HFS horizons

Healthcare Payer Service Providers, 2022

An assessment of healthcare payer service providers by "Why, What, How, and So What"

November 2022

AUTHORS:

Rohan Kulkarni, Practice Leader, Healthcare and Life Sciences Research
Mayank Madhur, Associate Practice Leader

Excerpt for NTT DATA

"

Healthcare markets are shifting as funding shifts from fully funded commercial insurance to self-insured employers led while care delivery paradigms evolve, unleashing a generational opportunity for service providers in the US and globally.

Rohan Kulkarni, Practice Leader, Healthcare and Life Sciences Research

"

Healthcare payers have visibility across the end-to-end value chain, helping firms understand consumer care better, which can help reimagine the overall healthcare (payer+provider) value chain.

Mayank Madhur, Associate Practice Leader

Contents

Excerpt for NTT DATA

1

Introduction and the
HFS value chain

Introduction

- Healthcare funding in the US is now predominantly underwritten by the government (Medicare and Medicaid) and self-insured employers, a significant shift away from fully insured commercial plans, driven by different care delivery models taking shape, changes in life expectancy, and evolving consumer expectations.

- The end of the pandemic has intersected with uber-inflation and a political climate that could see a reduction in government coverage, which could exacerbate the deteriorating economic environment as layoffs become commonplace. Elsewhere in the world, governments are stepping up their efforts to address healthcare challenges, such as in India with Ayushman Bharat or the proliferation of health insurance in different parts of the Middle East.

- The HFS Horizons: Healthcare Payer Service Providers 2022 report examines service providers' role in the health insurance industry. We assessed and rated the healthcare service capabilities of 21 service providers across dimensions addressing "Why, What, How, and So What."

- We based the assessment of services for health plans worldwide based on their underwriting, e.g., commercial, government, and self-insured employer.

- This report includes detailed profiles of each service provider, outlining their horizon placement, provider facts, and detailed strength and development opportunities.

- The report specifically focuses on industry-specific capabilities for service providers as defined in our value chain. It does not focus on horizontal IT or BPS services such as application management or finance and accounting outsourcing, which may be delivered to health plans.

21st-century value chains must adapt to multi-dimensional challenges
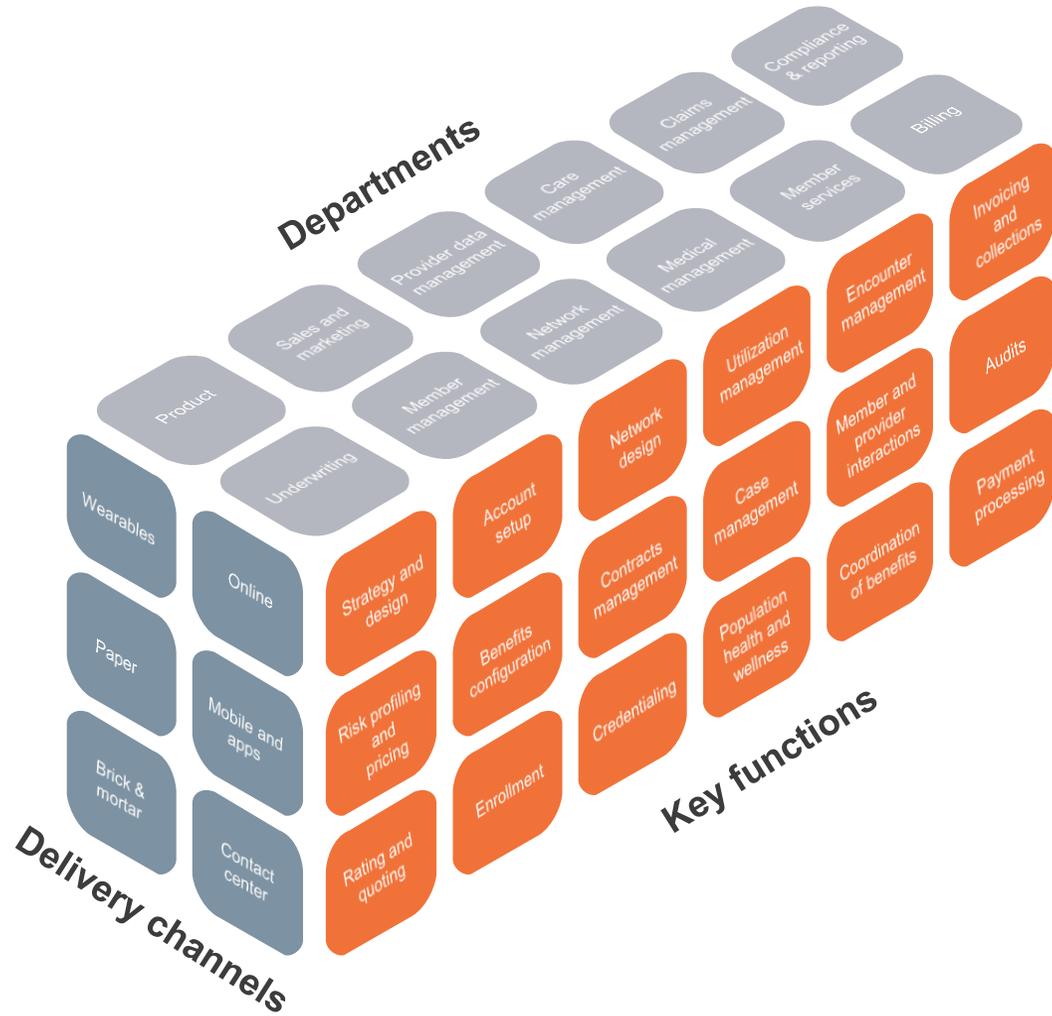
Digital manifestation: Typical linear value chains reflect analog business paradigms vs. representing a multi-dimensional digital delivery mechanism fit for the 21st century.

OneOffice™: The multi-dimensional value chain makes OneOffice intrinsic to its delivery capability.

Iterative transformation: Digital reimagination can be effectively driven through industry value chains by making iterative and sustainable changes across multiple dimensions.
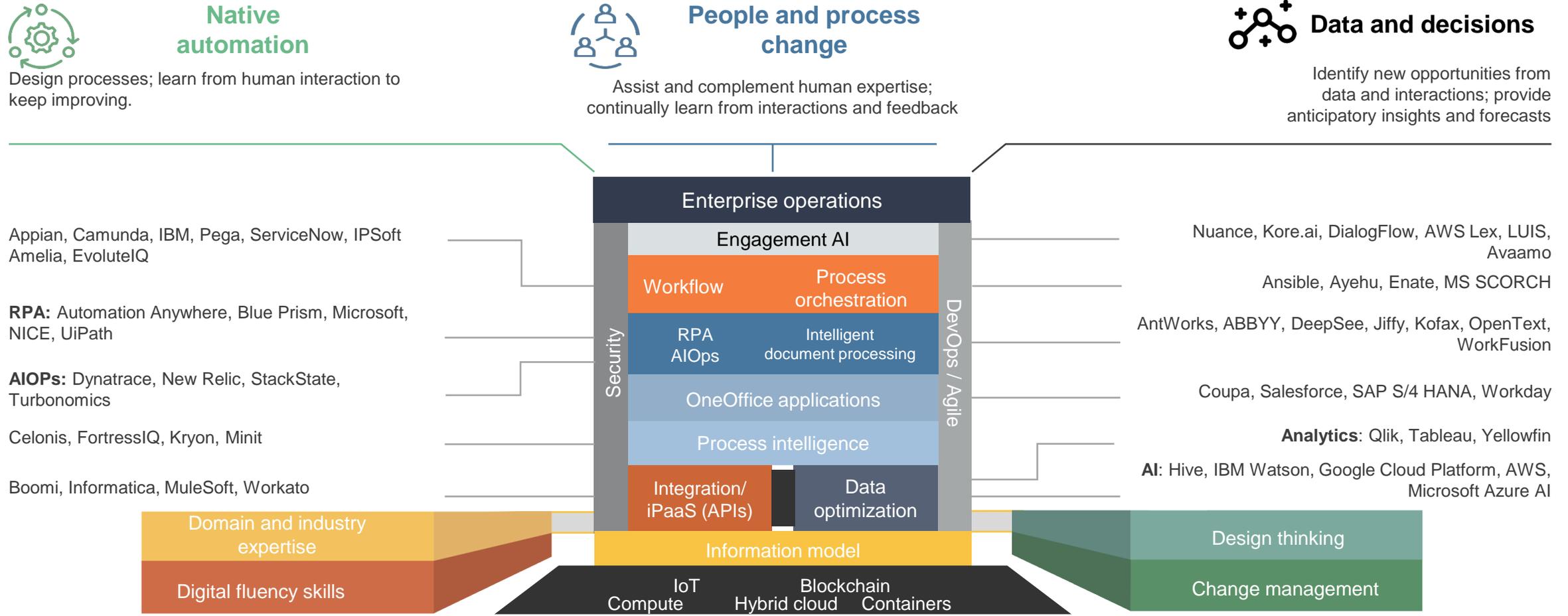
The HFS OneOffice™ — digital transformation in action

