

*United States of America, et al. v.  
UnitedHealth Group Inc. & Change Healthcare Inc.*

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## Assignment

- 1 To explain the information that is contained in healthcare claims data
- 2 To assess how the de-identified healthcare claims data that would be available to United after its proposed acquisition of Change could be used to infer valuable information about United's commercial health insurance rivals that offer insurance to large group employers

## Summary of Opinions



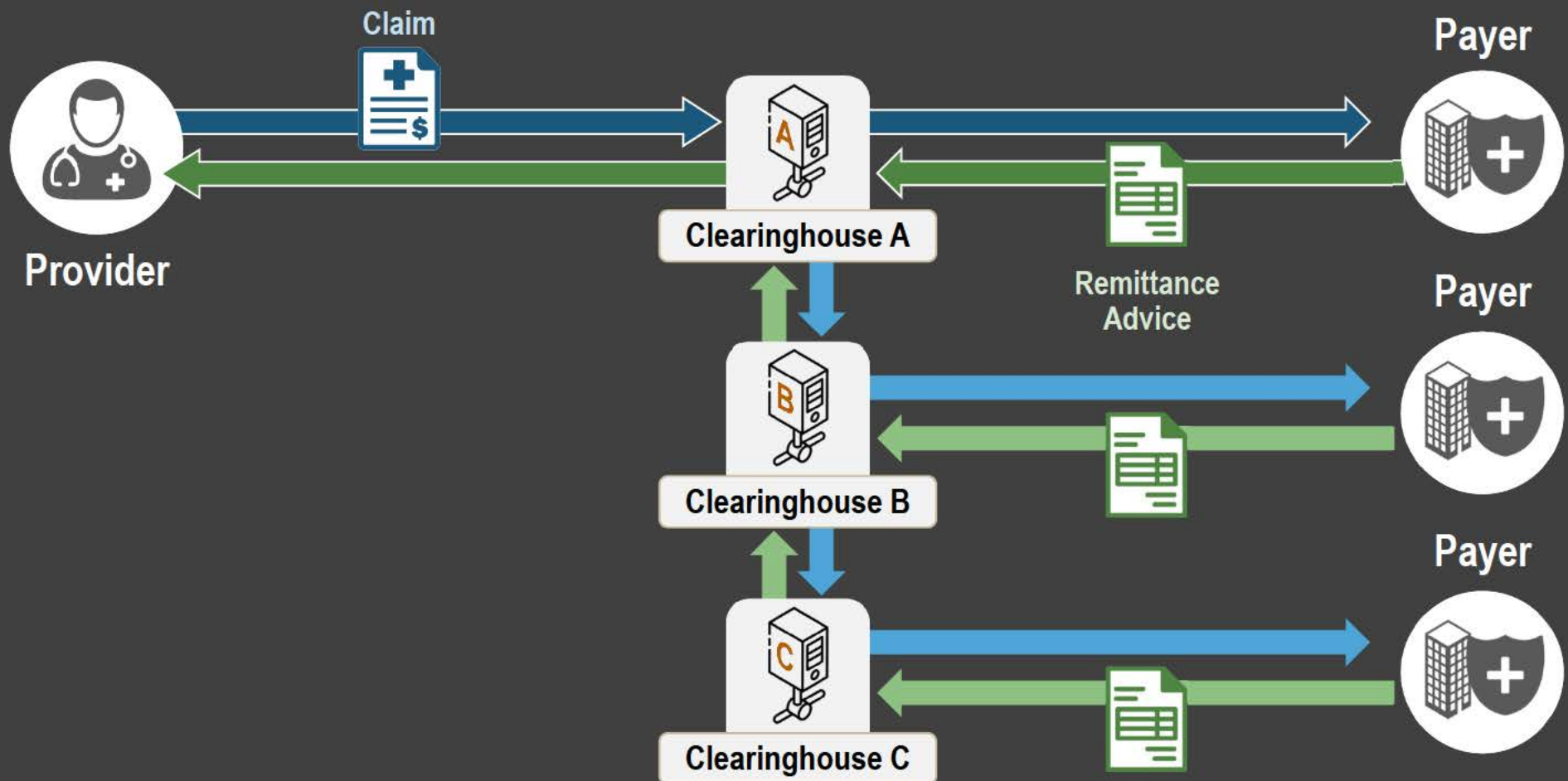
**United could use Change's healthcare claims data to learn important insights about its competitors:**

-  Utilization management practices
-  Provider pricing and reimbursement
-  Provider network design
-  Claims adjudication policies
-  Underwriting

