Modernizing for the new consumer: A transformation in health insurance

Payer CEOs are in a race to build consumer loyalty, connect health data, and improve public health — all while driving down costs.

Presented by Optum
Consumer choice drives payer modernization, personalization

As consumers take on more responsibility for the cost of care — and therefore more authority — payers are racing to catch up to consumer-driven industries where customer intelligence and engagement are among the most valuable assets. Smart consumer companies leverage talent, analytics, big data and robust consumer engagement platforms to understand their customers. Payers need to modernize and master underlying organizational behaviors, technology, data and analytics to facilitate a more personalized customer experience, improve collaboration with their providers, and contribute predictively to public health initiatives — all while driving down administrative and medical expenses.
Modernizing for the new consumer

Shifting the focus of payer organizations — from working with businesses to engaging consumers, from managing claims data to combining payer and provider data, from a fee-for-service to a value-based health care model — is driving modernization initiatives that require deep organizational change, a strong sense of purpose, and a disciplined investment strategy that simultaneously supports retention and growth.

500 million smartphone users accessed mobile medical apps in 2015.¹

In 2015, 49% of consumers said they “trusted” their health insurance company.²

OOP costs will rise to $555.8 billion in the next ten years as employers shift to high-deductible plans.³

Venture capital in health IT hits $4.5 billion in 2017.⁴

The CEO has created the vision and appetite for change

As the industry shifts to a business-to-consumer model, payers have developed new roles, strategies and capabilities to prepare for the new market mix.

The journey toward a consumer-centric, technology-enabled business model is a reconstruction that disrupts the business from end-to-end — exposing gaps in talent and expertise.

In addition to creating the vision, the CEO must drive operational efficiencies to reduce costs by revamping core operations and technology to automate processes and drive out variation.

Third, and not least of which, the CEO must respond to demand for data interoperability by coalescing payer data with provider data: bringing longitudinal claims data together with clinical and consumer data to deliver actionable insights — a growing source of competitive advantage — and predictive analytics that can be used to drive down risk, improve population health and contain costs in the long run.
Because they are bearing more of the cost for their health care, consumers want to know what they’re buying, the ability to compare services and data on clinical outcomes, better tools to manage their financial obligations, and simpler access to the care network.

The sophistication of Google search, online retailers and apps for everything from payment to ride-sharing to arming home security systems has heightened consumer expectations for choice, access and control. Consumers want the same high-quality interaction they’ve experienced with other digital vendors, including customer service that makes them feel they are building a relationship rather than overcoming a barrier. The speed of delivery and quality of these tools has become critical to member retention, loyalty and growth.
The journey to digital transformation

The payer industry must rapidly transform to meet customer expectations with technology that builds in the choices, access and control consumers want.

Competitors and new entrants with sophisticated data integration and analysis tools will threaten the relevance of the payer business if their digital transformation continues to lag.

Insurtech is a portmanteau that describes new technology that is disrupting the insurance space — such as apps, wearables, claim acceleration tools, online policy purchasing and handling, and digital savings plans. New entrants are targeting the insurance market because it lags in tech adoption and consumer focus.
Modernized operations

Imperative:

Payers are under threat as digital-native entrants and accountable health care organizations (ACOs) move quickly to seize market share. Payers have not built good-to-great customer experiences, decision support, and ease of access to health services and coordination. Their core administrative processing systems impede the flow of data inside and outside the payer organization.

Why now?

Providers have consolidated to take accountability for costs and quality and purchasers are adamant about design, leaving payers to simply administer product modifications and fragmented service experiences or find new ways to deliver value. CEOs face board pressure to hasten digital change.

Supporting technology

A modern, cloud-hosted administration platform is essential to meeting consumer expectations, connecting operations and intelligence across the broader health ecosystem, and adapting rapidly to opportunities.

Digital health care data is expected to reach 25,000 petabytes in 2020.5

FIRST STEP:

Put core administration processing systems at the center of your health value model.

Innovate

Collect and utilize data from the health ecosystem that improves the payer/provider relationship and delivers enhanced health “value” to consumers.

Transform

Advance health information exchange capabilities by incentivizing use of open architectures, connected databases, and common patient identifiers to securely share data and easily combine data sets for clinical insights.

Optimize

Address productivity, quality, agility, flexibility and scalability with a management platform that supports open architectures, improves payer/partner collaboration and supports digital demands of consumers.

Efficiency

Improve internal operations in major cost centers to eliminate human touches or entire transactions — using rules and scoring engines or process management tools that enable self-service.

In the new paradigm, the consumer can review and pay hospital charges as easily as a hotel folio.

CO N S U M E R

CEO

http://data-informed.com/healthcare-industry-poised-take-giant-leap-cloud/
Capturing consumers:

Payers must move quickly to develop a new level of consumer insights, segmentation, targeting and outreach to capture consumer mindshare and market share. Engaging consumers will require breaking down internal functional silos to produce a consumer-centric experience equal to those delivered by B2C giants in retail, banking and telecom.

