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Impact of Consumer-driven Benefits on Healthcare Organizations

Part 2: CDHP and Healthcare IT

In Part 1 of the 5-Minute Guide for consumer-driven healthcare, consumer-driven healthcare was defined as providing consumers with better information, more choices and a larger role in health care decisions. In this new healthcare model, consumers proactively finance their healthcare through medical savings accounts and healthcare reimbursement accounts, use web portals to receive health information targeted to their specific conditions, conduct self-evaluations, and view real-time transactions and account balances. Part 2 of the the 5-Minute Guide for consumer-driven healthcare examines the IT that will be required to support CDHPs.

The success of consumer-driven healthcare depends on a technology infrastructure to offer consumers more choices, deliver timely information when consumers are making decisions, and offer immediate guidance to help them better manage their health and reduce their costs. Most of the necessary technologies already exist and can provide



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immediate results in areas such as consumer-directed enrollment. For example, rules-based engines can provide system flexibility, web portals allow consumers to access information, and wizards can be used to guide consumers through a personalized enrollment process that offers advice about budget and usage factors. However, many healthcare organizations operate with outdated Legacy systems that provide neither the flexibility nor the integration capabilities required to support next generation consumer-driven products.

Web-based Products Enable Consumers

The key to technology and consumer-driven healthcare is flexibility. Instead of having technology dictate a consumer-directed strategy, technology must be flexible so that health plans can use tools to deliver the right product or combination of products to a market quickly. Health plans must introduce new technology tools that respond to market trends and streamline administrative processes, and deliver a true ROI.

For many technology providers and healthcare organizations, the technology solution is a matter of integrated partnerships. Technology vendors have learned the advantages of partnering to provide organizations with end-to-end enterprise solutions. Health plans, Provider-based groups and TPAs have also partnered with software vendors to create integrated, consumer-driven solutions. In some cases, health plans will administer benefits and software vendors will provide consumer-directed technology.

A growing field of Web-based products are available to assist health plans and insurers address the growing demand for consumer-focused tools and benefit designs. These products feature flexible designs that can be easily configured to meet customers' needs



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and allow health plans to offer benefits that can be customized online by members.

Personalized member Web portals offer members comparative information on hospital costs and quality as well as information on prescription medications. Web technologies also provide members with access to on-line health-risk assessment and health-related information.

Building vs. Buying a System to Support CDHP

Most small to mid-size insurers with less than 1 million members do not have the resources to build a CDHP. In order to compete, some insurers differentiate their CDHP products by looking for more innovative offerings, such as technology platforms that insurers can use to customize their own plans. In addition, CDHP alliances are being formed to offer exclusive plan designs and share the costs of development and implementation.

Every health plan today faces a decision to build or buy the technology needed to operate consumer-directed health plans. The standard criteria for build versus buy decisions have changed in today's healthcare market. In an evolving market, health plans must consider what kind of CDHP will the market bear? How can the IT solution be used for advantages in the emerging consumer-driven market? What IT solution will address an organization's overall goals and which vendor will provide the most strategic and cost-effective solution?

CDHP Technology Considerations

As consumer-directed healthcare evolves over the next few years, a variety of plan



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designs and member support tools will be tested in the marketplace. Organizations that develop and maintain CDHPs internally on a proprietary platform may face certain complications. For example, features and functions that are considered necessary today may be outdated in a matter of months. HRAs, FSAs, and other health accounts may have to be replaced by new account structures, as new plan designs are introduced. Changing legislative environments could also impact account structures, funding models, and other requirements.

Buying a system that adds consumer-driven features to existing functionality typically requires multiple system interfaces. The use of business process mapping can build interfaces that synchronize data across multiple systems. The purchase of HIPAA compliant systems also facilitates data sharing since HIPAA enforces data standards.

Development Time and Cost

The time and cost of developing a system to support CDHPs make it prohibitive for many firms, particularly in an evolving marketplace. Organizations that choose an industry standard technology platform can immediately use the new system features rather than waiting for the functionality to be produced internally. The internal cost to develop next generation functionality is usually higher than development by a technology vendor, which amortizes costs over multiple client implementations.

Plan Design Flexibility

With a wide variety of CDHP flavors considered by health plans and employers, and dozens of plan design possibilities, the IT solution must provide unprecedented flexibility. This flexibility cannot be accomplished by attaching "technology boxes" around legacy



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systems. Analysts agree that flexibility is best achieved with a more open and standard industry platform rather than a proprietary architecture that may result from internal development.

By using an industry standard technology platform, health plans may work seamlessly with third-party administrator to improve administration efficiency, while a proprietary platform may be difficult to turn over to a third party. As consumer-directed healthcare continues to evolve, third party administrators may be a cost-effective means of implementing a new plan design or service requiring greater efficiency.

Member Decision Support Tools

New technology tools are being created to assist consumers with their healthcare decisions, and organizations must select and integrate the best-of-breed tools that suit the firm's needs. An industry standard platform architecture makes it easy to integrate new tools within the platform. For example, systems built on Microsoft's .NET technology integrate easily with many tools designed for this platform. A system's ability to rapidly add or remove tools as part of a benefit package allows for the design of unique benefit plans for every employer, and employee group under consumer-directed health plans.

Impact of CDHP on Healthcare IT

In order for CDHPs to succeed, organizations must shift their IT to focus on consumer demands. Specifically, IT will need to increase integration among payor, provider, consumer, broker and others; provide access to real-time, consistent data online; provide scalability; and be flexible to add new products, features and services that



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members demand. To remain competitive in the new era of consumer-driven healthcare, organizations must have technologies that can deliver information fast and instantly respond to changes in the marketplace, and IT must maximize ROI by continually improving performance.

Plexis Healthcare Systems provides industry-leading benefits administration software for the healthcare industry. Built with the very latest Microsoft technology, Plexis software ranked #1 in functionality in an independent industry study. Customers have been reducing their costs, streamlining their claims payment operations, and enhancing customer satisfaction with Plexis solutions since 1996.



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