



## Healthcare Provider Market: Addressing Issues Beyond Value-Based Care | What Healthcare Providers Need to do to Address Myriad of Challenges

Healthcare & Life Sciences BPS

Annual Report – March 2018: Complimentary Abstract / Table of Contents

# Our research offerings for global services

## ▶ Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

## ▶ Application Services

## ▶ BPS | Banking Financial Services

## ▶ BPS | Healthcare & Life Sciences

## ▶ BPS | Insurance

## ▶ Catalyst™

## ▶ Cloud & Infrastructure

## ▶ Customer Experience Management

## ▶ Digital Services

## ▶ Engineering Services

## ▶ Finance & Accounting

## ▶ Human Resources

## ▶ ITS | BFSI\*

## ▶ ITS | Healthcare & Life Sciences

## ▶ IT Services Forecaster™

## ▶ Locations Insider™

## ▶ PricePoint™

## ▶ Procurement

## ▶ Recruitment & Talent Acquisition

## ▶ Service Optimization Technologies

## ▶ Transaction Intelligence

## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

## Subscription information

- This report is included in the following subscription(s)
  - **Healthcare & Life Sciences BPS**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

\* Banking, financial services, and insurance



### Corporate Headquarters

Office: +1-214-451-3000

[info@everestgrp.com](mailto:info@everestgrp.com)



### European Headquarters

Office: +44-207-129-1318

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)



### Delhi Office

Office: +91-124-284-1000

[india@everestgrp.com](mailto:india@everestgrp.com)

# Table of contents

---

Topic	Page no.
<b>Background and research methodology</b>	<b>5</b>
<b>Section I: Healthcare provider: challenges</b>	<b>8</b>
• Regulations	12
• Capex on technology	15
• Improper payments	18
• Risks	21
<b>Section II: Healthcare providers' solution approach</b>	<b>24</b>
• Process improvement	26
• People management	30
• Technology enhancement	33
• Ecosystem development	36
<b>Section III: Sourcing implications</b>	<b>39</b>
<b>Section IV: Service Provider Landscape</b>	<b>41</b>
<b>Appendix</b>	<b>43</b>
• Glossary of terms	44
• Research calendar	46
• References	47

# Background and methodology of the research

---

## **Background of the research**

A majority of healthcare providers in the United States suffered financial decline in 2017. Shift towards value-based care system is one of the key factors affecting health of hospitals; however, health networks' pain points vary widely, from a broad shift toward consumerism to talent shortage. Majority of these challenges can be segmented into four broad categories – regulations, capex on technology, incorrect/non-payments, and risks such as narrow networks.

Healthcare providers need to tackle problems on multiple fronts to move toward a solution, which must include elements of process improvement, people management, technology enhancement, and ecosystem development

**In this research study, we highlight the challenges faced by healthcare providers in the market today and give solutions to some of their key problems**

# Overview and abbreviated summary of key messages (page 1 of 2)

This report examines the challenges faced by healthcare providers in the market today and give solutions to some of these problems. Additionally, sourcing implications arising out of these challenges are also discussed in the report.

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

### Healthcare provider challenges

- Obama-era regulations, such as MACRA, and GOP-proposed/passed bills are pressuring hospital margins with MACRA alone likely to cause a decline in hospital Medicare reimbursement of at least US\$250 billion by 2030
- Massive investments into extremely expensive EHR systems with little or no preparedness and vision leading to poor financial performance
- Continuing fraud, lack of education, and CMS' inability to address these issues has resulted in doubling of improper payments in past five years, with 2016 reaching ~US\$102 billion
- Claims denials totaled more than US\$250 billion in 2016 highlighting the payment risk significance for hospitals

### Healthcare providers' solution approach

- A large part of healthcare providers' financial challenges stem from inefficient processes (especially front-end) and ineffective care management initiatives; hence, focus on these two segments
- Hospitals should hire visiting physicians/nurses, link incentives with performance, and collaborate with specialists for training purposes to enhance people management
- Technology investment is a must; however, hospitals also need to sort out issues regarding technology illiteracy and improper implementation before achieving ROI

