Everest Group PEAK Matrix® for Healthcare Payer Operations – Service Providers 2020

Focus on Cognizant

June 2020

Background and methodology of the research

Background of the research

Consumerism, the rise of digital, margin pressures, regulatory uncertainty, and value-based care are increasingly pushing healthcare payers to rethink their business models. Many payers – especially larger ones with multi-state presence – are strengthening their market positions by controlling as many pieces in the healthcare ecosystem as possible, as seen in the big-ticket acquisitions in recent years.

With M&A activity now subsiding, the next logical step for payers to deal with growth/competitive challenges is to invest in differentiating their capabilities in terms of smoother member engagement, streamlined network management, transparent claims administration, and meaningful care support.

To achieve their objectives in this regard, third-party support is vital, and, hence, it becomes extremely important for healthcare payers to identify the right service providers to transform and differentiate themselves. This report studies leading healthcare payer BPO service providers and compares their capabilities in detail.
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Scope and methodology

In this research, we analyze the global healthcare payer BPS provider landscape. We focus on:
- Relative positioning of 29 service providers on Everest Group's PEAK Matrix® for healthcare payer operations
- Analysis of service provider's market share
- Everest Group's analysis of service providers' strengths and areas of improvement

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Introduction and scope

Everest Group recently released its report titled "Healthcare Payer Operations – Services PEAK Matrix® Assessment 2020." This report analyzes the changing dynamics of the healthcare payer operations – services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 29 service providers on the Everest Group PEAK Matrix® for healthcare payer operations – services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of healthcare payer operations – services service providers based on their absolute market success and delivery capability. Everest Group also identified 3 service providers as the "2020 Healthcare Payer Operations – Services Market Star Performers" based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **Cognizant emerged as a Leader**. This document focuses on **Cognizant's** healthcare payer operations – services experience and capabilities and includes:

- Cognizant's position on the healthcare payer operations – services PEAK Matrix
- Detailed healthcare payer operations – services profile of Cognizant

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers' relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Source: Everest Group (2020)

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Everest Group PEAK Matrix® for healthcare payer operations – summary

Everest Group classified 29 healthcare payer BPO service providers on the Everest Group PEAK Matrix® into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix® is a framework to assess the absolute market success and overall capability of service providers

Leaders:

There are six service providers in the Leaders category – Accenture, Cognizant, Conduent, NTT DATA, Optum, and Wipro

Major Contenders:

The Major Contenders category has 17 service providers – Capgemini, CGI, Change Healthcare, Concentrix, DXC Technology, Exela Technologies, EXL, Firstsource, Genpact, HCL, Hexaware, HGS, Infosys, Mphasis, Shearwater Health, Sutherland, and WNS

Aspirants:

Apexon Health, Atos Syntel, Omega Healthcare, Tech Mahindra, Teleperformance, and Visionary RCM are Aspirants on the PEAK Matrix® for healthcare payer BPO

Everest Group conferred the Star Performers title on providers that demonstrated the strongest forward and upward movement on the PEAK Matrix®

- Conduent, DXC Technology, and HGS are Star Performers on the healthcare payer operations Everest Group PEAK Matrix® for 2020

Everest Group PEAK Matrix®

Healthcare Payer Operations – Services PEAK Matrix® Assessment 2020 | Cognizant positioned as Leader

Everest Group Healthcare Payer Operations – Services PEAK Matrix® Assessment 2020

Company overview

Operating its business through four key segments – financial services, healthcare, manufacturing, and retail & logistics, Cognizant provides information technology, consulting, and business process outsourcing services. Within healthcare, it offers both BPS and Business Process-as-a-Service (BPaaS) services to the top 10 large and medium-sized health plans, along with "born digital" health plans. Key healthcare client segments include commercial, individual, HIX, Medicare, Medicaid, dental, vision, behavioural, and ACOs. Other capabilities include offering platform and product suite (along with the BPS and BPaaS delivery model), infrastructure services, IT services, and cloud & digital capabilities.

