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Intelligent payer: Achieve goals with operations innovations

AHIP Institute and Expo Online 2021

Audio Transcript

Mike Kaveney: Good afternoon and welcome to our discussion on a topic that, while certainly explored over the years, has taken on a new meaning with advances in data science, process mining and artificial intelligence. We're going to discuss how core operations can power innovation and outcomes across the payer enterprise.

My name is Mike Kaveney. At Accenture, I lead the work we do in our core operations space. Those are the functions like benefit administration enrollment, billing claims and provider management.

Today, we want to talk about how we can take advantage of all of the data, the insights, and the know-how to drive innovation across the enterprise. I'm going to provide some context for our discussion today, and then I'm going to introduce our panel to talk about how the industry is addressing some of these challenges.

Last year, Accenture ran a survey among payer operations executives. We asked them what's driving some of their priorities today and what they see coming in the future. And we were a little bit surprised at that we started to see. We started to see the advancement and acceleration of something that we've seen in years past where payer operations executives are moving, not necessarily away from some of their traditional value drivers like cost containment, driving down PMPM [per member, per month] cost, or driving up efficiencies, but adding on to that traditional set of priorities. They've started to look at things like what it means to help fulfill experience goals in the enterprise. What it means to partner more effectively with clinical partners to drive outcomes. We see that a lot of these market forces driving broad changes in the industry are starting to grab hold in payer operations. For example, the number one thing that's

on the top of a lot of our payer operation clients' minds is experience and how they can start to influence it—not just in the front office, but from the back office as well. What are the things they can change? Where can they innovate to help power the member experience, the provider experience, the employer experience?

And when we asked payer operations execs what they think they need to do about that, and where they were prioritizing their investments in new capabilities, we heard a lot about being able to take advantage of the assets that sit in operations. What does it mean to be able to drive advancements in using things like data and analytics to drive insights so that they understand the member experience throughout the entire member journey? What does it mean to create new and different types of talent that actually sit in operations so that they've got the competencies and the skills to take advantage of the assets that exist today, and to grow new assets over time to help with those enterprise priorities?

And finally, we asked where are you looking to drive change? And a lot of it's in this notion of intelligent tools. So, what does it mean to create intelligence in operations so that we can take advantage of big data? We can take advantage of moving the needle from some of the basic AI use cases out there today and the things that can help us drive innovation and change across the enterprise.

That also means changing some of the ways we work—not only breaking down functional silos within an enterprise, but also looking at the broader ecosystem and expanding the types of partnerships available, not just in the front office and the middle office, but really in that sort of "core ops" back office area, too.

The core thesis of our session and what we want to talk about today is this notion that core operations areas need to infuse these sets of intelligent tools and ways of working so the broad enterprise can meet member engagement, clinical outcome, and other market goals.

And to do that, we've got a great panel today. I'd like to introduce Brian Lobley, the Executive Vice President and Chief Operating Officer of Independence Health Group. That's the corporate entity for Independence Blue Cross out of Philadelphia. My colleague, Megan Vesely, is a Managing Director in Accenture's healthcare practice who does a lot of work in the core ops space. Brian, Megan, welcome.

We've got three topic areas to explore today. The first concerns the outside and market pressures payer ops are feeling. What is driving this notion that operations has to change? The second is what sort of capabilities, Brian and Megan, you're seeing players use to address this issue, and then lastly, what does this mean to operations? So, what does this mean to the ways

we work, to the people in operations, and how do we think about changing the operating model to address these market themes?

Starting with the first point, when we asked what's really driving disruption and operations, the leaders we talked to said they're being hit from all angles: new reimbursement models, new companies trying to disrupt the healthcare landscape, and the constant drum beat for higher productivity. Not to mention things like COVID and the realization that some of our operations needed to become both more agile and more resilient over the past year. So, what I'd really like to hear from you, Brian, is when you think about your operations organization, what you're hearing from your leaders regarding what are they being asked to do? Also, what's really driving imperatives in their organization when you look at these things?

