

# Everest Group PEAK Matrix™ for Revenue Cycle Management (RCM) BPS Service Providers 2019

Focus on Optum360  
July 2019



# Introduction and scope

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Everest Group recently released its report titled “[Revenue Cycle Management \(RCM\) Business Process Services PEAK Matrix™ Assessment 2019](#).” This report analyzes the changing dynamics of the Revenue Cycle Management (RCM) landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 23 service providers on the Everest Group PEAK Matrix™ for RCM BPS into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of RCM BPS service providers based on their absolute market success and delivery capability. Everest Group also identified 5 service providers as the “2019 RCM BPS Star Performers” based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **Optum360 emerged as a Leader**. This document focuses on **Optum360’s RCM BPS** experience and capabilities and includes:

- Optum360’s position on the Revenue Cycle Management (RCM) Business Process Services PEAK Matrix™
- Detailed RCM BPS profile of Optum360

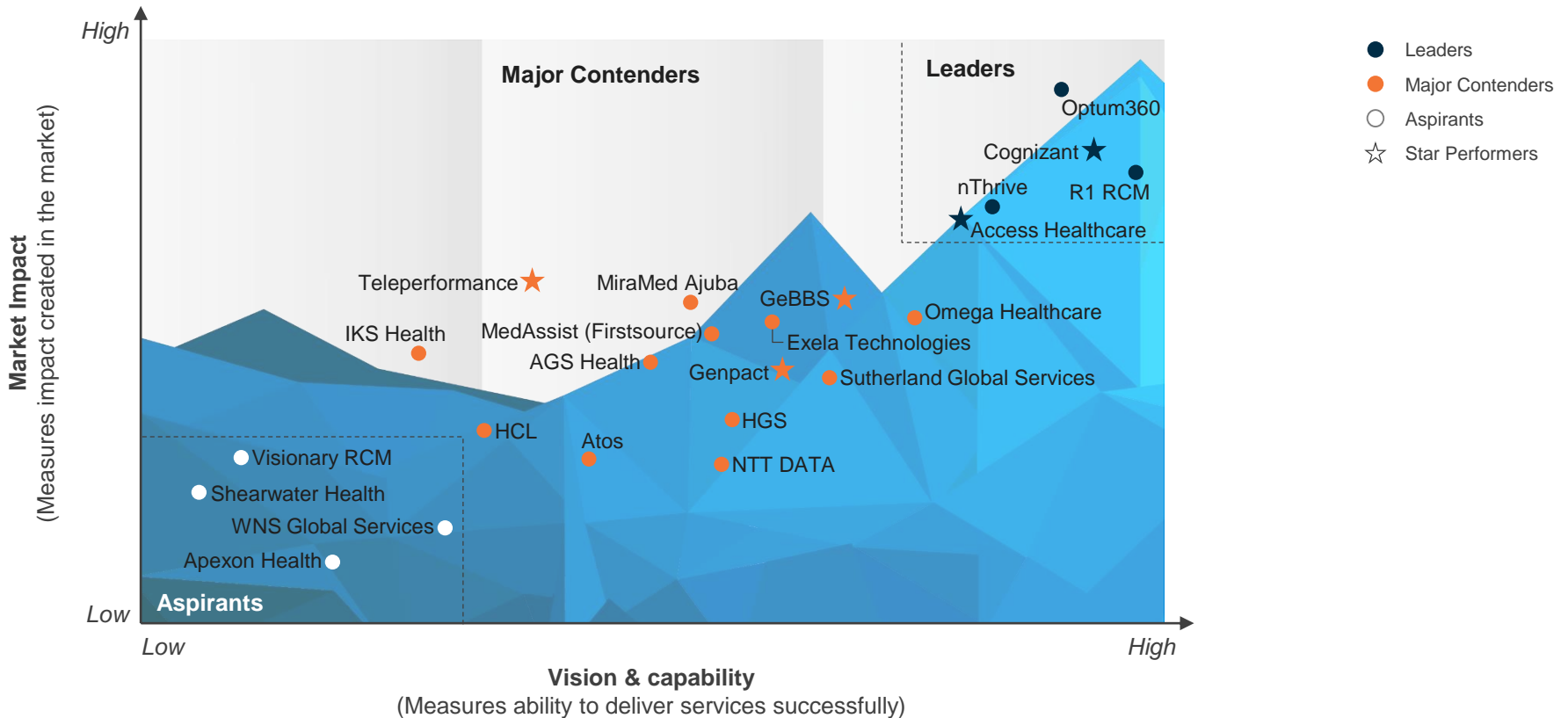
Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Source: Everest Group (2019) unless cited otherwise