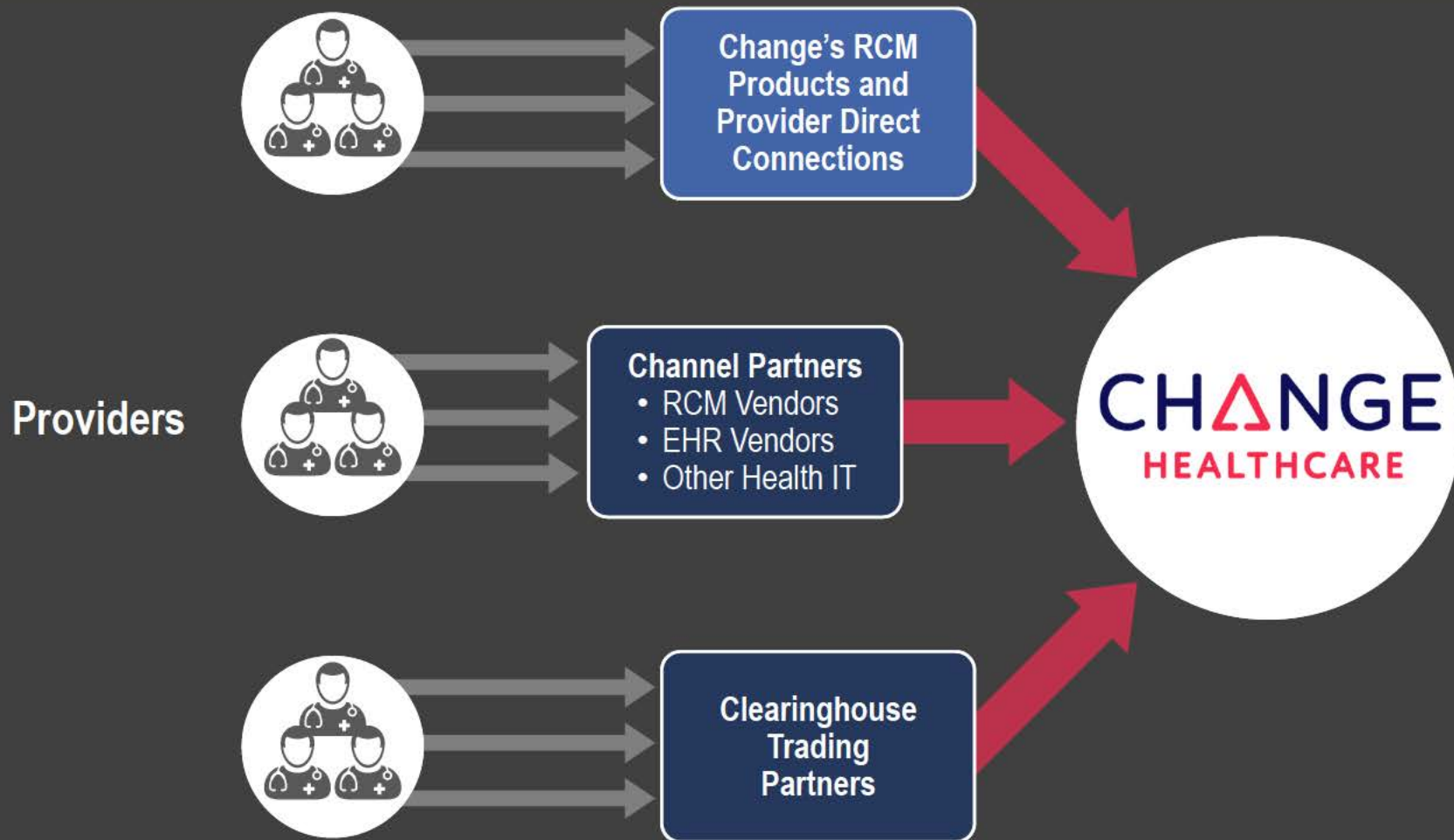


**Public or commercial data sources could not replicate Change's healthcare claims data**

# Transmission Paths of Claims

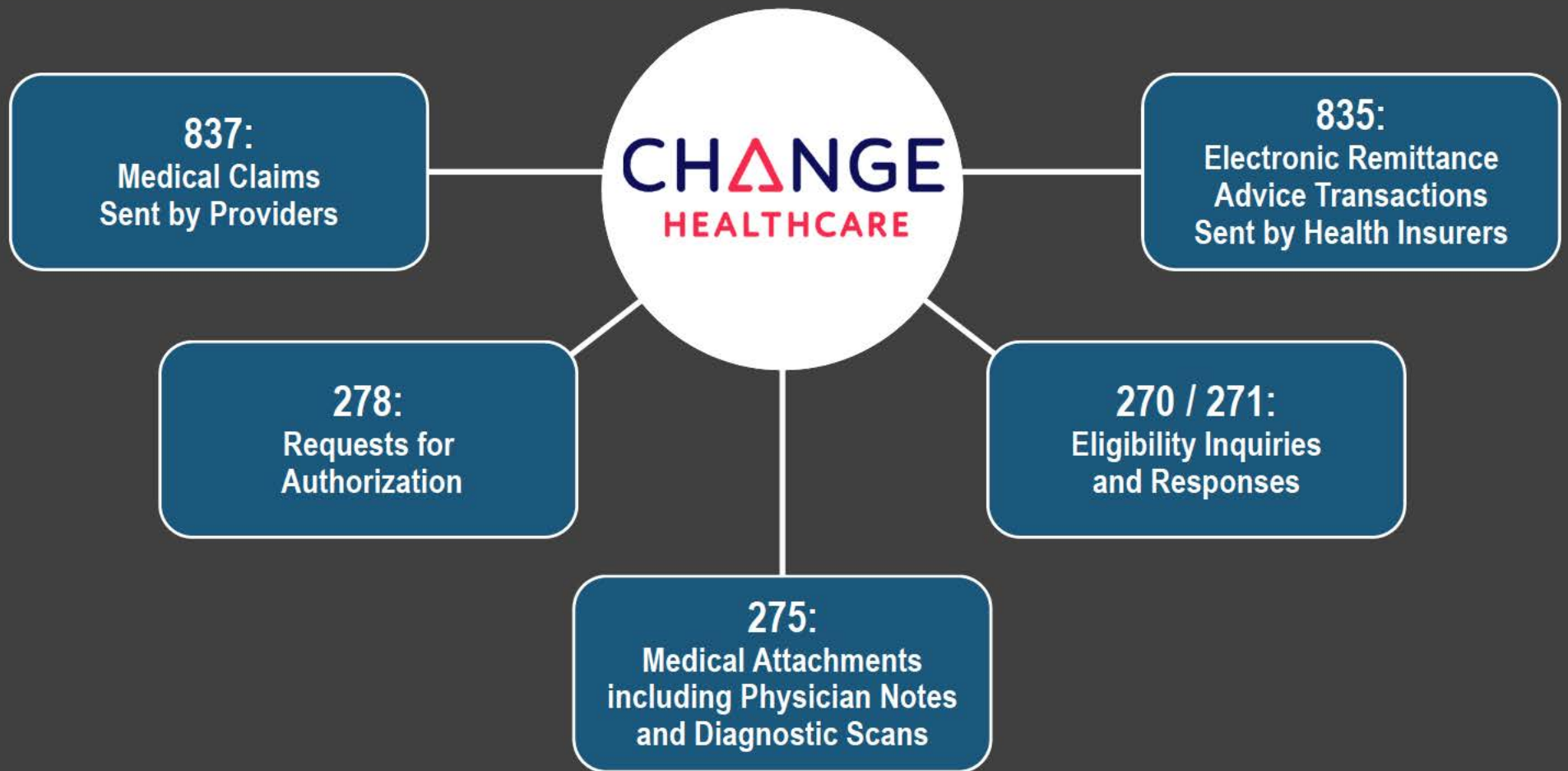


# Overview of Channel and Trading Partners

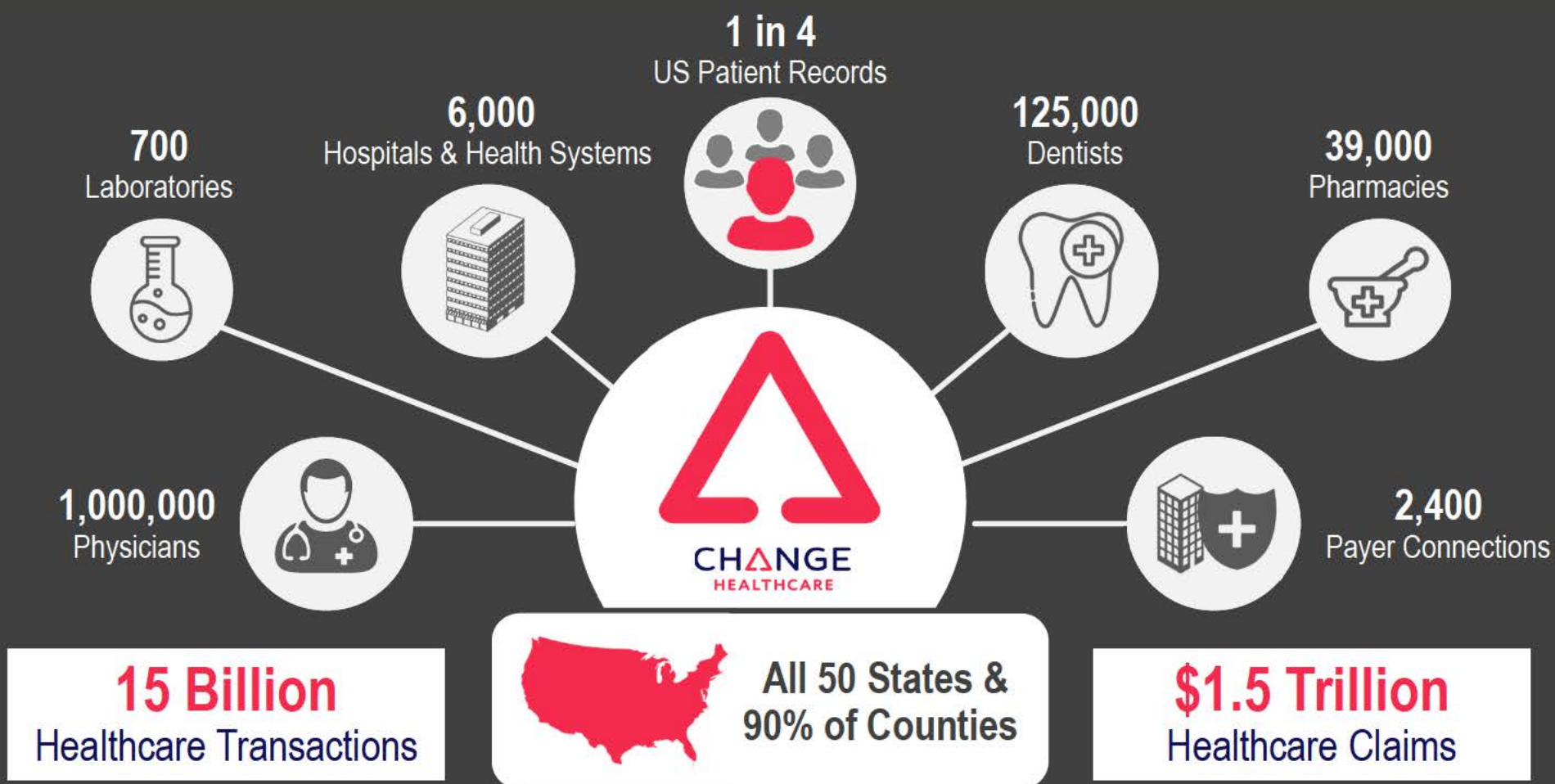




## Claims Data Transmitted by Change



# Change is at the “Center of the Ecosystem”



# Change's Claims Data Can Be Accessed As Soon as Claims Are Submitted



**CHΔNGE**  
HEALTHCARE

## Data Asset Today:

- Nearly 3B deidentified claims annually, representing 211M unique patients
- Secondary de-identified use rights in roughly 60% of claims data we transact
- 48% of data is received within 1 week of treatment event, 75% within 21 days
- De-identified history going back to 2012
- Rights across medical, dental, and pharmacy claims as well as ERA



