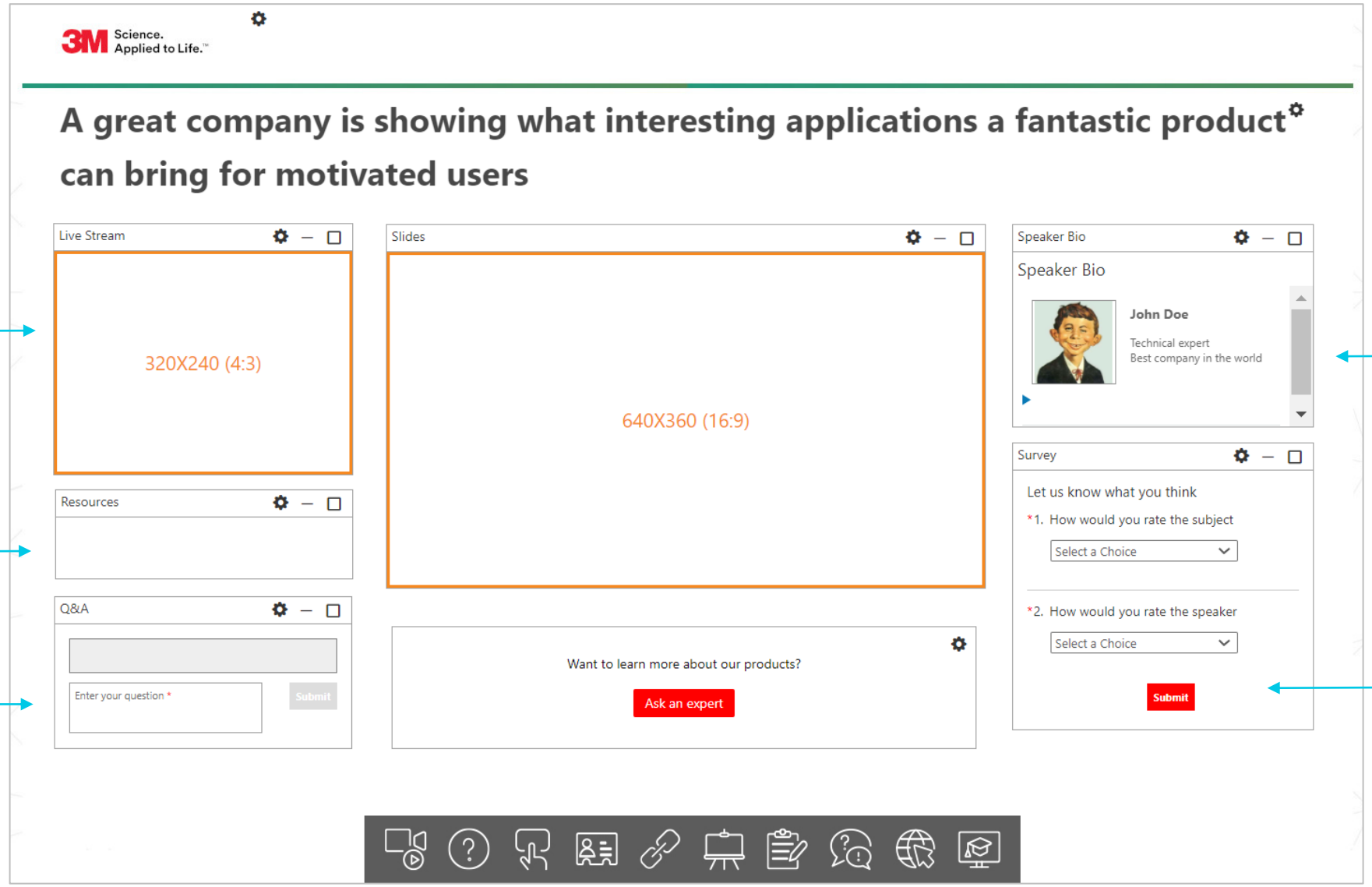
New year, new webinar platform!



Media player

Resources

Have a question? Let us know here!

Meet our speaker!

We want to hear from you survey!

Menu Bar

3M Science. Applied to Life.™

Optimizing health care reimbursement to drive value

June 2022

New year, new platform!

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Meet our speaker

Jeff Turnipseed is a client engagement and strategy executive at 3M Health Information Systems, with a primary focus on assisting healthcare organizations in designing and operationalizing their value-based payment (VBP) and population health management programs. Jeff helps his clients to structure their VBP programs to align incentives between payer and provider in order to improve outcomes across the continuum of care. In addition to VBP and population health management, Jeff also possesses in-depth knowledge in health plan market strategy and operations, medical economics and program design and management.

Who are we?

3M's Business Groups

Safety & Industrial

Serving the global industrial, electrical and safety markets, the Safety & Industrial Business Group consists of personal safety, adhesives and tapes, abrasives, closure and masking systems, electrical markets, automotive aftermarket, and roofing granules.

Transportation & Electronics

Focusing on global transportation and electronic original equipment manufacturer customers, the Transportation & Electronics Business Group is made up of electronics (display materials and systems, electronic materials solutions), automotive and aerospace, commercial solutions, advanced materials, and transportation safety.

Health Care

This Health Care Business Group serves the global healthcare industry and includes medical solutions, oral care, separation and purification sciences, health information systems, drug delivery systems, and food safety.

3M

Health Information Systems

Consumer

Delivering service to our global consumers, the Consumer Business Group consists of home improvement, stationery and office supplies, home care, and consumer health care.

3M

By the numbers...

54 million
covered lives impacted

1 billion
claims have 3M methodologies applied monthly

2% of GDP
with 3M methodologies

5,000+ hospitals
leverage our coding software and automation technology

3M Health Information Systems

300+
active industry partnerships

200+ payers
use our reimbursement or population methodologies to drive value

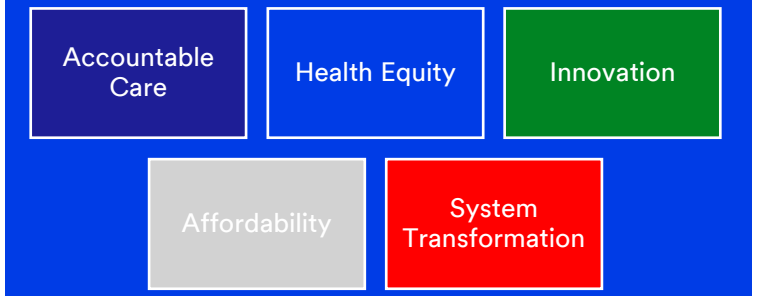
41 states
use 3M methodologies as their basis of reimbursement

30+ years
in contract with CMS and other government agencies

Framework to drive value in health care

Value-Based Care

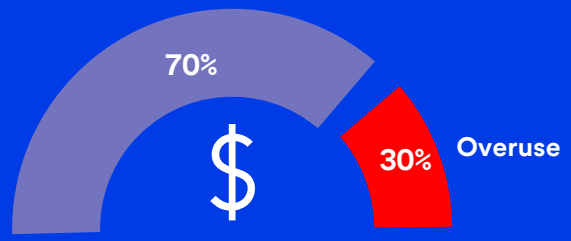
CMS expects 100% of Medicare beneficiaries to be treated within a value-based program by 2030



Scale value-based program design and innovation

Reimbursement Optimization

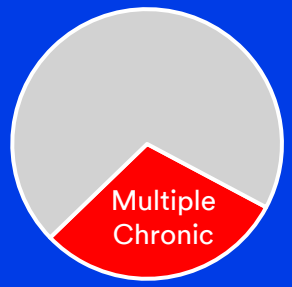
~$760B to $935B of U.S. healthcare spending may be overuse



