



A Transformation in the Healthcare Payer Industry



The on-going impact of the Covid-19 pandemic, recovering cash reserves and a backlog of procedures are on-going challenges for healthcare payers. At the same time, there are industry-wide trends which will re-shape the industry in the next 5 years:

M&As are predicted to grow

The prevalence of mergers and acquisitions (M&As) in the industry is likely to grow. Due to both financial pressures and opportunities, the US healthcare sector has always been characterised by significant M&A activity and similar to other sectors, this activity was dramatically curtailed at the start of the pandemic. However, more recently there has been a resumption of deal making. Common drivers of M&As are improved financial stability, better operational cost efficiency and increased market share.

Telehealth will be used more widely

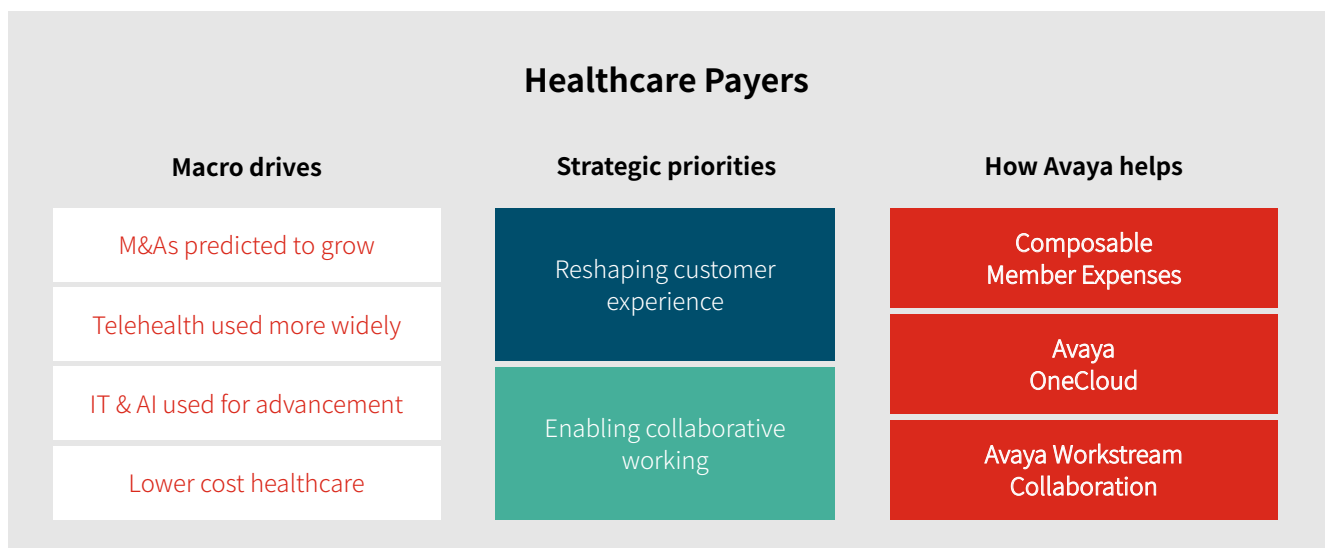
New technologies are changing the way healthcare services can be delivered and the way healthcare payers operate. The growth of telehealth has been driven by the pandemic and despite initial scepticism, most within the industry now appreciate the benefits of better convenience, access, and costs. Although the face-to-face visits have returned, telehealth will continue to be used more widely.

