

SURVEY RESULTS

STATE OF THE PAYOR INDUSTRY SURVEY

AUTHORED BY



healthedge®

THE PERFECT STORM HAS ARRIVED

There is little doubt that the perfect storm the industry pundits have been predicting has now arrived. A combination of regulatory requirements, changing employer attitudes and consumer buying habits has hit hard, and health insurers are taking the appropriate steps to ensure that they don't become the next Andrea Gail.

Our survey revealed that an overwhelming majority of insurers are planning to use technology to address the challenges and opportunities of today's healthcare marketplace. More than 88 percent of respondents are currently using, or planning to use technology as the catalyst to transform their organizations. Insurers see the benefit of these investments.

What areas are they planning on transforming? Reporting and analytics (85.47 percent) and transparency tools (portals, mobile applications, etc., 80.34 percent) lead the way. Additional areas with high interest (greater than 40 percent) include claims processing, benefits administration, disease and care management, customer service and meeting regulatory requirements. By investing in modern, next-generation technology that enables the insurer to bring new products to market that were not possible because of outdated legacy systems can have a significant impact on earnings. Adding just two of these products per year, each with 12,500 new members, results in a potential revenue increase of more than \$4,750,000 a year*.

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THE ACA IS REQUIRING HEALTH INSURERS TO TRANSFORM THEIR BUSINESSES.

We found that the Affordable Care Act (ACA) is driving health insurers to transform their businesses. Regardless of the actions of the new Congress toward the legality of the ACA, the ship has left port. When asked in our survey what influenced their decision to participate in new healthcare delivery models, 87.39 percent of our survey respondents said the ACA was the major contributing factor. As we have seen, members are now demanding from insurers the consumer experience they have come to expect from other industries. And, insurers are listening. Survey respondents are planning to participate in

or support new models like Pay-for-Performance (72.73 percent), public and private exchanges (72.72 percent), Medicare expansion (66.94 percent), and Value-based Benefits (51.24).

FOREWARD

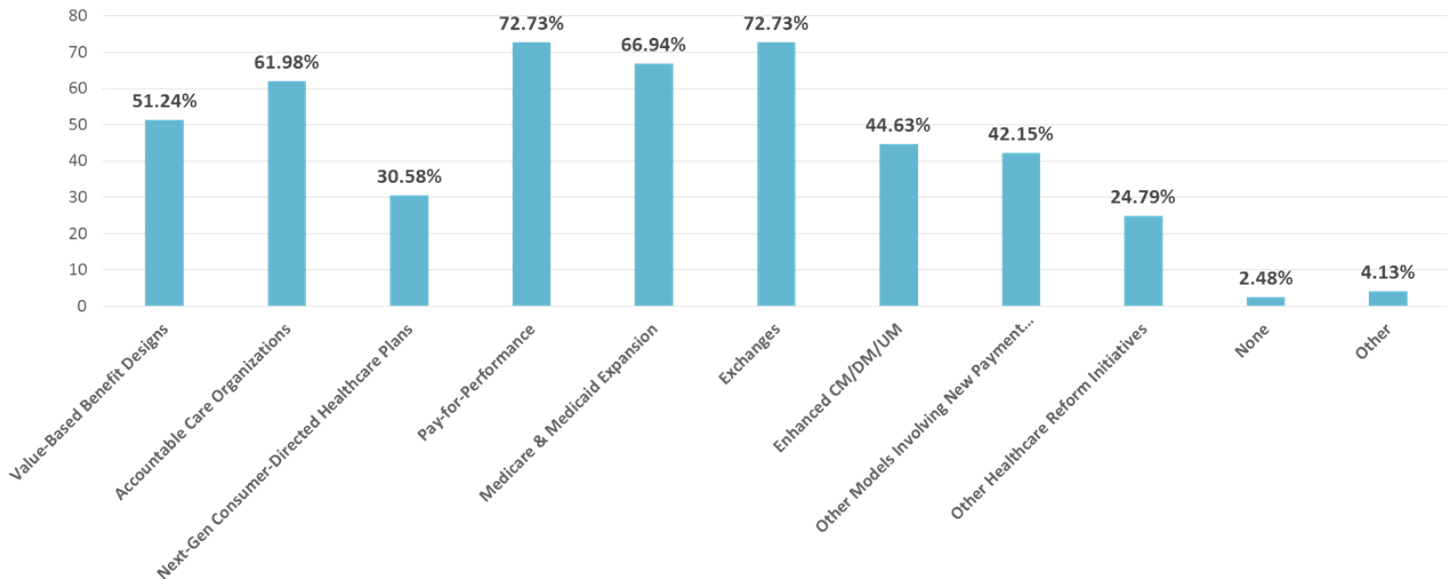
Removing crippling administrative costs has swiftly come to the forefront of insurers' plans. Tasked with improving care while reducing costs, health insurers are leveraging modern technology to make their operations more efficient. For example, respondents to our survey indicated that reducing manual processes and increasing auto-adjudication rates offered the most effective ways to reduce administration costs. Why are these areas such a problem? Our survey showed more than 82 percent of respondents are currently auto-adjudicating less than 90 percent of their claims, and more than 57 percent are paying more than \$6 to manually adjudicate a claim. For example, a medium-sized health plan processing 5,000,000 claims a year, moving from a 70 percent to an 80 percent auto-adjudication rate, could result in an annual savings of more than \$3,000,000.

