**HealthPlan Services**

**Speed to Market:**
*Leveraging technology, experience to accelerate a plan, product or market launch*

The return of double-digit medical trends in private health insurance expenditures in recent years has resulted in major plan redesigns. Typical employment-related Preferred Provider Organizations (PPOs) now require substantial patient co-pays, growing annual deductibles and 20 percent or higher co-insurance.¹ Health plans are not immune to the effects of the looming, or current, U.S. recession.

In fact, insurance carriers are seeing their traditional customer base – employer-provided health plans – quickly erode. A recent Hewitt Associates survey completed between December 2008 and January 2009 reports that 20 percent of the 343 benefits executives who were included will drop employer health plans over the next three to five years. That’s nearly five times as many as were planning an exit strategy just last year.²

The nation’s rising unemployment rate, which surpassed 8 percent in February 2009, is also taking its toll on group health sales.³ In 2008, the seven largest publicly traded health plans all reported earnings declines, the steepest of which came in the fourth quarter when unemployment accelerated.⁴

To counter declines in group coverage, many carriers are exploring expansion of their Medicaid offerings to save their own market position and to set the stage for the expected government-led national health system reform. Others are pushing hard to establish themselves as leaders in the individual health insurance market, with some national providers already reporting a 30 percent increase in individual health policies in 2008. This shift also includes a focus on specialized or ancillary products that focus on asthma, cardiovascular disease, depression, diabetes and robust wellness programs.

Outside pressures are just part of the equation. Insurance executives are juggling their own plan developments and business priorities. In an annual Celent survey, insurance Chief Information Officers (CIOs) say that business growth, cost reduction and product distribution are their top challenges for 2009. Distribution channels are expected to receive the largest amount of new assets – attention, talent and money.⁵ Companies are looking to technology to achieve operational efficiencies and improved data mining.

Even so, technology and concerned effort alone can’t overcome the industry’s current slow, costly process to launch a product or move into a new market to keep pace with rapid changes and emerging challenges.

Payers and providers, who have traditionally stayed at least an arm’s length, will be forced to work more closely together as patient and employer needs evolve. Regulatory, consumer and demographic pressures along with new consumer-driven plans are forcing carriers to better integrate multiple data sources – across geographic divides – to improve offerings and keep or grow customers.⁶

Carriers are also working to respond to employer-driven desires for plans that promote wellness and prevention. These plans would create access to and provide incentives for employees who seek lower costs, less intense providers like walk-in clinics and nurse practitioners. Both
employers and employees want web-based, service-oriented applications where they can manage their plans. This includes everything from policy issuance to customer service support and renewal administration.

With the above just a few of the challenges carriers face, it’s easy to understand why technology and time-to-market issues put carriers in an uncomfortable position; one of needing to be flexible, fast and innovative in an industry that has traditionally found it difficult to do all three at once.

**Slow to Market**

Time is often not on a carrier’s side when launching new plans or entering new market segments such as individual health and voluntary ancillary products – life, dental, critical illness and cancer to name a few. Depending on the complexity, number of products, number of markets and unique business rules and state regulations, it can take more than a year and tens of thousands of hours to implement a new product strategy. Even with a “simple” plan, carriers are still looking at a minimum of nine months to launch; more than 18 months is more realistic to re-tool systems and acquire the necessary domain expertise.

Payers are encumbered by inefficient administrative platforms, geared to large group support and other work processes that are not nimble enough to respond to quick market demands. And providers neglect essential processes such as patient throughput, procurement and clinical resources management. Health care is ripe for innovation, and industry leaders are being pushed outside of their current box toward lean manufacturing techniques, like scheduling and queuing theory and just-in-time processes.

Health plan incumbents slow to seek new – even outsourced – options are creating opportunities for innovative competitors willing to focus on young, healthy consumers who are comfortable with lower-cost, high-deductible policies from niche players. Without a willingness or ability to improve time-to-market speeds for products and for moving into new markets, existing carriers will see their market share shift to companies who leverage faster and more cost-effective, technology-driven options for increasing their own footprint.

**Making Up for Lost Time**

Outsourcing new market segment launches and administration for new product innovations is a solid option for carriers trying to move ahead on the flexible, fast and innovative continuum. Technology and services companies often specialize in specific health plan types, like fully-insured individual, small group and voluntary markets. Because of their dedicated focus, they can get a plan up and out to market dramatically faster than a carrier’s internal teams.

