

New Benchmarks For Evaluating Vendors:

Benefits Consultants, TPAs and Brokers

Written By Laura Carabello

SHARPEN EXPECTATIONS

Vendors should be prepared to pivot in 2022 as the benefits landscape shifts, challenging them to be accountable, stay relevant and respond to increased pressures for quality and cost-containment.

A return-to-normal and business-as-usual approach may be misguided as volatility and uncertainty remain primary issues for companies nationwide and throughout the world.

As we enter this new phase of the unknown, certain adjustments should be made to provide employers and their workforces with the highest quality care while optimizing costs and maximizing plan flexibility.

Overall, a Deloitte survey shows that 45% of insurance professionals believe living up to evolving client needs and expectations will be a major challenge over the next few years, and with good reason.

Gone are the days of relying solely upon in-person meetings as a way of interacting with clients. Manual paper processes are also disappearing as digital technologies prevail and communications for sales and client-advisor interactions proceed via both online channels and in-person meetings.



In fact, James Walleshauser, Nova Health president, advises, “We do require any vendors who come on site to provide proof of COVID-19



Jim Walleshauser

vaccination.” But he emphasizes that as part of their business practices, Nova implements continuous improvement efforts to help the Company match the pace of its rapidly changing industry. “We’ve been able to keep up with the changing landscape, as we already had comprehensive vetting strategies in place and a strong focus on cost containment.”

Nova requires a rigorous risk assessment for compliance, privacy and security, business continuity and financial stability. But they also take time to get to know the team at each vendor and build a relationship based on shared values and goals that align with Nova’s model for elevated service and data-centered decision making to rein in costs.

“As stewards of the resources entrusted to us by our clients, we expect our vendors to meet the needs of our plan participants as if we were ourselves providing the service,” says Walleshauser. “We have seen two trends emerging in recent years: 1) a demand for chat style servicing through a combination of bots and live service associates, and 2) an increase in mental health provided through a variety of platforms—whether through stress reduction modules embedded in wellness platforms or comprehensive behavioral health services available through telemedicine.”

At the Spring Consulting Group, Teri Weber, MBA, PMP, GBA, ICCIE, senior vice president, and Karin Landry, CEBS, ACI, CLTC, managing partner, expect that 2022 will herald continued popularity of point solutions, with the caveat that the priority be tried and true results as opposed to the trendy, check-the-box mentality seen in the past.



Teri Weber

“We further anticipate a shift in networks to make a difference, with an increased focus on direct primary care, tiered networks and new networks emerging,” say the leaders. “With pharmacy drug costs crippling many plans, we expect a continued focus on improving Pharmacy Benefit Management (PBM) programs through pass-through PBM firms, and a focus on drugs within the medical cost and pharmacy reinsurance programs to reign in specialty medications.”

In order to set baselines and measure results, they say that data warehousing will be critical, adding, “Businesses are focused this year on achieving health equity, and want to leverage their vendors to help them get there or assess their current state.”

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DEFINING

"HEALTHCARE VENDOR"

For the self-funded community, if a company partners with TPAs, benefits consultants, brokers or other intermediaries to deliver goods or services, the company is considered a vendor. The Office of the Inspector General (OIG) broadly defines healthcare vendors as "any providers, suppliers, manufacturers and any other individual or entity regardless of the service the vendor provides." For the purposes of this discussion, vendor companies span capabilities that include:

- Pharmacy Benefit Management
- Specialty Rx
- Physician and Hospital Services
- Pharmacies
- Pharmaceuticals/Gene Therapies
- Claims Processing
- Bill Review
- Voluntary Benefits
- Digital Health, Telehealth
- Behavioral Health programs
- Legal Services
- Risk Management
- Patient Management
- Retirement Benefits
- Substance Abuse Recovery
- Medical Travel
- Credentialing
- Field Marketing Organizations
- Call Centers
- Veterinary/Pet Services
- Captive Insurance
- HSA/FSA/HRA Administrators
- Defined Benefit Plans
- Workers Comp Solutions
- Wage Parity
- Wellness Programs
- COBRA
- Vaccine Tracking/COVID-19 Testing
- Home Healthcare
- AND MORE.....

