Winds of Change Blowing Strong in 2016

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Of all the phenomena that can affect the weather in North America, one of the most intense is known as El Niño. Strong winds, unseasonably warm temperatures in much of the country, excessive precipitation in some areas with excessive dry spells in others are just some of the changes to normal weather patterns it drives during the winter.

The world of health payers is experiencing its own ongoing El Niño in the form of the Affordable Care Act (ACA). By making tens of millions more Americans[1] eligible for health insurance, the ACA has had a profound effect on payer operations.

Health insurance is no longer primarily a business-to-business (B2B) transaction between insurance companies and employers. Instead, payers must now be prepared to meet the needs of individual consumers on a massive scale. Here is how the winds of change are likely to play out for health payers in 2016.

Use of Telehealth Grows

Three elements are required for telehealth to become part of the mainstream of healthcare: 1) Payers need to see if it can hold healthcare costs down (and get behind it), 2) providers must be reimbursed for the time spent on telehealth and 3) patients must be comfortable with a remote visit instead of in-person visit.

The first and second requirements are being taken care of by the Centers for Medicare and Medicaid Services (CMS) and its use of the 99490 code that

began in January 2015. This code pays providers roughly $42 per member per month to deliver remote care management services[2] to patients with two or more chronic conditions. The goal is to help those patients get better and stay well.

With more than 100 million members, CMS has the ability to create changes that also affect commercial payers. As for the third requirement, there are more telecommuters than ever.[3] Applications such as Skype, Facetime and business teleconferencing are making consumers comfortable communicating electronically. The ability to visit a physician via a smartphone, tablet, kiosk or other technology creates convenience, especially after normal business hours and in more rural areas where access to quality care is more limited. For many, 10 minutes via video conference versus long waits in waiting rooms for a 10 minute visit will become the preferred method of interaction for many simple healthcare encounters.

Data and Analytics Become More Critical

The crux of health insurance is the ability to manage risk. Yet as the ACA does not allow payers to exclude anyone with pre-existing conditions as members anymore, the ability to manage those members' conditions effectively is critical to success. This has led to higher adoption of health risk assessments (HRAs) and a need for more precise analytics to slice and dice all the data being accumulated through various sources. It has also changed the payer focus. Previously, payers used analytics to look for ways to reduce operational costs. In 2016 and beyond, the focus will be on creating highly targeted products, channels and service offerings that keep patients healthier. For example, payers may use behavioral data and HRAs to recommend Patient A to join a general health club to increase exercise intensity while suggesting Pilates for Patient B. It will all be very personalized, increase the likelihood that the patient will agree to the wellness plan – and then actively follow it. This targeted approach of wellness is possible with analytics resulting in higher adoption rates compared to a traditional outreach

More Attention to the Customer Experience

The individual member experience wasn't a focus for payers when most of their transactions were B2B. Now that they are working directly with millions of individual consumers, the customer experience becomes very important. Members purchasing health insurance on the exchanges will be faced with a choice each year and those choices will be right in front of them for them to compare. A poor customer experience this year will increase the likelihood of finding a new payer next year. Additionally, members will be comparing their payer customer experience with those they have with retailers such as Walmart and Amazon.com, technology companies, telco providers, credit card companies and others. Again, if the payer's service doesn't meet their expectations, such as having a self-service portal available, they will likely seek one that does. Based on the 2014-2015 data[4] 38% of members changed their health plans in state exchanges with in one year. With price points remaining comparable customers will continue to look to service and experience as key differentiators when choosing a health plan.

Build Relationships with PCPs

Primary care providers (PCPs) are viewed as being central to the drive toward value-based care that

focuses on keeping patients healthy rather than treating the sick. This model aligns very closely with the payers' need to manage risk. Rather than continuing the old, adversarial model, payer/provider collaboration will increase in 2016 for their mutual benefit – and the benefits of member populations.

Increased Adoption of Automation

With millions more members creating hundreds of millions more transactions each month, payers can no longer afford to "throw bodies" at issues. Robotic process automation will bring new efficiencies in 2016, helping reduce the number of steps required for a process in order to improve the bottom line. In addition, automating elements of processes such as claims will enable payers to manage by exception rather than reviewing each claim manually, reducing costs while delivering reimbursements to Providers faster.

More Use of Business Process Outsourcing (BPO)

Rather than attempting to fix their own processes, more payers will look to outsource that work entirely so they can focus more internal efforts on managing risk and delivering an outstanding customer experience. It makes sense, especially as more employers encourage employees to seek out their own health plans, creating even more individual members. The ability to manage processes efficiently will quickly become a lower-value contribution to the bottom line. In addition, BPO organizations that work across multiple verticals are able to bring the best practices from each, improving the level of quality and service overall.

This winter's El Niño is forecast to be one of the most severe[5] on record. But that's still nothing compared to the changes that the ACA has brought to health payers.

The key to surviving and even thriving with, these changes is to recognize them, prepare for them and start adjusting the business accordingly. Here's to a prosperous 2016! ■

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