

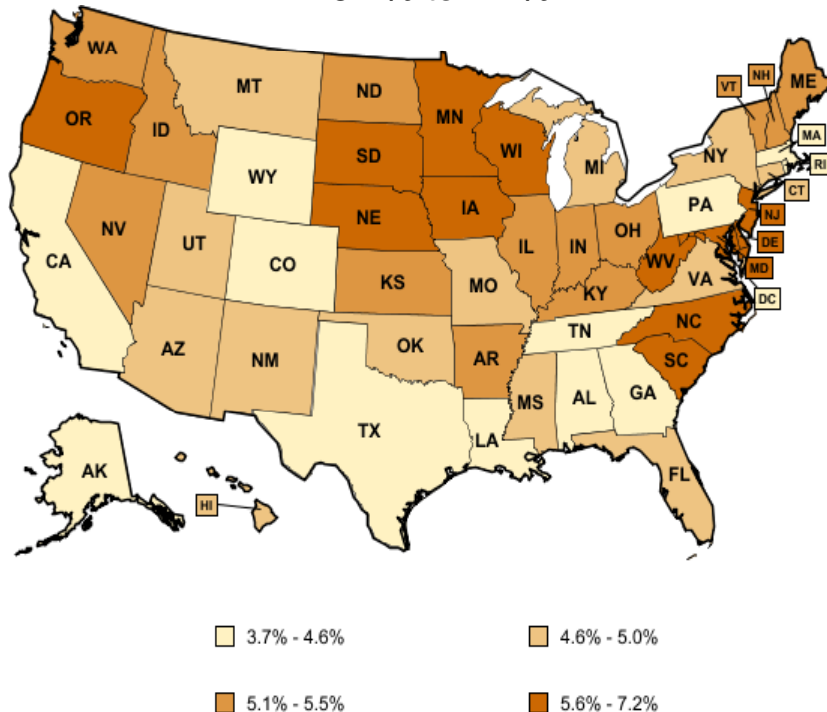


How Performance Data Can Influence Clinical Behavior

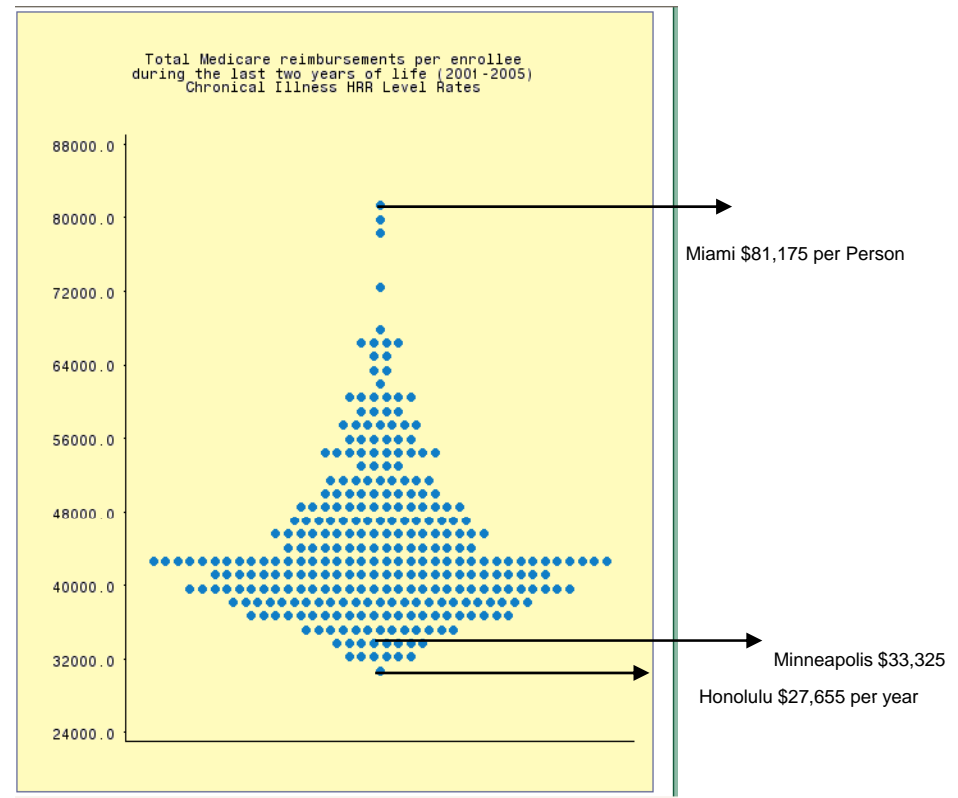
Kirk Stapleton- SVP United HealthGroup

Unexplained Market Variation in Cost and Quality

Medicare Per Enrollee Annual Cost Growth Rates
+3.7% to 7.7%



Nearly 300% Variation in Last 2 Years of
Life by Market



Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available www.cms.hhs.gov/NationalHealthExpendData/ Kaiser Foundation, <http://www.statehealthfacts.org/profileind.jsp?ind=332&cat=6&rgn=25>