Identify overuse, reduce variation and increase accuracy

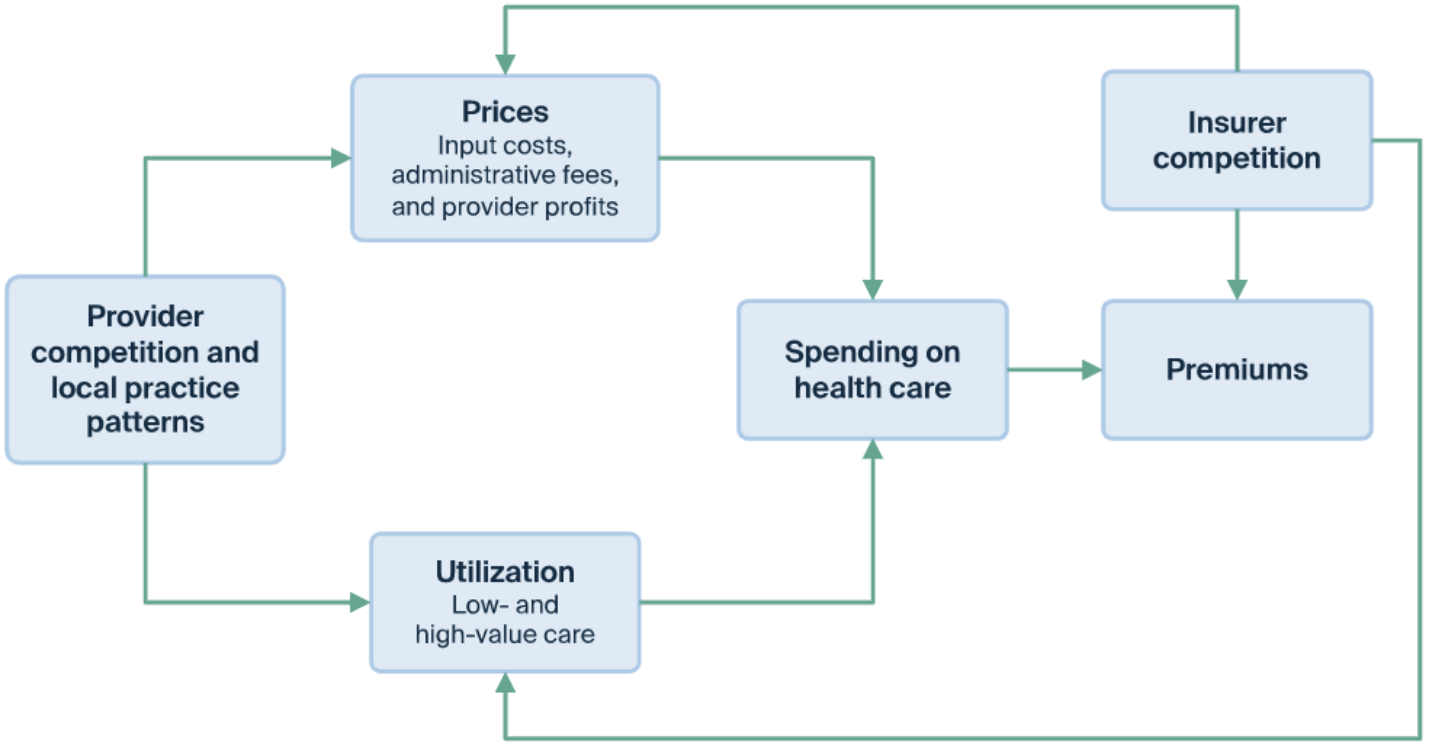
Population Health

27% of US adults have multiple chronic conditions



Drive high quality person-centered care that improves lives

Factors that drive reimbursement

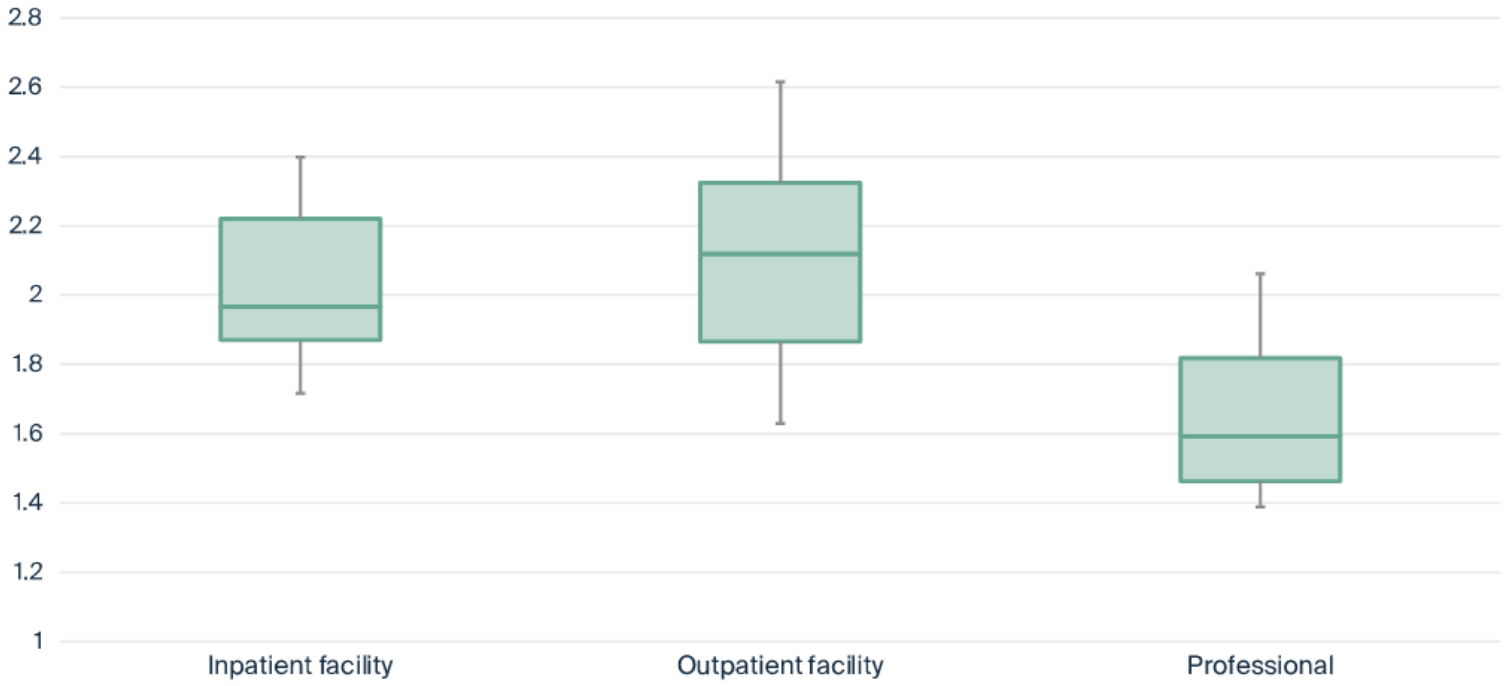


Source: The Commonwealth Fund, Reducing Health Care Spending: What State's Can Leverage, 2021

- Prices and premiums don't adequately compensate for complexity of the whole person (i.e. clinical and social)
- High value care not tied to prices or premium incentives across the continuum, including the consumer
- Insurer and provider competition can distort market dynamics, along with lack of transparency and interoperability

Factors that drive reimbursement

Commercial payments as ratio of fee-for-service Medicare across the U.S., 2017



Source: Wide State-Level Variation in Commercial Health Care Prices Suggests Uneven Impact of Price Regulation, 2019

- Variation in negotiated prices within and across Commercial, Medicaid, and Medicare, case mix adjusted
- Variation in prices across site of service for equivalent services (i.e. 3M study on estimated impact of site neutral payments for outpatient surgeries in Medicare)
- Payment design that does not adequately bundle clinically similar services

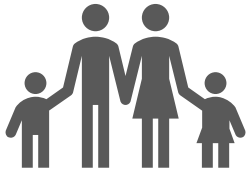
Benefits of optimizing reimbursement

Achieving an optimal health system requires reimbursement that enable...