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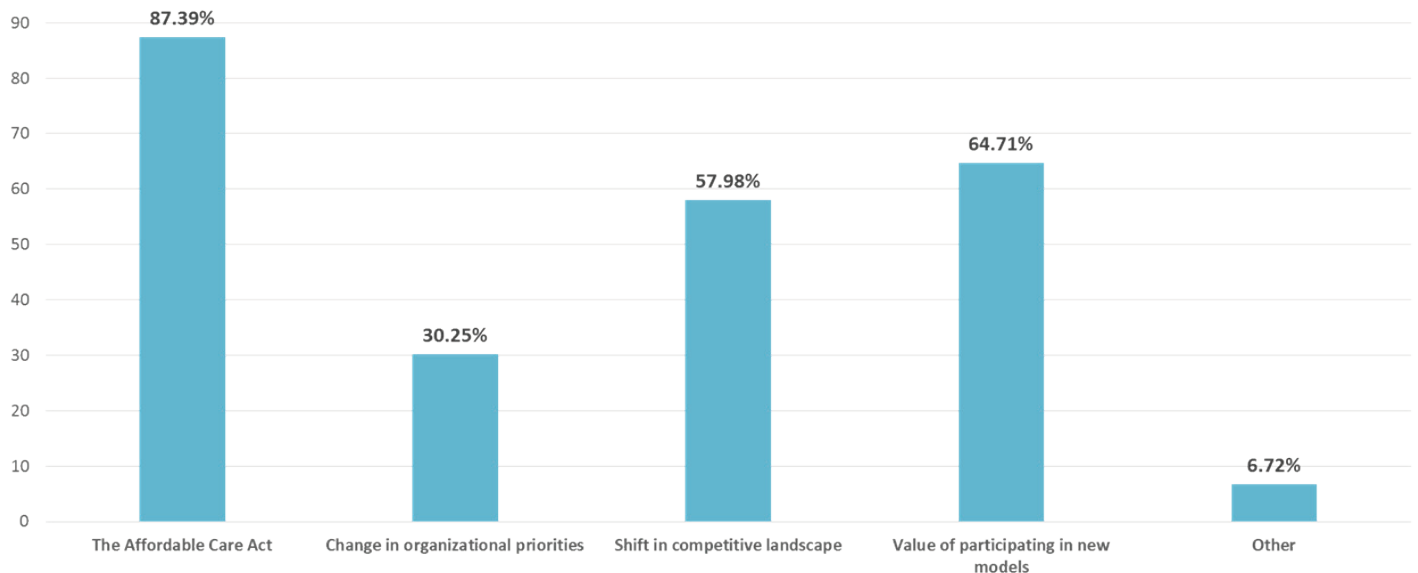
Insurers who were on the fence about change in the health plan market are scrambling to catch up to their early-adopter brethren. We at HealthEdge have seen a tremendous change in the way health insurers think about, and market their health plans. While uncertainty and seismic change will continue to preside over the healthcare, the "wait and see" approach is over. It is up to insurers to find a way to compete in the new healthcare marketplace, and transforming their organizations with the best technology can help get them there.

