The Secret to High-Performing Medicare Advantage Plans

Six Tactics for Healthcare Payers
The current groundswell of aging Americans presents a golden opportunity for Medicare Advantage healthcare payers. Amid political turmoil over healthcare policy, the government program has become increasingly popular among seniors. Conditions are ripe, and healthcare payers need to move swiftly to capitalize on the growing market. Industry experts expect $10 to $15 billion in total industry profits per year will shift toward a smaller number of high-performing plans.¹

Which health plans will come out on top? Those that are able to significantly reduce costs and excel in Star Ratings. Oracle Health Insurance Cloud Services equips healthcare payers with flexible technology to achieve both goals. This strategy brief explains six imperatives for payers striving to capitalize on the Medicare Advantage opportunity. With help from Oracle’s transformative healthcare technology, payers can radically improve business performance.

CHASING THE $285 BILLION OPPORTUNITY IN MEDICARE ADVANTAGE

For the first time ever, one in three Medicare beneficiaries is in a Medicare Advantage (MA) plan. Enrollment figures, which have recently tripled to nearly 20 million enrollees, show that a growing number of seniors are choosing the privatized version of Medicare. As the U.S. senior population surges close to 71.5 million in the coming decade, millions more will enroll in MA plans. Half of all Medicare beneficiaries will likely enroll in MA by 2020—roughly 38 million people.

The explosive growth in the market presents a staggering opportunity for healthcare payers offering MA plans. Annual revenues for MA plans will shoot up from $215 billion in 2017 to more than $500 billion by 2025, according to PwC.² In a short time span, $285 billion will be up for grabs.

These enticing projections have galvanized more health insurers to jump in the mix and compete for the growing market. This year, most Medicare beneficiaries will be able to choose from 10 or more MA plans. There are more than 3,100 MA plans across the country, up from 2,700 in 2017, according to The Centers for Medicare and Medicaid Services (CMS).³

Medicare Advantage plans could soon be the golden goose for some healthcare payers. First, they need to significantly reduce administrative costs and earn high marks in CMS five-star ratings. Servicing more people—especially seniors with high maintenance health needs—requires deeper pockets to provide healthcare and administration.

² http://bit.ly/2xAyYZJ
START A CHAIN REACTION WITH HEALTHCARE TECHNOLOGY

Reducing costs sets off a chain reaction toward profitability. When payers are able to reduce costs, they can offer members additional benefits or lower premiums. By doing that, payers are more likely to earn high star ratings. Those high marks lead to greater payments and rebates from Medicare, which enable payers to continue offering more value.

Given the unprecedented opportunity for healthcare payers in MA, the stakes have never been higher. There is no room for errors, manual processes, or wasted efforts. Healthcare decision-makers need to transform old ways of doing things into fast, efficient processes. Employees need the resources to be more productive. Processed data must be accurate.

Replacing legacy systems with modern healthcare technology needs to be a top priority for all health insurers, especially those involved in government programs like MA. The sooner payers can begin automating processes, the sooner they can free up resources to strengthen quality of care, enhance customer service, and improve their plan’s performance.

ORACLE’S SOLUTION FOR MEDICARE ADVANTAGE PLANS

Oracle equips healthcare payers with flexible IT solutions, enabling payers to move quickly and strategically as a Medicare Advantage insurer. Through partnerships, Oracle provides payers an end-to-end solution that optimizes administrative costs. Its joint solutions unify workflows across core operational areas including marketing, sales, enrollment, and claims.

Oracle Health Insurance (OHI) Cloud Services is an adaptive cloud solution designed for ultimate flexibility. Unlike other healthcare technology systems that require source code changes to create and modify products, OHI offers rules-driven configuration. Healthcare payers no longer need complex IT resources, external IT consultants, or programming tools to create new products or track version updates.

By empowering payers with automation, straight-through processing, and user-friendly tools, Oracle Health Insurance Cloud Services gives payers the business agility they need to compete in Medicare Advantage.

Six Tactics to Becoming a High-Performing Medicare Advantage Plan

Here are six ways healthcare payers can reduce PMPM and improve star ratings through Oracle Health Insurance (OHI) Cloud Services.

NO. 1: CREATE A TOP-NOTCH MEMBER EXPERIENCE AND BOOST CUSTOMER SATISFACTION

While customer satisfaction is important in every industry, the push for happy customers is especially forceful among MA health insurers. Excellent member experience ultimately positions the payer for further growth. Because the higher rated MA plans get more funding from Medicare, those payers are able to lower premiums and increase benefits—two key factors that satisfy members and perpetuate high star ratings.
What can payers do to provide an excellent member experience? One concrete strategy is making the call center a reliable, helpful resource for information. Members often ask substantive questions like, “Why did you reject authorization for a specialist?” or “Why did my plan pay only 40 percent of my claim?” Without the right IT system, these types of questions can be difficult to answer.

Payers need an IT system with built-in transparency, so that customer service agents can easily explain a claims adjudication, a billing calculation, or any payer decision that affects the member. Oracle’s solution tracks every step of the process and gives the service agent a consolidated view of the member’s account. Oracle Health Insurance Cloud Services also integrates with online portals providing members with instant support 24/7.

NO. 2: SPEED UP CLAIMS ADJUDICATION AND CLAIMS PROCESSING

Turnaround times make up a critical part of the member experience, which ultimately impacts star ratings. People hate to wait, particularly in stressful times when health problems or medical conditions disrupt everyday life. The sooner a health insurer can expedite a claim, the sooner the member can get back to normal. That’s one of the reasons automation is essential to the healthcare transformation. Automation can expedite every part of the health insurance process, including enrollment, claims, authorization, and more.

