

# Recharting Technology Priorities for Healthcare Payers

## Abstract

US healthcare payer organizations are facing unprecedented challenges including expanded regulation, the rise of consumerization, new competitors, and intense cost-reduction pressures. While most healthcare payers are addressing them with technology-modernization projects, intended to improve agility, compliance, and customer engagement, there is cause for concern. The goals and investments of payers may be out of sync with the best approaches to meet the objectives. Some concerns, like data security, may receive more investment dollars than are needed, simply because they are higher-profile pain points. This reactive mindset is detrimental to charting the right course for the future, as it diverts limited resources away from the kinds of transformative investments that will help payers be more competitive in the dynamic healthcare landscape.

To better understand technology priorities in healthcare, TCS commissioned the Everest Group to create an online survey aimed at payers (private and public health plans) and providers (large health systems, standalone hospitals/clinics, and physician practices). The survey shed light on how payers can turn their priorities into actionable initiatives without losing sight of the need to wisely balance technology investments.

## Technology Priorities in Healthcare Survey

The survey covered a broad segment of roles within healthcare payers and providers. The findings confirmed anecdotal information and customer investment data, and also led to an analysis of how healthcare payers and providers are striving to meet targets. There are four areas of focus:

**1. Better Infrastructure Services:** Payer Chief Information Officers (CIOs) and IT managers can envision the future of healthcare, driven by a flexible, yet solid and modern infrastructure that expands business capabilities and is cost-effective. The survey showed that payers have operationalized investments in infrastructure services as they adopt analytics, legacy modernization, Big Data, and storage initiatives, giving rise to incremental opportunities over the next 12–18 months to bolster their portfolio.

Infrastructure services comprise 15–20% of administrative costs for payers, with their effective optimization resulting in a dramatic effect on a payer's bottom line. However, enabling better infrastructure services is an investment priority and health payers are predicted to dramatically increase their investment in infrastructure prioritization in the coming years. Among survey respondents, 74% viewed infrastructure as a critical optimization challenge.

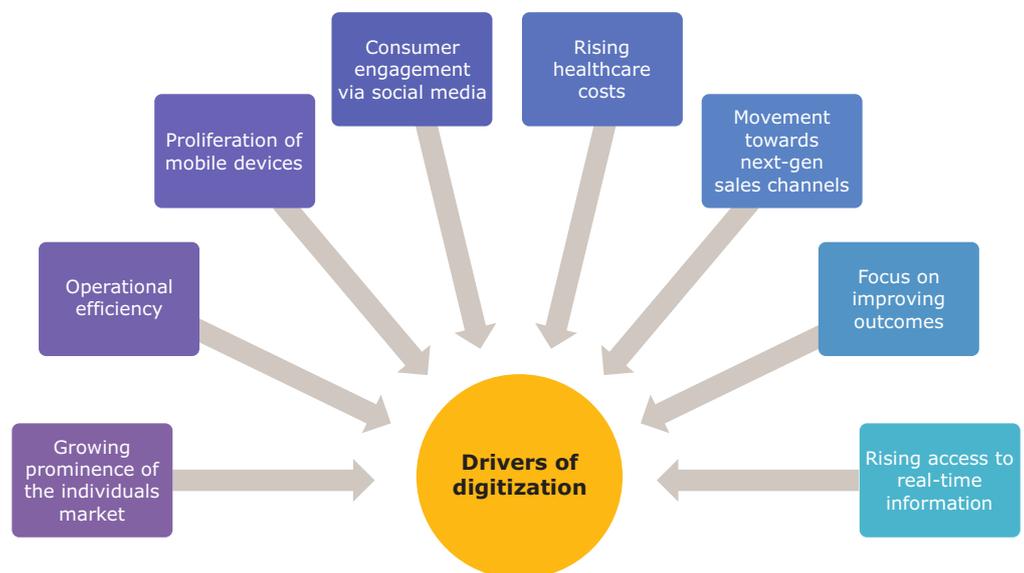
**2. The Data Security Puzzle:** Healthcare IT security challenges are especially acute because of the nature of the data held within. The survey found that security concerns lead the CIO mandate, ahead of traditional issues such as reducing cost, simplifying application portfolio complexity, and building and maintaining a solid infrastructure:

- More than 90% of payer stakeholders view data security as the key IT challenge.
- Only 4% said that security was not a critical issue within their organization.
- More than 96% of respondents listed data security as somewhere between 'somewhat critical' and 'absolutely critical'.