- Organ Transplant- Hospital & Clinical Team Focus
- Cardiac Data Sharing- Office Practice Focus
- Cardiologist Gainsharing on AMI- Practice vs Hospital Gain
- Provider Designation- Patient Focus

Transplant Centers of Excellence (since 1986)

Goal:

- Provide payors and patients with accessible, high quality performance with economic value and consistency for transplantation services

Specialized Transplant Care Provider Network

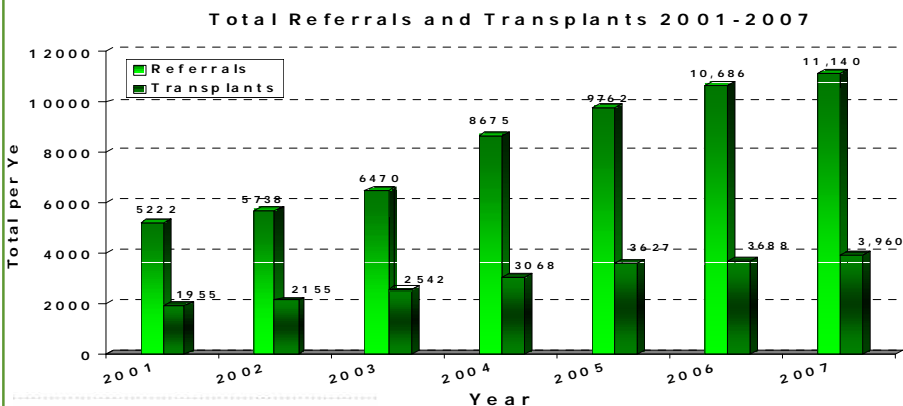
- 126 Multi-organ Medical Centers (623 transplant programs)
- selected based meeting quality criteria (ie. patient and graft survival thresholds, case volumes, team attributes), and;
- economic criteria (patient episode of care contracts including MD, organ procurement, inpatient and outpatient care)-
- Patient episode of care contract with Medical center~ pre-evaluation through 1 year followup

Patient and Referring MD Decision Support

- Patient education and MD referral support to transplant network with dedicated case and account management and service

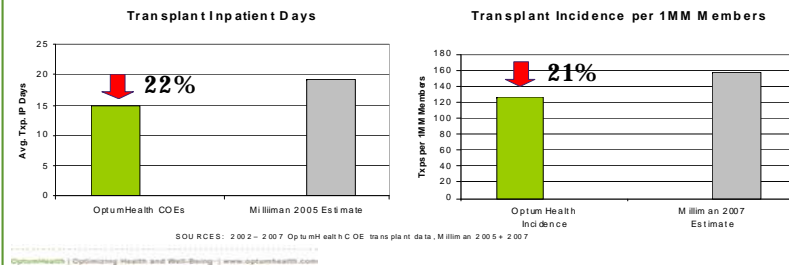
Claims Repackaging

- fee for service claims assembled into patient episode and priced consistent with contract terms- reported and measured against market and billed charge costs.



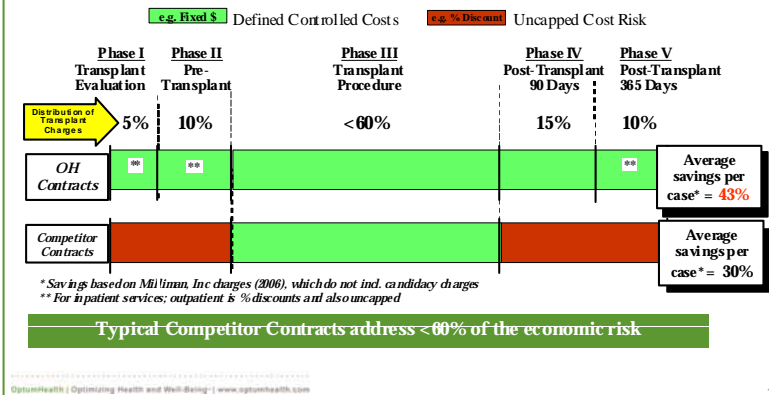
Superior Outcomes, Clinical Expertise and Experience lead to Greater Savings and Cost Avoidance