Oracle Health Insurance Cloud Services helps insurers radically boost productivity through straight-through processing and continuous processing. Claims processing begins from the moment the claim enters the system.

The typical staffing ratio of administrative employees per member in MA plans is 49 FTEs per 10,000 members. Zero human intervention translates into zero labor costs. With Oracle’s automation technology, the majority of claims do not need humans to intervene in processing. Consider the substantial savings of having a system auto adjudicate and process a majority of claims.

NO. 3: ADAPT TO CHANGING REGULATIONS AND HEALTHCARE POLICY

Newspaper headlines about US healthcare policy seem to take a different direction every day. The President may tweet, Congress may propose a new bill, or a Congressional vote may detour at the

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last second. For healthcare executives, preparing for regulatory changes has become extremely
difficult during these turbulent times.

Healthcare payers simply must accept that unforeseen regulatory developments will come up. By
improving business agility with modern healthcare technology, payers of all sizes can adapt quickly
and ensure compliance.

Oracle Health Insurance Cloud Services fully supports payers with enhanced regulatory compliance.
Among the many advantages of its rules-based configuration is built-in transparency—a critical
capability for government reporting. OHI is fully self-documenting and its analytics component
supports ad hoc reporting queries. The system automatically keeps an audit trail of all rules and
changes. A payer can retrace every step in a premium calculation, for example.

In the event CMS ever mandates a change in the design of a MA plan, a payer using Oracle’s solution
could easily comply. Healthcare payers using OHI benefit from extended meta modeling, dynamic
logic, and advanced UI flexibility. Oracle’s solution can easily turn configured plans into executable
plans suitable for the benefit adjudication engine.

NO. 4: ENABLE EMERGING VALUE-BASED PAYMENT MODELS

Value-based payment models are spreading throughout the US as traditional fee-for-service models
are phasing out. Although MA plans aren’t required to participate in alternative payment models, the
Medicare Access and CHIP Reauthorization Act (MACRA) incentivizes them indirectly to shift to value-
based reimbursement. More providers, driven by bonuses, are seeking risk-based contracts with MA
plans. In 2019, CMS opens up the “all-payer” option for providers to qualify for bonuses. Their value-
based contracts with private payers and MA plans will help them earn bonuses.

Healthcare payers must have the technological resources to innovate their payment models. Oracle
Health Insurance Cloud Services can handle all kinds of emerging payment models including
capitation, bundled payments, shared savings, pay for performance, and much more. OHI also
supports combinations and variations of those models.

Oracle’s solution helps payers easily configure new payment models through templates and reusable
components. Users can set payment amounts based on rate tables, percent of premiums, and actual
claims spend compared to a budget. They can also configure the system to take into account both
member-specific and provider-specific characteristics.

Automated value-based payment processing is one of the most transformative features of OHI. Once
a user configures the payment model, the system performs all future calculations automatically. OHI
also integrates with third-party systems to accept source data electronically.
NO. 5: MANAGE PROVIDERS AND NETWORKS

For some payers, managing their networks properly can pose major difficulties. Inadequate networks and inaccurate provider directories have become such a widespread problem that CMS is planning to combat the problem directly, specifically among MA plans. Health insurance companies must be able to offer members timely access to a sufficient number of in-network providers, including primary care and specialty physicians, as well as other healthcare services.

Provider and network management is a major ongoing responsibility. Through Oracle partnerships with business process as a solution (BPaaS) providers, payers can integrate with provider and network management platforms easily. Insurers can reduce costs while storing provider data such as contact information, credentials, network models, and much more.

NO. 6: COORDINATE CARE WITH PROVIDERS

Chronic health conditions like heart disease, diabetes, and cancer require a significant amount of care coordination among various providers. Sixty-six percent of MA enrollees have at least one serious chronic illness. Seniors, especially those with chronic diseases, need help managing their primary care and chronic disease management, acute care, rehab, and other types of care.

Care coordination plays a dominant role in overall satisfaction with MA plans, according to JD Power. And because star ratings rely heavily on customer satisfaction, care coordination is especially important for MA plans. In order for health plans to coordinate every member’s unique healthcare arrangements, they need medical management IT capabilities. That includes new information systems, data exchanges, and data analytics.

Payers need a BPaaS partner to manage medical management and care coordination. Oracle Health Insurance Cloud Services integrates with medical management, case management, and disease management systems specifically designed to manage ongoing care and chronic diseases.

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HEALTHCARE TECHNOLOGY TO SEIZE THE MA OPPORTUNITY

To compete in the growing Medicare Advantage market, healthcare payers must differentiate themselves from their competitors. Reducing administrative costs and increasing operational efficiency are critical. In order to succeed, payers must make bold moves to become more valuable to their members and boost star ratings. Oracle Health Insurance Cloud Services helps payers to achieve these goals by enabling them to improve their operations and create a top-notch member experience.

More than 100 leading healthcare payers run Oracle applications, including 10 of the top 12 Fortune Global 500 healthcare organizations. These insurers are reaping the benefits of Oracle’s $350 million investment in core insurance applications and access to Oracle’s complete metal-to-application stack. Oracle’s modern solution is the right choice for Medicare Advantage plans ready to capture the growing market.

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