IT and AI will be used for medical advancement and greater efficiency

The value of IT and data has yet to be fully exploited in the healthcare industry. The application of technologies, such as artificial intelligence (AI), has both huge potential for cost reduction and value gain across many different domains. For example, AI can be used to speed up drug development in the pharmaceutical industry while automation and predictive analytics can help to deploy personnel more effectively. John Hopkins Hospital and GE Healthcare use predictive AI to improve the efficiency of patient operational flow. The 60% increase in the hospital's ability to admit patients and the 21% growth in discharges before noon has reduced costs and improved customer experience.¹

Lower cost healthcare

With President Biden aiming to ensure that 97% of Americans have health insurance and a general focus on increased access to cheaper healthcare in the country, reducing costs in the sector is essential.² It is too soon to fully understand the impact of Accountable Care Organizations (ACOs) and the advent of low-cost no-frills services. The introduction of these low-cost no-frills propositions amongst retail businesses is challenging the established business model as it increases access to healthcare. For example, Walmart opened its first in-store health clinic in 2019. CVS Pharmacy and Walgreens offer similar services.



1. Reshaping the customer experience



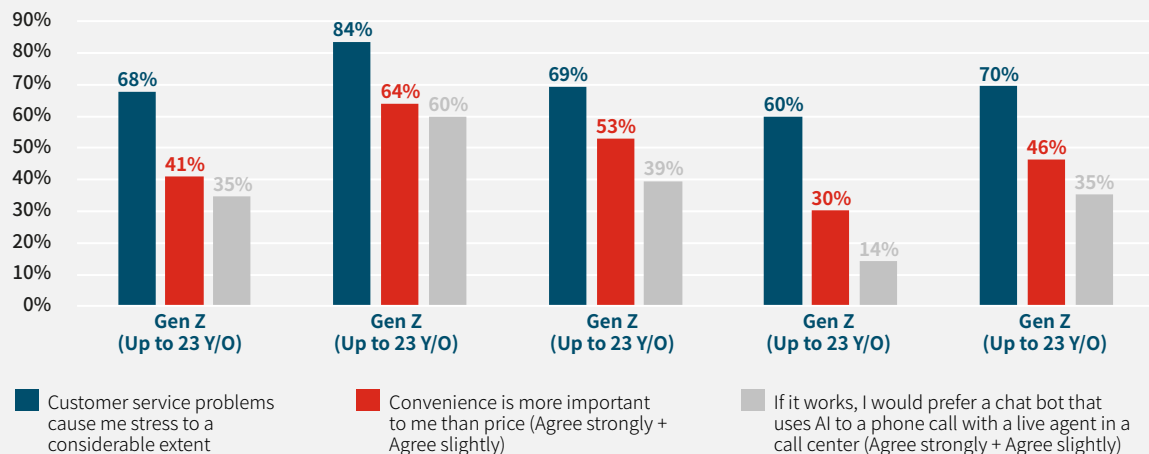
The healthcare payer industry has very complicated customer experience demands as it serves members, employers, and providers creating many different customer journeys that all need to be designed and delivered.

Digitization plans can be further complicated by the added challenge that some customer demographics are less IT fluent. As one executive we interviewed reflected, “The key challenge for the digital area of the business is to provide a cohesive member experience making it easy for customers to interact, primarily through digital channels. If members experience any friction while using the digital channels, simple automated solutions or human-based channels are required to help customers achieve their goals”.

The ASCI 2020 score for the healthcare payer industry is now the lowest since 2016.³ Lack of customer focus has undermined relationships with healthcare payers with only a third of members saying their health plan acts in their best interest either always or most of the time. Improvements are overdue as just 25% of members view their health plan as a trusted partner in their wellness.