- Efficient resource allocation that controls spending growth
- Comprehensive care coordination across the system
- System transformation and sustainability
- Equitable incentives inclusive of clinical and social factors
- Alignment of quality outcomes with financial models
- Investment in future innovation

Risk stratification is essential

Key principles of risk adjustment are required to scale driving value in the healthcare.

Fair	Scalable	Flexible	Accurate	Efficient
				
Ensures equitable comparisons are made and allocation of resources and reimbursement are aligned without penalizing care delivery to complex patients	Enables risk adjustment that apply to population and service-based use cases, not just for a specific population cohort or service line	Benchmarks can be designed across population risk, service case-mix, and social determinants	Incentivizes accurate reimbursement and complete coding that align resource consumption and clinical complexity	Minimize administrative burden to maintain clinical updates that impact risk adjustment within program design

3M HIS' Patient Classification Methodologies

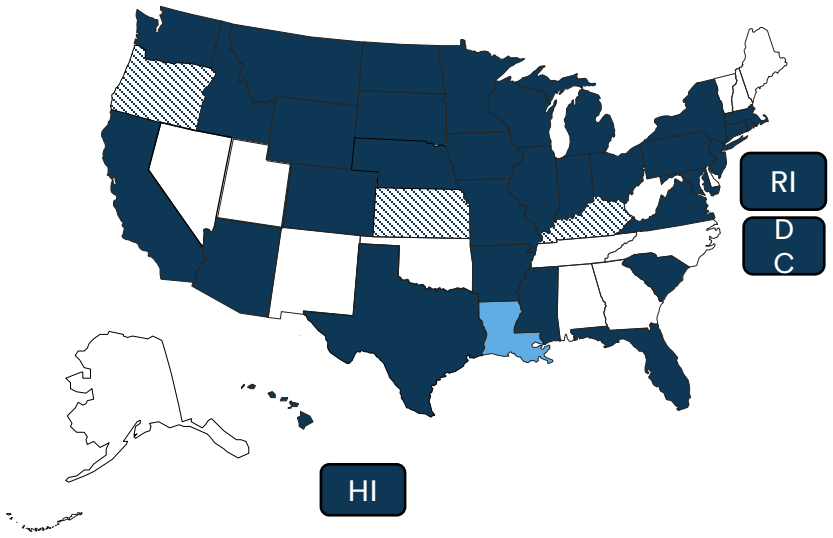
Defining and measuring value, reimbursement and quality improvement.

Methodology	Applicability	Notes	Value-based care	Reimbursement optimization	Population health
3M™ All Patient Refined Diagnosis Related Groups (APR-DRGs)	Inpatient admissions	Includes four severity of illness subclasses and risk of mortality		✓	
3M™ Enhanced Ambulatory Patient Groups (EAPGs)	Ambulatory visits	Hospital outpatient, ambulatory surgical center, other clinics		✓	
3M™ Clinical Risk Groups (CRG)	Population health and reimbursement	Person health, functional status and population-based reimbursement	✓	✓	✓
3M™ Patient-focused Episodes (PFE)	Event and cohort-based episodes	Includes hospital, professional, pharmacy, or other services	✓	✓	✓
3M™ Potentially Preventable Complications (PPC)*	Inpatient hospital care quality outcomes		✓	✓	✓
3M™ Potentially Preventable Readmissions (PPR)*	Inpatient hospital care, population health outcomes	Includes PPRs to the Emergency Department	✓	✓	✓
3M Potentially Preventable Admissions (PPA)*	Population health outcomes	Included as part of 3M™ Population-focused Preventables (PFP)	✓	✓	✓
3M Potentially Preventable Emergency Department Visits (PPVs)*			✓	✓	✓
3M Potentially Preventable Ancillary Services (PPSs)*			✓	✓	✓

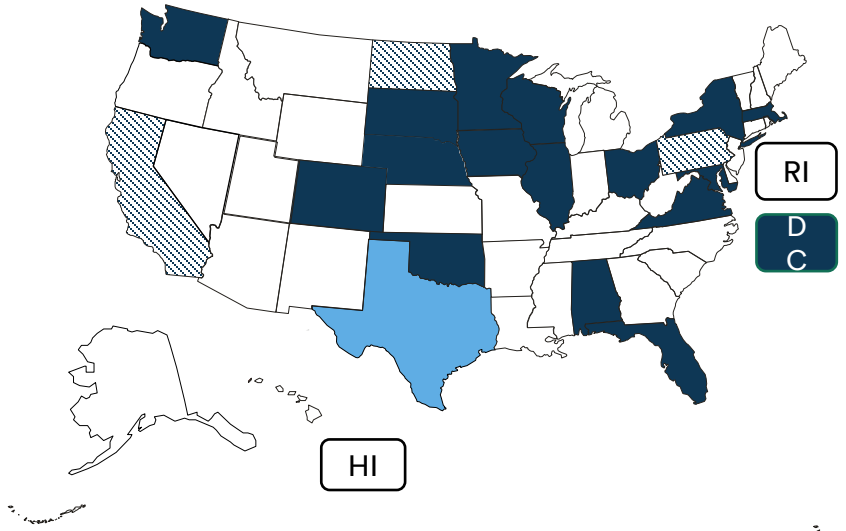
* 3M PPCs, PPRs, PPV, PPA, and PPS are the 3M Potentially Preventable Events (PPE)

3M Methodology Adoptions

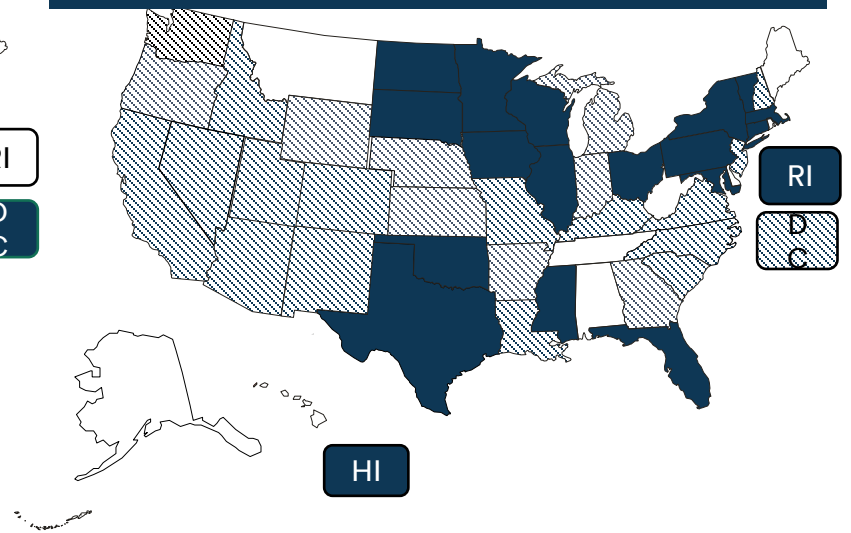
All Patient Refined DRGs



Enhanced Ambulatory Patient Group



Population Health and Risk Groupers



State agency and managed care option

State agency commitment to adopt Managed care adoption only

Notes:
State agencies and commercial payers can have more than one 3M methodology adopted to support reimbursement, value, or population health initiatives. Some state agencies have committed to use a 3M methodology but have not implemented yet. Population health and risk groupers include 3M™ CRG, PFP, PPR, PPC, or PFEs.

Current as of May 2022

Reimbursement optimization

3M methodologies and services enable clinical and resource alignment for inpatient and outpatient care and across a population.

