



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.

Looking at risk-adjusted allowed claims per member per month (PMPM), Wakely Consulting Group recently completed its second member cost-savings comparison and reaffirmed UnitedHealthcare outperformed the market by ≈10% – even though UnitedHealthcare is not the leader in discounts in many of the markets. In some cases, UnitedHealthcare lowered costs by up to 20%. These results, uncovered using 2021 claims data, were similar to findings from the initial 2019 study.



UnitedHealthcare cost savings for members outperformed the market by

≈10%

The study revealed the following key savings drivers:



Site-of-care redirection

UnitedHealthcare drove cost savings by analyzing the severity of emergency room (ER) claims to redirect care from high-cost ER and outpatient hospital facilities, to lower-cost urgent care and office settings, resulting in:

- 21% lower costs for the administration of drugs in office settings
- 12% lower combined costs for ER and urgent care visits
- 6% lower utilization of radiology and pathology services in outpatient hospital settings



Inpatient management

UnitedHealthcare programs that help to appropriately manage hospital stay days, including discharge and post-acute care planning, helped lead to:

- 26% lower admissions per 1,000 members
- 13% lower inpatient medical and surgical costs



Preventive care utilization

UnitedHealthcare programs designed to encourage and incentivize members to engage in preventive care visits and preventive screenings helped to reduce potentially higher costs down the road by driving:

- 8% higher preventive care utilization

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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 $\approx 10\%$ – 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 17 large metropolitan statistical areas (MSAs) to Merative® MarketScan® benchmarks to understand how UnitedHealthcare performs against competitors.



Learn more

Contact your broker, consultant or UnitedHealthcare representative

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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. The basis of this study was 2021 medical claims data and enrollment in select metropolitan statistical areas. Datasets included allowed claims with service dates in 2021 and paid through December 2022. Certain data used in this study were supplied by Merative. Any analysis, interpretation, or conclusion based on these data is solely that of the authors and not Merative. Analysis was conducted by comparing costs and utilization to Merative® MarketScan® © industry averages on a risk-adjusted basis across 17 large metropolitan statistical areas.

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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