Key leaders
- Brian Humphries, Chief Executive Officer
- Karen McLoughlin, Chief Financial Officer
- Ganesh Ayyar, Executive Vice President, Cognizant Digital Operations
- Roger Lvin, Senior Vice President, Global Markets, Cognizant Digital Operations
- Krishnan Iyer, Senior Vice President, Global Delivery, Cognizant Digital Operations
- Harshad Narvenkar, Vice President, Global Markets, Healthcare Digital Operations
- Brent Barber, Vice President, Global Delivery Head, Healthcare Digital Operations

Headquarters: Teaneck, New Jersey, the United States
Website: www.cognizant.com

Suite of services
- Care management
- Claims management
- Member engagement
- Network management
- Product development
- Risk and compliance

Healthcare payer BPS[1]	2017	2018	2019
Revenue (US$ million)	Not disclosed		
Number of FTEs	13,500	15,500	17,000
Number of clients	100	130	145

Recent acquisitions and partnerships
- **2019:** Partnered with the US-based CognitiveScale to leverage its AI tool
- **2019:** Partnered with the UK-based Sensyne Health to launch and sell clinical AI solutions in the US market
- **2018**: Acquired the US-based Bolder Healthcare Solutions, a provider of Revenue Cycle Management (RCM) solutions to hospitals, physician practices, and other specialist healthcare organizations
- **2019:** Acquired the US-based Softvision to expand its digital transformation capabilities (design, engineer, and deliver digital products and experiences that drive digital-first business models)
- **2017**: Acquired HCSC's subsidiary, TMG Health, to offer enhanced business process platforms and services for government and public health programs

Recent developments
- **BPaaS (combination of process + technology):** Strengthened the BPaaS offerings by investing in building a factory model for Medicare advantage and Medicaid lines of business. The factory model addresses core back-office function needs, with the ability to bundle additional Cognizant assets to address front- and middle-office requirements
- **Live Insights**: Invested in Live Insights, an end-to-end big data and visualization analytics solution
- Launched **Risk Adjustment as-a-service** to deliver end-to-end risk adjustment capabilities, including a software product, HCC coding (BPS), risk adjustment and risk score manager enabling prospective and retrospective analytics, hosting, and advisory services
- **TTAP**: Real-time prior authorization, a tool that enables payers and providers to streamline authorization workflows. It enables providers to save costs and speed responses to patients by eliminating the work, analysis, and time required to manually coordinate and manage authorization requests and approvals

1   12 months ending June 30 of any particular year, i.e., from July YYYY-1 to June YYYY
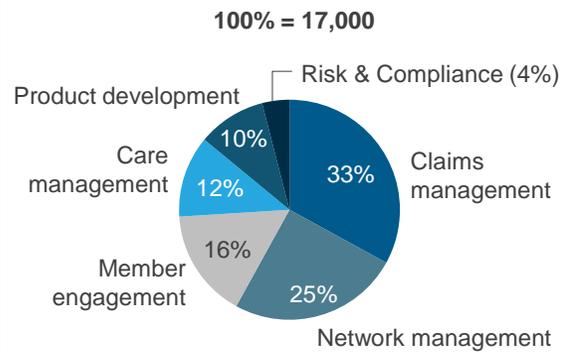
Key delivery locations

Key clients and capabilities

| Key healthcare payer BPS engagements			
Client name	**Processes served**	**Region**	**Client since**
A leading West Coast-based Medicaid plan	Network management	North America	2018
A leading US health plan focused on delivering Medicare and Medicaid programs	Claims management, network management, product development, and member engagement	North America	2017
A leading customer-owned health insurance company	Claims management	North America	2017
A large multi-state blue plan	Claims management, network management, and product development	North America	2016
A leading US-based not-for-profit health plan	Claims management, network management, product development, and member engagement	North America	2015

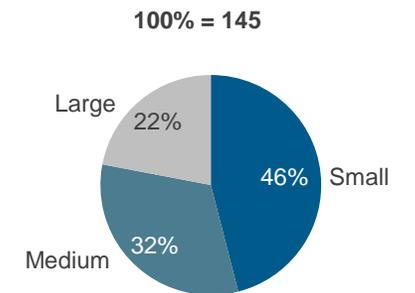**Healthcare payer BPS FTE mix by segment**
Number of FTEs