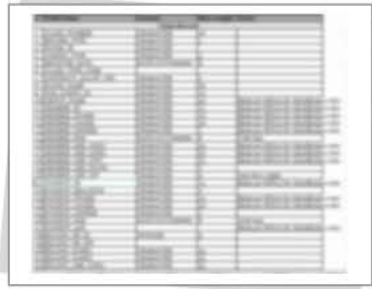
# Change's Data Rights

## Standard Data Rights Clause in our BAA

- 2.3 Data Aggregation. Change Healthcare may use PHI to provide Data Aggregation services for the Health Care Operations of the Customer as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- 2.4 De-identified Data. Change Healthcare may de-identify PHI in accordance with 45 C.F.R. § 164.514(b) and may Use or Disclose such de-identified data unless prohibited by applicable law.



# Example Information Available In Claims Data



**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
Health Plan Name or ID
Healthcare Services or Procedure Information
Codes Identifying Relevant Services (CPT or DRG)
Dates of Service
Hospital Admission and Release Date
Diagnosis Information
Primary Diagnosis (ICD 10 codes)
Secondary Diagnoses (ICD 10 codes)

Provider Information
Health Provider Identification Number (NPI)
Facility Where Service was Conducted
Facility Name and Address
Facility Type
Financial Information
Billed Amount ("list price")
Allowed Amount
Amount Paid by Insurer
Amount Paid by Secondary Insurer
Amount Paid by Patient
Information from the Life Cycle of Claims
Requests to Fix Errors
Rejections of Claims
Explanation for Rejection
Resubmissions of Claims
Additional Information
Prior Authorization
Attachments

# Example Information Available In Claims Data: Patients



**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
Health Plan Name or ID
Healthcare Services or Procedure Information
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# Example Information Available In Claims Data: Insurer

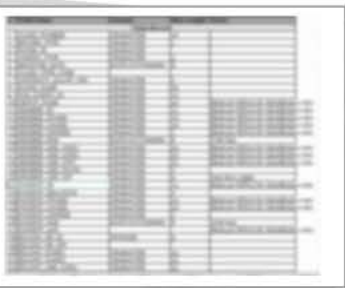


**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
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# Example Information Available In Claims Data: Treatment & Diagnoses



**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
Health Plan Name or ID
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# Example Information Available In Claims Data: Providers

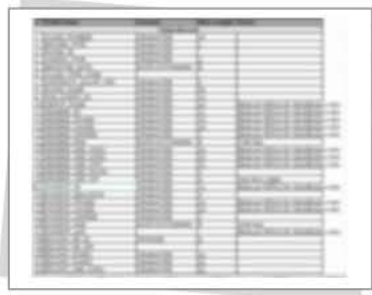


**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
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# Example Information Available In Claims Data: Financial Information

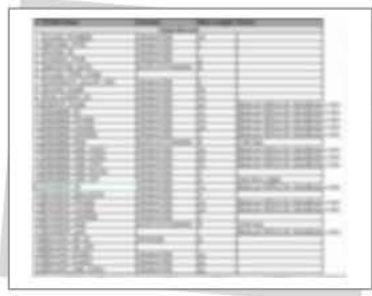


**CHANGE**  
HEALTHCARE

Patient Information
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Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
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# Example Information Available In Claims Data: Life Cycle of Claims



**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
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# Example Information Available In Claims Data: Additional Information



**CHANGE**  
HEALTHCARE

Patient Information
Name
Contact Information
Demographic Information
Health Insurance Member ID
Insurance Information
Insurer Name
Unique Insurer ID
Secondary Insurer Information
Employer Group Name or Client Name
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## Deidentification of Data



45 C.F.R. § 164.514(a)

***“Standard: De-identification of protected health information.*** Health information that does not identify an individual and with respect to which there is no reasonable basis to believe that the information can be used to identify an individual is not individually identifiable health information.”



## Minimum Necessary Requirements Are Not Relevant to Deidentified Data



45 C.F.R. § 164.514(d)

***“Standard: minimum necessary requirements.*** In order to comply with § 164.502(b) and this section, a covered entity must meet the requirements of paragraphs (d)(2) through (d)(5) of this section with respect to a request for, or the use and disclosure of, ***protected health information.***”

Deidentified data is not “protected health information.”

# Deidentification of Data: Safe Harbor Method



## 45 C.F.R. § 164.514(b)(2)

“The following identifiers of the individual or of relatives, employers, or household members of the individual, are removed:”

- Names
- Detailed geographic information
- Elements of date except year
- Telephone numbers
- Fax numbers
- Email addresses
- Social Security numbers
- Medical record numbers
- Health plan beneficiary numbers
- Account numbers
- Certificate/license numbers
- Numbers that identify vehicles
- Device-identifying information and numbers
- URLs
- IP address numbers
- Biometric identifiers
- Full face or comparable images
- Other unique numbers, characteristics, or codes

## Deidentification of Data: Expert Method



45 C.F.R. § 164.514(b)(1)

“A person with appropriate knowledge of and experience”  
... “determines that the risk is very small that the  
information could be used, alone or in combination  
with other reasonably available information” to identify  
an individual.

## Deidentification of Data: Flexibility Under the Expert Method



45 C.F.R. § 164.514(b)(1)

The expert method allows flexibility to include information that must be removed under the safe harbor method such as employer ID, five-digit zip code, or date of service.



## Deidentification of Data: Retained Information



45 C.F.R. § 164.514(b)

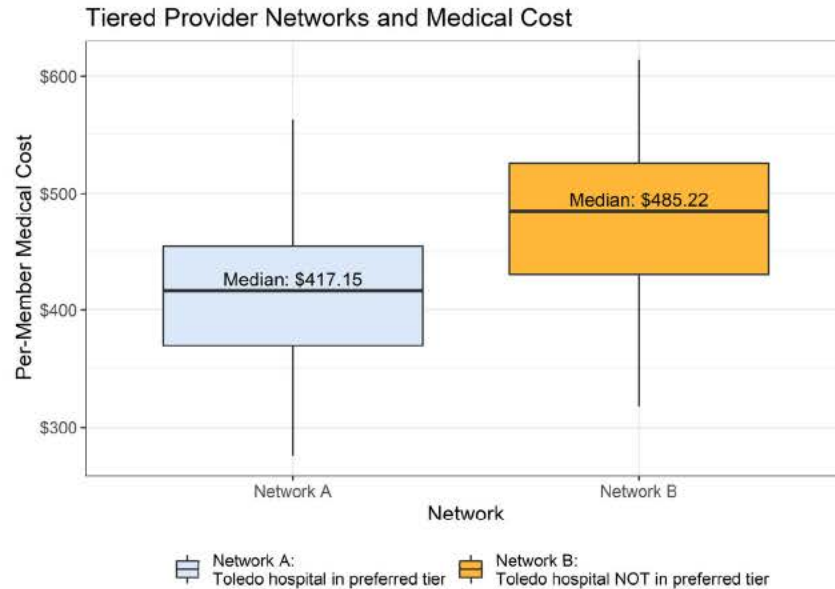
Neither method requires fields such as the following to be removed:

- Insurer information
- Provider Information
- Treatments and Diagnoses
- Financial information
- Three-digit zip code if it contains more than 20,000 people

