Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment

Healthcare BPO

Market Report: January 2016 – Preview Deck

EGR-2016-12-PD-1680

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1 Banking, financial services, and insurance

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Background and methodology of the research

Background of the research

The healthcare payer market is undergoing a rapid transformation. With ObamaCare taking effect and boosting enrollments, several new payers find themselves overwhelmed while handling the surge in volumes. Also, as a result of the Affordable Care Act and increase in the size of the aging population, a greater number of high-risk individuals are now able to enroll for health plans. This leads to more claims in terms of both number and value.

In such a scenario, BPO has a much more important role to play in the industry than before. Service providers can help payers streamline their claims operations and reduce operational costs. They can provide services that help buyers bring out new plans in the market more frequently with minimal overheads. Providers can also help run data analytics that can impact the bottom line by targeting low-risk individuals as well as reducing cases of fraud, waste, and abuse.

In this research, we analyze the healthcare payer BPO service provider landscape. We focus on:

- Relative positioning of 20 service providers on Everest Group's PEAK Matrix for healthcare payer BPO
- Analysis of service providers' market share
- Everest Group's analysis of service providers' strengths and areas of improvement

The scope and methodology of this report include:

- Over 300 healthcare payer BPO contracts signed as of June 2015
- Coverage across 20 healthcare payer BPO service providers: Accenture, Capgemini, CGI, Cognizant, Concentrix, Dell, EXL, Firstsource, Genpact, HCCA, HCL, Hexaware, HGS, HP, Infosys, Serco, Sutherland Global Services, Wipro, Xchanging, and Xerox

Overview and abbreviated summary of key messages

Driven by ObamaCare, the market for third-party BPO in healthcare payer space continue to grow at a healthy rate. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. It also includes market share analysis of service providers and Everest Group's remarks on service providers highlighting their key strengths and development areas

Some of the findings in this report, among others, are:

Everest Group PEAK Matrix for healthcare payer BPO

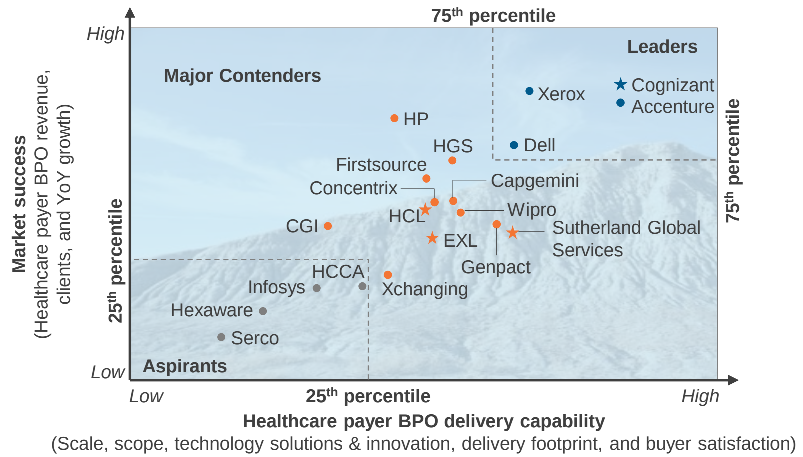
- Everest Group classifies 20 healthcare payer BPO service providers on Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants
- Accenture, Cognizant, Dell, and Xerox emerged as Leaders
- Capgemini, CGI, Concentrix, EXL, Firstsource, Genpact, HCL,HGS, HP, Sutherland Global Services, Wipro, and Xchanging emerged as Major Contenders
- HCCA, Hexaware, Infosys, and Serco are Aspirants on the PEAK Matrix for healthcare payer BPO
- Cognizant, EXL, HCL, and Sutherland Global Services have been identified as "Star Performers" on the healthcare payer BPO PEAK Matrix, based on their strong performance during the last 18 months ended June 2015

Key insights on healthcare payer BPO market shares

- Accenture, HP, and Xerox are the top three largest healthcare payer BPO service providers by revenue
- CGI, Cognizant, HP, and Xerox account for over 50% of the healthcare payer BPO clients
- Accenture, Cognizant, HGS, and Xerox have a dominating presence across most healthcare payer BPO processes. Claims management shows the highest level of competitive intensity among all the healthcare payer BPO processes due to its larger size and broader set of requirements

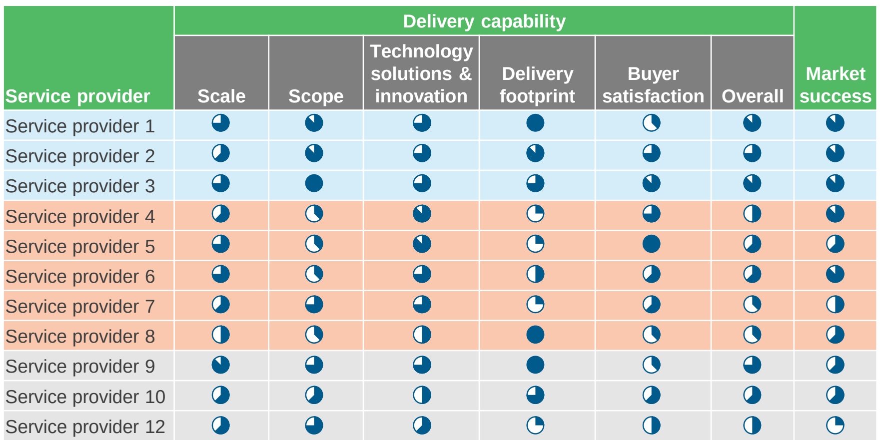
This study offers three distinct chapters providing a deep dive into key aspects of the healthcare payer BPO service provider landscape; below are four charts to illustrate the depth of the report

