Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016

Healthcare & Life Sciences BPS

Market Report – January 2017 – Preview Deck

EGR-2017-12-PD-2082

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1 Banking, financial services, and insurance

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Background and methodology of the research

Background of the research
With Obamacare bringing continued market changes, the healthcare payer market remains in a dynamic state. Impending decision about top payer consolation created more uncertainty in the market. Some of the key changes observed in the market include the following — loss recorded in exchange health plans, increase in drug prices & healthcare costs, decline in private physician practice, greater number of High Deductible Health Plans (HDHPs) being sold, preference for narrow provider network, and rise of Accountable Care Organizations (ACOs).

Such a scenario accentuates the role of BPO service providers and the value they bring in. Service providers can help payers reduce administrative costs, streamline claims operations, and handle increased volumes, especially during the enrollment season. Improving care management (including care coordination), enhancing customer experience, and reducing errors while keeping costs in check are some of the other key areas where service providers can add value to payers' operations. Analytics-driven solutions for key areas such as population health management, FWA, utilization management, and payment integrity have also witnessed increased focus from payers.

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 350 healthcare payer BPO contracts signed as of June 2016
- Coverage across 20 healthcare payer BPO service providers: Accenture, Capgemini, CGI, Cognizant, Concentrix, Conduent, EXL, Firstsource, Genpact, HCL, Hexaware, HGS, HPE, Infosys, Intelenet, NTT DATA, Shearwater Health, Sutherland Global Services, Syntel, and Wipro

Overview and abbreviated summary of key messages

Driven by continued market changes brought in by Obamacare, the market for third-party BPO in healthcare payer space continues 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

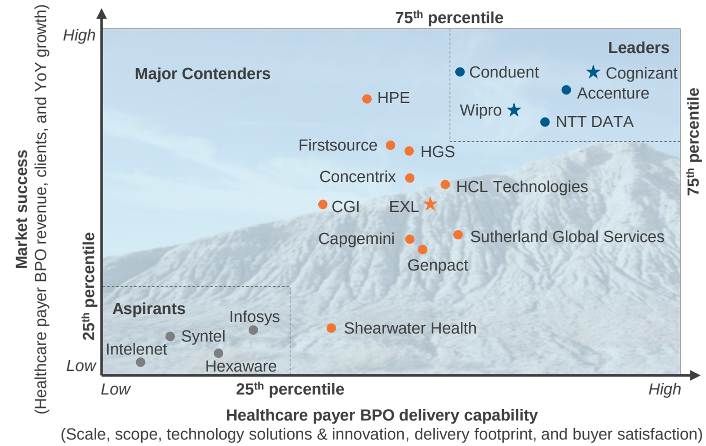
- Everest Group classifies 20 healthcare payer BPO service providers on Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix into the three categories of Leaders, Major Contenders, and Aspirants
- Accenture, Cognizant, Conduent, NTT DATA, and Wipro emerged as Leaders
- Capgemini, CGI, Concentrix, EXL, Firstsource, Genpact, HCL, HGS, HPE, Shearwater Health, and Sutherland Global Services emerged as Major Contenders
- Hexaware, Infosys, Intelenet, and Syntel are Aspirants on the PEAK Matrix for healthcare payer BPO
- Cognizant, EXL, and Wipro have been identified as "Star Performers" on the healthcare payer BPO PEAK Matrix, based on their strong performance during the last 12 months ended June 2016

Key insights on healthcare payer BPO market shares

- Accenture, Conduent, and HPE are the top three largest healthcare payer BPO service providers by revenue
- CGI, Cognizant, Conduent, and HPE account for over 50% of the healthcare payer BPO clients
- Accenture, Cognizant, Conduent, HGS, and HPE have a dominating presence across most healthcare payer BPO processes. Claims management continues to represent the largest share of healthcare payer BPO market and is the most crowded space in terms of number of players