Brian Lobley: Pleasure to be here, Mike. I think you hit the nail on the head. It's from all angles. Traditionally, ops were seen as commodities, which typically means unit cost measurement. Keep lowering my costs and determine all the different levers I can pull to get my cost to serve down.

The experience expectations completely changed the dynamic. Think about any other product and services business you're in. The value you're paying for is somewhat holistic, right? So, you're looking at the experience around your purchase. You're looking at the experience for using your purchase.

Well, guess what? Everybody's applying that to healthcare now and they're saying, "Hey, wait a minute. If the retail segment can change and financial services can change and insurance models can change, why can't my health insurance change as well?" As I look at my ops team, I'm putting more demands on them to meet the experience side of the business.

First call resolution is a major focus area for health insurers now. Get it right the first time. Why is our business wrought with complexity? Nobody understands the insurance business. We've made our business hard to understand for our consumers. So, what have we said to our ops teams? Make it simpler to understand the business. Well, the comeback to that is, wait a minute, you were driving me down to a unit cost basis—help me understand that. And the answer to that is, you know you're a source of value, right? You're now part of the value equation.

So, we go out in front of customers and try to say, hey, Independence Blue Cross is the best product for you, or our mental health products are the best products for you. It's not just a price equation anymore. It's everything that surrounds it. It's how we interface with your provider. So that's getting into the value base.

You talk about reimbursement models. Ops has to explain that. Why is it a differential cost basis for a site of service MRI? Why is it cheaper to go to a standalone center then to an in-hospital base? Well, that's the

experience of your benefit. And you think about the "non-traditionals," why should I choose IBC over disruptor A, B or C, or why is AmeriHealth and the ACA market tuned so well on New Jersey?

We're now competing against a lot of these external entities that are focusing on experience first. That's what a lot of the competitors are selling on. You mentioned that in your intro concerning data. Being a long-time payer guide and a payer exec, I believe data is an untapped source of insights in healthcare.

We've always been using data to marry claim data with clinical data and so forth. Now, this notion has emerged of pushing that back to the patient—guided journeys using AI to lower the cost to serve or to get a patient to the right place. The entire organization needs to move on to this concept of thinking about health insurance as a products and services business.

I tell everybody in our company that we're in the products and services business. We have to create brand loyalty beyond the unit costs. It's everything that comes around it.

It might sound a little bit like a "cop-out" answer, but as I look at your slide here, it's 40% and above – these are big numbers. That means spreading cost to everything. What we're trying to do is say, "In the commodity space, absolutely lower that cost, but then make sure everything else is a creative value so that we can sell that value back to our customers or employer groups or the federal government for that matter."

Mike Kaveney: That last point is really important and it makes me think of one of the first things you said, which involves the expectations of your customers or members or employer groups, and is associated with the experience they have, whether it's in banking or retail or in other settings.

Megan, I think this is something that we're certainly seeing in terms of customer demands, what they're asking for and how that resonates with operations.

Megan Vesely: Absolutely. Brian, I know you're seeing some of this dynamic in your business with employer groups who are taking a much more active role in managing the physical and mental health of their employees.

Doing so raises expectations regarding the health plan. Examples include some of the custom benefit designs that enable much more flexible, sophisticated ways to access healthcare. However, you introduce a lot of complexity in the back office, not just in installing those benefits, but in claims and COB [coordination of benefits] and calls all over the place.

Customers have started to demand increased transparency regarding the experience being delivered. These are not just the traditional performance guarantees oriented around efficiency or turnaround times:

they involve member net promoter scores. And some of those expectations conflict with some of the other expectations concerning efficiency gains and cost pressures. So, I totally agree that operations execs are getting hit from all angles.

Mike Kaveney: You mentioned transparency, Megan, and it made me think. With some of the new mandates coming out, organizations are trying to rally around those that have a distinctive impact in ops to be able to expose pricing data and do some of the pricing and liability transparency initiatives that are being requested. But similarly, there's now going to be an expectation—a customer expectation, an employer expectation and a provider expectation about what this information looks like. So, add that to the list of things that are driving change on the page here.

Brian Lobley: Yeah, get it right. Make it easy. That's an imperative on just about anything.

