



Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020

Healthcare IT Services (ITS)

Market Report – October 2019: Complimentary Abstract / Table of Contents

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- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Table of contents (page 1 of 2)

Topic	Page no.
Background and methodology	8
Summary of key messages	10
Payment integrity solutions – market overview	13
• Potential areas leading to improper payment of claims	15
• Growth drivers	16
• Market trends	17
• Supplier landscape	22
• Pricing model	23
• Role of technology	25
• Regulatory landscape	28
• Key challenges toward adoption	29
PEAK Matrix™ for payment integrity solutions	30
• PEAK Matrix framework	31
• PEAK Matrix for payment integrity solutions	32
• Payment integrity solutions PEAK Matrix characteristics	33
• Summary dashboard	34

Table of contents (page 2 of 2)

Topic	Page no.
Service provider profiles	38
• Burgess	39
• Change Healthcare	41
• ClarisHealth	44
• Cotiviti	46
• EXL	48
• FICO	50
• FraudLens	52
• HMS	54
• IBM (Truven)	56
• LexisNexis	58
• Optum	60
Appendix	63
• Glossary of terms	64
• Research calendar	65
• References	66

Background and methodology

Payment integrity has the potential to reduce the rising healthcare waste and fraud to ensure that claims are paid correctly, free of wasteful and abusive practices. As the health plan environment becomes more complex, coordination of payments to multiple parties and a wide range of government and private health plans remains a challenge.

The traditional approach of pay and chase by payers has increased friction with providers and limited the recovery of dollars. Payment integrity product vendors are now providing solutions that analyze a claim both pre- and post-submission, using advanced analytics and data mining. Patterns identified across billions of lines of claims are used to predict errors in claims, thereby helping firms to reduce waste and focus on value-based care for patients. Vendors now need to become strategic partners to these payers in reducing waste, promoting payment efficiency, and improving relations with providers.



In this report, we analyze the capabilities of 11 product vendors specific to payment integrity solutions. These vendors are mapped on the Everest Group PEAK Matrix, which is a composite index of a range of distinct metrics related to a vendor's vision & capability and market impact. We focus on:

- Market trends for payment integrity and the associated products market
- The landscape of vendors for payment integrity solutions
- Assessment of the vendors on several vision & capability- and market impact-related dimensions

Scope of this report:



Geography
The US



Industry
Healthcare payers



Vendor offering
Payment integrity solutions

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

This report examines the payment integrity solutions vendor landscape and its impact on the healthcare market. It focuses on the factors driving need for payment integrity solutions, changing market dynamics, emerging technology trends, regulatory landscape, assessment of vendor capabilities, and profiles of key vendors offering payment integrity solutions.

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

Growth drivers in the payment integrity market

- Payers' margins are shrinking, giving rise to the need for cost containment. Cost benefits can be realized by handling incorrectly paid claims. Overpayments increase the cost for payers, due to which premiums rise and consumers pay more
- Claims have become more complex due to value-based care. Claims adjudication has become complex, with alternative payment models evolving. Expanding lines of business, increasing inflow of members, and rising regulatory mandates across all areas of claims processing have made payment of claims more complex

Emerging market trends in the payment integrity market

- Payers are moving from post-payment identification to pre-payment identification by verifying payments before they go out of the door. Traditional post-payment identification methods cause provider abrasion, incur administrative costs, and generate additional work for both payers and providers
- Enterprises are moving away from procuring disparate, point solutions to sourcing integrated solutions that take care of claim inaccuracies in pre-submission, pre-payment, and post-payment stages using technologies such as advanced analytics, predictive models, and automation
- The payment integrity market is witnessing increasing consolidation (acquisition of Truven by IBM, Scio by EXL, and Equian by Optum). While, market consolidation limits payers' choices for selecting their vendor, it allows vendors to expand service offerings and offer advanced, one-stop solutions to enterprises