Vendor/strategic partner vetting is critical, says Mark S. Gaunya, GBA, LIA, principal of Borislow Insurance, and founder & CEO of Captivated

Health. "We utilize a process performed by a cross-functional committee that evaluates an in-depth questionnaire and makes a recommendation to our executive leadership team," he explains. "Our nine-category qualitative and quantitative Scorecard with a minimum of four levels of scoring for each category ensures that the vendor/strategic partner is in alignment with our needs."

He explains that the Scorecard examines characteristics, including executive leadership, accessibility to culture and mission, possible conflicts of interest or ethical red flags. "If a vendor/strategic partner achieves a passing score, we move forward with deeper due diligence, including reference checks and, finally, engagement if they are selected."



Mark S. Gaunya



Joe Meyer

Since the onset of the COVID-19 pandemic, Joe Meyer, SVP, Sales & Marketing at Maestro Health says they have made sure to prioritize tech-enabled solutions on behalf of their brokers and employers which helps them navigate the challenges of today's healthcare landscape, and, as a result, have had to reevaluate vendor expectations.

"Cost-containment continues to be a major priority and many of our brokers require data-driven resources for COVID-19 services, such as the ability to analyze claims or help beneficiaries utilize telehealth applications without adding hidden costs to the client,"



he explains. “To provide these services, we expect that our vendor partners, from telehealth providers to our pharmaceutical partners, also follow the same technology-based model of our platform – creating the ability to use data to our advantage and prioritize cost savings in 2022.”

DIGITAL TRANSFORMATION, ESCALATING CONSUMERISM AND DEMANDS FOR CONVENIENCE

High on the list of expectations is the requirement that vendors undergo digital transformation as the way to becoming more consumer-friendly while simultaneously changing operations, culture and use of technology.

But merely adopting individual technologies and digital solutions is no longer enough to leverage their full potential and differentiate an organization from its competition. Virtualization and digital ways of working are becoming the norm, giving high technology adopters an edge within the healthcare industry.

For more progressive vendors, adoption of advanced technologies may provide key differentiators in this competitive marketplace where employers are reimagining healthcare as we know it.

These technologies include: Artificial intelligence (AI) as it is being applied in healthcare to early diagnosis prediction; Medical IoT – The Internet of Things allows

use cases to be built around several core functions, ranging from simple tracking solutions to complex automation; and Connected Ecosystems with mature healthcare IT to help to improve patient-oriented services, data management and interoperability.

Vendor technology should easily integrate with health plans, payroll companies and other partners, offering a seamless link to systems via EDI, API and FTP protocols. Many are moving to newer, cloud-based and customizable integration, with a fully modular system running on a single code base.

These approaches should provide automated claim substantiation, allowing for instant updates and approval of plan options, gateways to educational material and instant access to data for real-time reporting and data analytics.

Alongside these technologies, consumers are becoming more demanding, as people appear to be willing to shop around and switch plans if they aren't happy. Driven by Amazon and other tech leaders that have set high consumer expectations when it comes to ease of use, accessibility and speed, the healthcare business space has new entries, such as retailers like CVS, Walmart and Walgreen's.

Vendors must satisfy requirements for more convenient, streamlined processes and work toward a greater relationship with their TPAs and consultant customers by offering features that include quality, ease of use and increased connectivity with the vendor and services that match the “Amazon-like” shopping experience.

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Vendors need to ensure that members receive timely, easy-to-understand information through a variety of digital engagement tools, including webinars, easy-to-use websites and multiple communication channels that span emails, automated voice calls and texting. These touch-points work together to help members navigate their health journey -- from the day they select a plan to when coverage is initiated.