Mike Kaveney: Right.

Brian Lobley: Megan brings up such a great point. When you build all of this great innovation, it comes at a cost. We have to make sure that that cost basis can be absorbed the right way. That's why you still see the increasing productivity and decreasing administrative costs.

It's not going to go away, because if you're spending over here, it's a balloon—it's popping out on the other side. I think it's actually raised the expectations bar for a pure ops leader. It's a much more sophisticated operations leader. In the past, an executive might say, "I've got to hit a scale curve to get this widget cheaper." Well, now that executive needs to think in all-encompassing terms and say, how can I glean enough productivity from here? Because my spend is going up. The biggest complaint in healthcare is still cost.

So, it still comes back to costs. About 67% of our business is self-insured now, so we're selling the value side of how we manage medical costs, the value side of our provider network. But at the end of the day, they're still looking at a fixed fee from an administrative basis and costs still have to go down. Admin's have to go down if I'm measuring that. It has changed the bar on what the expectation is to be an operations leader. They can't lose sight of that.

Mike Kaveney: That provides a good transition to the question what do we do about it when we think about what we're investing in, and what it means to drive innovation.

We need to understand the data and the power of that data, and drive insights with it, as well as capabilities like developing more effective artificial intelligence, more effective intelligent automation, and more effective ecosystem partnerships. And what does it mean to make decisions around partnering versus growing some of these innovations in house?

These are the things that are at the top of executive minds.

And I think it goes to your point that if we're growing our innovation side of that balloon, how do we do it in a way in which we're still addressing the cost curve and we're still driving outcomes core to running a smooth operation shop.

Brian Lobley: So, working closely with ecosystem partners and RPA [robotic process automation] options to focus on cost reduction. You need to make sure you continue to enhance your business, model your processes, and make them as efficient as impossible. There is still a lot of technology to be applied. This brings back that notion of products and services. I almost look at these as the monetization side of it. If you think about big data management, it boils down to how do we apply our data more efficiently, right? At first that could be a cost. That could be segmenting patients the right way, using data to do that and then applying your actions on that data. And then that's where you're going to drive more efficiency on your total costs. So that brings it back to the products and services side, where you can say, "yeah, my core admin is going down, but now I'm applying all of this additional information." Additional informatics at play to actually impact your total cost of care.

That's where we try to flip the conversation back with customers. That's members with self-insured employers. That's the government saying, at the end of the day, we really want people to look at the total cost of care. Our objective is to always increase quality, but lower that total cost of care.

You're going to have to have those trade-off conversations. We're saying, yes, we believe in this fee because it's going to drive that total cost of care down. And then we're going to continue to still focus on the cost. You can't lose sight of it. You need to, again, become that multi-dimensional thinker.

I do think you're hearing a lot of other industry polls come through in those first two bars. And Megan knows all too well and has been doing great work. I would say, Megan, we do a lot of work with Accenture on the bookends here, right? Still a lot of RPA focus and kind of getting out costs, but then back on this big data side. You know, you're working across my organization with my marketing team and my ops team and the clinical team and putting it all together to productize some things for us.

Megan Vesely: Great points, Brian. I think a theme in the research is that you can't meet the new expectations and achieve what customer members are looking for without technology and advanced analytics.

I'd like to share a couple of use cases to bring this to life. Mike and I are seeing some of this in our day-to-day work

with clients, Brian, and I know you're exploring it in your organization—the use of artificial intelligence to identify and eliminate sources of waste in the system.

I think we can all acknowledge there is a ton of administrative waste that still exists in the system. For decades, there have been process improvement initiatives to address it. But some of the emerging technologies can unlock the ability to attack waste in a different way. Players can apply advanced analytics to understand why members are calling, and not only understand why, but also contextualize those calls with other operational data to understand how to make adjustments in upstream processes to eliminate the need for the member to call in the first place.

Brian, you mentioned chatbots and artificial intelligence to improve the member experience. We're seeing a lot of customers start to explore conversational UI [user interface], not just as a means to deflect calls, but to orchestrate that experience, to understand what a member is looking for and drive the next best action that is personalized based on who that member is and what they need.

