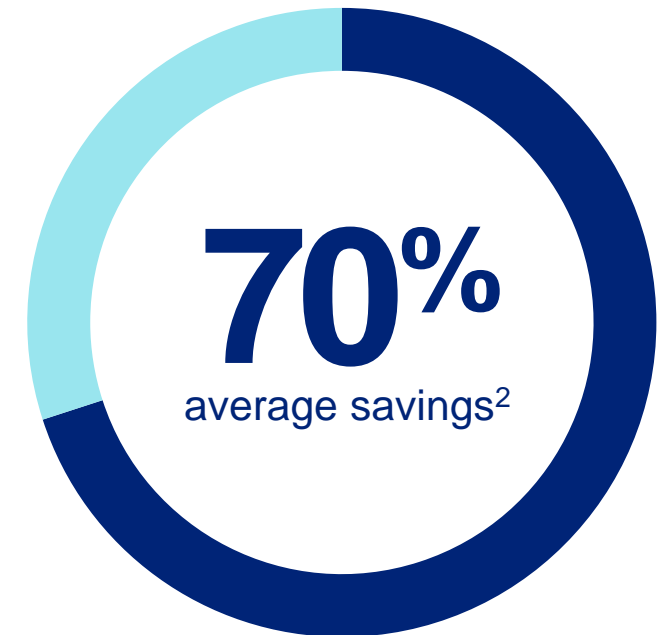
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[1] UnitedHealth Group white paper, Feb. 2019. Available: unitedhealthgroup.com/affordability.
[2] UnitedHealthcare proprietary, reference-based pricing with demonstrated overall discount. Savings may vary based on customer plan and geographic distribution and are not a guarantee of future results.

See what care can do for you

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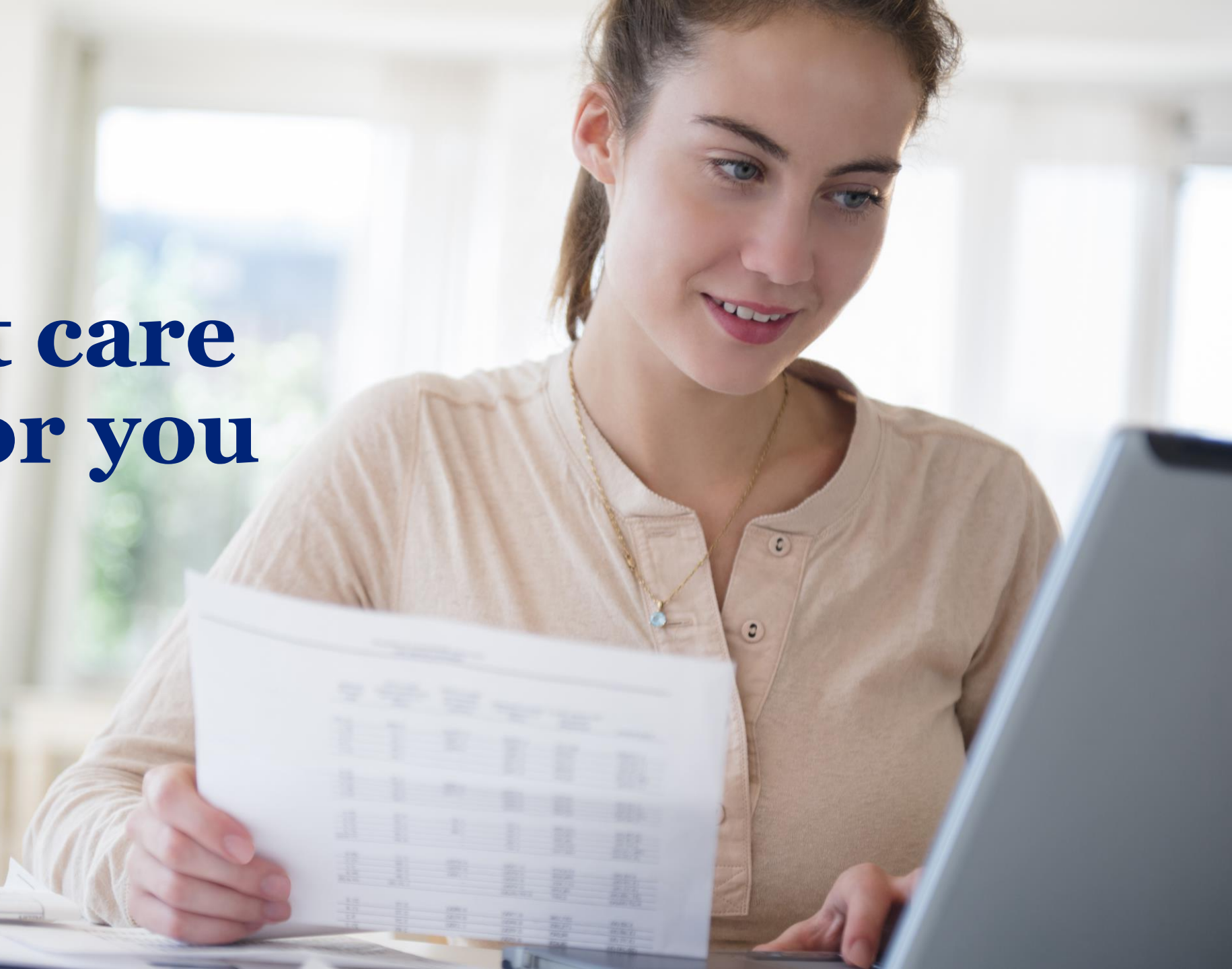
Appendix

