Business4.0™

TATA CONSULTANCY SERVICES

HEALTHCARE PAYERS:

SETTING THE COURSE FOR FUTURE BACKED BY TECHNOLOGY

The evolving role of technology has triggered a change in healthcare ecosystems and put on offer multiple opportunities for better patient care, cost and health outcomes.

Globally, healthcare ecosystems are seeking digital technologies for new and efficient methods of patient care that promise better quality of care and access at lower costs. Ever-increasing patient expectations for personalized, affordable, on-demand, convenient and quality care have also fueled the need to rethink the existing models. Additionally, healthcare delivery has become complex, competitive and challenging in the face of technology disruptions and rapid breakthroughs in care delivery and medical research.

The industry at large is experimenting with a bundle of technological innovations to better patient care by improving the overall safety, quality, speed and accuracy of treatments. Technologies like blockchain, artificial intelligence (AI) and virtual reality (VR) are increasingly being used to help in diagnosis and treatment.
Going forward, technology will help the payers move from exclusively managing healthcare payments and claims to more holistic patient care management. With the healthcare insurance market size expected to reach USD 2.2 trillion by 2024[5], it is no surprise payers are incrementally adopting technological innovations as they seek to offer a better care experience. In addition, investing in digitization will help better utilize health data for research and personalized care.

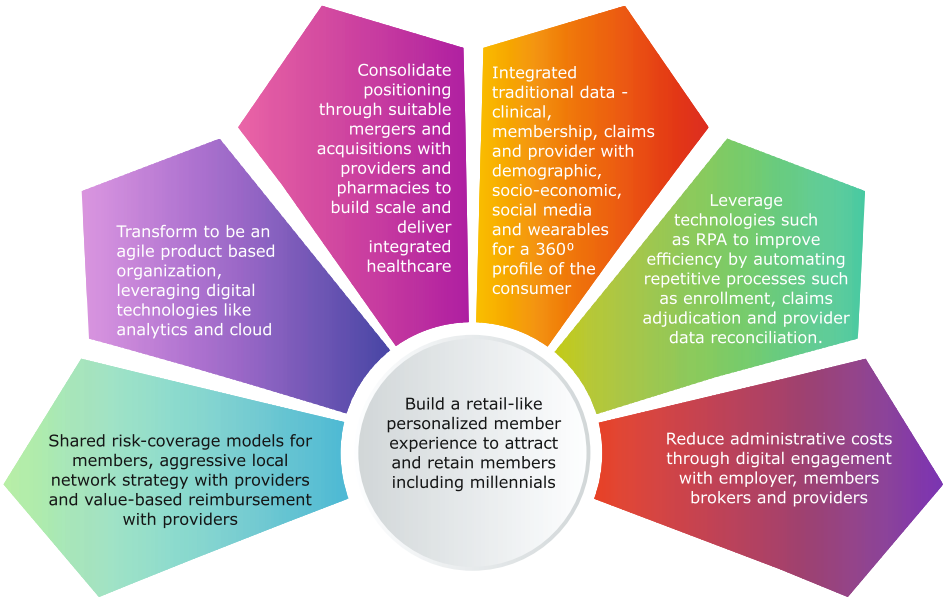
How payers address current challenges?

Investments as well as demand for healthcare have surged with ageing populations and rising cases of afflictions related to chronic diseases. This, in turn, has driven advancements in new but expensive technologies leading to inflated healthcare expenditures. There is an obvious need to address the concerns regarding cost, quality and convenience for the members.

Currently, healthcare stakeholders - providers, payers, and customers among others - are struggling to manage clinical, operational, and financial challenges from the consistently increasing demand and the need for assistance. A technology-backed healthcare ecosystem potentially offers new business and care models that can help resolve these issues while ensuring affordable, high-quality healthcare for patients in the future. However, all the stakeholders will need to work in synchrony to achieve this outcome and switch to a system that enables prevention, and early intervention versus the current model of treating the sick.
Rising healthcare expenditures have triggered new business models with non-healthcare corporations in retail, e-commerce and banking making splashes and strides into the industry, backed by large investments. Though it will be time consuming and challenging to truly disrupt an industry as complex, regulated and fragmented as healthcare, the payers have already taken steps to tackle the potential disruptions. Leveraging technology innovations and collaborations will be an effective way to transform the healthcare landscape.