The HFS OneOffice™ is our vision for actionable digital transformation. At its heart is the core concept that emerging technologies combined with people, process, and data innovation can break down the silos that limit our success, dissolving barriers between the front and back office to create the only office that matters—OneOffice. It represents a mindset shift to collaborative cross-functional enterprise operations powered by an integrated stack of emerging tech that complements your core, natively automates your processes, enables your employees and customers, and powers your decisions—breaking down your legacy silos in the process.

Employee Experience

DIGITAL INFRASTRUCTURE
- Digitization and Automation of Processes
- Cloudification and Security
- Unification of Data

AUGMENTED WORKFORCE
- Autonomous, Agile Mindset
- Inclusive, Digital Mindset
- Aligned Outcomes
- LEAN and Design Thinking

ANTICIPATORY INSIGHTS
- Predictive Analytics
- AI Orchestrated Processes
- Machine Learning

OneOffice

NATIVE AUTOMATION

PEOPLE & PROCESS CHANGE

DATA & DECISIONS

Customer Experience

TOUCHLESS INTERACTION

REAL-TIME PERSONALIZATION

MOBILE AND SOCIAL ENGAGEMENT

CUSTOMER-DRIVEN PROCESS DESIGN

Source: HFS Research, 2022

Excerpt for NTT DATA

The OneOffice emerging tech platform — powering the journey to the OneOffice

Native automation

Design processes; learn from human interaction to keep improving.

People and process change

Assist and complement human expertise; continually learn from interactions and feedback

Data and decisions

Identify new opportunities from data and interactions; provide anticipatory insights and forecasts

Appian, Camunda, IBM, Pega, ServiceNow, IPSoft Amelia, EvoluteIQ

RPA: Automation Anywhere, Blue Prism, Microsoft, NICE, UiPath

AIOPs: Dynatrace, New Relic, StackState, Turbonomics

Celonis, FortressIQ, Kryon, Minit

Boomi, Informatica, MuleSoft, Workato

Nuance, Kore.ai, DialogFlow, AWS Lex, LUIS, Avaamo

Ansible, Ayehu, Enate, MS SCORCH

AntWorks, ABBYY, DeepSee, Jiffy, Kofax, OpenText, WorkFusion

Coupa, Salesforce, SAP S/4 HANA, Workday

Analytics: Qlik, Tableau, Yellowfin

AI: Hive, IBM Watson, Google Cloud Platform, AWS, Microsoft Azure AI

Central stack

Enterprise operations

Engagement AI

Workflow | Process orchestration

RPA AIOps | Intelligent document processing

OneOffice applications

Process intelligence

Integration/ iPaaS (APIs) | Data optimization

Security

DevOps / Agile

Information model

IoT Compute | Blockchain Hybrid cloud | Containers

Domain and industry expertise

Digital fluency skills

Design thinking

Change management

Source: HFS Research, 2022, examples are representative

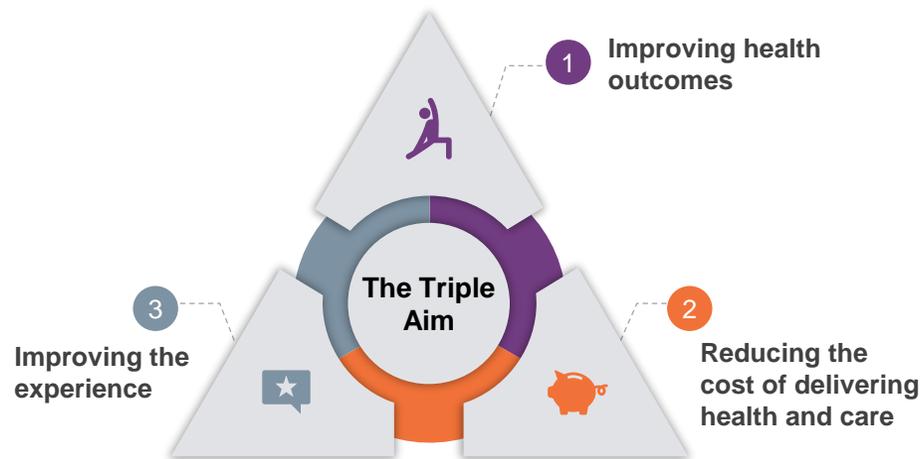Excerpt for NTT DATA

8

2

Market dynamics

All the attributes of the triple aim of care are heading in the wrong direction in the US…

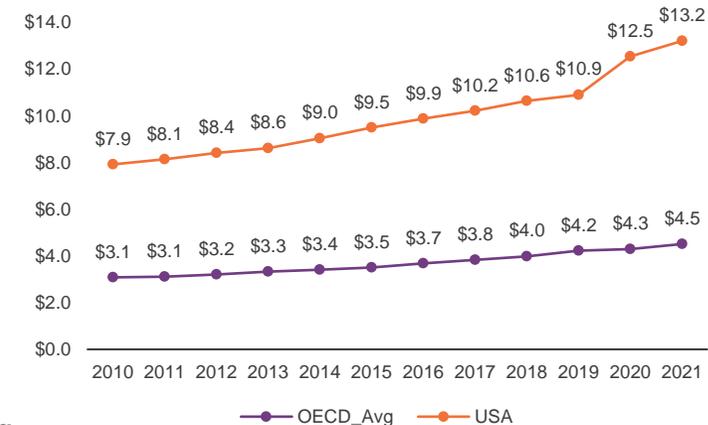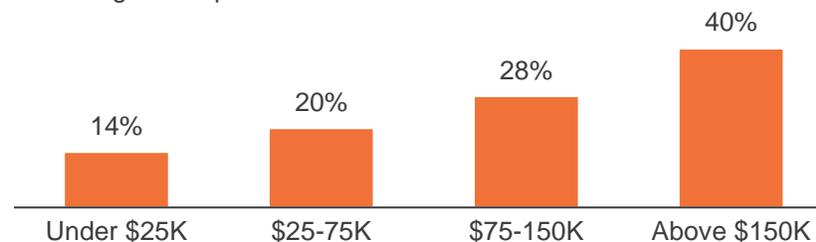**Life expectancy and chronic conditions over time**

Legend: Obesity | Diabetes | Hypertension | Life Expectancy

Source: CDC

Annual per capita health spending: USA vs. OECD

USA: $7.9, $8.1, $8.4, $8.6, $9.0, $9.5, $9.9, $10.2, $10.6, $10.9, $12.5, $13.2
OECD_Avg: $3.1, $3.1, $3.2, $3.3, $3.4, $3.5, $3.7, $3.8, $4.0, $4.2, $4.3, $4.5

Legend: OECD_Avg | USA

Source: OECD

The Triple Aim

1. Improving health outcomes
2. Reducing the cost of delivering health and care
3. Improving the experience

Net increase in satisfaction by household income
Percentage of respondents

Under $25K	$25-75K	$75-150K	Above $150K
14%	20%	28%	40%

Sample: 2,411 US healthcare consumers
Source: HFS Research, 2022

...attracting participants across multiple heritages to develop and deliver innovative and effective solutions

IT services led

- Augmenting core with consulting
- Underwriting risk
- Constrained to tactical KPIs

