NEAT EVALUATION FOR NTT DATA:

Healthcare Payer Operational Transformation

Market Segments: Overall, Member Services Suitability, Care Management Suitability

Introduction

This is a custom report for NTT DATA presenting the findings of the NelsonHall NEAT vendor evaluation for *Healthcare Payer Operational Transformation* in the *Overall, Member Services Suitability,* and *Care Management Suitability* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of NTT DATA for healthcare payer services, and the latest market analysis summary.

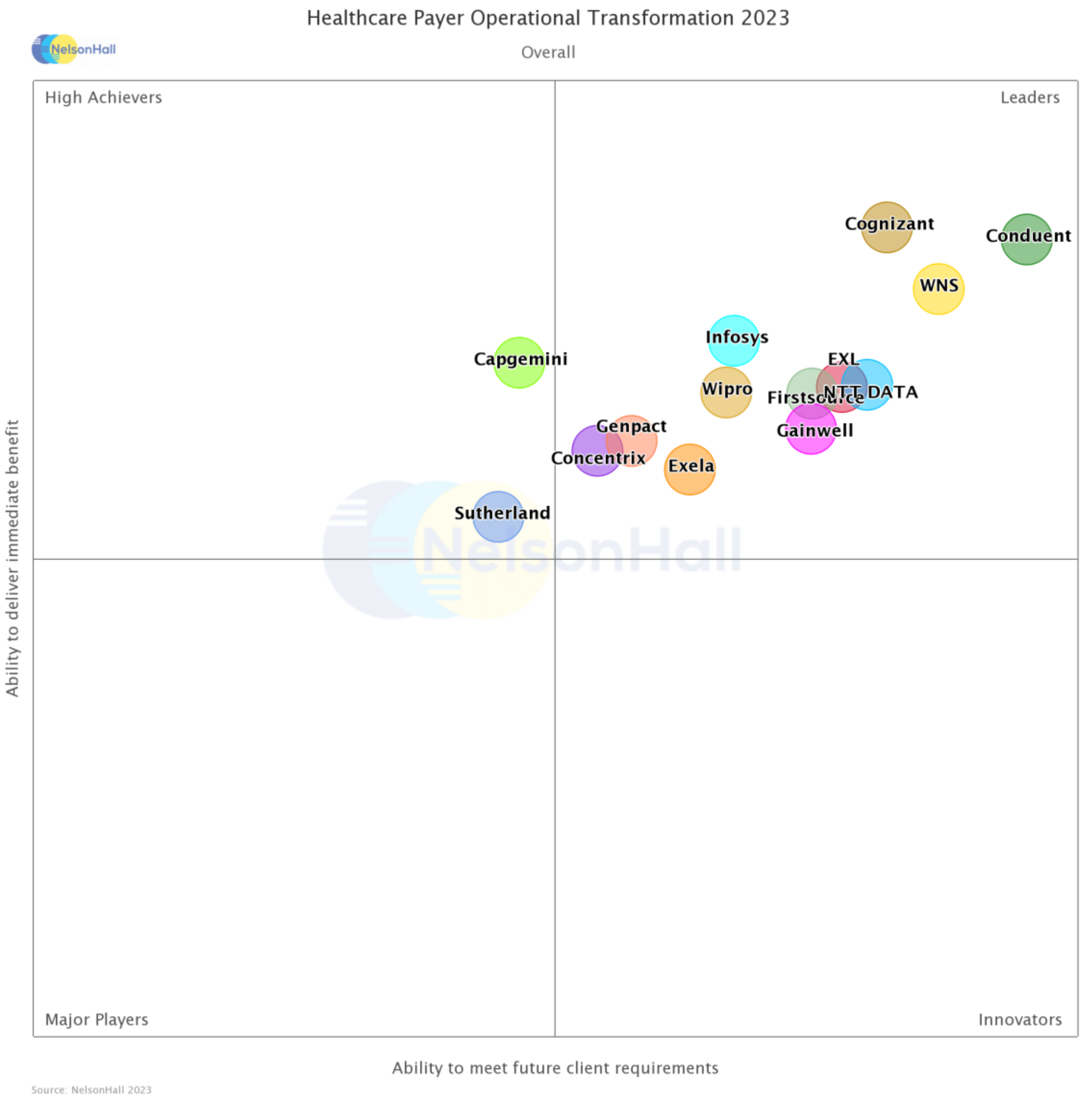
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering healthcare payer services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific suitability for providing a range of services: member services, claims management, provider management, and care management.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Capgemini, Cognizant, Concentrix, Conduent, Exela, EXL, Firstsource, Gainwell Technologies, Genpact, Infosys, NTT DATA, Sutherland, Wipro, and WNS.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Healthcare Payer Operational Transformation (Overall)