Upcoming technologies like blockchain can help automate manual processes like new member authentication, and validation of payer-provider contracts. This, in turn, will not only help reduce the overall processing time but also cut the operating costs. The distributed ledger technology can be utilized to securely share patient data with multiple providers to aid better diagnosis and subsequently treatments. At the same time artificial intelligence, predictive analytics, as well as the growing repository of patient data can unlock the door to faster healthcare decision-making based on real-world evidence. In the long term, artificial intelligence can potentially be applied to patient information, collected from multiple systems to aid care decisions, set up care initiatives for chronic disease management and cut financial risks.

Here are some initiatives that can help compete and drive stakeholder value – members, employers and providers.



Road to Transformation

Payers need to transition from the existing traditional reimbursement value-delivery models to those driven by value-based healthcare that ensures affordable, accessible, convenient and quality care. Figure 1 demonstrates the maturity path for a payer to transition from value aggregators to value enhancers and subsequently to value multipliers. The journey from value aggregators to value enhancers offers incrementally efficient services at lower costs.

Value aggregators optimize operations using technology and create value - through collaboration, co-creation and co-innovation - by leveraging the power of data. Value enhancers have the ability to increase co-creation and help innovate new models of care for patient convenience and quality. In the value multiplier stage, payers can increase the scale of innovation to deliver anytime, anywhere care with the ability to offer higher quality at lower costs. They can scale up to deliver personalized care (n=1) while addressing the overall population health and wellbeing (n=N). Payers have to undertake a well-defined transformation journey to reach each stage while navigating and executing the transformation initiatives.

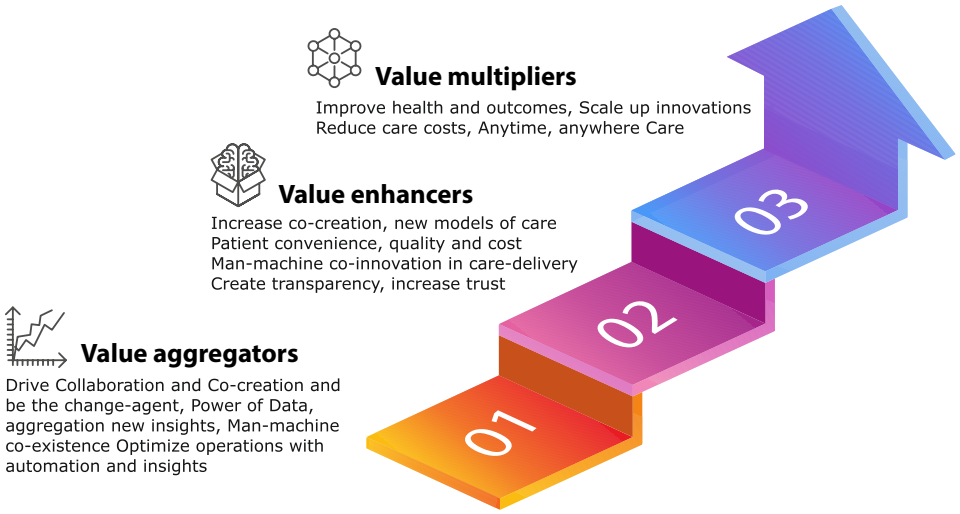


Figure 1: Payer Maturity Journey Framework

Here is a look at the three value-based levels for the payers and the focus areas across each maturity phase:

Value Aggregators

Payers as value aggregators offer services like remote care, voice and video enabled smart devices, and data-driven personal data aggregation to name a few. Initiatives that payers can drive at this stage include aggregation of patient data from various sources like claims, membership, electronic health records, providers, social media, etc. In this stage, the payers would also run analytics on the existing data to enable a move towards value-based reimbursement models. This helps increase collaboration and value among the stakeholders – members, patients, providers, employers and caregivers.

Value Enhancers

In order to compete with the new players in the market, payers will need to be nimble and enhance stakeholder value while keeping a lid on healthcare costs. They will need to adopt the Business 4.0™ behaviors to enhance care value for the members and providers. Additionally, in this stage the payers need to boost care value for their customers by enabling remote care as much as possible, thereby reducing the number of visits to the clinic. This can be achieved by exploiting the increased proliferation of smart devices and wearables.

Mass personalization can be used to drive member experience and offer an omni-channel experience - across various points - for member interactions

with providers and payers. Payers can extensively use artificial intelligence and machine learning to predict health outcomes through a data-operating model that utilizes consolidated patient data. Additionally, payers will need to build advanced value-based reimbursement models that provide better health outcomes. Deploying analytics for data pertaining to provider demographics, contracts, reimbursement and network can be used to develop these models.

