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RESEARCH

Clinical and Care Management (CCM): Is the Value-based Elixir Really Working?

Healthcare & Life Sciences Business Process Services (HLS BPS)
State of the Market Report – January 2020: Complimentary Abstract / Table of Contents

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  – Healthcare & Life Sciences Business Process Services (HLS BPS)
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- Accelerators™
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- Workshops

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

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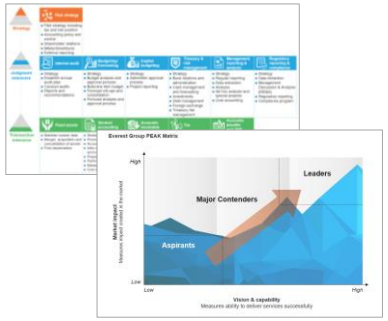
Our research methodology is based on four pillars of strength to produce actionable and insightful research for the industry

- Market thought leadership
- Actionable and insightful research
- Syndicated and custom research deliverables

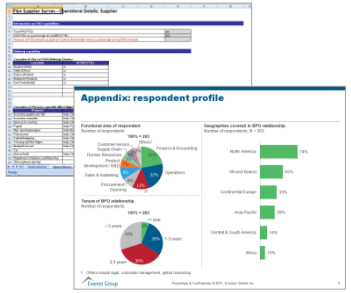
1 Robust definitions and frameworks

CCM value chain pyramid, Total Value Equation (TVE), PEAK Matrix™, and market maturity



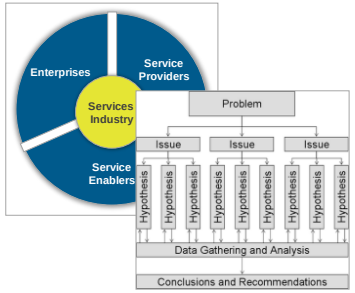
2 Primary sources of information

Annual contractual and operational RFIs, service provider briefings and buyer interviews, web-based surveys



3 Diverse set of market touchpoints

Ongoing interactions across key stakeholders, input from a mix of perspectives and interests, supports both data analysis and thought leadership



4 Fact-based research

Data-driven analysis with expert perspectives, trend-analysis across market adoption, contracting, and service providers

- Year-round tracking of 16 CCM BPS service providers
- Large repository of existing research in CCM BPS
- Dedicated team for CCM BPS research, spread over two continents
- Over 20 years' experience of advising clients on CCM BPS-related decisions
- Executive-level relationships with buyers, service providers, technology providers, and industry associations

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Introduction and scope

Healthcare enterprises are facing rising costs, increasing consumerism , and regulatory push toward value-based care. As a result, these enterprises are looking beyond the administrative processes of claims and network management, to reduce the cost of healthcare and provide better care. Additionally, the recent growth in care-focused collaboration models, such as Accountable Care Organizations (ACOs) and alternative payment models (reimbursements linked to value), is making the enterprises shift their focus towards care management.

However, despite the increased focus on care management, clinical and care market is unstructured and lacks standardization when compared with other healthcare processes such as claims, network and RCM. This, coupled with other challenges such as talent shortage and limited technology deployment, is pushing enterprises to seek third-party help.

In order to effectively tackle challenges associated with Clinical and Care Management (CCM), enterprises are looking for third-party support. In the absence of a structured and established market, enterprises find it difficult to meet their sourcing needs from one single vendor. Different categories of vendors are, hence, emerging; each with its unique value proposition.

This report looks at the drivers behind high CCM demand and some of the key sourcing considerations for CCM enterprises. It also examines the vendor landscape and identifies key categories of vendors operating in the CCM space.

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Overview and abbreviated summary of key messages

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

Demand drivers for CCM

- High and rising healthcare spend – Around 85% of the national health expenditure amounting to almost US$3 trillion is directly related to care management
- Shift to Value-Based Care (VBC) – prevalence of value-based models is increasing with rising adoption of VBC
- Collaboration between payers and providers – payer-provider partnerships and collaborations models such as Accountable Care Organizations (ACOs) are growing
- High ROI on risk adjustment – the potential for higher payments is driving payer investments in risk adjustment

Key sourcing considerations for enterprises

- Talent – enterprises are facing a critical shortage of nursing talent
- Access to global shoring locations – they are looking globally to cull this shortage
- Domain knowledge – they require a domain rich and certified workforce
- Ecosystem of players – they are unable to procure end-to-end services from a single vendor type
- Sourcing spread – their focus on front office processes such as care coordination is increasing
- Technology – they are looking to leverage technology to improve the quality of their care programs and make them more effective

Four key categories of CCM vendors

- Start-ups – small-scale innovative companies
- Technology-heavy players – product-centric companies
- Players providing solutions – combining services with productized offerings
- BPO-heavy players – BPO services-centric companies