Emerging vendor trends

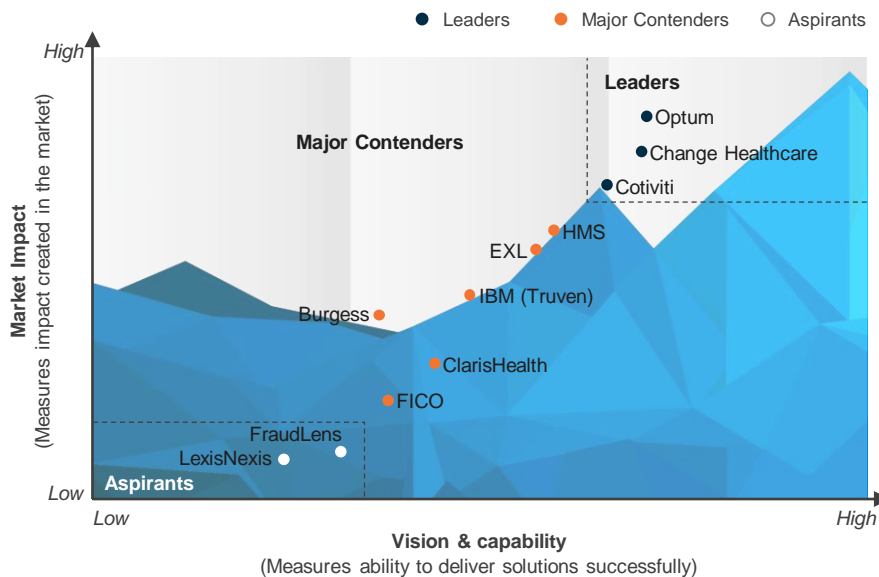
- Pay and chase approach requires time-consuming review of claims and efforts to try to recover dues for the claims erroneously paid. The follow-up activities such as phone calls, letters, and legal action significantly erode the original value of a claim. Hence, to reduce the resources spent to recover money from erroneously paid claims, vendors are moving toward a prospective detection model
- Vendors are moving toward as-a-service business model. This not only reduces enterprises' need for dedicated, internal IT resources, but also offers them with scalability, easy updates, and the ability to integrate payment integrity solutions with other SaaS offerings
- Vendors are using combination of different pricing methods such as subscription-based, volume-, and performance-based pricing depending in the scope of engagement with clients

Service provider delivery capability

- Analysis of the vendors for healthcare payment integrity solutions through PEAK Matrix highlights three categories: Leaders, Major Contenders, and Aspirants
- Change Healthcare, Cotiviti, and Optum are the current Leaders in the healthcare payment integrity solutions market. However, multiple vendors are emerging as Major Contenders

This study offers four distinct chapters providing a deep dive into key aspects of the healthcare payment integrity solutions market; the exhibits below illustrate the depth of the report

Assessment of Healthcare Payment Integrity Solution Vendors



- Note 1 PEAK Matrix specific to payment integrity service of healthcare payers
- Note 2 Assessments for FraudLens, IBM (Truven), Fico, ClarisHealth, and LexisNexis exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with buyers of payment integrity solutions

Capability assessment

Illustrative example

Measure of capability: ● High ○ Low

Vendor	Market impact				Vision & capability					
	Market adoption	Portfolio mix	Value delivered	Overall	Vision & strategy	Technological capability	Services Capability	Innovations and investments	Engagement and commercial model	Overall
Vendor 1	●	○	●	●	○	●	●	○	●	●
Vendor 2	○	○	○	○	○	○	○	○	○	○
Vendor 3	○	●	●	○	●	○	○	○	○	○
Vendor 4	○	○	○	○	○	○	○	○	○	○
Vendor 5	○	○	○	○	○	○	○	○	○	○
Vendor 6	○	○	○	○	○	○	○	○	○	○
Vendor 7	○	○	○	○	○	○	○	○	○	○
Vendor 8	○	○	○	○	○	○	○	○	○	○
Vendor 9	○	○	○	○	○	○	○	○	○	○

