HfS Blueprint Report

Healthcare Payer Operations

For U.S. Healthcare Organizations, including Payers and Providers

Excerpt for Accenture

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Executive Summary


- The scope of this research covers sourcing for claims management, member management, provider data management, and health and care management, along with analytics and enabling technology platforms. It does not include an evaluation of technology or consulting services; it is about business process outsourcing services and transition to As-a-Service.

- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across numerous facets in two main categories: innovation and execution.

- HfS Blueprint Report ratings depend on a broad range of stakeholders with specific weightings based on 1,109 crowd-sourced responses from the 2014 State of Outsourcing Survey, and interviews. Stakeholders include:
  - Healthcare Operations Enterprise Buyers
  - Healthcare Operations Service Providers
  - Healthcare and Life Sciences and BPO Industry Influencers (sourcing advisors)
  - HfS Sourcing Council members in the Healthcare and Life Sciences industries
  - HfS Analysts
# Healthcare Payer Operations Value Chain

## U.S. Healthcare Payer BPO, Platform-Based BPO, and BPaaS

<table>
<thead>
<tr>
<th>CLA IMDS ADMINISTRATION</th>
<th>MEMBER MANAGEMENT</th>
<th>PROVIDER MANAGEMENT</th>
<th>HEALTH &amp; CARE MANAGEMENT</th>
<th>ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Claims Adjudication/Processing</td>
<td>• Account Setup</td>
<td>• Provider Credentialing</td>
<td>• Population Health and Wellness</td>
<td>• Marketing and Sales</td>
</tr>
<tr>
<td>• Payment Integrity</td>
<td>• Eligibility and Enrollment</td>
<td>• Provider Data Management</td>
<td>• Utilization Management</td>
<td>• Finance and Accounting</td>
</tr>
<tr>
<td>• Complaints and Appeals</td>
<td>• Billing</td>
<td>• Contracting</td>
<td>• Care Coordination/Case Management</td>
<td>• Procurement and Supply Chain</td>
</tr>
<tr>
<td></td>
<td>• Benefit Management</td>
<td>• Network Management</td>
<td>• Remote Monitoring Support</td>
<td>• Talent / HR</td>
</tr>
<tr>
<td></td>
<td>• Customer Service</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## HEALTH INTELLIGENCE & QUALITY ANALYTICS

- Fraud, Waste & Abuse Analytics
- Quality and Compliance Reporting and Analytics

### Commercial vs. Government

## HfS VALUE CHAIN DEFINITION:

Value chain refers to the series of departments which carry out value-creating activities to design, produce, market, deliver, and support a company’s product or service. In this usage, we refer to the range of primary processes and support services that providers offer to their clients.
Key Highlights: Healthcare Payer Operations Market

- The term “BPO for Healthcare Payers” is now something of an obsolete and backward-looking phrase: The healthcare industry is being “shaken, not stirred,” by consumerism and regulation, enabling technologies, and maturing sourcing models. Therefore, to reflect the current and emerging state of the market we use the term “Healthcare Payer Operations” to refer to:
  - A broader set of buyers: healthcare providers, pharmaceutical companies, and new risk-bearing organizations, such as Accountable Care Organizations (ACOs) that are among many that are using what was traditionally the back office of payers (e.g., claims, member management)
  - The increasing use of enabling technologies to deliver business process services, to “operate”
  - New contracting and engagement models

- Conversations between service buyers and service providers are changing: The business services market for U.S. healthcare payer operations has been in play for more than two decades. It is more than past due for a shake-up, and market drivers like healthcare regulation, consumerism, mergers and acquisitions, and digital technology are acting as a catalyst for that change.

While there is still a significant need to reduce costs—administrative and medical—the conversation is expanding beyond cost reduction to quality, engagement, and innovation. It is also involving people beyond siloed business units and the front and back office in order to drive efficiency and effectiveness across processes and better manage consumers’ full experience in healthcare: from enrolling in a plan (commercial or government sponsored), to managing health and care, and billing and payment.
Key Highlights: Healthcare Payer Operations Market (Continued)

- **Increased use of technology to drive quality, predictability, and speed:** HfS has observed an increasing use of technology in healthcare operations. Healthcare organizations are focused in the short term, according to our research, on getting a secure cloud infrastructure in place, and identifying software and applications that alone or with business process services can help address current and emerging needs. There is an increasing expectation that automation is or will be built into solutions, not “added on.”

Service providers are all using automation at points in transaction processing, with some applications being more sophisticated than others, but all addressing workflow at some level. Limitations on the use of automation will eventually be more based on what they have access to do with the client versus their own capability. Besides automation, the greatest take up to date has been the increasing use of technology in call centers, and in web-enabling claims, member management, and Medicaid Management Information Systems (MMIS).

- **Talent development is increasingly critical to providing value-added services:** Service providers are starting to rely on not only the skillsets but domain knowledge gained by their operations staff to offer more contextualized and valuable services. Increasingly, it is not just about processing a transaction or managing a contract. To drive more value means the service provider understands the context of the buyer’s target market and organization, and associates are increasingly engaged in using a combination of technology and subject matter expertise to identify new and better ways to achieve results, and more sophisticated interactions for customer service. It also means that service buyers should consistently re-visit the metrics of the service provider that is becoming more integral to impacting their business results.
Key Highlights: Healthcare Payer Operations Market (Continued)

- The Winner’s Circle reflects an ability to engage collaboratively with clients, and focus and investment in talent and technology to drive toward business outcomes.

The ranking reflects an analysis of Innovation and Execution, based on feedback from buyers, survey results, and market insight with a view toward the As-a-Service Economy.

- **Winner’s Circle:** Accenture, Cognizant, Concentrix, EXL, HGS, and HP
- **High Performers:** Dell, HCL, Genpact, Sutherland, Wipro, Xchanging, and Xerox
- IGATE and Infosys also participated in this research, and have strong qualities but are going through some disruption

### AS-A-SERVICE ECONOMY

Use of operating models, enabling technologies and talent to drive business outcomes through sourcing. The focus is on what matters to the end consumer.

HfS uses the word “economy” to emphasize that the next phase of sourcing is a new way of engaging and managing resources to deliver services.

**The 8 Ideals of the As-a-Service Economy are:**

1. Design Thinking
2. Brokers of Capability
3. Intelligent Automation
4. Intelligence Data
5. Proactive Intelligence
6. Business Cloud
7. Writing Off Legacy
8. Intelligent Engagement
Key Highlights: Healthcare Payer Operations Market (Continued)

This Market is Poised to Change Significantly:

- Newer and smaller scale players such as Genpact and HCL compete alongside more established players like Accenture, Cognizant, Dell, HP, Xerox, and Wipro. The latter have depth of experience but have to modernize large footprints of FTE-based services with digital technology, new services and contracts.

- Capability brokers play a critical role. With all the changes underway in the market, service providers that figure out how to tap into the best resources internally and externally to define and architect a solution—capability brokers—will stand out.

- Talent + Technology = Game Changer. Digital technology helps drive change, but not without people who make it drive toward the business outcomes needed in the right context. Feedback from clients/ buyers and service providers alike is that many service providers are trying to be innovative and buyers are often more limited by their own organizations’ reluctance to change or embrace new technology. The standouts are ones that are making clear bets and investments toward As-a-Service in areas that clients in business units or leadership roles perceive with a value such that they can make a case with IT to bring the service provider into the infrastructure or adopt an additional technology.

- Paying for outcomes. Legacy BPO providers face the challenge—as do their clients—of moving away from a FTE-based, rate card pricing model. Service providers that can set up and deliver on business results, increasingly possible through the use of automation and digitization for predictability, will set the table for deeper relationships and more strategic sourcing.

Healthcare organizations need to focus on connecting with consumers, and that means increasingly taking advantage of service provider capability for front and back office expertise and capability from both healthcare, and other industries. Service providers that can leverage best practices from other industries, speed to market with talent + technology, and subject matter expertise, as well as brokers who can collaborate will emerge strongly in this market.
Key Market Dynamics
State of the Market: Healthcare Payer Operations
Ecosystem Needs to Shift Its Focus to the Consumer

The healthcare industry is sparking a whole new relationship heat-map centered on Populations and Individuals as Consumers, Members or Patients.