SURVEY RESULTS

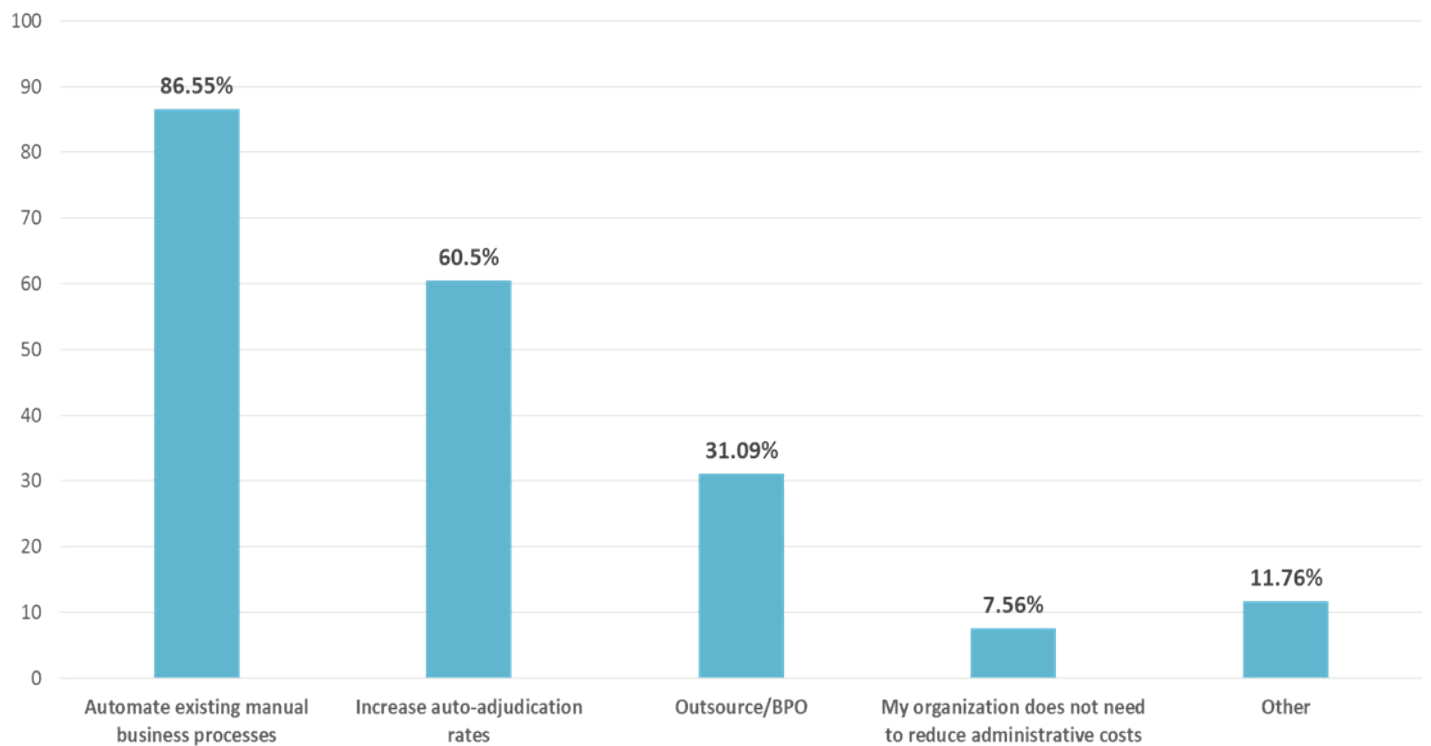
WHICH OF THE FOLLOWING HEALTHCARE DELIVERY MODELS IS YOUR ORGANIZATION PLANNING TO PARTICIPATE IN OR SUPPORT OVER THE NEXT THREE YEARS?



