

Bold Steps Health Plan Operations



Numerous challenges and questions have surfaced since implementation of the Affordable Care Act began in 2013, making it difficult for health plans to find solid ground. Continued consolidation and fundamental structural changes to the industry, driven by health care reform, are giving cause for many plan operators to focus as never before on cost containment, efficient operations and, most importantly, patient outcomes.

Many forward-thinking executives are considering innovative new business models that can help maintain positive margins and develop new approaches to patient care, new product offerings, cost reduction, and improved efficiencies. At the same time, they are finding ways to meet stringent new regulatory mandates to increase accountability. Operational excellence is imperative for health plans to help navigate these and other challenges, maintain competitive advantage, and forge ahead with a firm footing.



Insight and agility are essential to operational excellence as health plans transition to a value-based care model.

Operational excellence is imperative for health plans to help navigate today's challenges, maintain competitive advantage, and forge ahead with a firm footing.

How we can help

Many leading health plans and health care organizations choose Deloitte's Health Plan Operations services for our deep understanding of their sectors, including the market forces and regulatory reforms shaping their strategies and operating models. We can support your organization by helping you create:

- **Business model strategies** that address reform and market shifts, opportunities for sustainable revenue growth, cost reduction, increased efficiencies, and improved service quality.
- **Core administration efficiency** that helps improve customer approval ratings and lower costs through more efficient billing, claims, customer service processes, and technology.
- **Medical management** that can improve care delivery through the use of data analytics tools that provide timely and accurate patient information to providers, care managers, and individuals.

Potential bottom-line benefits

We help our clients generate benefits such as:

- Flexibility to address future business needs and evolving customer requirements
- Enhanced competitive position
- Compliance with health care reform
- Reduction of operational inefficiencies
- Reduction of administrative and medical costs

Ways to get more value

- **Take a step back.** Question basic assumptions about your value proposition in the wake of health reform, then turn the tables to your advantage. Identify important choices to be made, and take inventory of the capabilities needed to navigate the challenges ahead. Prioritize necessary changes and carefully address escalating costs, consumer demands, competition, and new technology and business models.
- **Turn your costs inside out.** As you reevaluate types of plans to be offered each year, how do your administrative costs stack up against competitors'? Payments to providers, enrollee services, marketing, quality measurement, medical management, and regulatory compliance are fair game for cost-containment initiatives.
- **Evolve the core.** Evaluate changes in core administration and systems. Have you moved beyond efficient claims adjudication and transaction processing? Are you demanding new capabilities such as medical quality assurance, sophisticated membership accounting, and integrated pricing and underwriting? Do you have the advanced technology to support business intelligence, predictive modeling, integrated health management, advanced imaging, and ancillary services, to name a few? Can you enable consumer-directed products and individual markets, customized benefit packages for large group purchasers, and other changes driven by reform?
- **Defy the 80/20 rule.** Are your medical management resources still focused on the 20 percent of members driving 80 percent of medical costs? Consider using new information sources like inbound calls and consumer data to support detailed member segmentation. Tailor interventions—such as enhanced member services, health coaching, and clinically specialized programs—to help increase member engagement. And build a personalized health record to support their benefit and educational needs.
- **Prepare for Medical Loss Ratios (MLRs).** What is the impact of MLR mandated minimum thresholds on your plan design, plan pricing, administration, network contracting, health management, and profits? Take stock of your medical cost and care management strategies. Reevaluate your book of business and markets to determine where you can maintain MLR minimums.

The big idea

Effective health plan operators can become grounded faster and be better able to maintain a competitive advantage as the health care industry evolves. Flexible organizations that are receptive to trying innovative patient care ideas, new business models, and sophisticated business intelligence technologies are the ones that can succeed in this rapidly-changing environment.

Learn more

Efficient health plan operations are critical for plan operators in today's evolving business environment. To learn more about how Deloitte can help, visit www.deloitte.com/us/healthplanoperations.

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