Organizations that used to operate independently or at odds, are increasingly either networking together, or building capability in each other’s areas (e.g., payer/provider convergence and provider sponsored health plans). What they all have in common is the focus on the Triple Aim of Healthcare:

- Improve the health of populations
- Enhance the experience of care
- Lower health, medical, and administrative cost

To be successful, services buyers need to address a number of challenges, including:

- Individualized experience and engagement
- Compliance and risk management
- New revenue streams and business models
- Networks and interoperability
- Enabling technologies

Engaging Health Care Professionals/Providers (HCP) will also be critical to changing the healthcare system.

Source: HfS Research, 2015
A critical link to improving medical and administrative outcomes in health care is the Health Care Professional / Provider (HCP).

The HCP is the “point of the spear”-- the most common link between the Consumers and all the other players in the ecosystem.

Consumers want engaged HCPs focused on quality care versus challenged for time and energy on back office administration which is increasingly complex, demanding, and in some cases overlapping with health plans.

The HCP is also challenged, for example, with:

- Time allotted to patient contact
- Recruitment to the profession
- Reimbursement rates from government
- Multiple health plans with changing requirements
- Large and underserved populations

Enabling engaged and quality HCPs will also drive new results in healthcare.

Source: HfS Research, 2015
Compliance and Consumerism Driving Complexity and Change for U.S. Healthcare Payers and Providers

COMPLIANCE
- U.S. Patient Protection and Affordable Care Act
  - New payment models
  - Health insurance exchanges
  - 5-Star quality ratings
- HIPAA
- ICD-10
- Meaningful Use

CONSUMERISM
- Commoditization of products and services
- Competition from new players
- Digital technologies
  - Electronic health records
  - Telemedicine
  - Social media (e.g., ratings)

Regulation & Reform

U.S. Healthcare Payers and Providers & New Entities

Market Pressures

Payers Want:
- New members; renewing members
- Reduced/contained/predictable medical and administrative costs
- Healthy or healthier clientele
- Provider satisfaction

Healthcare Providers Want:
- Healthier consumers; quality of life for patients
- To be paid accurately and timely
- Maximize revenues through new payment models and incentive programs

Desired Outcomes:
- Profitability
- Compliance
- Consumer/patient/member engagement
- Better health and medical outcomes
- Interoperability and insight

Measured by:
- Reduced hospital readmissions
- Increased medical adherence
- Higher patient satisfaction scores
- Increased self-care
- Quality ratings (e.g., Star, HEDIS)

Source: HfS Research, 2015

Representative
The World We Live In: A View of What’s New and Emerging as Challenges for Consumers, Providers, and Payers

**Consumer / Patient / Member**
- Increasingly responsible for financing healthcare
- Buying and managing health insurance outside of the employer
- Understanding and choosing the right option from multiple products and plans, and then following the policies and rules of the networks
- Managing care from multiple sources (e.g., primary care, specialists, wellness coaches, etc.)
- Use of remote and mobile technology for self-care, self health management
- Expecting guidance, tools, and choices for plans, interactions, medications, etc.

**Healthcare Provider**
- Transition from managing episodes of care to proactively identifying who and when to target for intervention
- Assuming financial accountability for medical risk
- Increasing numbers of patients and decreasing numbers of primary care physicians
- Payment models and reimbursements based on medical outcomes
- Competition from new market entrants, such as retail outlets
- Use of digital technology as an integral part of communication and care (e.g., electronic records, telemonitoring, etc.); meaningful use requirements

**Health Plan / Payer**
- Increasingly responsible for financing healthcare
- Product development for new categories; differentiation in increasingly commodity market
- Needing to extend from B2B to B2C model—attract and retain the “right” members
- Increase in members leading to increases in demands on customer support, processing, etc.
- Expansion of Medicaid and Medicare and associated government regulation and reporting
- Ratings and reviews (e.g., 5-Star and HEDIS)
- Use of digital technology to create effective care management channels and communities
- Analytics for fraud, waste and abuse
STATE OF TRANSITION FROM COMMODITY TO CUTTING EDGE

- It is a slow shift, but it is happening. The Healthcare Payer Operations market started as lift-and-shift, access the client system via Citrix, claims processing FTE-based engagements. The predominant client base was the handful of the largest healthcare payers in the U.S.

- In the last couple of years, there has been a shift in the market as consumerism, competition, and regulation have driven a broader swathe of clients into looking into new operating models, and opening the door to service providers. The service buyer base is expanding to include “Blues” plans and networks, healthcare providers, a broader set of services including member management, provider network management, and health and care management as well as analytics. The solutions are increasingly leveraging third party and service provider tools and platforms to drive outcomes, and contracts are increasingly varied based on not just headcount, or per member per month (PMPM), but also results.

- Until recently, this space was referred to primarily as Business Process Outsourcing (BPO): Healthcare Payer BPO. However, with the maturity of the sourcing market, increasing relevance of enabling technologies, and the dire need for change in the healthcare industry to impact administrative and medical outcomes, services engagements are moving in a new direction. This movement focuses on business outcomes and brings together business processing with increasing use of enabling technologies and new, more flexible contracting models. This new way of partnering and sourcing is about “operating” in the As-a-Service Economy: Healthcare Payer Operations.
Service providers are increasingly offering a portfolio of options for engagement and contracting because technology and maturity in the sourcing market allows: The fastest movers and adopters of platform-based BPO and BPaaS are organizations that are driven to quickly address new demands to be more consumer oriented and provider oriented, for example, with customer service/engagement platforms, processes, and clinicians addressing a targeted population for health or care management or for enrollment and member management, or more insight driven, like with analytics as a service, but lack the resources to do it at speed.

**Operating Model Progression**

**Service delivery primarily on FTE basis, using a client system; may use proprietary or third party tools such as for workflow or analytics.**

**Platform-Based BPO**

Use of tool/technology platform in a way that is relevant to the evaluation and decision criteria for contracting and engagement. Standard approach across some clients.

**BPaaS**

Use of technology fundamentally changes or provides an incremental engagement or contract. Brings together people/process/technology for “plug & play.” Pay by unit of consumption; “rental.”
State of the Market: Transition to As-a-Service Economy

From BPO to As-a-Service

In years gone by, sourcing was all about driving out costs and achieving incremental improvements to processes.

The threshold for value has been raised, and it is all about working smarter through more simplified, intelligent operations.

This shift is possible due to the market’s experience with operating models, maturity of enabling technologies, and increasing engagement of individuals focused on defining and driving business outcomes.

The As-a-Service Economy is just taking shape in Health Care.

Source: HfS Research, 2015
State of the Market: Ideals of the As-a-Service Economy

HfS Research has developed Eight Ideals that contribute toward achieving this state of As-a-Service, and has included these Ideals in the evaluation of the Healthcare Payer Operations market:

**LEGACY OUTSOURCING**

Resolve problems by looking first at the process

Complex, often painful technology and process transitions to reach steady state

Fragmented processes requiring manual interventions, multiple technologies

Operations staff doing mostly transactional tasks

Ad-hoc analysis on unstructured data with little business context

Legacy technology investments drain budgets to remain functional

Governance staff manage contracts and service levels

Pricing and relationships based on cost, effort, and labor

**AS-A-SERVICE ECONOMY**

Generate creative solutions by understanding the business context

“Plug and play” business services

Blending of automation, analytics, and talent

Operations focused on interpreting data, seeding new ideas

Real-time applied analytics models, techniques, and insights from big data

Use of platform-based services makes many tech investments redundant

Governance and operations staff manage towards business-driven outcomes

Pricing and relationships based on expertise, outcomes, and subscriptions

1. **Design Thinking**
   - Generate creative solutions by understanding the business context

2. **Business Cloud**
   - “Plug and play” business services

3. **Intelligent Automation**
   - Blending of automation, analytics, and talent

4. **Proactive Intelligence**
   - Operations focused on interpreting data, seeding new ideas

5. **Intelligent Data**
   - Real-time applied analytics models, techniques, and insights from big data

6. **Write Off Legacy**
   - Use of platform-based services makes many tech investments redundant

7. **Brokers of Capability**
   - Governance and operations staff manage towards business-driven outcomes

8. **Intelligent Engagement**
   - Pricing and relationships based on expertise, outcomes, and subscriptions
Drivers for As-a-Service Economy: Healthcare

Three out of four healthcare and pharma organizations believe there is no value left in the current sourcing model. The As-a-Service transition in this industry is about evolving today’s global sourcing model to better leverage data and talent, and increasingly, technology.