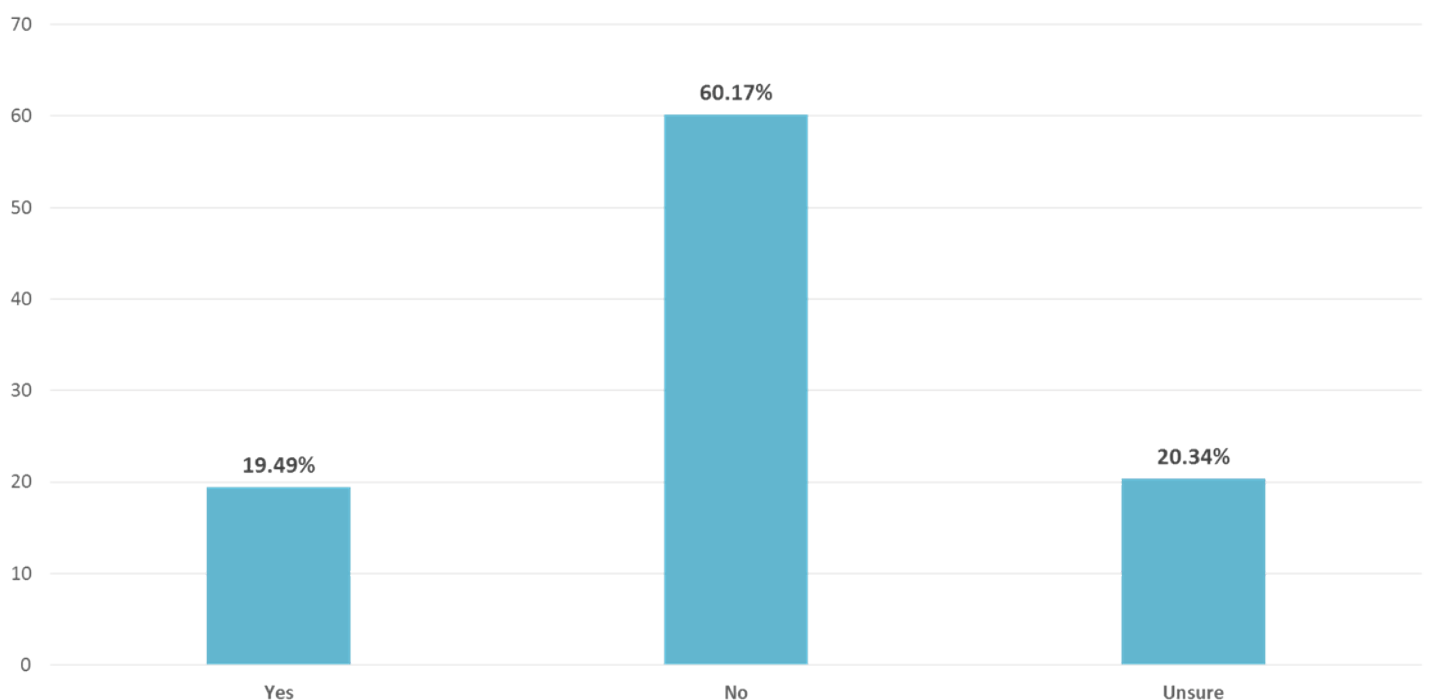
WHICH OF THE FOLLOWING FACTORS INFLUENCED YOUR ORGANIZATION'S DECISION TO PARTICIPATE IN NEW HEALTHCARE DELIVERY MODELS?