# Everest Group PEAK Matrix™

## Revenue Cycle Management (RCM) BPS PEAK Matrix™ Assessment 2019 | Optum360 positioned as a Leader

Everest Group Revenue Cycle Management (RCM) Business Process Services PEAK Matrix™ Assessment 2019<sup>1</sup>



<sup>1</sup> Service providers scored using Everest Group's proprietary scoring methodology

Note: Assessment for Apexon Health, AGS Health, IKS Health, MedAssist (Firstsource), MiraMed Ajuba, nThrive, Omega Healthcare, R1 RCM, and Visionary RCM excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2019)

# Optum360 | RCM BPS profile (page 1 of 6)

## Everest Group assessment

Measure of capability:  High  Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
								

### Strengths

- Optum360 is one of the few service providers to have strong capabilities on the services as well as technology front. The service provider offers end-to-end RCM outsourcing support, including a coding platform
- Optum360 has made significant investments and is continuing to invest in improving its RCM capabilities under the brand Optum360 through a mix of organic and inorganic expansion
- Additionally, it has built an ecosystem of partners (such as Quest Diagnostics) who offer niche and specialized solutions/services that help augment its capabilities and provide a holistic solution to its buyers
- It is one of the few service providers that have successfully tested and employed an outcome-based pricing model in the RCM outsourcing market
- Additionally, owning one of the largest clearinghouses in the US helps uniquely position Optum360 to provide robust denial management services to its clients

### Areas of improvement

- While Optum360's vision to help healthcare providers with their transformation journey is the right strategy, it needs to offer flexibility to clients as not every health system has the capital to undergo process transformation
- Referenced clients highlighted insight-driven enhanced reporting capabilities, that would consequently lead to more robust denial management, as one of the key improvement areas for the service provider

Source: Everest Group (2019)

## Overview

### Company profile

Optum360® is working to create an interconnected healthcare financial ecosystem. It helps enterprises' revenue cycle by aligning payers, providers, and consumers. The service provider offers various RCM solutions and technologies, including analytics, automation, and artificial intelligence-based tools/services. Optum360 drives first-pass payments and billing accuracy, improves consumer financial engagement, and eliminates denials for all stakeholders. Its engagement model includes technology solutions, managed services, and full end-to-end revenue cycle transformation.

### Key leaders

- **Robert W. Musslewhite**, Chief Executive Officer
- **Benjamin Goodman**, Chief Financial Officer
- **Paul Emerson**, President, Hospital Services
- **Todd Van Meter**, President, Ambulatory Services

**Headquarters:** Eden Prairie, Minnesota, the United States

**Website:** [www.optum360.com](http://www.optum360.com)

### Suite of services offered:

- **Pre-service:** patient registration, appointment scheduling, care estimation, financial planning, eligibility, referrals, and authorizations
- **Service:** computer-assisted coding, clinical documentation improvement, utilization review, charge capture, medical record management, and specialized services such as concurrent denial, Medicare compliance, and length of stay management
- **Post-service:** claims processing, medical billing, payment processing, collections, reconciliation, denial management, and recoveries and bad debt

	2016	2017	2018
Revenue (US\$ million) <sup>1</sup>	Not disclosed		
Number of FTEs <sup>1</sup>			
Number of clients <sup>1</sup>			