Promote Efficiency

- Identify risk adjusted outliers across population, episodes, and services
- Integrate payment incentives to reduce 3M PPR and PPCs, which integrate 3M™ APR-DRG and EAPGs classification
- Classify and bundle clinically similar services more effectively and efficiently

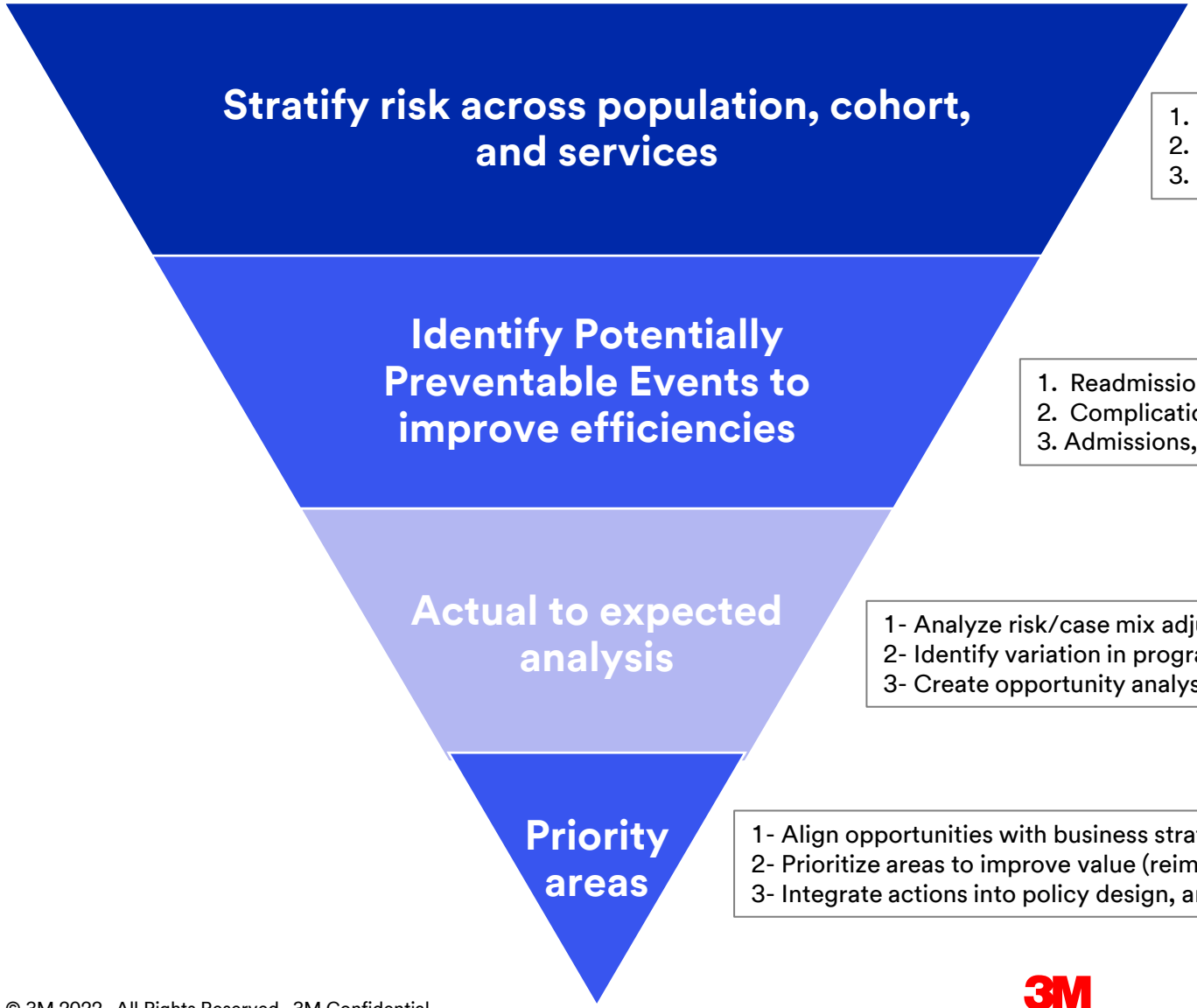
Reduce Variation

- Target contracted payment variation using case mix adjusted type and site of service
- Analyze variances in utilization outcomes across the network (i.e. LOS, ICU, ED use, etc.) that impact facility-based cost of care
- Examine margin and cost variation by site and type of service across service lines

Improve Accuracy

- Align resources and clinical complexity using 3M™ APR-DRG, EAPG, PFE, and CRG
- Case mix adjusted benchmarks that scale across all payer populations (i.e. pediatric populations)
- Trend standardized payment rates that can compared as a % of Medicare or Medicaid

Driving value through reimbursement optimization



1. Population – 3M CRG
2. Cohort (specific diseases) and events – 3M PFE
3. Services Reimbursement – 3M APR-DRG and EAPG

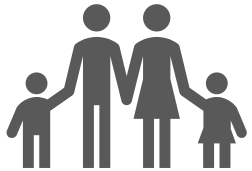
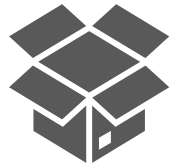
1. Readmissions and Revisits to the ED – 3M PPR
2. Complications – 3M PPC
3. Admissions, Visits, Services – 3M PFP

1- Analyze risk/case mix adjusted unit cost and outcomes across the continuum of care
2- Identify variation in programs, provider, payer, service line, practices, etc.
3- Create opportunity analysis across network

1- Align opportunities with business strategy and needs
2- Prioritize areas to improve value (reimbursement, cost, and quality)
3- Integrate actions into policy design, analytic, and decision support workstreams

Inpatient reimbursement optimization

3M APR DRGs are the industry's leading clinical methodology for inpatient prospective payment system that enable resource utilization alignment and drive quality insights.

Clinically	All populations	Flexible	Accurate	Transparent
				
Classifies inpatient services based on clinical similarities and use of hospital resources by severity of illness and risk of mortality.	Developed to work across all populations including newborns, pediatrics, and obstetrics.	Integrates with payment, quality, cost-efficiency programs to drive improvements in clinical outcomes and operational efficiencies.	Clinical categorical approach allows the clinical model enables accurate prospective payment that align with resource utilization.	Detailed clinical logic, hierarchies and specifications are published in APR DRG Definitions Manual which are updated regularly by 3M's clinical experts

3M's APR DRG classification is also used in 3M's PFP, PFE, PPR, and PPC groupers.

Comparing APR DRGs and Medicare DRGs

	Medicare Severity DRGs	3M APR DRGs
Developer	3M for CMS	3M
Population	Medicare fee-for-service population	All patient population
OB, pediatrics, newborns*	Very low prevalence (0.3% of stays)	High prevalence (52% of Medicaid stays, 41% of privately insured stays nationwide)
Development history	Replaced CMS DRGs effective October 1, 2007 to improve accuracy, especially re severity of illness. Updated annually.	Developed from scratch with emphasis on severity of illness, risk of mortality, standardized structure, and all patient population. Updated annually
Number of DRGs	767 (765 + 2 error DRGs)	1,332 (330 base DRGs x 4 subclasses + 2 error)
Severity of illness	• Standard list of CCs and MCCs across base DRGs • Some base DRGs stand alone; some have base DRG + CC; some have base + CC + MCC • No splits by age	• Each base DRG has four severities of illness: minor, moderate, major, extreme • SOI calculation varies, depending on base DRG, interaction of comorbidities, and patient age
Admission DRG	Discharge DRG only	Both admission DRG and discharge DRG
Analysis of mortality	DRG assignment depends in part on mortality. MS-DRGs not intended for use in measuring mortality	DRG assignment is independent of mortality. Admission APR DRG suitable as risk adjuster in measuring mortality.
Analysis of complications	Limited list of hospital-acquired conditions	Extensive list of 3M Potentially Preventable Complications, with risk adjustment by admission APR DRG
Analysis of readmissions	All cause readmissions	Extensive list of 3M Potentially Preventable Readmissions and emergency department visits, with risk adjustment by discharge APR DRG
* Prevalence of obstetrics, pediatrics, newborns calculated by 3M from the 2017 National Inpatient Sample. Pediatric is under age 18.		