The reason for this enhanced speed-to-market is that technology and service oriented solutions companies, like HealthPlan Services (HPS), have developed standards, technologies and best practices that can jump start the process. HPS, for example, has extensive experience in implementing, supporting and providing a full scope of outsourced services, including:

- Sales and sales support, including marketing
- Broker, employer and individual web tools
- Automated enrollment
- Medical underwriting
- Policy administration
HealthPlan Services

- Multiple product billing aggregation
- eBilling
- Renewal administration
- Commissions processing
- Customer care call center services
- Policy/document generation
- Claims processing

HPS can provide comprehensive services or unbundle them so the company is managing only those processes that make the most financial sense for the carrier. This is where HPS’ consultative approach comes into play. Its business analysts sit down with each client and evaluate specific needs, expectations and business requirements to develop a strategy that delivers maximum value for their outsourcing investment.

Since HPS works exclusively in the fully insured individual, small group and voluntary markets, the company has established proven processes that speed time-to-market by streamlining the requirements-gathering, configuration and testing processes. By leveraging existing best practices, HPS can shave months off the time it takes to deliver a product to market.

Another advantage HPS offers over other traditional third party administrators (TPAs) and Business Process Outsourcers (BPOs) is Platypus, the company’s patent-pending proprietary technology platform.

Platypus was specifically designed to support multi-product/multi-carrier proposal generation through billing aggregation and cash allocation to various constituents. Platypus was developed internally by HPS’ long-tenured and knowledgeable staff. This combination – Platypus and experienced consultants – means HPS has unmatched expertise that allows the company to quickly ramp up new programs, whether based on fully customized business rules and processes or a hybrid of existing best practices and client-specific requirements.

Too, because HPS owns Platypus and can dedicate resources exclusively to each carrier’s program, the company can respond more quickly and efficiently to market, regulatory and even plan changes than other outsourced providers and even the carrier’s internal IT team.

TPAs and BPOs typically utilize third-party applications, not their own technologies, and are therefore limited in their ability to respond quickly to changes. Meanwhile, a carrier’s internal IT teams must fit changes in with multiple other corporate priorities.

Moving (Rapidly and Seamlessly) Ahead

Getting up and running quickly gives carriers a competitive advantage when moving into new markets. Industry trends point to an acceleration in the use of IT and communications technologies that will lead to a greater openness and a greater reach for multi-national companies.

Insurers that focus on bridging customers across the globe will have the first advantage as the economic market swings back to center. In fact, more than 86 percent of the 1,000 businesses participating in Accenture’s High Performance Research Study report that they plan to expand sales beyond home markets.
Carriers who want to gain market share must be poised to move quickly into regional, national and even international markets. The experience and sophistication of U.S. health plans is in high demand in emerging markets like China, India, the Middle East and some European countries as these governments and employers balance issues that U.S. insurers know well – flexible, affordable access to healthcare.\textsuperscript{ix}

Outsourcing services such as enrollment, underwriting, claims processing and customer service present a tremendous opportunity for U.S. insurers – between $3 billion and $5 billion now and as much as $50 billion and $90 billion by 2015.\textsuperscript{x} Much of this growth depends on understanding regulatory reform and having the experience to move services to market when an opportunity first presents.

The market potential alone makes a strong case for carriers to carefully consider an outsourcing partner especially since companies like HPS brings substantial speed-to-market advantages. Specifically, when HPS leverages its proven processes, best practices and knowledge of rules and regulations, it can streamline a carrier’s requirements-gathering and testing phases. All of which are key to moving a plan to market quickly.

\textbf{Selecting the Right Solutions Partner}

With outsourced solutions, carriers should carefully review options and identify compelling reasons to select one company over another. Careful vetting is critical to ensuring that carriers actually improve their speed and reduce their costs to market.

Leading service and technology solutions providers should have a proven track record highlighting how and when they’ve quickly adjusted to market changes, including time-to-market costs. In addition, they should offer carriers flexibility in how much of the plan or new market launch is outsourced.

HPS’ consultative approach to client services ensures that proven best practices will guide a carrier’s mix of custom and standard rules and regulations for each product or market launch. By evaluating components like eligibility, waiting periods, even modeling cost impacts, HPS can help companies determine how much and when to outsource.

Advanced technology, flexibility, speed and experience make HPS a reliable choice for carriers that want to capitalize on economic, market and technology opportunities.

\textbf{About HealthPlan Services}

HealthPlan Services (HPS), a Water Street Healthcare Partners affiliate, 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 group, voluntary and association plans, as well as providing valuable solutions to thousands of brokers and agents that sell into this market. HPS proprietary, scalable technology provides innovative consumer-facing solutions that are turnkey self-service tools for our 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, Long Term Care, Limited Medical, Medicare Supplement and Medicare Part D, as well as various other ancillary insurance. HPS is committed to providing extraordinary service to its customers.
For more information about HealthPlan Services, please visit www.healthplan.com.

---

10 Ibid.