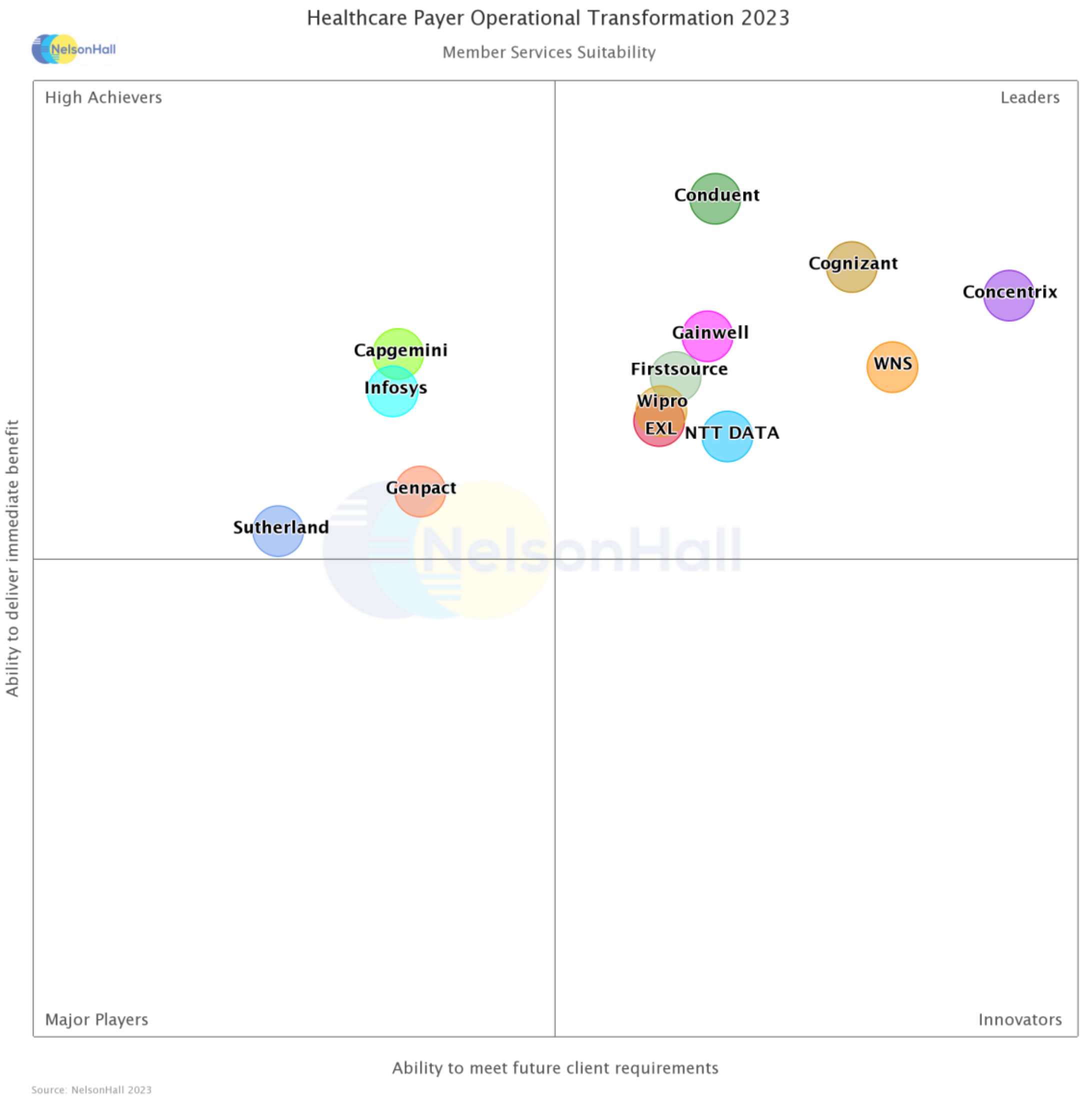


NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's overall ability to meet future client requirements as well as delivering immediate benefits to its healthcare payer clients in healthcare payer process transformation and operations across member services, claims administration, and provider network management. Particular