Medicare and 3M APR-DRG V38

Inpatient reimbursement optimization

Enable admission case mix adjusted price, cost, and utilization comparison across providers and services.

Hospital	Stays	Average Cost of Care				Average Length of Stay			
		Actual	Expected	A/E	Avg Cost, Casemix Adjusted	Actual	Expected	A/E	ALOS, Casemix Adjusted
Hospital A	3,056	$14,131	$10,900	1.30	$10,872	3.58	3.49	1.03	3.35
Hospital B	2,501	$7,243	$8,850	0.82	$6,863	3.00	3.14	0.95	3.11
Hospital C	1,852	$5,133	$7,462	0.69	$5,768	3.38	3.32	1.02	3.33
Hospital D	1,574	$8,447	$7,572	1.12	$9,355	3.22	3.24	0.99	3.25
Hospital E	1,561	$6,342	$8,799	0.72	$6,044	3.44	3.35	1.03	3.35
Other 38	3,714	$6,883	$6,636	1.04	$8,698	3.08	3.11	0.99	3.23
Total	**14,258**	**$8,386**	**$8,386**	**1.00**	**$8,386**	**3.27**	**3.27**	**1.00**	**3.27**

Sample data from a managed care plan across large provider network, case mix adjusted using 3M APR DRGs.

Hospital A and B's variation in utilization and reimbursement for in-network services is driven by higher severity specialty surgeries and deliveries.

Uncover how inpatient reimbursement is impacted by network utilization patterns and contracting design.

3M

Inpatient reimbursement optimization

Excess potentially preventable readmission and complications can uncover quality improvement opportunities that impact total costs.

Risk Adjusting Readmissions: An example from Rhode Island

Table 3.8.1
Index Admissions and PPR Rates by Level of Severity for the Top 10 Base DRGs in Terms of Total Readmissions

Base DRG of the Index Admission		All Severities	Level of Severity			
			Severity 1	Severity 2	Severity 3	Severity 4
753 - Bipolar disorders	Index Admits	1,653	1,073	547	30	3
	PPR Rate	11.7%	10.6%	13.9%	6.7%	33.3%
751 - Major depressive disorders & other/unspecified psychoses	Index Admits	1,257	642	581	27	7
	PPR Rate	12.5%	11.5%	12.9%	22.2%	28.6%
194 - Heart failure	Index Admits	1,214	147	632	392	43
	PPR Rate	11.4%	8.8%	10.8%	13.8%	9.3%
140 - Chronic obstructive pulmonary disease	Index Admits	1,312	316	678	288	30
	PPR Rate	8.7%	6.6%	8.6%	10.8%	13.3%
750 - Schizophrenia	Index Admits	433	187	229	15	2
	PPR Rate	18.2%	19.8%	17.5%	13.3%	0.0%
139 - Other pneumonia	Index Admits	1,306	245	679	318	64
	PPR Rate	8.1%	4.5%	7.4%	12.3%	9.4%
775 - Alcohol abuse & dependence	Index Admits	667	374	262	25	6
	PPR Rate	11.8%	10.7%	13.0%	20.0%	0.0%
754 - Depression except major depressive disorder	Index Admits	782	542	233	7	0
	PPR Rate	9.0%	7.0%	13.3%	14.3%	0.0%
720 - Septicemia & disseminated infections	Index Admits	668	37	166	273	192
	PPR Rate	9.9%	0.0%	6.0%	11.0%	13.5%
201 - Cardiac arrhythmia & conduction disorders	Index Admits	928	290	476	144	18
	PPR Rate	7.0%	3.4%	8.0%	8.3%	27.8%

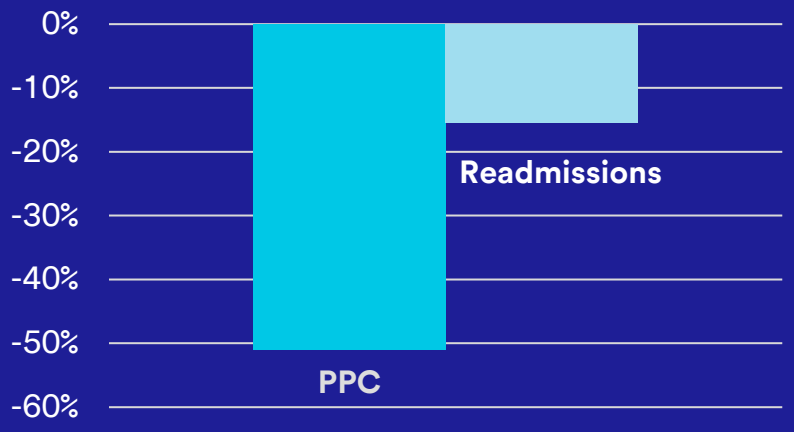
Source: Xerox State Healthcare, *Potentially Preventable Readmissions in Rhode Island*

Integrate inpatient quality outcomes with payment design to improve value.

Modernizing reimbursement and improving outcomes

Maryland's Total Cost of Care (TCOC) Model is designed to drive better access to high quality care statewide.

All Payer Outcome Trends CY 2014 - 2018



Source
Maryland Total Cost of Care Model and Performance Statistics

All payers

are included in Maryland's TCOC Model which span all patient populations

2 % of inpatient revenue

tied to improve PPC and PPR performance

30-day readmission

rates use APR-DRGs to classify and adjust performance outcomes

Maryland Hospital Acquired Conditions (MHAC) Program

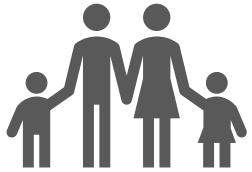
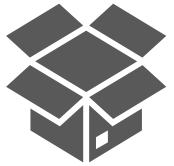
Improve hospital care and outcomes by adjusting hospital budgets on PPC rates.

Readmission Reduction Incentive (RRIP) Program

Incentivizes hospitals to reduce avoidable readmissions by linking rewards and penalties to improvements in readmissions rates

Outpatient reimbursement optimization

3M EAPGs are a comprehensive outpatient prospective payment system used to classify and enable effective resource utilization and drive quality insights.

Clinically	All populations	Flexible	Accuracy	Transparent
				
Outpatient data is grouped into clinically relevant categories, which supports meaningful improvements in the delivery of care.	Not limited to the Medicare and Medicaid populations. It applies to all ambulatory patients.	Customize and choose among several options for bundling, including: consolidation, packaging, discounting, use of modifiers, handling medical visits and more.	Bundled approach allows for payment accuracy, efficiency, and analytical clarity to support payment and quality initiatives.	Detailed clinical logic, hierarchies and specifications are published in EAPG Definitions Manual which are updated regularly by 3M's clinical experts.

3M's EAPGs classification is also used in 3M's PFP, PFE, PPR, and PPC groupers.

Comparing Medicare APCs and 3M EAPGs

	Medicare APCs	3M EAPGs
Developer	CMS; 3M maintains software	3M
Population	Medicare fee-for-service population	All patient population
Applicability	Hospital outpatient departments; ambulatory surgical centers (ASCs)	Hospital outpatient departments; ASCs; diagnostic testing centers; dialysis centers
Unit of analysis	Per service and per visit	Per visit
Methodology	Primarily a payment classification system and fee schedule of individual outpatient services	Outpatient visit classification system, which places patients and services into clinically coherent groups
Efficiency incentive (bundling)	Services bundled based on type of service (status indicator) rather than clinically related services	Comprehensive packaging, consolidation, and discounting applied to clinically related services rendered per visit
Comprehensive	Excludes many services, which are then covered under other fee schedules (e.g., lab, imaging)	Single classification methodology covers all outpatient services
Medical visits	Medical APCs based on self-reported effort (e.g., APC 5024 Level 4 Type A ED Visit)	Medical EAPGs based on diagnosis (e.g., EAPG 604 Chest Pain)
Use for analysis	Limited	Clinical approach enables analysis of utilization, cost, potentially preventable events

Outpatient reimbursement optimization

Enable visit-based unit price, cost, and utilization comparison across providers and services.