What are the most significant drivers in your move to the “As-a-Service Economy”?

<table>
<thead>
<tr>
<th>Driver</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing the overall cost of process delivery</td>
<td>89%</td>
</tr>
<tr>
<td>Access better data to improve our business</td>
<td>72%</td>
</tr>
<tr>
<td>No more value to be found in current sourcing model</td>
<td>72%</td>
</tr>
<tr>
<td>Reduced reliance on manual labor to deliver processes</td>
<td>33%</td>
</tr>
<tr>
<td>More digitally-aligned operations</td>
<td>28%</td>
</tr>
<tr>
<td>Move to an outcomes-driven sourcing model</td>
<td>22%</td>
</tr>
<tr>
<td>Responding to disruptive competitors</td>
<td>22%</td>
</tr>
<tr>
<td>Ability to access, in &quot;real time&quot;, more flexible pools of skilled labor</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: “Ideals of As-a-Services” Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
Analytics and Automation Are at the Core of Driving New Value in Operations

Consumer-centric organizations are measured on successful interactions and impact on health and medical outcomes by government regulation and payment. For these buyers, access and insight on data is critical to success.

Healthcare & pharma organizations need data consolidated, of higher quality, used to make reports and insights more readily accessible.

Clients are looking for better access and use of higher quality data through automation, analytics, and talent.

In terms of business value, how much impact would each of these Eight Ideas of As-a-Service have on your organization’s performance, if they were in effect today?

<table>
<thead>
<tr>
<th>Idea</th>
<th>% Massive Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligent Data</td>
<td>72%</td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>59%</td>
</tr>
<tr>
<td>Proactive Intelligence</td>
<td>50%</td>
</tr>
<tr>
<td>Business Cloud</td>
<td>50%</td>
</tr>
<tr>
<td>Write Off Legacy</td>
<td>50%</td>
</tr>
<tr>
<td>Design Thinking</td>
<td>39%</td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>39%</td>
</tr>
<tr>
<td>Intelligent Engagement</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: “Ideals of As-a-Services” Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
Cloud and Analytics Are the Most Significant Enabling Technologies Today

Today, putting a secure cloud infrastructure in place is “preparing the way” for additional enabling technologies that will drive faster time to impact, more reliable data and reporting, and increased usability and interaction. There is an increasing sophistication in the use of Robotic Process Automation (RPA), which has been mostly used for point solutions and is increasingly expected to be incorporated into solutions rather than called out “stand alone.”

What is the most significant enabling technology for your organization today vs. 2018?

<table>
<thead>
<tr>
<th>Technology</th>
<th>2018</th>
<th>TODAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud infrastructure</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Analytics engines</td>
<td>33%</td>
<td>78%</td>
</tr>
<tr>
<td>Software as a Service applications</td>
<td>33%</td>
<td>72%</td>
</tr>
<tr>
<td>Mobile Apps</td>
<td>33%</td>
<td>44%</td>
</tr>
<tr>
<td>Social Media platforms</td>
<td>22%</td>
<td>39%</td>
</tr>
<tr>
<td>Robotic Process Automation tools</td>
<td>50%</td>
<td>22%</td>
</tr>
<tr>
<td>Cognitive Computing platforms</td>
<td>56%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: “Ideals of As-a-Services” Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
## Bottom Line: Analytics is a Critical Component Today

Do you have plans in place to execute on the following actions, over the next 24 months, to improve your As-a-Service environment?

<table>
<thead>
<tr>
<th>Action</th>
<th>% Definitive Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest in effective analytics tools &amp; skills</td>
<td>44%</td>
</tr>
<tr>
<td>Retrain existing internal operations talent to redesign processes</td>
<td>39%</td>
</tr>
<tr>
<td>Invest in internal IT talent to help us migrate away from legacy systems</td>
<td>33%</td>
</tr>
<tr>
<td>Identify/hire a transformational leader/change agent</td>
<td>28%</td>
</tr>
<tr>
<td>Accomplish creative problem solving/&quot;Design Thinking&quot;</td>
<td>28%</td>
</tr>
<tr>
<td>Write-off legacy IT investments and move straight into cloud delivery of processes</td>
<td>22%</td>
</tr>
<tr>
<td>Invest in specialized external services to redesign operations</td>
<td>22%</td>
</tr>
<tr>
<td>Invest in specialized management support to reorient operations staff</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: "Ideals of As-a-Services" Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
How As-a-Service is Taking Shape in Healthcare Payer Operations

Design Thinking, Brokers of Capability, and Intelligent Engagement are three Ideals that provide the structure for change and transition to As-a-Service.

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>DEFINITION</th>
<th>EXAMPLE(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Thinking</td>
<td>• Generate creative solutions by understanding the business context; combining industry / subject matter expertise with client context for solutions / results</td>
<td>• Sutherland uses its customer experience research team including ethnographers and sociologists, and leverages from other industries to help healthcare clients better understand and improve consumer experience. Example of engaging patients earlier in the billing cycle to drive down administrative cost as well as increase patient satisfaction.</td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>• Align governance and operations staff internal and third party to manage toward business-driven outcomes</td>
<td>• Concentrix’s new Innovation Council and partnership with AHIP Innovation Labs is designed to bring together client and service provider leaders to identify and address business problems in new ways with shared results.</td>
</tr>
</tbody>
</table>
| Intelligent Engagement | • Ensure relationships are contracted to drive sustained expertise and outcomes | • Through Accenture’s Joint Value Targeting Program, the service provider works with clients to continuously identify new areas of opportunity to drive business outcomes.  
  • HCL makes an effort to create a relationship “beyond the contract.”  
  • Genpact is engaging in “disruptive BPO” to design solutions based on outcomes, not existing processes.                                                                                              |
How As-a-Service is Taking Shape in Healthcare Payer Operations (Continued)

The data-driven Ideals of Intelligent Automation, Proactive Intelligence, and Intelligent Data focus on the effective use of data and analytics, and the engagement of BPO resources in driving results using new technology and insights.

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>DEFINITION</th>
<th>EXAMPLE(S)</th>
</tr>
</thead>
</table>
| Intelligent Automation| • Focus automation to enable analytics; signs of increasing maturity in the integration of automation into processes, and cognitive computing and artificial intelligence | • Dell’s “automated FTEs” (AFTE) for claims “work alongside” Dell associates in the workflow process, as shown and managed in a dashboard.  
• Xerox is embedding automation to enable more tailored and effective calls by mapping data from the back end claims system directly to agents interacting with callers.  
• EXL is using artificial intelligence (AI) in medical review.  
• HPES is incorporating AI in call centers to derive sentiment in voices and to identify faces in images. |
| Proactive Intelligence | • Align staff to interpret data to seed new ideas                         | • Accenture associates can use the Care Review Analytics Model to analyze claims and procedure data to predict which clinical review programs will result in higher savings and improve ROI.  
• HGS analysis on datasets and processes have led to suggestions that improve interactions with members and clients.  
• Infosys designed and automated a process for validated out of pocket expenses across medical and pharmacy claims. |
| Intelligent Data      | • Apply real-time analytics and insights                                  | • Wipro is combining social media data with claims and provider data for analysis that helps improve payer/provider relationships.  
• Many service providers are applying real-time analysis of claims data to address payment integrity. |
Two Ideals—Business Cloud and Write Off Legacy—address the significance that use of enabling technologies can have on business outcomes and changing the nature of engagement to As-a-Service.