No organization wants to be the focus of security investigation and negative publicity. Investment in security measures is seen as an insurance against these risks—resulting in the superfluous expansion of IT budgets.

It is important to design an infrastructure that accepts the reality of hacking attempts and therefore does not provide live, visible, and linked data. A data-masking approach offers hackers a package of valueless data, and offers payers a less expensive and longer-term secure method of data protection.

**3. The Digital Imperative:** Digitization priorities are high, bolstered by their relevance to both internal operations and external communications and data gathering. The survey gathered the reasoning surrounding the drivers of digitization.



*Eight reasons cited by payers to explain the urgency for digital initiatives*

Digitization solutions already benefit organizations by making them agile and efficient. When a payer allows healthcare data access through a mobile app, it saves CSR salaries. If a payer gathers real-time medical information for decision-making purposes, it facilitates better decisions in a shorter timeframe. If a payer can capitalize on converging digital streams of data, real-time analytics and decisions can be used for fraud detection and prevention. Payers are also interested in consumer engagement through social media platforms, improving sales channels and responding to the growth of the individual coverage market. Most of these efforts focus on growth and lower risk, leading to stability in a high-pressure market.

The survey found that payer digitization was a widely distributed set of priority initiatives across the value chain, and influences non-customer-facing departments such as HR and Product Development as well.

Customer engagement is about simplifying the experience, while providing better service and improved access to information. Employers would like to know more about their employees. Even with HIPAA requirements in place, employers can still use group data to tweak open enrollment messaging and wellness efforts.

Focusing on customer engagement through digitization initiatives will ensure that investments pay off. Payers that plug digital efforts into wellness initiatives will develop a cycle of health improvement that providers, employers and individuals will appreciate. Organizations that are considering digital efforts should make steps toward understanding potential digital touch points across departments.

**4. The Ongoing Payer-Provider Convergence:** A convergence would break down traditionally rigid walls, and enable out-of-the-box financing and delivery models. The survey found that the payer-provider convergence has become a mainstream reality. Over 90% of payers indicate that they have made or are planning to make investments in either joint ventures, payer-provider partnerships, Accountable Care Organizations (ACOs), integrated care models or forming managed care organizations.

Payers see collaboration, partnership and acquisition as a method for bringing their philosophy and wisdom to the healthcare process, lowering the cost of services and improving outcomes through better synergy.

A suitable payer leadership would help to maintain control in such a partnership situation—a payer CIO can assess the value in integration points versus the investments. Collaboration between the two entities may result in shared business process services (BPS), shared data warehousing, joint analytics, fresh expertise, and new talent.

## Conclusion

Though payers are primarily concerned with security, they see infrastructure improvements as essential and digital efforts as the key to growth and efficiency. With so many viable options for technology investment, organizations need to focus on the areas that are most important. Instead of looking for Big Bang changes, CIOs have to look at the emerging concern areas.

Collaboration should become a cultural mandate—within silos, teams should work together to brainstorm new solutions, and across silos, teams should be formed to explore joint needs and possibilities.

Approaching initiatives in incremental steps will allow organizations to build on their successes and grow in knowledge and experience. By dividing large projects into smaller steps, a greater degree of long-term project success can be ensured. Optimizing the initial resources during the learning curve will allow for increased investment as the organization gains confidence.

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Magna Hadley is Vice President – Global Domain Head, Healthcare, with over 25 years' of experience in defining and leading the delivery of strategic business solutions and technology-enabled transformations. Based in New Jersey, she is building the industry domain experts practice and is assisting TCS' healthcare clients meet their business and IT service needs.

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