100% = 17,000

- Risk & Compliance (4%)
- Product development 10%
- Care management 12%
- Member engagement 16%
- Network management 25%
- Claims management 33%

Healthcare payer BPS revenue mix by geography
Revenue in US$ million

100% = Not disclosed

North America 100%
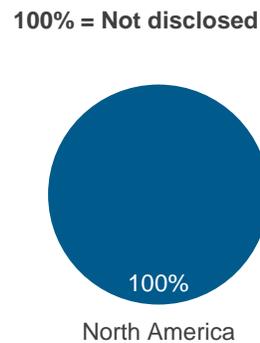
Healthcare payer BPS FTE split by delivery location
Number of FTEs

100% = 17,000

- Nearshore (1%)
- Onshore 24%
- Offshore 75%
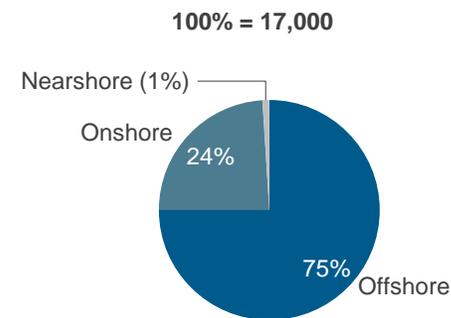
Healthcare payer BPS number of clients by buyer size[1]
Number of active clients

100% = 145

- Large 22%
- Medium 32%
- Small 46%

1   Buyer size is defined as large (>US$10 billion in revenue), medium (US$1-10 billion in revenue), and small (<US$1 billion in revenue)
Note: Based on contractual and operational information as on June 2019

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Technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPS clients
Digital Operations Fabric (DOF)	All	2019	An integrated operations management suite that facilitates work inventory management, workflow, and helps in tracking time on desktop applications and activities of agents. It also has a quality module that helps in managing audit related functionalities	Not disclosed
Data digitization solution	All	2019	A solution that automates data extraction	Not disclosed
LiveInsights™ analytics and visualization platform	All	2019	An end-to-end big data analytics and visualization platform, leveraged across the healthcare payer value chain for member engagement, network management, product development, care management, claims management, risk and compliance, and for the entire provider value chain. Key features include: • Real-time streaming data collection from distributed systems • Distributed search to investigate and troubleshoot • Adaptive ML and dynamic rules on streaming data • Unified and centralized operational reporting of transaction data • Scalable and distributed service with standard service APIs for easy integration	Not disclosed
Claims finalization improvement solution	Claims management	2019	A predictive analytics solution that helps payers proactively focus on claims having high likelihood of finalization when prioritized for agent action, hence improving the claim finalization rate	Not disclosed
Claims adjudication – smart assignment solution	Claims management	2019	A predictive analytics model that helps payers by enabling skill-based routing of claims with high propensity of being incorrectly adjudicated (pre-processing), helps in improving claim adjudication accuracy, and saving costs associated with underpayment/overpayment/interest penalties	Not disclosed
Analytics-as-a-service for automation	All	2018	Dashboard developed for clients to present operational metrics and business metrics. Audit logs are captured by the robots to generate the desired metrics in the dashboard	Not disclosed
Human In The Loop (HITL) validation	Claims management	2018	A tools that is used in the automation of clinical validation of the claims from the provider. While the human extracts the data from the input paper forms, the automation solution validates the extracted data against the internal system, and updates the missing data	Not disclosed

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Technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPS clients
ClaimSphere™ hybrid analytics engine	Care management	2018	A rule-based engine delivering detailed insights on the hybrid project progress, involving clinical data acquisition and quality measurement. It offers detailed dashboards and analytics that provide insights into the quality of the provider chases, and on the performance of Medical Record Review (MRR) vendors associated with the hybrid project workflow	Not disclosed
Provider credentialing and recredentialing	Multiple	2017	An automation solution for initial validation of provider credentials and periodical revalidation	Not disclosed
Enrollment and member management	Multiple	2017	It facilitates creation and maintenance of member demographic and insurance attributes	Not disclosed
BigDecisions	All	2017	A solution that enables boundaryless business possibilities using an analytics-driven approach, and helps achieve digital transformation through business experimentation	Not disclosed
TranZform Suite: Engage TranZform, Network TranZform, Care TranZform, and Insights TranZform	Member engagement, network management, and care management	2016	A solution that provides a 360° digital awareness to help healthcare organizations increase customer engagement, improve price transparency, and increase collaboration & network intelligence	Not disclosed
AI and chatbots for personalized healthcare	Member engagement and care management	2016	A chatbot-based interface where the user can request for a specific report or metrics in the natural human language	Not disclosed

