

Proven Solutions for Reform Readiness

HealthPlan Services: Your Partner for Reform Readiness

To survive and thrive in today's healthcare reform environment, carriers must retool critical business processes and deploy innovative strategies that will ensure compliance, reduce costs and open new distribution channels.

By leveraging proven processes, advanced technologies and unmatched domain knowledge to advance their healthcare reform readiness, HPS helps its clients achieve regulatory compliance.

HealthPlan Services (HPS) offers reform-ready solutions, services and industry expertise that enable carriers to cost-effectively navigate the myriad of regulatory requirements and replace lost profits. Whether a carrier is entering a market or seeking to increase existing market share, HPS delivers the diversity, flexible sales models, innovative distribution channels and product/billing aggregation needed to accelerate speed-to-market and drive a 10% increase in cross-sales.

By leveraging proven processes, advanced technologies and unmatched domain knowledge to advance their healthcare reform readiness, HPS helps its clients achieve regulatory compliance. It also drives enhanced revenues and profit margins through:

- A 20% reduction in acquisition costs
- Operational efficiencies that reduce expenses by as much as 20%
- A 2%-3% increase in retention rates
- A ten-fold increase in sales reach

Whether carriers are in need of a standalone service to fill a specific gap or full management of comprehensive healthcare reform needs, HPS provides the solutions needed to acquire, service and retain the best risk and to comply with even the most complex regulatory mandates.

MLR & Rebate Management

The U.S. Department of Health and Human Services (HHS) estimates that 45% of people who purchase their own coverage are in plans that don't meet the minimum Medical Loss Ratio (MLR). Nine million people could be eligible for rebates averaging \$164 per person. The projected cost to the industry is \$1.4 billion in 2012 alone.

The challenge for many carriers is the lack of infrastructure in place to comply with strict MLR mandates or accommodate the rebate requirements. HPS overcomes these challenges with services designed to streamline the compliance process while providing administrative flexibility to meet individual carriers' varying needs.

HPS can also execute the strategies necessary to convert the rebate process from a profit loss to a marketing opportunity. For example, marketing strategies for active participants would include enhanced support for cross sales through aggregation of products from multiple carriers into a single quote, bill or renewal communication, as well as analytics-driven retention programs designed to keep customers from switching to competing plans. Marketing strategies for terminated participants would include aggregation of products to fill existing gaps in coverage.

Programs include flexible rebate solutions designed to meet the needs of any carrier that is currently confronted with the MLR rebate, including:

- A full-service offering for clients to which HPS is providing other administrative services
- A standalone rebate module for carriers seeking only rebate processing support
- Multiple entry and exit points, including rebate refund, disbursement and statement feeds

HPS' rebate program is audit worthy, with data collection and retention standards capable of withstanding the close scrutiny of government audits. The program is also centered on flexibility, featuring multiple disbursement methods, including paper checks, automated clearing house (ACH) and credit card credits, pre-loaded debit cards and credits on premium invoices, as well as the option of electronic or paper statements.

Also provided are:

- Mechanisms for gathering contribution rates for group plans
- Expert customer service
- Handling of returned items (e.g., bad address, ACH or credit card return)
- Escheatment processing

Acquire & Retain the Best Risk

In terms of their response to healthcare reform, carriers identified compliant risk acquisition and retention as one of their top priorities. Driving this urgency are several key reform mandates that will drive up plan costs by increasing required services with no corresponding increase in member contributions, which will hamper carriers' ability to balance the risk pool. These include the guaranteed issue mandate, requirements to provide full coverage of select preventive and primary care and emergency services, and bans on preexisting condition exclusions and lifetime and annual limits.

Compliance will also make it more difficult to manage high lapse rates, which are expected to increase by 30%-50%. It will force commission reductions of 50%-75%, driving brokers out of the individual market and placing up to half of all sales at risk. Indeed, the post-reform marketplace will be characterized by a greater number of price-sensitive consumers in the system without the benefit of agent representation. There will also be a sizable influx of newly subsidized and first-time insureds requiring higher levels of intervention.

These changes will not only create pressure to launch or expand internal and direct-to-consumer (D2C) distribution channels but also generate an increased need for persistent touch points and multiple products to improve longevity.

HPS can help carriers successfully navigate in this new post-reform era. Its services and solutions mitigate the risk of noncompliance, increase productivity and reduce costs, while ensuring acquisition and retention of the best risk. These include:

- Innovative sales models, such as tele-sales and D2C programs, that leverage the push toward higher consumer touch points
- Analytics-driven retention strategies that impact revenue and gain competitive advantage

Diversify Product Portfolios

Mandates designed to drive down the percentage of premiums used to cover non-claim costs and expand coverage and benefits have carriers scrambling to identify new strategies to counter anticipated revenue losses while maintaining compliance. For many, this will involve expanding portfolios to include voluntary and ancillary products and implementing processes and systems to aggregate multiple product administration.

By expanding nonmedical product portfolios to include life, disability, critical illness, dental and other types of coverage, carriers can:

- Reach new customers
- Extract more value from existing customers
- Improve retention rates
- Maximize commissions outside the MLR

HPS has the proven business processes, advanced technologies and trained, experienced professionals that enable carriers to capture a higher consumer wallet share by expanding product portfolios.

Whether a carrier is entering the market for the first time or looking to expand its market share, HPS has the individual, small-group and voluntary expertise needed to transition its business systems and processes for success. By leveraging this expertise, carriers can diversify product portfolios to include gap and voluntary products and save costs through product bundling, billing aggregation and effective retention services.

Contact HealthPlan Services today at 877.300.9488 or solutions@healthplan.com to learn more about our innovative healthcare reform services and solutions.

HealthPlan Services

HealthPlan Services (HPS) is the largest independent provider of service and technology solutions to the insurance and managed care industry. Since 1970, HPS has offered customized administration and distribution services to insurers of individual, small group, voluntary and association plans, as well as valuable solutions to thousands of brokers and agents. HPS' proprietary, scalable technology provides innovative consumer-facing solutions that are turnkey self-service tools for insurance carriers and distribution partners. HPS offers an ever-expanding array of services to a diverse and growing client base, and administers products that include medical (PPO, HMO, indemnity, consumer-driven), dental, vision, life, disability, cancer, critical illness, accident, long term care, limited medical, as well as various other ancillary insurance. HPS is committed to providing extraordinary service to its customers. HPS is a company of Water Street Healthcare Partners, a strategic private equity firm focused exclusively on healthcare. For more information about HPS, visit www.healthplan.com.