Why now?

The consumer’s insurance experience can no longer be detached from the care experience. It needs to enhance, strengthen and document health care to help the consumer recognize more value, whether it is integration of claims and clinical data or self-reported data via wearables to improve health and reduce premium costs.

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Create a cross-functional, cross-channel roadmap of consumer engagement capabilities and information flows; prioritize key customer journeys based on value to consumers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize</td>
<td>Develop an outside-in orientation and layer in consumer tools that offer consumers the convenience, choices and control they want.</td>
</tr>
<tr>
<td>Transform</td>
<td>Leverage technologies to communicate with consumers. Collect user feedback to continuously improve the consumer experience and build brand loyalty.</td>
</tr>
<tr>
<td>Innovate</td>
<td>Leverage digital channels to radically re-imagine decision support and user flows. Integrate analytics and big data insights to cater to the needs of unique consumer segments. Integrate IoT to create personalized, digital health apps and tools that heighten your value to consumers.</td>
</tr>
</tbody>
</table>

FIRST STEP: Identify and prioritize enhancement of the most critical member journeys.

Supporting technology

Digital platforms supporting rich interactive consumer experiences on all devices. Interoperable cloud applications to exchange data securely and rapidly from all sources — from claims to labs to sensors.

Of 32 companies at the bottom of a 2017 customer experience survey, 10 were health plans. 331 companies were ranked.⁶

AMAZON SET A HIGH BAR

And Amazon Prime raised it by adding free shipping, unlimited streaming and a Kindle Owner’s Lending Library for a small fee. Amazon continues to innovate to capture market share beyond its retail roots.

---

⁶ https://experiencematters.blog/tag/anthem/
Imperative:
Most health plans have limited visibility into provider information — and are under pressure to increase data quality to support consumer choice. The Triple Aim and fee-for-value will increase network complexity and competition, making the ability to evaluate providers critically important.

Why now?
Noncompliance penalties for erroneous provider data are significant — $25,000 per day per Medicare Advantage beneficiary. Also, states are requiring more information about providers, leading to increased errors and compliance risks. And the timeline for completing outreach and updates is short.

Supporting technology
Achieve data integrity via a cloud-based solution where provider and directory data are integrated and managed to support customer inquiries.

Even for organizations with heavy outreach, full provider accuracy is up to 60% inaccurate.\(^8\)

---

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Automate provider enrollment and management in a single portal where it can be monitored for directory data compliance, accuracy checks and provider-directory data validation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize</td>
<td>Include decision support tools to enable consumers’ search for providers, quality analytics and provider verification.</td>
</tr>
<tr>
<td>Transform</td>
<td>Respond rapidly to increasing consumer and regulatory demands for provider data quality and reduce compliance risks.</td>
</tr>
<tr>
<td>Innovate</td>
<td>Utilize network and provider data to ensure members have access to in-network providers, appropriate primary care and specialty physicians, and appropriate network tiers. Proper member alignment lower costs, improve outcomes, and raises Star and HEDIS quality measures.</td>
</tr>
</tbody>
</table>

FIRST STEP: Improve data quality through a strategic, multi-tiered approach that begins with a data assessment to benchmark current quality level.

---

\(^8\) Optum analysis of more than 75 health plan data files.
Imperative:
The convergence of payers and providers has made point solutions and activity-based care obsolete. Payers need systematic, actionable data, analytics and back-office tools to influence provider and member actions that are vital to success in risk-bearing partnerships.

Why now?
The transformation of America’s health care industry is driven by a decline in population health, unsustainable cost growth and consumerization. The need to deliver better outcomes has created a shift in the way providers, consumers and payers share risk and measure outcomes.

Supporting technology
An enterprise data platform to ensure data availability at point of care, and a modern administration platform to transact the value-based care model.

Large U.S. health systems, insurance companies and employer groups will shift 75% of contracts to risk-based by 2020.⁹

FIRST STEP: Assess technology and infrastructure required for shared accountability and transparency.

Efficiency
Risk-bearing partnerships demand a payer/provider relationship that maximizes mutual tools, technology and data to lower costs and improve care quality. Support providers with actuarial services, decision support services, data management and claims capabilities to create a common view.

Optimize
Transition to an engaged, coordinated and high-performing payer organization by incorporating technology and services to support risk-based payment models and operational efficiencies such as shared savings and capitation.

Transform
The purpose of risk-bearing partnerships is to create mutual interest in managing the health of a population effectively and efficiently. Invest in consumer and patient innovations in health care management such as tools to support patient-reported outcomes.