- Centers of Excellence Network programs yield an average 22% decrease in hospital length of stay
- Clinical Expertise leads to a 21% reduction of incidence by avoiding unnecessary and inappropriate transplants, through better diagnosis and more appropriate treatment identification



Savings via Contract Design Expertise

OptumHealth's transplant cost exposure experience allows us to design detailed terms around other cost risk areas outside of the transplant procedure which often represent 40%+ of costs



Cardiac Data-Sharing Visit Program (since 2006)



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Goal:

- decrease utilization of unnecessary high-cost diagnostic services and procedures
- redirect inpatient procedures to low-cost facilities
- reinforce society defined appropriateness criteria

Activity:

- Study: 2 groups (visited /35 groups~351MDs vs not visited/16 groups~200MDs)
- Group visits discussions included ,episode of care measurement, utilization of diagnostic services, performance characteristics and comparison to peers, ACC treatment guidelines
- Intervention vs control groups compared on pre/post-intervention utilization metrics
 - Diagnostic Services/Office Visit*: Angiograms, Echocardiograms, Perfusion Studies
 - Procedures/Office Visit: CV Surgeries, PCIs
 - % of Procedures performed at a Low Cost Facility: CABG, Valves, Implants, PCIs
- 12-18 month group and individual MD risk adjusted claims data , grouped into patients episodes; groups are selected based on variance between actual and expected episodic costs as measured in the Premium program

Results:

- A paired t-test analysis showed a statistically significant difference in the change pre/post for Angiograms, Echo's, and Perfusion Studies per Office Visit for the intervention group compared to the control group No difference in use of low cost facilities and cv rate per visit noted
- In addition, the intervention group showed a statistically significant decrease in PCI Procedures/Office Visit
- Overall rate of use per office visit declined 16% for angiograms and 6% perfusion studies for the intervention group, offset by an increase of 13% of echoes. This trend appears sustainable at 12 months..
- Program expanded to over 400 groups nationwide

Cardiac Data-Sharing Preliminary Results - (Paired T-Test, Two-Tailed)

Metric	Pre/Post Visit Change		Fav/Unfav	Significance
	Pilot Group	Control Group		
% of Cases Performed at a "Low Cost" Facility (met efficiency)	n/a	n/a	Not applicable	T-Test <i>not</i> significant for both
<u>Diagnostic Services</u>				
Angiograms / Office Visit	+ 11 bp	n/a	Favorable	T-Test significant for Pilot only
Echocardiograms / Office Visit	- 27 bp	- 37 bp	Favorable	T-Test significant for both
Perfusion Studies / Office Visit	+ 26 bp	n/a	Favorable	T-Test significant for Pilot only
<u>Procedures</u>				
CV Surgeries / Office Visit	n/a	n/a	Not applicable	T-Test <i>not</i> significant for both
PCIs / Office Visit	+ 5 bp	n/a	Favorable	T-Test significant for Pilot only

Cardiac Gainsharing Pilot- Tampa (since Jan 2009)

UnitedHealthcare
of Florida

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Goal:

- Improve quality and cost effectiveness of cardiac care with support of community delivery systems (cardiologist) through sharing cost and quality performance data
- Participating groups must meet threshold of quality and demonstrate consistency of high quality
- Participating groups share in market level savings through enhanced fee for service

Establish mandatory quality thresholds for all participating cardiologists

- Must meet 80% of cardiac related Evidence Based Medicine criteria
- Must earn UHPD Premium Designation for Quality for all proceduralists

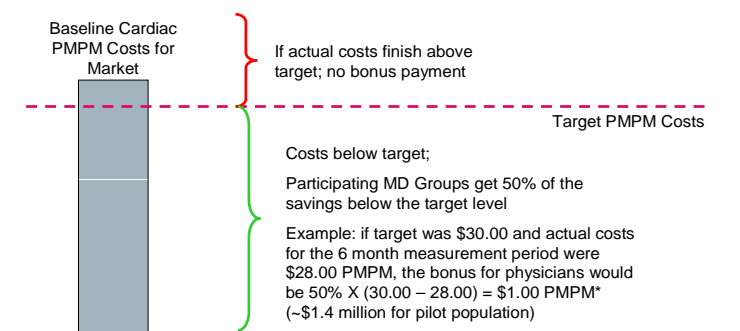
Created a mutually shared target for total cardiac cost for all members living in the geographic boundary

- Cardiac PMPM target shared by key cardiologist physician groups in the market
- Includes inpatient facility costs, all professional fees (regardless of specialty), ancillary testing, etc.
- Provide opportunity for physicians to increase revenue while helping improve overall quality and cost for members and employers
- Group of MDs & UHC are focused on reduction of Chest Pain Admissions



Gain Sharing Bonus Determination

The Gain Sharing bonus will be determined by the 6 month Cardiac PMPM cost for Pinellas county members. There is no penalty or "down-side" to the physician groups.



