

A Whitepaper for Health Plans

Coping with New Challenges on the Horizon



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NEW CHALLENGES ON THE HORIZON

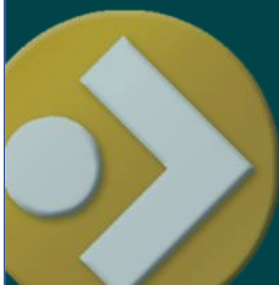


As an industry, healthcare has undergone enormous change. The landscape is dynamic and facing new challenges. Several factors are adding demands on health plans that are already facing budgetary and resource constraints:

Mergers, acquisitions, and partnerships are occurring at an unprecedented rate.

Disruptive players like Apple, Google, and Amazon, have entered the market.

And, of course, the government continues to introduce mandates to which the health plan must adhere.



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INTRODUCTION— THE BIG PICTURE

Health plans are under enormous external pressures. They face budgetary restraints, technological changes, resource constraints, and globalization. These factors force health plans to take a closer look at their current strategies and business models.

Operational activities that differentiate versus commoditized processes

There are activities that the health plan undertakes that give them a competitive edge in the marketplace such as activities that provide value to members and providers, and activities that improve healthcare outcomes. Those activities need to be the health plan's focus.

On the other hand, there are activities that the health plan must do that do not differentiate the organization or provide a competitive advantage. These processes are commodities. These processes, tasks, and technologies are best left to outsource vendors.

Focus on limited core processes to maximize competitive advantage

To manage these challenges, healthcare payers are increasingly outsourcing specific non-core business processes so they can focus on increasing their market share and client base. Successful health plans have learned to focus on a limited set of core processes and products. They maximize their competitive advantage by focusing on their core business. Anything that is not core business can be outsourced to a trusted partner, like Catalyst Solutions.

Just like organizations in other verticals, health plans are working to drive down costs and activities – but, more importantly,

BPOs – A QUICK BACKGROUND



BPO's have existed for decades.

Originally, outsourcing was associated with the manufacturing industry – where manufacturers outsourced segments of a company's supply chain to partners – such as: raw materials, production, and distribution.

This allowed manufacturers to focus on their core business, while leveraging the scales of economy of their partners.

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outsourcing also allows you to focus on what you do best, which is: improving the healthcare outcomes of your membership.

An outsourcing partnership can net many benefits to the health plan, including:

- Lower operating costs
- Access to dependable subject matter expertise
- Increased flexibility

BUSINESS PROCESS OUTSOURCING

Examples of necessary health plan commoditized operational and technology functions that can be outsourced include:

- Claims
- Configuration
- Call Center
- Enrollment
- Billing
- Appeals and Grievances
- Application Management
- Testing

All these services should come with service level agreements and financial guarantees.

CHALLENGE #1

Talent shortages and resource constraints

SOLUTION

Outsourcing BPO services can enhance your product offerings and help you overcome resource constraints. At the same time, the scales of economy will help keep your operating costs low. This enables you to focus on your core business and provides you with the flexibility you need to serve your customers best. [Top](#)

CLINICAL OPERATIONS

CHALLENGE #2

Reducing clinical administrative costs

SOLUTION

Outsourcing your clinical operations can help drive optimized health program quality, leading to better healthcare outcomes and lower medical costs – both for the plan and the member. In the clinical operations space, outsourcing can help health plans expand health management services, which allows payers to maximize the effectiveness of their outreach. This helps create a foundation for health plans to meet even bigger strategic goals. Using a BPO frees up resources to focus on clinical innovation and establishing new outreach services that better engage consumers and providers to improve health outcomes. [Top](#)

TRENDS –

The global healthcare BPO industry is expected to increase by 172 billion

from 2021 to 2026, reaching a total of \$468.5 billion by 2026.*

Claims management services will hold the largest share of payer services BPO

with a growth expectancy of 7.8 billion from 2021 to 2026, reaching 19.5 billion by 2021.*

The U.S. is expected to hold the largest share of global healthcare BPO services

in 2021* at 49%, with Europe at 30% and RoW at 20%.

Some of the major factors influencing US growth*:

- Growing pressure to thwart rising healthcare costs
- Demand for dedicated customer care professionals to manage:
 - Workload of processing claims
 - Loss of revenue from billing errors
 - Need for structured processes & documentation
- Account maintenance
- Catering to expanded customer base
- Creation of new insurance exchanges

Opportunities:*

- Advanced data analytics
- Growing adoption of drug discovery AI-based tools

* [ResearchAndMarkets.com](https://www.researchandmarkets.com)

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TECHNOLOGY

CHALLENGE #3

Technology is expensive

Many plans do not have the capital to invest in the latest claims or care management systems. They don't have budgets that allow them to procure 21st-century telephony or CRMs.

SOLUTION

There are immense advantages to outsourcing your technology needs, allowing you to pick and choose the technologies that best meet your needs. Those solutions can be customized and configured to meet the unique demands of your members and providers and, of course, HIPAA compliance is a key requirement. [Top](#)

CHALLENGE #4

Maintaining HIPAA compliance, constant upgrades, plus expensive licensing arrangements

SOLUTION

The right outsourced provider should have the expertise to work in your environment either with your existing technology or provide you with upgraded options and the luxury of choosing the best tools and platforms that suit your unique needs.