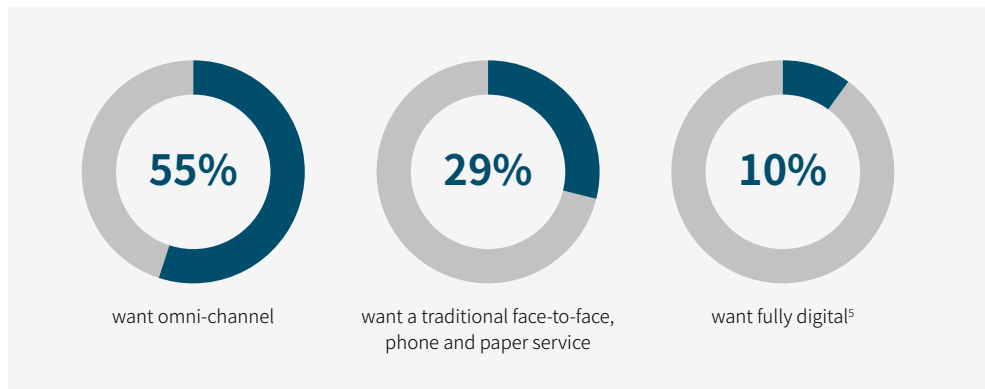
According to one health executive we interviewed, the industry is characterized by a digital and channel experience which is very disparate. Partly due to the M&As within this industry, healthcare payers report numerous platforms and technologies across different states and businesses which are further complicated by their partners – healthcare providers – having different CRM systems and different entry points for members and patients.

Working age consumers want better customer experiences



This disparity causes unnecessary concern for healthcare customers. Avaya’s Life and Work Beyond 2020⁴ research showed that working age people are frustrated by a poor customer experience, with 84% of millennials saying customer service problems cause them stress to a considerable extent. Convenience is prized by many, even if it means a more costly service.

Healthcare payers must understand each member’s individual perspective. Providing health plans that help members keep out-of-pocket costs low and improving customer experience will drive up satisfaction scores. Offering omni-channel access is also critical through unified communications and contact centers. Avaya’s Life and Work Beyond 2020 study revealed US consumers’ preferences dealing with the healthcare industry as:



Through the pandemic, the importance of omni-channel customer experience has grown, with consumers wanting improved support from a range of channels. Overall, 80% say there should be a phone number on every webpage or app.⁶

Since the Covid-19 pandemic, the following channels have become more important



Personalizing the experience for members and member groups has become a priority. In the past, payers merely focused on plan design, connecting a member to an in-network provider, and administering payments or premiums. As healthcare provision is often the employer's decision, individual member opinion is often overlooked. But in a changing landscape where member expectations and empowerment have increased and where there is pressure to be transparent and demonstrate value for money, and where the market is widening with the advent of disruptors and the rise of ACOs, relying on basic level customer service is no longer enough.

Successful organizations will strengthen their reach and market share by being customer-centric and putting excellent customer experience at the heart of their strategy. By following this strategy, healthcare payers will have access to a full range of data concerning their customers before, during and after treatment which can be used to deliver truly personalized and friction-free experiences across all channels. The use of this data will enable the sector to offer more effective and efficient care.

Health advice is increasingly being offered by payers. Providing concierge and health advice is vital to premium employers and acts as a point of differentiation in the industry. The pandemic has been a catalyst for the acceptance of virtual experiences. In 2019 30% of customers were using video while in 2021 90% are using it. As the 65+ group become more tech-savvy, this proportion is expected to grow.⁷

Delivery management needs to be simplified to improve the customer experience. Both excellent communication with members, employers and providers, and transactions managed automatically using robust systems are required to ensure the efficient running of basic healthcare provision. At the heart of quality delivery management lies a well-designed customer journey and flexibility in technology delivery.

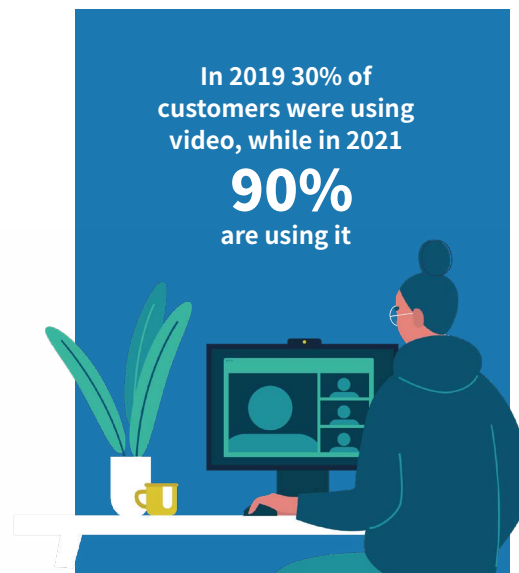
Proactivity in care is vital to the member experience particularly as Avaya's Life and Work Beyond 2020 study indicates 1 in 2 people are more worried about their health than before the pandemic.⁸ Consumer reviews highlight the importance of meeting the fundamentals of providing and paying for care without challenges and extra stress. One healthcare executive we interviewed explained, "Something that has changed for our customers is the way we track people's health through their smartphones and apps. We are working out how to check their health regimes". Indeed, one customer commented, "Humana calls to remind us of prescriptions that are ready to renew".



