



POINT OF VIEW | HEALTHCARE

Payviders and the Quest for Value

Can the right team, shared data and aligned incentives finally make it happen?

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Although it's been around since the early 1990s, the "payvider" model never took significant hold in most healthcare markets due to "high-financial risk, non-competitive prices and soaring utilization costs."¹ Organizations like Geisinger and Kaiser Permanente have successfully executed the model for quite some time, but it's only recently that the market has seen a resurgence in payviders. Even considering the COVID-19 crisis, provider organizations are looking to collaborate — whether via partnership, investment or acquisition — with health plans to help ensure a steady cash flow.



We define "payvider" as a deep, formal collaboration between a payer, usually a health insurer, and a provider organization that includes either a form of combined ownership or significant (greater than 50%) financial risk, as well as full clinical and claims data transparency.

More healthcare organizations are moving into the payvider space through acquisitions like CVS Health and Aetna, investments like Blue Cross and Blue Shield of Minnesota (BCBS MN) and North Memorial Health, or partnerships like Blue Cross and Blue Shield of Rhode Island and Oak Street. Anthem also ventured into the payvider space by partnering with Aurora Health in Wisconsin, Inova Health in Virginia and Texas Health Resources in Texas to create payviders for each specific marketplace. Some health insurers that offer healthcare services, such as Humana, are choosing to refocus their business models to become healthcare providers that offer health insurance.² Of note is the 2019 joint venture between BCBS MN and North Memorial Health in Minneapolis. Dr. Craig Samitt, CEO of BCBS MN, noted that the goal of the joint venture is not to focus on generating economies of scale but to "essentially co-create what we believe the future of care delivery will look like."³



Why the renewed interest in the concept of payviders? Part of it is due to the heftier reimbursements for Medicare Advantage, but much is due to the shift from fee-for-service to value-based care as required by the Affordable Care Act. This resulted in employer groups demanding higher value for the insurance plans they offer to their employees, as well as consumers demanding a better customer experience — like what they get from online retailers such as Amazon.²

Given the current market activities, the ever-present challenge to provide/increase value-added services to consumers and the constantly evolving regulatory requirements, it's clear that the concept of payviders is here to stay. While progress has been made within the shift toward value-based care, healthcare hasn't yet realized the full benefits of the payvider model due to barriers that still exist.⁴

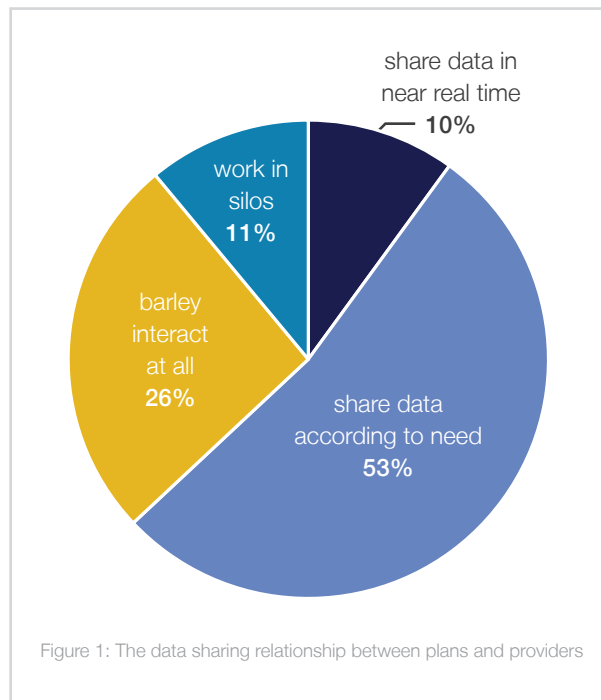
Dr. David Nash, Founding Dean Emeritus at Jefferson College of Population Health, noted that organizations seeking to become part of the payvider market must address these barriers. In particular, he said that "... to deliver evidence-based, high-quality and harm-free care, [healthcare organizations] need the right team, shared data and aligned economic incentives. That requires transparency and accountability."⁵

Overcoming the barriers to the payvider model

Compiling the right team may seem like a need that's easily addressed. However, it's not as easy to accomplish as it may sound. In the case of a merger/acquisition, or a shift in business model, there's going to be a significant learning curve because "provider organizations and insurers have different operating models and skill sets."⁵ Organizational and cultural changes of this nature and magnitude are significant barriers that will need to be resolved. Joint ventures, on the other hand, allow organizations to bring the knowledge and experience of both providers and payers together in a more collaborative manner to the benefit of all.