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>DEFINITION</th>
<th>EXAMPLE(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Cloud</strong></td>
<td>• Enable “plug and play” business services</td>
<td>• Cognizant’s Onvida people, process, and platform quickly stands up a multichannel consumer engagement capability for a network of providers to support coordinated care management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wipro’s Medicare eligibility and enrollment hosted platform and business services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HPES e-prescribing solution used by many states.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• IGATE’s Nurse Navigator helps connect members/families to information relevant to them for care management.</td>
</tr>
<tr>
<td><strong>Write Off Legacy</strong></td>
<td>• Use platform-based business process services to make past technology investments redundant</td>
<td>• HGS’s Collibrium platform provides logic and capabilities for newer requirements such as those driven by ACA (e.g., member level billing).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Xchanging OPEN Core Platform: Health hosted solution for enrollment, scheduling, billing, payment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HPES, Xerox, and Wipro all upgrading MMIS.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• EXL has added automation and outreach capabilities, for example, to its care management platform.</td>
</tr>
</tbody>
</table>
# The Healthcare Payer Operations Market Adopting As-a-Service Ideals

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>AS-A-SERVICE IDEAL DEFINITION</th>
<th>NON EXISTENT</th>
<th>INITIAL</th>
<th>EXPANSIVE</th>
<th>EXTENSIVE</th>
<th>ALL PERVERSIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Thinking</td>
<td>Generate creative solutions by understanding business context</td>
<td></td>
<td>2015</td>
<td></td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Business Cloud</td>
<td>Enable plug-and-play business services</td>
<td></td>
<td>2015</td>
<td>2017</td>
<td></td>
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<tr>
<td>Intelligent Automation</td>
<td>Focus automation to enable analytics &amp; empower talent</td>
<td></td>
<td></td>
<td>2015</td>
<td></td>
<td>2017</td>
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<tr>
<td>Proactive Intelligence</td>
<td>Align staff to interpret data to seed new ideas</td>
<td></td>
<td></td>
<td></td>
<td>2015</td>
<td>2017</td>
</tr>
<tr>
<td>Intelligent Data</td>
<td>Apply real-time analytics models and insights</td>
<td></td>
<td></td>
<td></td>
<td>2015</td>
<td>2017</td>
</tr>
<tr>
<td>Write Off Legacy</td>
<td>Use platform-based services that render past technology investments redundant</td>
<td></td>
<td></td>
<td></td>
<td>2015</td>
<td>2017</td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>Align governance and operations staff to manage toward business-driven outcomes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Intelligent Engagement</td>
<td>Ensure relationships are contracted to drive sustained expertise and outcomes</td>
<td></td>
<td></td>
<td>2015</td>
<td></td>
<td>2017</td>
</tr>
</tbody>
</table>
Research Methodology
Research Methodology

Data Summary

- Data was collected in Q2 2015-Q3 2015, covering buyers, providers, and advisors/influencers of enterprise business services.

Participating Service Providers

This Report is Based On:

- **Tales from the Trenches:** Interviews were conducted with buyers who have evaluated service providers and experienced their services. Some were supplied by service providers, but many interviews were conducted by HfS Executive Council members and participants in our extensive market research.

- **Sell-Side Executive Briefings:** Structured discussions with service providers were intended to collect data necessary to evaluate their innovation, execution and market share, and deal counts.

- **HfS 2014 “State of Outsourcing” Survey:** The industry’s largest quantitative survey, conducted with the support of KPMG, covering the views, intentions, and dynamics of 1,300+ buyers, providers, and influencers of outsourcing.

- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral were evaluated.
Key Factors Driving the HfS Blueprint

**EVALUATION CRITERIA**

Two major factors:

- **Execution** represents service providers’ ability to deliver services. It includes:
  - Solutions in the real world
  - Quality of customer relationships
  - Flexibility

- **Innovation** represents service providers’ ability to improve services. It includes:
  - Vision for end-to-end process lifecycle
  - Concrete plans to deliver value beyond cost
  - Leveraging external drivers

**CRITERIA WEIGHTING**

Criteria are weighed by crowdsourcing weightings from the four groups that matter most:

- Enterprise Buyers (revenues >$5B) (20%)
- Buyers (20%)
- Service Providers (30%)
- HfS Research Analysts Team (20%)
- Advisors, Consultants, and Industry Stakeholders (10%)

Weightings from this report come from HfS’s July 2014 State of Outsourcing Study
## HfS Blueprint Scoring Percentage Breakdown

### EXECUTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Quality of Customer Relationships</td>
<td>23.30%</td>
</tr>
<tr>
<td>Quality of Account Management Team</td>
<td>11.90%</td>
</tr>
<tr>
<td>How Service Providers Engage Customers and Develop Communities</td>
<td>4.66%</td>
</tr>
<tr>
<td>How Service Providers Incorporate Customer Feedback</td>
<td>6.74%</td>
</tr>
<tr>
<td>Real-World Delivery Solutions</td>
<td>13.16%</td>
</tr>
<tr>
<td>Actual Delivery of Services for Each Sub-Process</td>
<td>5.78%</td>
</tr>
<tr>
<td>Claims Administration</td>
<td></td>
</tr>
<tr>
<td>Member Services</td>
<td></td>
</tr>
<tr>
<td>Provider Services</td>
<td></td>
</tr>
<tr>
<td>Health and Care Management</td>
<td></td>
</tr>
<tr>
<td>Government (Medicaid / Medicare)</td>
<td></td>
</tr>
<tr>
<td>Geographic Footprint and Scale</td>
<td>3.18%</td>
</tr>
<tr>
<td>Talent Acquisition and Development</td>
<td>4.20%</td>
</tr>
<tr>
<td>Flexible Pricing Models To Meet Customer Needs</td>
<td>13.54%</td>
</tr>
</tbody>
</table>

### INNOVATION

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision for End-to-End Process Lifecycle</td>
<td>19.56%</td>
</tr>
<tr>
<td>Concrete Plans to Deliver Value Beyond Cost and Investment in Future Capabilities</td>
<td>5.06%</td>
</tr>
<tr>
<td>Integration of As-a-Service Capabilities into Outsourcing</td>
<td>10.39%</td>
</tr>
<tr>
<td>Continuous Improvement Methodology and Capability</td>
<td>4.11%</td>
</tr>
<tr>
<td>Vision for the Evolution of Healthcare Payer Operations</td>
<td>16.86%</td>
</tr>
<tr>
<td>Ability to Leverage External Value Drivers</td>
<td>13.58%</td>
</tr>
<tr>
<td>Integration of Technology into Process (Automation, Analytics, Mobile, Cloud)</td>
<td>8.58%</td>
</tr>
<tr>
<td>Use of Partnerships, Alliances, Joint Ventures, Acquisitions</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### TOTAL

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
### Blueprint Scoring Definitions: Execution