emphasis is placed on digital transformation capability and the use of advanced analytics.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Healthcare Payer Operational Transformation* NEAT tool (*Overall*) here.

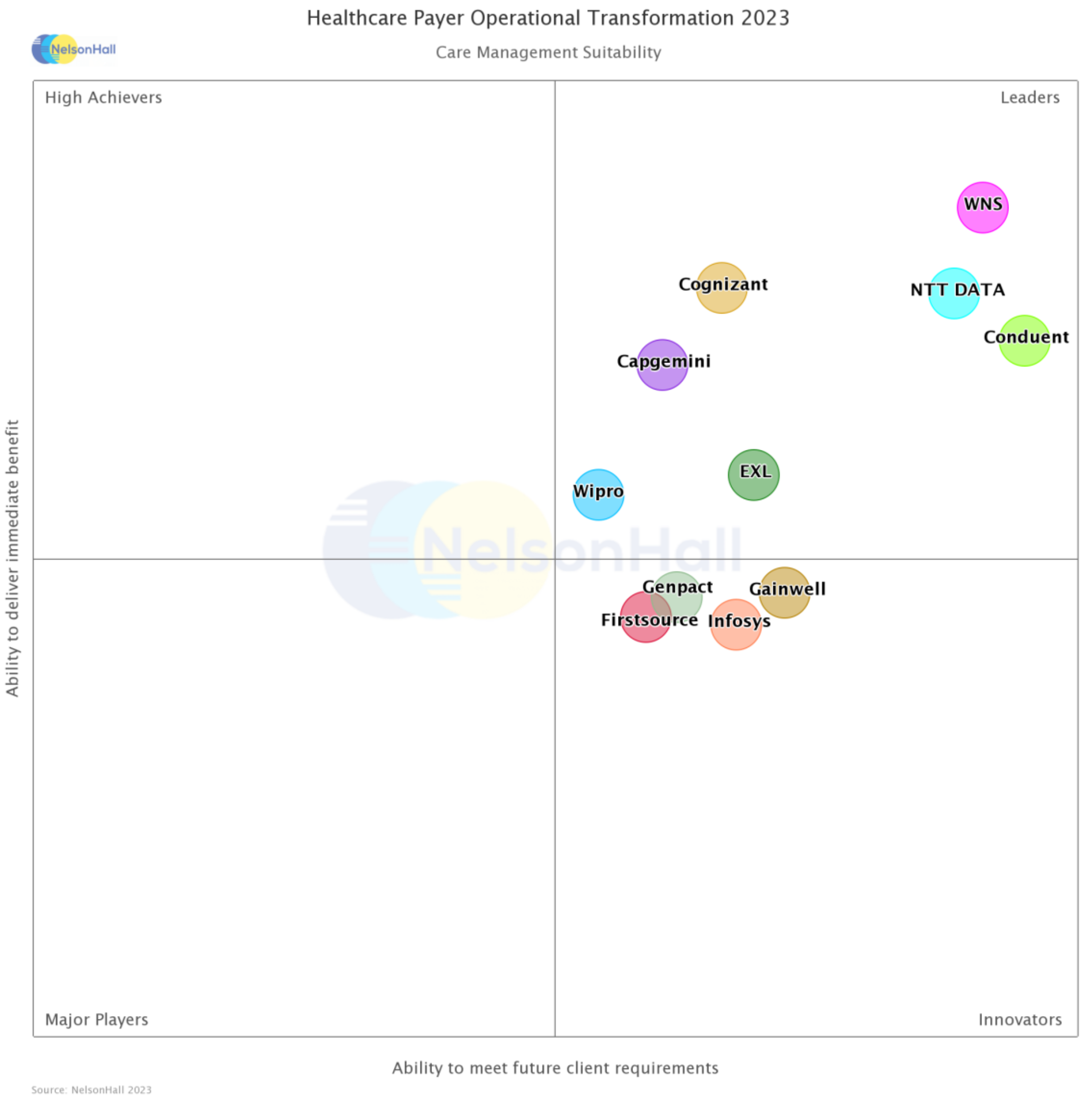
NEAT Evaluation: Healthcare Payer Operational Transformation (Member Services Suitability)



