HFS Top 10: HCP Service Providers, 2022

An assessment of healthcare providers (HCP) service providers by execution, innovation, OneOffice™ alignment, and voice of the customer

July 2022

RESEARCH AUTHORS:
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The expanding position of self-insured employers bracketed by rising costs of benefits and price transparency rules is likely to disrupt the traditional care delivery mechanism. This will have a material impact on the triple aim of care; this inflection point has been some time in the making and is likely to be realized in the next couple of years.

Rohan Kulkarni, Practice Leader, Healthcare and Life Sciences Research

With the advent of emerging technology, firms have been working on the transformation and digitalization of healthcare solutions with the mindset of optimizing systems and processes, improving patient outcomes, reducing error, lowering costs, and improving patient experience. This will probably help with the achievement of the triple aim in the long term, but it can give an accelerated realization of the triple aim if providers decide to focus more on healthcare impact rather than financial impact.

Mayank Madhur, Associate Practice Leader
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Introduction and the HFS value chain
Introduction

- The COVID-19 pandemic disrupted hospital care as hospitals came under pressure to meet the community’s ongoing healthcare service needs while responding to the additional COVID-19 caseload and readjusting their care priorities. In that context, this Top 10 report reflects on how the industry and its ecosystem reacted.

- The HFS Top 10: HCP Service Providers, 2022 report examines service providers’ role in the dynamic care delivery industry. We assessed and rated the HCP service capabilities of 17 HCP service providers across a defined series of innovation, execution, OneOffice™ alignment, and voice of the customer criteria.

- The assessment in the report is based on services for healthcare provider enterprises worldwide.

- This report also includes detailed profiles of each service provider, outlining their overall and subcategory rankings, provider facts, and detailed strength and development opportunities.

- The report specifically focuses on industry-specific capabilities for healthcare 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 healthcare providers.
21\textsuperscript{st} 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 21\textsuperscript{st} century.

- **OneOffice™**: The multi-dimensional value chain makes the OneOffice intrinsic to its delivery capability while setting the stage to help build effective ecosystems.

- **Iterative transformation**: Digital transformation can be effectively driven through industry value chains by making iterative and sustainable changes across multiple dimensions over time.
The HFS healthcare provider value chain spans three dimensions of care aligned to three market segments

The healthcare provider value chain covers the entire spectrum of care delivery across multiple modalities or channels. The value chain transcends the different healthcare provider market segments, including primary care, acute care, specialty care, and post-acute care, including rehabilitation. The value chain is represented in three-dimensional settings to reflect real-world intersections of different functions across different departments delivered through various channels. The value chain is not meant to comprehensively list all functions. Instead, it provides a construct to help in the evaluation, recognizing that the caregiving continuum can conflict with operational silos. As such, the value chain encapsulates three areas, which, when decomposed, will yield key functions across clinical, operational, and financial responsibilities.

**Pre-care** includes referrals, pre-authorizations, and admissions. Key functions under pre-care include patient education, appointments, benefits and eligibility, and medical records management. We also consider primary care under this dimension.

**Care** aligns with clinical care delivery, including acute and specialty care. Key functions supporting care include labs and tests, surgical and ambulatory services, case management, and discharge.

**Post-care** supports clinical needs for rehabilitation and post-acute care and admin functions like claims management, patient services, and compliance management, reflected by key functions including revenue cycle management (RCM), post-acute care transitions, and audits. IT, facilities, contracts, and vendor management are also in this category.
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.

Source: HFS Research, 2022
The OneOffice Emerging Tech Platform—powering the journey to the OneOffice

Native automation
Design processes in the cloud; learn from human interaction to keep improving

People and process change
Assist and complement human expertise; continually learn from interactions and feedback

Enterprise operations
- Engagement AI
  - Workflow
  - Process orchestration
  - RPA AIOps
  - Intelligent document processing
  - OneOffice applications
  - Process intelligence
  - Integration/iPaaS (APIs)
  - Data optimization

DevOps/Agile

Information model
- IoT
- Hybrid cloud
- Blockchain
- Containers

Domain and industry expertise
- Digital fluency skills

Source: HFS Research, 2022, examples are representative
Research and methodology
This Top 10 research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:

**Sources of data**

**RFIs and briefings**
- We ask each participating organization to complete a detailed RFI.
- HFS conducts vendor briefings with senior executives from each organization.

**Reference checks**
- HFS conducts reference checks with active clients of the study participants via survey and phone-based interviews.

**HFS vendor ratings**
- Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leverage the HFS Pulse data featuring 400+ vendor ratings from Global 2000 enterprises.