<table>
<thead>
<tr>
<th>EXECUTION</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Customer Relationships</td>
<td>How engaged are providers in managing the client relationship based on the following metrics: quality of account management, service provider / client engagement, and incorporation of feedback?</td>
</tr>
<tr>
<td>Quality of Account Management Team</td>
<td>What is the quality level of professional skills in the account management team?</td>
</tr>
<tr>
<td>How Service Providers Engage Customers and Develop Communities</td>
<td>How well does the service provider engage clients and develop client communities?</td>
</tr>
<tr>
<td>How Service Providers Incorporate Customer Feedback</td>
<td>How have service providers taken feedback and incorporated that feedback into their product / solution / delivery capability?</td>
</tr>
<tr>
<td>Real-World Delivery Solutions</td>
<td>Does the solution provided compare favorably to the service agreed upon when taking into account delivery of services for each sub-process and geographic footprint and scale?</td>
</tr>
<tr>
<td>Actual Delivery of Services for Each Sub-Process</td>
<td>Taking into account each sub process and the entire macro process, does each sub-process sum to successful delivery of the service being provided? For example, in the Finance and Accounting macro process of Order to Cash, are all sub-processes being delivered upon successfully?</td>
</tr>
<tr>
<td>Geographic Footprint and Scale</td>
<td>Specific to the category, to what degree do service providers have geographic locations that offer strategic value and do they have scale?</td>
</tr>
<tr>
<td>Usefulness of Services to Specific Client Needs of All Sizes</td>
<td>How well does the provider deliver a defined end-to-end process / solution? How well do they attract and retain staff and leaders with the skills and capabilities to deliver?</td>
</tr>
<tr>
<td>Flexible Pricing Models to Meet Customer Needs</td>
<td>How flexible are providers when determining pricing of contracts? Are they willing to make investments into the client’s firm for long term growth?</td>
</tr>
</tbody>
</table>
# Blueprint Scoring Definitions: Innovation

<table>
<thead>
<tr>
<th>INNOVATION</th>
<th>Innovation is on the strategy, approach, and examples that address the combination of improving services, relationships/contracting, and business outcomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision for End-to-End Process Lifecycle</strong></td>
<td>The strategy for delivery services to each part of the business process &quot;value chain,&quot; as well as across it. For example, in Finance and Accounting, the components of the value chain may include order to cash, record to report, and procure to pay.</td>
</tr>
<tr>
<td><strong>Vision for the Evolution of Healthcare Payers Operations</strong></td>
<td>Does the provider have a vision for services that realize the HfS view of the emerging As-a-Service economy? (Examples include: agility/flexibility to scale the workforce up and down &quot;on demand,&quot; collaboration, focus on business outcomes of the service buyer, ‘plug and play’ services, workforce development targeting emerging technology)</td>
</tr>
</tbody>
</table>
| **Ability to Leverage External Value Drivers** | How well have providers integrated external value drivers into their services? Examples include:  
  - Use of technology such as cloud solutions, security enhancements  
  - Use of new collaborative tools  
  - Use of third parties through partnerships/alliances, joint ventures, acquisitions specific to this industry/process area |
Winner’s Circle and High Performers Methodology

To distinguish providers that have gone above and beyond within a particular line of delivery, HfS awards these providers a “Winner’s Circle” or “High Performer” designation. The below provides a brief description of the general characteristics of each designation:

**WINNER'S CIRCLE:**
Organizations that demonstrate excellence in both execution and innovation.

- From an execution perspective, providers have developed strong relationships with clients, execute services beyond the scope of hitting green lights, and are highly flexible when meeting clients’ needs.
- From an innovation perspective, providers have a strong vision, concrete plans to invest in future capabilities, leverage technology, and have illustrated a strong ability to leverage external drivers to increase value for their clients.

**HIGH PERFORMERS:**
Organizations that demonstrate strong capabilities in both execution and innovation but are lacking in an innovative vision or execution against their vision.

- From an execution perspective, providers execute some of the following areas with excellence, but not all areas: high performers have developed worthwhile relationships with clients, execute their services and hit all of the green lights, and are very flexible when meeting clients’ needs.
- From an innovation perspective, providers typically execute some of the following areas with excellence, but not all areas: have a vision and demonstrated plans to invest in future capabilities, leverage technology, and have illustrated a good ability to leverage external drivers to increase value for their clients.
Service Provider Capabilities
HfS Blueprint 2015: Healthcare Payer Operations

INNOVATION

EXECUTION

High Performers

Winner’s Circle

EXL
Cognizant
Accenture
HGS
HP
Concentrix

IGATE
Wipro
Sutherland
Genpact
HCL
Xchanging
Dell
Xerox
Infosys

© 2015 HfS Research Ltd. Excerpt for Accenture
## Major Service Provider Dynamics: Highlights

### EXECUTION

- **Quality of Account Management:** The ability to partner effectively to drive new results starts with the interaction in the account team between the client and the service provider. Feedback on the account team featured prominently in setting apart the Winners. Cognizant and Concentrix are viewed in particular as having the right balance of being collaborative, responsive, and forward thinking. HPES and Sutherland are cited for the depth of understanding they develop over time.

- **“Real World” Delivery of Services:** Cognizant and HGS stand out for consistently delivering above expectations; and HPES and Wipro’s Government clients appreciate how they stay on top of ever-changing government policies and regulations. All of the 15 service providers cover the scope of services in this Blueprint to some extent, and most provide both Commercial and Government support, which is a growing area.

- **Talent Acquisition and Development:** Accenture and EXL stand out as unique and recognized by clients for talent and workforce development programs. Examples include Accenture’s “Tech Masters” program in BPO for driving comfort with and uptake of automation; the Concentrix simulation environment for training; and EXL’s Academies.

- **Flexible Pricing & Contracting Models that Meet Client Needs:** While the market is still in the early stages of shifting from FTE-based pricing to value and outcome-based contracts, a few service providers have made moves clients appreciate, including Genpact and HCL. HGS provides the “best value.”

### INNOVATION

- **Investment in Future Talent and Technologies:** The right combination of talent and technology to enable process sets apart the winners over time. There is a shift in investment underway as service providers balance developing people with developing and maintaining tools and platforms. Cognizant, EXL, and HGS stand out as leaders so far. Accenture, Concentrix, Genpact, and Sutherland are not far behind.

- **Integration of Technology into the Process:** Every service provider is using enabling technologies to increase the speed, accessibility, accuracy, and predictability of results. HPES is leading a component-based approach to platform-based service. Xchanging and IGATE have targeted and platform-enabled specific end-to-end service areas.

- **Vision for Healthcare Payer Operations:** While not every client is ready to share a vision with a healthcare services provider, more forward thinking buyers are aligning their direction with service providers to tap into the best resources collectively. When it comes to being visionary, Accenture is the most articulate, and Cognizant shows the greatest willingness to make big, bold moves. Sutherland’s use of Customer Experience Labs brings a socially-aware approach; and Infosys is broadly training in Design Thinking. Concentrix launched an Innovation Council and lab partnership with AHIP.

- **Alliances and Investments:** Dell and Xerox are demonstrating forward thinking by bringing telehealth into the operations picture; and Wipro has unique strategic partnerships for analytics and for platforms in Government health and care management.
## Health Payer Operations Services Scope and Maturity

The analysis of Healthcare Payer Operations scope and maturity by service is based on the full set of weighting criteria for operations, including time in the market, capability, vision and strategy, use of technology to deliver, client feedback, and proven results. The boxes represent the value chain.

<table>
<thead>
<tr>
<th>Company</th>
<th>CLAIMS ADMINISTRATION</th>
<th>MEMBER MANAGEMENT</th>
<th>PROVIDER MANAGEMENT</th>
<th>HEALTH &amp; CARE MANAGEMENT</th>
<th>ADMINISTRATION (E.G., F&amp;A, HR, MARKETING)</th>
<th>ANALYTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
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<tr>
<td>Cognizant</td>
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<tr>
<td>Concentrix</td>
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<td>Dell</td>
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<td>EXL</td>
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<td>Genpact</td>
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<td>HCL</td>
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<td>HGS</td>
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<td>HP</td>
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<td>IGATE</td>
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<td>Infosys</td>
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<td>Sutherland</td>
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<tr>
<td>Wipro</td>
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<td>Xchanging</td>
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<td>Xerox</td>
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</table>
Themes in the U.S. Healthcare Payer Operations Market

- **Convergence of front and back office operations:** There is an increasing number of interdependencies in the healthcare administrative processes. Service providers are bringing forward ideas and launching initiatives that connect front and back office, for example, identifying eligibility and enrollment errors that could be avoided by having the correct information on a payer and/or provider web site or part of the enrollment process. Savvy buyers should take a look at how they can coordinate across business units internally and with service providers to cross historical lines, defining scope of services by end-to-end process.