NelsonHall has identified NTT DATA as a Leader in the *Member Services Suitability* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to their healthcare payer clients with specific capability in applying customer experience transformation and operations to customer enrollment and ongoing customer service.

Buy-side organizations can access the *Healthcare Payer Operational Transformation* NEAT tool (*Member Services Suitability*) here.

NEAT Evaluation: Healthcare Payer Operational Transformation (Care Management Suitability)



NelsonHall has identified NTT DATA as a Leader in the *Member Services Suitability* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to their healthcare payer clients in care management, including nurse support for patient care.

Buy-side organizations can access the *Healthcare Payer Operational Transformation* NEAT tool (*Care Management Suitability*) here.

Vendor Analysis Summary for NTT DATA

Overview

NTT DATA has approximately 5,500 personnel supporting the healthcare payer subsector, and has offered BPS services in claims administration for over 30 years. Recent strategic shifts have focused on enhancing its digital offerings in analytics, AI and automation of claims, enrollment, and provider services. It aims to improve operational effectiveness and maximize cost performance by providing a modular ecosystem via its digital BPaaS for health plans.

Overall, 30% of NTT DATA's healthcare payer clients use its BPaaS services.

Approximately 26% of NTT DATA's personnel are in the U.S.

At the end of 2021, NTT DATA served 26 healthcare payers, including 21 private sector healthcare payers (four national and 17 regional) and five public sector healthcare payers.

Financials

NTT DATA's healthcare payer BPS revenues are ~$275m, with claims administration accounting for 50% of revenues and member services & enrollment 25%.

Provider administration & care management and wellness services each account for ~10% of revenues.

Strengths

- Comprehensive BPaaS components to offer E2E digital healthcare payer operations
- High adoption of BPaaS components by healthcare payer clients
- Strong self-service support for health plan members through NTT DATA's Digital Consumer Marketplace and Engagement platform
- NTT DATA's broker portal platform module can integrate with the client's CRM to manage the member application and enrollment process
- Chronic disease AI prediction and intervention solution
- Ability to assist healthcare payers in enhancing their CMS star ratings.

Challenges

- NTT DATA can work towards expanding its client base in the national payer market, as 70% of its client base is currently regional payers
- It can expand its onshore FTE personnel to support the public sector's provider and care management contact centers.

Strategic Direction

NTT DATA is investing in value-based care and interoperability. Since target clients are merging with providers and focusing on value-based care and population health metrics, these clients focus more on population health management. NTT DATA will look at industrializing its telehealth solutions, focusing on mental health and incorporating digital customer experience tools and practices.

The company will also be placing greater importance on enhancing its BPaaS services, with regional plans to increase presence in the public sector market and a continuing strategy to support payer clients through the design and implementation of partnered platforms.

Outlook

NTT DATA is enhancing its automation and AI offerings through proprietary solution design, local talent development, expanded partnerships, and acquisitions of digital vendors like Acorio and NETE. The acquisition of NETE also provides NTT DATA with further access to public sector payer clients in the U.S.

Expect to see further enhancement in its RPA and AI solutions, focusing on enabling telehealth engagement in payers' member populations.

