



TECHNOLOGY WILL UNLOCK NEW OPPORTUNITIES FOR MID-SIZE HEALTHCARE COMPANIES

Abstract

Healthcare models are rapidly changing in tune with digital disruption and post-pandemic trends. These are creating new opportunities for the mid-sized healthcare market to collaborate with the larger ecosystem and deliver next-gen capabilities to customers. However, certain challenges around data, changing business models, and stakeholder expectations present roadblocks. This paper looks at the main challenges for mid-size healthcare companies and how new technologies can address these. It also provides some recommendations to help healthcare companies unlock opportunities through technology transformation.



Introduction

Over the past few years, there have been new trends in the healthcare industry such as increasing digitalization and the rising importance of cloud, analytics, and other technologies. Most recently, it was the Covid-19 pandemic that unleashed a wave of disruption. Together, all these have upended traditional models of operation. However, along with the challenges, there are opportunities aplenty, particularly for small and medium players in the USA that represent 49% and 34% of this market respectively. Payers within the SMB market cover nearly 36.4 million lives ⁽¹⁾.

There are certain macro-economic factors affecting mid-market health plans. For instance, there is higher demand for healthcare services like behavioral health

and in-home care management, and increasing consolidation led by large private players. The pandemic has also played a key role in driving change. It has generated new areas of opportunity within healthcare technology, creating demand for solutions that support interoperability, virtual care, analytics, bio-pharmaceutical/clinical research platforms, and more.

Many payers are moving from fee-for-service care towards more value-based medical care, which is creating new opportunity for provider health plans. Since 2010, more than 40 provider systems have formed new health insurance companies or acquired existing health plans .

Provider health plans account for over 50% of the SMB market in the US ⁽¹⁾. Some

provider plans have experienced double digit growth, even as payer plans stagnate in their annual growth. Payer churn is being driven by acquisitions, closed operations, or down-shifting to the small market segment.

From an investment perspective, healthcare has surpassed all other sectors in its rate of total returns to shareholders. Investor success is climbing for deals pertaining to sectors like biotechnology payers, IT, medical devices, and general services. Several larger private equity firms have created healthcare-specific strategies such as leading global investment firm KKR's Health Care Strategic Growth strategy ⁽²⁾. Thus, companies in the midmarket look favorably upon these developments to support their transformation initiatives.



Outlook for Health Plans

It is crucial to pay attention to key shifts in the market in order to understand where to navigate. For instance, mid-market health plan providers face certain challenges in driving business due to unsatisfactory member and provider experience, ineffective product insights and design, limited care management, and non-intuitive systems for claim auto-adjudication and prior authorization. Modern technologies can help such players revamp their capabilities. But first, it is important to understand the different players and some new trends, as described below:

1. **Provider health plans** – This refers to providers that manage their own member network and offer attractive plans. 56% of the health systems and 48% of the hospitals say that they have faced barriers in collaborating with national and local payers in their market. Provider health plans are one way to solve this challenge. While not a new concept, this model is seeing increasing adoption since ACA with nearly 50% of healthcare providers now applying for licenses. The result is the shift from traditional fee-for-service to value-based care. This, however, requires stronger integration with electronic medical record (EMR) systems and other siloed platforms to simplify the sharing of clinical data. Through this, provider health plans will be able to increase member engagement, drive economies of scale and finance, attract new members, and enable lean and efficient operations.

2. **Mid-size health plan partnerships with large payers** – Such players collaborate for joint go-to-market offerings to complement their expertise. A case in point is the partnership between Oscar Health, a high-tech member engagement platform, and Cigna, which is a provider network. Both parties plan to share risk equally under a reinsurance agreement for solutions offered through the strategic partnership. Cigna's role is to provide access to quality cost-saving providers through the most popular provider networks, Local Plus® and Open Access Plus. All plans also include access to Cigna's behavioral health network for mental health resources. Patients will also have access to Oscar's doctor-on-call service, which offers 24/7 free telemedicine visits. The partnership allows them to:

- *Integrate medical, behavioral, and pharmacy services*
- *Provide broad access to high-performing networks of doctors and hospitals*
- *Offer support through a dedicated concierge team assigned to individual members to help them understand their benefits and find care*

Selling to small businesses needs more choice and value in health care coverage options for employees as well as individuals, which is easily achievable through joint collaborations.

