



Healthcare Reform – Priorities for 2012

A Dipstick Survey of Health Plans

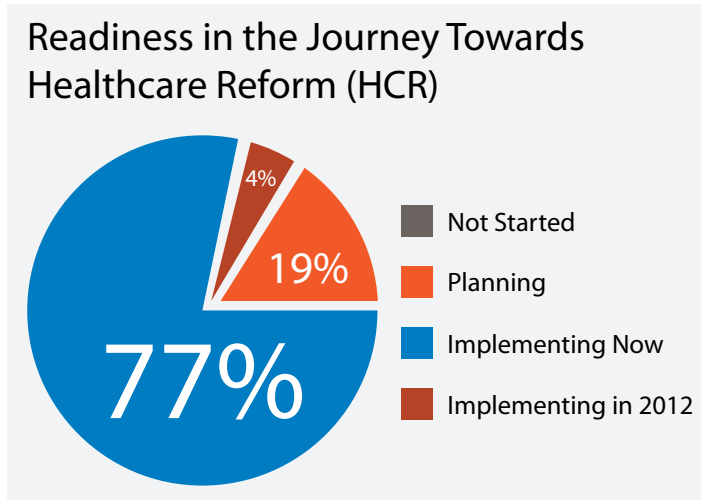
Today's healthcare economy faces a confluence of challenges with rising costs, inconsistent quality, and inadequate access to care. While it is well-acknowledged that these challenges can be addressed by way of a fundamental industry transformation, three key principles that will drive this transformation are **affordability** of care, overall **wellness** and **patient-centricity**. Affordability is not just about being cost-effective; it is about providing quality healthcare at the right price. Wellness is to focus on the overall well-being of patients, unlike the traditional 'cure' model which focused only on paying physicians for treating specific illnesses. Patient-centricity will be realized by educating consumers / patients and empowering them to make the right decisions — right from the point of purchasing insurance to helping extract greater value from healthcare.

Even as organizations take stock of today's complexities and gear up to effect far-reaching changes to their business, most industry circles acknowledge that Healthcare Reform (HCR) will only serve to further catalyze transformation across the healthcare ecosystem.

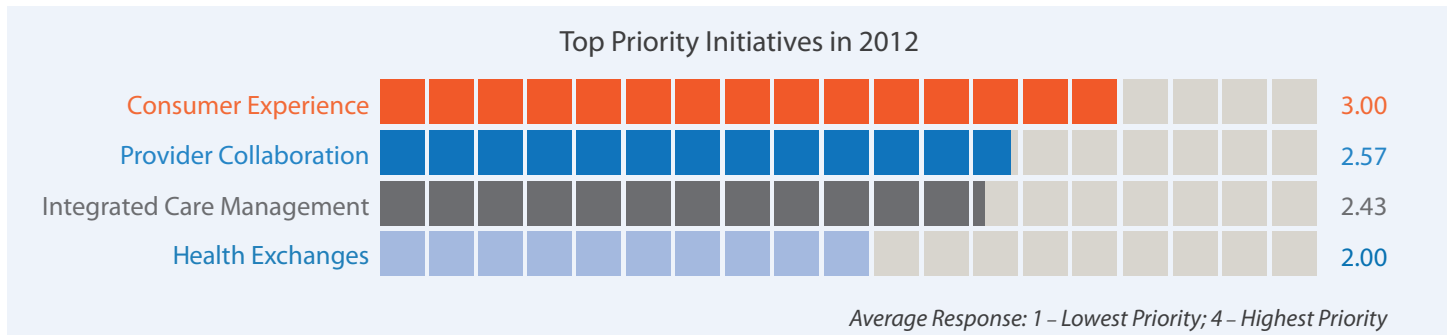
2012: The Turning Point for Healthcare Reform?