- **Movement toward value-based contracts, primarily business led:** For years, contracts focused on service levels and penalties for not meeting transaction-based SLAs. New initiatives are also building value-based or outcome-based targets into contracts with gain sharing as well. Right now, these are baby steps that are new contracts around new scope of services, typically, and driven by leaders from global business services and business units at clients. The hold back is mostly with procurement and legal teams. HfS sees change emerging more consistently over the next 12-18 months, especially as increasing use of platforms raises the levels of predictability and accuracy, and more services are offered as platform-based.

- **Government healthcare support is being modernized and expanded:** The Medicaid market alone is expected to add coverage for up to 16 million consumers by 2020 (source: Congressional Budget Office). A number of service providers are investing in capability to support Medicaid and Medicare programs. Accenture, HPES, Wipro, and Xerox have Medicare and/or Medicaid platform-based BPO, and are continuing to expand and build out functionality, reporting, and capability. Cognizant created a Medicare/Medicaid Center of Excellence to focus resources.
Themes in the U.S. Healthcare Payer Operations Market (Continued)

- **Analytics is increasingly embedded and also offered standalone:** Operational analytics with dashboards and indicators are now part of the routine of service providers, and integrated into engagements. An increasing number of solutions are now available to address fraud, waste, and abuse; population health; and risk management. Solutions like EXL’s DataMasq that allows for “shadow” data for analytics, will drive new ways to do analytics with partners.

- **Innovation—so needed in this industry—is tough to realize:** “It takes two to tango” has never been more true than today in the Healthcare Payer Operations market. HfS heard more than once over the course of the research from service buyers that service providers often bring them ideas, and the biggest challenges to overcome are (a.) relevance and (b.) environment. To get past this hurdle and drive effective change collaboratively, buyers need to be open about what business outcomes they want to achieve, and coordinate internally (e.g., IT, procurement organizations) as well as with the service provider. Service providers need to be sure they understand the high priority needs and challenges of their clients and and position ideas and best practices in the relevant context.

The areas of customer touchpoints (driven by consumerism) and care/disease/wellness are where the as-a-service innovation is happening because these are areas for growth. The premise of the As-a-Service Economy is a focus on the end-consumer, and to provide a flexible, business outcome oriented solution, and this fits well into an increasingly consumer oriented healthcare market. Right now, HfS is seeing pockets of client/service provider collaboration to address these opportunities, such as standing up a care/case management call center for providers and consumers with clinicians/process/people with Cognizant Onvida or expanding quickly into Medicare enrollment and member management with Wipro’s Medicare 360, or HPES introducing e-prescribing into states.
Themes in the U.S. Healthcare Payer Operations Market (Continued)

- **Relationship management, empathy, and engagement are critical pillars for driving a new level of value in sourcing engagements:** Service buyers were at an absolute divide on whether they consider their service provider to be a partner in achieving business outcomes or a provider of staff with key performance indicators. There are a number of instances where the service provider doesn’t seem to realize which bucket they fall into; and the client wants better alignment. Many service providers share that they are being much more careful to evaluate how they are perceived and their role in sourcing, and this approach needs to be more consistent on both sides for more effective engagement. Additionally, the environment—technology preferences, language, and cultural implications (e.g., bilingual)—all need to be considered.

- **Training and talent development to reflect the changing focus of the healthcare industry:** A number of service providers have recognized the different requirements for customer support, for example, and implemented new development programs as a result. The speed at which service providers can “ramp up” to provide services has increased exponentially. HfS heard a number of examples of service providers such as HGS being able to quickly bring in and train resources to meet peak cycle times around enrollment and claims processing. HCL has a “Client University” to give the client team up to speed on the client context, engagement, and expectations. Accenture’s “Tech Masters” program is designed to bring practitioners up to speed on automation and other digital technologies. EXL, HGS, and others have on-going programs to ensure that staff members are current on ever-changing healthcare policies.
Themes in the U.S. Healthcare Payer Operations Market (Continued)

- Automation is par for the course, and the industry is at the beginning stages of experimenting with cognitive computing and artificial intelligence: There is a reduction in effort, an increase in accuracy and throughput recognized at every service provider with the use of automation. In commodity areas of sourcing—claims and provider data/network management in particular—automation is the innovation right now; it is helping to streamline and speed up processing. The limitations are in how broadly the service provider decides to leverage automation (that might cannibalize revenues and displace people) and how the client base allows automation tools to interface with their healthcare administrative systems—or turns over the end to end process. There is an increasing expectation among clients that automation is “baked into” the solution.

All service providers show examples and results from the use of automation. A few examples of how it is being integrated into BPO: Dell’s “automated FTEs” are part of the workflow and “work alongside” as shown in the dashboard in DBPMS. Cognizant is both incorporating automation into BPO, and using its HPA acquisition for BPaaS to address backlogs and additional throughput. Sutherland has an automation COE that partners internally and with clients. EXL is using artificial intelligence for medical review; and HPES is also applying cognitive computing to reduce fraud. HPES is also incorporating an artificial intelligence approach in call centers to derive sentiment in voices and to identify faces in images.
Themes in the U.S. Healthcare Payer Operations Market (Continued)

- **Options for Business Cloud and platform-based BPO are increasing.** Business Cloud is how HfS describes options that bring together people, process, and technology for clients As-a-Service. An increasing number of service providers are offering Business Cloud options to address, in particular, emerging needs around analytics and consumerism. Service providers are investing in Business Cloud through:
  - **Acquisitions:** For example, EXL/Landacorp, Cognizant/TriZetto, HGS/Colibrium, Xchanging/AgencyPort Europe
  - **Proprietary development:** For example, Accenture/Clinical Health Platform, HCL/Care Suite, Sutherland/SmartHealthConnect, Cognizant/SmartSERV, IGATE/Nurse Navigator
  - **Partnerships:** For example, Wipro/Oracle, Dell/Health Net Connect

However, for the most part, outside of MMIS, healthcare organizations have yet to use these platforms broadly for platform + BPO. There needs to be a compelling cost + value proposition and more education that the security and compliance is in place.
Service Provider Profile
### Healthcare Payer Operations Value Chain: Key For Profiles

#### U.S. Healthcare Payer BPO, Platform-Based BPO, and BPaaS

<table>
<thead>
<tr>
<th>CLAIMS ADMINISTRATION</th>
<th>MEMBER MANAGEMENT</th>
<th>PROVIDER MANAGEMENT</th>
<th>HEALTH &amp; CARE MANAGEMENT</th>
<th>ADMINISTRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Claims Adjudication/Processing</td>
<td>• Account Setup</td>
<td>• Provider Credentialing</td>
<td>• Population Health and Wellness</td>
<td>• Marketing and Sales</td>
</tr>
<tr>
<td>• Payment Integrity</td>
<td>• Eligibility and Enrollment</td>
<td>• Provider Data Management</td>
<td>• Utilization Management</td>
<td>• Finance and Accounting</td>
</tr>
<tr>
<td>• Complaints and Appeals</td>
<td>• Billing</td>
<td>• Contracting</td>
<td>• Care Coordination/Case Management</td>
<td>• Procurement and Supply Chain</td>
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<td>• Benefit Management</td>
<td>• Network Management</td>
<td>• Remote Monitoring Support</td>
<td>• Talent / HR</td>
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<td>• Customer Service</td>
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</tr>
</tbody>
</table>

#### HEALTH INTELLIGENCE & QUALITY ANALYTICS

- Fraud, Waste & Abuse Analytics
- Quality and Compliance Reporting and Analytics

<table>
<thead>
<tr>
<th>Commercial</th>
<th>Government</th>
</tr>
</thead>
</table>

#### Service Area Coverage

<table>
<thead>
<tr>
<th>Less Mature Services</th>
<th>More Mature Services</th>
</tr>
</thead>
</table>

Coverage is based off the full set of weighting criteria for BPO / BPaaS and the five boxes are the five areas of the value chain.