Consulting led

- Augmenting core with platforms
- Leveraging C-suite connections
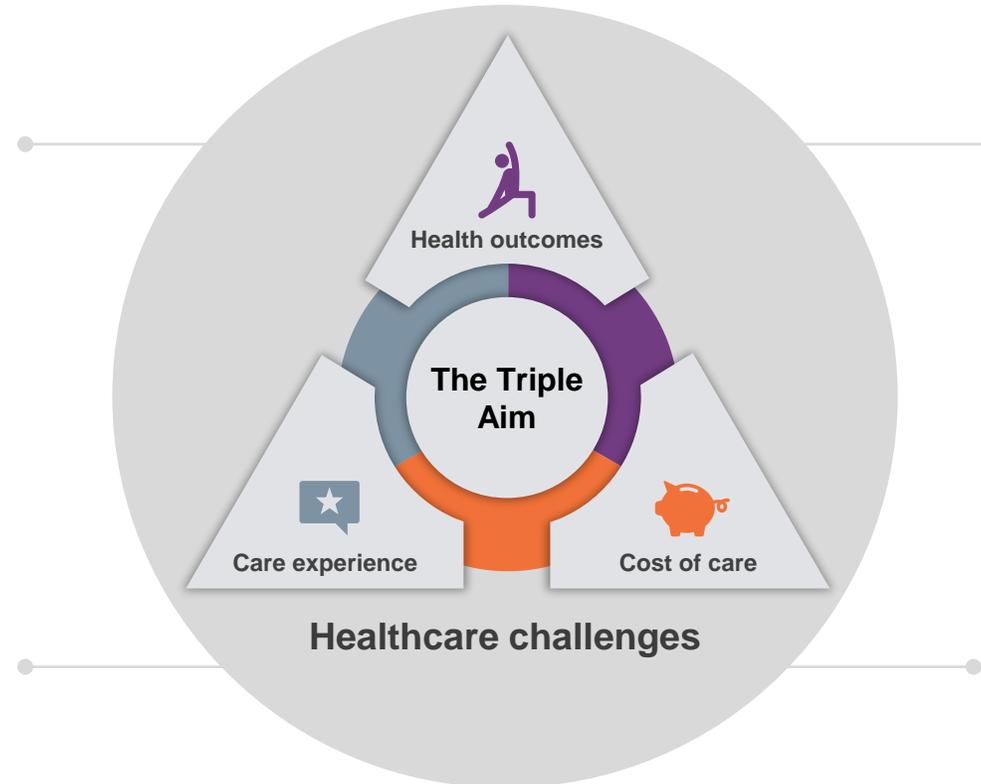- Willing to go beyond tactical KPIs

BPO services led

- Transactional services
- Limited platforms or technologies
- Tactical KPIs

Healthcare focus led

- Consulting, platforms, services
- Leveraging domain depth and expertise
- Creative contracts

The Triple Aim

Health outcomes

Care experience

Cost of care

Healthcare challenges

Executive summary

1   **Shifting market**   Funding for healthcare in the US has been shifting from fully funded commercial insurance to self-insured employer and government programs steadily for several years. Government (state and federal) and large employers have become the largest underwriters of medical risk. Consequently, traditional health insurance companies are changing from financial institutions to service providers. This fundamental shift will continue to strengthen co-opetition between health plans and service providers, requiring a different solution portfolio and go-to-market to address the evolving needs of a reconfigured market.

2   **Connected enterprises and vertical integration**   The shifting markets are forcing healthcare enterprises (payers and providers) and new entrants to create new business models that require a new level of vertical integration. Integrated delivery networks (IDN) such as Kaiser Permanente and UPMC have shown that the power of vertical integration through proliferation across the healthcare ecosystem has been limited. However, a new wave of vertical integration is reimagining how synergies could redefine the value proposition. This will require service providers to rethink their solution portfolio and go-to-market.

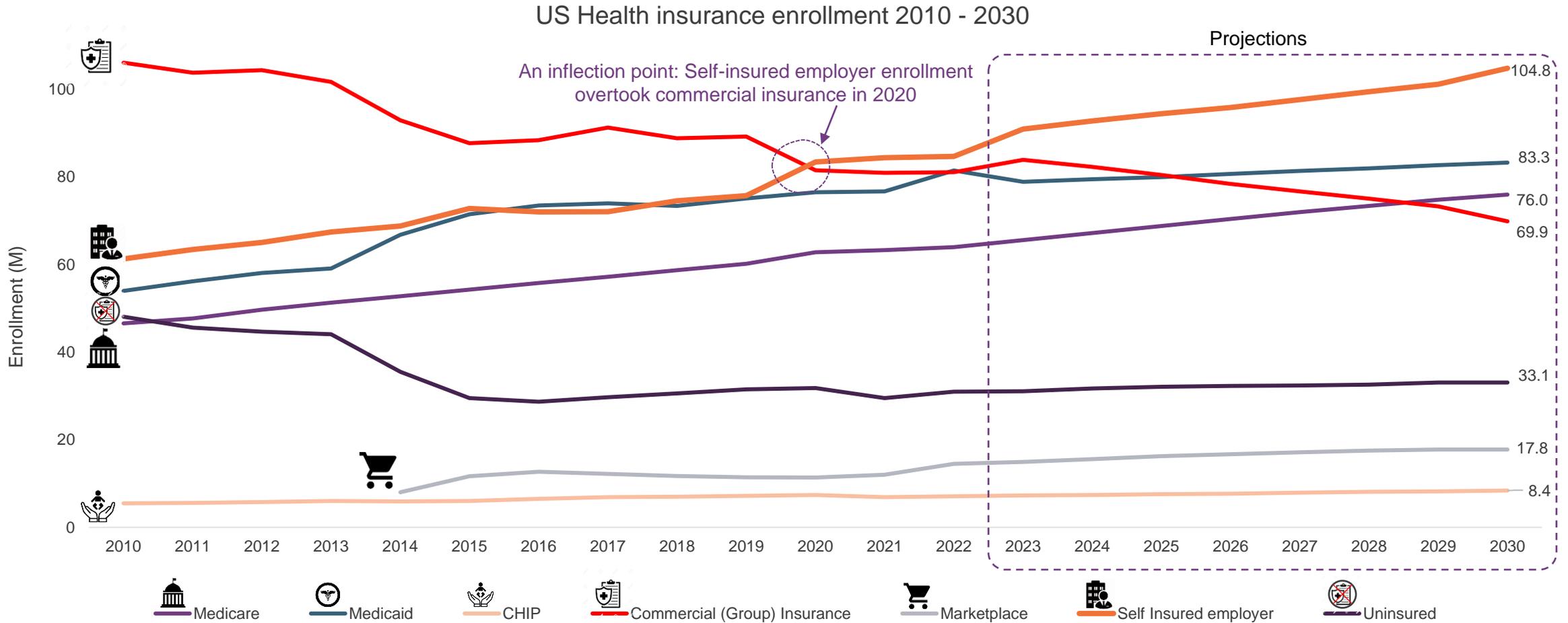**3**   **Disruption of health insurance**   Digital-health-enabled primary care, a class of primary care that is delivered virtually and in person with varying degrees of specialization (women's health, mental health, urgent care), often with a formulary and offered on a monthly subscription basis between $50 and $150 per person, is proliferating rapidly. Given consumers use primary care the most compared to acute care, these affordable plans could mean not needing health insurance for primary care.

4   **Blurring industry lines**   Traditional lines forming the healthcare ecosystem and the broader industry are blurring as more non-traditional entities (big tech, financial services, grocery chains) enter healthcare. These entities are driven by the economic opportunities of US healthcare spending of $4 trillion annually and the genuine desire to change what is not working. These entrants offer service providers an opportunity to expand their solution portfolio and go-to-market to potentially accelerate their growth.

5   **For-purpose value chain**   Healthcare provider choices are driven by the funding mechanism—health insurance. In 2020, enrollment in self-insured employers surpassed enrollment in plans underwritten by health insurers. It is likely that self-insured employers will seek direct-to-provider contracts both for primary (digital health enable virtual care) and acute care (VBC, center of excellence) to drive improved employee productivity instead of just reactive care. The shift in this market dynamic could make a positive change in aligning HCPs to health vs. just volume-driven sick care.

