



SHORT TAKE

The health plan of tomorrow

Business model
transformation is the only
way to adapt to disruption

IN GENERAL, WE observe that industry transformations occur in three seven-year cycles. Health care organizations—and thus health plans—appear to be no different. We predict that the first cycle of transformation in health care will involve a widespread push for stronger standards around data interoperability and demand from consumers to not only access but own their health information. These changes will form the foundation for innovation. In the second cycle, nontraditional players will begin disrupting the insurance market with their data-driven, consumer-centric offerings. While the view of the final cycle is over the horizon still, we predict a radical transformation of business models across the industry.

As the industry moves through these cycles, the pace of disruption will likely only pick up. Health plans are running short on time to adapt as non-traditional players enter the market; consumers, employers, and government purchasers scrutinize costs; and health care providers assume more care delivery risk, while insurers and the government shed it. Thousands of innovative solutions that enable consumer experience have been introduced into the marketplace, some of which are being enabled by digital and consumer giants such as Amazon, Apple Inc., and Google.

Looking ahead to the next several years, what will the health plan of tomorrow look like? The Deloitte Center for Health Solutions sought to find out by crowdsourcing 28 health care, policy, and technology experts. The experts described a future in which health plans will shift to a focus on well-being and care using multidimensional data. Products will balance traditional population-level risk with being hyperpersonal and easy-to-understand, based on consumer need. Moreover, health plans will have learned how to engage and influence consumers toward better health through a high-touch experience with digital devices. This report features some highlights of the research findings, described in detail in our article, *The health plan of tomorrow: Disruption is picking up pace*.

The experts converged on one overarching theme: Health plans will need to overhaul their current business models from managing enrollment and risk to focus on a framework that supports sustaining members' well-being.

This vision of tomorrow's health plan is just a stepping stone to the future of health. The crowd agreed that at the end of the three innovation cycles, market leaders' focus will revolve around three fundamental roles that will be the value drivers of the transformed health ecosystem:

- **Well-being and care delivery.** If health plans are to assume the role of steward to members' well-being, they will need to work more closely with care delivery teams. This could open up opportunities for plans to become localized health hubs enabling the delivery of consumer-centric care models.
- **Care enablement.** The traditional role of “financer” will not suffice for the health plan of the future, and business models will shift to look beyond claim processing and focus on enabling member well-being and care. This shift will likely result in a new line of products.
- **Data and platform.** Health plans will begin to move beyond using data to support compliance and reporting functions to become data conveners, science and insight engines, and/or data and platform infrastructure builders. Using the wealth of data they possess, companies will develop new revenue streams based on consumer insights, monetization of data, population health initiatives, and customized offerings.

Health plans should begin to prepare for tomorrow by making strategic decisions now. Decisions that address investments in product development, technology, data governance, talent, and collaboration, and more importantly, creating an organizational culture that makes it easy for stakeholders to accept and implement this transformation.

As health plans draft their strategy for the future they should consider how to:

1. **Create a culture of business transformation**, which can ease the way for companies and employees trying to make the shift
2. **Shift focus to smart capital investments**, with a focus on emerging technologies, such as artificial intelligence, predictive analytics, automation, blockchain, and cloud computing
3. **Prepare and plan for talent 2.0** to make sure teams evolve from being dedicated to reviewing and processing individual claims toward managing and reviewing outputs from automated technology performing those tasks
4. **Instill strict, but living, breathing data governance policies and practices** by bringing the business and IT sides of the organization together to define data elements and the rules that govern this data across applications
5. **Monitor ongoing risks and predict future ones** related to privacy and security to protect consumers and stay in line with regulations

Read the full report, *The health plan of tomorrow: Disruption is picking up pace*

About the authors

DAVID BIEL, Deloitte Consulting LLP, is a principal in the firm's Life Sciences & Health Care practice with 26 years of experience in health care and digital technologies.

MAULESH SHUKLA, Deloitte Services LP, is an assistant manager with the Deloitte Center for Health Solutions.

CLAIRE BOOZER CRUSE, Deloitte Services LP, is a health policy manager with the Deloitte Center for Health Solutions.

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