### Recent acquisitions and partnerships

- **2019:** Acquired DaVita Medical Group to expand the market reach of its care delivery portfolio. Optum will now own DaVita's urgent care centers, surgery centers, and medical clinics with primary care doctors and specialists in five states
- **2017:** Acquired Advisory Board to strengthen its existing capabilities in industry research, RCM technology, and consulting services
- **2017:** Acquired Surgical Care Affiliates to continue the transition to high-quality, high-value ambulatory surgical care, partnering with the full range of health systems, medical groups, and health plans
- **2016:** Partnered with Quest Diagnostics to reduce billing complexity and provide more transparency into costs, ultimately enhancing the patient experience for lab and related services

### Recent developments

- Optum is a key member and one of eight companies involved in the industry's first national footprint alliance dedicated to using blockchain to improve healthcare named Synaptic Health Alliance. In its pilot project, the alliance is applying blockchain technology to improve data quality and reduce administrative costs associated with changes to healthcare provider demographic data
- Through a dedicated fund of US\$600 million, Optum has been investing in start-ups and early-stage companies to disrupt the status quo in healthcare systems. Some of these investments are:
  - **Diameter Health in 2019** – a technology vendor working in the space of clinical data integration
  - **Apervita in 2017** – a cloud-based platform that reduces the time to build and deploy analytics solutions that enable healthcare providers to deliver better care

<sup>1</sup> Represents information for period ending December 31, 2018

Key delivery locations



# Optum360 | RCM BPS profile (page 4 of 6)

## Capabilities and key clients

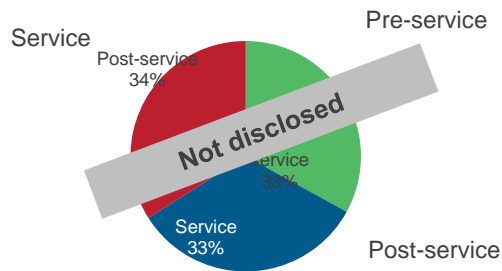
### Key RCM BPO engagements

Client name	Processes served	Region	Client since
Excela Health	End-to-end RCM	The United States	2018
Cape Cod Healthcare	Post-service RCM	The United States	2017
Quest	Service and post-service RCM	The United States, the UK, and LATAM	2016
Northwell Health	End-to-end RCM	The United States	2015
Dignity Health – Pacific Central Coast Health Centers (Ambulatory)	Post-service RCM	The United States	2013
Dignity Health	End-to-end RCM	The United States	2013
WESTMED Medical Group	End-to-end-RCM	The United States	2012
Texas Health Physician Group	Post-Service RCM	The United States	2008