As you consider your new technology stack, you need peace of mind knowing your data is safe. Even as health plans face an ever-evolving landscape of malware, ransomware, and unauthorized access, the technology of your BPO must be HIPAA-compliant – meaning the sensitive data of your membership is safe and secure. Note: All of Catalyst's technology complies with providing security to our client's data. [Top](#)

CHALLENGE #5

Modular approach versus rip and replace

From a business perspective, rip and replace is messy. It doesn't just affect IT. It affects the whole health plan. Large-scale implementations tend to be expensive, disruptive to the end-users, and (usually) less effective than expected.

Many technology vendors promote a rip-and-replace approach. They want to remove your current system in favor of their newer system. In some cases, that can be the right decision – but in other cases, it's not. Sometimes, there are aspects of your technology stack that work fine and don't need replacing.

SOLUTION

Outsource to a provider who can implement a modular approach to system optimization when it is technologically possible and financially beneficial. Catalyst recommends inserting new modules

CASE STUDIES –

Health plan reduces claims operations costs by \$11m

Before collaborating with Catalyst, this Midwest health plan provider incurred claims-related expenditures of about \$16.5m annually.

[More details](#)

Health plan cuts annual call center expenditures by 50%

Before collaborating with Catalyst, this West Coast health plan provider incurred annual call center-related expenditures of just under \$2m annually. This cost was inclusive of labor and suboptimal telephony.

[More details](#)

Health plan achieves 22% increase in claims +processing productivity

Before collaborating with Catalyst, this East Coast health plan incurred annual claims-related expenditures of about \$13.4m annually.

[More details](#)

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into your existing infrastructure to boost the performance and efficiency you are looking to achieve. If you decide that your current technology isn't up to the task, Catalyst not only has new solutions for you but there are new ways to think about optimizing your technology as well. [Top](#)

CHALLENGE #6

The disruptive impact of transitioning new technology on your business

Making the transition from providing in-house services to outsourcing can be a big lift – and more complexity is added when that transition includes the introduction of new software tools or platforms.

SOLUTION

The key is to select a provider who will help you understand how the transition to new technology will impact your business.

Additionally, your provider should have the ability to employ a team of technologists who will build a clean structure for easy management of integrated systems and interfaces.

For example, Catalyst Solutions will work side-by-side with you to synchronize your new technology with insourced and outsourced processes to achieve the future you envision. Moreover, Catalyst builds solutions in which your relevant systems are coordinated with one another, whether you are using proprietary programs, off-the-shelf software, on-premise, and cloud-based solutions. [Top](#)

BUSINESS READINESS

CHALLENGE #7

Transitioning to a BPO or introducing new technology can be disruptive

to the health plan, the plan's partners, vendors, and customers. Change is hard. Change can have several unintended consequences, like diminished efficiency, decreased productivity, increased cost, employee disengagement, low morale, and increased turnover.

SOLUTION

An outsourced business readiness program can mitigate the impact and help your resources understand the benefit of technology changes your plan is undertaking. Additionally, It can help your team understand job changes, ensuring productivity and efficiency are not adversely affected by your move to outsourcing or acquiring new technology. [Top](#)

IN SUMMARY

The most important consideration about outsourcing non-core functions is not simply around reducing operational costs...

CATALYST SERVICES



BUSINESS PROCESSES

Outsourced functions include:

- Contact center
- Claims
- Enrollment
- Finance/billing
- Fulfillment
- Authorizations
- Medical management
- Grievance/appeals

TECHNOLOGIES

Sharable technology solutions include:

- Claims
- CRM
- Enrollment
- Pricing
- Telephony
- Authorizations
- Value-based payments
- Analytics/reporting

ADDITIONAL SERVICES

Member/provider call center
Claims process/configuration
Billing/finance
Enrollment
Document management
Print, mail & fulfillment
Clinical operations
Technology offerings
Implementation & integration
Business readiness

You also need to maximize the performance of your health plan by taking a holistic view of people, processes, and technology. You need your provider to be a strategic partner who will engage with you at a strategic level; who will seek to understand how your health plan works as a whole; and how your processes operate from beginning to end.

ABOUT CATALYST

We help you run your business, so you can focus on increasing your market share and client base. Catalyst's BPO services allow you to contract specific, non-core business processes to us – your trusted BPO provider.

Catalyst aligns our outsourcing services to your business goals and uses our industry expertise to anticipate your long-term needs. Our services don't end with outsourcing. We become your trusted advisor and collaborate with you in achieving a better future.

Catalyst believes true success in a BPO relationship can only be built on collaborative partnerships. Our mission is to extend our competencies and scalability to help your health plan focus on what really matters, so much so, that we are willing to build financially-based service level agreements into our contracts. This means we put our skin in the game. Together we share both risk and reward.

Our BPO services enhance your product offerings and help you overcome talent shortages and resource constraints. At the same time, our scales of economy help keep your operating costs low. This enables you can focus on your core business and provides you with the flexibility you need to serve your customers best.

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