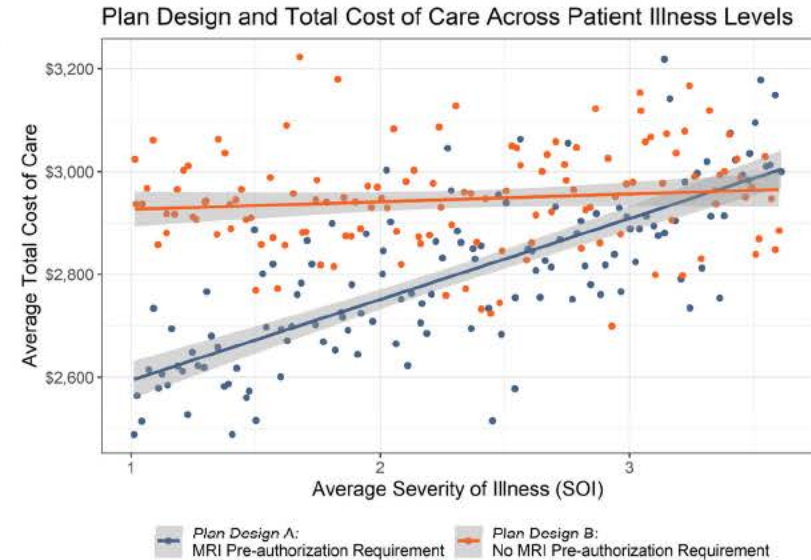


# Traditional Analytic Techniques

## Example: Summary Statistics\*



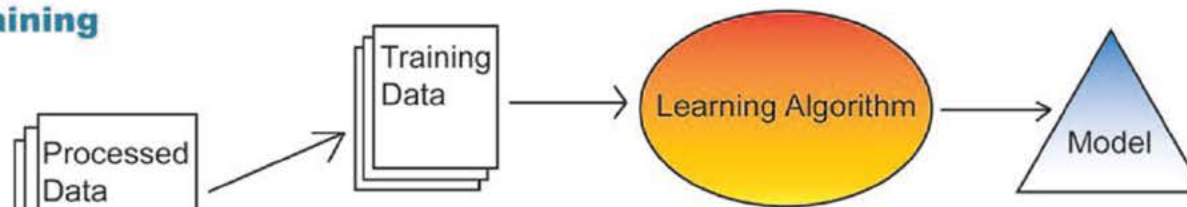
## Example: Regression Analysis\*



# Machine Learning

## Supervised Learning

### A) Training



### B) Validation



### C) Prediction



# United's Analytics Capabilities



Optum today has over 500 data scientists globally developing advanced analytics used across our business in several key ways

## Optum Enterprise Analytics (OEA)

OEA will manage Optum's analytic capabilities to position Optum as THE leader in advanced analytics.

**Optum**

# Examples of Machine Learning at United

## Deepen Data and Analytics Technology & Expertise

- AI Surveillance: Using AI to traverse multiple layers of data (IHR, real-time IoT, claims, etc) to monitor, predict and provide high quality real-time insights.
- Actuarial/Underwriting - Augmenting classic underwriting analytics with machine learning to predict future medical expense

## Deliver Distinctive Client and Consumer Experience

- Benefit Clarity: The Benefit Clarity solution leverages NLP service to understand a constituents' question and provide an accurate, complete and easy to understand answer on their preferred communication channel thus driving up NPS while driving down AHT.
- Claims Auto-adjudication: Applying AI/machine learning in a claims transaction environment to increase auto-adjudication and reduce rework.
- Workbasket Optimization: Applying Optical Character Recognition (OCR) to document locating and routing. Develop an end-to-end chart ecosystem.

## Streamline Healthcare Operations and Administration

- Detecting and Prioritizing Fraud, Waste, Abuse and Error—Using machine learning and deep learning to augment or replace rules for Payment Integrity
- Automating Medical Coding for Risk Adjustment and Quality – Applying deep learning model to prioritize charts for 6M Medicare Advantage members for which we code for risk adjustment



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# Use Cases for Change's Deidentified Claims Data



Utilization management practices



Provider pricing and reimbursement



Provider network design



Claims adjudication policies



Underwriting



# Use Cases for Change's Deidentified Claims Data



## Utilization management practices



Provider pricing and reimbursement



Provider network design

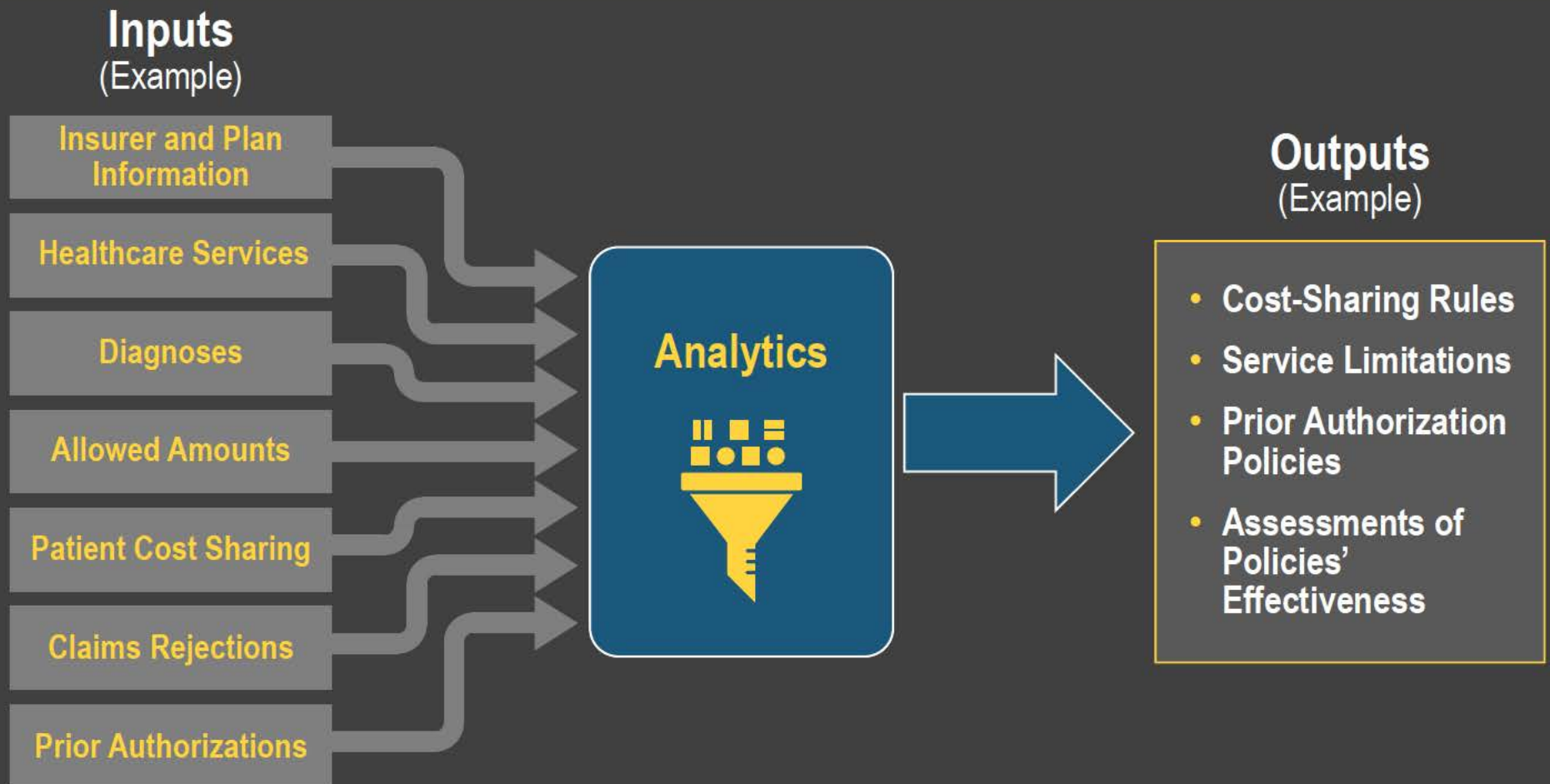


Claims adjudication policies



Underwriting

# Use Case: Utilization Management Practices



# Claims Data Reveal Utilization Management Practices



- Cross-Optum and/or UHG Opportunities
  - Long-term
    - ◆ Medical Policy and Benefit Design: Cost and quality information from Cambridge multi-payer claims data sets can be used to improve medical policy and benefits design.