### RCM BPO FTE mix by segment

Number of FTEs

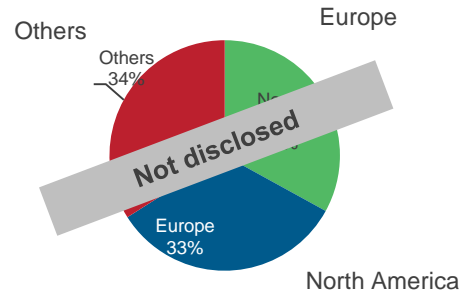
100% = Not disclosed



### RCM BPO revenue mix by geography

Revenue in US\$ million

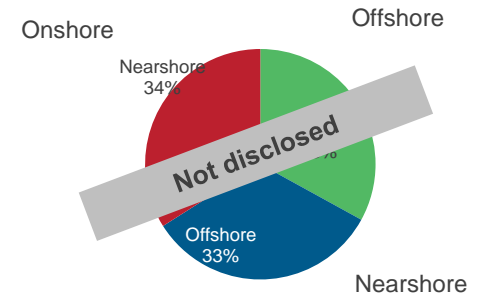
100% = Not disclosed



### RCM BPO FTE split by delivery location

Number of FTEs

100% = Not disclosed



Note: Based on contractual and operational information as on December 2018

# Optum360 | RCM BPS profile (page 5 of 6)

## Technology solutions/tools

Solution name	Processes served	Year launched	Description	Number of BPO clients
Hospital & ambulatory services (end-to-end outsourcing)	All	Not disclosed	Delivers predictable value for hospitals & medical groups by creating a partnership model that optimizes revenue cycle financial performance through a strategic infusion of leading technology, scaled operations, predictive analytics, and payer alignment	Not disclosed
Computer Assisted Coding (CAC) Enterprise	Service	Not disclosed	CAC and Clinical Documentation Improvement (CDI) 3D platform is a comprehensive solution designed to work together as a single answer to hospitals' coding and clinical documentation improvement needs	Not disclosed
CAC Professional	Service	Not disclosed	Provides the essential tools for professional coding operations, streamlines processes, and drives accurate and efficient coding	Not disclosed
CDI 3D	Service	Not disclosed	Identifies clinical documentation deficiencies and potential quality events at the point of care for review. CDI 3D uses intelligent automation to review 100 percent of cases for all the payers and provides prioritized work lists, a shared coding and CDI platform, and streamlined reporting	Not disclosed
Claims Manager (professional & facility)	Post-service	Not disclosed	A claims editing solution that helps lower denials rates and identifies unbilled revenue by automatically flagging claims for inaccurate coding and billing documentation prior to payer submission	Not disclosed
Intelligent EDI	Post-service	Not disclosed	Delivers electronic claims submission and management capabilities that help alleviate prolonged and error-prone claims feedback cycles to help organizations get paid quickly and accurately	Not disclosed
LYNX	Service	Not disclosed	The outpatient charging application uses proprietary algorithms and regulatory guidelines maintained by industry experts to facilitate hospital and clinic charge capture and code assignment	Not disclosed
Optum physician advisor solutions	Service	Not disclosed	The service blends physician advisor expertise, evidence-based medical research, and sophisticated AI-powered technology to deliver efficiency, accuracy, and defensibility to Utilization Review (UR) and CDI processes and outcomes	Not disclosed
Payment Integrity Compass	Post-service	Not disclosed	Automates calculation of expected reimbursement to determine payment validity and recover payment defects and model contracts with precision and speed	Not disclosed



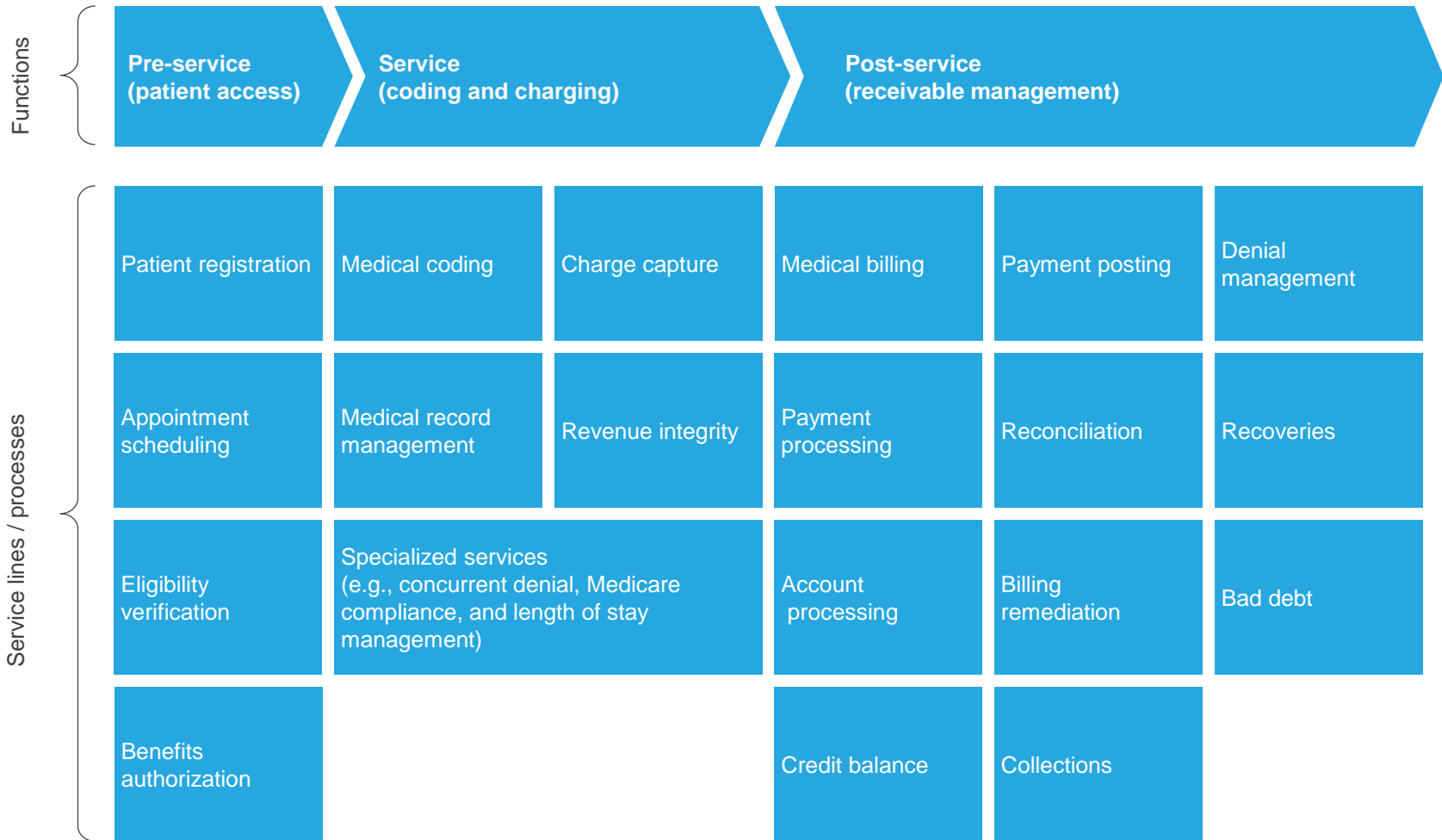
# Optum360 | RCM BPS profile (page 6 of 6)