...relying on basic level customer service is no longer enough."

One executive we interviewed emphasized that healthcare payers are looking for dynamic and easy-to-integrate technology, systems linked through simple low-code, no-code application programming interfaces (APIs). They highlighted the need to link systems through APIs offering:

- Scalability across multiple accounts and customers
- Well-known brands with good track records
- Good value for the price rather than lowest price.



Avaya composes personalized member experiences

These trends are shaping the digital transformation of healthcare and it is important to note that cloud-based communications play an important and central role in improving service and care delivery right across the healthcare value chain.

As payers seek to improve member experiences and outcomes, health insurance organizations must navigate data complexity across the health IT ecosystem. Issues such as how to converge data from a merger or acquisition or even from a wearable device to help prevent a disease, manage an episodic event, or prevent a chronic condition worsening, as well as how to gain a complete, true picture of a patient's ongoing healthcare journey through data, are just some of the factors to consider and manage.

Avaya drives member engagement for healthcare payers with a network of partners and can develop a migration plan that meets healthcare payers' complex needs. We have a set of integrated communication tools that can improve the outcomes for members, provider partners, and payers. Following the member journey, we start with time and cost saving, secure and compliant digital identification verification, and ongoing authentication during enrolment and onboarding of plans.

This work includes plan information, communication preferences and self-service options for individual members. Awareness and education support medical history, disease self-management and risk case management. Care and treatment are at the core of Avaya's technology, including provider search, scheduling, referrals, transfers and follow-up as well as chronic case management. Proactivity for wellness through preventative education and medication adherence completes the service.

Avaya can give members in any location their choice of the most appropriate, convenient, and cost-effective support using proactive outreach and video. Whether its proactive member outreach for care gaps, member journey management or instilling member loyalty, the solution must be omni-channel.



Care and treatment are at the core of Avaya's technology, including provider search, scheduling, referrals, transfers and follow-up as well as chronic case management."

Avaya lets healthcare payers build on existing investments

Avaya's composable architectures have many advantages but the main value is to free business from technical debt. Additional advantages include:

- Increased services autonomy
- Services optimization based on specific member data and performance requirements
- Independent service changes; change one without impacting others
- Faster innovation and new technology adoption.

Supported by advances in AI and the development of new APIs, healthcare payers are adopting the agility, speed, scalability, and innovation more commonly found in the technology sector. They are composing seamless and effortless experiences across applications, touchpoints, modalities, and personas.

Avaya OneCloud

Avaya OneCloud integrates into all industry leading EHRs and CRM systems to drive personalized member engagement. We use data from the payer's EHR and CRM databases to provide class-leading support to member advisors and their supervisors, in delivering seamless member experiences that provide great service and build member satisfaction and loyalty.

Avaya's integrated cloud communications and collaboration platforms provide a range of features required to provide personalized member engagement:



- **Virtual agents (bots, chat bots, conversational AI)**
- **Identification verification and authentication**
- **Customer journey analytics**
 - Speech analytics
 - Social media analytics
 - Agent performance analytics
 - Customer sentiment analysis
 - Voice of the customer analytics.