## What's in it for UHC?

- Improved provider experience/economics (e.g., fast track prior auth, straight through adjudication, greater patient retention, less bad-debt, etc.)
- Admin cost reduction with less manual intervention
- Enhanced member experience (e.g., more accurate understanding of OOP expenses, improve POS payment options, etc.)
- Insights to optimize benefit design: Utilize transactions intelligence (i.e., clinical utilization) from multiple providers / payers to optimize benefit design
- Accelerate transition to value-based care

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# Claims Data Reveal Utilization Management Practices



**Optum**

Additional Opportunities						
Opportunity	Opportunity Description	Value-Added Description	De-ID or PHI	Assumed Cambridge Rights	Path to secure data rights	Additional HIPAA Considerations
Improved Medical Policy and Benefit Design	Aligned cost and quality information from broad, multipayer claims and clinical data sets to improve policy and benefit design.	Multipayer claims data.	De-Id	Assume right to de-identify claims data AND commercial use rights after such de-identification. (Cambridge currently monetizes some de-identified claims data).	Covered Entity (payer or provider customer) consent.	N/A

Opportunity	Opportunity Description	Value-Added Description	De-ID or PHI
Improved Medical Policy and Benefit Design	Aligned cost and quality information from broad, multipayer claims and clinical data sets to improve policy and benefit design.	Multipayer claims data.	De-Id



# Use Cases for Change's Deidentified Claims Data



Utilization management practices



**Provider pricing and reimbursement**



Provider network design

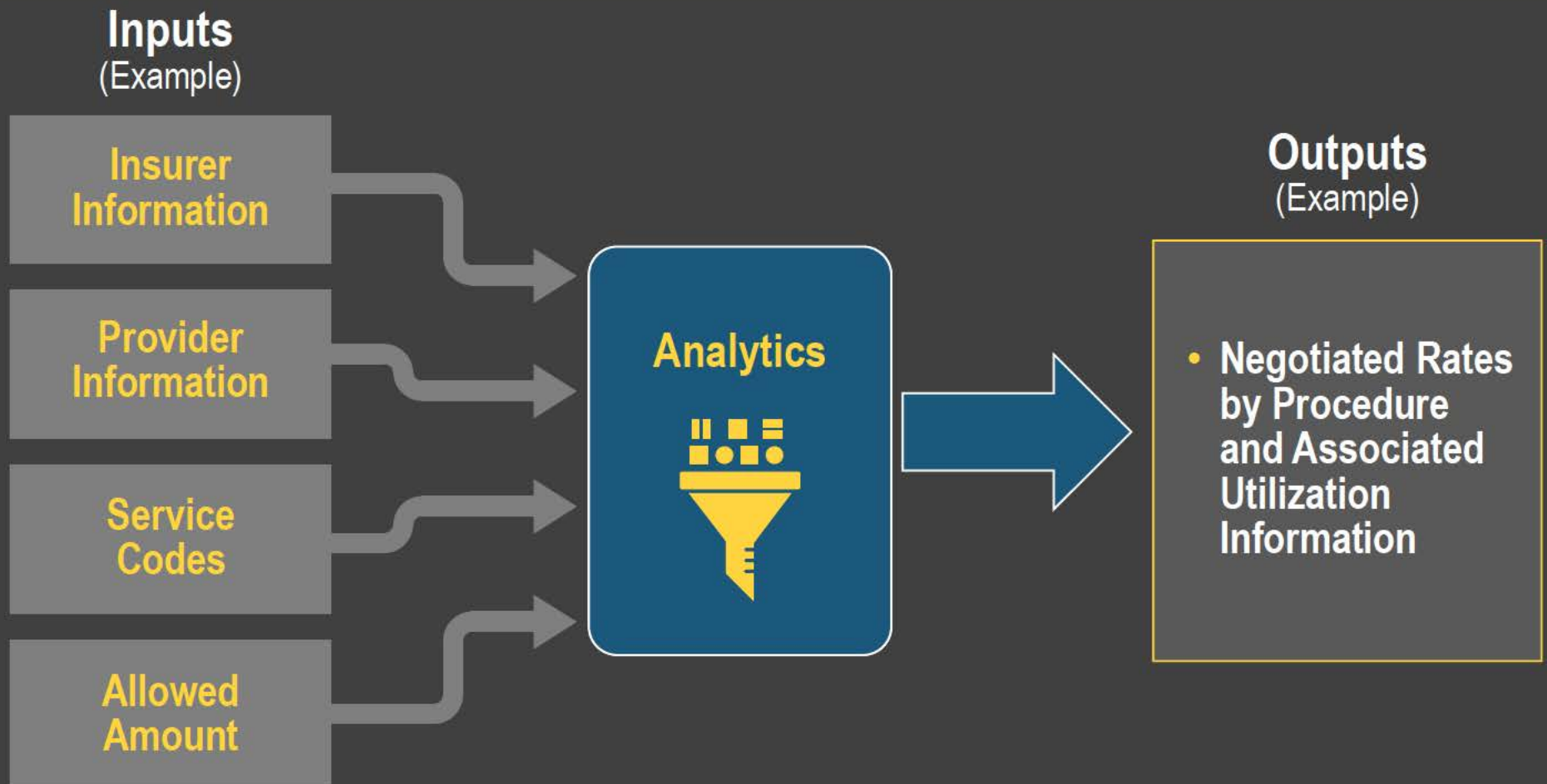


Claims adjudication policies



Underwriting

## Use Case: Provider Pricing and Reimbursement



# Claims Data Reveal Provider Pricing and Reimbursement

Market	Opportunity Type (In-sourcing, Growth, New Market)	Opportunity Name	Opportunity Description	Describe value added	De-Id or PHI	Type/source of data	Current Cambridge rights (assumed, pre diligence)
1 Cross-UMG/Optum	New Market	Next Best Action/CDS	Monitoring of claims and clinical data streams to detect signal and patterns that can trigger clinically appropriate, individualized intervention to improve health of a patient/member, enabling personalized, data-driven clinical next best action guidance at the point of care.	Largest EDI claims network, multiple EMR integrations (although likely disparate and dispersed across multiple businesses: Relay, IQ, NDSI).	PHI (requires consent)	Identified claims and clinical; future state enriched claims data through Optum synergy plans; potential future state with clinical attachment within EDI	assume little to no identified data rights without patient consent
2 IHR	Growth Opportunity	Enrich IHR with multipayer data	Further enriching an individual Health Record, both from initial population of data and maintenance of data.	Multi-payer potential; enables portable, patient-controlled, current health data that can be accessed across providers, across EMRs, and across payers.	PHI (requires consent)	Identified claims and clinical; future state enriched claims data through Optum synergy plans; potential future state with clinical attachment within EDI	assume little to no identified data rights without patient consent
3 Cross-UMG/Optum	New Market	Disease tracking (infectious and pop health)	Detection and tracking of infectious disease, enabling better decision-making to arrest transmission, deployment of needed health resources and equipment and financial resources. Similar opportunity to use de-identified data to measure/manage geographic population health.	Largest EDI claims network.	De-Id	de-identified claims and clinical	assume rights to de-identified claims data (Cambridge currently monetizes some de-identified claims data)
4 Payer / provider	Growth	Certified claims	Use of Cambridge connectivity and ability to provide clinical data attachment to verify/validate claims and accelerate certified claims approach to reducing payer-provider friction	ability for clinical data attachment, broad connectivity	PHI	pre- adjudicated clinical and claims	
5 Payer	Growth Opportunity	Improved medical policy and benefit design	aligned cost and quality information from broad, multipayer claims and clinical data sets to improve policy and benefit design	multipayer claims data	De-Id	de-identified claims and clinical	
6 Payer	In-sourcing	Clinical data for risk and quality	Leverage Cambridge connectivity for faster and less expensive access to medical records, ultimately advancing prospective risk adjustment	connectivity. May require establishment of new EDI standards and mandates around medical chart attachment.	PHI	Identified clinical	
7 Payer	New market	Price transparency	Use of multipayer claims data to track procedure pricing, contracting	multipayer claims data	De-Id	Adjudicated claims	
8 Life Sciences	Growth Opportunity	Insurance Underwriting: Life and Group Health	Expand Health History Locator (Life insurance underwriting application); Expand PURE (Group Health Insurance underwriting application in development with DAS)	Expand patient population with historical claims data that can be used to support underwriting with patient consent	PHI (consent framework already exists)	Identified claims and clinical; future state enriched claims data through Optum synergy plans; potential future state with clinical attachment within EDI	assume ability to use Cambridge claims assets coming, at a minimum, from covered entity (clearinghouse) business lines to support use cases with patient consent
9 Life Sciences	New Market / Growth Opportunity	Patient finding for DRN (Digital Research Network)	Enhance offering, add more value	Increase number of patients found, number of engagements to US cold	Hybrid	de-identified clinical	assume ability to deliver patient lists created in de-identified data to providers / via EMR integration (for providers to re-identify for trial