6   **Regulations**   Price transparency for HCPs means chargemaster on Google. Perhaps not immediately, but most certainly in the next three years, HCPs will continue to be under pressure to manage their financials and will be on the lookout for creative contracting (direct to employer), elimination of middle parties (forget claims processing by health plans), and expansion of their value proposition (think community orientation and health). Service providers need to invest in blue-sky thinking to direct and meet HCPs there instead of just addressing today's problem.

Healthcare coverage configuration has evolved, and it will continue to change materially over the coming decade

US Health insurance enrollment 2010 - 2030

An inflection point: Self-insured employer enrollment overtook commercial insurance in 2020

Projections

Enrollment (M)

Values at 2030: 104.8, 83.3, 76.0, 69.9, 33.1, 17.8, 8.4

Legend:
- Medicare
- Medicaid
- CHIP
- Commercial (Group) Insurance
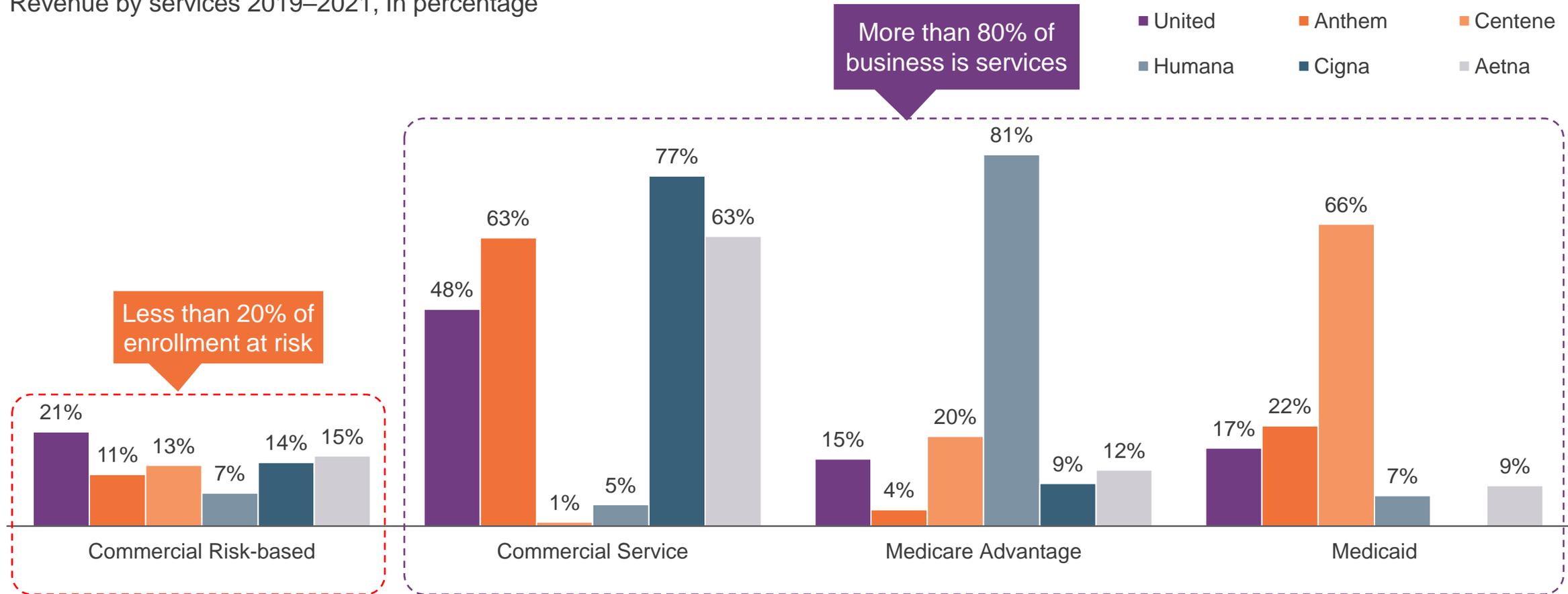- Marketplace
- Self Insured employer
- Uninsured

Data: CMS, US Dept of Labor, CBO, Kaiser Family Foundation
Source: HFS Research, 2022

Health plans are now essentially a services business competing with service providers

At risk vs. administrative services at the six largest publicly traded health plans
Revenue by services 2019–2021, In percentage

Legend:
- United
- Anthem
- Centene
- Humana
- Cigna
- Aetna

More than 80% of business is services

Less than 20% of enrollment at risk

Commercial Risk-based
- United: 21%
- Anthem: 11%
- Centene: 13%
- Humana: 7%
- Cigna: 14%
- Aetna: 15%

Commercial Service
- United: 48%
- Anthem: 63%
- Centene: 1%
- Humana: 5%
- Cigna: 77%
- Aetna: 63%

Medicare Advantage
- United: 15%
- Anthem: 4%
- Centene: 20%
- Humana: 81%
- Cigna: 9%
- Aetna: 12%

Medicaid
- United: 17%
- Anthem: 22%
- Centene: 66%
- Humana: 7%
- Aetna: 9%

Data: Company 10K reports
Source: HFS Research, 2022

Healthcare enterprises are driving extensive vertical integrations that offer service providers new opportunities

Health plan – care delivery integration (sample)

	Service lines	Optum United Healthcare	HIGHMARK Allegheny Health Network	GUIDEWELL Florida Blue	CVS aetna	Cigna EVERNORTH	Humana Kindred
Health plan and payer services	Insurance	✓	✓	✓	✓	✓	✓
	Medicare	✓	✓	✓	✓	✓	✓
	Medicaid	✓	✓	✓	✓	✓	✓
	Pharmacy benefit management (PBM)	✓			✓	✓	✓
	Provider-sponsored plans						
	Employer	✓	✓	✓	✓	✓	✓
	Health IT	✓	✓	✓			
	Healthcare services	✓		✓	✓	✓	✓
Care delivery	Accountable care organizations (ACO)	✓					
	Primary care	✓	✓	✓	✓		✓
	Rehab						✓
	Acute care	✓	✓	✓			
	Pharmacy	✓			✓	✓	✓
	Home care	✓					✓
	Health and wellness	✓	✓	✓	✓		

- Healthcare enterprises are redefining value as consumer expectations evolve and financial pressures escalate.

- Consequently, they are accelerating integration across the payer and provider ecosystems to address the changing market dynamics.

- With increasing control of the ecosystem, they expect to influence the triple aim of care (cost of care, health outcomes, and experience of care) in a real and sustainable manner.

- Vertical integration is also providing healthcare enterprises the opportunity to replace revenues they are losing due to competition and shrinking margins.

Source: HFS Research, 2022

Subscription-based digital-health-enabled primary care can disrupt health insurance for primary care

	Individual insurance plans		Subscriptions
	Typical	**High deductible (HDHP)**	**Individual**
Average annual premiums	$5,256	$1,632	
Average deductibles	$1,945	$1,700	
Average subscription			$900
Total cost to consumer	$7,201	$3,332	$900

Digital health primary care is about to disrupt health plans

- According to the Kaiser Family Foundation, the average health insurance benchmark premium (silver plan) on the US exchange marketplace is $438 per month in 2022; the average deductible is $1,945.

- Health consumers can choose the combination of subscription-based primary care and a high deductible health plan (HDHP) that could translate into a savings of about $3,000, or 40% lower than the benchmark plan for an individual.

