

The MLR Makeover: How Smart Payers Are Winning Big with Sustainable Performance

- Part 2



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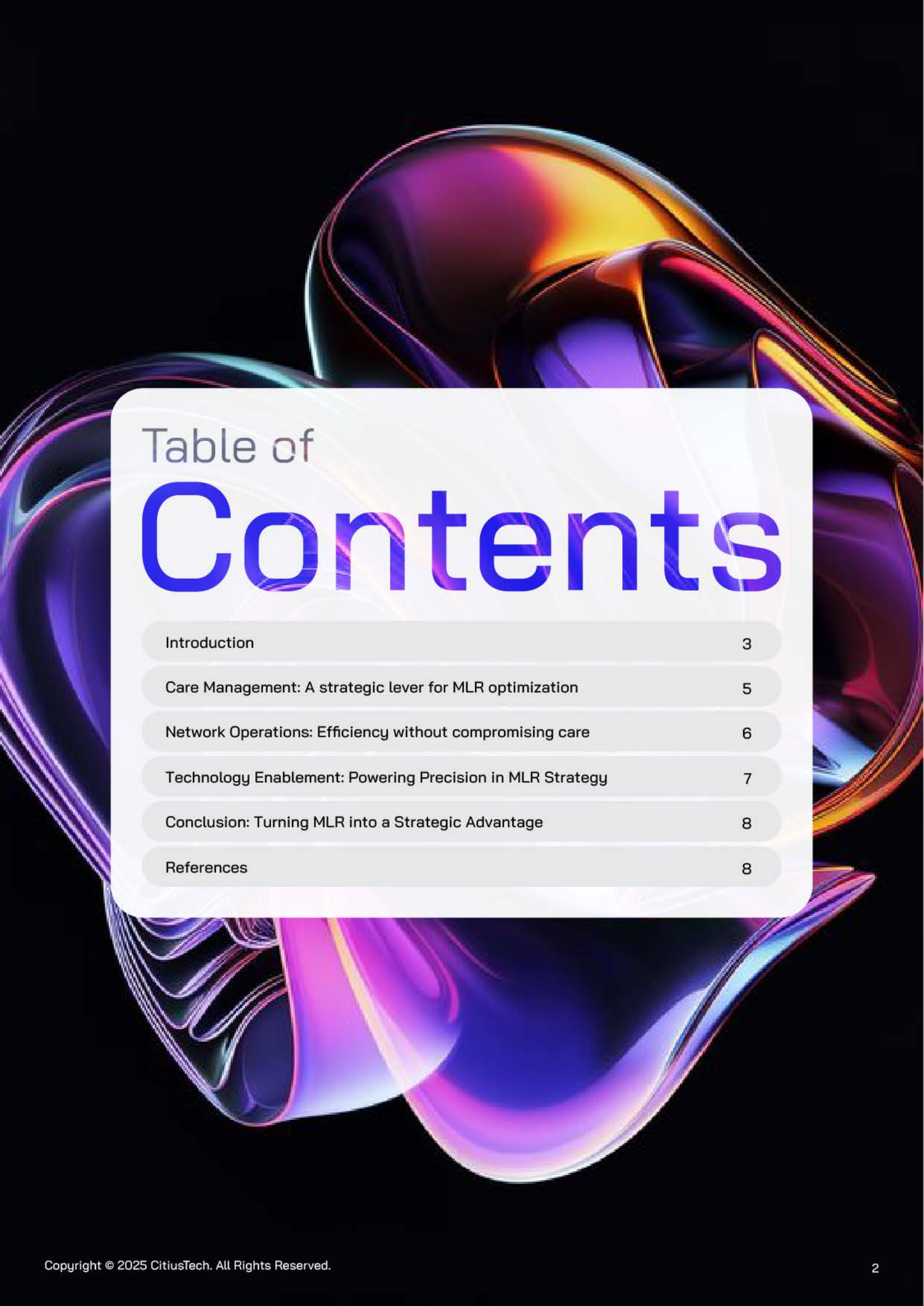


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Introduction:

In today's volatile healthcare landscape, every dollar counts - and every decision matters. As premium revenues tighten and care costs climb, the Medical Loss Ratio (MLR) has emerged not just as a regulatory metric, but as a strategic lever for Payer sustainability. For Healthcare CXOs, MLR is no longer a back-office concern—it's a boardroom priority.

In Part 1 of our MLR series ([Read here](#)), we explored the rising trends and systemic pressures driving MLR upward. Now, in Part 2, we shift focus from analysis to action - unpacking the strategies that leading Payers are deploying to reduce medical costs, elevate care quality, and strengthen financial performance.

At its core, MLR management is about achieving equilibrium between two critical forces:

Medical expenses – Direct costs of delivering healthcare services to members. Optimization here involves strategic investments in Care Management, Network Optimization, and Value-Based Programs.

Operational overheads – Non-clinical costs such as administration, marketing, and profit margins that must be tightly managed without compromising service delivery.