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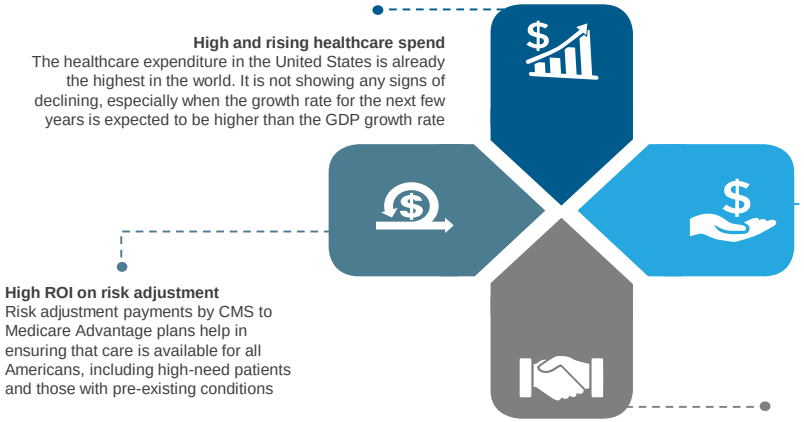
This study offers four distinct chapters providing a deep dive into key aspects of clinical and care management market; below are four charts to illustrate the depth of the report

Demand drivers for CCM



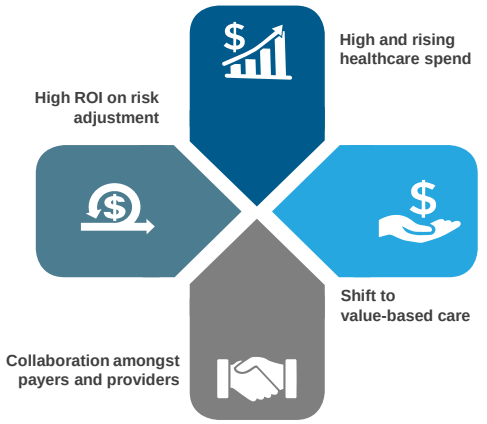
High and rising healthcare spend
The healthcare expenditure in the United States is already the highest in the world. It is not showing any signs of declining, especially when the growth rate for the next few years is expected to be higher than the GDP growth rate

Shift to value-based care
Affordable Care Act (ACA) provided the much-needed incentive and encouragement to healthcare firms to focus on CCM services as a means to meet the objectives outlined in the act

High ROI on risk adjustment
Risk adjustment payments by CMS to Medicare Advantage plans help in ensuring that care is available for all Americans, including high-need patients and those with pre-existing conditions

Collaboration between payers and providers
The last few years have not been quiet for healthcare industry. There have been instances of M&As occurring on a regular basis in the past few years, both payer-payer and payer-provider ones

Key investment tenets for enterprises to fulfill the CCM demand



People-centric

- Enterprises are facing a shortage of clinical staff
- They are looking at sourcing strategies that include alternate locations as well as third-party vendor models
- They are moving away from the pure staff augmentation model to an end-to-end operational governance model

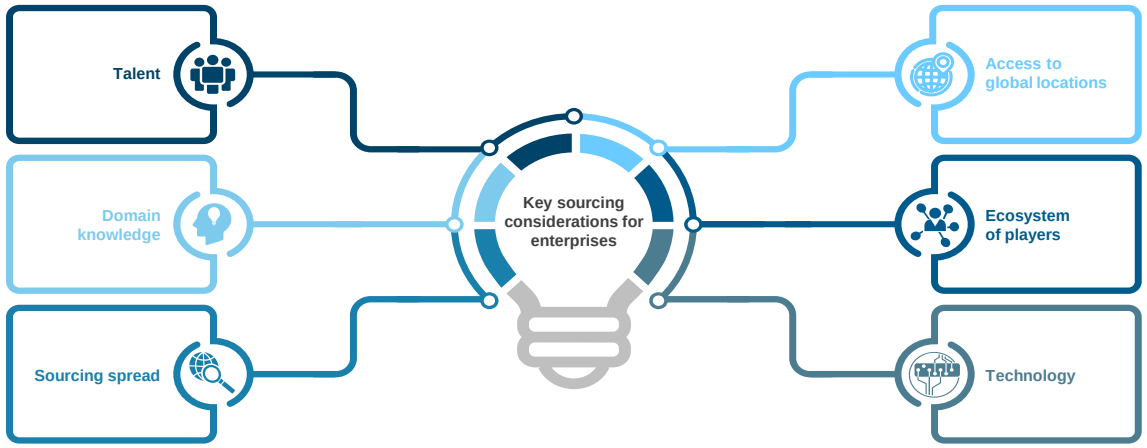
Process-centric

- Post-acute care spend is rising, and is accounting for around 25% of the total spend in MA
- Investments in new programs such as wellness and lifestyle management are outpacing those in traditional case and disease management programs
- More number of providers in addition to the payers are looking to make their CCM processes increasingly efficient