Value Multipliers

Value multipliers is the most advanced level in the payer maturity journey. In the value enhancer phase the payers would be able to stay relevant in the market and generate revenue. However, in order to stay ahead of the competition and compete with niche retail players, payers will not only need to leverage the healthcare ecosystem to create value for all their stakeholders, but also leverage the technological advancements and research breakthroughs in the industry to create products that offer extreme personalization and unique experiences to the stakeholders.

A few initiatives we foresee include anytime-anywhere care using connected wellness platforms, extreme personalization through AI, and the use of predictive and prescriptive analytics to improve health outcomes. In addition, the ecosystems of ride-share networks can be leveraged to offer emergency care.

Blueprint To Drive Payer Maturity Journey Using Business 4.0

Business 4.0 thought leadership framework offers payers a blueprint that can help them leverage disruptive technologies and drive behavioral shifts to core businesses. Figure 2 summarizes various initiatives that redefine behavioral tenets for the payers. This transformation blueprint is underpinned by innovations in areas like value-based care, enrollment automation, sensor-driven smart-senior care. These initiatives will help the payers to focus on the core strategic themes – wellness-driven care, value-based care, senior care and member experience - by utilizing technology.

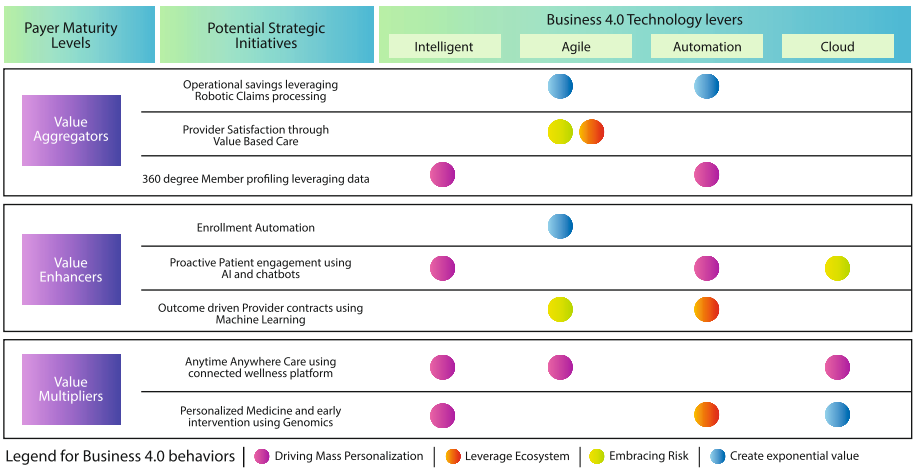


Figure 2: Strategic initiatives for each payer maturity level

Representative examples:

Here are a few examples where this blueprint has helped payers realize exponential value:

- A large US payer drove mass personalization powered by automation, intelligence and cloud to improve the overall Quote-to-Card process. This helped reduce cycle time to 2 hours from 21 days while operational efficiency improved by 45%.
- A payer implemented a health engagement platform, in partnership with a leading retail sport goods company, for over 150,000 customers to create a gamified wellness platform.
- One of the largest healthcare organizations in the US increased their member engagement and enrollment through nano personas and evidence-based marketing at scale.
- A large payer leveraged the MFDM™ (Machine First Delivery Model) and transformed its operations from a siloed and disconnected organization to a context-aware and near real-time enterprise. This helped ensure better population health while offering better member and provider experience.

Conclusion

We believe payers are uniquely positioned to deliver value by reducing cost of care and offer better member experience using technology, data, context and employers. Technology is increasingly playing a role in deciding the 'what', 'how', 'where' and 'when' for care delivery. The availability of a larger range of options gives individuals greater control over their health and wellbeing. Going forward, technology will remove the access barriers to innovations in care delivery.

Payers have already undertaken initiatives to transform the existing business. Going forward, identifying an optimal set of digital technologies with a comprehensive and structured assessment of the current state of play can help accelerate the process.

Given the wealth of existing member data, payers are well placed to benefit from investing in evolving technologies. The inclusive, agile, digital technology-enabled, data-driven, AI-powered, IOT-enabled healthcare models designed to help navigate the value maturity framework peaks can help all payers – private and public - achieve the transformation needed to be ready for the digital age.

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