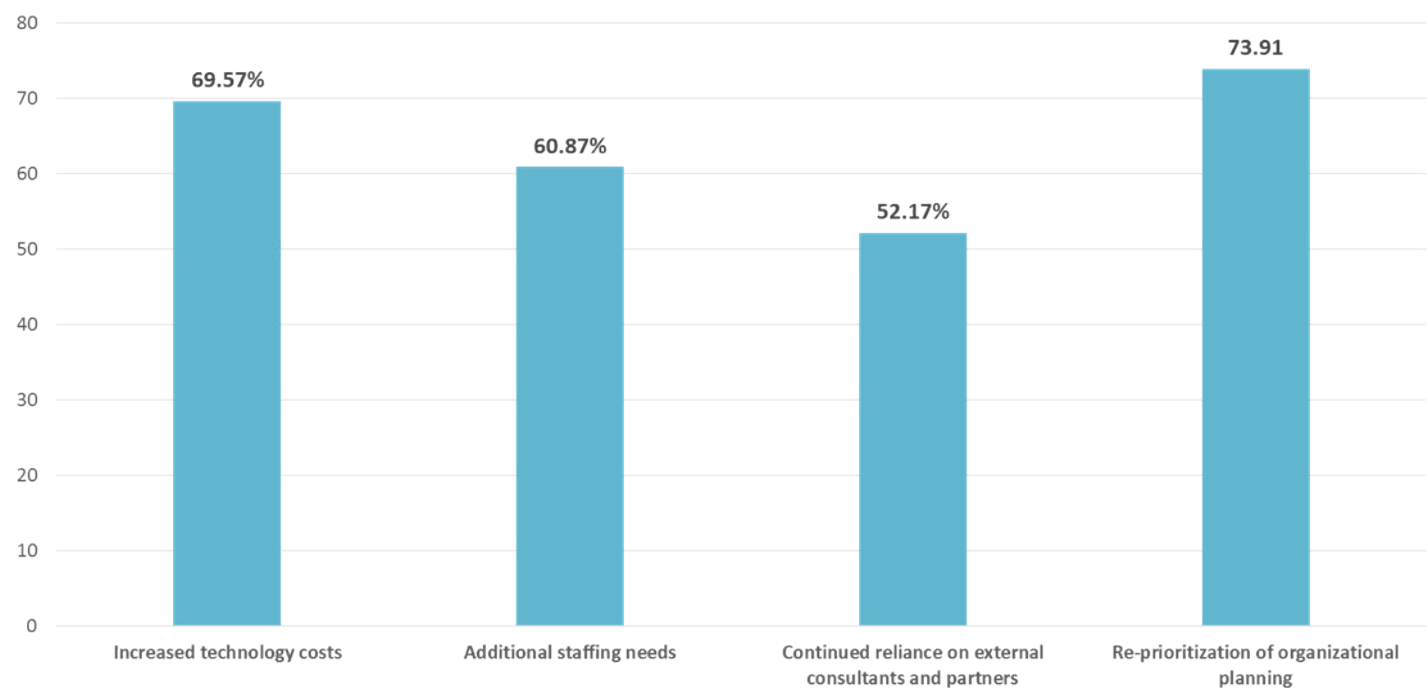
WHICH OF THE FOLLOWING FACTORS WILL HELP REDUCE ADMINISTRATIVE COSTS AT YOUR ORGANIZATION?