Mary Catherine Person

Mary Catherine Person, president, Blue General Partners, says that expectations for vendors have increased dramatically over the past two years. “COVID has changed the way we work and as employers struggle with communication to their employees. It is more important than ever for vendors to truly act as partners, integrating

into the employer’s benefit plan more seamlessly. This partnership should also include a focus on the member as the most important part of any service due to the difficulties in hiring.”

Claiming to be customer-centric is easy, but the pandemic quickly laid bare the customer experience weaknesses of many healthcare companies. As consumers are forced to play a much greater role in their healthcare decisions and, in many cases, contribute financially to the cost of care, vendors must be cognizant about the way they offer health services – from doctor’s visits to prescription medicines.

For healthcare companies to become truly customer-focused, they have to focus on customer data, make sure their operations and processes have a customer connection and ensure that their staff members are customer-focused.

Highlighting this point, IBM cites its 2021 CEO study which showed that 60% of CEOs who lead the most financially successful organizations cite “delivering better customer experiences” among their highest priorities in the next 2 to 3 years.



Kevin Schlotman

Kevin Schlotman, CCO, Flume Health, shares their corporate expectations for vendor partners, saying, “They must align with our vision and mission: to improve patient outcomes while containing costs. We believe these next-generation point solutions have the vision and potential to radically transform healthcare for the better. But our partners don’t simply promise better care and lower costs—they must have the data to back it up. For clinically focused solutions we ask first for independent, peer-reviewed studies that demonstrate the effectiveness of the offering - instead of relying on marketing material promising results.

We’re also probing for technological capability - are they relying on daily, weekly or monthly EDI feeds to exchange data? If so, they’re not a technology company. We’re looking for organizations that have taken the step into using API and webhook technology to facilitate near real-time data transfer to truly affect patient engagement and outcomes. If a vendor can’t produce data and demonstrate that they’re evolving technologically, then they may not be ready for widespread use.”

Care convenience is key to ensuring patient-centric care and improving the patient experience. Vendors must recognize that as more patients become responsible for a larger portion of their healthcare bill, they will naturally demand better services from their service and medical providers. Customer service levels may need some upgrading to match the level of attention people expect from traditional consumer brands.



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A streamlined patient experience should be in place to facilitate “self-service” to resolve most questions, issues or concerns – such as downloading an immunization record, accessing home based testing, participating in telehealth and virtual consults, booking an appointment, paying bills or checking their account/insurance status.

Employees are expecting to have access to the most up-to-date patient information from one centralized location. This will not only deliver a better patient experience, avoid redundant activities to document medical history, but also help mitigate fatal mishaps such as drug interactions.

Vendors looking to streamline the user experience and win more business are creating patient portals that keep all the patient interactions in one place.

ABILITY TO NAVIGATE AND COMPLY WITH INCREASED REGULATIONS

Moving to a more digital model is vital for health business practices, but it also comes with new privacy regulations and data security laws. Regulations like the NAIC’s Insurance Data Security Model Law are being widely implemented, and it is likely that similar regulations will be passed in the next decade.

Vendors must respect that these laws are important in protecting clients’ privacy online, although they present roadblocks in the customer journey. In 2022, the ultimate challenge for industry professionals will be to provide a high-quality digital experience that allows for open communication while staying compliant with regulations.

Allison R Johnson, president, Benefit Dynamics Company, points to the passage of H.R.133-Consolidated Appropriations Act 2021, providing nearly \$1 trillion in COVID-related relief and what many employers regard as welcome relief for Flexible Spending Accounts (FSAs). “Passage of this recent legislation now makes it more imperative to ensure that vendors are in compliance with current laws,” she says. “There is a critical need for a very thorough process on vetting vendors for their clients.”



Allison Johnson

She continues, “Another example is the Pharmacy Benefit Management contract. It is important for the plan fiduciary to know all the different ways a PBM can generate additional revenue based on their contract. Most PBM purchase decisions have been made based on AWP discounts, repricing and rebate guarantees, and not on the actual contract language.”