**Other data sources**
- Public information such as press releases, web sites, etc.
- Additional sources such as ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.
Our assessment approach for this study

The study evaluates the capabilities of providers across the healthcare provider value chain based on execution, innovation, voice of the customer (VOC), and alignment with the HFS OneOffice model—our vision for digital transformation. Details include:

**Execution**
- **Breadth and depth:** Includes healthcare provider revenue, client portfolio, global delivery footprint, and delivery spread
- **Scale of healthcare provider business:** Industry-specific resources, industry talent cultivation, geographical coverage, subsectors covered, number of clients, revenue, and revenue contribution
- **Growth of healthcare provider business:** Year-on-year revenue growth, client growth—new logo and organic, resource growth, offering expansion
- **Outcomes realized:** Contribution to the triple aim (cost of care, health outcomes, and experience of care)

**Innovation**
- **Strategy and vision:** Including an integrated digital and IoT vision and credibility of strategy, strong understanding of the trends, and refinement of capabilities to address the challenges, go-to-market strategy, competition strategy
- **Healthcare provider technology innovation:** In-house tools, patents, platforms, frameworks, lab infrastructure, process integration, and R&D outcomes
- **Co-innovation and collaboration:** Co-innovation with clients, creative commercial models including pricing, and innovative engagement models aligning with market trends
- **Outcomes realized:** Contribution to the triple aim (cost of care, health outcomes, and experience of care)

**OneOffice alignment**
- **OneOffice scope:** End-to-end offering that connects the front, middle, and back offices
- **OneOffice skills:** Cultivation of OneOffice skills such as digital fluency and problem solving, internally and with clients
- **OneOffice competencies:** Formalized approaches to data and change management
- **OneOffice technology platform:** Enabling capabilities that support "straight-to-digital," anything related to deployment of intelligent automation, IT-OT convergence, 5G, and other emerging technologies that weave into the OneOffice concept

**Voice of the customer**
- **References and interviews:** Sourced from study participants
- **Referenceability:** Provision of references and responsiveness
- **HFS survey data:** Feedback from non-reference clients sourced from HFS’ network
All the attributes of the triple aim of care are heading in the wrong direction in the US…

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

Net increase in satisfaction by household income (% respondents)

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

Sample: 2411 US healthcare consumers
Source: HFS Research 2022
…making it harder on healthcare providers to get their financials in order, given the difficult impact of the pandemic

The single-most important strategic goal for your organization for the next 12-18 months

- Improve top line: 50%
- Improve bottom line: 33%
- Improve company valuation: 17%

Sample: HFS Research Pulse – May 2022; 42 healthcare providers
Source: HFS Research, 2022
## Executive summary

| 1 | Convergence | Healthcare challenges attract participants from four broad heritages: IT services, consulting, BPO, and healthcare. While the participants are transforming their playbooks to adapt to evolving market conditions (combining technology enablement with consulting, etc.), they are reconfiguring their value proposition in the healthcare market. |
| 2 | Workforce | The great resignation has been an equal opportunity spoiler as the world pivots slowly away from the pandemic. Primary care, health systems, hospitals, and rehabilitation centers have not been immune. Hospital turnover was estimated to be between 25% and 30% in 2021, and the current RN vacancy stands close to 20%. By all accounts, turnover and vacancies are not expected to improve materially, requiring solutions that need lower clinician touches. |
| 3 | Outcomes | Despite the forever-growing interest in value-based care (VBC), healthcare providers and service providers do not appear to cross the chasms of operational and financial outcomes. While tracking and measuring biological outcomes is not easy, ignoring it will continue to cause deterioration of the triple aim of care, manifesting into poorer operational and financial outcomes. |
| 4 | Segmentation | The market is clearly segmented by the severity of care needs, from primary to tertiary to rehabilitation. The needs of each of these markets are different, yet service providers appear to address the market in an unsegmented manner. There is an overweighted focus on acute care and underweighted focus on primary and rehabilitation for a variety of reasons, including financials and solution relevancy. |
| 5 | Shifting market | Healthcare provider choices are driven by the funding mechanism, i.e., 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 care (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 look out for creative contracting (direct to employer), elimination of middle-parties (forget claims processing by health plans), and expanding 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 challenges are attracting participants across multiple heritages that will inspire the most 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

**Healthcare focus led**
- Consulting, platforms, services
- Leveraging domain depth and expertise
- Creative contracts

**BPO services led**
- Transactional services
- Limited platforms or technologies
- Tactical KPIs
Healthcare providers are embracing convergence of non-native tools, technologies, processes, and ecosystems to address their challenges.

- **Level 1: Starting gate**
  - Creating touchless, frictionless, digital experiences and connecting the front-, middle-, and back-office silos: 29%
  - Skills and culture around digital fluency, initiative, problem solving, initiative, embracing change, and values: 26%
  - Employee experience driven by a plug-and-play, work-from-anywhere environment: 24%
  - Strong IT-business collaboration and partnership: 24%
  - AI-powered, cloud-enabled technology architecture that focuses on customer, employee, and partner experience: 40%
  - Re-imagined processes that eliminate wasteful activities: 26%
  - Data-driven strategy and decision making with different sources of data, open data marketplaces, and the ability to discover new datasets that reside beyond organizational silos: 36%
  - Ecosystem approach driven by collaboration, both internally and externally: 31%