This article dives into three high-impact avenues for medical expense management:



Care Management



Network Operations

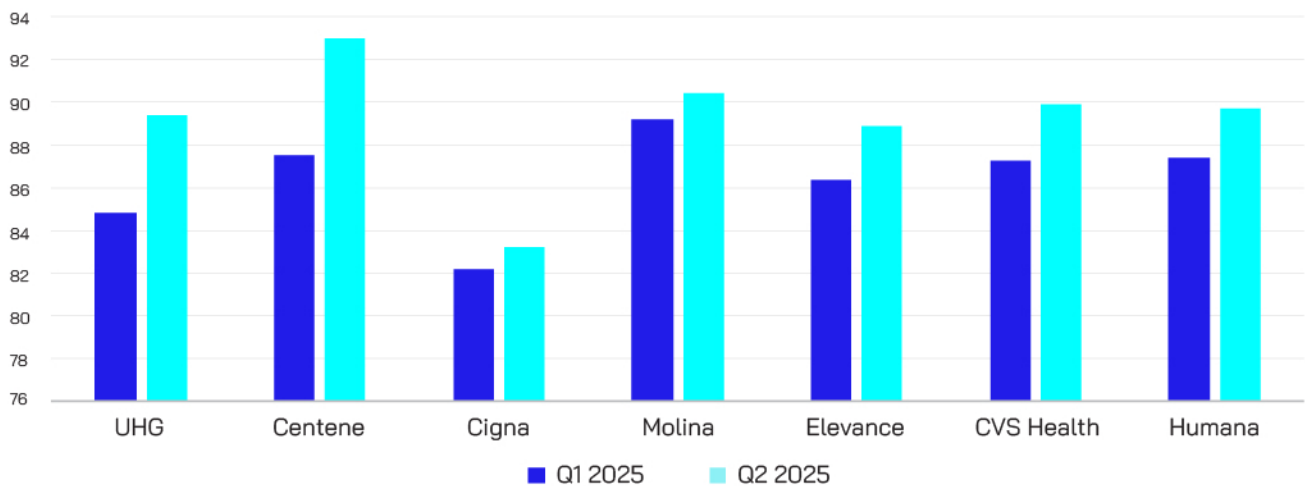


Technology Enablement

Together, these strategies form a comprehensive framework for achieving a healthier MLR—ensuring that healthcare dollars are spent where they matter most: improving member outcomes and driving sustainable Payer performance.



MLR for Q1 and Q2



The graph above illustrates a clear upward trend in **Medical Loss Ratios (MLRs)** across major U.S. health insurers during the first half of 2025. This rise reflects growing pressures from increased healthcare utilization, cost inflation, and evolving regulatory dynamics.

In **Q1 and Q2 of 2025**, several leading Payers reported notable increases in their MLRs:

UnitedHealth Group saw its medical care ratio climb to **89.4%** in Q2, primarily driven by a surge in physician and outpatient service utilization. The company acknowledged that healthcare costs outpaced premium growth during the quarter.

Cigna reported an MLR of **83.2%**, attributing the increase to elevated stop-loss claims and the impact of divesting its Medicare Advantage business.

These shifts underscore the financial strain many Payers are experiencing as they navigate a post-pandemic healthcare landscape marked by deferred care rebounds, chronic condition management, and rising behavioural health needs.

Together, these strategies form a comprehensive framework for achieving a healthier MLR and ensuring that healthcare dollars are spent where they matter most—on improving member health.

Care Management: A strategic lever for MLR optimization

In an era where Payer margins are under siege, care management stands out as a high-impact strategy for bending the cost curve while improving member outcomes. By orchestrating care across Providers, settings, and services, care management ensures timely, targeted interventions—minimizing duplication, preventing avoidable utilization, and driving cost-effectiveness at scale.

The evidence is compelling:

A **Systematic Reviews** study revealed that chronic care management led to a **56.6% reduction in cardiovascular risks**, **11.9% drop in microvascular complications**, and a **66.1% decrease in mortality**.

The **American Journal of Managed Care** reported that a complex care management program for high-need Medicaid populations reduced **total medical expenditures by 37%** and **inpatient utilization by 59%**.

Real-world results reinforce the value. One CitiusTech client deployed a next-gen care management framework layered over their existing COTS platform. By integrating **real-time data, predictive analytics, behavioral insights, and precision cohorting**, the solution enabled personalized, high-efficacy interventions - resulting in **\$19.4 million in claims savings** through focused outreach and smarter cost control.



Chronic Condition Management targets long-term conditions like diabetes, COPD, and heart disease. Promotes medication adherence & lifestyle changes.



Prioritizing lifestyle & prevention programs alleviates the strain on resources and empowers individuals to take control of their health, such as tailor-made wellness programs and chronic disease management, preventive cancer screenings.



Virtual health and telehealth services—plays a crucial role in expanding access to care, especially for individuals in remote or underserved communities.