# Overview and abbreviated summary of key messages (page 2 of 2)

## Sourcing implications

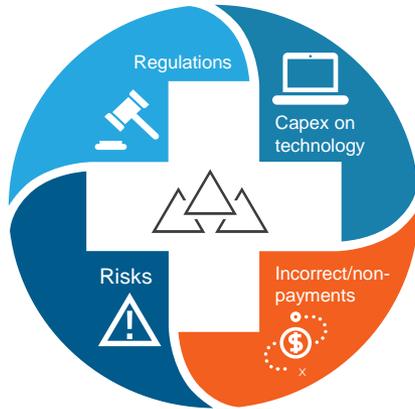
- Increased demand for care initiatives, population health, telehealth, and patient engagement-focused activities
- Learning and development initiatives will increase

## Service provider landscape

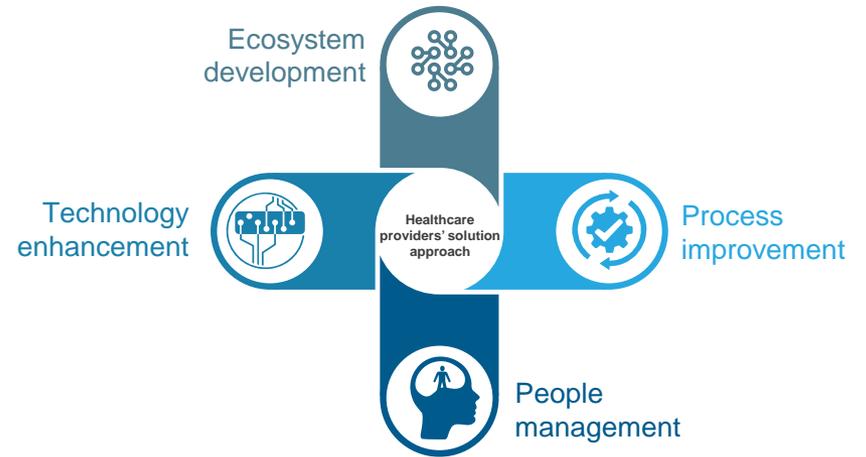
The healthcare provider outsourcing market is highly competitive, with specialists, IT/BPO service providers, and technology vendors

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

### Healthcare provider challenges



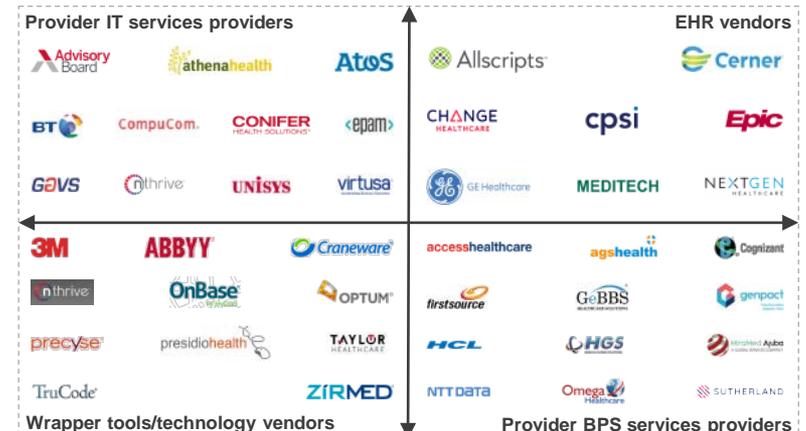
### Healthcare providers' solution approach



### Sourcing implications

Challenge	Business implications	Sourcing implications
Regulations such as MACRA	Lower reimbursement rates for government plans	Increased demand for care initiatives, population health, telehealth, and patient engagement-focused activities
Capex on technology	Increased expenditure on hiring IT staff and training existing staff	Learning and development initiatives will increase
Non-/improper-payments	Rising bad debts and negative margin impact	Front-end process, such as eligibility verification and registration, will experience greater scrutiny
Risks such as narrow networks	Increased mergers & acquisitions activity to enhance negotiating leverage vis-à-vis payers	Provider-to-provider collaboration will gain momentum