## Market Opportunity Description

7 Payer Use of multipayer claims data to track procedure pricing, contracting

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# Use Cases for Change's Deidentified Claims Data



Utilization management practices



Provider pricing and reimbursement



**Provider network design**



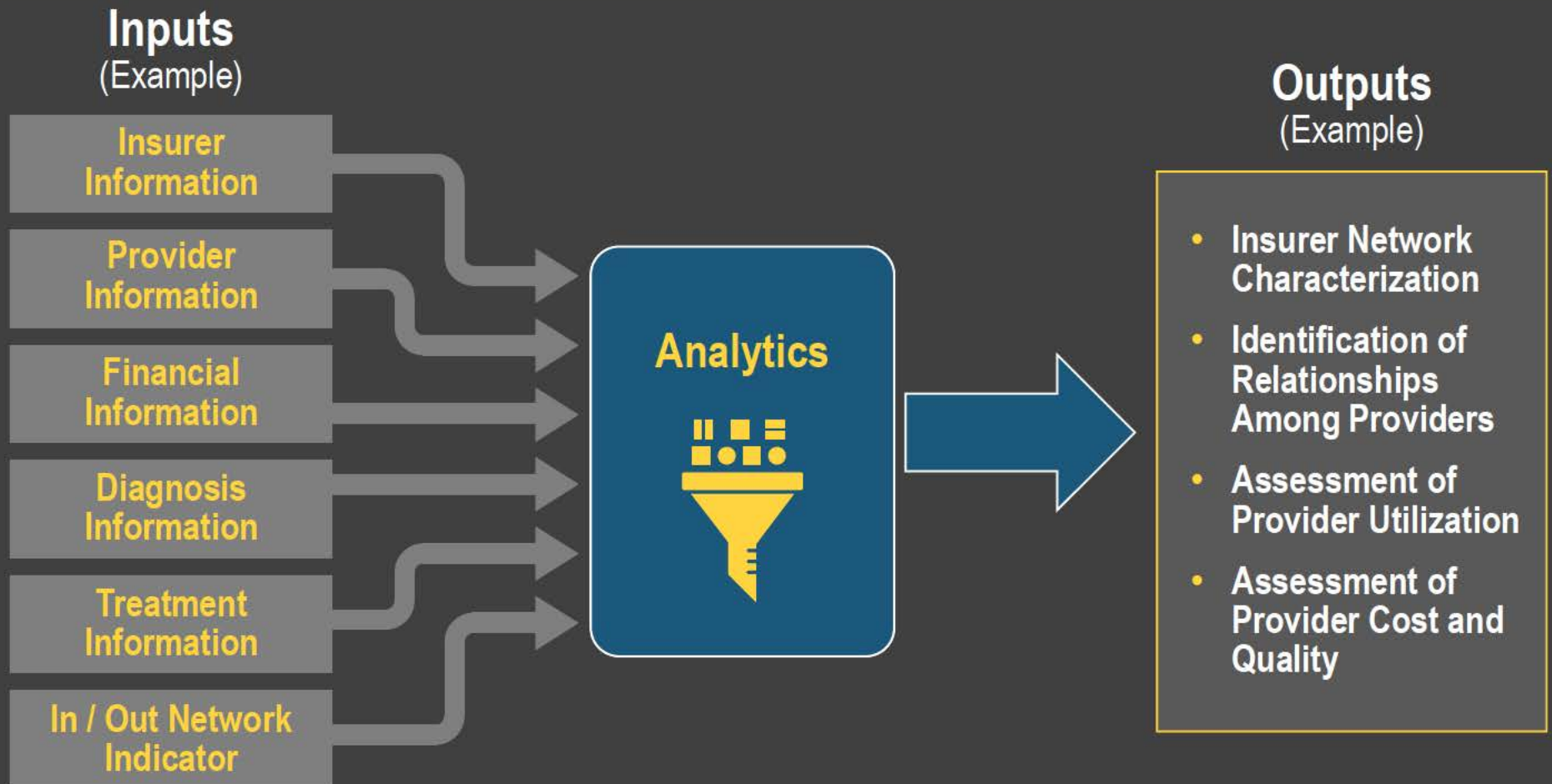
Claims adjudication policies



Underwriting



## Use Case: Provider Network Design



# Claims Data Reveal Provider Network Design




Use case	Value Proposition	Example Probing Questions	Example Statements for Building a Storyline. Imagine if you could...	Does CHC do this today?
<ul style="list-style-type: none"> <li>Affiliate/network optimization. OON referrals</li> </ul>	<p>Identify opportunities to optimize network referrals, target physician partnerships to keep costs low and quality high; also identify physician outliers for behavior change/network optimization</p>	<ul style="list-style-type: none"> <li>How do my narrow network products perform relative to peers?</li> <li>How do my contracted providers perform on OON physician referral rates vary vs. peers? How do I compare by network and non-network physician, specialty, and geographic area?</li> <li>How do OON referrals for our in-network providers impact our financial performance relative to peers?</li> </ul>	<p>...Establish a market-driven baseline benchmark of OON rates and monitor performance improvement by physician</p> <p>...Utilize time-trended market referral pattern analysis by physician to determine which physician practices to align with for specialty or geographic areas for narrow network products, network design and optimization</p>	<p><b>Partial/In Development</b></p> <ul style="list-style-type: none"> <li>Believe this will be part of the Network Performance Analytics module of Payer Data Services but we need to confirm</li> </ul>

Affiliate/network optimization, OON referrals

Identify opportunities to . . . target physician partnerships to keep costs low and quality high

## Claims Data Reveal Provider Network Design



In the example above, we examined the costs for atrial fibrillation and flutter among these clusters. We found the best performing cluster had an average episode cost of [REDACTED], while the worst performing cluster had an average episode cost of [REDACTED].<sup>6</sup> The market average was [REDACTED] per episode.

If we estimate a consistent impact across all cardiology episodes in the E&I businesses across US, this could result in [REDACTED] in savings for cardiology episodes alone.

