3M Payment Transformation Programs

- **Reduce payment variation and improve financial trend and growth projections**
- **Create a foundation for providers to control costs**
- **Support performance improvement programs that reward quality and efficiency**

Minimum payment variation, maximum cost control

3M Payment Transformation Programs combine data classification, risk adjustment and consulting services to design reimbursement models that pay providers based on the actual cost of care. By minimizing variation in payment rates to similar providers for similar services, payers create a baseline from which providers can determine where they can control costs.

With 3M Payment Transformation Programs, your inpatient and outpatient payment models benefit from:

- **More than 30 years of experience with payment transformation**
- **Proprietary payment methodologies used by commercial payers, health systems and more than 30 state Medicaid agencies**
- **Data gleaned from processed claims for more than 53 million covered lives**

Wipe out payment variation for a clear look at costs

Payers are pressured to control costs without impacting the quality of care. To start, they can reduce payment variation by ensuring reimbursement rates for inpatient and outpatient providers accurately reflect the quality and intensity of the care delivered. By closely aligning payments with the true cost of providing care, payers can project financial trends and establish effective performance improvement programs.

When payments account for factors providers *can't* control, such as the illness burden of a population, it lets them focus on what they *can* control, such as reducing health care waste.

How it works

By applying data classification, risk adjustment and consulting services, 3M Payment Transformation Programs help payers develop a strategy that consistently reimburses providers according to their performance.

Group and risk adjust claims data

First, we group your data using the **3M™ All Patient Refined (APR) DRG Classification System** for inpatient claims and the **3M™ Enhanced Ambulatory Patient Grouping (EAPG) System** for outpatient claims. These methodologies take into account more granular patient characteristics and thus allow you to adjust for a patient's clinical health risk and level of resource consumption.

Develop payment policies and metrics

After processing your claims data, we help you determine your business goals and the parameters for your payment policies by walking you through key strategic decisions, such as:

- Deciding which providers to include in your program
- Defining the types of claims to be excluded
- Identifying potential peer groups for payment
- Consolidating, packaging and discounting outpatient services
- Modeling inpatient payment policies, such as outlier thresholds, transfer payment options and possible carve-outs or per diem services

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Once policies are defined, we create the building blocks of the payment system: 3M APR DRG and 3M EAPG relative weights, outlier thresholds based on costs, transfer payment metrics and any other metrics integral to your goals.

Model the impact and prepare hospitals

Next, we help you roll out your new payment system by simulating different payment models. These simulations use your new payment metrics to project revenues and margins for each hospital, system and peer group. You can also examine the effects by service type (e.g., cardiology, radiology) and severity of illness. 3M Payment Transformation Programs provide you this information in reports that can be shared with contracted hospitals to educate them on the impacts of the new payment system.

Keep payment metrics up to date

Finally, economic and technology changes can impact your providers' costs and case mix index. Therefore, it's important to evaluate local costs and update payment metrics each year so they continue to align with the health risk of your members. 3M consultants work with you on making necessary changes by revisiting your payment policies, weights and hospital impact annually.

Features

- **Proprietary, proven methodologies.** 3M Payment Transformation Programs use 3M APR DRGs and 3M EAPGs. 3M APR DRGs are the health care industry's leading methodology for measuring inpatient severity of illness (SOI) and risk of mortality (ROM). In all, more than 30 state and federal agencies use 3M APR DRGs for inpatient payment and reporting. 3M EAPGs help reduce the complexity of outpatient claims by bundling related services together, making it easier to risk-adjust services and set appropriate pricing.

- **Data cleansing and enrichment.** Before applying risk adjustment, we analyze your claims data for completeness and correct formatting. We also apply line-level costing to claims data. The result? Comprehensive, accurate data that gives you confidence your rates are sound.

- **Pay for performance.** Within your inpatient payment models, we can incorporate pay for performance programs that target reductions in potentially preventable readmissions (PPRs) and potentially preventable complications (PPCs).

Benefits

- Deliver equitable compensation across providers and patient settings
- Provide incentives for inpatient and outpatient cost control
- Predict expenditures and hospital revenue
- Support performance improvement programs that reward quality and efficiency
- Maintain accurate and up to date payment systems in a dynamic market

Call today

For more information on how 3M software and services can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447,** or visit us online at **www.3m.com/his/vbc.**