Healthcare Payer Operational Transformation Market Summary

Overview

- Member services & enrollment and claims management currently account for approximately three-quarters of vendor revenue, with provider administration & network management and care management & wellness services increasing in importance
- Plan design remains a minor element of vendor revenues though vendors are beginning to incorporate benefit and plan design platforms into their offerings
- Payment integrity and fraud is evolving from probabilistic models to clinical and medical analysis with increased use of population health platforms
- BPaaS services are increasingly being adopted for individual silos within national healthcare payers and end-to-end across member onboarding to claims processing and collections for regional healthcare payers
- On average, 31% of service delivery is onshore within North America and 58% from India, with the Philippines used extensively for clinical & patient support services. Central and Latin America is also used for member services
- Currently, ~60% of vendor revenue is based on per unit pricing, typically per member, with a built-in annual productivity commitment, with payers increasingly being offered outcome-based pricing options to address specific pain points
- Automation based on RPA and machine learning continues to be a key and evolving driver of healthcare payer operational transformation, with platforms increasingly being used and integrated to offer more end-to-end transformation
- Advanced analytics & machine learning is especially important in enhancing the member experience, satisfaction, and engagement.

Buy-Side Dynamics

- Overall, payers would typically like to see faster progress in their operations transformation
- At present, payers are highly satisfied with vendor ability to reduce processing and turnaround times and reasonably satisfied with their ability to reduce costs and improve member satisfaction.
- Nonetheless, these areas remain highly important to payers who would appreciate even further progress
- Other key areas that are highly important to payers are:
  - The ability of claims administrators to improve payment integrity & leakage reduction, compliance with regulatory requirements, and provider network satisfaction
  - Ability to manage provider administration and network management through automated credentialing and directory management, using integrated digital platforms for seamless provider interaction.

Market Size & Growth

The global healthcare payer business process services (BPS) market is forecast to grow at 5% from $10.4bn in 2023 to $12.0bn in 2026. Operational transformation is expected to account for over 40% of the market value by 2026.

North America dominates the healthcare payer BPS market, accounting for 86% of the global total.

Success Factors

Key success factors include:

- The introduction of integrated omnichannel capability, use of conversational AI to address personalization at scale, greater integration of membership platforms with claims platforms, and greater emphasis on whole person care and health equity programs within member services and enrollment
- Greater emphasis on payments transformation and e-payments alongside claims-as-a-service offerings and paper clearinghouse capability in claims management
- The introduction of proprietary credentialing platforms in provider administration and network management
- Industrialization of telehealth and clinical support services including remote patient monitoring as a service as well as population health analytics in care management and wellness services.

Outlook

- The services adopted by major healthcare payers will become more joined-up, moving from single-function services operating on client platforms to single-function BPaaS services using a combination of vendor platforms and analytics, to multi-function integrated BPaaS services
- Provider administration and network management will be increasingly outsourced and transformed to optimize healthcare provider usage, with vendors offering services across the lifecycle from vendor recruitment, credentialing, and contracting to ongoing vendor management
- Machine learning will become increasingly important in identifying and potentially auto-correcting claims and payment errors prior to payment to ensure payment integrity and reduce leakage
- Clinical support services will increase in importance as healthcare payers increasingly seek to proactively impact population health and drive down levels of reactive treatment
- The level of operational integration between healthcare payers and healthcare providers will increase with service providers increasingly joining up this health ecosystem.

NEAT Methodology for Healthcare Payer Operational Transformation

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- Leaders: vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- High Achievers: vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- Innovators: vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- Major Players: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Plan design Customer/member services/administration Enrollment/eligibility services Billing and collections Claims administration Payment Integrity services Provider network management Care management and wellness services BPaaS services capability
Delivery	Scale of delivery capacity/FTEs Use of advanced analytics Use of digital transformation Use of payer specific platform(s) Document processing capability Nurse support for patient care
Market Presence	Presence in national payers Presence in regional payers Presence in public sector payers
Benefits Achieved	Reduced operational costs Reduced healthcare costs Improvement of member satisfaction Improvement of regulatory ratings Reduction in processing and turnaround times Improvement in volume handling Perceived flexibility with pricing Perceived value for money Overall satisfaction

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Future Offerings	Claims IP Member services IP Provider management IP Care management IP
Ability to Reinvent Processes	Ability to reinvent claims processes Ability to reinvent member services processes Ability to reinvent provider management processes Ability to reinvent care management processes
Suitability by Segment	Suitability for national healthcare payers Suitability for regional healthcare payers Suitability for public sector healthcare payers

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Guy Saunders at guy.saunders@nelson-hall.com