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# Use Cases for Change's Deidentified Claims Data



Utilization management practices



Provider pricing and reimbursement



Provider network design



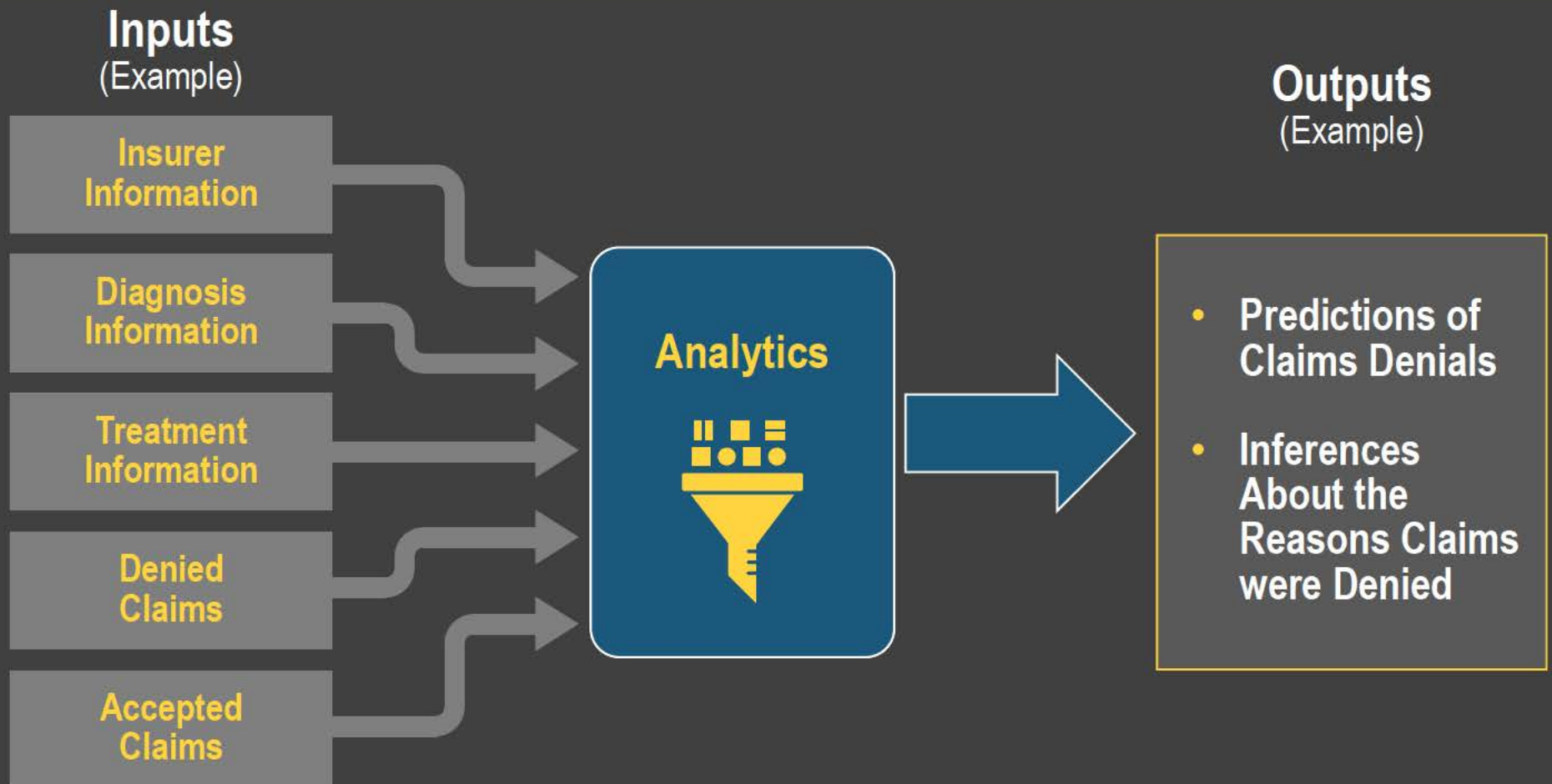
**Claims adjudication policies**



Underwriting



## Use Case: Claims Adjudication Policies



# Claims Data Reveal Proprietary Adjudication Policies



**Lynn Garbee**

Former  
Managing Director,  
Provider Enterprise  
Strategy



- Q.** Based on your experience with Cigna, could post-adjudicated claims data have shown Cigna's applied edits?
- A.** The post-adjudicated claims data would have those remark codes and, with the remark codes and the claims data together, you could definitely figure out the edits that were applied to the claim.

# Use Cases for Change's Deidentified Claims Data



Utilization management practices



Provider pricing and reimbursement



Provider network design

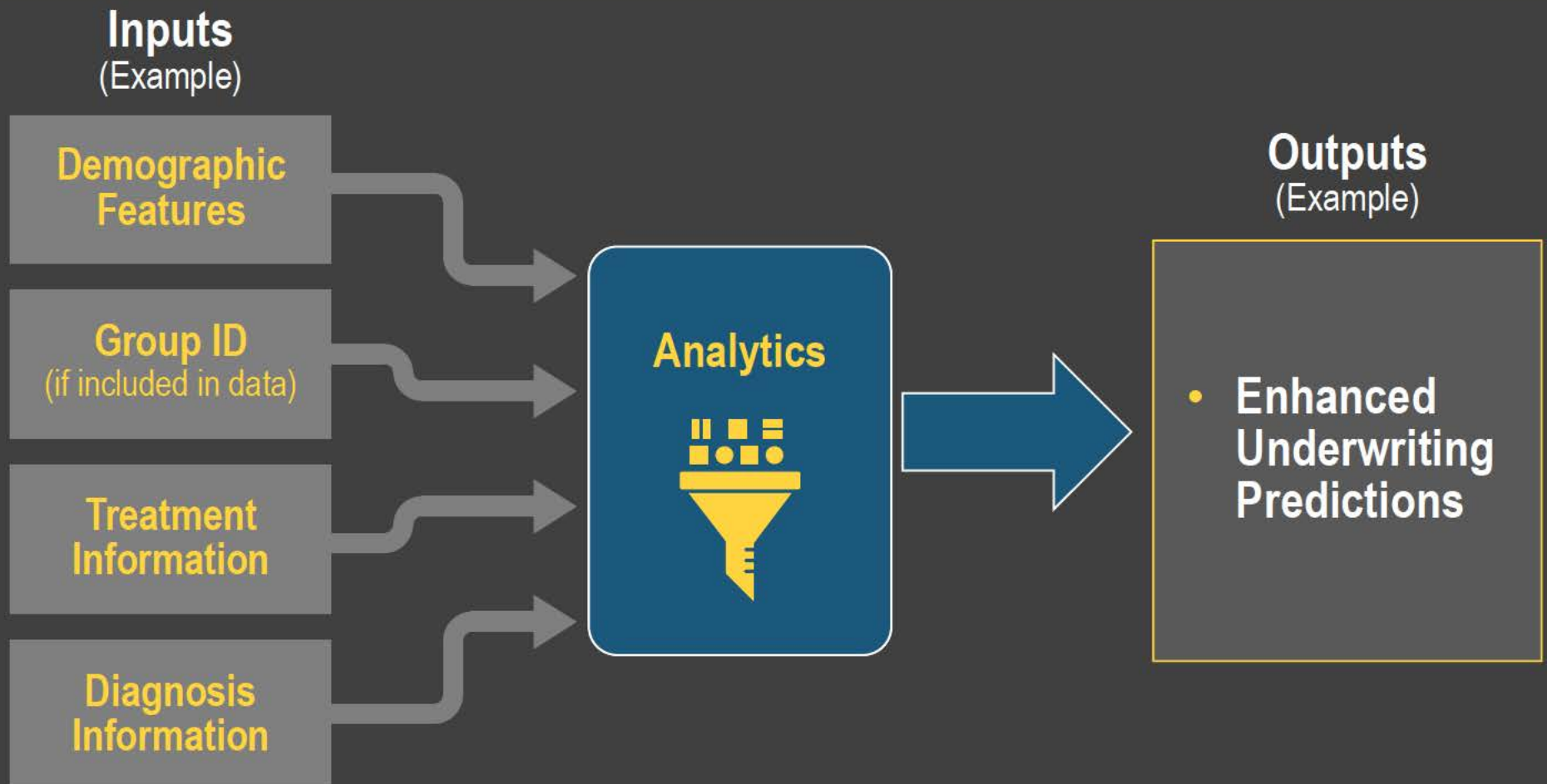


Claims adjudication policies



**Underwriting**

## Use Case: Underwriting



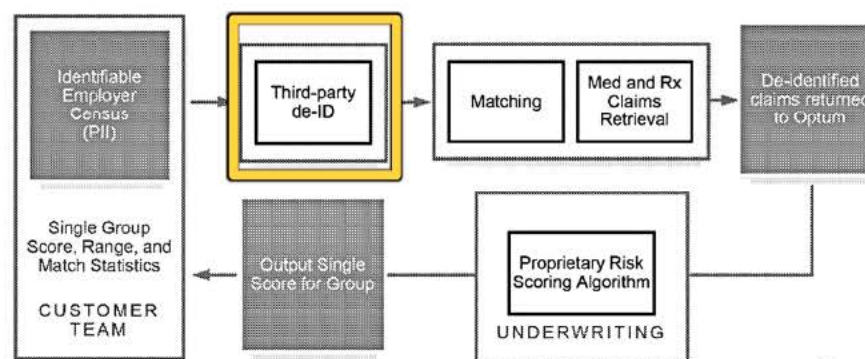


# Claims Data Inform Underwriting

## Introducing Group Risk Analytics: Secure, simple, streamlined

Our Optum solution uses **de-identified third-party data** and proprietary risk scoring to enable payers to better assess the risk of prospective employer group customers.