U.S. government issues new transparency rule

The Centers for Medicare and Medicaid Services (CMS) issued a final **Transparency in Coverage rule** in 2020, requiring hospitals to release pricing information before providing services. Under this rule, hospitals must:

- List prices for 300 "shoppable services" (i.e., generally non-urgent health care services consumers can schedule in advance at a time convenient for them)

- List lowest prices they will accept from consumers out of pocket

- Make pricing information available online in a single data file, including billing or accounting codes

Transparency in Coverage goal

Lower health care costs through marketplace competition by enabling consumers to shop and compare hospital services.

Up-front network discounts versus a total cost of care approach

14% ⌃ Client B discounts compared to Client A

24% ⌄ Client B cost differential based on **discounts only**

6% ⌃ Client B risk-adjusted cost difference taking into consideration factors in addition to discounts achieved
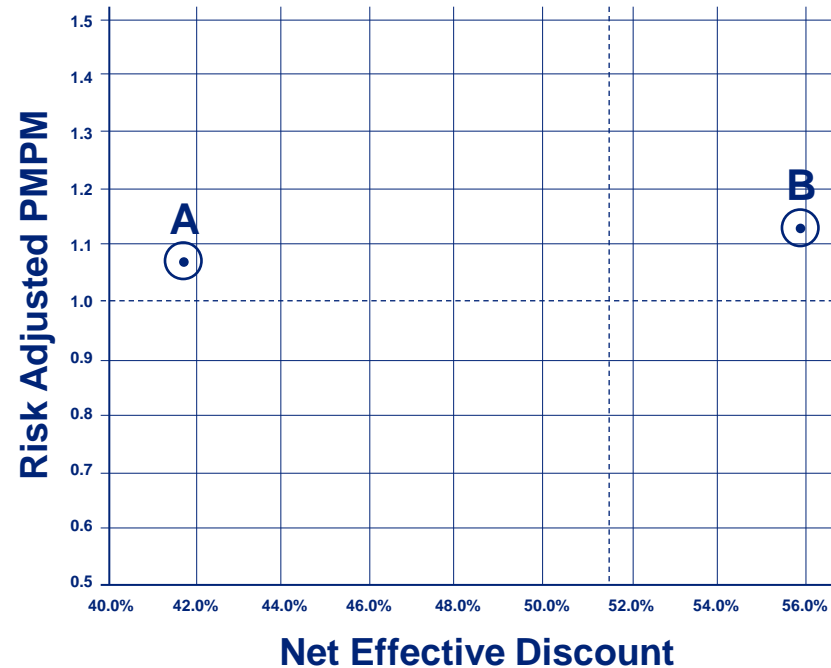
- Discounts do not show a connection to the adjusted medical costs

- Some of our worst-performing clients have the best discounts and some of our best-performing clients show low discounts

National Accounts actuarial data, 2021.

Accountable care delivers results

Traditional ACO: NexusACO®

Focuses on UnitedHealth Premium® physicians and top-performing ACOs

Drives use of quality, cost-efficient Tier 1 providers

Offers 2 plan options: Both require a PCP, one requires specialist referrals

Designed to deliver employer savings[1] of up to 15%

Virtual ACO/clinic: Level2®

Connects real-time data, clinical experts and AI

Gives plan participants personalized information on diet, activity and medication

Designed to put type 2 diabetes into remission; average member achieves A1C level below 7 within 3 months[2]

Increasing discount from trended claims: Year 1 – 2% | Year 2 – 5% | Year 3 – 8%

Actual savings results may vary depending on client's data

[1] Accountable Care Organizations (ACOs) are integrated groups of health care providers, including primary care physicians, specialists and facilities that work together to improve health outcomes, lower costs and increase patient satisfaction. [2] UnitedHealthcare analysis of more than 790 Level2 participants enrolled in employer-sponsored and Medicare Advantage plans, 2020.

Optimizing health ownership

The Health Activation Index™ (HAI™) tool
is designed to:

- Evaluate and score your population on the 53 decisions in a member's control that indicate individual level of engagement

- Identify and target under-engaged groups for proactive outreach

- Measure and improve health and financial results

Ranking 75M choices for 15M+ members

Clinical decisions

- LDL cholesterol screening
- Wellness exam
- Diabetes monitoring

HAI dimensions

Resources utilization

- UnitedHealthcare® app
- myuhc.com®
- Program engagement

Increasing HAI scores by 1% may deliver cost savings of .56%[1]

Financial decisions

- Network
- UnitedHealth Premium® program providers
- Generic medications

[1] Geographic and risk adjusted study, 2019 National Accounts BOB.

Thank you