Avaya technology also leverages available context, insight, and AI to pair and match customers to the best resources and support with real-time knowledge and insights.

For employer group members, and providers such as hospitals, pharmacies and mental health groups, Avaya's technology enables strong relationship building at executive level to ensure loyalty and high levels of satisfaction across the range of payers' interactions. Avaya Spaces is a secure collaboration tool that creates great employer group relationships.

2. Enabling effective collaborative work

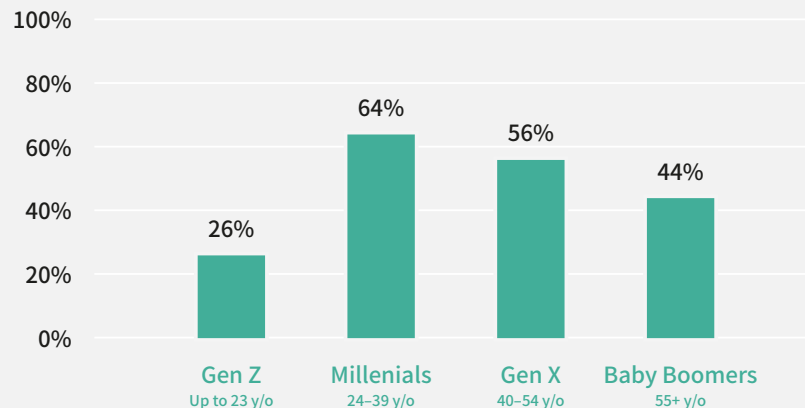


Healthcare payers have adjusted to the pandemic by quickly adopting effective working from home (WFH) strategies.

Though the healthcare payer sector has been a role model for sustaining business continuity, this shift to homeworking still presents both important challenges and opportunities. One executive we interviewed commented, “The organization is still in flux in terms of its WFH strategy, but it is leaning towards working remotely”. Another executive added, “With 20,000 call center agents WFH, greater enablement was necessary. Now over 70% of agents can work from home but as an organization we are not sure how this will play out in the future as we have very localized technology”. The Avaya Life and Work Beyond 2020 research shows that US workers are positive about new ways of working.

How do you feel about flexible working (e.g. home, office, worksite, on the move)?

Saying they love it:



71% of US workers say their employer trusts them to do their best for them wherever they work.”

Future working practices are uncertain, and therefore the sector needs to be ready for a range of scenarios. The working environment may change, and employees may want different routines, so management and technology strategies need to develop. WFH also poses issues for supervisors as agents need support, often across multiple time zones, although collaboration and oversight tools can facilitate supervision. Encouragingly Avaya’s research indicates 71% of US workers say their employer trusts them to do their best for them wherever they work.⁹

Productivity impacts of working flexibly are yet to be fully understood. Though most workers are online, some need support to reach the level of connectivity required to stay productive and secure. Productivity may be unaffected or even increase, however over the longer term company cultures may weaken through lack of meaningful interaction which may lessen the drive to push customer-centricity and excellent staff service.

Hybrid working strategies look to be the most common approach in the sector which is endorsed by the findings of Avaya's Life and Work Beyond 2020 study as 39% of US workers say they are happier because they have more flexibility regarding where they choose to work. Indeed 62% agree a hybrid work model is best for happiness. However only 33% say their employer gives them the necessary tools and technology to do their job from anywhere.¹⁰

Post pandemic, many healthcare payers will operate hybrid arrangements to benefit from cost savings. Whilst the hybrid model presents cost advantages, for example by requiring less office space or enabling recruitment from lower-cost talent pools, remote working also brings with it the opportunity to realize comprehensive digitization. As organizations strive to become more connected across their workforce, by putting in place faster and more effective IT and analytics systems, they will become more agile and responsive to their customers.

Avaya enables secure, effective, and efficient hybrid working for healthcare payers

Healthcare payer employees will continue to be geographically distanced and connecting them into collaborative environments is essential for productivity. Today, many hybrid employees struggle with fatigue from managing too many separate applications.