Everest Group's remarks on vendors

Illustrative example

Measure of capability: ● High ○ Low

Market impact				Vision & capability					
Market adoption	Portfolio mix	Value delivered	Overall	Vision & strategy	Technological capability	Services Capability	Innovations and investments	Engagement and commercial model	Overall
●	○	●	●	●	○	○	○	○	○

Strengths

- High degree of customization offered for solutions, keeping in mind the payer requirements
- Regular content updates, which help to keep the solution relevant and meet the changing ecosystem needs

Areas of improvement

- Needs to focus more on the post-payment initiatives of payment integrity to be able to offer a more comprehensive solution
- Greater emphasis on small accounts will help to build a balanced portfolio

The report has 11 profiles covering prominent payment integrity technology vendors

XXX | Payment integrity products profile (page 1 of 2)

Overview and case studies

Strengths

- Focus on making meaningful acquisitions (specifically XXX) for the continuous enhancement and expansion of offerings
- XXX's analytics and data mining capabilities, as well as its clinical expertise have helped it create a distinctive market impact

Areas of improvement

- XXX can look to operate with both Software as a service(SaaS) and on-premise models to offer implementation flexibility to clients
- Should explore innovative and flexible commercial constructs to compete with aggressive new entrants

Revenue by value chain coverage

High (>40%) Medium (25-40%) Low (<25%)

Pre-payment review revenue (pattern detection to identify additional discrepancies before paying the claim, clinical validation, etc.)



Post-payment review revenue (FWA pattern detection, identification of payment inaccuracy, correction, and recovery of overpayments)



Revenue by buyer size

High (>40%) Medium (20-40%)

Small (Annual client revenue < US\$1 billion)

Medium (Annual client revenue US\$1-US\$10 billion)

Large (Annual client revenue > US\$10 billion)

Products revenue mix

High (>50%) Medium (25-50%) Low (<25%)

IP-led revenue



Services revenue



Revenue by lines of business

High (>50%) Medium (25-50%)

Public plans



Private plans



Case study 1: Solution to prevent the occurrence of overpayments

Business challenge The client wanted a solution to address the issue of overpayments while minimizing any disruption to providers

Solution and impact Developed a payment accuracy suite comprising billing accuracy, contract compliance, payment responsibility, and clinical validation to identify previously unrealized medical and administrative cost savings for healthcare payers by providing solutions for every critical dimension along the claim payment lifecycle. It helped the client to work effectively across their payment accuracy silos by deploying the right approach at the right time, driven by a full-service model

Case study 2: Solution to reduce fraud and duplication of claims

Business challenge The client faced financial losses due to healthcare frauds duplication of claims. A solution was required that improve efficiency and overlooked such claims

Solution and impact Developed an integrated solution set that applies data analysis, and insights from one module into the rules and algorithms of other modules. This helps in creating an even stronger solution by integrating data mining capabilities with advanced department communications. It helped in reducing duplicated improved investigative efficiencies, and resulted in a positive



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XXX | Payment integrity products profile (page 2 of 2)

Solutions, investments, and partnerships

NOT EXHAUSTIVE

Key proprietary solutions (representative list)

Solution	Details
Solution 1	Billing accuracy enables payers to make informed, data-driven, and clinically-centered decisions on the payment policy. The XXX payment policy identifies and blocks payment vulnerabilities through industry-compliant and defensible standards. The SaaS editing technology is enabled through an advanced algorithmic editing logic and is highly configurable to adapt to client needs
Solution 2	It reviews clinical charts to validate diagnoses and claims. It helps to find value with fewer charts, reduces unnecessary provider requests, and keeps costs sustainable
Solution 3	It applies advanced clinical and coding algorithms to nationally sourced edits and flags any suspect claims that a team of nurses and coding experts review before the final adjudication. Render payments are recommended within a few hours, causing no payment delays for providers
Solution 4	It uses proprietary analytical and data mining tools to detect overpayments. It helps to enhance the accuracy, coverage, and payment terms for contracted agreements
Solution 5	It adapts to emerging fraud schemes and compliance requirements. It is an integrated solution set that applies data analysis, decisions, and insights from one module into the rules and algorithms of other modules, thereby creating an even stronger anti-fraud solution
Solution 6	It delivers deep and broad Coordination of Benefits (COB) determinations by reviewing and analyzing contracts, eligibility files, and third-party benefits agreements

