Why Health Organizations Should Break the Health Management Outsourcing Taboo

Outsourcing Traditionally Off-Limits Areas Offers Payers New Outcomes That Go Beyond Healthcare Administrative Cost Savings

Accenture research shows that more than half of the top 10 US health payers are already outsourcing or are beginning to outsource portions of their health management operations. Different from clinical care, health management solutions help patients, providers and risk-bearers coordinate and manage health and wellness across care settings. Payers have generally seen strong impacts to outcomes by using healthcare business process outsourcing (BPO) to support utilization management functions and outreach to consumers. Examples of some of these impacts are:

- Helping to manage hospital readmissions by reaching out to recently discharged patients to survey for gaps in care, saving millions in medical costs.
- Providing reminders to seniors for recommended services like mammograms and cholesterol screenings.
- Enrolling individuals in additional health management programs designed to help improve health outcomes.
- Processing millions of service requests each year, helping patients get care in a timely manner.

In addition, payers are looking to outsourcing to drive additional strategic goals. An example of a potential initiative would be to leverage healthcare BPO to expand traditional payer services and focus resources on developing more innovative products. Another could be to expand into multi-channel communications and explore new models to provide better customer service; for example streamlining the prior authorizations process to help reduce handoffs and allow for one-touch service.

An evolution in healthcare outsourcing

This data reveals an important evolution. What was once taboo—using BPO for services supporting health care management—is becoming increasingly more common. Innovative payers are looking to expand healthcare outsourcing into their health management services, including utilization management and care coordination functions. Because these services can be delivered by phone or by other virtual means, it is possible to leverage a global talent pool.

Utilization management

70 to 80 percent of component services could be candidates for BPO.

Care coordination

10 to 20 percent of basic case management, disease management and wellness functions could be candidates for BPO.

It may seem counterintuitive to outsource functions like this, but health payers should not find this unique. This practice is standard—and successful—in other industries. For example, pharmaceutical companies outsource core analysis and pharmacovigilance support functions, mortgage providers outsource mortgage processing, and financial services companies outsource credit support services. Even Procter & Gamble, which has one of the world’s strongest consumer products brand portfolios, uses marketing BPO to help realize new growth and efficiencies. Similarly, high performing health payers can use BPO service providers to help provide new value for core functions that they may not be able to get from internal resources alone—from leveraging analytics to realizing scalability through delivery centers across multiple geographies.
Benefits beyond cost containment

While reducing administrative costs is a valuable benefit from BPO, progressive health payers can pursue outsourcing for something more. They see healthcare BPO as a means to a different end—support in achieving broader business and health outcomes.

This forward-thinking perspective is in line with Accenture’s research into the characteristics of high performance BPO. The cross-industry study, conducted with Everest Group and the London School of Economics, illustrates movement to a “cost-plus” BPO value proposition. According to the study, two-thirds of high-performance businesses focus on the potential value of business benefit beyond cost when creating the business case for BPO, compared with only 26 percent of typical performers.1

Administrative cost reduction can no longer be the sole driver of business process outsourcing among health payers. Any organization that thinks this way will likely fall behind their competition. Engaging in health management BPO can help drive towards important benefits for payers and consumers, such as:

- Improved health program quality and outcomes. Increasing enrollment, engagement and compliance via higher-touch outreach services therefore driving towards lower medical costs.
- Lower medical costs. Expanding established utilization management approaches and care coordination services to better optimize medical spend.
- Service expansion. Supporting the improvement of health outcomes and opening up the possibility of generation of new revenue streams through new program offerings.
- Optimal resource use. Focusing internal resources on the higher value-add member and provider interactions.
- Innovation engine. Reinvesting cost savings to help fund new products and services.
- Positive member experiences. Improved consumer satisfaction.
- New efficiencies. Streamlining previously unavailable connections to other outsourced operations and gaining insights from analytics.
- Growth. Positioning for growth in new markets by tapping into an expansive and highly-skilled workforce.

Benefits like these are particularly important considering the higher-cost, resource-dependent nature of most health management departments.

A new breed of health management

While it may be challenging for health payers to move beyond entrenched healthcare BPO perceptions and practices, there is growing momentum and incentive for change. The key is a strategic approach to leveraging sourcing and determining, based on a payer’s own policies and regulatory framework, which functions should be retained and which can be outsourced to a BPO provider.

Typically, health payers retain highly differentiating services such as those requiring entity licensure and/or certification or those involving specialized programs and/or high-acuity/high-complexity case management.

However, there are typically two core types of health management functions that health payers can consider outsourcing. The first is services that benefit from a human touch such as helping with Medicare Stars outreach, post-discharge calls and program enrollment. The other is outsourcing repeatable services such as processing of prior authorization requests, medical necessity review and post-service claim review support functions.

Health management is a well-established practice to help improve health outcomes, quality and manage medical costs. Using BPO to expand health management services can allow payers to better maximize these impacts. What’s more, an exciting aspect of this trend in healthcare BPO is that it is creating a foundation for health payers to help meet even bigger strategic goals. Organizations can invest in innovation in new ways—freeing up resources and establishing new services to better engage consumers and providers to improve health outcomes.

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