Technology-centric

- Enterprises are increasing their investments in analytics in order to provide personalized care offerings
- Automation leverage is increasing outside administrative use cases to include processes such as clinical reviews

Key sourcing considerations across the three investment levers



Four key categories of vendors in CCM space

	Start-ups	Technology-heavy players	Solution providers	BPO-heavy players
Focus (product/service)	Small-scale innovative companies	Product-centric companies	Combining services with productized offerings	BPO services-centric companies
Delivery network	Offshore / Onshore			
Technology adoption	High / Medium / Low			
Value proposition	Innovation through state-of-the-art technology offerings	At scale technology deployment	Marrying technological capabilities with operational superiority to solve business problems	Providing access to rich domain expertise and skilled bench strength

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Research calendar – Healthcare and Life Sciences BPS

Published | Planned | Current release

Flagship HLS BPS reports	Release date
Healthcare Payer BPO PEAK Matrix™ with Service Provider Landscape – 2019	April 2019
Revenue Cycle Management (RCM) Business Process Services PEAK Matrix™ Assessment 2019	June 2019
Revenue Cycle Management (RCM) Business Process Services (BPS) Service Provider Profile Compendium 2019	June 2019
Clinical and Care Management (CCM) BPS Services PEAK Matrix™ Assessment 2019	September 2019
Clinical and Care Management (CCM) BPS Service Provider Profile Compendium	December 2019
Life Sciences (LS) Operations – Services PEAK Matrix™ Assessment 2020	December 2019
Clinical and Care Management (CCM): Is the Value-based Elixir Really Working?	**January 2020**
Healthcare Payer Operations PEAK Matrix™ with Service Provider Landscape – 2020	Q1 2020
Revenue Cycle Management (RCM) Operations – Services PEAK Matrix™ Assessment 2020	Q2 2020

Thematic HLS BPS reports	
Rising Cost of Healthcare in the United States: Can Analytics Help?	August 2017
Pharma Sales & Marketing: Old Strategies Into New Methods | Focus on Transmutation Rather Than Transformation	June 2018
The Digitalization Rhapsody: Enabling Clean Claims Through Digital Means	March 2019
The Quintessential Case for the Amazonization of the Health Plan Enrollment Process	May 2019
The Revenue Cycle Management (RCM) BPS Market: Unstoppable Juggernaut or Overhyped Fad?	September 2019
RCM 2.0 – What's Next for the BPO Industry	Q2 2020

Note: For a list of all of our published HLS BPS reports, 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. **Clinical and Care Management (CCM) BPS Services PEAK Matrix™ Assessment 2019** (EGR-2019-20-R-3342); While clinical and care management as a segment has existed for a while now, its importance has increased exponentially post ACA. With the US already being the highest spender in the world on healthcare, ensuring care to reduce readmissions and denials of members is the need of the hour. Also, with ACA shifting the focus from volume-based care to value-based care, the healthcare stakeholders are taking proactive measures to ensure quality care at lower cost for members. This shift is supported by the seepage of consumerism in healthcare, motivating the customers or members to be more involved in their care lifecycle. All this is putting pressure on the payers as well as providers to make investments in clinical and care services and at the same time reduce their costs. With the stakeholders struggling to find the right talent, domain, and technology expertise in house, they are looking for the outsourcing route to help them in their journey

2. **Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019** (EGR-2019-20-R-3141); 2019. With multiple M&As and partnerships being announced, healthcare payers have had a busy last couple of years. Quest for consolidation across the value chain has led payers to merge with PBMs, acquire providers, and invest in technology consortia. Additionally, entry of technology firms, such as Amazon, Apple, and Microsoft, and the rise of new-age digital health insurers further complicates the market scenario for traditional health insurers. All these, when coupled with ongoing perennial challenges related to transition to value-based care, regulations, rise of consumerism, provider consolidation, and increasing medical costs, continue to push payers to look for ways and means to not only survive in this space but also thrive. With this slew of changes, the healthcare in the United States is at an inflection point, with everything from member engagement to administrative management to care management being transformed. For payers, the path ahead lies in transforming the way they, typically, work by imbibing technology

3. **Makings of a Successful Sourcing Relationship – Deal Trends in Healthcare Payer BPS Market** (EGR-2019-20-R-3119); 2019. Healthcare payers have always been sluggish in making sweeping technology changes and this year is no different. However, the digital solutions have provided payers the perfect combination of investments and the associated ROIs. This report discusses some of the digital adoption trends by payers and their leverage of third-party service providers in doing so. In addition to leveraging digital assets, payers are also looking for support in areas beyond the traditionally-outsourced claims-associated processes. From creating meaningful member touchpoints to driving higher quality of care, several initiatives have been taken up by all classes of healthcare payers in the US. This report provides initial adoption trends around some of these services as well as matches payer types to areas of interests

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