Recent partnerships/alliances and investments (representative list)

Partner name	Details
Partner name 1	Acquired for US\$XXX million to diversify analytical tools and expand product offerings to its customer base
Partner name 2	Expanded the risk adjustment solution suite by offering new prospective capabilities. It facilitates care planning and helps to minimize care gaps
Partner name 3	XXX was acquired by Verscend Technologies for approximately US\$XXX billion



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Research calendar – Healthcare IT Services (ITS)

■ Published ■ Planned ▭ Current release

Flagship Healthcare ITS reports

Release date

Healthcare Payer Annual Report 2018: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market	March 2018
Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019	December 2018
Healthcare Provider Digital IT Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018	December 2018
Healthcare Payer Payment Integrity Solutions PEAK Matrix™ Assessment 2020	October 2019
Healthcare Security – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019	Q4 2019
Healthcare Payer Digital Services PEAK Matrix™ Assessment and Service Provider Landscape – 2019	Q4 2019

Thematic Healthcare ITS reports

Dr. Robot Will See You Now: Unpacking the State of Artificial Intelligence in Healthcare – 2019	November 2018
Guidebook for Blockchain Adoption in Healthcare and Life Sciences: A Compilation of Insights from 40+ Blockchain Projects	March 2019
Healthcare Report Card 2018 – A Guidebook of Key Trends and Service Provider Performance	March 2019
Big Tech in Healthcare: What it Means for CIOs?	Q4 2019

Note: For a list of all of our published HLS ITS reports, please refer to our [website page](#)

Additional HLS IT services research references

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

1. **Healthcare Payer Annual Report 2018: Payers Look at Digital to Reinvent in a Turbulent Healthcare Market** ([EGR-2018-20-R-2584](#)); March 2018. The healthcare payer market is changing because of certain secular themes, such as increasing consumerism and the rise of digital. At the same time, the broader healthcare & life sciences market is undergoing tectonic shifts, with varied implications for the payers' future. In this report, we have defined key payer characteristics that will experience significant changes in the future, with focus on members, providers, internal systems, and government
2. **Healthcare Report Card 2018 – A Guidebook of Key Trends and Service Provider Performance** ([EGR-2019-20-R-3117](#)); March 2019. In this report, we talk about key themes that dominated the U.S. healthcare market in 2018. On one side, payers continued their quest for consolidation across the value chain by merging with PBMs and investing in technology consortia; on the other side, healthcare providers too tried to expand their influence through large mergers as well as by acquiring small physician practices. The ongoing issues pertaining to value-based care transition, and cybersecurity also continued to push the payers and providers to invest in new technologies (analytics, automation, IoT, cloud, etc.).
1. **Guidebook for Blockchain Adoption in Healthcare and Life Sciences: A Compilation of Insights from 40+ Blockchain Projects** ([EGR-2019-46-R-3103](#)); March 2019. The Healthcare and Life Sciences (HLS) industry is adopting blockchain technology as a lever to redefine processes and drive efficiency and transparency. It has witnessed adoption of multiple use cases such as cold chain logistics, device condition provenance flow, provider credentialing, and healthcare record interoperability. Some of these use cases have started to show early signs of blockchain business value realization. Enterprise investments in blockchain technology were at an all-time high in 2018 and we expect it to more than double in 2019.

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