- **Level 2: Piecemeal**
  - Creating touchless, frictionless, digital experiences and connecting the front-, middle-, and back-office silos: 26%
  - Skills and culture around digital fluency, initiative, problem solving, initiative, embracing change, and values: 24%
  - Employee experience driven by a plug-and-play, work-from-anywhere environment: 24%
  - Strong IT-business collaboration and partnership: 26%
  - AI-powered, cloud-enabled technology architecture that focuses on customer, employee, and partner experience: 21%
  - Re-imagined processes that eliminate wasteful activities: 28%
  - Data-driven strategy and decision making with different sources of data, open data marketplaces, and the ability to discover new datasets that reside beyond organizational silos: 26%
  - Ecosystem approach driven by collaboration, both internally and externally: 24%

- **Level 3: On the fence**
  - Creating touchless, frictionless, digital experiences and connecting the front-, middle-, and back-office silos: 24%
  - Skills and culture around digital fluency, initiative, problem solving, initiative, embracing change, and values: 26%
  - Employee experience driven by a plug-and-play, work-from-anywhere environment: 22%
  - Strong IT-business collaboration and partnership: 26%
  - AI-powered, cloud-enabled technology architecture that focuses on customer, employee, and partner experience: 31%
  - Re-imagined processes that eliminate wasteful activities: 26%
  - Data-driven strategy and decision making with different sources of data, open data marketplaces, and the ability to discover new datasets that reside beyond organizational silos: 24%
  - Ecosystem approach driven by collaboration, both internally and externally: 31%

- **Level 4: Optimized**
  - Creating touchless, frictionless, digital experiences and connecting the front-, middle-, and back-office silos: 22%
  - Skills and culture around digital fluency, initiative, problem solving, initiative, embracing change, and values: 10%
  - Employee experience driven by a plug-and-play, work-from-anywhere environment: 14%
  - Strong IT-business collaboration and partnership: 10%
  - AI-powered, cloud-enabled technology architecture that focuses on customer, employee, and partner experience: 7%
  - Re-imagined processes that eliminate wasteful activities: 7%
  - Data-driven strategy and decision making with different sources of data, open data marketplaces, and the ability to discover new datasets that reside beyond organizational silos: 7%
  - Ecosystem approach driven by collaboration, both internally and externally: 7%

- **Level 5: Transformative**
  - Creating touchless, frictionless, digital experiences and connecting the front-, middle-, and back-office silos: 9%
  - Skills and culture around digital fluency, initiative, problem solving, initiative, embracing change, and values: 14%
  - Employee experience driven by a plug-and-play, work-from-anywhere environment: 5%
  - Strong IT-business collaboration and partnership: 0%
  - AI-powered, cloud-enabled technology architecture that focuses on customer, employee, and partner experience: 9%
  - Re-imagined processes that eliminate wasteful activities: 9%
  - Data-driven strategy and decision making with different sources of data, open data marketplaces, and the ability to discover new datasets that reside beyond organizational silos: 9%
  - Ecosystem approach driven by collaboration, both internally and externally: 2%

Sample: 58 healthcare providers
Source: HFS Research H12021 Pulse
Clinical workforce challenges under pressure, irrespective of projections due to pandemic impact, aging, and disease prevalence

- Projections of clinical (nurses and doctors) job growth reflects the growth of the US population, aging and disease prevalence.
- The typical strategies to bridge the gap may be insufficient; the US graduates about 22,000 physicians and 155,000 nurses annually. However, demand drivers suggest that the graduate count will not meet the need.
- Clinical workforce shortages in the US will be dire by 2034:
  - Primary care physicians—18,000 to 48,000
  - Specialty physicians—21,000 to 77,000
  - More than a million nurses to exit by 2030
- Options that are ahead of us are a combination of policy and technology enablement:
  - Policy: Allow for greater clinical immigration; develop clinical catchments globally to meet US standards
  - Technology enablement: Uber-reengineering of clinical processes combined with uber-automation of processes that do not require clinical intervention
- Service providers with their global footprint and technology capabilities are ideally placed to help solve the workforce challenges.

Source: HFS Research, 2022
Tech enablement for virtual monitoring, care, and automation of nonclinical functions can mitigate workforce challenges

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Rank 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt emerging technologies (e.g., automation, AI [artificial intelligence], analytics)</td>
<td>17%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Improve supply chain resiliency and transparency</td>
<td>17%</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Modernize IT Information technology to get fully into the cloud</td>
<td>14%</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>Allow our employees work-at-home or work-from anywhere</td>
<td>12%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Improve environmental sustainability</td>
<td>10%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Respond to the crisis created by COVID-19</td>
<td>10%</td>
<td>21%</td>
<td>5%</td>
</tr>
<tr>
<td>Outsource more business functions</td>
<td>7%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Embrace diversity and inclusion as part of our ethics and values</td>
<td>7%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>Increase staff development to improve digital fluency of workforce (e.g., more training on using technology to augment or enhance roles across the organization)</td>
<td>5%</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td>Optimize end-to-end processes</td>
<td>2%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Sample: HFS Research Pulse – May 2022; 42 healthcare providers
Source: HFS Research, 2022
Demand for sourcing is increasing across the HCP services value chain

- We asked the service providers profiled in this report to assess the change in demand for their services across the healthcare provider value chain over the past 12 months from +2 (a significant increase) to -2 (a significant decline).
- Demand is increasing across the whole value chain. The fastest growth in demand is for patient monitoring and adherence.