Innovate
Build and orchestrate a business model that monetizes health value — the measurable enhancement or maintenance of health status realized by consumers through their engagement with services, tools, products and content in the payer/provider ecosystem.

³ Modern Healthcare, January 28, 2015
**Imperative:**
The payer business must transform culturally, attract next-generation leaders, and develop strong internal and external networks to achieve digital-driven, consumer-centric cultures.

**Why now?**
The payer culture is long-standing, deep-rooted and highly vulnerable to being overtaken by emerging, tech-enabled newcomers with viable schemes for increasing efficiencies and improving the customer experience of health care. Organizational culture and talent are the critical enablers of success.

---

### Efficiency
Emphasize innovation as a corporate value. Develop managers to promote idea sharing across functions and business units using collaboration tools to build knowledge and ways of working.

### Optimize
Ensure a diverse set of experiences, perspectives, and backgrounds on innovation. Hold leaders accountable for behaviors that foster a culture of innovation and use the appraisal process to reinforce a more entrepreneurial mindset.

### Transform
Engage in strategic alliances beyond traditional strategic boundaries to expose staff to new ideas, skill sets, technology and problem-solving approaches.

### Innovate
Continuously adapt processes and interactions based on customer insights. Learn to fail fast and invest more in successful strategies.

---

**FIRST STEP:** Assess talent and culture to identify knowledge and skill attributes and where experts could fill gaps for supporting the digital transformation.

---

**Supporting technology**
Payers will have to look outside for digital IT skills. Two of the most common talent gaps are related to data science and digital business.

Companies with inclusive cultures are **1.7x more likely** to be innovation leaders in their market.¹⁰

---

**HIRING IS MARKETING TOO**
To source tech talent in a competitive market, Google delivered geeky gauntlets via google.com/foobar to engage developers in code solving puzzles.

---

Organizational agility

Imperative:
Payers must rapidly renew structure, processes and culture to respond to market conditions, changing populations and competitive threats — or lose relevance.

Why now?
If payers fail to establish a new operating model to increase revenues, lower costs and delight customers, they will not weather market disruption.

Supporting technology
Utilize cloud-based, as-a-service models, and experts in business-process-management restructuring, and consider acquisition to fill gaps in DX capability.

WHEN BLOCKBUSTER SAID NO
Blockbuster passed on several offers to buy Netflix in 2000. Today Netflix has 49 million subscribers in the U.S.

FIRST STEP:
Assess expertise and processes to determine where you will need to augment talent and technology to support digital transformation.

EFFICIENCY
An agile approach to market calls for small teams devoted to solving complex problems. Agile team members are big-picture thinkers who question custom and practice, understand customers, and provide a clear vision of the need for change.

OPTIMIZE
Break work into parts that can be conducted in rapid, iterative cycles rather than slow, massive efforts. Iterate and test with end users and modify according to new requirements to move new products or services to market fast.

TRANSFORM
Compress innovation project cycle times to uncover ways to consume, analyze and interpret data in the greater health care ecosystem via data, smart devices, APIs, microservices, smart processing, AI, machine learning and highly capable staff.

INNOVATE
Facilitate learning throughout your organization to overcome resistance and stimulate a culture that champions innovation.

54% of companies say agile practices enhance collaboration between teams that don’t usually work together.11

11 https://techbeacon.com/survey-agile-new-norm
Where are you on the journey?

The health plan CEO will lead cultural, technological and strategic changes to transform the payer organization from a siloed, fee-for-service organization to a consumer-centric, technology-enabled partner in the health ecosystem.

Data sharing with other organizations, integration of payer and provider functions, and multi-channel engagement with consumers will be the most important features of success. By reframing the payer model around these relationships, health insurers prepare the organization to meet changing demands — and position it for growth.
Optum offers an integrated approach to sustainable growth by connecting the business of health with technology for better outcomes.

Maximized through an integrated modern platform

Through a partnership with Optum, we make it easier for you to stay focused on your business goals.
The CEO leads the way to a digital, consumer-centric ecosystem

- Modernized operations: Manage administration processes to lower PMPM costs, adapt quickly and thrive.
- Secure ecosystem: Proactive protection of data, systems and networks.
- Process accuracy: Across claims, enrollment, billing, reconciliation and encounters to reduce waste and increase quality.
- Consumer engagement: Expert guidance, education and resources to find the best care at the right price.
- Member growth and retention: Sustained engagement through exceptional experiences to drive growth.
- Outcome based partnerships: Robust data and analytics paired with top medical, behavioral and Rx care programs.
- Connected: Aligned member, payer and delivery system for a healthier community.
Prepare for value-based health care by creating a technology-enabled, consumer-centric approach. Optum can help you transform legacy infrastructure and operations with expertise and cloud-enabled technology solutions.

Take the first step. Start the conversation with us at optum.com/solutions/prod-nav/healthcare-ecosystem