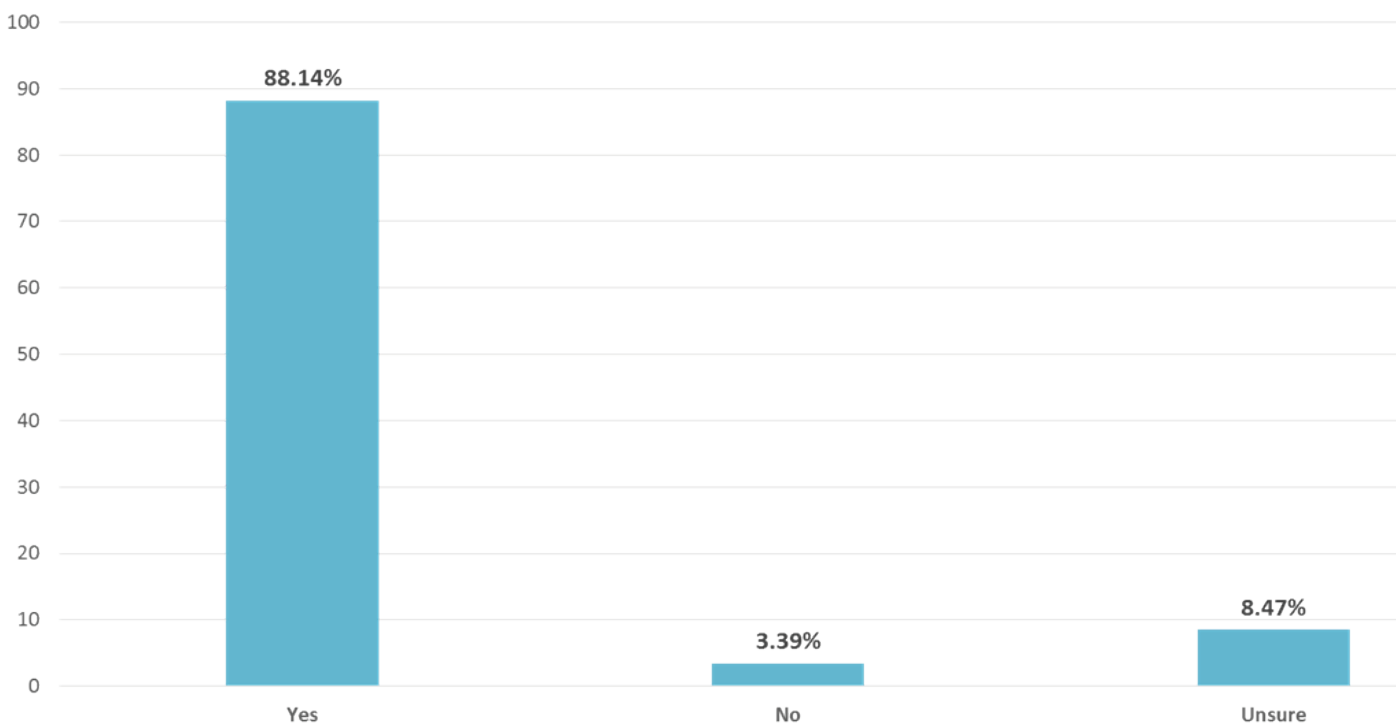
HAVE THE ICD-10 DELAYS HURT YOUR ORGANIZATION FINANCIALLY?