- Leverages Optum industry-leading Symmetry Risk Engine predictive models
- Fully HIPAA-compliant
- Returns results and analysis in minutes
- Calibrates results based on renewal underwriting manuals and formulas
- Provides the variance of a group's risk score to better inform pricing decisions
- Detailed operational reporting



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7

UHG-2R-0000062425

# Limitations on Data from Commercial Vendors



- Does not identify insurer
- Not full claims life cycle
- Tokenized provider identity
- No data on preauthorization

- Does not identify insurer
- Not full claims life cycle
- Will not disclose provider information if actual financial information is provided

- No financial information
- Limited to specific project descriptions

- Does not license Payer ID to United
- Limited financial information
- Data challenges

- No denied claims
- Does not currently license transaction-level data to insurers

- Data cannot be used in the insurance market
- Does not identify insurer
- Other limits on usage
- Does not license financial information to United






- Does not license transaction-level data to United
- Relies on data from Change
- Data can only be used for approved products

- Relies on data from Change, but is limited in how Change's data can be used
- Requires specific approval to license data to insurers

- Obtains data from Change, but is prohibited from licensing that data to insurers
- Does not license transaction-level data to United

- Limited financial information
- Blinds data for broader comparative purposes

# Data Limitations Reduce the Value of the Data for Use Cases

 Utilization Management	 Provider Reimbursement	 Provider Network Design	 Claims Adjudication	 Underwriting
<ul style="list-style-type: none"><li>• No payer ID</li><li>• No prior authorization information</li></ul>	<ul style="list-style-type: none"><li>• No payer ID</li><li>• Tokenized provider information</li></ul>	<ul style="list-style-type: none"><li>• No payer ID</li><li>• Tokenized provider information</li></ul>	<ul style="list-style-type: none"><li>• No payer ID</li><li>• No claims life cycle information</li></ul>	<ul style="list-style-type: none"><li>• No employer ID</li><li>• No payer ID</li><li>• Cannot be linked to other datasets</li></ul>

## Limitations on All Payer Claims Databases

### All Payer Claims Databases are limited in a number of ways:

- Available in only a minority of states
- Lack of data from ASO and self-insured group plans due to *Gobeille v. Liberty Mutual*
- Typically exclude denied claims entirely
- Often lack or aggregate variables in datasets available to insurers
- Restrictions on providing data to insurers
- Significant delay in data



## Limitations on Transparency Rules

Transparency Rules Information	Information	Change's Healthcare Claims Data
✓	Negotiated rates for many services	✓
✓	List of providers by plan	✓
✗	Utilization	✓
✗	Treatment guidelines	✓
✗	Historical cost of care	✓
✗	Diagnoses	✓
✗	Claims adjudication decisions	✓
✗	Referral relationships among providers	✓
✗	Other information reflecting benefit design, utilization management, or adjudication logic	✓

# United Protects its Data from Being Used To Compete Against It



## *Restricted Transactions*

The following types of Data Transactions (each, a “Restricted Transaction”) require prior approval by the Committee:

- Entry into a new line of business, or expansion of an existing business, that involves the license or sale of Enterprise Data;
- A Data Transaction that is primarily for the benefit of a significant competitor of the enterprise;

## EDGP [Enterprise Data Governance Program] Guiding Principles:

- Ensure data is not being shared with or enabling competitors
- Maximize the value UHG derives from data
- Data provided to partners/clients should only be what is minimally necessary
- Require contractual language narrowing data usage to helping the client, but preventing it from being used to compete with UHG.

# United Protects its Data from Being Used To Compete Against It



**William Golden**  
CEO,  
UnitedHealthcare  
Employer &  
Individual



- Q.** And Mr. Gehlbach is speaking with respect to the post-adjudicated claims data?
- A.** Well, that could be pre, also. **So if the data is going to be used in any way to compete with us, that's a red line.** If it's post-adjudicated and they want to use that, **obviously that's a huge concern**, but even pre-adjudicated you can't take that information and then design programs to compete around UnitedHealthcare.
- Q.** And what is kind of the red line difference specific to post-adjudicated data?
- A.** Well, post-adjudicated data has way more information regarding our proprietary information. So it goes through our claim engine, **it has our prior authorization, utilization management, and it has our unit cost information attached to it, and that's information we deem proprietary.**



# United's Policies Confirm Claims Data Contain Valuable Information



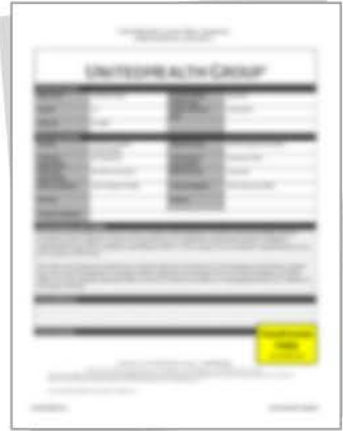
## Policy Definitions

**Competitively Sensitive Information (“CSI”):** any non-public information that could be used to obtain a commercial advantage over a competitor, customer, or supplier. Examples of CSI may include:

- Provider reimbursement rates, fee schedules, discounts, billed amounts, allowed amounts, paid amounts, or reimbursement methodologies;
- Subscriber, member, or health plan premiums, prices, administrative fees, discounts, cost share amounts, or plan or benefit design;
- Data, including claims data, financial data (profit, margin, revenue, and cost information), utilization data, discharge data, or subscriber or member data;
- Bids or proposals for new accounts or customers and the geographic regions, products, and customers in which companies sell or market their products or services;
- Proprietary business plans, strategies, policies, or guidelines related to sales and marketing; new, non-public innovations, products, services, markets; claims and payment accuracy, risk management and quality performance, or revenue cycle performance;
- Proprietary medical, clinical, or coverage guidelines or policies that impact benefit design, insurance coverage, or reimbursement eligibility or amount; and



# United's Policies Confirm Claims Data Contain Valuable Information








You must not discuss or exchange information with a competitor of your Business Unit with respect to the following topics, unless the discussion or exchange has been approved in advance by an attorney or compliance officer assigned to your Business Unit:

- **Rates** - UHG's current or proposed provider reimbursement rates;
- **Pricing** - UHG's current or proposed prices or premiums, including any actual or proposed increase, decrease or discount in prices or premiums, charged to current or potential customers for UHG's managed care, insurance products, or other services or products;
- **Customers** - Premiums charged to another customer; the allocation of customers, geographic sales territories, or sales of UHG's services or products;
- **Providers** - Provider reimbursement rates and provider networks;
- **Refusals to Deal** - UHG's decisions on whether to contract with a provider or group of providers or with a customer or group of customers;
- **Competitively Sensitive Information** - Includes UHG's business strategies, market shares, profits, margins, costs, reimbursement levels and methodologies, and coverage terms.

# Conclusion



**United could use Change's healthcare claims data to learn important insights about its competitors:**

-  Utilization management practices
-  Provider pricing and reimbursement
-  Provider network design
-  Claims adjudication policies
-  Underwriting



**Public or commercial data sources could not replicate Change's healthcare claims data**