



Make the shift

Payers and other healthcare organizations are moving from transaction-oriented systems to performance-driven solutions.





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The pace of change continues to accelerate in the healthcare sector—and it is significant for provider reimbursement and payment formulas.

Health plans are working on improving performance in a myriad of ways—introducing new products and services in the individual market, enrolling new members through new healthcare exchanges, and responding to the medical loss ratio requirements in the Affordable Care Act. This makes constant change a consistent factor in every facet of a health plan.

The result: A number of Blue Cross Blue Shield plans are forced to reduce costs by cutting or consolidating vendors, moving growth opportunities internally while reducing headcount, and considering merging platforms with other payers—large and small. To adjust their risk exposure, large payers are working to narrow their networks.

The industry as a whole is being pushed, by consumer pressures and regulatory demand, to shift from older transaction-oriented models to a more practical and responsive performance-driven future. This is a positive change.

Amid this continued disruption, and perhaps not surprisingly, Blues and other payers adopted a measured and incremental approach to implementing transformational IT efforts. In all segments of the industry, there is a growing hesitancy to tackle big-bang, rip-and-replace projects, and many organizations are focused on smaller, quick-return IT efforts, which have larger impacts on cost reductions and business outcomes.

At the same time, payers are strengthening their internal IT departments and have gained ground when it comes to planning, deploying, and using information technology. Many now recognize the need for a transformational shift to the emerging performance-driven future.

Change is relentless

Traditional IT environments simply cannot support tomorrow's healthcare requirements. Business and technical teams can no longer work in separate silos. Healthcare organizations must adapt to—and survive by—constant and disruptive innovation. That requires employees to become more collaborative. Organizations must drive scale-appropriate experimentation, with a new focus on speed and performance.

Data will drive this new environment—Payers must acquire and use clinical, socioeconomic status (SES), self-reported, and other nonclaim information. They will increasingly share insights with clinical researchers in provider and life sciences sectors.

Security will be more crucial than ever—Data holders will be required to protect that data, curate and filter it, unlock value from transactions, and translate those insights into performance-related results.

Collaboration is crucial in this performance-oriented future—Patients and members increasingly expect and demand healthcare experiences that rival those they get from market-leading service, retail, and entertainment organizations. Payers must connect with members across digital platforms to provide engaging and timely access to information and personal data.

The shift is happening—Innovative efforts are occurring—retail pharmacies partnering with urgent care centers and precision medicine driving changes in reimbursement and risk models for insurance pricing, among others. Payers and providers seek interoperability such as sharing regional data across public and private entities to reduce spend and improve outcomes.

Collaboration is changing the competitive and regulatory environments. Innovators are sharing information—across care teams, health plans, and consortiums, and organizations are testing state licensing requirements for providers.

How can your organization reach this performance-driven future?

Performance is key

The challenge is clear: Historically, transaction-based systems must evolve to become performance-oriented, using outcome-driven solutions.

What does this mean? It means payers must be able to develop, iterate, test, and adopt new payment models that support value-based payments. To do that, you need systems capable of producing current and accurate information on management performance.

This shift from a transaction-oriented to a more performance-driven model will be defined by several key factors.

The move to a consumer-centric healthcare approach will require higher and more frequent consumer payments. That change will no doubt drive the demand for greater pricing transparency, and more comparison shopping between plans and services. As public and private health exchanges drive competition, a two-tiered health system may emerge, raising questions of quality, price, and fairness.

Healthcare organizations must leverage IT as a value-creator and bridge between older transaction-oriented activities and the emerging performance-driven reality.

Payers and other healthcare organizations are part of the emerging idea economy, and must work quickly to adjust to these new realities. That requires creating new outcomes from data, member experiences, and applications. It means building hyper-connected workplaces and ecosystems, and harnessing all information to drive innovation and value. And it demands that your organization proactively manage risks of all kinds. This journey will be shaped by four crucial transformational areas.

Hybrid infrastructure transformation

To facilitate this shift—from a transactional to a performance-based model, payers must accelerate the delivery of applications and services. That requires the right mix of traditional, private, and public clouds to a hybrid environment.

