



## UPDATING UTILIZATION MANAGEMENT OPERATIONS TO DRIVE COST-CONTAINMENT



The utilization management (UM) department of a major health care system was in flux and disarray, just as its work needed to grow to meet the needs of more than 5,000 network physicians and their patients. The UM department faced multiple operational and process deficiencies, due in part to key staff member departures.

### **Problem to Solve**

Despite the criticism they receive from patients, their advocates and providers, utilization managers are often the unsung heroes of health care services, enabling organizations to contain costs, maintain quality and reduce unnecessary and inefficient care. In fact, in an increasingly dynamic, value-based care market, effectively managing health care services and costs can make the difference to an organization's profitability – or even its survivability.

Unfortunately, the utilization management (UM) department of a major health care system was in flux and disarray, just as its work needed to grow to meet the needs of more than 5,000 network physicians and their patients. The UM department faced multiple operational and process deficiencies, due in part to key staff member departures that had left it unable to keep pace with internal demand. New staff additions lacked the experience and training to deliver significant value. Questions were arising regarding the department's ability to meet the requirements of a new joint venture contract between the health care system and a major national health insurer.

Rather than operating at sub-optimal productivity and potentially failing to achieve its crucial joint venture-related role, the UM department engaged Freed Associates (Freed) for two principal tasks:



1. Identify and implement operational and process improvements while providing interim coverage for a key UM program manager role
2. Assist the UM department with completing all responsibilities associated with supporting the health care system's new joint venture agreement

## Strategy and Tactics

As Freed immediately began fulfilling the vacant UM program manager role, it also identified multiple long-term strategic opportunities for operational and process improvements for the department, including:

1. **Creating a master UM project plan** – Consolidating multiple sources of UM information into a single document and tool to improve oversight and management of UM projects
2. **Identifying and addressing operational improvement opportunities** – Objectively evaluating current processes and creating efficiency improvements within the current operational workflow
3. **Addressing UM metric reporting needs** – Supporting and improving when possible the quality of all necessary UM metric and reporting

Simultaneously, Freed also began assisting the UM department with supporting its joint venture-related needs, based on existing UM quality measurements. The primary tasks for this role, which involved transforming UM-related clinical activities to support the new joint venture, included:

1. **Managing all workgroup activities related to all clinical areas** – Ensuring the success of all clinical workgroup meetings specified in the joint venture contract
2. **Supporting the joint venture program managers with maintaining and updating the clinical transformation work stream** – Coordinating project update meetings, creating associated project plans and conceiving a new work breakdown structure
3. **Identifying key information services (IS) dependencies and confirming proper allocation of IS resources** – Working with UM staff, clinical directors, and key joint venture leaders to meet critical IS needs

## Results

The client, with Freed's assistance, successfully completed all identified tasks to improve the UM department's operations and fulfill its clinical responsibilities associated with the health care system's new joint venture contract. Results highlights included:

1. **Creating a master UM project plan** – Divided between one-time projects and ongoing operations, the new master UM project plan identifies all near- and long-term activities needing UM staff engagement. Color-coded by work priority, and with guidelines set for



future project prioritization coding, this master plan allows UM leaders to immediately track the progress of all UM work, significantly enhancing intra-department transparency and productivity. It also reduces the need for the UM department to hire any additional staff to handle these tasks.

2. **Developing and improving on UM operational tools** – This included creating a new tool for tracking outstanding issues surfaced within UM-related workgroups and committees, enhancing a UM policy-tracking tool, and enhancing the readability of required materials for the clinical criteria guidelines workgroup. These tools improved UM staff efficiency and productivity.
3. **Improving metrics reporting capabilities** – Multiple technical enhancements were made to improve the data-gathering, updating and publishing quality and timeliness of required UM metrics reports. The metrics reports are distributed to the leads and managers of the health system’s clinical operations groups, as well as by all relevant UM committees and contracted provider networks. This enhancement makes collecting and reviewing these metrics materials more effective and efficient for all recipients, facilitating their decision-making.

To support the health system’s new joint venture contract, UM staff, in collaboration with Freed and all relevant clinical departments, created new workflows, meeting templates and IS support guidance. Lastly, Freed temporarily fulfilled the UM program manager role while this position was vacant, then assisted the staff member hired for this role with onboarding and integrating into the position.

## Conclusion

Managing a high-performing UM department is challenging enough given the inherent and constant demands of typical UM functions.

By addressing its operational and process needs, the UM department enhanced its overall efficiency and productivity. This work proved vital and timely as the department simultaneously fulfilled all of the clinical transformation-related components of an important new joint venture agreement between the health care system and a major national health insurer. The net result to the health care system is a much higher-performing and more effective UM department.