*The bonus is distributed through a temporary increase in the physician's fee schedule

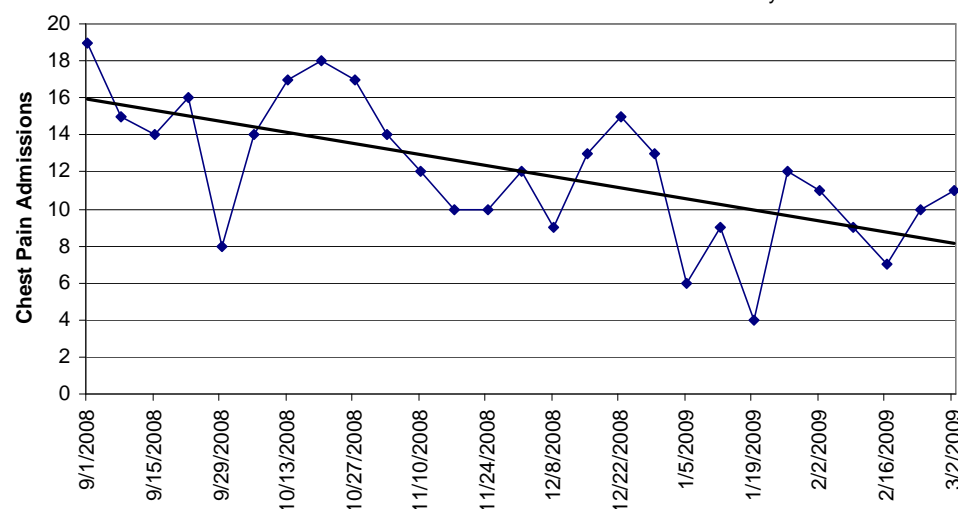
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Early but Promising reductions in Cardiac Admissions

Pinellas County Weekly Chest Pain Admissions

$$y = -0.0427x + 1712.2$$



Goal:

- Differentiate hospital/MDs network for acute and frequent interventions resulting in value creation for customer and health consumer (UHC)
- Share data with delivery system to improve practice patterns through public designation supported with actionable information – gain cost efficiency through reduced complications, and rework

Facilities and MDs that are measured against national performance quality standards and cost expectations:

- Facility and Clinical teams measured together- scored and depicted on quality scale from 1 to 3 stars; economic scores depicted from greater efficiency to lower efficiency
- Cardiac programs (1,240 interventional, rhythm management and surgical) nationwide that are scored against criteria utilizing, process and outcomes measures ~ Society for Thoracic Surgery (11 NQF measures) and American College of Cardiology (7 executive summary measures) hospital ranking to measure quality and outcomes; uses UHC claims data for risk adjusted episode of care costs
- Spine and total joint repair programs (523) uses process of care and outcomes (complication, redo) and volume data survey data; and UHC claims data for risk adjusted cost

When combined with Premium Designations for MDs who achieved quality and efficiency and high performing cardiac and orthopedic facilities :

- Cardiologists who earn a quality designation have 42% fewer redo procedures and 13% lower complication rates for stent placement than other cardiologists.
- Cardiothoracic surgeons who earn a quality designation have 19% fewer redo CABG (Coronary Artery Bypass Graft) surgeries than other surgeons.
- Cardiologists who earn a quality designation have 31% fewer redo procedures for rhythm management device implants (pacemakers, implantable defibrillators, etc.) than other cardiologists
- Orthopedic surgeons who earn a quality designation have 45% fewer redo spine surgeries than other surgeons
- Orthopedic surgeons who earn a quality designation have 20% fewer redo arthroscopic knee procedures than other surgeons.
- Hospitals with the highest quality ranking and lowest costs are projected to have hospital costs that are 30% below market average

What We Have Learned

- Reporting Accuracy- Patient Level Proof
- Reconsideration- If Data Is Wrong- Get it Right
- Clinical Reporting Is A Process
 - Introduction to Process- “What we are going to measure & Why”
 - Transparency of methodology- “How we are measuring and When”
 - Face to Face Meeting with Actionable Information “Your Report and What it Means”
- Academic and Health Policy Recognition
- Reinforcement for Sustainable Change –New Business Model Adoption
 - Policy and Payment
 - Market Share (ie More Patients)
 - Recognized Value (ie improved profitability or greater revenues)