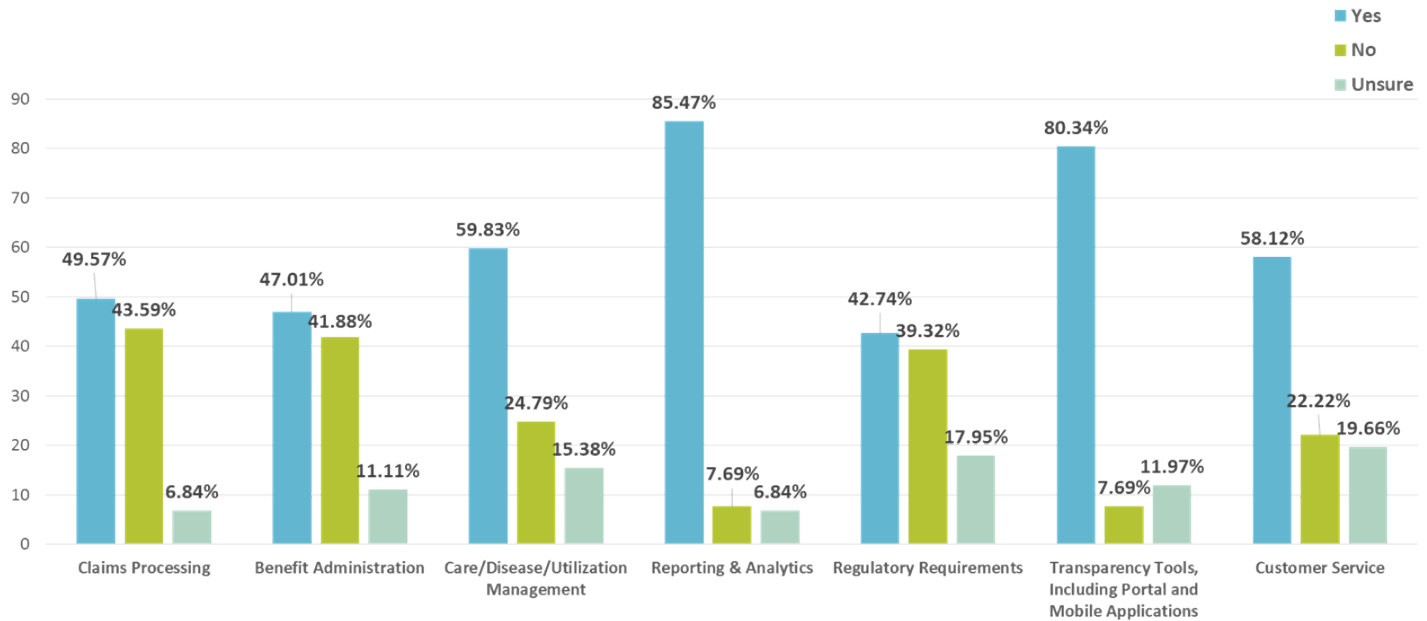
PLEASE INDICATE THE SPECIFIC FISCAL IMPACT(S) OF THESE DELAYS.



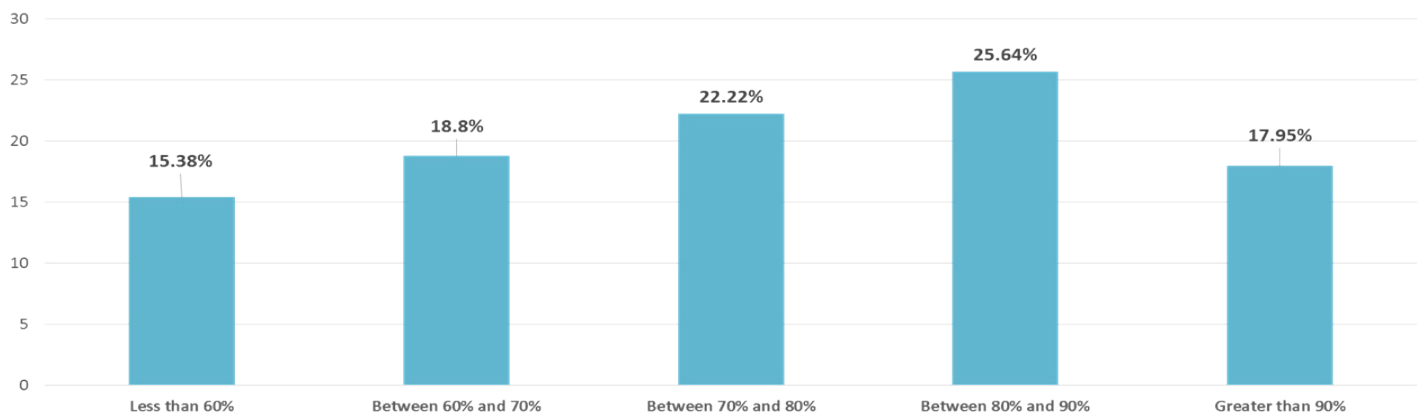
ARE YOU CURRENTLY USING OR PLANNING TO USE TECHNOLOGY AS THE CATALYST TO TRANSFORM YOUR ORGANIZATION?