### Services demand is increasing across the Healthcare provider (HCP) value chain

<table>
<thead>
<tr>
<th>Referral</th>
<th>Pre-care</th>
<th>Post-care</th>
<th>Care</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral management</td>
<td>1.3</td>
<td></td>
<td>Ambulatory</td>
<td>0.8</td>
</tr>
<tr>
<td>Medical records management</td>
<td>1.0</td>
<td></td>
<td>Labs and test data management</td>
<td>1.1</td>
</tr>
<tr>
<td>Consultations</td>
<td></td>
<td></td>
<td>Surgical</td>
<td>0.7</td>
</tr>
<tr>
<td>Patient education</td>
<td>1.1</td>
<td></td>
<td>Patient monitoring and adherence</td>
<td>2.0</td>
</tr>
<tr>
<td>Diagnosis and treatment options</td>
<td>0.9</td>
<td></td>
<td>Case management</td>
<td>1.3</td>
</tr>
<tr>
<td>Pre-authorization</td>
<td>Benefits and eligibility</td>
<td>1.2</td>
<td>Discharge management</td>
<td>1.2</td>
</tr>
<tr>
<td>Admissions</td>
<td>Appointment and pricing</td>
<td>1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>1.2</td>
<td></td>
<td><strong>Average</strong></td>
<td>1.2</td>
</tr>
</tbody>
</table>

Sample: 15 of 17 service providers covered in this report
Source: HFS Research, 2022

-2: decreasing demand
-1 = no demand
0 = similar demand
1 = moderately increasing demand
2 = significantly increasing demand

Excerpt for Cognizant
The lack of digital operations continues to impact patient experiences and provider financials.

Primary method for checking in patients at time of service

- Paper forms completed during the encounter: 48%
- Electronic forms completed online by the patient prior to the encounter: 22%
- Electronic forms completed with staff direction during the encounter: 16%
- Electronic forms completed on a shared tablet during the encounter: 6%
- Electronic forms completed online on a patient’s smartphone or tablet during the encounter: 5%
- Other: 3%

Frequency of refunds issues to patients for overpayment of medical bills

- Sometimes: 72%
- Never: 12%
- Often: 11%
- Very often: 5%

Data source: Trends in healthcare payments – 12th annual report Instamed (2021)
Source: HFS Research

Impact to patient experience due to billing and collection efforts

- No impact on the patient experience: 39%
- Somewhat improve the patient experience: 27%
- Significantly improve the patient experience: 21%
- Somewhat hurt the patient experience: 12%
- Significantly hurt the patient experience: 1%

Organizational adaptation due to challenges from 2021

- Adding and improving telehealth options: 50%
- Increasing electronic connections with payers, e.g., ERA, EFT: 49%
- Adding or increasing self-service payment options, including online payments: 36%
- Adding or increasing self-service check-in options, including online forms: 27%
- Reducing or changing business hours to accommodate staffing shortages: 17%
- Automating more postings and reconciliation processes due to staffing challenges: 14%
- Other: 8%
There is a correlation between healthy behaviors and life expectancy across the states in the US.
Despite poor health outcomes, healthcare provider strategies over the next 18 months are focused on financial hardening.

What are the major business strategies that your organization is pursuing to meet your organizational goal for the next 12-18 months?

- Focus on virtual customer experiences for the new digital world: 21% (Rank 1), 17% (Rank 2), 17% (Rank 3)
- Find new markets or customer segments for our products or services: 12% (Rank 1), 10% (Rank 2), 17% (Rank 3)
- Accelerate our digital modernization initiative(s): 7% (Rank 1), 17% (Rank 2), 5% (Rank 3)
- Use data as a business asset: 14% (Rank 1), 7% (Rank 2), 7% (Rank 3)
- De-risk our supply chain to ensure that it is far more resilient: 14% (Rank 1), 2% (Rank 2), 14% (Rank 3)
- Compete against "digital native" disruptors: 10% (Rank 1), 21% (Rank 2), 5% (Rank 3)
- Overhaul our products or services to become more relevant in the post-COVID-19 market: 7% (Rank 1), 2% (Rank 2), 14% (Rank 3)
- Divest or exit parts of our underperforming businesses: 5% (Rank 1), 21% (Rank 2), 10% (Rank 3)
- Make strategic acquisitions to ensure we are relevant for the future: 5% (Rank 1), 2% (Rank 2), 12% (Rank 3)

Sample: HFS Research Pulse, May 2022, 42 healthcare providers
Source: HFS Research, 2022
But it won’t be smoothing sailing, given the raft of challenges providers will have to address.

What are your company’s challenges to meet your strategic objectives?