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Everest Group assessment – Leader

Measure of capability: ● High ○ Low

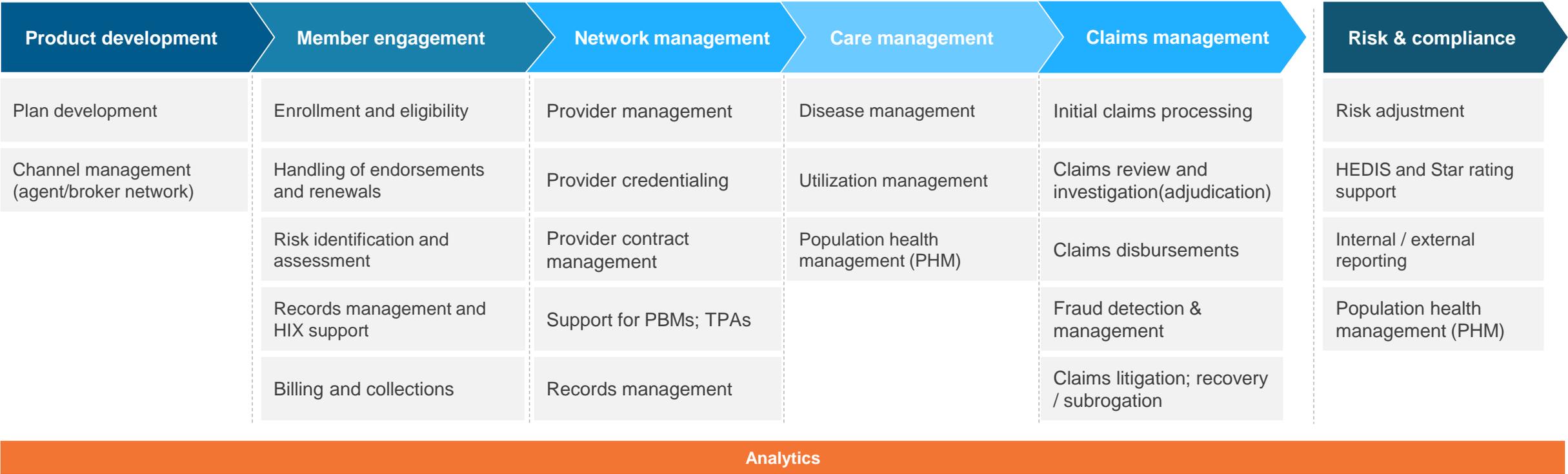| Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall

Strengths

- Cognizant's payer portfolio – covering all value chain elements (member, network, care, and claims) – is well-suited to meet needs of large payers who are consolidating their vendor relationships, driven by competitive pressures and vertical integration in the market

- With BPaaS delivery models becoming increasingly important in healthcare (almost a quarter of payer contracts had some BPaaS component as of 2019) due to low upfront cost, pay-as-you-go pricing, and customizations as per need, TMG Health's acquisition by Cognizant is helping it to significantly expand business in the fast-growing Medicare Advantage (MA) market

- Driven by the need to enhance member satisfaction, payers' move toward "Amazonization" of health plan purchase process requires them to incorporate elements such as design thinking and customer journey maps while bringing new solutions in the market. Cognizant's investments in firms such as Idea Couture and Mirabeau is the right step in this direction as it will help the service provider to help payers in redesigning the health plan enrollment relationship between a member and payer

- Medical cost management is emerging as a key investment area for payers to to tackle issues arising due to adoption of value-based care models. Cognizant is developing care management offerings such as utilization management, digitally enabled post-acute care as a service, value-based care enablement, early disease detection and intervention, and Quality Management Services (QMS) to benefit from the trend

