Healthcare

Modern core administrative platforms critical for future payer success

Payers running their businesses on antiquated core technology will find themselves falling behind as regulators and competitors accelerate the industry's shift toward consumer-centered care delivery

For healthcare payers, capabilities that were competitive advantages yesterday are just table stakes today. Every day seems to bring a new challenge, from new regulations demanding compliance to advancing technologies that may supercharge competitors. Payers must do better than keep up. They must prepare for entirely new business and operating models that focus on members first. That means payers must be able to:

- Make member data accessible—and usable—to any application and system that needs it.
- Automate transactions such as pre-authorizations and advance explanation of benefits (AEOB)—in near real time.

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- Compress front and back-office functions into a seamless member experience.
- Use compliance efforts as a catalyst to transform how to serve the market.
- Incorporate best of breed applications and use cases based on advanced technologies.
- Make operations as cost efficient as possible and tackle optimizing the cost of care.
- Respond as rapidly as possible with new features, functions and services to stay ahead of competitors.
- Shift increasingly quickly away from a fee-for-service orientation to developing health consumer-centered, value-based processes and offerings.

The bad news: Many payers have obsolete core systems that make it a struggle to achieve even minimum compliance with new regulations, let alone equip a business to run at the speed of intuition. The good news: Modern healthcare core administrative platforms can power these efforts.

The necessity of a modern core administrative system

Core administrative systems are the source of truth, or system of record, for most member utilization data. This utilization data feeds all other member-related systems and transactions. A next-generation core administrative system is built on open, standards-based technology. It's designed for data transfer and to act on "events," from a new member enrollment to a pended claim. This core becomes the payer's transaction hub for all healthcare services, including behavioral, pharmacy and dental as well as medical.

The core generates usable insights and orchestrates their delivery to other systems and to the point of care. Equipped with this modern powerhouse at their core, payers can accomplish the following:

Modernize the business in an efficient, easy-to-use agile environment.

A core system should not limit how a payer structures its business or contracts. Instead, a core system should enable payers to pivot to meet emerging competitive, consumer and regulatory demands with these abilities:

- **Master flexible benefit design and adjudication.** Modern core systems have highly flexible benefit-design models, such as long-term and individual coverage. Look for real-time change capabilities that are fed by insights and recommendations from inside and outside of the core system itself. Both the product-design teams and members should have access to the insights for decision-making. Systems must support real-time updates so payers can respond swiftly to changing market environments and regulations.
- **Deliver next-generation payment models.** True next-gen core systems support value-based designs, bundled services, reference pricing, provider incentives and real-time adjudication and payment. Systems built only for a fee-for-service industry likely will lack this flexibility and could inhibit a payer's ability to develop value-based incentives and programs. Look for systems that fully integrate medical claims and data with specialty, pharmacy and non-medical health services.
- **Optimize cost of care.** Modern core systems can use technologies such as AI/machine learning to go beyond simply streamlining operations to helping payers identify and address factors that increase the cost of care. Core systems today can use data to predict likelihood of readmissions, help power intuitive discharge management strategies and more.
- **Support all lines of business from a single platform.** Payers need deep insight into all populations they serve. This comes from a modern core that supports specialty, government-sponsored and integrated plans as well as how members move among these plans. Operating a single platform also greatly streamlines system maintenance and upgrades.

Use compliance efforts as springboards to transform processes and deliver new services.

Older platforms often require considerable custom code and workarounds for payers to achieve minimum regulatory compliance. In contrast, a modern core streamlines compliance activities and turns these into foundations for next-generation services. That enables payers to:

- **Redefine relationships with members through interoperability and price transparency-based services.** Payers increasingly are required to supply data to their members in any way that they need it. A modern core turns this demand for detailed, relevant data into opportunity.