Avaya's **workstream collaboration** applications can replace disparate tools and integrate video meetings, chat, posts, file sharing, and task management in one application. This technology empowers teams to communicate in context, in a persistent virtual workspace built on top of workflows and is accessible with any device. Unlike traditional face-to-face environments, workstream collaboration tools like Avaya's provide persistency, ensuring that work continues to progress across time and location, allowing an expert-centric approach to business and customer problem solving, ensuring that the right subject matter experts can flow in to and out of teams and customer interactions as required.

With an always-on collaboration-based workflow, things get done faster, easier, and more completely through 'in the moment' sharing, as much as during formal meetings. Collaboration happens organically in response to shifting priorities, the availability of team participants, and the information they're currently sharing, unbounded by time or geography.



All content needed to kick start or progress a project or discussion is organized, time stamped, securely stored, and easily retrieved from within a virtual workspace, enabling true workflow orchestration where all participants are informed, up-to-date and understand the decisions and knowledge that has been shared. The contextual insight provided with workstream collaboration applications is crucial to improving the way colleagues work.

The power of workstream collaboration can be the bridge across the entire organization. It's a way of bridging siloed Unified Communications and Contact Center applications into one powerful tool with one application.

The need to manage **contact center agents** effectively and enable supervisors to monitor and train agents is vital to agent development and empowering them to respond to more complex and important queries. Avaya's Workforce Engagement Management technology improves agent engagement and allows for supervisor monitoring, coaching and enablement of agents, wherever they are working. Its suite of tools helps supervisors manage agents more effectively with real-time intelligence.

The future of work is hybrid and Avaya, along with our partners, offer industry leading communications and collaboration security for employees wherever they are, using our collaboration tool Spaces. For care management teams, Avaya's employee experiences enable a more connected healthcare experience. Their ability to communicate with members and provider partners is vital to improving outcomes and operational efficiencies. Unified Communications and Avaya Spaces offer effective collaboration and patient support to chronic, high-cost cohort members and can involve the care partners such as pharmacy and mental health affiliations as and when needed.

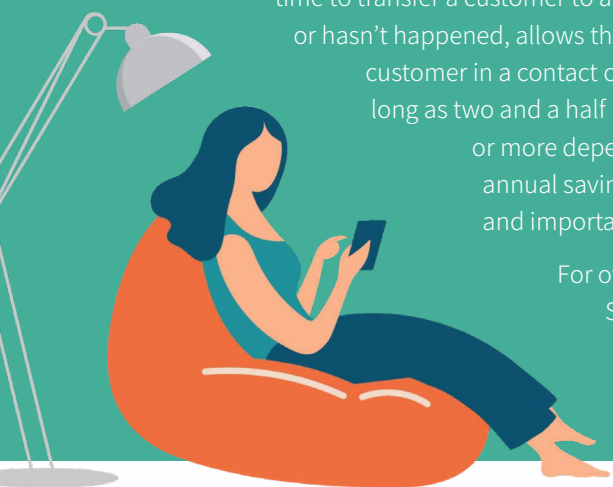
For contact center agents and supervisors, Avaya enables secure hybrid working, which improves productivity and the member experience. Avaya provides a secure, biometric-based, identification verification and authentication system, wherever the agent is located, so payers can be sure only the right people see and hear the necessary member information to complete a transaction.

One of the Avaya solutions supports a sophisticated verification technique with 3D face mapping (which is so reliable it has only a 1 in 12 million chance of being ineffective). This process is combined with a purpose-built identity network that keeps member data private and reduces the time it takes to establish identity, thus eliminating redundant, and often ineffective security questions, creating a simpler and more satisfying member experience. When it becomes time to transfer a customer to another agent, or the care team, a set of digital certificates that detail what has or hasn't happened, allows the next interaction to start without hesitation. Verifying and authenticating a customer in a contact center using today's methods typically takes 60-90 seconds but can take as long as two and a half minutes. Research shows eliminating this time can save as much as \$3 a call or more depending on which third party vendors are used. This reduction can translate into annual savings in the millions, as well as providing a better user and customer experience and importantly being fully HIPPA compliant.

