Payer IT paradigm shift needed to support customer-centric approach
Health plans that are transforming their organizations to focus on the consumer will have to modernize their IT applications and infrastructure in order to collect, store and analyze important information about their customers and remain competitive. The IT implications of this transition are significant because plans’ administrative systems historically have focused on policy management, claims and billing, according to Frederick W. Rook, PhD, vice president, Optum™.

At a recent Optum Perspectives webinar, “IT Management: Meeting the Demands of the New Health Care Environment,” Rook explained that although transactions systems are good at handling transactions, “they [aren’t] very good at integrative reporting or business querying or enabling analytics.” Even if plans layer additional customer fields onto their existing data models, he noted, they will only be able to scratch the surface of the data and capabilities needed to have a true impact on consumers.

Current analytics “are primarily policy-, billing- and claims-focused solutions for administrative and reporting purposes,” he said. “For us to really address this shift to a customer-focused environment, we have to change our thinking.”

“Legacy systems currently in place at most plans, when viewed through today’s lens, show that a change is needed, because these systems are based largely on relatively static member behavior.” stated Rajiv Sood, vice president, Optum. He explained that one of the biggest challenges payers face is the consumer’s expectation of “customer-centric payer behavior and customer-centric transaction behavior.”

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— Frederick W. Rook
PhD, Vice President, Optum

Changing trends prompt changing IT specifications

This transition from a world revolving around payers to a world revolving around customers is profound, Sood said. “A payer used to think about administrative matters. It used to be worried about enrolling a group or a member in a timely manner with the right quality of data entry on copays, benefits and related information,” he told attendees, adding that this approach resulted in very process-oriented IT.

In the past, “analytics have been used to conduct financial analysis, claims analysis, sales forecasting, workforce analysis and for economics and outcomes research and fraud, waste and abuse [efforts]. In short, every segment of the internal ecosystem had its own analytics for its own purposes,” Sood said. “Today, we need to shift that internally focused paradigm to an externally focused, customer-centric one, and this is where customer analytics come in.” (See Figure 1)

Plan customers “want you to know them and their preferences, such as when they like to communicate with you and how they like to do it, and they want customer-specific responses, often in real time,” he noted. Most importantly, “they want [the response] pertaining to them, specifically.” Sood pointed out that he was using the word “customer” — and not the word “consumer” — purposefully. “Note that we say customer, not consumer. The difference in terms is one of personalization, customization and individual positive selection,” he stated.

To determine where they stand in terms of delivering on these attributes, Sood advised attendees to ask themselves whether they know if their customer:

- Is a shopper and changes plans every year?
- Is more loyal?
- Prefers Facebook over Twitter?
- Likes to visit a retail location to have face-to-face interaction?
- Tends to communicate with you via email late at night?
"To deal with today’s consumer you must talk to them in a language they understand and in a manner they prefer," he declared. “Once you start talking to them, you have to keep talking to them to help them manage their health, retain them, educate them, and maybe even sell them some other products. We have to develop a relationship with each customer that is individualized and personal, and this is where customer analytics can really help.”

Customer-specific data models and analytics are necessary

Rook pointed out that most plans use analytics every day, but these analytics are not integrated to provide full transparency in the complete lifecycle of consumer behaviors and activities. He also remarked that payers can learn a lot from leaders in the retail world, such as Target and Zappos, which have an “absolute focus” on understanding customer behavior.

“Payers have to place the same importance on customer analytics as the traditional retail companies do,” Rook said. Although it is still early in the member-as-customer journey, he explained that there are a few basic concepts for payer analytics that plans should understand:

1. Engagement is key – payers need to communicate with customers in many different modes and manners (including social media), and must monitor the various modes of interaction
2. Payer data must be updated daily, if not more often

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What plans do with the data they collect is the linchpin, according to Rook. Plans need to take the information and “turn it into useful information to glean knowledge [they] can take action on. We believe that the heart and soul of any analytic solution is the underlying data model which must be structured and designed in a customized way.” (See Figure 2)

Figure 2
Consumer-centric conceptual data model framework

“If you want a robust and powerful customer analytics model, you have to have a brand-new data model,” he continued, adding that even though plans can add customer-related tables and fields to existing data warehouses for some incremental improvement, that is “not the type of architecture you need to really reach the holy grail of integrated customer analytics. You are going to have to think differently and build differently as you move ahead.”

Rook described the business intelligence and analytics best practices that Optum has set forth to help payers explore customer acquisition, customer development and customer retention — highlighting how these analytics, when combined with existing data, become increasingly powerful.

He defined overall best practices as:

- Conducting data and analytics maturity assessments to determine roadmap/infrastructure
- Creating a new, innovative data model design to support new, customer-centric business
- Leveraging a customer-centric warehouse/data marts as the foundation
- Leveraging innovative data technologies, such as mobility, cloud, etc., for scalability and agility

According to Rook, to date Optum has worked with plans to create data warehouses and data marts, integrate data from disparate data sources, apply business intelligence tools, create reports and dashboards and enable business user querying. For payers to move forward in a manner that acknowledges the need for and facilitates meaningful relationships with consumers, he said, payers “must take advantage of existing and evolving customer interaction technologies.”