Possibly the most important factor Dr. Nash identified is that of sharing of data. Without a strong shared data foundation, the other factors can't begin to be addressed. After all, data is necessary to facilitate the identification of the right team members and achieve alignment on economic incentives.

Historically, there has been minimal sharing of data across the healthcare continuum. Providers have been reluctant to share data with insurers out of concern that reimbursement rates would be negatively impacted. Payers also have been reluctant to share data with providers, so it's been difficult for those providers to understand the reimbursement algorithms and subsequently work around them. During a 2019 webinar, plans and providers were asked about the data sharing relationship between them, and only 10% were approaching near real time — which is essential for clinical action (see Figure 1).⁵



In answer to another poll question during the same webinar, a "combined 35% of respondents stated that they don't have either the technical capabilities or the access to the data they need to be successful."⁵

Resolving the data sharing dilemma

How can those in the healthcare industry resolve the data sharing dilemma? Payviders could take one of three different approaches to develop a trusted health data network:

1. Adopt the electronic medical records (EMRs) in use by the provider system as the shared data platform.
2. Leverage the claims adjudication system as the shared data platform. For older claims systems, such as Cognizant's TriZetto Facets or AMISYS Advance, this would likely be a significant technological undertaking.
3. Use emerging technologies, such as data hubs, as a mechanism for sharing data across all parties involved in the member/patient care cycle.

Options one and two would facilitate data sharing. But both options are less likely to lend themselves to providing a platform for developing either "next best actions" or predictive models that would allow the payvider to be proactive rather than reactive. This, in turn, minimizes potential success in managing risk, costs or economic incentives. Even platforms (like Epic) that include both an EMR and a claims module (such as Tapestry) aren't optimized to create the insights necessary for value-based contract management and clinical interventions.

