Healthcare Payer BPO – State of Market with PEAK Matrix^{TM} Assessment

Healthcare BPO
Market Report: February 2015 – Preview Deck

EGR-2015-12-PD-1367

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1 Banking, financial services, and insurance

Table of contents (page 1 of 3)

Table of contents (page 2 of 3)

Table of contents (page 3 of 3)

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 the volumes. Also, as a result of the Affordable Care Act and the 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 which help buyers bring out new plans in the market on a more frequent basis with minimal overheads. Providers can also help run data analytics that can impact the bottomline 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:

- Market overview and buyer adoption trends
- Positioning of 15 service providers on the Everest Group PEAK Matrix for healthcare payer BPO
- Key insights on PEAK Matrix dimensions
- Healthcare payer BPO solution characteristics

The scope and methodology of this report include:

- Over 180 active healthcare payer BPO contracts signed as of December 2013
- Coverage across 15 healthcare payer BPO service providers: Accenture, Cognizant, Dell, EXL, Firstsource, Genpact, HCL, Hexaware, HGS, HP, IGATE, Infosys, Sutherland Global Services, Wipro, and Xerox

This report is based on four key sources of proprietary information

1

- Proprietary database of over **180 healthcare payer BPO contracts** (updated annually)
- The database tracks the following elements of each contract:
  - Buyer details including size and signing region
  - Contract details including service provider, contract type, TCV and ACV, service provider FTEs, start & end dates, duration, and delivery locations
  - Scope details including share of individual buyer locations being served in each contract, processes served, and pricing model employed

2

- Proprietary database of **15 healthcare payer BPO service providers** (updated annually)
- The database tracks the following for each service provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different processes
  - Location and size of delivery centers
  - Technology solutions developed

3

- **Service provider briefings**
  - Vision and strategy
  - Annual performance and future outlook
  - Key strengths and improvement areas
  - Emerging areas of investment

4

- **Ongoing buyer interactions**
  - Drivers and challenges for adopting healthcare payer BPO
  - Assessment of service provider performance
  - Emerging priorities
  - Lessons learnt and best practices

List of service providers covered in the analysis

Accenture, Cognizant, Dell, EXL, firstsource, GENPACT, HCL, HGS, Hexaware Technologies, hp, IGATE, Infosys, Sutherland Global Services, Wipro, xerox

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected by us, will only be presented back to the industry in an aggregated fashion

Everest Group's view of the healthcare payer BPO value chain

Product development & business acquisition	Member management	Provider management	Care management	Claims management
Plan development	Enrollment	Provider network management	Disease management	Initial claims processing
Channel management (agent/broker network)	Handling of endorsements and renewals	Provider credentialing	Utilization management	Claims review and investigation (adjudication)
Risk assessment	Records management	Provider contract management		Claims disbursements
Underwriting	Billing	Records management		Fraud detection & management
	Collections			Claims litigation, recovery/subrogation

Analytics

Note: This report covers vertical-specific BPO within the healthcare payer space. It does not include coverage of horizontal business processes such as F&A, HR, procurement, and contact centers

Overview and abbreviated summary of key messages

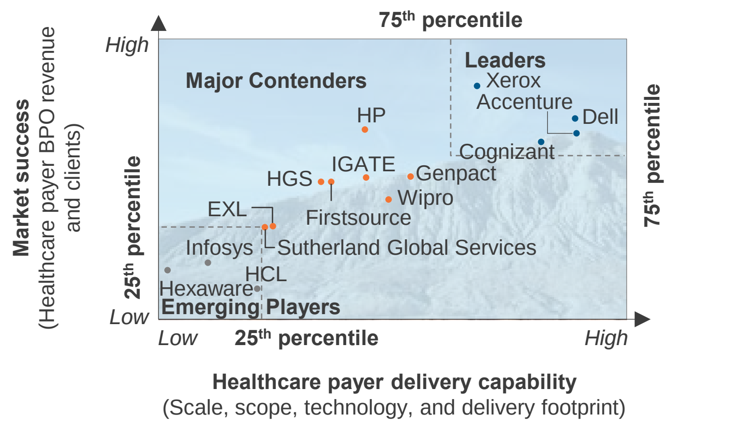
This report examines the multiple aspects of the healthcare payer BPO market. It focuses on service provider position and growth, changing market dynamics & emerging service provider trends, and assessment of service provider delivery capabilities. Along with these, the report encompasses analysis of healthcare payer BPO market at an aggregate level and key solution characteristics

Some findings of the report:

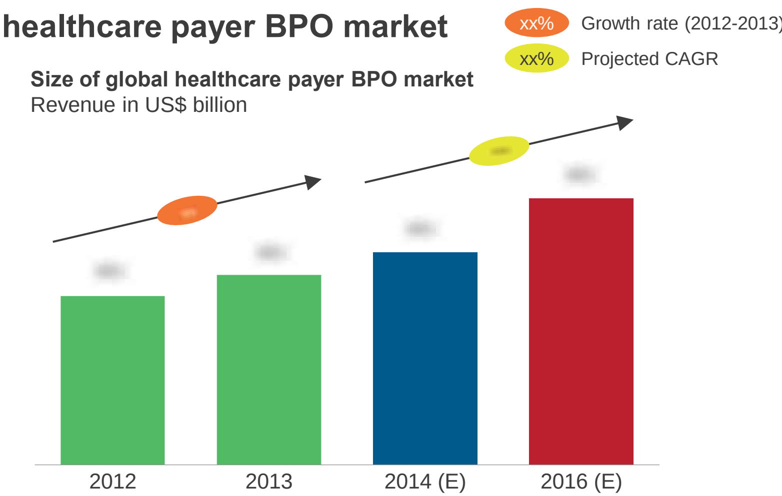
Market overview	Healthcare payer BPO market is growing at a rapid pace driven by Obamacare and other regulatory/market changes New buyer segments are emerging in this market and driving a large part of the growth Factors, such as rise of health insurance exchange, increased regulatory governance, control of fraud, waste, and abuse, and convergence of payers and providers, are likely to impact the future of the BPO industry
Solution characteristics	Process scope – claims management continues to drive bulk of BPO adoption but other processes are growing at a much faster pace Global sourcing – FTEs are spread across both onshore and offshore locations with 3 regions (India, Philippines, and North America) accounting for bulk of the delivery Technology solutions – Adoption of platform-based technology is on the rise Pricing models – Buyers exhibit maturity by adopting more complex pricing mechanisms
2015 healthcare payer BPO PEAK Matrix	Leaders – Accenture, Cognizant, Dell, and Xerox Major Contenders – EXL, Firstsource, Genpact, HGS, HP, IGATE, Sutherland Global Services, and Wipro Emerging Players – HCL, Hexaware, and Infosys
Key insights on PEAK Matrix dimensions	We assess the overall healthcare payer BPO capability of service providers by evaluating them along five dimensions – market success, scale, scope, technology, and delivery footprint Leaders outperform other players across nearly all the metrics assessed with Major Contenders lagging behind by a considerable distance
Service provider profiles compendium	We profiled 15 service providers with robust healthcare payer BPO capabilities The profiles provide an overview of the service provider capabilities in delivering healthcare payer BPO solutions

The study offers service provider positions on the Everest Group PEAK Matrix™ for healthcare payer BPO, landscape, and assessment of delivery capability

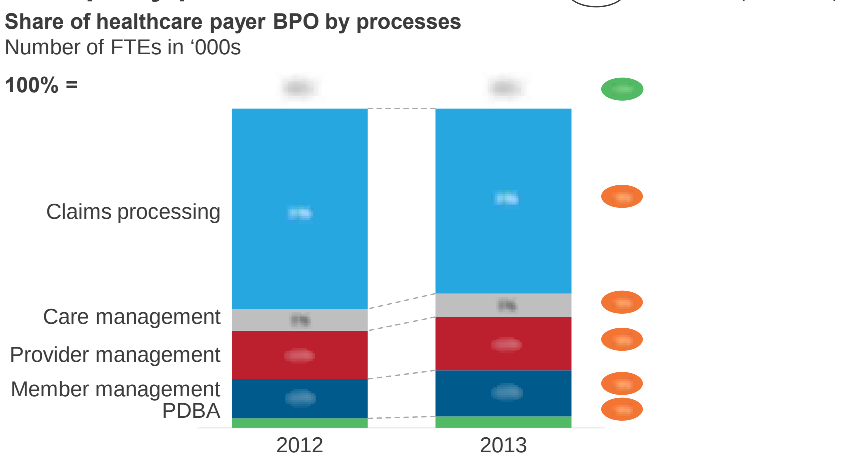
Everest Group PEAK Matrix for healthcare payer BPO



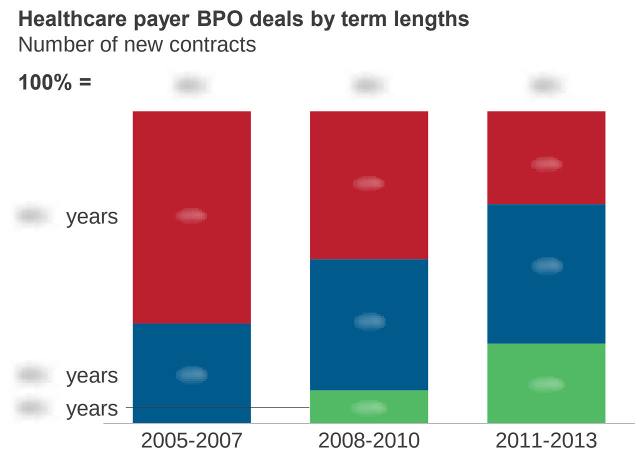
Size of healthcare payer BPO market



Landscape by processes



Share of size-based buyer categories



Source: Everest Group (2015)

Additional healthcare research references

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

1. **IT Outsourcing (ITO) in the Payer Industry – Annual Report 2014: Regulations on Payers' Mind** (EGR-2014-12-R-1238); 2014. This report provider an overview of the ITO 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 (buyers and service providers). This report focuses specifically on how payers' technology imperatives are being fashioned, primarily by wide sweeping structural regulatory reforms in the United States (PPACA). It also provides an overview of payers' regulatory conundrum and mitigation strategies

2. **IT Outsourcing (ITO) in the Payer Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014: Rise of the Challengers** (EGR-2014-12-R-1263a); 2014. This report provides a comprehensive assessment of the service provider landscape for IT outsourcing (ITO) services in the payer industry. It maps 18 leading ITO 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 the Everest Group, please contact us:

Rajesh Ranjan, Partner — rajesh.ranjan@everestgrp.com
Anupam Jain, Practice Director — anupam.jain@everestgrp.com
Manu Aggarwal, Senior Analyst — manu.aggarwal@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

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Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

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

Toronto
canada@everestgrp.com
+1-647-557-3475

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

Delhi
india@everestgrp.com
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