

FOUR KEY CHALLENGES OF HEALTHCARE REFORM

The Fourth Challenge: Compete to Win—Payer Strategies to Expand and Grow

As payers continue to make the necessary business changes to comply with reform, increase administrative efficiency and improve the cost and quality of care, these organizations face a fourth challenge—competing to win in an emerging retail market.

To compete effectively, it is imperative that payers stand out from the crowd and differentiate themselves with new products that drive value, increase transparency and create opportunities for collaboration with providers and important healthcare stakeholders.

Markets for Expansion and Growth

A winning strategy involves optimizing enterprise systems, including the core administration, network management and care management systems through integration and automation. The integration of these systems help strengthen key lines of business that are poised for rapid growth in the wake of health reform. TriZetto has identified four major markets where expansion opens new opportunities for payers:

- Individual Market
- Ancillary Services
- Medicaid Managed Care
- Medicare Managed Care

Prepare for Newly Insured Individuals

Beginning in 2014, anywhere from 68 million to 139 million people will enroll in health plans via exchanges.ⁱ Most of these will be subsidized enrollees from the uninsured market government sponsored, and employer-defined contribution recipients.ⁱⁱ Payers that invest in scalable, flexible enterprise systems that can be configured to respond to changing needs, will have the agility to participate in a wide variety of new opportunities related to the individual market.

Once integrated, payers can strategically address the individual market by harnessing the rich data within their systems with robust analytics tools to segment populations, target preferred populations and proactively help high-risk members manage their own health effectively. System integration also helps optimize the enrollment, eligibility, renewal, and billing/collection processes.

Diversify by Growing Ancillary Services

Health plans can differentiate their brand by growing ancillary services and extending these offerings to individuals who are entering exchanges and to those who have only medical coverage. Research published in 2009 by the U.S. Bureau of Labor Statistics indicated that 71 percent of workers in private industry had access to medical care benefits, 46 percent had access to dental care benefits, and 27 percent had access to vision care benefits.ⁱⁱⁱ A major goal of growing ancillary services such as vision and dental is to capitalize on high-growth margins by providing coverage for services typically excluded or only partially reimbursed by health plans today.

ANCILLARY SERVICES PRESENT PAYERS WITH OPPORTUNITIES TO DIVERSIFY AND GROW:

- Alternative medicine
- Ambulance service
- Dental care and devices
- Vision tests, products and procedures
- Life-insurance options based on health exams
- Specialty, cancer and maternity coverage
- Personalized medicine and genetic testing
- Fitness and nutrition coaching
- Chiropractic adjustments
- Vitamins and supplements
- Healthcare reports and publications

**NEW CHALLENGES
NEW SOLUTIONS
NEW TRIZETTO**

To respond quickly to these new opportunities, payers need an enterprise-wide core administration system that maximizes efficiencies through greater automation and enables seamless transactions among providers, members and payers. In addition, integrated network management systems can help payers efficiently and accurately pay claims across multiple services and providers.

Prepare for Medicaid's Shift to Managed Care

According to the Kaiser Family Foundation, about 70% of new Medicaid enrollees will enter managed care organizations.^{iv} This shift from traditional fee-for-service Medicaid coverage creates opportunities for payers to increase services that help manage care and control costs for a vulnerable population and also increase the number of those served under new and existing Medicaid Managed Care plans.

There are two key areas where IT investments may help drive payer success in the Medicaid market. First, healthcare analytics help payers and providers identify high-risk populations and proactively manage care for these members. Analytics also help payers model and compare the value and costs of clinical and incentive-based programs.

Second, technology that supports incentive programs such as value-based insurance design, which incents members to manage their own care more effectively, also supports payer goals in the Medicaid market. By proactively engaging members through personalized wellness, support and educational programs via Web portals, e-mail and other automated communications, payers will help improve member health and control costs.

Invest in the Growing Senior Market

With more than 10,000 people a day (approximately 3.5 million annually) becoming eligible for Medicare, the senior market cannot be ignored.^v Despite less favorable reimbursement rules, the shift from traditional Medicare fee-for-service to managed care continues to create opportunities for payers. There are several opportunities for payers and providers to work collaboratively towards improving the cost and quality of care for seniors. These include:

- Developing innovative payment structures such as pre-approved bundling of all provider services for an agreed-upon amount
- Creating methodologies for sharing risk in collaborative care settings
- Aligning incentives based on provider adherence to clinical protocols
- Profiling segments of members to find new ways to attract seniors who expect retail-type services and personalized care
- Managing seniors collectively who have both commercial and Medicare coverage

New Challenges. New Solutions. New TriZetto.

In the era of healthcare reform, payers need to evolve and establish their brand to attract and retain new members and build customer loyalty. To do this successfully, these organizations need a strategic partner who can help them optimize their enterprise systems and maximize efficiencies so they can focus on carrying out strategies for expanding and growing in new areas. Four major opportunities exist for payers in this environment: the individual market, ancillary services, Medicaid Managed Care, and Medicare Managed Care.

TRIZETTO'S STRONG AND DIVERSE PAYER COMMUNITY

- 120 million+ lives in production – 52% of the U.S. insured population
- 350+ payer customers – includes health plans and third-party administrators
- All sizes – serving most major national health plans, over 50% of regional plans and many emerging plans
- All types – private payers, 62% of BCBS plans, Integrated Delivery Networks (IDNs), provider-owned plans, Third-Party Administrators (TPA), and government
- All lines of business – Commercial Medical, Medicare, Medicaid, Individual, Dental, Vision, Behavioral
- Government – Processing 31% Managed Medicare and 46% Managed Medicaid

ⁱ Rand Corporation, "Insurance Exchanges: Booster Shots to Employee Health Coverage," RAND Review News for Spring 2011. <http://www.rand.org/publications/randreview/issues/2011/spring/news2.html>

ⁱⁱ Ibid.

ⁱⁱⁱ U.S. Bureau of Labor Statistics, "Spotlight on Statistics," November 2009. http://www.bls.gov/spotlight/2009/health_care/

^{iv} Kaiser Family Foundation, "Medicaid and Managed Care: Key Data, Trends, and Issues," The Kaiser Commission on Medicaid and the Uninsured. February 2010. <http://www.kff.org/medicaid/upload/8046.pdf>

^v PolitiFact.com, "Rep. Eric Cantor says 10,000 baby boomers a day are becoming eligible for benefits," Richmond Times Dispatch, May 4, 2011. <http://www.politifact.com/virginia/statements/2011/may/04/eric-cantor/rep-eric-cantor-says-10000-baby-boomers-day-are-be/>

To help you meet these challenges, TriZetto has enhanced its solutions and added new service capabilities to help you facilitate compliance, increase administrative efficiency, improve the cost and quality of care, and compete to win. For more information, call 1-800-569-1222 or visit www.trizetto.com.

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