Brian Lobley: There's that expectation around self-service as well, so, we're really across all segments. We're seeing it from seniors down to the newest generation of insurance purchasers. Their expectations have been raised in other industries.

We all do this: We say, "Well, over here, I'm able to do X." It goes back to the need to have a full continuum. Someone in a more chronic or serious care condition needs to have an empathetic voice on the other end, but that empathetic voice requires the same data. Don't waste 20 minutes on a phone call with me; give me a chat. Give me a technology resource to do it and get me on my way. I think COVID has accelerated the expectation of convenience. We all want information, so I think your point, Megan, about the chatbots is applicable to that segment of self-service users, but the infrastructure behind it is powering everything. So, we have to enable it back up to a customer service agent. And by the way, that's probably a more sophisticated customer service agent than we had five years ago, who was answering a pretty specific benefits or claims question. Now it's more complicated in a navigation and outcomes-based conversation. I think AI is going to play a huge role in this new scenario.

Megan Vesely: Absolutely. Which gets to the point of rescaling. In order to redeploy the resources that you have, you've got to both train them in technology and in what we refer to as digital fluency. You also have to make sure that they've got some of the emotional skills to handle the more complex and more emotionally charged interactions with your customers.

Mike Kaveney: I know we're talking about customer engagement and scenarios and either servicing queries or clinical inquiries, but I'm thinking about the ops perspective and that same upskill. That same ability to drive contextualization now needs to sit in ops because in order to make those connections, someone who knows claims needs to be able to facilitate that connection so that the right frontline resources and agents and others have that information, or can support a new technology, whether it's a chatbot or some other self-service in order to make sure the experience for the member or perhaps the provider is meeting expectations and providing the right information. This notion of being able to drive contextualization from ops is something we're seeing and hearing a lot about.

Brian Lobley: I completely agree. I think the definition of operations is completely different today. It used to be centralization with RPA [robotic process automation] in one place. That describes the project managers of ten years ago. They would consolidate everybody. Now they have the resources out or embed them throughout the organizations. I think we're hitting the same thing here. And by the way, both answers are probably right. I think long-term, moving operations as a value lever means building those skillsets within ops. Maybe you're not having data scientists – maybe that person is, to your point, Mike, sitting in informatics. But the user of the information coming out is in operations, who then deploys that across the service lines.

To Megan's point, which brings in this notion of re-skilling because you still want the expertise of someone who has an inherent claims knowledge. So, I've got to send this data that way and that data this way.

You have informatics do the algorithms, and then empower the operations teams. I think you're seeing payers build out what I'll call complimentary services. We're going to find the right ecosystem partners that do it well and do it well in partnerships. And I would say in that vein, partnership as a capital P, because we both have to be invested in lowering costs, total costs, even if that's going to be an administrative expense for us.

We're creating a group that's really focused as a center of excellence [COE] on driving products and services out. And that's versus just having an enrollment department of claims or department of customer service. And then you have a COE model that's really focused on value levers throughout and working with partners, whether it's Accenture or some of the other solutions and services that we partner with to lower costs.

Mike Kaveney: That's a great segue into the third topic that we wanted to explore, which is what is the impact, whether it's how do you partner with a data and analytics or an informatics team that might sit in IT, or how do you start to embed some of these skills and operations? Those are operating model decisions, but the themes that we're hearing from the market are consistent,

which are operations needs to move away from a traditional administrative cost center to become a collaboration engine in the enterprise.

We captured some of the things we heard on this survey from operational executives about what does it mean to move from efficiency to balancing that with the priorities of experience? It means moving from traditional RPA on the right-hand side of the previous slide to intelligent solutions on the left-hand side of the previous slide, and then moving from operational reporting to becoming an insight engine, which then powers this notion of collaboration across the enterprise.

This idea of embedding that and then feeding it out is certainly a theme that a lot of industry folks are talking about and starting to grapple with. They're asking how do we do this? How do we start to substantiate this and move the needle on it? And it sounds like Brian has started that journey with some center of excellence concepts.