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

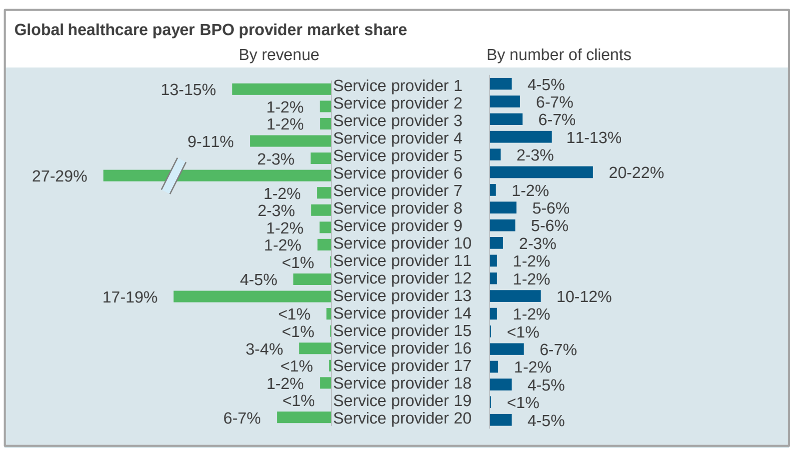


Capability assessment

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

Service provider	Delivery capability						Market success
	Scale	Scope	Technology solutions & innovation	Delivery footprint	Buyer satisfaction	Overall	
Service provider 1	Very High	Very High	High	Best in Class	Medium Low	Very High	Very High
Service provider 2	Medium High	Very High	High	Very High	High	High	Very High
Service provider 3	High	Best in Class	High	High	Very High	Very High	Very High
Service provider 4	Medium High	Medium Low	Very High	Low	High	Medium	Very High
Service provider 5	High	Medium Low	Very High	Low	Best in Class	Medium High	Medium High
Service provider 6	High	Medium Low	High	Medium	Medium High	Medium High	Very High
Service provider 7	Medium High	High	High	Low	Medium High	Medium Low	Medium
Service provider 8	Medium	Medium Low	Medium	Best in Class	Medium Low	Medium Low	Medium High
Service provider 9	Very High	High	High	Best in Class	Medium Low	High	Medium High
Service provider 10	Medium High	Medium High	Medium	High	Medium High	Medium High	Medium High
Service provider 12	Medium High	High	Medium High	Low	Medium	Medium	Low

Market success



Everest Group's remarks on service providers

Provider	Strengths	Areas of improvement
Service provider 1	• With strong capabilities across the board, ABC continues to be a Leader on the PEAK Matrix • Buyers have shown appreciation for value-added services that ABC offers, especially in areas such as RPA and analytics	• Lack of adequate onshore delivery can act as a hindrance for ABC, especially when working with states on Medicaid side. Ramping up its local delivery can also help it better cater to more judgment-driven processes
Service provider 2	• Significant capabilities across scale, scope, and delivery footprint make XYZ a Major Contender on the PEAK Matrix • Healthy shoring mix aides it in both utilizing the cost arbitrage advantage of offshore locations as well as positioning itself as a suitable fit for buyers requiring an onshore presence	• With growing leverage of RPA and analytics to improve customer experience, increase accuracy, and cut down costs, XYZ should step up its investments in such value-added services • It is more focused on large-sized clients, and should look to penetrate the fast growing small-and medium-sized payer segments as well

Source: Everest Group (2017)

Healthcare & Life Sciences BPS research calendar

Published | Current

Topic	Release date
Healthcare Payer BPO – State of Market with PEAK Matrix™ Assessment	February 2015
Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2015	January 2016
Wipro Bets Big on Healthcare through the HealthPlan Services Acquisition	February 2016
Healthcare Payer BPO – Annual Report 2016; From Cost Reduction to Value-Driven Outsourcing – Moving On Up	August 2016
Healthcare Payer BPO – Service Provider Profile Compendium	August 2016
Healthcare Payer BPO – Viewpoint on Medicaid and Medicare BPO: Exploring the Next Growth Wave in the Market	November 2016
Healthcare Provider BPO – RCM Outsourcing Annual Report 2016: Growth on the Back of Declining Provider Margins	December 2016
Healthcare Payer BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016	February 2017
Healthcare Payer BPO – Annual Report 2016	Q1 2017
Life Sciences BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q1 2017
Healthcare Payer BPO – Service Provider Compendium 2016	Q2 2017
Life Sciences BPO – Annual Report 2017	Q2 2017
Life Sciences BPO – Service Provider Compendium 2017	Q3 2017

Additional BPS 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 – Service Provider Profile Compendium** (EGR-2016-12-R-1883); 2016. The objective of this compendium is to provide key stakeholders a snapshot of the offerings and capabilities of 19 major healthcare payer BPO service providers. Specifically, the report allows for comparison of the service providers on their areas of strength and development. It helps current and potential buyers of healthcare payer BPO services to assess the service providers on the capabilities that they desire

2. **Healthcare Payer BPO – Annual Report: From Cost Reduction to Value-Driven Outsourcing – Moving On Up** (EGR-2016-12-R-1824); 2016. Over the last three years, the healthcare payer market witnessed increased volume of work as well as a rise in the average ACV. Claims processing continues to be the most outsourced and offshored process within the value chain. Technology-led solutions are gaining traction in healthcare BPO, with platform solutions being the most preferred by buyers. Also, evolved pricing models such as transaction- or outcome-based pricing are gaining dominance

3. **Medicare/Medicaid Version 2.0: Exploring the Next Growth Wave in the Market** (EGR-2016-12-V-1971); 2016. During 2010-2015, regulations such as PPACA and ARRA revitalized growth in the market by significantly enhancing the scope of healthcare coverage in the country. The increased scope led to fast paced increase in enrollment of both the plans. With the onset of the second wave of regulations (such as MACRA), the Medicare/Medicaid market in the country is expected to witness another overhaul during 2015-2020. Additional factors such as uncertain political scenario, fast growth in the number of elderly people (65+ age), and industry shift towards value-based care would also be driving the market growth

4. **Revenue Cycle Management (RCM) Outsourcing Annual Report 2016: Growth on the Back of Declining Provider Margins** (EGR-2016-12-R-2029); 2016. Market for the traditionally outsourced RCM functions such as post-service is now maturing. However, opportunities in pre-service and service functions are gaining traction. A key driver for growth in the market is the incident of rising administrative cost, which is significantly affecting profitability of hospitals. Also, automation is becoming the flavor of the industry, with buyers asking for solutions that are integrated across different functions and involve automation

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

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