Data: Kaiser Family Foundation, Government Employees Health Association (GEHA)
Source: HFS Research, 2022

Increasing proliferation of non-traditional healthcare enterprises is a new market for service providers

Big Tech

Financial

Grocery

Other

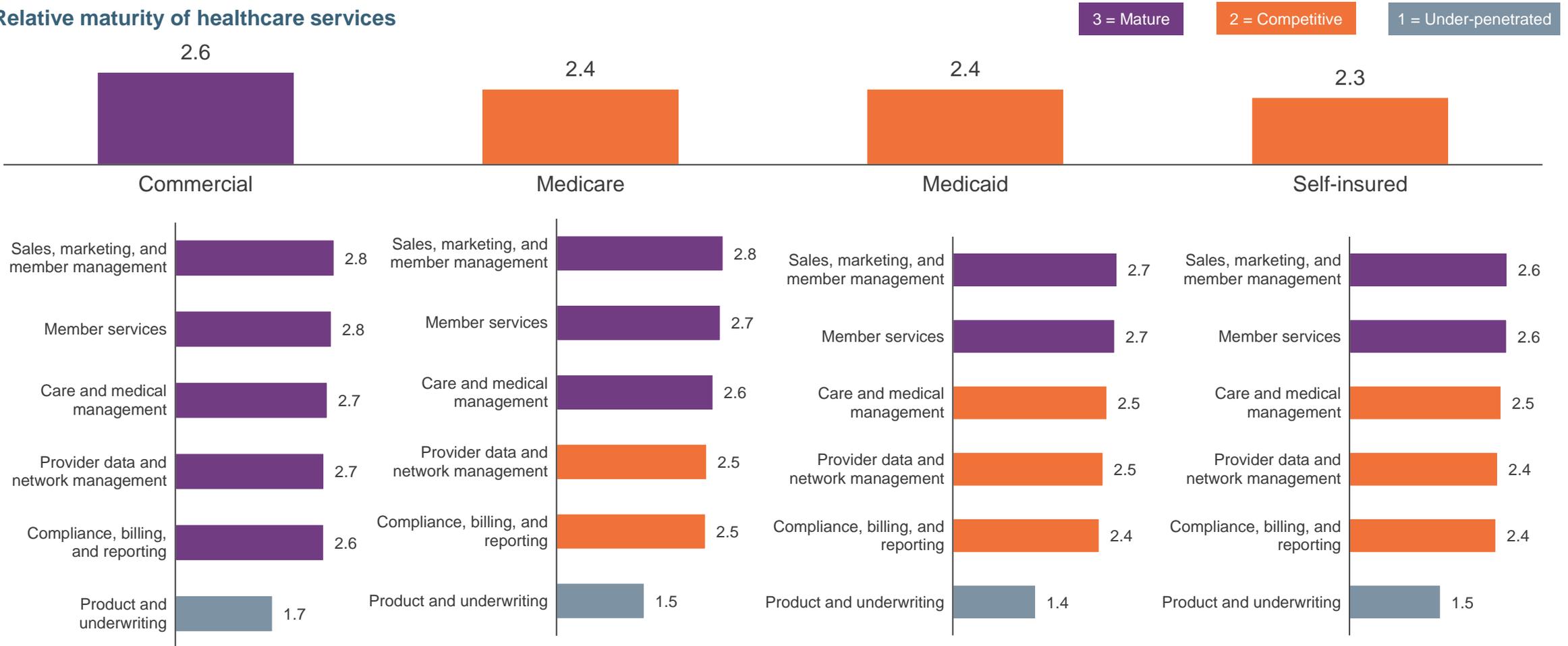- The $4 trillion US healthcare market is attractive given the opportunities due to inefficiencies, poor outcomes, and increasing costs.

- Consequently, enterprises across various industries like big tech, financial services, grocery, and others have begun to make investments to address some of the healthcare opportunities.

- While the investments and value propositions are evolving by enterprise, there are encouraging signs of positive disruptions (Amazon's acquisition of One Medical).

- This market segment of disrupters is likely to be both exciting and material in its influence on the healthcare markets.

Source: HFS Research, 2022

Excerpt for NTT DATA

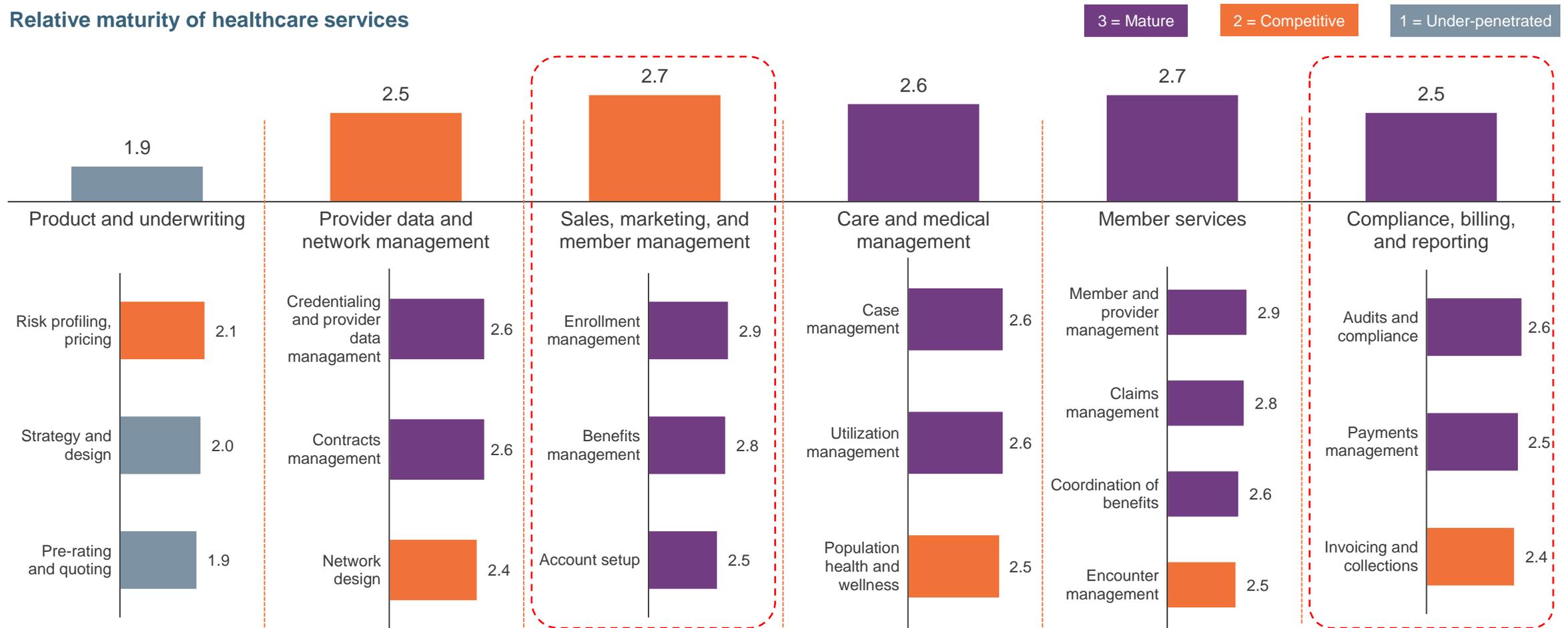# Healthcare-aligned service providers are generally mature, with some greenfield opportunities

Relative maturity of healthcare services

| 3 = Mature | 2 = Competitive | 1 = Under-penetrated |

Commercial — 2.6
- Sales, marketing, and member management: 2.8
- Member services: 2.8
- Care and medical management: 2.7
- Provider data and network management: 2.7
- Compliance, billing, and reporting: 2.6
- Product and underwriting: 1.7

Medicare — 2.4
- Sales, marketing, and member management: 2.8
- Member services: 2.7
- Care and medical management: 2.6
- Provider data and network management: 2.5
- Compliance, billing, and reporting: 2.5
- Product and underwriting: 1.5

Medicaid — 2.4
- Sales, marketing, and member management: 2.7
- Member services: 2.7
- Care and medical management: 2.5
- Provider data and network management: 2.5
- Compliance, billing, and reporting: 2.4
- Product and underwriting: 1.4

Self-insured — 2.3
- Sales, marketing, and member management: 2.6
- Member services: 2.6
- Care and medical management: 2.5
- Provider data and network management: 2.4
- Compliance, billing, and reporting: 2.4
- Product and underwriting: 1.5

Sample: 16 out of 21 service providers covered in this report
Source: HFS Research, 2022

Excerpt for NTT DATA

Service providers are predominantly mature, with services in the middle and back office with opportunities in the front office

Relative maturity of healthcare services

Legend: 3 = Mature | 2 = Competitive | 1 = Under-penetrated

Category	Overall	Sub-service	Score
Product and underwriting	1.9	Risk profiling, pricing	2.1
		Strategy and design	2.0
		Pre-rating and quoting	1.9
Provider data and network management	2.5	Credentialing and provider data managament	2.6
		Contracts management	2.6
		Network design	2.4
Sales, marketing, and member management	2.7	Enrollment management	2.9
		Benefits management	2.8
		Account setup	2.5
Care and medical management	2.6	Case management	2.6
		Utilization management	2.6
		Population health and wellness	2.5
Member services	2.7	Member and provider management	2.9
		Claims management	2.8
		Coordination of benefits	2.6
		Encounter management	2.5
Compliance, billing, and reporting	2.5	Audits and compliance	2.6
		Payments management	2.5
		Invoicing and collections	2.4

Excerpt for NTT DATA

Quality of service delivery, expertise, and experience hold the most importance for health plans when selecting their provider

Which of the following options was the singularly most important when selecting this provider?