The indicator is to show a relative balance in the portfolio for Commercial versus Government Healthcare business (from data provided by the service provider).
**Accenture**

**Winner’s Circle**

*Long history of providing excellent delivery with smart people, moving into broader industry trends of automation and analytics*

**Business Operations Maturity:**

<table>
<thead>
<tr>
<th>Claims Services</th>
<th>Member Services</th>
<th>Provider Services</th>
<th>Health &amp; Care Mgmt</th>
<th>Admin: F&amp;A, HR</th>
</tr>
</thead>
</table>

**Blueprint Leading Highlights**

- Delivery Performance
- Innovation and Vision for Healthcare Payer Operations
- Investing in Future Talent & Technologies
- Use of Partnerships & Acquisitions
- Talent Acquisition & Management
- Quality of Account Management

**Strengths**

- Reinvention to As-a-Service is underway: Accenture Operations has a long history of FTE-based lift and shift BPO that it recognizes the need to change with automation, analytics, and new operating models. Progress is showing in areas like Analytics-As-a-Service for targeted healthcare issues, and more flexibility in ramping up resources for a client during the recent enrollment period. Also, clients appreciate the Joint Value Targeting Program approach as a way to change from FTE-based to value based contracting and more clearly define and recognize innovation in existing relationships.
- Proven impactful analytics capability: Accenture’s use of the “HAPO” solution for payment integrity identifies preventable rework and has driven administrative savings of up to 30%. As another example, with the Care Review Analytics Model, associates can analyze claim data and procedure information to predict which clinical review programs will result in higher savings and improve return on investment (ROI) for focusing clinical resources.
- Consistently attentive, engaged, and developing talent base: From the account management team through to service delivery, clients appreciate the depth of knowledge and capability at Accenture, and trust them to solution and deliver consistently. A unique example of Accenture’s talent development is the “Tech Masters” program, a collection of tools, resources, and communities to help teams learn and use automation. Clients are especially satisfied when engaging with Accenture in new areas, like population health.
- True visionary: Clients believe Accenture has a strong perspective on the industry direction, depth in policy and how it can impact the work they do with clients, and a vision for the future of health care.

**Challenges**

- Further apply technology to enable business processes: While Accenture is increasingly applying technology such as the ICA robot for claim within its operations, HfS hears that clients have yet to see the business case to implement in their own environment broadly. The Digital Workforce Platform needs to bring together operational and performance management with increased use of automation and analytics, and could be Accenture’s future Intelligent Automation platform. Accenture should continue to proactively share this approach as it comes to life.
- Combination of speed, operating model, and price point going forward: Accenture needs to continue on the path to a more nimble approach to deliver effectively with an on- and off-shore balance and use of technology. Clients want Accenture to respond more quickly and with greater urgency to needs they experience today.
- Fitting and timing the message for the client audience: Clients would like Accenture to prioritize responding to short term feedback with tactical moves more often, versus an often overriding focus on “strategic innovation” that is not as immediately relevant.

**Path to As-a-Service**

Strength and focus on data-driven ideals with automation, analytics and talent. Exploring platforms and alliances for making technology decisions and investments to get across the line into As-a-Service Economy. Movement is a bit challenged by large, established client base that admits to being reluctant to change IT. Accenture is exploring ways to provide “utilities” that will plug and play to address specific challenges.

**Relevant Acquisitions / Partnerships**

- February 2014, Fully acquired Radiant (URAC accreditation and assets) from Anthem.
- Automation: Automation Anywhere, Blue Prism, Jacada, Fusion
- Workflow Management: Pega, Atlassian
- CRM: Salesforce.com
- Analytics: Duke University

**Client Profile**

- BPO: Yes
- Platform Based BPO: Yes
- BPaaS: Yes

Including:
- Payers
- Healthcare Provider
- Pharmacy Benefit Management Companies
- Government Agency

**Service Delivery Operations**

- Healthcare Payer Operations for 14 years
- Healthcare Headcount: 18,000; 13,000 in BPO; 1,200 health licensed practitioners; 1,100 data scientists in healthcare
- Specialties: Doctors, Nurses, Pharmacists, Physiotherapists, Dentists, Certified Medical Coders
- Center Locations: Philippines (60%), India (30%), USA (10%), Europe (<1%)
Healthcare Organizations Are Changing the Nature of Their Sourcing Engagements

Based on your CURRENT investments and services relationships, how much progress do you expect your organization to make to achieve these “As-a-Service” ideals over the next 2 years?

<table>
<thead>
<tr>
<th>Brokers of Capability</th>
<th>39%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligent Engagement</td>
<td>33%</td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>28%</td>
</tr>
<tr>
<td>Business Cloud</td>
<td>28%</td>
</tr>
<tr>
<td>Write Off Legacy</td>
<td>28%</td>
</tr>
<tr>
<td>Intelligent Data</td>
<td>22%</td>
</tr>
<tr>
<td>Design Thinking</td>
<td>22%</td>
</tr>
<tr>
<td>Proactive Intelligence</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: “Ideals of As-a-Services” Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
# The Healthcare Payer Operations Market Adopting As-a-Service Ideals

How Ideals Will Progress Over the Next 2 Years Between Service Buyers and Service Providers

<table>
<thead>
<tr>
<th>IDEAL</th>
<th>AS-A-SERVICE IDEAL DEFINITION</th>
<th>NON EXISTENT</th>
<th>INITIAL</th>
<th>EXPANSIVE</th>
<th>EXTENSIVE</th>
<th>ALL PERVERSIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Thinking</td>
<td>Generate creative solutions by understanding business context</td>
<td></td>
<td>2015</td>
<td></td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Business Cloud</td>
<td>Enable plug-and-play business services</td>
<td></td>
<td>2015</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intelligent Automation</td>
<td>Focus automation to enable analytics &amp; empower talent</td>
<td></td>
<td></td>
<td>2015</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Proactive Intelligence</td>
<td>Align staff to interpret data to seed new ideas</td>
<td></td>
<td></td>
<td>2015</td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Intelligent Data</td>
<td>Apply real-time analytics models and insights</td>
<td></td>
<td></td>
<td></td>
<td>2015</td>
<td>2017</td>
</tr>
<tr>
<td>Write Off Legacy</td>
<td>Use platform-based services that render past technology investments redundant</td>
<td></td>
<td>2015</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brokers of Capability</td>
<td>Align governance and operations staff to manage toward business-driven outcomes</td>
<td></td>
<td>2015</td>
<td></td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Intelligent Engagement</td>
<td>Ensure relationships are contracted to drive sustained expertise and outcomes</td>
<td></td>
<td>2015</td>
<td></td>
<td></td>
<td>2017</td>
</tr>
</tbody>
</table>
Healthcare Operating In the As-a-Service Economy is About Five Years Out

Five years may seem like a long time, but any organization—buyer or service provider—that has not started along the path of the 8 Ideals is behind the curve. Slow, incremental moves could get lost as the speed of newer, more nimble players picks up. This is true on the buy and the sell side of the healthcare services equation.

Source: "Ideals of As-a-Services" Study, HfS Research 2015
N= 18 Healthcare & Life Sciences and Additional Interviews
Direction of Healthcare Payer Operations Market

- **Focus on quality:** Healthcare organizations need to address growth and cost, and quality is core to both. More than one client talked about changing the conversation with service providers to focus on quality, which led to uncovering errors and issues that once resolved, led to further cost reduction. It also leads to a new level of trust in an engagement, which, HfS Research has shown leads to higher levels of value in an engagement for both parties.

- **Applying best practices, tools, and techniques from other industries:** Service buyers are—or should if they are not yet—increasingly looking to their service providers for examples of best practices and success stories from banking, other lines of insurance, and retail, in particular. Insurance and banking is another highly regulated industry but with greater progress on “consumerization.” And, retail has worked through some pains of combining storefront and online services which is a rising challenge for healthcare. Not only do all these industries rate higher in customer satisfaction, which can hurt the growth and profitability of healthcare organizations, but retail in particular is becoming more competitive. EXL, HPES, and Sutherland all shared examples of leveraging resources, tools, and best practices from other industries.