  With a core built to expose accurate data in whatever form consumers and other apps require it, payers may unleash their creativity. They can develop new apps and services that help members interpret and evaluate their data and treatment options. They can equip care managers with more historical data and insights. Payers with cores that let them go beyond compliance will build new, more sustainable relationships with members and position themas trusted health advisors.
- **Meet new consumer expectations for seamless, intuitive experiences.** Where obsolete cores make it difficult to extract data, modern open cores orchestrate delivery of data to other applications and systems. Requirements such as the No Surprises Act's advanced EOB can be generated efficiently. Payers can use core orchestration to build member and provider experiences that span a variety of systems inside their organization and out.

Intelligently leverage the best of emerging technologies.

Vendors' roadmaps for incorporating new technology into their core platforms must show how it will generate real value for their clients. As emerging technologies mature, it's critical that the core platform is continually optimized for meeting today's demands. These include:

- **Real-time delivery of information and services via interoperability by design.** Just as other industries provide up-to-the-second data, from delivery status to bank balances, healthcare organizations feel pressure to deliver information in real time. That includes enabling members, other service providers and systems to access data in the core platform.

  When evaluating a core system, ensure it was architected with such features as web services and data streaming. These enable a core to integrate with other payer systems and those outside a payer's walls, such as provider electronic health records, remote monitoring devices and other industry platforms. The core's business logic and workflows also must be open so that other payer systems and apps may be integrated with the core system's capabilities.
- **Integrated analytics.** Internal analytics enable modern core systems to be self-monitoring and correcting. They also can improve benefit design while also improving service to members by capturing insights on specific transactions. All key processes in the core can be predictive by using AI, such as machine learning and natural language processing.
- **Event-driven.** Modern core systems should publish data generated from claims and other processes in near real time, making that data available throughout the payer's application ecosystem. This ability can trigger actions in other applications, streamlining transactions and improving experiences.
- **Growth path for AI.** Evaluate modern core platforms in terms of whether they are using AI to deliver real value right now. Modern core platforms can use AI tools such as machine learning and natural language processing to be predictive, such as determining potential readmissions based on claims data or reducing denied claims by recognizing those that would be approved on appeal. Using AI in these ways today validate its impact on helping reduce administrative cost while establishing a foundation for expanding the technology and impacting
- **Investments in emerging technologies.** A core platform vendor with deep expertise in delivering core healthcare transactions can continually finetune those operations while also investing in emerging technologies. Working with a vendor with the resources to incorporate emerging technologies and use cases into their cores helps ensure payers have access to new capabilities as they prove useful.

Making the shift to a new core

Healthcare payers that operate on old cores are accruing expensive technical debt. This debt is visible in custom coding requirements, manual workarounds and rising cost of ownership. Beyond technical debt are the negative business consequences. Old cores make compliance more expensive. They don't support next generation products and experiences. Poor experiences lead to unhappy members, providers and regulators. New competitors can enter incumbents' markets and win away business more easily.

While moving to a new core is a major business initiative, it is an investment that enables payers to run modern businesses built on consumer-centric processes and products. To ensure the transition to a new core goes smoothly and delivers on its business potential, look for these qualifications in a core platform vendor:

- **Extensive platform migration experience.** A vendor should have a successful record and a proven migration methodology for transitioning payer lines of business from old systems onto modern cores.
- **Modularity.** Tiered architectures, including components or modules, help support integration of best-of-breed applications so payers have the flexibility to manage key value chain links per their specific business vision. They also gain speed to market and expedite time to value.
- **Cloud capabilities.** Cloud-built and delivered systems help ensure scalability on demand. They also are more efficiently integrated with other cloud-based modules and applications. Cloud-optimized systems take advantage of microservices, containerization and low- and no-code operating environments for streamlined operations and shorter time to market with new services and enhancements.

The modern core administrative system is fast becoming a critical component in the broad healthcare ecosystem. These cores enable payers to get the most from their own data and systems while also tapping into marketplace innovation. Powered by core systems open to continuous innovation and improvement, payers can more quickly adopt value-based, member-centric business and operating models. They'll also remain poised to continually pivot and shift ahead of the industry's evolution.

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