By any yardstick, 2012 is no “business as usual” year for America’s health plans. There is much uncertainty, owing to the impending Supreme Court decision on the Patient Protection & Affordable Care Act (PPACA) expected in June, and the Presidential elections in November. This backdrop adds a new dimension to the findings from the Infosys Public Services (IPS) 2011 dipstick survey of major health plans.

IPS conducted a panel discussion ‘Healthcare Reform or Not: Key Imperatives for 2012’ at a leading industry conference for health insurance plans. The IPS panel discussion at the event was attended by about 100 executives from health plans and provider organizations. We surveyed a sample of these health plans in two areas: Healthcare Reform (HCR) readiness and organizational priorities¹. Contrary to the perceived skepticism about the continuity of reform, the survey reveals that over 80% of health plans are implementing some form of HCR initiatives. However, readiness levels towards key provisions in the HCR mandate such as Accountable Care Organizations (ACO) and Health Insurance Exchanges (HIX) vary considerably.

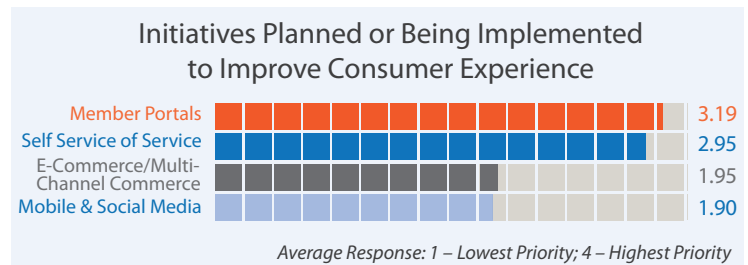
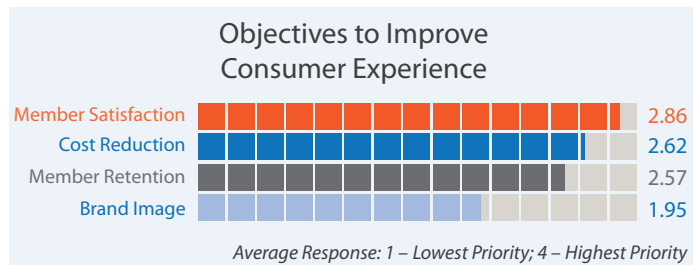


Consumer Experience Tops the Agenda



Improving consumer experience emerged as a top priority initiative for 2012. While there are multiple areas that health plans will focus on to better their consumer experience, most indicate that member satisfaction is their primary objective.

The survey indicates that member portals and self-service platforms are big bets for health plans looking to improve consumer experience. Embracing multi-channel commerce, mobility and social media are also on the agenda.



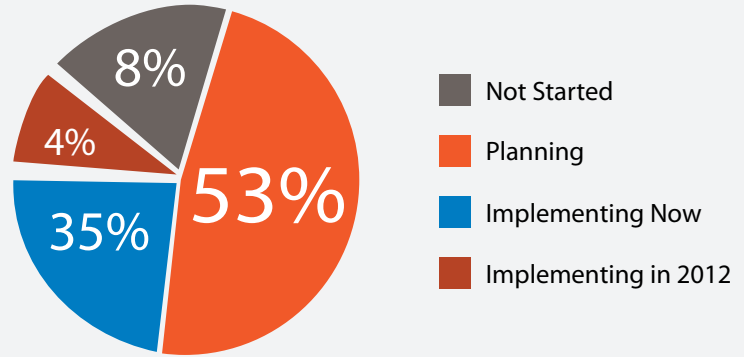
In our experience, many health plans are focusing on service improvement — both transactions and education — to improve member satisfaction. This enables them to eventually offer truly a multi-channel, consumer-centric experience that demonstrates value — which is necessary to build a strong ‘consumer brand’.

