Benefits of Outsourcing MA Administration

Presented by:

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Introduction

Business Process as a Service (BPaaS) and Business Process Outsourcing (BPO) have grown considerably in the past several years, enough to make even the most self-reliant organization take a second look at what outsourcing has to offer. Whether you are new to Medicare Advantage (MA) / Special Needs Plans (SNP) and considering entrance into this rapidly expanding market, or an existing MA / SNP plan searching for ways to improve your bottom line, you undoubtedly have questions about the pros and cons of outsourcing, and whether it is the right fit for your organization. This article addresses BPaaS / BPO as they relate to MA / SNP administration, assessing if expansion into this market is the right move for your organization, and if it is, identifying the best options to meet the administrative requirements, both from an operational perspective, as well as ongoing compliance with CMS.

The MA Opportunity

Medicare Advantage (MA) is the fastest growing segment of the healthcare market, continually increasing in numbers as more and more seniors age into Medicare eligibility, and a greater percentage of those seniors choose Medicare Advantage as their preferred benefit option. The reasons for this shift vary from beneficiary to beneficiary; greater depth and breadth of available benefits, improved care management services and lower out of pocket costs are just some of the benefits differentiating MA from traditional Medicare[1]. Regardless of the reason, the overall movement is undeniable, creating a tremendous opportunity for health plans to expand their presence in MA, as well as organizations considering entry into this high growth market.

At present, MA accounts for thirty six percent (36%) of the total Medicare market[2] and this number is only expected to increase as more seniors age-in and more of those eligible participants select MA as their preferred plan offering. Additionally, the margins in MA remain strong, nearing those of the commercial group business, further incentivizing expansion into this arena[3].

While the business opportunity is clear, MA is not without its challenges, especially for organizations that lack the dedicated operations and expertise necessary to adequately handle the increased administrative and regulatory burdens that come with the program. Attempting to leverage the "wrong" platform, or cobbling together disparate systems and manual processes, could have catastrophic consequences and are not the long term answer for organizations looking to capitalize on this market opportunity.

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To MA or not to MA?

If you are among the many organizations who are seriously considering expanding your presence in the MA market and / or entering MA for the first time, this paper outlines the specific challenges, potential solutions, and questions you should ask, as you fully evaluate this potential move.

See sidebar for a listing of obstacles organizations face when expanding into MA for the first time:

Obstacles to Entering the MA Market

- Lack of dedicated MA operational resources and expertise

- Lack of familiarity and understanding of the MA administrative processes

- Lack of familiarity and understanding of the CMS compliance and regulatory landscape

- Lack of proper tools and technology to meet the evolving demands of MA administration

Entering the MA market and lacking the proper resources to address all of the requirements of MA isn't just a gap; it represents a potential threat to your organization. CMS regulations drive the industry, and if not done properly, can present real consequences for health plans who fail to comply. These consequences include sanctions, civil monetary penalties, market and enrollment restrictions, potential loss of membership, loss of reputation among the provider community and more. In addition, organizations contemplating entry into the MA market should also consider other impacts to the organization, including any potential disruptions to existing business operations, added risk, and potential opportunity loss from the diversion of capital investments.

While the Opportunity in MA is Great, the Required Investment is not for the Faint of Heart

All of the previously mentioned factors would make any executive think twice about expansion into the MA market however there are solutions, specifically related to the potential to outsource some or all of the administrative requirements. If you are determined to pursue MA as a new line of business, or expand your current participation in this market, the following checklist will assist in determining if outsourcing might be the right fit for your situation.

Outsourcing Checklist:
- Have you clearly identified your need / the problem that you are trying to resolve through outsourcing?

- Have you performed a thorough cost analysis (consider things like hiring, staff training, technology purchase, additional equipment, office space, etc.)

- How much or how little of your services are you looking to outsource (Full BPO vs. Partial)?

- Are the skillsets you require for maintaining services in-house readily available within your geographic location?

- Do you know who within your organization will manage the outsourced engagement?

- How will a relationship with a new vendor impact company culture?