In a real-world healthcare setting, this translates into having the right infrastructure optimized for each of your applications—whether in your traditional data center, a HIPAA-compliant private or managed cloud, or a public cloud for nonprotected health information data.

To deliver integrated care, instantly and continuously at the best value, it all has to work together. That requires transforming a traditional environment to a composable infrastructure, while identifying and transforming noncore business solutions to achieve the benefits of cloud—such as capital expenditure (CAPEX) savings, time-to-value, continuous innovation, and resources that flex with business strategies.

Payers must transform how applications are developed; moving from monolithic and siloed legacy structures to a DevOps-driven model that brings business and IT together to create next-generation cloud native/aware solutions. A hybrid infrastructure can maximize performance for continuous care delivery, payment efficiency, and optimized operating costs.

Protection of the digital enterprise

Like most kinds of data, healthcare records are under constant and growing threat from theft, breaches, deliberate attacks, negligence, loss, and other risks. The transformation of IT created a matrix of widely distributed interactions among members, providers, payers, applications, and data—on and off premise, on wearables and mobile devices, and in the cloud.

Most payers, unfortunately, lack the expertise, skills, and resources needed to proactively manage these risks. And they don't realize their lack of capability until it is too late.

A system must be designed and modeled to provide a better understanding of your risk posture, to better integrate risk management across the enterprise. A system must enable your organization to better manage risk by implementing controls against threats with a focus on data, user behavior, and advanced persistent threats.

Payers should also build situational awareness by integrating controls into security information and event management (SIEM), and increasing their focus on responding to and recovering from detected events.

The data-driven healthcare organization empowered

How can your organization improve care? Perhaps the best way is by harnessing 100 percent of relevant data to give claims administrators, medical officers, providers, and members the actionable insights needed to create better healthcare outcomes.

What would that look like in a real payer organization? Start with individual and population data, which can be used to drive personalized treatments, improved outcomes, and more affordable care. It would leverage data-driven insights to empower stakeholders of all kinds to make timely and targeted decisions.

An information-rich approach enables organizations to listen to members, see and understand patterns within membership data, and uncover trends across populations and networks. When used correctly, data can indicate new research opportunities, help streamline operations, and support healthier populations.

Workplace productivity enabled

Health is a 24x7x365 endeavor. The healthcare workplace is increasingly digital, with interactions and experiences delivered across various locations, times, and devices.

To meet members', providers', and employees' expectations, healthcare companies must deliver rich digital and mobile experiences. Users expect and deserve interactions that are personal, contextual, and secure. They want to more proactively manage their own health and wellness.

Forward-looking payers are working now to deploy the solutions needed to improve productivity and drive member engagement in this emerging healthcare marketplace.

Supporting technologies

The good news: Your organization can leverage a range of powerful technologies to drive this transformation toward a performance-based model.

Robust data analytics are available to handle extensive sets of structured and unstructured data. New mobility solutions are available to support healthcare organizations, including Mobility as a Service with mobile-enabled clinical workflows, mobile payment processing, and circle of care support capabilities.

Improved email encryption and data masking can help secure patient data and medical research. Cloud computing—including managed public and virtual private cloud resources—are providing cost-efficient, FedRAMP- and HIPAA-compliant solutions for a growing range of healthcare requirements.

A converged medical infrastructure can now be tuned specifically to support electronic health records performance. Payers and others can now also leverage digital hospital systems, web-based portals for members and patients, and wireless networks for campus and enterprise locations.

Clear alternatives

Unless they make this transition, payers and other health organizations will continue to struggle with unsustainable medical spending, reduced surplus and profits, higher disease burdens, and poorer quality of life.

The benefits of making the shift—away from a focus on transactions to a performance-based model—are significant.

While aging populations and growing disease burdens will drive higher total medical expenditures, an outcomes-based approach can help bend the medical cost curve downward and slow the rate of spending increases. Certainly, a data- and analytics-driven model can reduce payer operating expenses.

Strong performance controls can help reduce unnecessary and ineffective treatments, and prevent medical errors, while directing resources to their best possible use in prevention and treatment.

This emerging model is no panacea. But together, those gains translate into healthier populations, a stronger economy, and an enhanced quality of life.

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