## Technology solutions/tools

Solution name	Processes served	Year launched	Description	Number of BPO clients
A/R Services	Post-service	Not disclosed	<p><b>Optum A/R Recovery Service</b> provides short-/long-term supplemental, dedicated staff to manage third-party insurance billing and follow-up to speed cash recovery and reduce outstanding A/R</p> <ul style="list-style-type: none"> <li>• <b>Optum A/R Conversion Service</b> helps to collect aged receivables before, and shortly after, a major revenue cycle management system conversion, relieving the resource constraints common with system conversions</li> <li>• <b>Optum Denial Recovery Service</b> offers a complete solution for increasing denied claims recovery and preventing future denials, while improving efficiency and productivity</li> <li>• <b>Optum Secondary Claim Service</b> offers a blend of service and technology which manages the healthcare providers' low-dollar, high-volume secondary claims</li> </ul>	Not disclosed
Optum Data Exchange	Service	Not disclosed	The solution helps in payer-provider collaboration by acquiring digital clinical health data from any source in any format – from lab results to medications, discharge summaries to immunizations, and more	Not disclosed
Advanced Communication Engine	Post-service	Not disclosed	Allows health plans to send timely notifications and feedback to providers on actionable errors or information gaps that often trigger claim denials	Not disclosed
HealthPost	Pre-service	Not disclosed	An online scheduling platform that integrates directly with the EMR, enabling scheduling through provider and third-party websites	Not disclosed
Crimson Medical Referrals	Pre-service	Not disclosed	An EMR-agnostic, web-based referral tool designed to improve efficiency and care coordination across preferred provider networks	Not disclosed