Aggregate	OP Visit Count	OP Visit Allowed Amount	Average OP Visit EAPG Allowed Amount	Expected Average EAPG Allowed Amount	OP Visit Allowed Amount % Difference from Expected
	428,449	**$188,741,337**	**$513**	**$382**	**15.17%**
Facility A	36,050	$52,869,634	$1,476	$1,385	5.86%
Facility B	68,390	$17,369,917	$1,438	$30	748.07%
Facility C	17,465	$17,765,364	$1,024	$960	5.97%
Facility D	14,115	$8,242,328	$590	$625	-6.51%
Facility E	31,189	$14,215,747	$459	$495	-7.89%
Facility F	59,635	$25,112,112	$426	$404	4.34%
Facility G	18,622	$7,650,565	$419	$346	18.72%
Facility H	28,533	$11,713,835	$415	$428	-4.09%
Facility I	8,811	$3,149,720	$360	$391	-8.63%
Facility J	15,449	$4,320,740	$280	$132	111.35%
Facility K	9,648	$2,585,970	$268	$132	102.83%
Facility L	47,194	$10,468,480	$226	$160	38.30%
Facility M	48,155	$9,848,604	$207	$214	-4.52%
Facility N	9,267	$1,366,725	$153	$132	11.67%
Facility O	15,926	$2,061,595	$131	$143	-9.40%

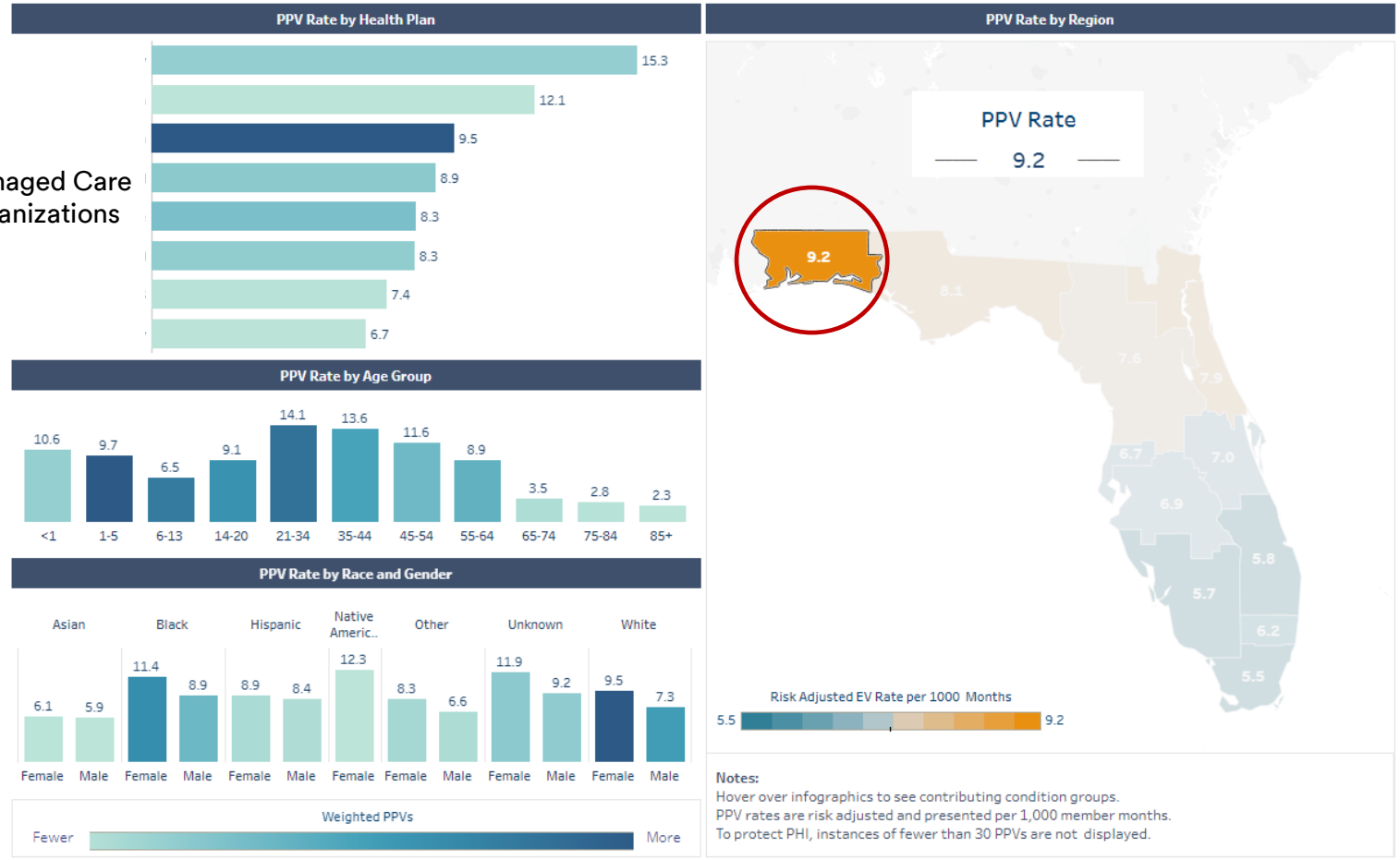
Sample data from Managed Care Plan across large provider network case mix adjusted using 3M EAPGs. Facility G and H had largest variation in case-mix adjusted utilization and reimbursement for in-network radiology services.

Uncover how outpatient reimbursement is impacted by network utilization patterns and contracting design.

3M

Outpatient reimbursement optimization

Excess potentially preventable emergency department utilization can uncover quality improvement opportunities that impact cost of care.

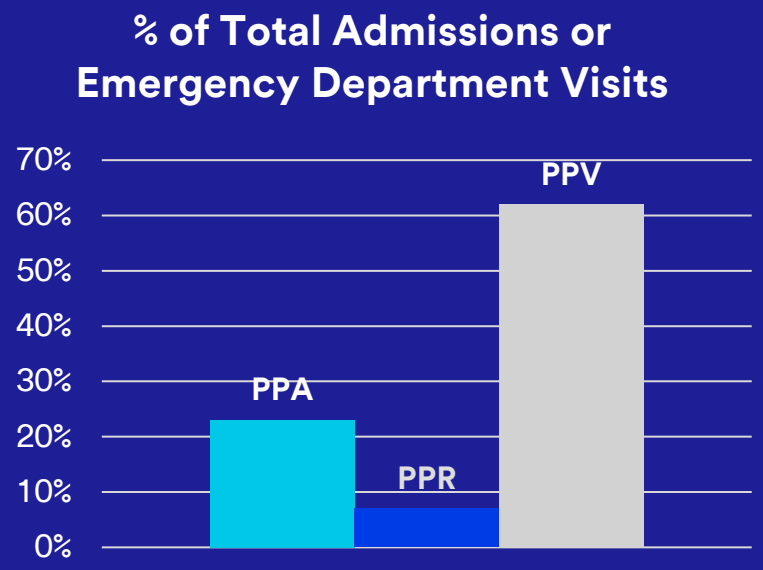


Source: [Florida Medicaid Quality Initiatives - PPE Dashboard, Fiscal Year 2019-2020](). Statewide public dashboard risk adjusted using 3M PFP grouper which integrated CRGs. Region with highest utilization rate driven primarily by upper respiratory infections and skin trauma

Integrate outpatient quality outcomes with reimbursement design to improve value.