Further to this discussion on evaluating PBM vendors, John Adler, president and practice leader, ELMCRx Solutions, explains, “One of the greatest challenges in managing pharmacy benefits risk is the constant evolution of PBM programs, stand-alone third-party programs, and the ever-increasing utilization and cost of Specialty Drugs in both the pharmacy and medical benefits.”

In light of this, he cites changes in their approach to evaluating potential vendors, noting, “There is an ever-increasing number of programs available to manage the cost and utilization of specialty drugs. Any evaluation must include all options and a ranking of the options based on financial impact, member impact, plan sponsor involvement and potential specialty pharmacy drug changes.”



Source: IBM. <https://www.ibm.com/thought-leadership/institute-business-value/report/extending-digital-acceleration>

He says many of these programs are redundant with the PBM offering programs under current contract that duplicate all

or part of a stand-alone program. “It is important to review all offerings for overlap,” he continues. “In addition, any evaluation must include the ability to vet all programs for the net savings from each, taking into account fees and the loss of rebates. It is also necessary to understand any clinical impacts.”



John Adler

What is the bottom line? “It takes a combination of specific expertise, analytical resources and awareness of what programs are available in the market to conduct a complete evaluation of the vendors available to help manage pharmacy benefit risk, especially for high-cost claims,” concludes Adler.

ENSURING SUCCESS -- RISKING FAILURE

As market stakeholders hone their expectations and carefully establish partnerships, vendors are tasked to:

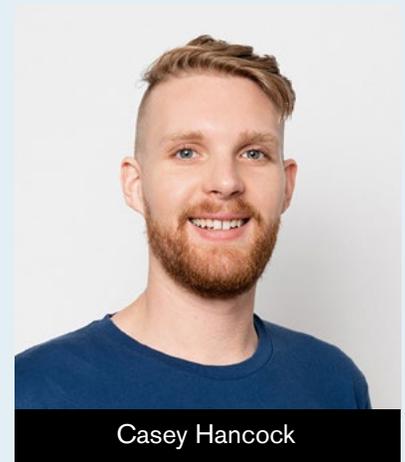
- Raise their true understanding of the legal/regulatory environment
- Understand roles and responsibilities about payment, ERISA fiduciary duty and laws such as health reform
- Respond to prevailing requirements for meeting consumer demand for improved access to quality, convenient healthcare products and services
- Step up digital capabilities

In this age of uncertainty, employers are more cautious, skeptical about vendor over-promises that under-deliver and continue to strive for pandemic resiliency.

Vendors serving the benefits marketplace must tailor their offerings, especially new services, to demonstrate problem-solving capabilities and ability to thoroughly understand the needs of intermediaries and their clients.

A word of caution to vendors: do not confuse the role and needs of the TPA, consultant or broker with an insurance company. The goal is to be mindful of federal laws and regulations and present customized pricing options tailored to client requirements.

Casey Hancock, CTO, Flume Health, sums up market expectations, saying, “We want to assess the partner's ability to deliver the value that they claim, and we want to integrate with them in a modern manner. We are interested in accurate and frequent data delivery that proves out the vendor's value. Particularly as it relates to NSA- and COVID-related regulations and requirements, we prefer vendors that are agile in the way that they can interoperate as data needs change and grow. Within engineering, we pay attention to availability in scope and timeliness, accuracy and richness of data when integrating with partners.



Casey Hancock

It's the ideal if integration partners behave like a tech company. However, it's not the norm and is contextual. With networks, for example, we would prefer that the network has handled NSA compliance in an agile manner. In reality, that's not something any network is really measured on—their core business is contracts and traditionally access to information is actually problematic. However, we've seen a few instances where PBMs have a tech-company ethos.”



Karin Landry

Finally, employers have a rising consciousness of racial, social and economic injustices and are further challenged by labor shortages and private-sector wage increases. Pressures continue to mount for making adjustments and responding to these issues that continue to fall on the shoulders of those who are in the best position to influence benefits decision-making. ■

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