- Buyers have highlighted Cognizant's digital capabilities and the collaborative approach to problem solving as key strengths

Areas of improvement

- While Cognizant is investing in analytics (especially in areas such as payment integrity and provider data management) and it is a key component of Cognizant's strategy to offer digital solutions to clients, limited use cases inhibit Cognizant's value proposition vis-à-vis other competitors

- Even though the service provider is focusing on outcomes, actual translation into contracts is missing as the majority of contracts are still input-based or transactional pricing-based

- According to referenced buyers, lack of proactiveness in helping clients make their business future-ready is an area of concern

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Appendix

Everest Group's view of the healthcare payer operations value chain

| Product development	Member engagement	Network management	Care management	Claims management	Risk & compliance
Plan development	Enrollment and eligibility	Provider management	Disease management	Initial claims processing	Risk adjustment
Channel management (agent/broker network)	Handling of endorsements and renewals	Provider credentialing	Utilization management	Claims review and investigation(adjudication)	HEDIS and Star rating support
	Risk identification and assessment	Provider contract management	Population health management (PHM)	Claims disbursements	Internal / external reporting
	Records management and HIX support	Support for PBMs; TPAs		Fraud detection & management	Population health management (PHM)
	Billing and collections	Records management		Claims litigation; recovery / subrogation	

Analytics

Note: This report covers vertical-specific BPO within the healthcare payer space. It does not include coverage of horizontal business processes such as F&A, HR, procurement, and contact centers

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Everest Group PEAK Matrix

**Vision & capability**
Measures ability to deliver operations – services successfully
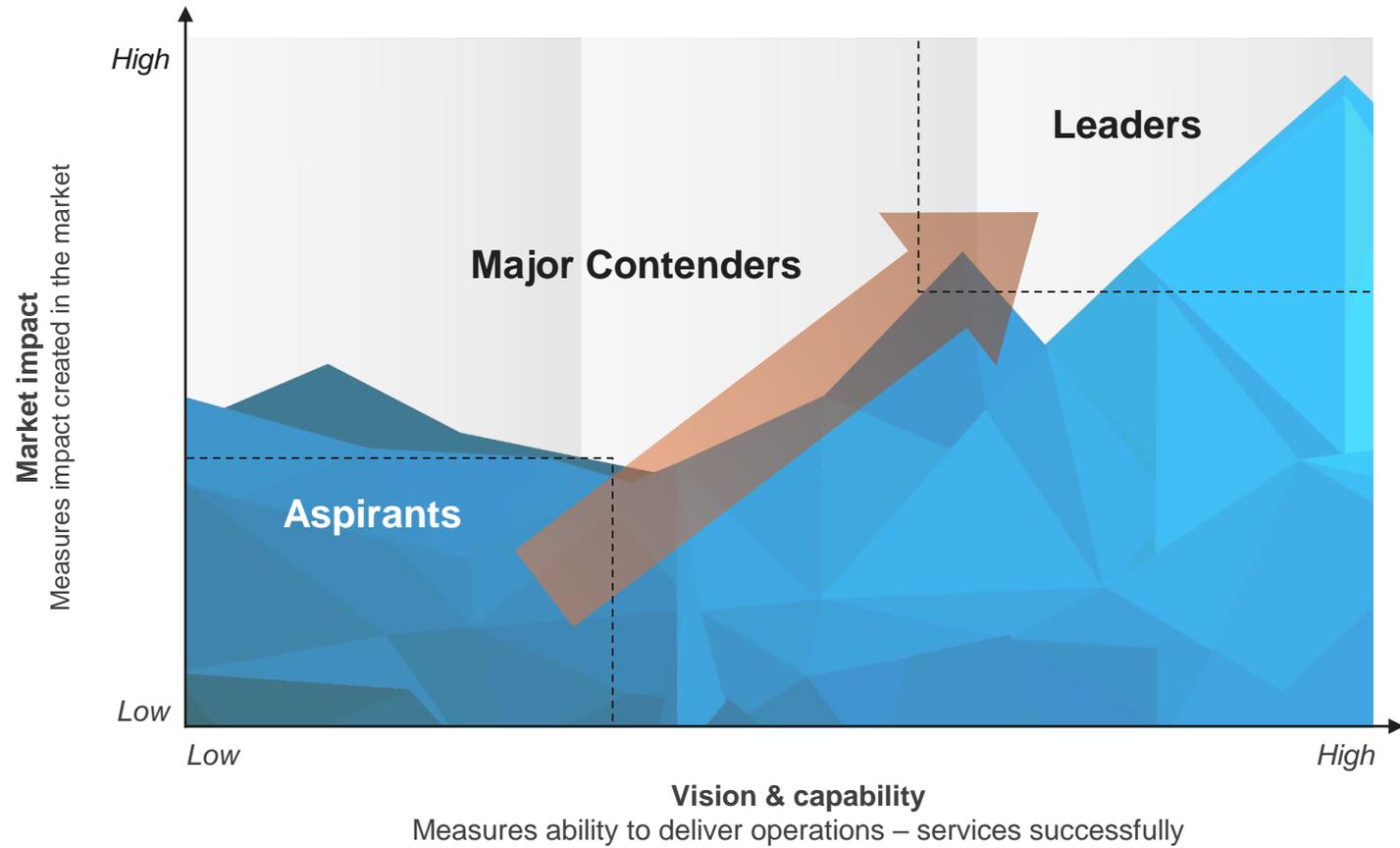
Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across geos and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact

Market impact

Leaders

Major Contenders

Aspirants

Vision & capability
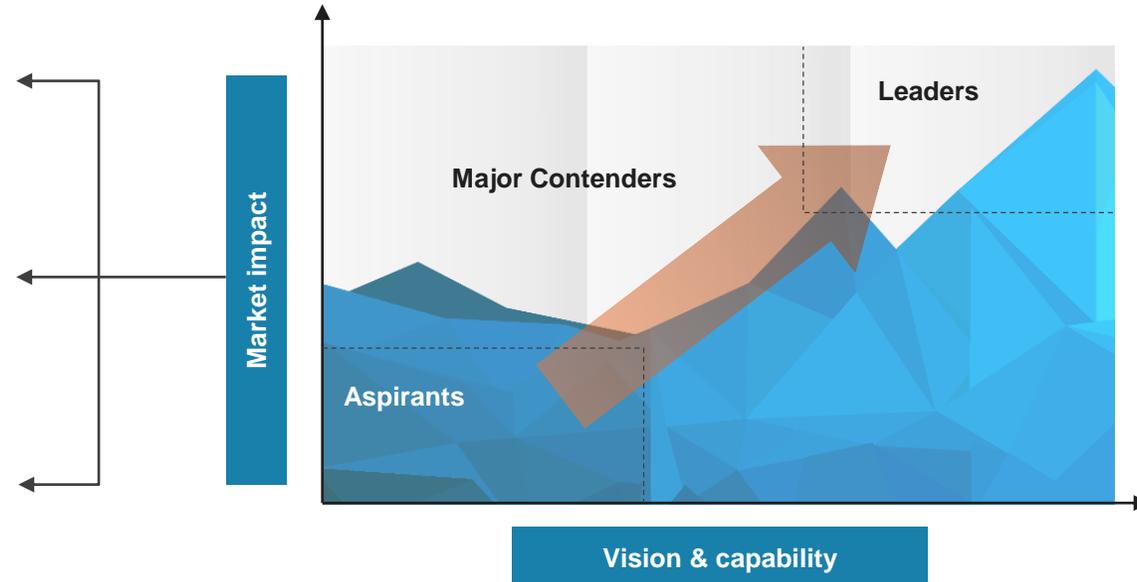
Measures ability to deliver services successfully.
This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service sub-segments / processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?
A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender," or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or "Star Performer" status ?
- Providers/vendors can use their PEAK Matrix positioning or "Star Performer" rating in multiple ways including:
  – Issue a press release declaring their positioning. See citation policies
  – Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  – Quotes from Everest Group analysts could be disseminated to the media
  – Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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