Promoting better health care in Florida.

Drive improvements in health outcomes and equity, efficiency, and innovation that result in high quality and lower cost of care for Medicaid enrollees.



PPA = 3M Potentially Preventable Admissions
PPR = 3M Potentially Preventable Readmissions
PPV = 3M Potentially Preventable Emergency Department Visits

3 key goals

- Reduce potentially preventable events (PPA, PPR, PPV)
- Improve birth outcomes
- Improve access to in home long-term care and preventative dental services

Regional quality targets

For managed care organization performance tied to capitation rates

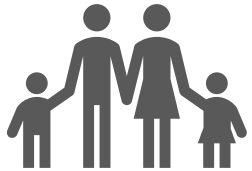
Performance improvement projects

Statewide with payer and provider collaboration to share best practices on impacting program goals

Source: Agency for Healthcare Administration Comprehensive Quality Strategy Report (2020)

Population based reimbursement optimization

3M Clinical Risk Groups are a transparent patient-centric and clinical model that enables change, suitable for all populations, flexible, stable, and well suited for socio-clinical risk adjustment of health outcomes, service utilization, and costs.

Person Centric	All Populations	Flexible	Stable	Transparent
				
Categorical socio-clinical model that provides actionable information (specific type of chronic or acute conditions, severity level of individual conditions).	Developed to work across all populations (Medicaid, Medicare, and Commercial).	Concurrent and Prospective models available, along with hierarchical aggregations of CRG categories.	Categorical approach allows the clinical model to remain stable regardless of differences or service coverage or costs.	Detailed clinical logic, hierarchies and specifications are published in CRG Definitions Manual which are updated regularly by 3M's clinical experts

Comparing CRGs with regression-based models

	Clinical Categorical model (3M CRGs)	Regression-based model
Development method	Clinical model developed by clinicians	Statistical model developed with regression analysis
Structure of model	Clinically meaningful categories of enrollees subdivided into explicit severity of illness levels	Additive mathematical formula that computes a score for a beneficiary
Data used to compute model	Longitudinal claims data linked at the individual level	Longitudinal claims data linked at the individual level
Use for rate setting	Clinical classification is independent of payment weight and payment amount.	Numeric score is converted to a payment amount
Calculation and replication of payment amounts	Arithmetic average that is easily calculated for each 3M CRGs, independent of developers	Requires regression analysis, which can be difficult to perform independent of developers
Communication value to providers	Creates a language understood by clinicians due to the explicit clinical definitions of each 3M CRG	Numeric score with minimal communication value
Update process	Selective clinical areas can be refined without affecting the entire clinical model	Requires re-specification of statistical model
Response to changing practice patterns or technology	Clinical motto is stable; payment weights will change	Requires re-specification of statistical model
Use with pharmacy and/or health status information	Clinical model is stable	Requires re-specification of statistical model
Carve outs	Clinical model is stable; payment weights will change	Requires re-specification of statistical model

Population based reimbursement optimization

Enable utilization and cost drivers that impact total cost of care can be uncovered across the network.

Entity	Members	Member Months	CRG Risk Score	Actual Paid PMPM	Expected Paid PMPM	Total % Diff.
ACO 1	70,000	650,000	1.10	$480	$465	3.2%
ACO 2	45,000	390,000	1.24	$475	$500	-5.0%
ACO 3	26,000	300,000	0.70	$300	$315	-4.8%
ACO 4	6,000	55,000	0.95	$475	$430	10.5%
ACO 5	30,000	250,000	1.35	$610	$570	7.0%
ACO 6	18,000	145,000	1.25	$470	$490	-4.1%
ACO 7	80,000	950,000	0.80	$450	$455	-1.1%
Aggregate	**275,000**	**2,740,000**	**1.00**	**$460**	**$460**	**0.0%**

Sample data from Managed Care Plan across the network risk adjusted using 3M CRG.

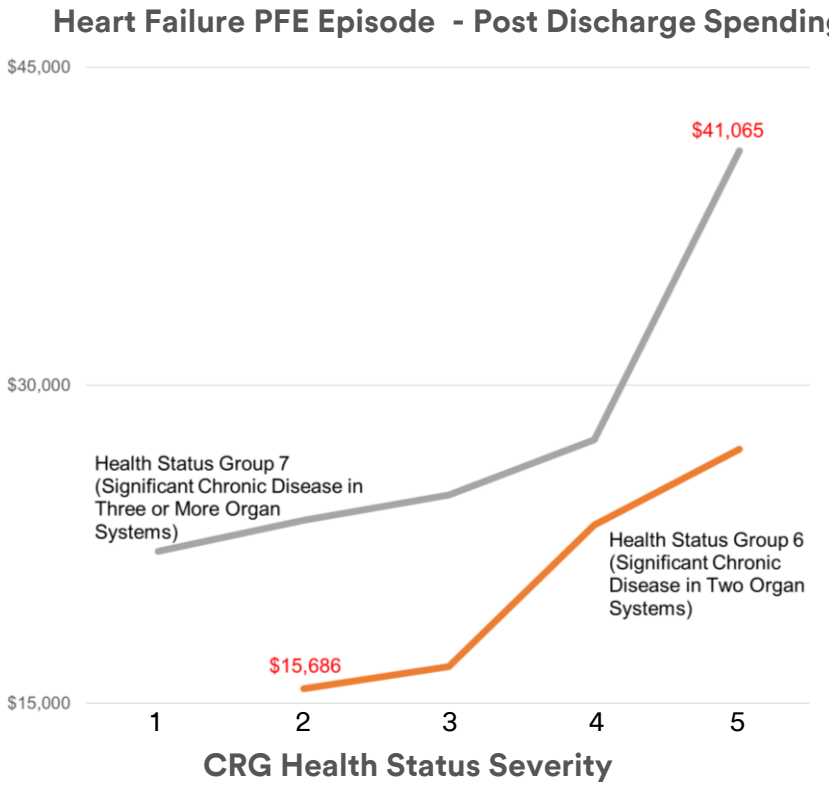
ACO 3 and 4 PMPM variation is driven primarily by patients with multiple chronic conditions using in network inpatient and professional services.

Integrate whole person risk into population reimbursement to drive better accountability.

3M

Population reimbursement optimization

Enable resource alignment across the healthcare system for event or cohort-based episodes.



Sample data from 3M dataset of 14M covered lives over 5 years. 3M Patient-focused Episodes (PFE) are risk adjusted by CRG health status.

Without CRG risk adjustment which accounts for whole person risk health status group 7 would be underpaid for the episode across all severities, or health status group 6 could be overpaid.

Integrate whole person risk into episodic reimbursement for greater accuracy.

Population reimbursement optimization

Enable better resource alignment across the healthcare system that account for clinical and social risk for the most vulnerable populations.