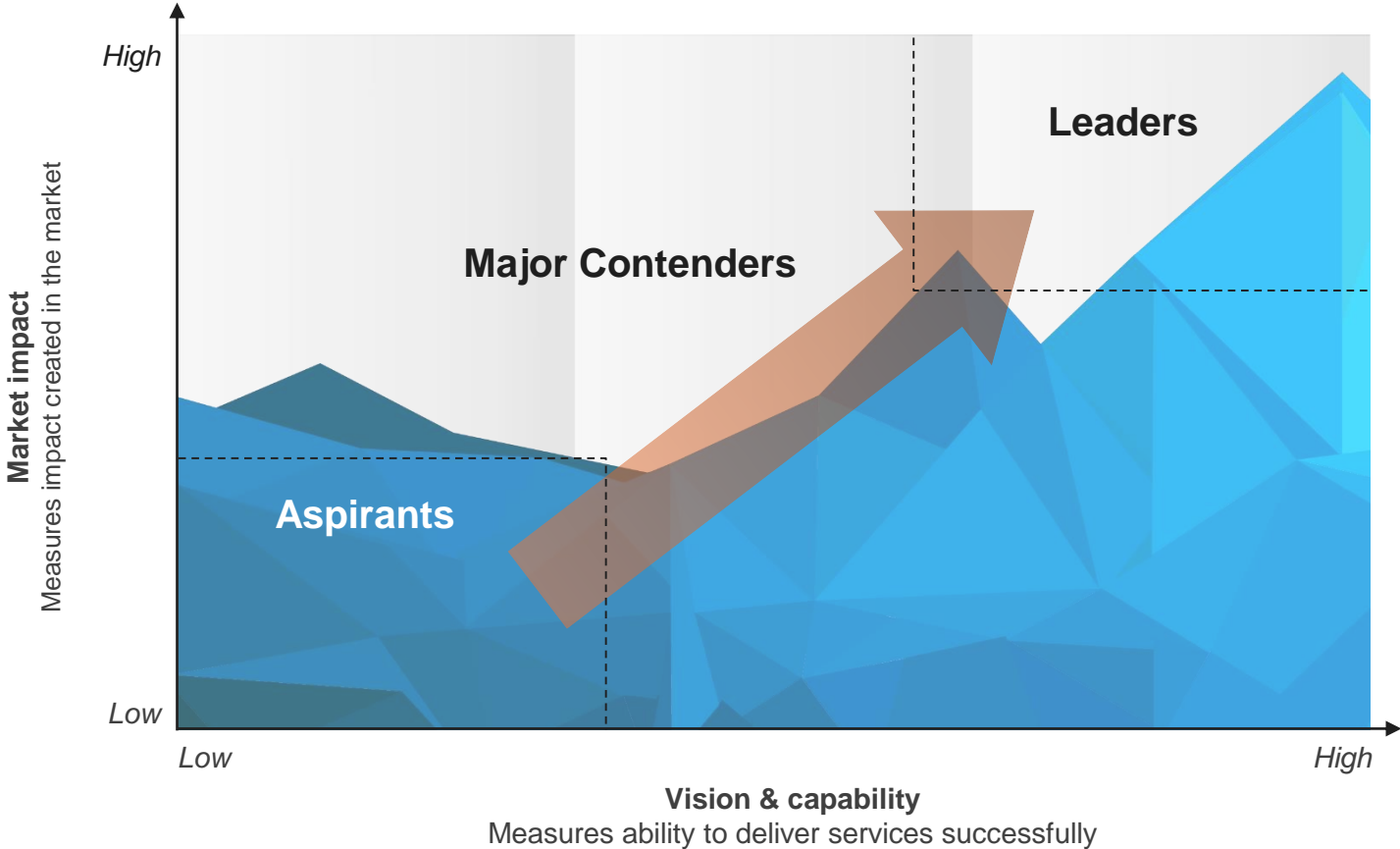
# Appendix

# Everest Group RCM BPS value chain



# Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix



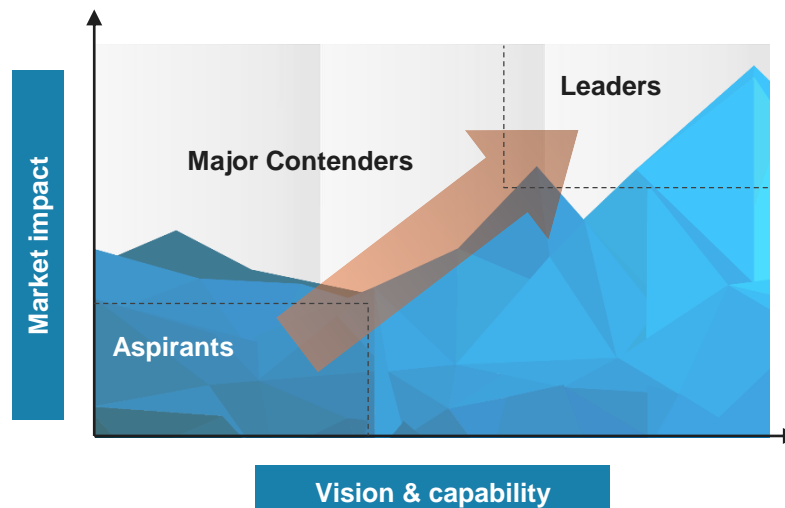
# Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