For other healthcare payer employees, Avaya's Unified Communication and Space's technology offer industry leading remote security.



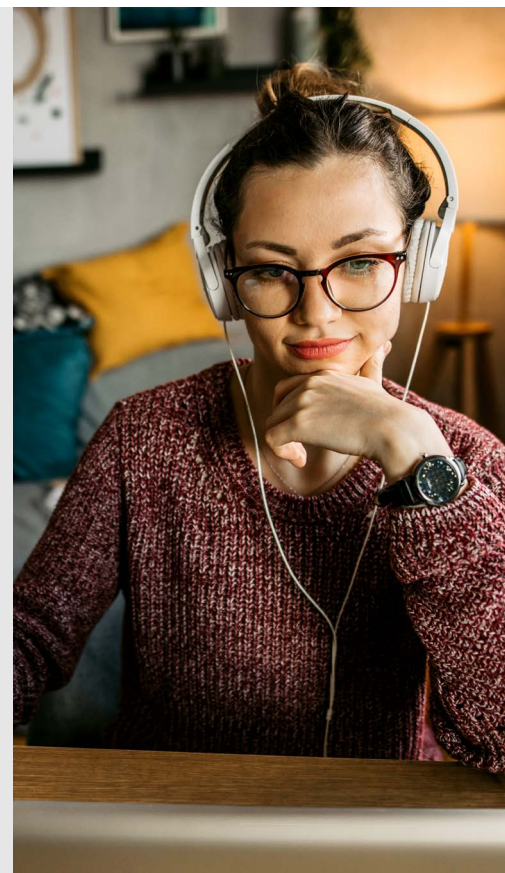
The contextual insight provided with workstream collaboration applications is crucial to improving the way colleagues work.”



Avaya OneCloud enables:

- **Planning, forecasting, and scheduling employees to meet service level and cost objectives**
- **Balancing shift patterns and service level goals with employee skills, proficiencies and preferences**
- **Monitoring intra-day trends and adherence**
- **Supporting inbound, outbound, blended media, in-house, outsourced, and virtual operations**
- **Developing long-term plans for capacity, staffing, hiring and vacation.**

In addition, Avaya Conversational Intelligence can help organizations comply with internal and external rules and regulations using supervisor initiated or automated business rules. Supervisors can enhance compliance practices with internal policies and external regulations in real-time. Sentiment and sales triggers draw the supervisor's attention to critical moments in calls. Supervisors can then act, coach, or join the calls.



Methodology

Avaya combined its knowledge of the healthcare payer industry with research from Davies Hickman Partners to understand the key drivers of change. This report is the result of the following research and analysis:

- A full survey of published sources on the healthcare industry
- Depth interviews with senior executives working in the largest healthcare payer organizations
- A survey of 1,000 consumers carried on a near nationally representative sample using online surveys
- Workshops and discussions with Avaya executives based on their insight around the healthcare industry

The report was written in November 2021.

Avaya is a leader in Contact Center, Unified Communications & Cloud Business Solutions, more information about Avaya can be found at www.avaya.com

The research was carried out independently for Avaya by Davies Hickman Partners. The data and views in this report have been prepared in good faith but neither Avaya nor the authors of the report can be held responsible for any actions or otherwise taken by those reading it.

Notes

- [1 Deloitte, Time to care, 2017](#)
- [2 BBC, Joe Biden: Where does he stand on key issues?](#)
- [3 ACSI Finance, Insurance, and Health Care Report 2019-2020](#)
- [4 Avaya, Life and Work Beyond 2020 Report, 2020](#)
- [5, 6, 7, 8, 9, 10 Ibid](#)