Base condition – Asthma				
Primary ICD 10-Dx	**SDOH ICD 10-Dx**	**Final CRG**	**Weight (TANF Child)**	**PMPM (NYC)**
J45.30 Mild persistent asthma, uncomplicated	None reported	51381 – Asthma Level 1	1.476	$263.47
J45.30 Mild persistent asthma, uncomplicated	Z62.21 Child in Welfare Custody	62801 – Foster Care/Child Abuse and Other Moderate Chronic Disease Level 1	3.122	$557.28

Base condition – Schizophrenia				
Primary ICD 10-Dx	**SDOH ICD 10-Dx**	**Final CRG**	**Weight (TANF Adult)**	**PMPM (NYC)**
F20.9 Schizophrenia, unspecified	None reported	57431 – Schizophrenia Level 1	1.449	$694.71
F20.9 Schizophrenia, unspecified	Z59.0 Homelessness	57433 – Schizophrenia Level 3	3.824	$1,833.38

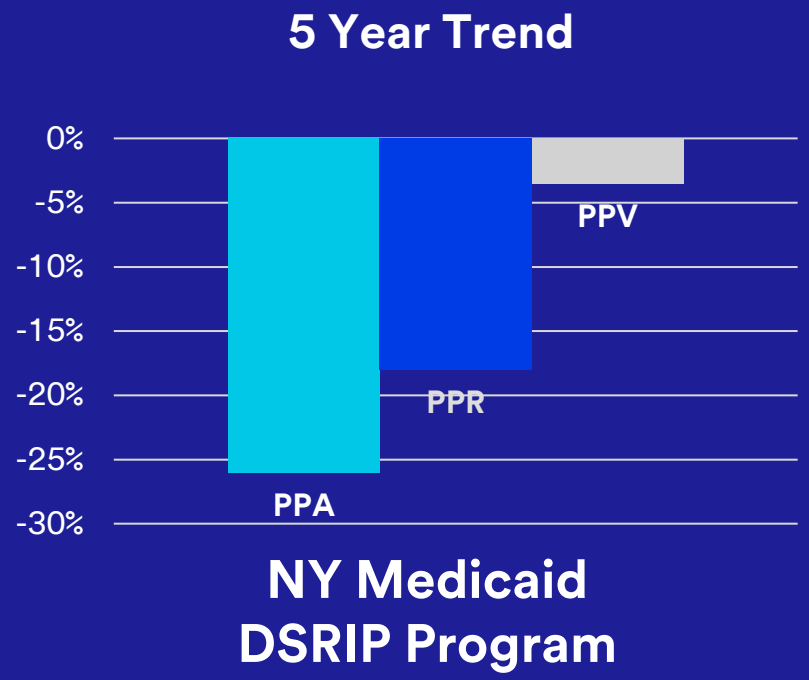
Per member per month (PMPM) based on estimated New York Medicaid CRG based payment

Integrate whole person risk into reimbursement to drive health equity.

3M

Paying for high value care in New York State.

Achieve the triple aim of improved population health, quality of care, and reducing health disparities and per capita cost.



CRG = 3M Clinical Risk Groups
PPA = 3M Potentially Preventable Admissions
PPR = 3M Potentially Preventable Readmissions
PPV = 3M Potentially Preventable ED Visits

~$42 billion in managed care premiums

prospectively risk-adjusted using CRGs annually

86% of managed care expenditures

are managed under a value-based program

56% of value-based programs

share financial risk with providers and include SDOH intervention(s)

+/- 2.5% performance target

for PPA utilization and costs annually from baseline for managed care plans

NEW YORK STATE | Department of Health

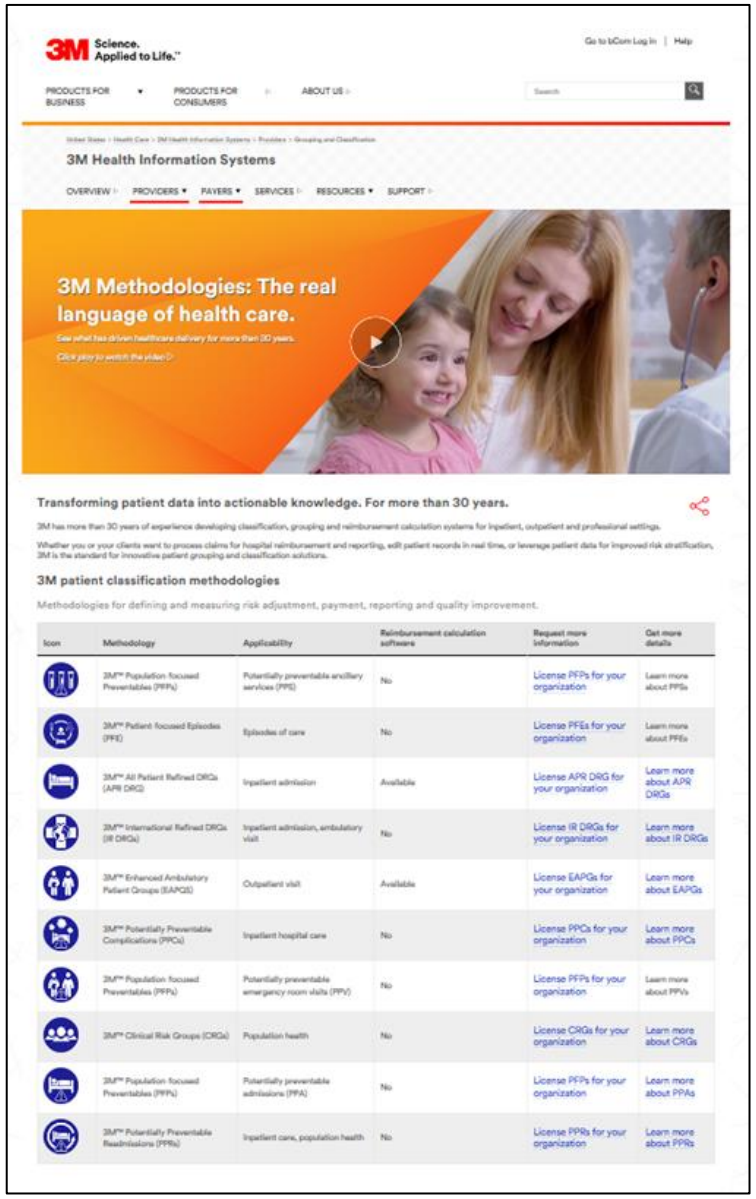
Sources:
NYS Insurance Program Quality Strategy (2022),
Final NYS DISRIP Incentive Program (August 2021)[2]
NYS Office of Comptroller, fiscal year ending March 2021

3M – How we can help

Workstream	Methodology Content Services (MCS) [1]	Additional Consulting Services [1,2]		
		Value Based Programs	Reimbursement Optimization	Population Health
Project management	✓	✓	✓	✓
3M subject matter experts	✓	✓	✓	✓
Methodology training and education	✓	✓	✓	✓
Grouper output optimization	✓			
Grouper version transition	✓	✓	✓	✓
Benchmark design and best practices	✓	✓	✓	✓
Reporting design and best practices	✓	✓	✓	✓
Program policy design		✓	✓	✓
Metric design		✓	✓	✓
External stakeholder education		✓	✓	✓
Supported 3M Methodologies	CRG, PPE[3], PFE[4] APR-DRG, EAPG	CRG, PPE[3], PFE[4]	CRG, APR-DRG, EAPG	CRG, PPE[3], PFE[4]
Supported CMS Methodologies	HCC, MS-DRG, APC	HCC	HCC, MS-DRG, APC	

[1] Requires license with 3M for supported methodologies
[2] Additional consulting services can be integrated with MCS or purchased separately
[3] PPE includes PFP, PPR, PPC groupers
[4] PFE includes event and cohort episodes

3M methodologies supporting materials



Methodology	Fact Sheets, White Papers, and E-Guides
3M Methodology Content Services (MCS)	Link
3M™ All Patient Refined Diagnosis Related Groups (APR-DRGs)	Link
3M™ Enhanced Ambulatory Patient Groups (EAPGs)	Link
3M™ Clinical Risk Groups (CRG)	Link
3M™ Patient-focused Episodes (PFE)	Link
3M™ Potentially Preventable Events (PPE)	Link
3M™ Population-focused (PPC)*	Link
3M™ Potentially Preventable Readmissions (PPR)	Link
3M Potentially Preventable Admissions (PPA)	Link
3M Potentially Preventable Emergency Department Visits (PPVs)	Link
3M Potentially Preventable Ancillary Services (PPSs)*	Link

* 3M PPCs, PPRs, PPV, PPA, and PPS are the 3M Potentially Preventable Events (PPE). 3M PPV, PPA, and PPS included as part of 3M™ Population-focused Preventables (PFP) grouper.

Q&A

That’s a wrap!

Thank you