Brian, I don't know if you have any thoughts or a point of view on some of the other ways that IVC might be tackling this right now, and obviously, Megan, on what you're seeing in your portfolio?

Brian Lobley: First of all, these are spot on because they roll together and reinforce the others. We've about this notion of experience a lot. We need to be held to a standard of experience or else we won't be successful. At the end of the day, what we try to articulate is a sense that the provider operations teams have spent so much time focusing on the employer and the member. Some of our biggest stakeholders are actually our providers. So, we have to make sure that we've enabled a positive experience for our providers because they're having the biggest impact on our members. What's more, they can also have the most negative impact. Bad experience, and on our provider side, providers are going to look for redirection. So, I think this notion of experience goes without saying, even if we take our own personal experience.

For instance, we have repeatability with brands whether they involve clothes, technology or media. There's repeatability because the experience has been great for you. It took a while for us to realize that health insurance needed to move that way. What's more, almost every year, the bar is being raised.

So how do you get at that?
That hits your third bullet-point here, which is enterprise collaboration and accountability. Anyone in a pure ops role is looking at the operating model and working to figure out what the right one is. What does ops need to have, and how does it interface out? I'm an engineer by background and a process person at heart. I always believe there's something coming in—you're always receiving an input. And you're doing something with that input.

When you're in an ops world, you're in the same kind of situation: what's the data coming in, and what's the data going out? So, if I take a step back, maybe I can move what I'm getting upstream a little bit. Or perhaps I can move what I'm handing out downstream a little bit? So, I do think the operating model as you move into this experience space and the predictive insights and analytics really do force you to take a step back. The last point is why we drove into a center of excellence model.

We wanted an operations team of the people that knew the data the best and knew the processing core pieces of our business the best. We wanted them sitting there and making the improvements, because you've got to get it right the first time for the patient.

Then it's really making sure your operations executives understand our total PMPM. Even if they are owning or directly accountable for say 60% or 50%-to-60% of that PMPM, they need to understand where the rest of that's coming from and then how they can make an impact. That's because in most cases, the last stop is ops. Sometimes it's the first op benefits in enrollment, last op on claims, and a lot of stuff that happens in between. So, I think it's creating this operations executive or leadership team that has all of these different relationships in understanding the provider side of the business, understanding medical management, and understanding audit processes.

There's a lot to say on this slide. It really captures those four buckets, and I would almost change that from previous to today, because it's not where we're going. I think it's the expectation now. I think it's only going to improve and get better, but it's not a tomorrow thing—it's an expectation today.

Megan Vesely: Brian, I completely agree. To tie back to where we started the discussion, the expectations used to be all about efficiency and costs, so we organized operations based on the work. It was the age-old assembly line model, where everyone had their part. Everything gets handed off down the assembly line. Now the expectations have changed, and operations executives are responsible for delivering a much broader set of outcomes that still include efficiency and cost, but also experience.

Things like enabling new and more innovative products and services. Operations has to think about organizing differently now, whether it means structurally centralizing resources or figuring out better ways to break down those silos and collaborate across the enterprise. Those changing expectations influence how operations need to rethink how they're organized around work.

Brian Lobley: Megan, the metrics piece is great. Think about Stars [Medicare Part C and D Star annual ratings that measure the quality of health and drug services received by beneficiaries enrolled in Medicare

Advantage and Prescription Drug Plans.] If you think about the Medicare business, the Stars ratings have such a major component of a payer's business model. It is still critically important because that measures the impact you're having on the health or the improvement of the health of the member. But increasingly, impact surveys play a role.

Providers are conducting experience surveys and saying here's how they thought about the health plan. That puts that customer service agent front and center. How do they handle the provider inquiry on behalf of a member for a pre-authorization? How do they handle the member inquiry on what's covered and not covered?

How did you handle the member inquiry on where can I get services? Most importantly, how did I handle the inquiry and how someone, and how much something's going to cost? So that's now very different because I could look to my operations team and say part of that's the Stars bonus.

Getting that four-star achievement is an accountability for you as well. We've talked so much in this conversation about the execution arm of operations. There's also the ideation part, because they're seeing things first, applying innovations and identifying the opportunities for improvement.

