



Precise Methodologies Powerful results

In today's volatile healthcare environment, information is power. Classification systems from 3M can help you unlock your data, making both inpatient and outpatient claims information easily accessible and visible with a fresh, new perspective. These solutions make pay-for-performance (P4P) a reality—instead of just a novel idea.

3M solutions give payers a strategic view of important issues in their provider network, such as severity of illness, risk of mortality, potentially preventable complications and potentially preventable readmissions, as well as the ICD-10 transition. 3M solutions can help you identify ways to manage these issues effectively and generate more favorable outcomes—clinically and financially.

Inpatient solutions

3M™ APR DRG Classification System

Since the early 1990s, 3M has developed inpatient severity- and risk-adjustment systems and solutions. That expertise is available to you in the 3M APR DRG Classification System, a widely adopted proprietary risk adjustment classification tool used nationwide. The 3M APR DRG methodology assigns a base DRG along with severity-of-illness and risk-of-mortality sub-classes. It uses information available from routine claims data. Thus, it is a cost-effective means of producing valid and reliable severity measurement and risk adjustment for reporting, contracting and payment.

3M APR DRG Software for patient classification is widely used for adjusting large volumes of data to account for differences related to the individual's severity-of-illness or risk-of-mortality. As a result, the focus can be on the differences in clinical care, due to the equitable comparisons of quality.

3M APR DRGs are widely used for quality assessment. More than 25 states use them for evaluating hospital performance—and ten states release the results publicly. Notable quality assessment initiatives that use 3M APR DRGs include:

- The Agency for Healthcare Research and Quality (AHRQ) Indicators
- The Joint Commission hospital accreditation process
- The Premier Hospital Quality Incentive Demonstration championed by the Centers for Medicare and Medicaid Services (CMS)

3M APR DRGs are a widely used and well-respected tool for classifying large volumes of patient data. For example:

- More than one-third of U.S. hospitals use the 3M APR DRG Software
- Most major health information system vendors integrate 3M APR DRGs into their systems
- There are more than 50 published articles evaluating or reporting on 3M APR DRGs
- A major U.S. publication uses the 3M APR DRG Classification System to quantify its “America’s Best Hospitals” rankings
- 3M APR DRGs are used for payment in the Maryland all-payer system, Blue Cross organizations, and the Medicaid programs in a number of states

As noted previously, payers, oversight agencies and government entities have successfully adopted the 3M APR DRG methodology for:

- Contracting
- Value-based purchasing and P4P
- Quality and cost improvement
- Prospective reimbursement
- Comparative profiling
- Clinical pathway development

3M™ Potentially Preventable Complications Grouping Software

Not all complications are preventable—knowing which ones are can be a powerful advantage. **3M Potentially Preventable Complications (3M PPC) Grouping Software** uses readily available claims data to identify which conditions may have been avoided. 3M PPCs go beyond the National Quality Forum “never events” and the CMS Hospital Acquired Conditions (HACs). 3M PPCs help you examine a much larger group of potential complications and become informed with solid information to target and address quality incentives with the providers in your network.

3M PPC benefits:

- Identifies preventable complications
- Targets areas for quality enhancement
- Provides a basis for payment adjustment for preventable complications
- Identifies areas of focus with regard to claims expense reduction
- Compares complication rates across hospitals

3M™ Potentially Preventable Readmission Grouping Software

Another innovative tool, the **3M Potentially Preventable Readmission (3M PPR) Grouping Software**, uses claims data to indicate which readmissions may have been averted. Based on the 3M APR DRG Classification System for severity and risk adjustment, 3M PPR Grouping Software starts with the assumption that not all hospital readmissions are preventable. It evaluates interrelationships case-by-case using sophisticated logic to determine whether a readmission is clinically related to an initial or earlier admission. From there, you may focus your attention on targeted areas of improvement within your provider network.

3M PPR benefits:

- Identifies all PPRs using readily available claims data
- Targets areas for quality enhancement
- Groups results, allowing payers to readily see the relationship between patient conditions and associated PPR rates and expenses
- Maintains an expert set of open clinical logic, constantly reviewed and updated through a consensus of physicians and medical experts
- Provides more accurate analysis and adjustment of patient data for risk using 3M APR DRGs
- Identifies cases for payer utilization managers to focus on for claims expense reduction

Outpatient solution

3M™ Enhanced Ambulatory Patient Grouping System

With the rapid increase in outpatient procedures, payers need better tools to analyze and control costs. The **3M Enhanced Ambulatory Patient Grouping System** (3M Enhanced APGS) simplifies and streamlines outpatient payment through packaging and bundling of services into a specific payment amount. The software gives payers a framework to better analyze and manage the unique complexities of ambulatory care.