Sample: HFS Research Pulse, May 2022, 42 healthcare providers
Source: HFS Research, 2022

- Data security issues: Rank 1: 21%, Rank 2: 5%, Rank 3: 17%
- Fragmented systems landscape: Rank 1: 17%, Rank 2: 19%, Rank 3: 10%
- Lack of organizational alignment: Rank 1: 17%, Rank 2: 12%, Rank 3: 5%
- Risk and compliance concerns: Rank 1: 14%, Rank 2: 24%, Rank 3: 21%
- Challenges in developing business case: Rank 1: 10%, Rank 2: 7%, Rank 3: 10%
- Lack of C-level leadership commitment: Rank 1: 10%, Rank 2: 7%, Rank 3: 10%
- Lack of data quality: Rank 1: 7%, Rank 2: 5%, Rank 3: 12%
- Lack of digitally fluent talent: Rank 1: 2%, Rank 2: 17%, Rank 3: 17%
- Lack of centralized data governance within the organization: Rank 1: 2%, Rank 2: 17%, Rank 3: 17%
Horizon 1 is in the rear-view mirror, and Horizon 3 is unfolding right now, driving the urgency to act on critical use cases.
HCP provider services are mostly competitive or under-penetrated, with many greenfield opportunities

**Relative maturity of RCPG-specific services**

- **Pre-care**:
  - Benefits and eligibility: 2.8
  - Appointment and pricing: 2.7
  - Referral management: 2.0
  - Medical records management: 1.9
  - Diagnosis and treatment options: 1.7

- **Care**:
  - Discharge management: 2.6
  - Case management: 2.6
  - Ambulatory: 2.4
  - Patient monitoring and adherence: 2.3
  - Labs and test data management: 1.9
  - Surgical: 1.5

- **Post-care**:
  - Revenue cycle management: 3.0
  - Billing and collections: 2.7
  - Quality management: 2.7
  - Audits: 2.5
  - Contracts management: 2.3
  - Post acute care transition support: 2.3

Sample: 15 out of 17 service providers covered in this report
Source: HFS Research, 2022
HCP services providers going to market by solution categories instead of market segments is holding back value

Sample: 15 out of 17 service providers covered in this report
Source: HFS Research, 2022

58% of HCP service providers have offerings aligned to acute care

23% Primary care
21% Post-acute and rehabilitation

Other 8%
Primary care will become more subscription-based, disrupting traditional health plan–provider contracting

Sample: 15 out of 17 service providers covered in this report
Source: HFS Research, 2022

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

<table>
<thead>
<tr>
<th></th>
<th>Individual insurance plans</th>
<th>Subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical</td>
<td>$5,256</td>
<td>$900</td>
</tr>
<tr>
<td>High deductible (HDHP)</td>
<td>$1,945</td>
<td>$1,700</td>
</tr>
<tr>
<td>Total cost to consumer</td>
<td>$7,201</td>
<td>$3,332</td>
</tr>
</tbody>
</table>

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

• 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.
Self-insured employer enrollments surpassed fully-insured enrollments in 2020, opening new care delivery paradigms

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

Health insurance enrollment 2010–2021
The opportunity is strengthened by health plans morphing into a services business and competing with you!

At-risk vs. administrative services at six largest publicly traded health plans
Average percentage of membership 2019–2021

- **Commercial risk based**
  - United: 15.4%
  - Anthem: 13.9%
  - Centene: 7.2%
  - Humana: 13.3%
  - Cigna: 11.3%
  - Aetna: 20.7%

- **Commercial service**
  - United: 76.7%
  - Anthem: 4.7%
  - Centene: 63.1%
  - Humana: 47.5%

- **Medicare Advantage**
  - United: 12.3%
  - Anthem: 9.4%
  - Centene: 3.6%
  - Humana: 19.7%
  - Cigna: 14.7%

- **Medicaid**
  - United: 81.4%
  - Anthem: 8.9%
  - Centene: 66.1%
  - Humana: 21.9%
  - Cigna: 17.1%

Source: HFS Research
Data: Company 10K

Over 80% of business is services

- Commercial risk based: Over 80%
- Commercial service: Less than 20%
- Medicare Advantage: Over 80%
- Medicaid: Over 80%

5. Shifting market
Chargemaster on Google driven by price transparency rules is about to append healthcare from funding to care delivery

**Impacts**

- **Health systems**
  - No impact given the low awareness of price-transparency rules
  - Consider the groundwork being laid to go direct to provider
  - Inconsistent impacts between large urban hospitals to rural hospital

- **Health plans**
  - Expect plans to win this first as they renegotiate prices down and further slow-walk value-based care (VBC)
  - Health plans will resort to reducing premiums and crafting attractive VBC to remain relevant
  - Strong adoption of VBC and a pivot away from transactional (FFS) pricing to combat severe price negotiation challenges

- **Consumer**
  - Slow but improved adoption of price transparency tools leading to better care choices clinically and financially
  - Augment direct-to-provider contracts with holistic health by incorporating social determinants of health through primary care

**Time horizon**

- **Short term** (less than 3 years)
- **Mid term** (~5 years)
- **Long term** (~10 years)