Addressing SDoH & transition of care management ensures continuity and quality during patient transitions between care settings, reduces emergency visits and hospitalizations.

Network Operations: Efficiency without compromising care

As healthcare costs surge, Payer organizations are under mounting pressure to deliver value without diluting care quality. One of the most powerful levers at their disposal? **Network optimization.**

Strategic refinement of Provider networks—through smarter design, innovative contracting models, and rigorous performance management can unlock significant cost savings while enhancing member outcomes. By aligning incentives, streamlining access, and elevating Provider accountability, Payers can transform their networks into engines of efficiency and impact.

For CXOs, this isn't just about trimming costs—it's about architecting networks that are agile, data-driven, and outcome-focused. When executed well, network operations become a cornerstone of sustainable MLR improvement and long-term Payer competitiveness.

Network Design and Strategy: Structuring Provider networks (e.g., HMO, PPO) based on population needs and geographic distribution. Aligning network goals with cost, quality, and access objectives.

Performance Monitoring and Transparency: Evaluating Provider performance on metrics like cost efficiency, quality of care, and patient satisfaction – while making this data available to Providers.

Value-Based Models: Transitioning from fee-for-service to value-based care arrangements (e.g., shared savings, bundled payments, capitation). Aligning incentives with outcomes to improve care quality and reduce unnecessary utilization.

Provider Contracting and Credentialing: Negotiating contracts that define reimbursement terms and performance expectations.



Technology Enablement: Powering Precision in MLR Strategy

In the pursuit of sustainable MLR performance, technology is not just a support function—it's the engine that drives scale, precision, and agility. From automating workflows to unlocking predictive insights, digital innovation is empowering Payers to operate smarter, faster, and more cost-effectively.

1. Operational Intelligence & Automation

- **Electronic Prior Authorization (ePA):** Real-time data exchange between Providers and Payers accelerates approvals, reduces administrative burden, and improves access to care.
- **Automated Claims Auditing:** Intelligent systems flag anomalies and potential fraud, enabling faster adjudication and reducing leakage.
- **MLR Forecasting Models:** Predictive analytics leverage historical data to anticipate future trends, supporting proactive planning and resource allocation.
- **Business Intelligence Dashboards:** Interactive visualizations convert complex datasets into actionable insights, driving operational and clinical optimization.
- **Natural Language Processing (NLP):** Transforms unstructured data—clinical notes, member feedback—into structured intelligence for better decision-making.

2. Cost Containment & Risk Mitigation

- **AI-Powered Payment Integrity:** Advanced analytics identify and prevent Fraud, Waste, and Abuse (FWA), with potential savings projected at \$1 trillion by 2030.
- **Utilization Trend Prediction:** Detects outlier behaviors in provider and member activity, enabling early interventions to curb excessive costs.
- **Advanced Cost Driver Analytics:** Deep dives into member behavior, treatment efficacy, and readmission patterns inform targeted interventions.
- **MLR Benchmarking:** Comparing internal metrics against industry standards reveals gaps and opportunities for strategic cost control.

3. Member Experience & Engagement

- **AI-Driven Chatbots & Portals:** 24/7 access to benefits, eligibility, and claims data reduces manual inquiries and enhances satisfaction.
- **Mobile Self-Service Apps:** Empower members to manage their healthcare journey independently, improving engagement and lowering support costs.
- **Real-World Impact:**
 - CitiusTech's NLP-based clinical summarization tool delivered **90% time savings and \$500K in annual cost reductions**.
 - A predictive analytics solution helped a client identify high-risk Hospital Length of Stay (HLOS) patients early **reducing diabetic patient stays by 36% and MLR by 46.5%**.

It's essential to recognize that MLR dynamics vary across markets, coverage types, and Payer models. A lower MLR doesn't always signal higher profitability—it may reflect distinct administrative structures or care delivery needs. Technology, when aligned with strategic goals, helps decode these nuances and drive smarter, more sustainable outcomes.

Conclusion: Turning MLR into a Strategic Advantage

Optimizing Medical Loss Ratio is a complex, cross-functional endeavor—shaped by the interplay of care management, provider performance, claims operations, actuarial precision, and underwriting discipline. Success lies in harmonizing these elements through a dual lens: operational excellence and strategic foresight.

By strengthening administrative capabilities—streamlining claims, leveraging data intelligently, and ensuring regulatory alignment—while simultaneously enhancing provider collaboration and network efficiency, Payers can achieve a sustainable balance between cost control and care quality.

With the right blend of strategy, technology, and proactive risk management, MLR can evolve from a compliance metric into a powerful lever for competitive differentiation.

Now is the time for Payer leaders to reimagine MLR—not as a constraint, but as a catalyst for transformation.

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- *Understanding VBC and MLR: Key Concepts in Modern Healthcare*
- *Centene Corporation - CNC Reports 2024 Results 2025 Press Release Final*



Shaping Healthcare Possibilities

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