¹Sample size = 21. Survey not statistically significant and intended for directional insight

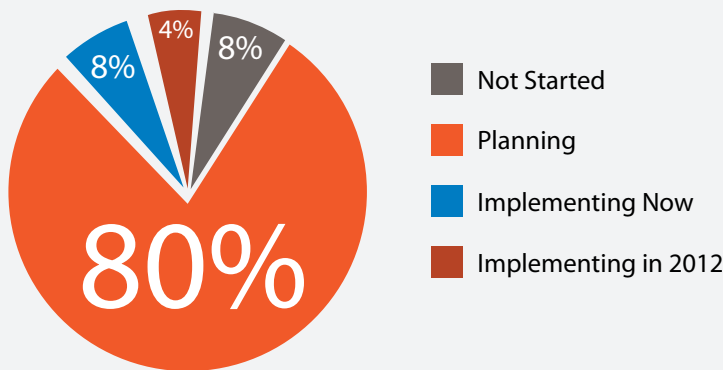
Accountable Care Organizations (ACO) & Integrated Care Management

Nearly 40% of health plans are already implementing ACO, with over half in planning stages. Many health plans began taking steps towards Integrated Care Management between 2009 and 2011, which is reflected in two-thirds responding that they are taking action towards this end. This is suggestive of why Integrated Care Management ranked lower as a priority for 2012, after Consumer Experience and Provider Collaboration.

Readiness Towards Implementation of ACO



Readiness Towards Health Benefits Exchange



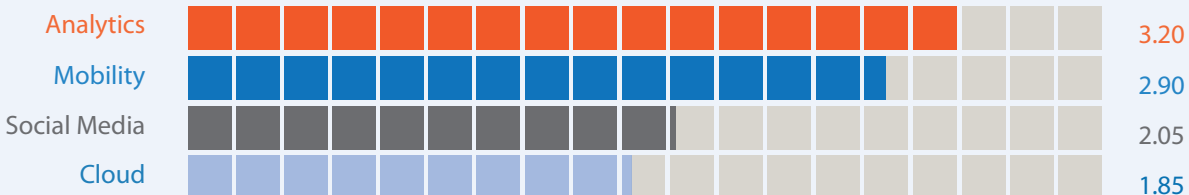
Health Insurance Exchanges (HIX)

HIX is perhaps the most debated provision in Healthcare Reform. However, more than 80% of health plans surveyed are still in the planning stages of HIX participation. This is not surprising, considering the 2014 deadline, and the added judicial and legislative uncertainty that has put many organizations in “wait and watch mode”. In our experience, health plans are commencing initial assessment studies on the impact of HIX on their business processes and systems.

Systems & Technologies

The survey indicates that analytics and mobility are the technologies most likely to find adoption in health plans. We believe these technologies will be leveraged to great effect in furthering top-priority initiatives like Consumer Experience and Provider Collaboration. For example, analytics can find application across domains like member, care delivery, health and wellness; as well as in providing the right information to the right stakeholders for informed decision making. Mobility can be put to good use for educating customers and bringing information closer to their devices of choice.

Top-Ranked Areas that will be Leveraged in 2012



Average Response: 1 – Lowest Priority; 4 – Highest Priority

Keys to Success

Clearly, impending judicial and legislative events may or may not significantly alter the direction and magnitude of the Healthcare Reform (HCR) mandate. Regardless of the outcome, Infosys Public Services believes that health plans will be better served by a three-pronged agenda that enables them to transform, innovate, and optimize on their journey of Building Tomorrow's Healthcare Enterprise:

- **Transform** — **Identify key business capabilities** that need to be built regardless of HCR direction
Consumer Experience should lead the agenda for change
- **Innovate** — **Adopt best practices from other industries** like branding from retail, multi-channel experience from retail banking, consumer engagement from financial services
Transforming the model and mindset is the key, not mere optimization of current capability
- **Optimize** — **Align technology roadmap and investments with business capabilities**; focus on solving immediate tactical needs, while still seeding the capabilities to position the organization for a post-reform future
Agility and flexibility should be major focus areas

This survey and the views expressed, do not constitute an endorsement or guaranty of any product or service by America's Health Insurance Plans.

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Building
Tomorrow's Enterprise

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