

## 3M™ Clinical Risk Grouping Software

### Solutions for Payers

#### PRODUCT OVERVIEW

- Clinical Risk Groups (CRGs) can be used as the basis for effective risk adjustment.
- Because CRGs are clinically precise, they can be used as a powerful management tool for disease management, provider profiling, and to measure and improve quality of care and outcomes
- CRGs align payment incentives with clinical goals

#### **The Challenge**

The prevailing trend in American healthcare finance is to be sure that providers are paid appropriately for services delivered. Because a few individuals consume a disproportionate share of resources, existing payment systems often create incentives to provide treatment for patients who are least likely to generate high medical expenses and to limit services to some enrolled populations. This often results in reduced services for those who need them the most and does not provide an incentive to provide early, less expensive care under accepted case management strategies. Payers place themselves in considerable financial jeopardy if they fail to adequately adjust their payment levels and manage the populations they serve. By correlating payment levels with the predicted level of future medical services required by the population being served (risk adjustment), payers can reduce their risk levels and raise the efficiency of their care management through provider profiling and understanding best practices alignment.

#### **The Solution**

As a management tool, risk adjustment must be able to quantify the future level of risk posed by each individual in the population based on medical history and treatment patterns. The assignment of CRGs leads to the establishment of equitable rates by increasing payments to providers for high-risk individuals and reducing payments for low-risk individuals, thus creating equitable rates for both payers and providers. It also provides the basis for a comparative understanding of severity, treatment and best practice patterns, and disease management strategies, which are necessary management tools for payers who want to control costs, maintain quality, and improve outcomes. This can encourage competition between providers based on the quality and efficiency of care delivery, rather than cost avoidance and service restriction.

#### **The Product**

Using diagnosis codes and procedure codes, 3M Clinical Risk Groups classify patients into severity-adjusted homogenous groups for risk adjustment. Depending on the level of granularity desired, CRGs can be aggregated to predefined or user-defined aggregated CRG groups (ACRGs) that maintain clinical significance

and severity. CRG-adjusted payment rates help:

- Minimize financial incentives for treating low cost patients
- Provide increased incentives to adequately treat those patients at high risk
- Promote financial and clinical efficiency in care delivery

Because CRGs group individuals into clinically similar classes, they can be used as a powerful management tool to profile providers and then to measure and improve quality of care and outcomes. Like 3M™ Diagnosis Related Groups (DRGs), CRGs provide a means of adjusting payment amounts according to the clinical characteristics and resource demands of patients. Although DRGs and CRGs are both classification systems, DRGs are used for inpatients as a retrospective tool, while CRGs may be used both *prospectively and retrospectively* for both inpatient and ambulatory encounters. With the predictive capability of CRGs, payers can easily set rates that minimize inappropriate incentives and, at the same time, reward providers who clinically and financially manage high-risk individuals effectively.

With 3M™ Clinical Risk Grouping Software, you're using a management tool that clinically assigns individuals to meaningful severity-adjusted risk groups. These groups identify individuals with multiple chronic co-morbid conditions and explicitly specify the severity of illness for each individual. The clinical orientation of CRGs maximizes the level of understanding, acceptance, and usefulness of these measures in establishing effective clinical care guidelines, care pathways, provider profiles, and outcomes assessment.

Additionally, the 3M™ Clinical Risk Grouping Software can help you perform the following functions:

- Analyze clinical efficacy of treatment patterns
- Determine costs associated with medical services and assess the level of medical financial risk for particular groups of individuals
- Track quality of care and patient satisfaction
- Determine and track chronic disease prevalence and progress over time
- Profile utilization patterns and the appropriateness of capitation rates
- Address both chronic and multiple medical conditions and the level of severity ■



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