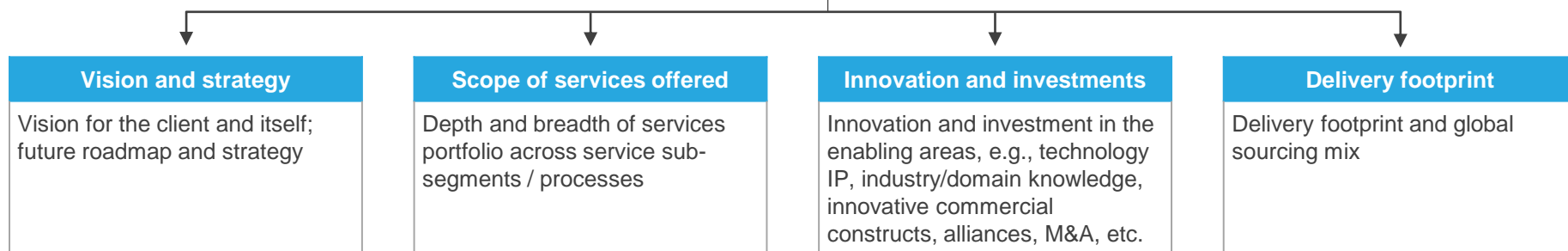
**Market adoption**  
No. of clients, revenue base, and YOY growth, deal value/volume

**Portfolio mix**  
Diversity of client/revenue base across geos and type of engagements

**Value delivered**  
Value delivered to the client based on customer feedback and transformational impact



Measures ability to deliver services successfully. This is captured through four subdimensions



**Vision and strategy**  
Vision for the client and itself; future roadmap and strategy

**Scope of services offered**  
Depth and breadth of services portfolio across service sub-segments / processes

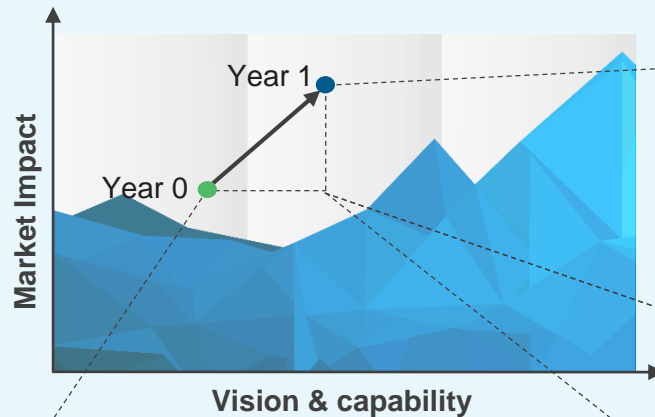
**Innovation and investments**  
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

**Delivery footprint**  
Delivery footprint and global sourcing mix

# Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

## Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix



In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:

- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:

- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:

- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

*The Star Performers title relates to YOY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.*

## **Does the PEAK Matrix™ assessment incorporate any subjective criteria?**

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

## **Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?**

No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

## **What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?**

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

## **What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?**

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

## **What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?**

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
  - Issue a press release declaring their positioning. See [citation policies](#)
  - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  - Quotes from Everest Group analysts could be disseminated to the media
  - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

## **Does the PEAK Matrix evaluation criteria change over a period of time?**

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises



## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### Bangalore

india@everestgrp.com  
+91-80-61463500

### Delhi

india@everestgrp.com  
+91-124-496-1000

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-416-388-6765

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