---

**Consumer**

- No impact given the low awareness of price-transparency rules

**Health plans**

- Consider the groundwork being laid to go direct to provider
- Expect plans to win this first as they renegotiate prices down and further slow-walk value-based care (VBC)
- Health plans will resort to reducing premiums and crafting attractive VBC to remain relevant
- Strong adoption of VBC and a pivot away from transactional (FFS) pricing to combat severe price negotiation challenges

**Self-insured employer**

- Inconsistent impacts between large urban hospitals to rural hospital

**Impacts**

- Better usage of price transparency tools will increase health IQ to make informed decisions
- Continued experimentation with a focus on prevention and wellness; direct to provider for acute care needs
- Will predominantly be a service provider for Medicare, Medicaid, and CHIP
- Continued financial battles that could be eased with predominantly VBC with FFS the exception

**Health systems**

- Health plans will resort to reducing premiums and crafting attractive VBC to remain relevant
- Strong adoption of VBC and a pivot away from transactional (FFS) pricing to combat severe price negotiation challenges
- Augment direct-to-provider contracts with holistic health by incorporating social determinants of health through primary care

---

**Excerpt for Cognizant**
Hospital price transparency compliance is very low across different dimensions suggesting that they need help quickly.

- 85.7% did not post a complete machine-readable file of standard charges.
- 84.9% failed to provide the national drug codes (NDC) and associated prices for each of the drugs and pharmacy items offered.
- 62.1% did not publish a sufficient amount of negotiated rates.
- 58.6% did not publish all payer-specific negotiated charges.
- 26.2% did not publish any discounted cash prices.
- 4.1% did not post any standard charges file.

Source: HFS Research
Data: patientrightsadvocate.org, Feb 2022
HCP service providers engagement landscape

FTE landscape
- Maximum: 80,000
- Average: 11,000
- Median: 4650
- Minimum: 100

Revenue landscape
- Maximum: $4,514 million
- Average: $850 million
- Median: $498 million
- Minimum: $10 million

Client landscape
- Maximum: 90,000
- Average: 8,127
- Median: 190
- Minimum: ~10

Based on assessment of HCP provider offerings of 15 of 17 service providers
Source: HFS Research, 2022

IT/BPS breakup
- IT: 81%
- BPS: 19%

Client by size breakup
- <$1 billion: 31%
- $1-10 billion: 43%
- >$10 billion: 26%

Project-based versus annuity based
- Project-based: 45%
- Annuity-based: 55%
Top 10 profiles: HCP service providers
Service providers covered in this report

Deloitte and PwC did not actively participate. We built their profiles based on publicly available information and inputs from their clients.
Heritage sets the orientation as service providers reinvent themselves to position toward success in the HCP market

Ability to influence the triple aim of care is reflected by being closest to the center.
### HCP service providers—a summary of the providers assessed in this report

<table>
<thead>
<tr>
<th>Providers (alphabetical order)</th>
<th>HFS point of view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
<td>Clinical leadership with deep expertise and a global footprint is further strengthened by an expansive ecosystem</td>
</tr>
<tr>
<td>Atos</td>
<td>Global footprint aided by inorganic levers will continue to be positive</td>
</tr>
<tr>
<td>Capgemini</td>
<td>“Good to Great” paradigm powers the go-to-market on the backs of solid offerings</td>
</tr>
<tr>
<td>Cognizant</td>
<td>Translating the power of ecosystems and a well-rounded solutions portfolio into successful delivery</td>
</tr>
<tr>
<td>Deloitte</td>
<td>Recognizing and enabling the shift from illness to prevention and wellbeing</td>
</tr>
<tr>
<td>EMIDS</td>
<td>Healthcare centricity, thought leadership and platform capabilities will drive growth</td>
</tr>
<tr>
<td>EXL</td>
<td>Clinical leadership, segmented go-to-market and analytics power EXL health’s growth in its infancy</td>
</tr>
<tr>
<td>EY</td>
<td>Deep expertise across the globe powered by advisory and platform signals strong value proposition</td>
</tr>
<tr>
<td>FirstSource</td>
<td>BPO-led offerings drive financial value to healthcare providers while setting the stage for next level of growth</td>
</tr>
<tr>
<td>HCL</td>
<td>Broad solution portfolio augmented with a strategic ecosystem provides significant upside</td>
</tr>
<tr>
<td>Mphasis</td>
<td>Optimizing investments to power the growth in the provider space will bear dividends over time</td>
</tr>
<tr>
<td>NTT DATA</td>
<td>Investments in co-innovation capabilities as advisory gets energized are part of a recipe for the next level of growth</td>
</tr>
<tr>
<td>Optum</td>
<td>Deep expertise and a solution portfolio that is not wanting for anything empowers a very strong value proposition</td>
</tr>
<tr>
<td>Omega Healthcare</td>
<td>Delivering to a predominant healthcare provider focus on the strength of people power and emerging technology capabilities</td>
</tr>
<tr>
<td>PWC</td>
<td>Strategy advisory-led offerings are strong but limitations in technology solutions</td>
</tr>
<tr>
<td>TCS</td>
<td>A whole of the enterprise approach with deep domain experience and courage to innovate defines TCS HCP play</td>
</tr>
<tr>
<td>Wipro</td>
<td>A willingness to focus on health outcomes will help differentiate its value proposition</td>
</tr>
</tbody>
</table>
HFS Top 10 HCP service providers—2022 notable performances