### Service provider landscape



# Research Calendar – Healthcare and Life Sciences BPS

Published
  Planned
  Current release

## Flagship HLSBPO reports

### Release date

Healthcare payer BPO: Service Provider Profile Compendium 2018 .....	January 2018
Healthcare Report Card 2017: Enterprise Initiatives and Service Provider Performance .....	March 2018
Life Sciences Report Card 2017: Enterprise Initiatives and Service Provider Performance .....	March 2018
Healthcare Payer Annual Report: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market .....	March 2018
<b>Healthcare Provider Market: Addressing Issues Beyond Value-Based Care   What Healthcare Providers Need to do to Address Myriad of Challenges</b> .....	<b>March 2018</b>
Healthcare Payer BPO Deal Trends .....	Q2 2018
Healthcare Provider BPO Deal Trends .....	Q2 2018
Healthcare Payer BPO: Service Provider Landscape with Services PEAK Matrix™ Assessment 2019 .....	Q4 2018
Healthcare Provider BPO: Service Provider Landscape with Services PEAK Matrix™ Assessment 2019 .....	Q4 2018

## Thematic HLS BPO reports

Viewpoint on Member Engagement of the Future, Part 1 (3 Part Series) .....	Q2 2018
Viewpoint on Life Sciences Sales & Marketing .....	Q2 2018
Viewpoint on RPA in Healthcare .....	Q2 2018
Viewpoint on Risk and Compliance .....	Q3 2018
Viewpoint on Value Based Care .....	Q3 2018

Note: For a list of all of our HLS BPO reports, please visit the [HLS BPO](#) on our reports portal

# Additional Healthcare and Life Sciences BPS Research References

---

The following documents are recommended for additional insight on 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 – Service Provider Landscape with PEAK Matrix™ Assessment 2018** ([EGR-2017-12-R-2455](#)); 2017. Inability of new administration to either replace or decide upon keeping the ACA is leading to high degree of uncertainty. This report uses Everest Group's proprietary Services 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
- 2. Healthcare Provider BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017** ([EGR-2017-12-R-2427](#)); 2017. Rising administrative cost is putting significant pressure on the profitability of healthcare providers. Additionally, the entire healthcare provider industry is also facing headwinds from market shift towards value-based payment models. Both these megatrends have multifold impact on the healthcare provider market and are giving rise to emergence of outsourcing as a solution
- 3. Innovation in Pharmacovigilance – How to Spend Smarter Not Higher** ([EGR-2017-12-V-2195](#)); 2017. Despite spending billions of dollars, lack of drug-related Adverse Event (AE) reporting and subsequent drug safety breaches continue to impact millions of lives and cause financial losses. Pouring more money at their Pharmacovigilance (PV) arms is no longer an efficient solution, so what can the pharmaceutical companies do to get out of this quagmire?

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

**Manu Aggarwal**, Practice Director:

[manu.aggarwal@everestgrp.com](mailto:manu.aggarwal@everestgrp.com)

**Ankur Verma**, Senior Analyst:

[ankur.verma@everestgrp.com](mailto:ankur.verma@everestgrp.com)

**Naman Sharma**, Senior Analyst:

[naman.sharma@everestgrp.com](mailto:naman.sharma@everestgrp.com)

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto:info@everestgrp.com)



## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### Bangalore

india@everestgrp.com  
+91-804-276-4533

### Delhi

india@everestgrp.com  
+91-124-496-1000

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-416-388-6765

## Stay connected

### Website



[www.everestgrp.com](http://www.everestgrp.com)

### Social Media



@EverestGroup



@Everest Group

### Blog

[Sherpas In Blue Shirts](http://www.sherpasinblueshirts.com)

[www.sherpasinblueshirts.com](http://www.sherpasinblueshirts.com)