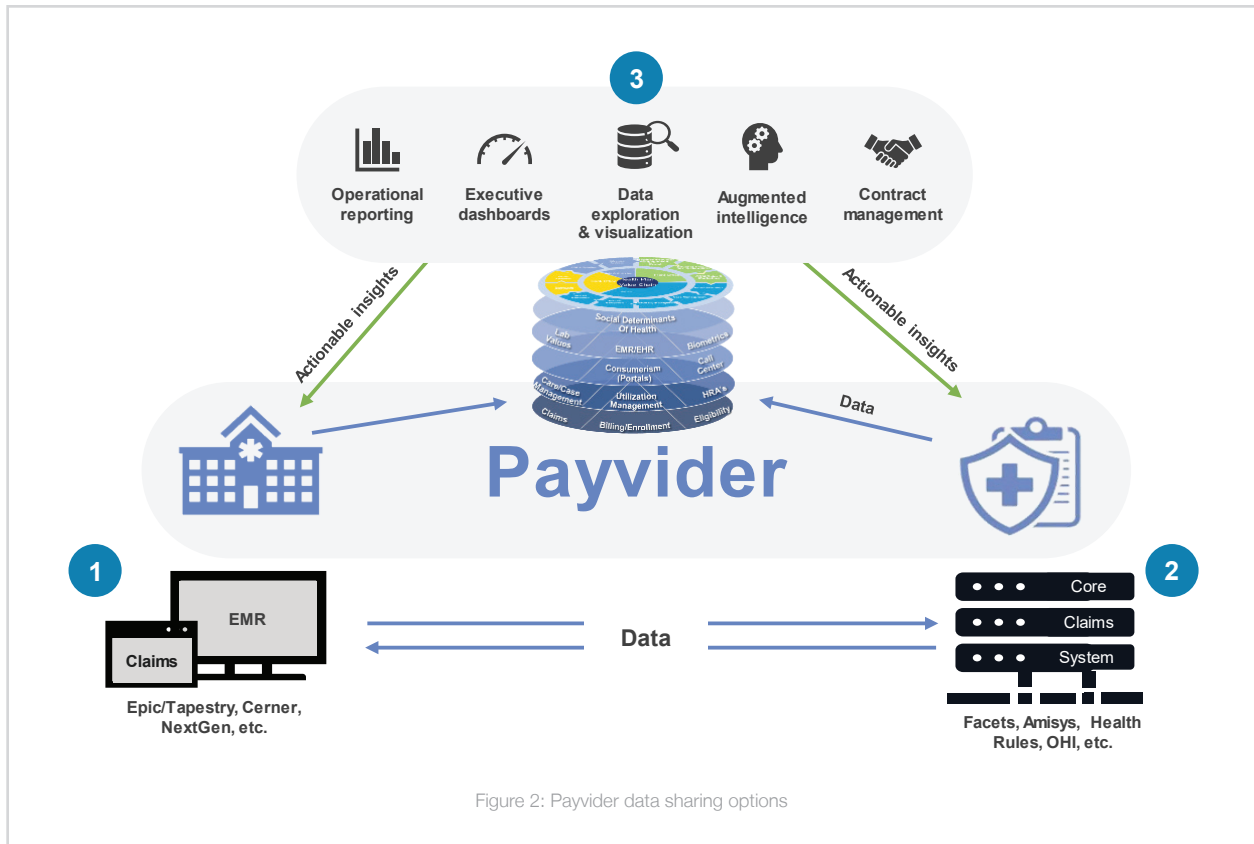


Figure 2: Payvider data sharing options

Option three supports a payvider’s capability to effectively share data while looking to the future. The benefits of this option include:

- Providing a platform for advanced analytics, machine learning, predictive modeling and other forms of artificial intelligence, including the next best action
- Allowing the inclusion of non-clinical external data, such as social determinants of health
- Enabling all parties involved to retain their current transaction systems of record, in effect minimizing the potential for technical debt
- Increasing the transparency and accountability between all parties through data sharing agreements

As a result of these benefits, payviders will be better equipped to identify the right team(s) and reach alignment on economic incentives that will drive the overall success of the organization(s). Health plans and providers that aren’t considering entering into a payvider relationship are going to be hard-pressed to compete in the healthcare market once the goals of reducing financial risk, increasing profitability, providing higher quality medical care and improving health outcomes are reached.

Seamlessly sharing information

The foundational data platform, pulling from both partners’ systems of record (EMRs and claims), is only the first step. Although this helps bridge the data divide, the insights derived must be integrated into the workflows of those best suited to address the need with the individual patients/members. In some cases, this will be the provider organizations, leveraging the insights to address gaps in care through platforms integrated into their EMRs, like Enli Health Intelligence’s Central Worklist (which has been deployed to help manage COVID-19 patients in over 15 states). In other cases, this may be staff at the health plan using a care management platform for members without a defined medical home. Either way, the most important strategy is getting the right insight, to the right person, at the right time.

Payviders that can share information seamlessly will have a significant leg up. Where partners are involved, or the groups don’t have the right initial financial incentives, it will be significantly more difficult. Before embarking on a collaborative model, healthcare organizations should make certain that their values and strategies are aligned — and then proceed to contracts and metrics.

About the author



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Andy leads and supports a multi-disciplinary team with a simple mission: developing leading-edge digital solutions for health insurers to improve member and provider engagement —both today and in the future. His experience includes health plan and health exchange strategy and consulting, core administration systems/operations, and Business Process as a Service (BPaaS). He also has deep health care reform and Medicaid content knowledge, including public policy development experience. Andy holds an MBA from UCLA-Anderson, an M.Sc. from the University of Edinburgh, and a bachelor's degree in government from Harvard College. Raised on a farm in central Iowa, Andy now lives in suburban Chicago with his family.

How NTT DATA can help

At NTT DATA, we believe there is no single right answer, no single tool, that will be right for solving this challenge. Health systems and health plans have made significant investments in existing systems that can be leveraged to provide much of the data needed, and even receive the insights for action. Our experience with application management and application modernization can help our clients make sure they're not paying for the same insight twice. Our experience across platforms for both health plans and health systems has helped us develop significant expertise in data integration, and the NTT DATA Business Insights Engine framework can leverage both existing and new toolsets from best-in-class partners like Enli. Let's walk together on this journey.

Sources:

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