<table>
<thead>
<tr>
<th>HFS Winners Circle</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Top five providers overall across execution, innovation, OneOffice alignment, and voice of the customer criteria</td>
<td></td>
</tr>
<tr>
<td>#1</td>
<td>#2</td>
</tr>
<tr>
<td>Optum</td>
<td>cognizant</td>
</tr>
</tbody>
</table>

### Execution powerhouses
Top three providers on execution criteria
- **#1**: Optum
- **#2**: EY
- **#3**: Deloitte

### Innovation champions
Top three providers on innovation criteria
- **#1**: Optum
- **#2**: Cognizant
- **#3**: Accenture

### OneOffice alignment
Top three providers aligned to OneOffice
- **#1**: TCS
- **#2**: Accenture
- **#3**: Wipro

### Outstanding voice of the customer
Top three providers on voice of the customer criteria
- **#1**: EY
- **#2**: HCL
- **#3**: EXL

### Other notable performances
- Atos ranked #4 in OneOffice alignment
- EMIDS ranked #4 in Strategy and vision, as well as Growth of Healthcare provider’s business
- EXL ranked #5 in Co-innovation and collaboration and OneOffice alignment, ranked #3 in VoC
- Firstsource ranked #2 in Growth of Healthcare providers’ business
- NTT DATA ranked #3 in Co-innovation and collaboration
- Wipro ranked #1 in Outcome realized for Innovation
- Omega Healthcare ranked #2 in Scale of Healthcare providers business and ranked #4 in strategy and vision
<table>
<thead>
<tr>
<th>Rank</th>
<th>Overall HFS Top 10 position</th>
<th>Execution</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>HFS</td>
<td>HCP services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Top 10</td>
<td>technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>position</td>
<td>innovation</td>
</tr>
<tr>
<td>#1</td>
<td>Optum</td>
<td>EY</td>
<td>Optum</td>
</tr>
<tr>
<td>#2</td>
<td>cognizant</td>
<td>EY</td>
<td>Optum</td>
</tr>
<tr>
<td>#3</td>
<td>accenture</td>
<td>HCL</td>
<td>EMIDS</td>
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<tr>
<td>#4</td>
<td>EY</td>
<td>pwc</td>
<td>accenture</td>
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<tr>
<td>#5</td>
<td>HCL</td>
<td>Deloitte.</td>
<td>HCL</td>
</tr>
<tr>
<td>#6</td>
<td>TCS</td>
<td>TCS</td>
<td>NTT DATA</td>
</tr>
<tr>
<td>#7</td>
<td>Deloitte.</td>
<td>TCS</td>
<td>Omega</td>
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<tr>
<td>#10</td>
<td>NTT DATA</td>
<td>Firstsource</td>
<td>TCS</td>
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</tbody>
</table>
Cognizant profile: HCP service providers
How to read our service provider summary statements

Strengths
- Organization
- Growth
- Go-to-market
- Talent management
- Outcomes
- Voice of the customer

Strengths of the service provider based on mentioned parameter

Development opportunities
- Organization
- Growth
- Go-to-market
- Talent management
- Outcomes
- Voice of the customer

HFS and customer feedback recommendations for the service provider to develop

Sections and headings are standardized for all profiles

Relevant acquisitions and partnerships
- Recent acquisitions that have added to HCP services
- Key partnerships that contribute to HCP services

Key clients
- Number of clients and key client names

Global operations and resources
- Headcount dedicated to and available for HCP services
- Delivery location breakdown and key centers of excellence, etc.

In-house platforms and tools
- Intellectual property (IP), platforms, and tools key to life science services

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>HFS Top 10 position</td>
<td>#</td>
</tr>
<tr>
<td>Ability to execute</td>
<td>#</td>
</tr>
<tr>
<td>Breadth and depth</td>
<td>#</td>
</tr>
<tr>
<td>Scale of Healthcare Provider business</td>
<td>#</td>
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<tr>
<td>Growth of Healthcare Provider business</td>
<td>#</td>
</tr>
<tr>
<td>Outcomes realized</td>
<td>#</td>
</tr>
<tr>
<td>Innovation capability</td>
<td>#</td>
</tr>
<tr>
<td>Strategy and vision</td>
<td>#</td>
</tr>
<tr>
<td>Healthcare Provider technology innovation</td>
<td>#</td>
</tr>
<tr>
<td>Co-innovation and collaboration</td>
<td>#</td>
</tr>
<tr>
<td>Outcomes realized</td>
<td>#</td>
</tr>
<tr>
<td>OneOffice alignment</td>
<td>#</td>
</tr>
<tr>
<td>Voice of the customer</td>
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</table>
Translating the power of ecosystems and a well-rounded solutions portfolio into successful delivery