Option	Percentage
Quality of service delivery	28%
Industry domain expertise and experience	24%
Existing relationship	8%
Ability to provide a broad range of services across my business value chain	8%
Others	8%
Ability to provide innovative solutions	4%
Financial stability and secure future	4%
Absolute price of service	4%
Reference clients	4%
Capability in digital technologies (social, analytics, mobile, interactive tech)	4%
Advisory capability and thought leadership	4%

Sample: Healthcare reference survey, n = 25
Source: HFS Research, 2022

3

Research methodology

21 service providers covered in this report

accenture cognizant Capgemini Deloitte. EMIDS

EXL EY firstsource genpact HCL

Infosys KPMG Mphasis NTT DATA Optum
Navigate your next The Next Applied

pwc tcs TATA CONSULTANCY SERVICES UST vírtusa WNS wipro

Note: All service providers are listed alphabetically

The ability to influence the triple aim of care and grow sustainably is enabled by service provider core competency and orientation

Ability to influence the triple aim of care is reflected by the proximity to the center
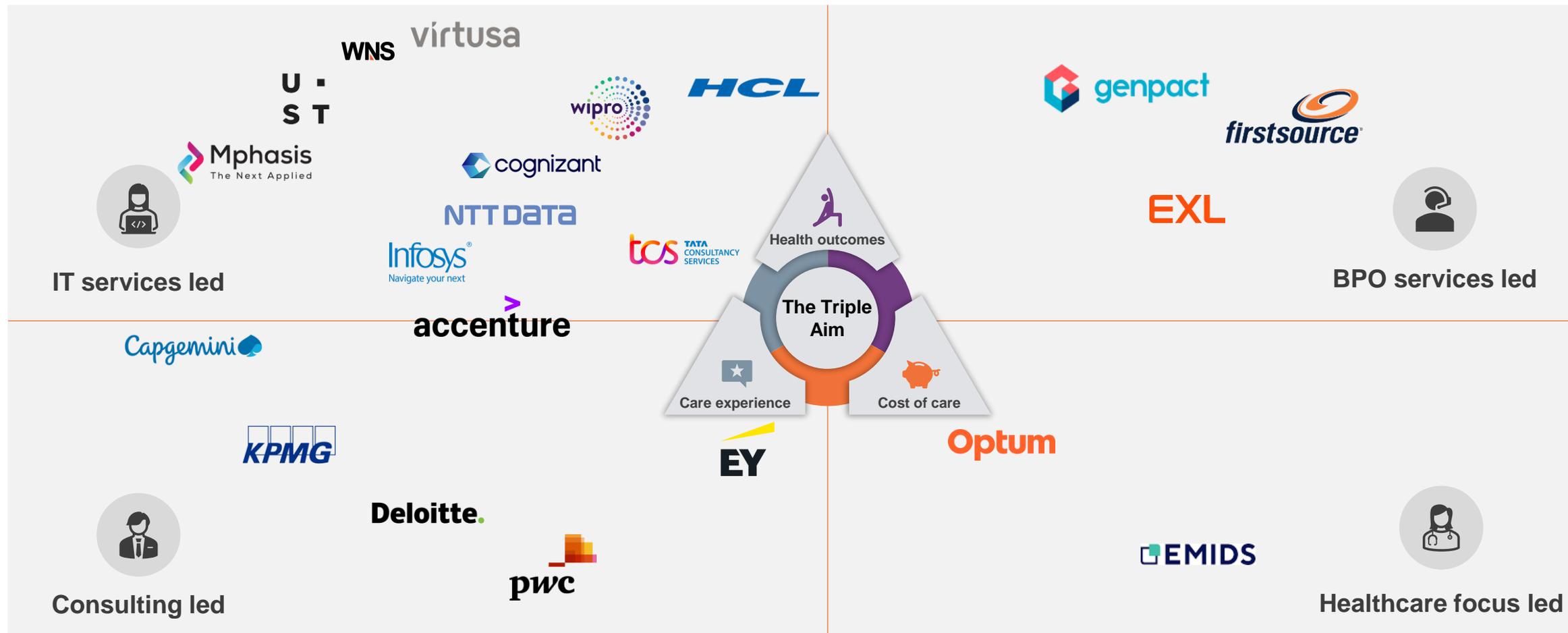
Sources of data

This report relied on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the healthcare services capabilities of the providers covered in our study. Sources are as follows:

RFIs and briefings

Each participating vendor completed a detailed **RFI**.

HFS conducted **briefings** with executives from each vendor.

Reference checks

We conducted reference checks with **30+ active clients** of the study participants via phone-based interviews and detailed surveys.

HFS vendor ratings

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leveraged our fresh from the field HFS Pulse Study data.
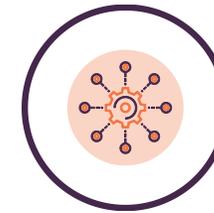
Other data sources

Public information such as press releases and websites.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Assessment methodology

The HFS Horizons: Healthcare Payer Service Providers, 2022 report evaluates providers' capabilities across a range of dimensions to understand the **Why, What, How, and So What** of their healthcare services offering.

Assessment dimension (weighting)

Distinguishing service provider characteristics	Value proposition: The Why? (25%)	Innovation capabilities: The What? (25%)	Go-to-market strategy: The How? (25%)	Market impact: The So What? (25%)
	• Impacting the triple aim of care (cost, health outcomes, and experiences) • Breaking down the barriers to connect the healthcare ecosystem and bridging the healthcare ecosystem • Optimizing the value chain	• Creating the next-generation value chain • Enabling technologies intelligently • Designing creative commercial models • Transcending the line-item solution • Addressing adjacencies	• Value and outcome-based solutions and services • Co-innovate and co-create scalable solutions • Ecosystem plays • Thought leadership	• Scale and growth of Healthcare payer-native services • Demonstrable client case studies • Voice of the customer
Horizon 3	• Horizon 2+ • Ability to drive "One Ecosystem" approach by finding completely new sources of value • Ability to reduce cost of healthcare delivery, improve the experience of care (providers and members), and influence health outcomes • Ability and willingness to address new or adjacent markets	• Horizon 2+ • Strategy and execution capabilities at scale • Sophisticated capabilities across all value creation levers: talent, domain, technology, data, and partnerships with healthcare-specific players • A culture of innovation to develop IP • Adopting emerging tech to address complex industry challenges	• Horizon 2+ • Majority of outcome-based contracts or other creative contracts driven through leading solutions and healthcare expertise • Delivering healthcare specific transformation • Consistently co-innovating or co-inventing with healthcare enterprises	• Horizon 2+ • Referenceable and satisfied clients driving new business models based on the partnership
Horizon 2	• Horizon 1+ • Ability to drive "OneOffice" mindset to break down the barriers imposed by the value chain • Ability to reduce the cost of healthcare delivery and improve the experience of care (providers and members)	• Horizon 1+ • Ability to support clients on their healthcare transformation journey • Global capabilities with strong consulting skills and partnerships with all major players (industry agnostic) • Platform assets-built ground up + augmented through inorganic assets	• Horizon 1+ • Addressing outcomes through proprietary or industry standard technologies (platforms, applications) driven through domain experience driving enterprise business transformation • Underwriting risk of implementations and technology enablement	• Horizon 1+ • Referenceable and satisfied clients for ability to innovate
Horizon 1	• Ability to drive digital transformation to digitize legacy processes • Reduce cost of healthcare delivery	• Primarily focused on implementation • Offshore-focused execution with strong technical skills and partnerships	• Addressing legacy processes (claims, call center) and tactical operational challenges for health plans • Delivering functional transformation	• Referenceable and satisfied clients for ability to execute

