



Provider-Health Plan Integration

Using health care financing as the catalyst for innovation

Many health care providers are weighing a move into the health plan space. Already, there are more than 220 provider-sponsored plans in the U.S.—and they represent less than 10 percent of the market,¹ so many more are likely to follow. However, few of these pioneers are leveraging the full potential of the new model.

Given the shift in the economic model from volume to value, many provider executives are trying to understand how they can not only maintain existing margins, but expand them. How do you make more money by doing less? Gaining access to innovative reimbursement models will become increasingly important to delivering sustained financial performance in a value-based environment. New models of provider-health plan integration can serve as an attractive option to secure sustained margins.

At the same time, health care providers deal with another reality: an economically empowered consumer who is demanding a far better experience and value proposition. The promise of consumerism is finally upon us given the rise in high-deductible health plans and increased patient volume from public exchanges, Medicaid expansion, and Medicare Advantage. Due to the market changes, the consumer of tomorrow will likely demand far more from the U.S. health care system than what has historically been delivered.

Addressing the economic realities driven by these two trends may not only need new reimbursement models, but also investments in digital-powered retail technology solutions, multi-sourced data integration, advanced analytics, and next generation administrative capabilities. But, financing those investments may be out of reach for pure-play providers who are accustomed to historical profit margins in the current fee-for-service model.

Winning the Market Shift



From patients to consumers. From volume to value. The ground is shifting under the world's largest industry—and the players left standing will be the ones that embrace innovation with confidence right now.

Let Deloitte help you win the shift in critical areas like:



Value-based care



Provider-health plan integration



Customer transformation



Therapeutic area transformation



Margin improvement



Providers who act as health plan sponsors taking on clinical and financial risk for the 'first premium dollar' have a built-in advantage: They control key parts of the delivery system and have more engaged relationships with their patient consumers. They can employ their market beachheads to the health plan arena to generate new income streams that fuel improvements in their clinical effectiveness and patient experience. The result can be improved margins, greater operational efficiency, and sustained stickiness from consumers who feel more loyal.

Provider-plan integrations can be advantageous, but they can't deliver the opportunity without hard work in areas like new reimbursement models, pricing, risk management, analytics, marketplace collaborations as well as significant governance, talent, and operational changes. Those who apply winning first-

mover advantage strategies have the potential to create competitive advantage as these significant marketplace changes take hold.

How we can help

Our end-to-end solution can empower a health care provider to stand up an operational, licensed health plan that can advance new reimbursement models and a differentiated patient experience. For many provider organizations, this transformation presents a path to sustained profitability.

Carrying out a change this complex isn't a piecemeal undertaking. Deloitte can help organizations map out strategies that match their current market circumstances and future market promise. We can help define and translate winning strategies into discrete to-do lists in areas as diverse as product, sales, marketing, distribution, actuarial, regulatory, operations, and technology. We have established alliances

with the industry's leading technology providers. And we have the strength and experience as one of the world's largest health care consulting practice to execute on the changes you need to make.

Our services include:

- Value-based care, network strategy and bundled payments financial strategy
- M&A strategy / white label options
- Health plan synergy models
- Market attractiveness / prioritization
- Product design and pricing
- Licensing
- Core administration platform strategy and implementation
- Staffing models
- Tax strategy
- Change management
- Patient and consumer experience
- Sales and distribution strategy
- Risk and compliance
- Fraud analytics

Potential bottom-line benefits

- Develop and implement provider-health plan integration reimbursement models.
- Capitalize on the economic benefits of a transition to a risk-based business model.
- Generate enhanced margins to finance consumer-centric care transformation.
- Access to accelerators, methodologies, and capabilities instead of building from scratch.
- Reduce the execution risk and cost of transition to a provider-health plan integration model.
- Unlearn the volume habit and generate greater margin through a change in service mix.

Join us.

The old fee-for-service mold is broken—and with it the constraints of the traditional system. Providers have the opportunity to take on health plan integration models to win the transition from volume to value. It can also power the new demands of the patient consumer experience. Answer the call. *Carpe diem.*

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¹AIS's Directory of Health Plans: 2015

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