- **Established healthcare payer operations service providers disrupting their own delivery models and creating new revenue streams:** Long-term healthcare payer BPO service providers like Accenture, Cognizant, HP, and Xerox, are balancing a “rethink” of FTE-based operations with branching into new offerings. These service providers have established client bases and work that needs to be disrupted with the addition of or upgrade of technology platforms and tools. At the same time, they are branching into new areas to diversify capabilities for delivering new value to clients, and create new revenue streams for their own businesses. For example, all of these service providers are incorporating automation in operations and repurposing or reassigning staff; and investing in new service areas and models such as Analytics-As-a-Service (Accenture), Business Cloud (Cognizant with Onvida and Xerox with HealthSpot). For customers and clients, this means the service providers are leveraging capability to focus on emerging and increasingly difficult challenges to address, and they are willing to collaborate for joint success to see the impact on the market overall as well.
Direction of Healthcare Payer Operations Market (Continued)

- **Expansion and maturity into “Intelligent Automation”:** Automation is the use of software to address repetitive, rules-based tasks; expansion to cover end-to-end processes leads to autonics; and the addition of machine learning, natural language processing, and data analytics drives cognitive computing. Every service provider covered in this research is using automation at points in transaction processing. Cognizant, Dell, EXL, HPES, and Wipro shared examples that bring in machine learning and artificial intelligence, particularly in claims, coding, and customer call center work. Concentrix, Sutherland, and Accenture have centers of excellence and focused resources looking at how to better adopt and use these technologies. Maturing in the use of automation—achieving Intelligent Automation—is in going beyond automating existing processes to rethink and reimagine processes based on the desired result—starting with the end in mind. Then mapping in the use of RPA, predictive analytics, and cognitive computing. Genpact is also heading in this direction.

- **Increasing capability for analytics will drive new business results:** One of the advantages of automation is that it both creates more reliable data sets, and frees up resources from mundane routine work to drive more modeling and predictive analytics. Service buyers with the context and data can partner with the service providers that have been developing tools and capability, particularly to address fraud, waste, and abuse and population health. A number of service providers are willing to engage in pilots and proofs of concept to show what they can do with their staff and IP.

- **Services to address consumer health, care, and engagement:** Service providers are increasingly building capability to help healthcare organizations focus on engaging consumers in health and care management. There is a convergence between what has been known as healthcare provider (population health management) and payer (care management) silos with the addition of consumer engagement. Xerox calls this “Consumer Health Integration Services” and has been making acquisitions to build up its capability. Many service providers are making investments in this area to have the right capability—technology, process, people, and results—to help impact health outcomes. See the HfS 2015 Population Health and Care Management Report for more.
Direction of Healthcare Payer Operations Market (Continued)

- **Peaks of activity in the past that led to additional work for service providers will instead be addressed by technology:** ACA initially drove a significant uptick in enrollment activity, for example, which can lead to increased claims processing and prior authorization, and the move to pay for performance will lead to increased work around credentialing, authorizing and managing provider networks. However, a lot of this activity could be automated by either a healthcare payer or a service provider. Service providers need to be moving forward to disrupt their own FTE based models and rethink these areas and others, employing new approaches and technologies to manage peaks and valleys.

- **Service provider portfolios at healthcare organizations will become smaller and more diverse:** While many of the larger health plans that have been using BPO for years will typically have more than one provider in place, HfS hears that many are evaluating the best fit and reducing the overall number of “similar” service providers. Additionally, they are looking at newer players in specialty and focus areas. The result will be more of a mix in the portfolio—fewer providers overall, but more diversity among them. The competitive landscape will also be broader with As-a-Service players emerging (e.g., Antworks) and healthcare organizations centralizing, automating, and offering services to other healthcare organizations.

- **Increasing need for capability brokers who can step outside the process to rethink end to end for new value:** As one interviewee described, his own organization is siloed, making it difficult to involve service providers end-to-end, even though he knows it would drive increased value for the organization. He said, “we are trying to give them more pieces of processes to look more end to end and how that might help innovation.” Service buyers have the challenge of coordinating internally across business units as well as with service providers. HfS sees an increasing demand for a role we call the “capability broker” that can fit together all the pieces of the puzzle. See [Today’s Accidental Career Path, Tomorrow’s Capability Broker](#).
Service buyers need to think about and engage with service providers more consistently as partners: A lot of what happens is that service providers that bring ideas for change and innovation often get feedback that they are pushy and “salesy,” while service providers that are delivering quality work consistently then get criticized for “lack of innovation.” In our research, HfS has found that the engagements that deliver the most value—cost plus additional value such as increased compliance, higher customer satisfaction—are clients who have a more collaborative engagement with their service provider. This approach can take the form of joint design thinking or innovation sessions that go beyond the discussion of operational checkpoints, having a shared set of goals and outcomes that are cost “+” additional value, and having shared resources.
About the Author
Barbra Sheridan McGann is Executive Vice President, Business Operations Research, at HfS Research. This role encapsulates her passion for research, analysis, and strategy, which has been over 20 years in the making. Barbra’s scope of work covers the business process outsourcing and emerging “As-a-Service Economy,” as well diving into themes such as talent, and industry and functional areas of Healthcare, Life Sciences, and Public Service.

As the business process outsourcing market has matured, Barbra tracked, analyzed, and advised on market and competitive moves and meaning for Accenture for over 7 years. She worked with Accenture leadership globally to develop organic and inorganic strategies that drove growth of new and mature offerings. Prior to that, Barbra helped launch and build the unique partnership between Accenture and Microsoft that created Avanade, an IT services company, focusing on the Public Sector and Financial Services markets. Barbra’s career at Accenture started with reviews and events on software selection in the enterprise resource planning software market.

Barbra earned a Bachelor of Arts degree in English with Honors, and was recognized for outstanding leadership in Volunteerism with the Chet Pagni Service Award, from the University of San Diego. She’s also completed post-graduate executive leadership work at Northwestern University and Smith College.

You can contact Barbra at barbra.mcgann@hfsresearch.com and follow her on Twitter @sheridanmcgann.
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- The Other Shoe Drops in the U.S. Healthcare Insurance Market
- Can BPO Providers Make “Business Cloud” More Than A Dream In Healthcare?
- Creating Connections: Changing the Profile of the Healthcare Professional in BPO
- Forget About IOT, Are You Ready for IOC?
- There is Energy in the U.S. On-Shore Sourcing Market

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  *The Evolution to the As-a-Service Economy Poses Major Opportunities and Threats to Enterprises*
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- The Rise of Design Thinking
- Insights From Early BPO Adopters of Robotic Process Automation

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**HfS Research** is the leading analyst authority and global network for IT and business services, with a specific focus on global business services, digital transformation, and outsourcing. HfS serves the research, governance, and services strategy needs of business operations and IT leaders across finance, supply chain, human resources, marketing, and core industry functions. The firm provides insightful and meaningful analyst coverage of best business practices and innovations that impact successful business outcomes, such as the digital transformation of operations, cloud-based business platforms, services talent development strategies, process automation and outsourcing, mobility, analytics, and social collaboration. HfS applies its acclaimed Blueprint Methodology to evaluate the performance of service and technology in terms of innovating and executing against those business outcomes.

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In 2010 and 2011, HfS Research's Founder and CEO, Phil Fersht, was named “Analyst of the Year” by the International Institute of Analyst Relations (IIAR), the premier body of analyst-facing professionals, and achieved the distinctive award of being voted the research analyst industry’s Most Innovative Analyst Firm in 2012.

In 2013, HfS was named first in rising influence among leading analyst firms, according to the 2013 Analyst Value Survey, and second out of the 44 leading industry analyst firms in the 2013 Analyst Value Index.

Now in its seventh year of publication, HfS Research’s acclaimed blog “Horses for Sources” is widely recognized as the most widely read and revered destination for unfettered collective insight, research, and open debate about sourcing industry issues and developments. Horses for Sources today receives over a million web visits a year.

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