3. **Health plans offering platform as a service** – Healthcare services are not limited to top payer companies like Anthem, Cigna, UnitedHealth, Aetna, etc. New market trends suggest that smaller

payers are also offering healthcare-related services. Some examples are Bright Healthcare that has created a healthcare services entity called Neue Health as well as GuideWell, parent company of Florida Blue, that now offers healthcare services to other payers. Delivered in a modular format, these platform-as-a-service (PaaS) products provide an additional revenue stream for mid-size health care plans.

4. **Innovative health products and custom plans** – This refers to players looking to shift from traditional HMO plans by introducing newer, flexible, and customized plans and specialty products. Traditionally, mid-size health plans are standard in nature and members have limited choices. Those seeking additional benefits must buy additional standalone products. For example, the combination of a telehealth primary care physician (PCP) with mental health services is gaining popularity in global markets.

5. **Towards cloud-enabled and AI platforms** – This refers to the use of cloud-enabled and AI platforms to achieve transformation goals. The current challenges are non-scalable legacy systems, lack of real-time insights, and limited data exchange options, leading to ineffective processes that increase member churn. Enterprises can drive operational resilience through AI augmented decision-making that allows them to build responsive value chains and deliver perceptive experiences at scale through cloud.

How Technology Helps

| Areas of improvement | Challenges | Technology solutions | Benefits |
|---|--|--|--|
| Member experience | Fragmented levels of engagement and information delivery create challenges in enrollment and eligibility verification | Seamless omni-channel services Generates data-driven personalized member touchpoints throughout the healthcare lifecycle Provides context-driven recommendations and next-best actions | Smooth member experience and improved revenue growth Supports early intervention Improves brand loyalty and retention |
| Product design and insights for sales teams and brokers | Designing Medicaid contracts is a complex process that requires contract planning, designing specialized plans, identifying the implications for the network, monitoring plan utilization, and delivering incentives | Analytical insights help discern key community trends to support a 'Think local, act global' strategy in product design | Localized product design encourages customer enrolment |
| Care management | Difficulty in connecting with patients beyond office visits | Actionable insights with 360° view of the patient Configurable and scalable digital experience platforms | Enables coordinated care management for improved well-being and member longevity Supports personalized interactions and next-best actions |
| Product customization | There is need for complex customization due to an increasing number of Medicare Advantage Dual-Eligible Special Needs Plans, behavioral health treatment or long-term services, and value-based insurance design (VBID) models in 2022 | Simplified and modularized product and plan benefits selection AI-driven product recommendation engine aligned with employer needs | Drives revenue growth through new products and services |
| Provider credentialing | Typically, health plans take about 45 days to onboard a new provider | Near real-time provider credentialing to simplify the provider onboarding process | Prevents fraud and ensures compliance with regulations Eliminates payment leakages Supports scaling of value-based arrangements |
| HEDIS – MA plans star ratings and analytics | Lack of upfront visibility Provider-sponsored health plans have higher ratings when compared to insurance companies | Rapid data extraction and aggregation through automation, pre-designed adapters (including HL7 and FHIR), and online templates Configurable rules engine for changing guidelines and benchmarks AI-driven actionable insights and HEDIS score projections for early visibility Provider outreach capabilities for corrective action and data collection | Higher star ratings attract new members for greater revenue growth |