<table>
<thead>
<tr>
<th>Dimension</th>
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</tr>
</thead>
<tbody>
<tr>
<td>HFS Top 10 position</td>
<td>2</td>
</tr>
<tr>
<td>Ability to execute</td>
<td>4</td>
</tr>
<tr>
<td>Breadth and depth</td>
<td>2</td>
</tr>
<tr>
<td>Scale of Healthcare Provider business</td>
<td>4</td>
</tr>
<tr>
<td>Growth of Healthcare Provider business</td>
<td>15</td>
</tr>
<tr>
<td>Outcomes realized</td>
<td>2</td>
</tr>
<tr>
<td>Innovation capability</td>
<td>2</td>
</tr>
<tr>
<td>Strategy and vision</td>
<td>2</td>
</tr>
<tr>
<td>Healthcare Provider technology innovation</td>
<td>1</td>
</tr>
<tr>
<td>Co-innovation and collaboration</td>
<td>7</td>
</tr>
<tr>
<td>Outcomes realized</td>
<td>6</td>
</tr>
<tr>
<td>OneOffice alignment</td>
<td>8</td>
</tr>
</tbody>
</table>

Recent acquisitions
- Servian: Firm with expertise across data analytics, artificial intelligence, digital services, experience design, and cloud (2021)
- INewisdom: Acquired to enable healthcare organizations to embed data-driven decision making into their organization (2020)
- 51 Technologies: Expertise in cybersecurity experience and AI-driven managed detection and response (2020)
- Partnerships
- Strategic partnerships with Medicity, HealthUnity, Caradigm, Mirth and InterSystems
- Licensing/strategic partnership with Microsoft, IBM, AWS, Salesforce, MuleSoft, Philips, Adobe, UIPath and Workday

Relevant acquisitions and partnerships

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Development opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Organization: Cognizant’s HCP services business is organized as a matrix structure across BU and delivery. Each industry market and delivery unit collaborates with the domain groups to deliver solutions to the clients.</td>
<td>• Growth: Its peer group has shown a consistent growth through the pandemic, reflected in a rebal at the market segments, solution portfolio, and contracting arrangements.</td>
</tr>
<tr>
<td>• Growth: Despite the pandemic, growth has been steadily on par with the market.</td>
<td>• Go-to-market: While the ecosystem approach is a strength, the opportunity to impact human health outcomes in a more meaningful manner exists.</td>
</tr>
<tr>
<td>• Go-to-market: An ecosystem approach brings the best of its expertise, and its partner’s capabilities (both healthcare and industry-agnostic) give it strength to impact the triple aim of care. The bias toward primary care gives them a leg up as providers move toward more out-patient care.</td>
<td>• Outcomes: Augmenting current metrics with human health outcomes will strengthen the value proposition.</td>
</tr>
<tr>
<td>• Talent management: The brand’s attraction, and the ongoing nourishment through industry-focused training, certification, and participation in industry forums is strong.</td>
<td>• Voice of the customer: Clients expect recommendations on changes or improvements impacting their business as a result of new implementations including aiding in change management.</td>
</tr>
<tr>
<td>• Outcomes: KPIs such as customer success, market profitability, productivity, project execution, and the outcome is the standard metric Cognizant uses to measure its success.</td>
<td>• Voice of the customer: Clients expect recommendations on changes or improvements impacting their business as a result of new implementations including aiding in change management.</td>
</tr>
<tr>
<td>• Voice of the customer: Clients appreciate Cognizant for the friendly way service is delivered and the pace of execution. They consider Cognizant as a strategic partner rather than just a vendor.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spread of clients</th>
<th>IT vs. BPS revenue</th>
<th>Spread of delivery locations</th>
<th>Project versus annuity based</th>
<th>Maturity of capabilities across the HCP services value chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Not disclosed</td>
<td>Pre-care: 1.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Care: 2.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Post-care: 2.6</td>
</tr>
</tbody>
</table>

Number of HCP services clients: Not disclosed

Of the top HCP services providers, Cognizant serves
- A US-based large integrated managed care organization
- One of the oldest and largest healthcare delivery organizations in NY
- A regional academic medical center in NY
- A non-profit Catholic health system based on the east coast
- World’s leading provider of dialysis products and services
- A leading wound care management provider
- An Oregon-based chain of healthcare clinic

HCP services headcount: Not disclosed

<table>
<thead>
<tr>
<th>Global operations and resources</th>
<th>In-house platforms and tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery locations</td>
<td>• Revenue Cycle Management</td>
</tr>
<tr>
<td>– Cognizant has about 87 delivery centers worldwide to cater to healthcare clients.</td>
<td>– TriZetto Provider Solution</td>
</tr>
<tr>
<td>– World’s leading provider of dialysis products and services</td>
<td>– FaceCDX: Lightweight clinical integration engine</td>
</tr>
<tr>
<td>– A leading wound care management provider</td>
<td>– OneCare: Seamless IoMT patient and provider experiences enabling remote patient monitoring and virtual care</td>
</tr>
<tr>
<td>– An Oregon-based chain of healthcare clinic</td>
<td>– Bot Byte: NLP powered BOT</td>
</tr>
</tbody>
</table>

Excerpt for Cognizant
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 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.
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, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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