Healthcare Payer BPO Market – Deal Trends Report 2018

Healthcare and Life Sciences BPS
Market Report – June 2018: Complimentary Abstract / Table of Contents

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- Benchmarking | Pricing, delivery model, skill portfolio
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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background and methodology of the research

Background of the research

After a year of stalled investments owing to market uncertainty, healthcare payers restarted investments in areas such as value-based care adoption, care management, utilization & disease management, population health, and consumer experience. On the technology front, automation, analytics, and BPaaS continue to be areas of interest for the healthcare community. In fact, inclusion of analytics in total contracts is reaching a whopping share of ~50%. Outsourcing – both traditional and technology-focusses – is expected to continue growing at a healthy double-digit growth rate in near future.

In this research study, we look at the healthcare payer BPO market from the point of view of adoption trends as well as prevalent solution characteristics.

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Overview and abbreviated summary of key messages

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

State of the market

- The healthcare payer BPO market witnessed a spike after a year of slow growth, with the market reaching ~US$11 billion in 2017
- KPIs for outsourcing are moving away from cost towards new-generation metrics such as innovation, domain expertise, and digital knowhow

Healthcare payer BPO solution characteristics

- Outcome-based contracts – based on factors such as NPS scores and claims settled – are coming to mainstream; however, transactional pricing has maximum penetration
- Manila is the biggest and one of the fastest growing offshore location for healthcare payer outsourcing services

Key trends impacting the healthcare provider BPO market

- Several trends are shaping how healthcare stakeholder act and have an indirect impact on the service providers too
- In addition, service providers themselves are under pressure from other market participants and are trying to reinvent existing business models

Service provider landscape in the healthcare payer BPO market

- Accenture, Cognizant, Conduent, and DXC Technology continue to lead the market, both in terms of revenue and number of clients
- Claims management, followed by member engagement, continues to be the largest and most competitive space

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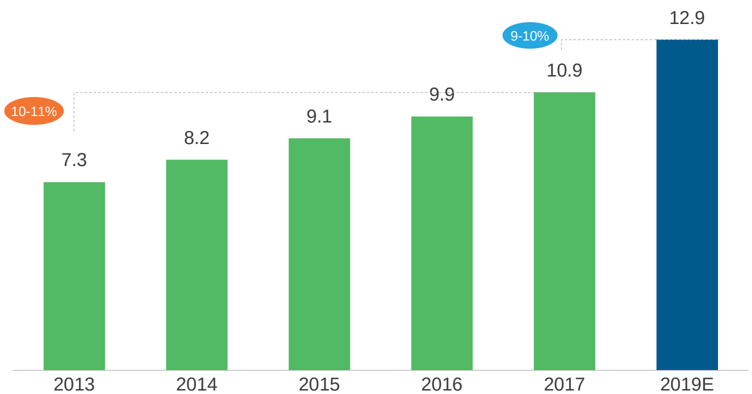
This study offers four distinct chapters providing a deep dive into key aspects of Healthcare Payer BPO market; below are four charts to illustrate the depth of the report

Market overview

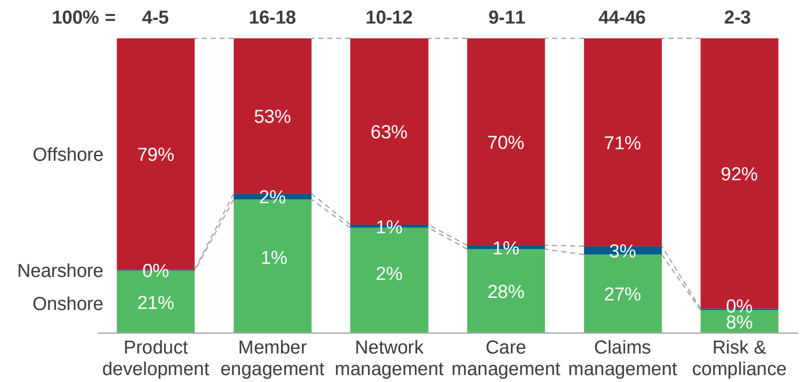
Size of healthcare payer BPO market
Revenue in US$ billion

XX% CAGR (2013-2017) XX% CAGR (2017-2019F)



Sourcing mix

Shoring mix by processes
Percentage of FTEs (in ‘000s)



Market trends

Uncertainty
Lack of clarity around regulations (stemming from uncertain political environment) has kept all major industry stakeholders on their toes

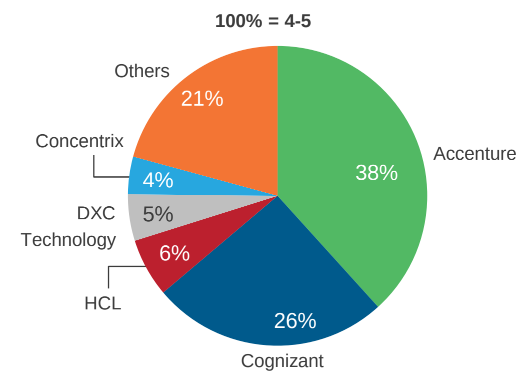
Consumerization
Rapidly increasing role and importance of consumers is forcing stakeholders – payers, providers, and life sciences companies – to change their business and operating model

Shift towards value
Adoption of value-based care or value-based contracting is causing a change to how payers and providers operate

Margin pressures
Payers and providers are facing extreme margin pressures that are forcing them to reduce costs and revaluate their business strategy

Service provider market share by processes

Product development



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Research calendar – Healthcare and Life Sciences BPS

Published | Planned | Current release

Flagship HLS BPO 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
Healthcare Provider Market: Addressing Issues Beyond Value-based Care	March 2018
What Healthcare Providers Need to Do to Address Myriad Challenges	March 2018
Healthcare Provider BPO Market – Deal Trends Report 2018	June 2018
Healthcare Payer BPO Market – Deal Trends Report 2018	**June 2018**
Healthcare Automation: Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	Q3 2018
Healthcare Analytics Services: Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	Q3 2018
Healthcare Payer BPO: Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	Q4 2018

Thematic HLS BPO reports	
Pharma Sales & Marketing: Old Strategies Into New Methods | Focus on Transmutation rather than Transformation	June 2018
Member Engagement of the Future	Q3 2018
Risk and Compliance	Q3 2018
Value-based Care	Q3 2018

Note: For a list of all HLS BPO reports published by us, please refer to our website page

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Additional Healthcare and Life Sciences BPS research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details 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 the new administration to either replace or decide upon keeping the ACA is leading to a 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 a market shift towards value-based payment models. Both these megatrends have multi-fold 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 into their Pharmacovigilance (PV) arms is no longer an efficient solution, so this report discusses what pharmaceutical companies can do to get out of this quagmire

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