Healthcare payer BPO PEAK Matrix

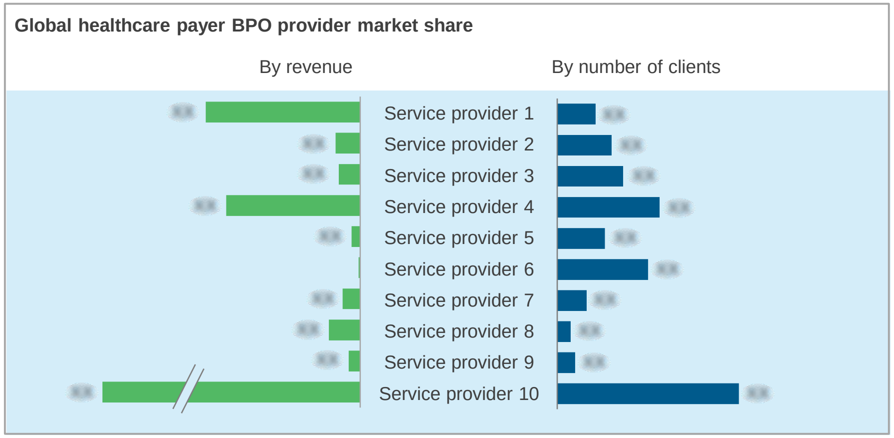


Capability assessment

Leaders · Major Contenders · Aspirants · Best in Class · Very High · High · Medium High · Medium · Medium Low · Low · Not Matured



Market success



Everest Group's remarks on service providers

Provider	Strengths	Areas of improvement
Service provider 1	• On the back of strong growth across clients, revenue, and FTEs, ABC emerged as a Leader and a Star Performer on the PEAK Matrix • Continuing its momentum from last year, ABC demonstrated strong capabilities to win all-round deals across a variety of processes	• With a high share of offshore FTEs, ABC is able to keep its operating costs down, but at the same time is less adept in delivering value-add and innovative services for its buyers • Increased investments in upcoming themes, such as RPA, can help the service provider exceed buyers' expectations further
Service provider 2	• With substantial scores across scope, delivery footprint, and buyer satisfaction, XYZ has secured the Major Contender title on PEAK Matrix • While the core capabilities continue to revolve around claims processing, XYZ is capable of providing a broad set of services across the healthcare payer value-chain	• XYZ's healthcare offerings are generally geared towards larger payers, thus skewing their market traction as well • While it seems to have strong capabilities, especially in transactional BPO processes, it needs to develop its technology arsenal more rigorously for core healthcare processes

Source: Everest Group (2016)

Healthcare Payer BPO research calendar

Published | Current

Topic	Release date
Healthcare Payer BPO – State of market with PEAK Matrix^{TM} Assessment	February 2015
Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix^{TM} Assessment	January 2016
Healthcare Payer BPO – Annual Report 2016	Q1 2016
Healthcare Payer BPO – Service Provider Compendium 2016	Q1 2016

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RESEARCH

Additional healthcare payer research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Healthcare Payer BPO – State of market with PEAK Matrix™ Assessment** (EGR-2015-12-R-1367); 2015. Driven by ObamaCare, the market for third-party BPO in healthcare payer space grew at a healthy rate in 2013. Greater demand for BPO services from the smaller payers led to a slight shift in the buyer adoption. Also, growth of the claims management process was outpaced by several other processes. Factors, such as rise of health insurance exchanges, increased regulatory governance, control of fraud, waste, and abuse, and convergence of payers and providers, emerged as the key drivers shaping this market for the future

2. **IT Outsourcing (ITO) in the Healthcare Payer Industry – Annual Report 2015: Go-to-Market Strategy for Healthcare IT** (EGR-2015-12-R-1618); 2015. This report provides an overview of the IT market for the payer industry. Analysis includes market size & growth, forecasts (up to 2020), demand drivers, adoption & scope trends, key areas of investment, and implications for key stakeholders. The report features a special section on enabling a go-to-market strategy for healthcare IT. Key factors driving systemic transformation and changes include connectivity, care analytics, interoperability, clinician engagement, and payment systems

3. **IT Outsourcing in Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2015** (EGR-2015-12-R-1620); 2015. This report provides a comprehensive assessment of the service provider landscape for payer IT services. It maps 20 leading service providers on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a service provider's capability and market success

For more information on this and other research published by Everest Group, please contact us:

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