3M Enhanced APGS benefits:

- Outpatient data organized in a clinically meaningful way
- Packaging and bundling to account for ancillary services rendered
- Precise measurement, which aids analysis and resource utilization
- Assignment of 3M Enhanced APG categories, which provides a framework for product line analysis and reporting
- A multiple visit definition that captures services provided on a single date or over a period of several calendar days, packaged on a single claim

What can 3M Consulting Services do for payers?

3M recognizes that payers face challenges striking a balance between providing leading edge service coverage for your beneficiaries and financing the cost of providing that care. The 3M Consulting Services team allows you to partner with the innovators of coding and grouping to effectively evaluate and manage reimbursement mechanisms and strategies.

Consider engaging 3M Consulting Services to:

- Integrate and operationalize your reimbursement, classification and performance measurement solutions
- Classify and convert retrospective bulk data under a number of methodologies
- Conduct financial and case mix analysis
- Profile the hospitals, physicians and other providers on your panel according to severity-of-illness, case mix index and risk-of-mortality measurements
- Use 3M methodologies to link payment and quality
- Educate and train employees in the use of 3M APR DRGs for inpatient claims and the 3M Enhanced APGS for outpatient claims
- Analyze and evaluate APG, APC and other outpatient reimbursement rates and methodologies

3M™ Medical Necessity Dictionaries

You pay millions of dollars for medical services, but do you know for certain they are necessary to improve the health of your members? 3M Medical Necessity Dictionaries provide the additional validation you need. This customizable solution integrates your utilization definitions into your information system.

Your success depends upon your data. 3M Medical Necessity Dictionaries provide the expert data management to help you:

- Reduce preauthorizations or claims for treatments of little or no value
- Embed 3M medical necessity content within existing preauthorization and claim systems
- Customize data dictionaries with your particular utilization and medical necessity requirements
- Update your utilization policies to contain the latest CPT®/HCPCS and ICD codes
- Access 3M utilization experts and an extensive multi-payer medical necessity database to help you determine what codes you will include in your policies

Episodes of care solution

3M™ Clinical Risk Grouping Software

Payers today face rising financial pressure to adjust their payment levels and better manage the populations they serve. **3M Clinical Risk Grouping (CRG) Software** can reduce unforeseen risk and raise the efficiency of capitation arrangements for effective targeting and tracking of care management. This is accomplished by projecting resource consumption with predicted levels of future medical service utilization.

3M CRG Software can be used to group data longitudinally as the basis for effective risk adjustment. The methodology is clinically precise and analyzes both inpatient and outpatient data over the course of a particular time period. This has particularly strong applications in disease management and provider profiling.

3M CRG benefits:

- Set and adjust capitation rates with employer groups
- Analyze the resource intensity of a given population
- Determine and track chronic disease prevalence and progress over time
- Use pharmaceutical data to discover healthcare diagnoses and services that are not otherwise documented and adjust the level of risk within the population accordingly
- Determine costs associated with medical services and assess the level of risk for particular groups of individuals
- Profile utilization patterns and assess the appropriateness of capitation rates

3M: Leading with ICD-10 experience and expertise

A decade ago, 3M worked under contract with the CMS to design and develop the **ICD-10 Procedure Coding System (ICD-10-PCS)** for use in the US, and we continue to maintain this system today. More recently—again under contract with CMS and the National Center for Health Statistics—3M developed the official crosswalk/mappings between ICD-10 and ICD-9 that are available now on the CMS website: www.cms.hhs.gov/ICD10.

For the entire healthcare industry, ICD-10 is fast becoming a priority. Before 2013, internal claims processing centers must either have a native ICD-10 code base in place or develop purposeful built-in mapping for use with their ICD-9-based programs. 3M is ready now to help payers prepare the mapping and translation solutions their organizations need.

3M: Helping payers navigate in a P4P world

P4P is now a reality in healthcare—and payers are catalysts. Through 3M's individual or combined methodologies, you can have access to accurate and complete data to reflect the true condition of a patient. The need to structure equitable P4P systems is growing, and 3M products and services can help you propel these innovations through your provider network to generate favorable financial outcomes.

Call today

For more information on how 3M solutions can assist your organization call us toll-free at **800-367-2447**, or visit us online at www.3Mhis.com.



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