- Does the vendor have specific knowledge / expertise in your area? Can they provide added value beyond the stated objective(s)?

- How will you define the project deliverables and what service level agreements should be provided?

- Is this a long-term pursuit, a change in the way your company does business? Or is this a short-term project to fill a temporary need?

- How will you measure ROI for the project? What is your definition of a successful engagement?

- Have you spoken with vendor references (focusing on organizations similar to yours)?

There are distinct benefits to outsourcing (lower initial invest-ment, predictable cost structure, formal and documented proce-dures) however most of these benefits quickly fade if the organi-zation to which you are delegating does not possess the skills and expertise required for MA administration and CMS compliance. MA is a unique line of business, and the organization to which you outsource must not only understand the nuances of the pro-gram, but also be prepared to capitalize on potential synergies. As a result, it is highly recommended to find a BPaaS / BPO organiza-tion with a dedicated focus on MA / SNP administration, as well as an existing staff with MA / CMS expertise. This type of inherent knowledge within the BPaaS / BPO organization further expands the benefits mentioned above, adding built-in scalability, a larger talent pool (not constrained by geography), focused expertise that instantly expands the knowledgebase within your organiza-tion, quicker speed to market, and more.

We've Decided Outsourcing is Right for Us. Now What?

Once the decision has been made to outsource, there are addi-tional questions you will want to ask, to identify the BPaaS / BPO organization that is the best fit for your needs and the culture of your organization.

When evaluating characteristics of a business process partner, consider:

- **Partnership Mentality** – is the organization invested in your success or are they just looking to add another client / source of revenue?

- **Culture** - the alignment of two organizations goes beyond the signing of an agreement. Is the vendor you are considering a match for the way you do business? The way you communicate?

- **Language Barriers** – can the vendor address and match the communication needs of your company, your staff, your members and your providers?

- **Experience with MA and CMS** – does the vendor have specific knowledge in MA administration and CMS compliance? Will hiring them subsidize your current in-house knowledge and expand your expertise?

- **Depth of Management Team** – do they bring the background and expertise that you are looking for, supplementing your needs, serving as an extension of your intellectual capital?

- **Supporting Technology** – will the vendor be utilizing the right tool(s) for the job?

- **On-Shore versus Off-Shore** – Do you prefer competitive on-shore delivery? Are there tasks / duties that can be performed off-shore?

In Conclusion

The growth of the MA market has many health plan executives trying to determine the best path forward, the path that will allow them to capitalize on the market opportunity without exposing the organization to unnecessary risk. Depending on the needs of your organization, your goals and your objectives, there can be more than one right answer to this question. In light of all of the options, one thing is abundantly clear, if you are going to upgrade your in-house technology, or outsource to another organization to increase your bandwidth, it is imperative that you select a partner who is well versed in not only the business processes of a health plan, but also the nuances of Medicare Advantage administration and CMS compliance, ensuring the best fit for your needs today, and for many years to come.

References

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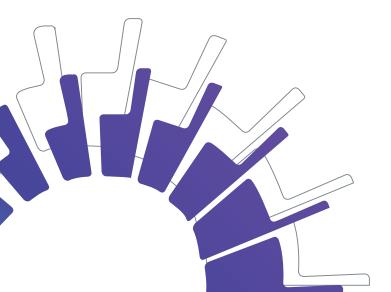
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RAM Technologies is a leading provider of enterprise core administrative processing systems and business process services for healthcare payers. For over 39 years RAM Technologies has led the way in the creation of comprehensive, end-to-end solutions for health plans administering Government sponsored healthcare with a specific focus on Medicare Advantage (MA) and Special Needs (SNP) programs. RAM Technologies has merited a top spot in the Philadelphia Business Journal's "List of Top Software Developers" for twelve consecutive years, has been featured in Inc. Magazine's List of Fastest Growing Private Companies for five years and has been named Most Promising Insurance Technology Solution Provider by CIO Review. To learn more about RAM Technologies call (877) 654-8810 or visit www.ramtechinc.com.

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