SMART HEALTHCARE



How Technology Helps

| Areas of improvement | Challenges | Technology solutions | Benefits |
|------------------------------|---|---|--|
| Chronic disease management | <p>Revenue drain: 90% of America's annual healthcare expenditure is spent on people with chronic and mental health conditions</p> <p>Lack of efficiency and responsiveness</p> | <p>Infosys Chronic Care Management Framework is a comprehensive solution created based on experience with payers in chronic disease management. It helps create a differentiated experience for customers</p> | <p>Reimagine product portfolio by introducing family-level care products</p> <p>Improves adherence to care plans</p> <p>Enables payer-agnostic revenue, enhanced member experience, and better clinical outcomes</p> |
| Provider experience | <p>Providers are the key stakeholders in securing state contracts. Fragmented provider experience leads to negative image and lower onboarding</p> | <p>Standardized provider experience platform will improve digitalization and information transparency</p> | <p>Ensuring a smooth provider experience is a business advantage</p> |
| Claim auto-adjudication rate | <p>Service operations and administrative costs are rising. The cost per member per month (PMPM) for small and medium plans is US \$31 compared to US \$20 for large plans</p> | <p>Insights-driven automation solution for back-office process monitoring, optimization and performance management</p> <p>Prediction capabilities can flag issues and enrich health plan processes</p> <p>Solutions are based on advanced analytics, machine learning, and robotic process automation to harmonize business processes</p> | <p>Achieves higher auto-adjudication rates and improves organizational productivity</p> <p>Reduces overall payer administrative costs including PMPM cost, claims rework, claims leakage, late payment liabilities, etc.</p> |
| Prior authorization | <p>Poor levels of automation result in high costs</p> <p>Time taken for pre-authorization in a fully electronic system is 4 minutes compared with 21 minutes in a manual system</p> <p>Costs related to musculoskeletal disease is nearly US \$20 billion per year. Indirect costs can amount to five times of direct costs</p> | <p>Dynamic auto-approval of pre-authorization requests based on services, networks, provider performance, and member insights</p> <p>Identify alternate treatment options using advanced analytics and care models</p> <p>Humana is partnering with Cohere Health, a digital healthcare company to change the prior authorization process for musculoskeletal treatment in 12 states within USA</p> | <p>Ensures timely and high-quality care while controlling healthcare spending</p> |

The Infosys Approach

Infosys has designed an approach that helps mid-market healthcare plans 'partner for resilience' by running IT-as-a-Service, empowering them to unlock the potential of technology for greater value. The highlights of this strategy are:

1. **Leverage platform economy** – Some of the areas to leverage digitalization are quote-to-card services, delivering end-to-end experience for providers and members, enabling innovative products and services such as payer B2B, and optimizing the provider lifecycle. Such steps will improve net promoter scores, increase customer retention, provide upsell and cross-sell opportunities, and integrate data across various domains.

Infosys Helix digitally unites payers, providers, and plan sponsors through a platform-centric approach. It drives operational resilience through AI

augmented decisions, builds responsive value chains, and delivers perceptive value-based experiences at scale.

2. **Adopt cloud** – Automated customer and member onboarding are a few areas of differentiation. Players should also focus on integrating care delivery and enabling connected provider collaboration. This will help improve sales and marketing and enhance customer satisfaction. Moreover, it will support effective and real-time decision-making, and reduce the cost of administration.

Infosys has established a strong and vibrant partner ecosystem with different categories of players, including hyperscale companies like Google Cloud Platform (GCP), Amazon Web Service (AWS), and Azure using Infosys Cobalt. Infosys Cobalt is a set of platforms, services, and solutions that accelerate enterprise cloud journeys. These assets

have been curated by leveraging the extensive experience that Infosys has in helping customers undertake cloud journeys so they can achieve significant cost savings and benefit from the power of cloud.

3. **Use data and AI-driven analytics** – Intelligent clinical interventions are among the latest demands from customers. Thus, mid-market players should adopt solutions that enable personalized medicine, smart claims management, and intelligent resource utilization. This will help mid-market healthcare providers provide personalized care plans and next-best action recommendations. It will prevent claim waste and fraud, reduce prior authorization review, and minimize adverse events at hospitals. It will also optimize ambulatory scheduling and improve clinical outcomes.



About Infosys Helix

Current trends in the healthcare industry offer numerous opportunities for mid-size healthcare companies. Technology plays a vital role in understanding market demand so players can adopt an insights-based approach to drive growth.

Infosys Helix is a suite of products and platforms that serve as a catalyst for payers to achieve AI-first business strategy. Built-in intelligence augments human expertise

in making business decisions to create and sustain competitive advantage. These digital-native products and platforms are modular, independent, and interoperable with a digital core that is real-time, cloud-native, workflow-based, AI-embedded, and configurable. It helps clients take advantage of AI-driven decisions and insights to improve payer and member experience, achieve higher efficiencies, improve quality and access to care, and reduce cost of care.



References

1. <http://info.edifecs.com/rs/183-PWY-190/images/Insights-into-SMB-Health-Insurance-Market-WP-080718.pdf?alid=9933416>
2. <https://www.kkr.com/businesses/health-care-growth>

Authors

Manoj N Karnavar
*Associate Vice President,
Health care, Infosys*

Rajasekhar Vejendla
*Principal Consultant -
HealthCare at Infosys*

For more information, contact askus@infosys.com

Infosys[®]
Navigate your next

© 2021 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.