A Top-Tier Carrier’s Success Story

**Entering the Individual Health Insurance Market**

**REFORM UPDATE:** *One segment that holds significant promise,* and equally significant challenges under reform, is the individual insurance market. As demonstrated by this case study, partnering with HealthPlan Services (HPS) to manage the launch and administration of an individual product portfolio allowed one carrier to accelerate market entry and reduce ongoing costs while maintaining compliance with healthcare reform regulations.

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Passage of the Patient Protection and Affordable Care Act of 2010 has ushered in an era of uncertainty and unprecedented change in the health insurance marketplace. Carriers must create new market opportunities to replace lost revenue streams, establish new sales and distribution channels and accelerate entry into consumer-driven individual, small group and voluntary markets. New business models, processes and policies are also necessary to mitigate the risk of non-compliance.

When done effectively, these changes can result in a significant return on investment and ensure compliance with current and emerging regulatory mandates.

**Background**

Individual health insurance is one of the fastest growing segments in today’s healthcare market. However, healthcare reform, tax policy changes and insurance mandates make the rapidly changing landscape of this market a confusing place for carriers seeking to enter the space. Couple that with a land grab for coveted individual buyers, and insurance carriers are faced with a three-part quandary that

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Re-tooling critical business processes and supporting them with scalable technology is a necessity for insurance carriers that wish to survive and thrive in this new healthcare environment.
includes appropriate funding, adequate technology and getting out to customers, fast.

One top-tier health insurance carrier with more than 10 million medical members had strategically positioned itself to launch into the individual health insurance market. Armed with internal funding and a vision, this carrier reviewed its internal capabilities and estimated a minimum five-year timeline for launch at a cost of more than $10 million. Additionally, they would have to endure a lengthy wait to gain priority on the internal IT team’s “to do” list.

Wanting to move more aggressively, the carrier investigated outsourcing options. After a thorough review of outsource providers, third party administrators (TPAs) and Business Process Outsourcers (BPOs), the carrier’s executives selected HealthPlan Services (HPS) based on the company’s domain depth and expertise, system capabilities, proven processes and procedures and its ability to dramatically improve the carrier’s speed to market.

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**Challenge**

Time is often not on a carrier’s side when developing or launching new plans or entering new market segments like individual health. Depending on the complexity, number of products, number of markets and unique business rules and state regulations, it can be a slow go with market opportunity slipping away with every passing month.

Adding to the time-to-market hurdle, this top-tier carrier also needed help articulating its scope of services within the individual market. Further, because its core competencies were in group coverage, the carrier was also seeking expertise to manage administration, including policy issuance (ID cards, certificate of insurance, welcome letters and premium invoices), premium billing and collection, renewal administration, and member services. Also required was a partner capable of keeping abreast of changing state and federal regulations and rapidly deploying best-practice based policies and procedures.
Finally, the carrier recognized that it did not possess the internal technology bandwidth necessary to launch quickly and efficiently into the individual market, or to expand its presence into additional states and product lines in a timely manner.

HPS’ business standards, technologies and best practices could jump-start the carrier’s plan development and accelerate its drive-to-market process.

**Solution**

HPS’ domain depth and technical expertise would prove to be the deciding factors in its selection as the carrier’s outsourcing partner for its individual plan business. HPS’ business standards, technologies and best practices could jump-start the carrier’s plan development and accelerate its drive-to-market process.

HPS has extensive experience implementing, supporting and providing a full scope of outsourced services, many of which are modular and can be unbundled as needed. For this top-tier carrier, HPS provided a complete administration solution that included:

- Sales and distribution
- Broker and individual web tools
- Integrated enrollment
- Policy administration
- Multiple product billing aggregation
- Renewal administration
- Commission and financial systems integration
- Customer care call center services
- Policy/document generation

A key advantage was Platypus, HPS’ patent-pending proprietary technology platform. Platypus specifically supports multi-product/multi-carrier proposal generation through billing aggregation and cash allocation to various constituents. For this carrier, Platypus continues to support multiple products and key functions assisting in the company’s speed-to-market initiatives.

Since HPS owns Platypus, resources could be exclusively dedicated to the carrier’s individual program, allowing HPS to respond quickly and efficiently to market, regulatory and plan changes. In the individual health insurance market, a wide variety of ongoing market demands are expected. Platypus ensures that this carrier is poised to respond.
Another key aspect of its technology offerings is HPS’ web expertise. In this case, HPS developed a website to showcase the carrier’s individual policies, certificates and rates, as well as enable agents to generate accurate rates for proposals. The site also includes a data feed that facilitates the exchange of new policy, member eligibility and financial reports.

HPS has helped scale the carrier’s individual health programs to more than 38 states, generating more than $700 million in annual premiums.

Results

When the carrier came to HPS, it had no individual health business and zero members. By working with HPS, the carrier’s individual health program went live to five key states in just six months. It took significantly less effort to accomplish this launch - just a fraction of the time the carrier estimated it would have taken to do so internally, even if it had the resources to dedicate to the project.

Today, the carrier’s individual business line has almost 500,000 members and is one of its fastest-growing insurance offerings. Since go-live, HPS has helped scale the carrier’s individual health programs to more than 38 states, generating more than $700 million in annual premiums.

This launch is a text-book example of the type of impact HPS can have on a carrier’s market speed using its best practices, regulatory knowledge and specialized technology. HPS’ domain depth, proven processes and procedures and Platypus platform offered the carrier significant time-to-market and competitive advantages.

The carrier is now out-in-front in the individual health insurance market - a position made possible through the outsourcing leadership of HPS.
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.
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