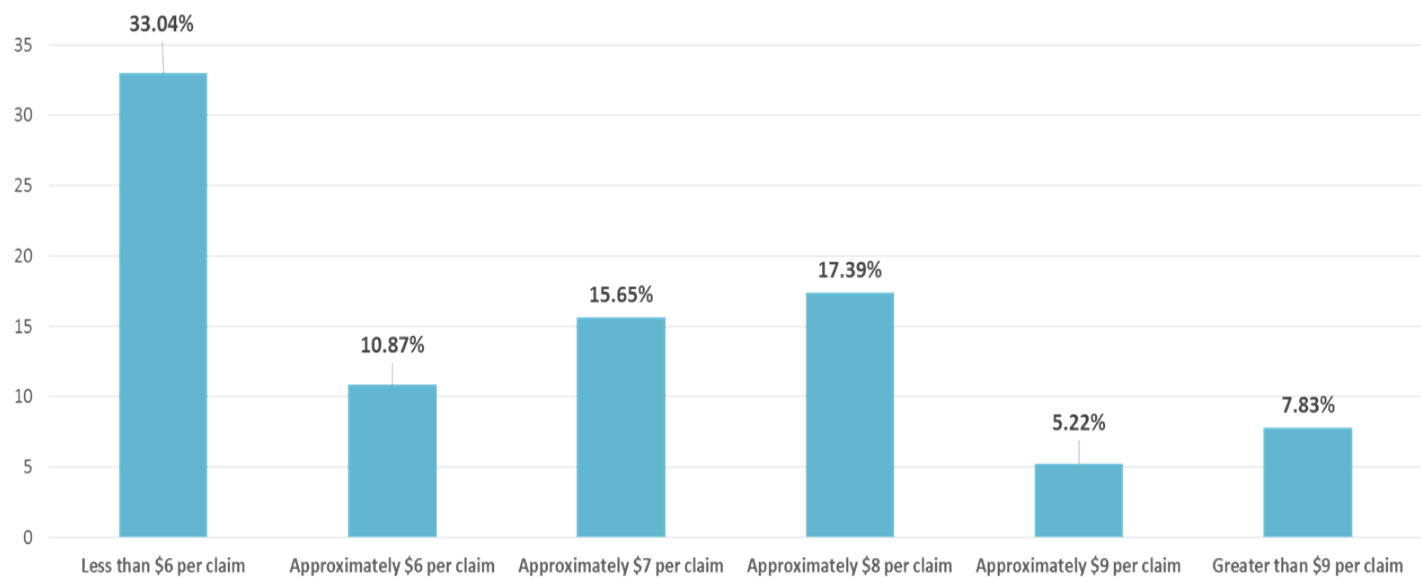
ARE YOU PLANNING TO INVEST IN NEW TECHNOLOGY TO SUPPORT ANY OF THE FOLLOWING AREAS IN THE NEXT YEAR?



WHAT PERCENTAGE OF YOUR CLAIMS ARE CURRENTLY ADJUDICATED AUTOMATICALLY?



WHAT IS THE APPROXIMATE COST OF ADJUDICATING A CLAIM MANUALLY AT YOUR ORGANIZATION?



ABOUT THE SURVEY

CONDUCTED TWICE PER YEAR, THE “STATE OF THE PAYOR” INDUSTRY SURVEY BENCHMARKS THE VIEWS OF INSURANCE EXECUTIVES ON TOPICS INCLUDING UPCOMING BUSINESS IMPERATIVES, TECHNOLOGY INVESTMENTS AND MARKET TRENDS. MORE THAN 120 LEADERS FROM HEALTH PLANS ACROSS THE UNITED STATES PARTICIPATED IN THE ONLINE SURVEY.

The Next Step

To receive more information, contact us at:
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