Maybe that's something else, Mike, moving from reacting to being proactive. I think that's another dynamic that the expectation moves from ops leader down.

But it moves from the bottom up as well. In fact, most of the time, you're hearing about the pain points from the bottom up.

And how you react is key. You're having an impact on a four-star rating, for example. Let's tie back your work effort to that financial outcome for the plan. That's another dynamic and I think Megan, you hit the nail on the head.

Mike Kaveney: What does continuous improvement and ops really mean because it might not just mean reducing a certain type of claim? It might mean continuous improvement of the experience, continuous improvement in the clinical space, continuous improvement in customer service. How do you embed that into your traditional ops area? Payers need to think about this notion of addressing operational change, because of all the reasons we've been talking about.

Brian Lobley: You need a brave executive to say, I have to be in a continuous improvement area. I have to continue to think of ways to put myself out of business—that's almost the mindset you need, how you really get true breakthrough thinking. That's what's beyond incremental innovation.

That's the transformational innovation and where are we heading in healthcare. I think we're heading to that space anyway. And look, a lot of that's coming from the outside industry taking on the incumbents and saying, “Hey, there has to be a better way.”

In many cases, they don't understand how to manage risks, which I think we've been doing for so long, we understand how to manage risk and how to manage medical spend.

So, it's a really interesting time. I don't think we've seen what the end is going to be look like. If the three of us put a note in a bottle and toss it out to sea, and it comes back in five years, maybe you guys will be right, and I'll be wrong, but it'll be interesting to see, none the less.

Mike Kaveney: We can place bets and then we'll see. I think it's clear that those core ops areas are going through a lot of change. We're obviously hearing it in the market. Brian, you're obviously experiencing in it in your role and at your organization. And Megan, clearly you and I are seeing it in our day-to-day client interactions as well. To wrap this up, I'll ask for any last comments or questions, and ask both of you to comment in your closing, a little bit about the people we've talked about and the new capabilities they require and new centers of excellence.

Obviously, this is going to have an impact on the folks that sit in ops. When I think about it, I think about a lot of opportunity, a lot of opportunity for folks to understand new skills; how to apply those when it comes to data and analytics and in helping that organization with continuous improvement.

Brian Lobley: I'll do that and give you one closing thought. I think on the people side, it's a dichotomy. On one hand, for the people in there today, there's a tremendous expectation and opportunity for them to change—change before change happens to you. It's a great opportunity for talented individuals to use their skillsets, learn something new and apply it. Become an expert in transformation. On the other hand, maybe it opens up an opportunity for new hires to come into the workforce and see health payer operations as a place to innovate.

I think it's an exciting time and it's all about the people. It's the culture you create-- the culture of accountability and the culture of opportunity. I think that's what we try to do at Independence.

The closing comment I would leave you with is, in order for us to be successful at Independence, it's imperative that we embrace the notion that we are a products and services company, and therefore we have to look holistically at everything, including costs and values. If you think on those two continuums—the cost you're providing your services for and the value that you're providing for those services, I think you'd come pretty quickly to say: at the end of the day, we're not any different than Proctor and Gamble. We have to reinvent the product every year to make sure it's compelling, it's attractive, and it's beating the price for the market.

I'm excited for what's to come in this space. I think we're in the up curve right now. We're in the up curve for opportunity.

Megan Vesely: Brian, I completely agree with you. Mike and I joked a little bit about operations being "cool" this morning, but it really is an exciting time to be in operations. Brian, you touched on it early on. At the end of the day, the business is still really complex and that's probably not going to change anytime soon. And that complexity shows up in operations. As you think about the people and the type of skills that are going to be required in the operations workforce going forward, it requires both folks that understand and know how to weave through that complexity, but also know how to innovate and think creatively about creativity, about how to implement solutions that ensure that complexity doesn't negatively affect the experience or the cost space.

Mike Kaveney: Great closing comments. I appreciate your time. As you both said, an exciting time. I'm excited to be part of it. I know there's a lot of innovation happening out there in the market. Thanks again and have a wonderful afternoon.