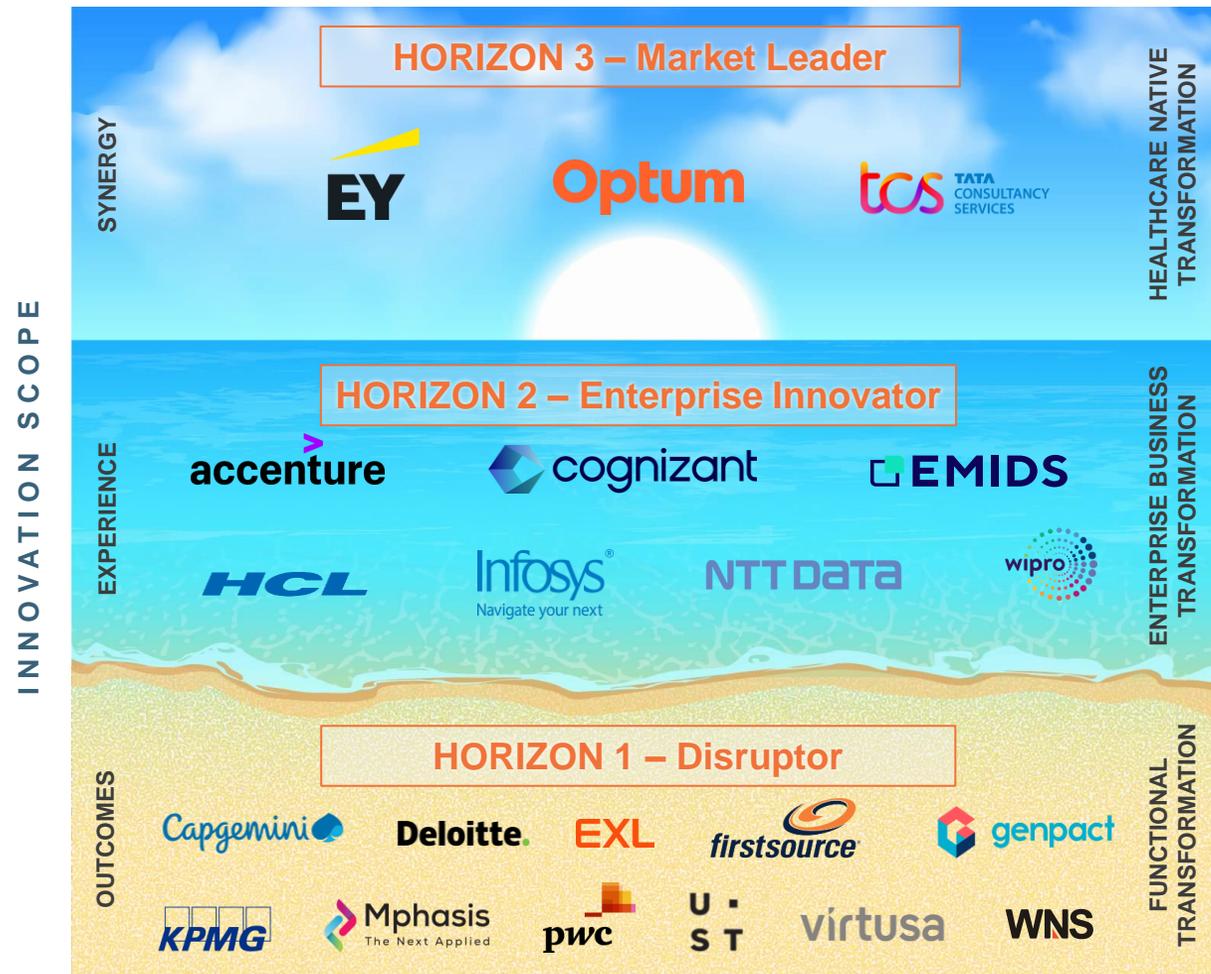# 4 | Horizons results: Healthcare payer service providers, 2022

HFS Horizons healthcare payer service providers — summary of providers assessed in this report

Providers (alphabetical order)	HFS point of view
Accenture	Humanizing healthcare is central to grounding digital to outcomes that matter
Capgemini	Driving differentiation by addressing challenges at the intersection of funding and care delivery
Cognizant	Enabling intuition engineering to anticipate and address needs digitally
Deloitte	Health equity at the core of addressing evolving market needs
Emids	Punching over its weight across segments with a bias toward engineering sustainable solutions
EXL	Smartly leveraging the immense power of analytics across clinical and financial processes
EY	Digitally delivering the future of wellness
Firstsource	Accelerating the development and proliferation of digital solutions with a focus on the triple aim of care
Genpact	Strength in transforming core legacy processes to help health plans drive better outcomes
HCL	Intersecting innovation and execution to address the current and the future with digital strengths

Providers (alphabetical order)	HFS point of view
Infosys	A pivot to AI-based, platform-driven services attracts success
KPMG	Brand strength drives opportunities
Mphasis	Powered by creative commercial constructs driven by delivery successes
NTT DATA	Driving strong at the intersection of innovation and execution
Optum	Depth and breadth of capabilities powers outcomes across all attributes of the triple aim
PwC	Impacting the triple aim of care globally through advisory services
TCS	Empathy-driven digital delivery enables addressing all attributes of the triple aim
UST	Strong legacy admin delivery with the assets to drive IoT and emerging tech possibilities
Virtusa	Serving healthcare through its expertise in digital engineering
Wipro	A solutions portfolio second to none, built digitally and delivered across modalities
WNS	Increasing sophistication of healthcare digital solutions allows WNS to punch above its weight class

HFS Horizons — healthcare payer service providers' positioning

HORIZON 3 – Market Leader

EY · Optum · TCS TATA CONSULTANCY SERVICES

HORIZON 2 – Enterprise Innovator

accenture · cognizant · EMIDS

HCL · Infosys Navigate your next · NTT DaTa · wipro

HORIZON 1 – Disruptor

Capgemini · Deloitte. · EXL · firstsource · genpact

KPMG · Mphasis The Next Applied · pwc · UST · virtusa · WNS

Innovation Scope: SYNERGY / EXPERIENCE / OUTCOMES

Value Aspiration: HEALTHCARE NATIVE TRANSFORMATION / ENTERPRISE BUSINESS TRANSFORMATION / FUNCTIONAL TRANSFORMATION

Horizon 3—Healthcare native transformation providers demonstrate

- Horizon 2+
- Ability to drive the "One Ecosystem" approach by finding completely new sources of value specific to healthcare
- Ability to reduce the cost of healthcare delivery, improve the experience of care (providers and members), and influence health outcomes
- Ability and willingness to address new and adjacent market strategy and execution capabilities at scale
- Sophisticated capabilities across all value creation levers: talent, domain, technology, data, and partnerships with healthcare-specific players
- A culture of innovation to develop IP
- Adopting emerging tech to address complex industry challenges
- Majority of outcome-based contracts or other creative contracts have driven through leading solutions and domain expertise
- Consistently co-innovating or co-inventing with healthcare enterprises
- Referenceable and satisfied clients driving new business models based on the partnership

Horizon 2—Enterprise business transformation providers demonstrate

- Horizon 1+
- Ability to drive a "OneOffice" mindset to break down the barriers imposed by the value chain
- Ability to reduce the cost of healthcare delivery and improve the experience of care (providers and members)
- Ability to support clients on their healthcare transformation journey
- Global capabilities with strong consulting skills and partnerships with all major players (industry agnostic)
- Platform assets-built ground up + augmented through inorganic assets
- Addressing outcomes through proprietary and or industry standard technologies (platforms, applications) driven through domain experience
- Underwriting risk of implementations and technology enablement
- Referenceable and satisfied clients for the ability to innovate

