

Risk and compliance

Meeting intensity with ingenuity

The Affordable Care Act (the ACA) of 2010 is almost 1,000 pages, but volume isn't the true measure of its unprecedented scale. In transforming health insurance coverage into a legal expectation, the ACA rewrites the rules for the health plans industry. Medicare Part D and Medicare Advantage presented similar operational and compliance challenges, but not as complex and not as fast. The ACA's rapid timelines have already made this an intense process, and because so many unknowns remain, that intensity is likely to remain at a heightened level.

By now, most health plans have examined the actions needed to comply with the ACA. Plans may need new capabilities, new talent pools, and even new entities in order to turn the ACA from a series of checked boxes into a new way of doing business.

Plans may need new capabilities, new talent pools, and even new entities if they hope to turn the ACA from a series of checked boxes into a new way of doing business.

Changing who you are—not just what you do

Decide who to serve and how, then organize to meet that need.

Compliance with the ACA may involve more than changes to offerings or terms. It may change your business model.

Some plans may find that segregating business types helps with compliance—for example, creating separate “government programs divisions” that handle Medicare, Medicaid, or exchange business with distinct P&L responsibilities.

In both Medicare and Medicaid, plans will have the opportunity to enroll new members, as a greater number of individuals become Medicare-eligible and Medicaid expands under the ACA to make more people eligible. Capturing this new business is a commercial challenge, and improving their health is a strategic and operational challenge—but serving those new populations under new rules is a compliance challenge. That's especially true under Medicare, whose members often need more care in more complex forms, and for dual-eligibles, a potential growth area for plans that can navigate the complex rules.

Small and regional health plans have traditionally relied on ties to employers. Those relationships mean less in the new environment, so plans should consider new value propositions. The ACA includes new focus areas where small plans have a chance to shine: An emphasis on integration with providers can drive quality outcomes; an emphasis on system integration can win higher star ratings.

To enroll and serve new Medicare, Medicaid, and exchange populations, some plans may build new structures from the inside out. Others might gain them through acquisition. The need to demonstrate quality outcomes may drive some plans to integrate with new partners. And in an increasingly retail-like marketplace, all plans may need to offer a high-touch customer experience.

Because the ACA requires such large-scale transformation, plans may need change management capabilities that might not exist within their walls.

Following the blueprint

Compliance, coordination, and actuarial capabilities take center stage.

A plan's operational and compliance capabilities must operate at peak efficiency to handle the size and complexity of the business that is coming. To work under the ACA and profit, health plans should consider smart first steps to set up compliance, coordination, and actuarial capabilities. Grand strategy may not help unless you take the concrete steps in order to establish new entities, connections, and competencies. For example, if separating government business from other business will help in winning and servicing that business, those organizational changes should be considered.



The ACA compliance will likely drive you toward new relationships with providers, members, and other third parties. New tracts of government business invite new bids. But it means in-the-trenches actuarial work to make sure you craft those new relationships and new offerings in ways that are profitable.

Right people, right technology, streamlined communication.

Prepare for a seller's market in talent.

Since most plans are likely to do more government business under the ACA, it's important to consider how functions like enrollment, customer service, and sales differ from the commercial market. The specialized professionals who know the ins and outs of the government are a finite talent resource. If your strategy hinges on Medicare, Medicaid, or exchanges, you need a strategy for recruitment and retention of specialized professionals.

Dealing with the ACA also creates new roles. Enrollment, customer service, sales, and other functions are different from in the commercial world. This is a place where it's important to consider new people, not just training for your existing team. There's also the matter of sheer volume: government programs can send enforceable "guidance" communications multiple times a day.

Your people challenge isn't confined to the technical details of the ACA compliance. All these changes place an administrative burden on top of the normal duties that go along with running the plan. IT, back-office functions, and partners are all demanding extra support, and amid all that, you may also be reconfiguring your business model. The people in your organization with the most experience in change management may become the most important ones you have.

Support new levels of integration, collaboration, and customer service.

Make room for new technology, too. The average health plan is still doing much more manual processing than the ACA future will sustain. Plans need technology systems that can handle new levels of information sharing, third-party integration, and high-touch support for the individual consumer market.

Capacity isn't the only thing IT systems will need to carry the load. Structure matters too, and many current platforms are fragmented. Going forward, plans should look toward integrating their technology platforms to allow internal collaboration across population types and business units, external collaboration as part of strategic partnerships, and external interoperability with vendors.

In fact, because the Centers for Medicare & Medicaid Services (CMS) requires real-time access not only to your plan's data but also to your vendors' data, compliance technology and knowledge among your people and knowledge of your vendors becomes more important. Are you ready to shoulder the responsibility for someone else's compliance?

Bottom line

The ACA compliance will likely require a permanent regime of strategic change. With our professionals and your team members working side by side, your organization can plan long-term moves to help navigate this change.

- Situational analysis can help plans determine whether acquisition or internal development is the right way to add vital new capabilities.
- Small, mid-size, and regional health plans may be able to take advantage of strategies to help them survive alongside larger competitors through delivery integration, quality enhancements, and closer relationships with members.
- A combination of strategic and tactical support may help plans answer fundamental questions about their business models going forward, such as: Will government programs become their own separate P&L lines within the organization? Will the organization pursue efficiency by shifting its entire focus to government business?
- Actuarial support may help plans enroll more government-sponsored members under stringent new guidelines, and improved system integration may help improve a plan's star rating.
- A targeted plan to attract and retain personnel experienced with Medicare and Medicaid may give plans an advantage in the ongoing competition for talent.

To learn more, including steps you may be able to take right now, please contact us.

Contact us

Lucia Giudice, Director
Deloitte Consulting LLP
lgiudice@deloitte.com

Jack Scott, Director
Deloitte & Touche LLP
jascott@deloitte.com

Jim Whisler, Principal
Deloitte Consulting LLP
jwhisler@deloitte.com

Tom Delegram, Senior Manager
Deloitte & Touche LLP
tdelegram@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.