Horizon 1—Functional transformation providers demonstrate

- Ability to drive digital transformation to digitize legacy processes
- Reduce cost of healthcare delivery
- Primarily focused on implementation
- Offshore-focused execution with strong technical skills and partnerships
- Addressing legacy processes (claims, call center) and tactical operational challenges for health plans
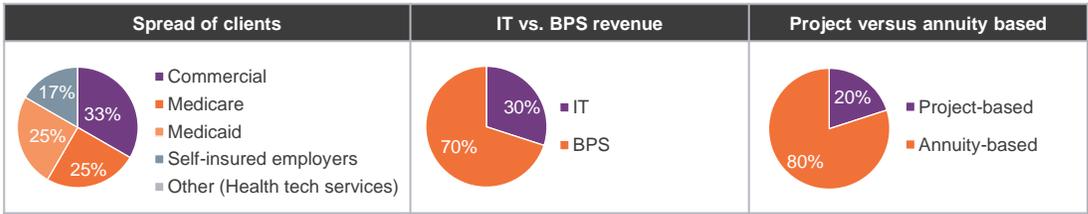- Referenceable and satisfied clients for ability to execute

Note: All service providers within a "Horizon" are listed alphabetically

Excerpt for NTT DATA

5

NTT DATA profile:
Healthcare payer services

NTT DATA: Driving strong at the intersection of innovation and execution

HORIZON 3 – Market Leader

HORIZON 2 – Enterprise Innovator

NTT DATA

HORIZON 1 – Disruptor

Strengths

- **Organization**: The health plan vertical at NTT DATA is part of a broader industry segment that includes banking, insurance, manufacturing/automotive, providers, health plans and life sciences, commercial industries, public sector and international business
- **Growth**: NTT DATA's health plan business has been showing revenue growth in line with the broader market rate consistently over the last three years with the most growth across commercial and Medicare segments.
- **Capabilities**: Enterprise innovation culture that has been decades in the making continues to set NTT DATA apart. NTT DATA for health plans focuses on the integration of digital tools for experience enhancement, adoption of automation, analytics and AI, provider-health plan interoperability, and "as-a-service" models as well as accelerating the adoption of cloud and integrated virtual care.
- **Talent management**: NTT DATA has an organized program addressing hiring, training, and continuous improvement through academic and industry partnerships.
- **Outcomes**: NTT DATA is biased toward operational (MLR, claims denial rates, provider contracting cycle) and experiential (FCR, reduction in contacts) metrics to measure delivery. Innovation metrics include engagement, efficiency, and satisfaction.
- **Voice of the customer**: Clients appreciate NTT DATA's healthcare breadth and willingness to work to fill needed gaps. Leadership and reliability were also themes that surfaced as well as NTT DATA's approach to invest in the right thing for its clients without nickel and diming them.

Development opportunities

- **Organization**: A focus on client accounts is always healthy; however, addressing opportunities by market segments will ensure optimizing market opportunities.
- **Talent management:** In a particularly dynamic market with talent shortages and evolving employee expectations, an X factor must be imagined. What has worked pre-pandemic is unlikely to work post-pandemic and to point NTT DATA's thought leadership with next-generation workforce need a transformation internally.
- **Outcomes**: While operational metrics associated with speed, accuracy, and costs are good, a focus on health outcomes will make the value proposition stronger as the industry pivots toward whole health.
- **Voice of the customer**: Clients expect NTT DATA to have better talent management to address its technology needs. They expect innovative solutions that can transform the business model and for NTT DATA to be proactive with its perspectives and ahead of the technology curve.

Mature ◉   Emerging ◑   Not a focus ○

Spread of clients

- 33% Commercial
- 25% Medicare
- 25% Medicaid
- 17% Self-insured employers
- Other (Health tech services)

IT vs. BPS revenue

- 30% IT
- 70% BPS

Project versus annuity based

- 20% Project-based
- 80% Annuity-based

Medium

Low — High

Sustainability meter

Maturity of capabilities across the healthcare payer services value chain*

Product and underwriting	Sales, marketing, & member management	Provider data & network management	Care and medical management	Member services	Compliance, billing and reporting
2.7	3.0	3.0	3.0	3.0	3.0

*Self-assessment

Relevant acquisitions and partnerships

Recent acquisitions (post 2020)
- **Umvel:** Digital design and engineering firm (2022)
- **Vectorform:** Digital transformation and innovation company (2022)
- **Postlight:** Web API development, software development, web architecture, mobile development firm (2022)
- **Hashmap:** Firm with deep technical expertise in modern data platforms to support analytics, AI, and machine learning (2021)

Partnerships
- Snowflake, AWS, Google Cloud, Salesforce, Microsoft

Key clients

Number of healthcare payer service clients: 70

Of the top healthcare payer service providers, NTT DATA serves
- Independent Health
- Point32 Health
- Blue Cross Blue Shield of Rhode Island
- Top five health plans in the US

Global operations and resources

Healthcare payer services headcount: 6,000
Delivery locations
- NTT DATA launched Innovation Centers in six locations (Japan, United States, Italy, Germany, China, and India) in August 2022
- Collaboration Centers, centers for co-innovation with customers. NTT R&D, combined with customer investment, completing more than 15 proof of concept projects each year.
- NTT DATA global delivery centers offer nearshore and offshore services in 70 locations across 25+ countries with 45,000+ resources
- Health plan delivery overview: USA 26%, India 40%, Canada 1%, the Philippines 8%, Japan/Asia 24%, Latin America 1%, the UK <1%.

In-house platforms and tools

- **NTT DATA Business Insights Engine (BIE):** A pre-built, configurable Azure/Snowflake-based health plan data hub.
- **NTT DATA CarePro:** A suite of AI-enabled analytical services for patient care management.
- **NTT DATA AI for Chronic Disease Care Management solution:** An AI-based chronic disease prediction and intervention solution for personalized care management.
- **NTT DATA Medical Cost Manager (MCM) / Payment Integrity:** A solution providing transparent insights to the health plan's payment integrity by bringing a holistic or unified 360-degree view of high-value data products.
- **Digital Health Platform:** A platform giving real-time actionable information that enables users to be more self-sufficient, engaged, and effective in care administration and utilization, resulting in higher satisfaction and lower operating costs.
- **Nucleus Intelligent Enterprise platform**: A cloud-based software platform combining NTT DATA's intellectual property, third-party tools, and open-source solutions to automate the deployment and consumption of its offerings with a suite of use case-focused applications; it also enables data integration, RPA/automation and AI to improve patient experience and care.

6

HFS Research authors

HFS Research authors

Rohan Kulkarni

Practice Leader – Healthcare and Life Sciences Research

rohan.kulkarni@hfsresearch.com

Rohan leads the Healthcare practice at HFS, bringing to bear his vast experience across the healthcare ecosystem. His experience includes being the Head of Healthcare Strategy at multiple Fortune 500 companies, Product Management leader, and CIO at two health plans. He is passionate about the Triple Aim (improving health outcomes, reducing the cost of care, and enhancing the care experience) and believes that health and healthcare is a polymathic opportunity that intersects with every industry and facet of our lives. His well-rounded experience and passion bring a practical approach to his analyst role at HFS.

Rohan has an engineering degree from the University of Mysore, India, an MBA from the University of Dundee & the London School of Economics in the UK, and Product Management diploma from the Harvard Business School.

Mayank Madhur

Associate Practice Leader

mayank.madhur@hfsresearch.com

Mayank Madhur is an Associate Practice Leader at HFS Research, supporting different practice leads with a horizontal focus on IoT, Industry4.0, and Engineering. He also works with practice leads with a focus on industry verticals (mainly across healthcare; life sciences; manufacturing; retail and CPG; and travel, hospitality, and logistics).

He holds a certificate in Strategic Management from IIM Kashipur. Mayank holds a Master's in Business Administration from Birla Institute of Technology and Science College, Pilani (BITS, Pilani University) and a Bachelor's in Engineering in Electrical and Electronics from Jawaharlal Nehru National College of Engineering (Visvesvaraya Technological University), Karnataka.

About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand-side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, Digital OneOffice™ and OneEcosystem™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation and Process Intelligence, Blockchain, the Metaverse and Web3. HFS has deep business practices across all key industries, IT and business services, sustainability and engineering.

www.hfsresearch.com

@hfsresearch

www.horsesforsources.com

HFS