OPTUM®

Value chain reorganization:

CMOs can respond to disruption with intelligent technologies and agile partnerships





CMOs focus the value chain around the consumer and the clinician

A high-performing health care value chain delivers a superior experience for every member, patient and clinician. It allows information, dollars, products and services to flow effectively among all stakeholders — improving the care experience with each encounter.

Unfortunately, COVID-19 has proven that traditional health system infrastructure, processes and functions were compromised under pressure. This pandemic and associated economics made long-standing concerns like cost, inaccessibility and inconvenience intolerable. Forty-eight percent of Americans now claim they or a family member have skipped or delayed medical care because of the pandemic.[1] As a result, many are seeing their chronic conditions worsen or are leaving acute conditions unattended.

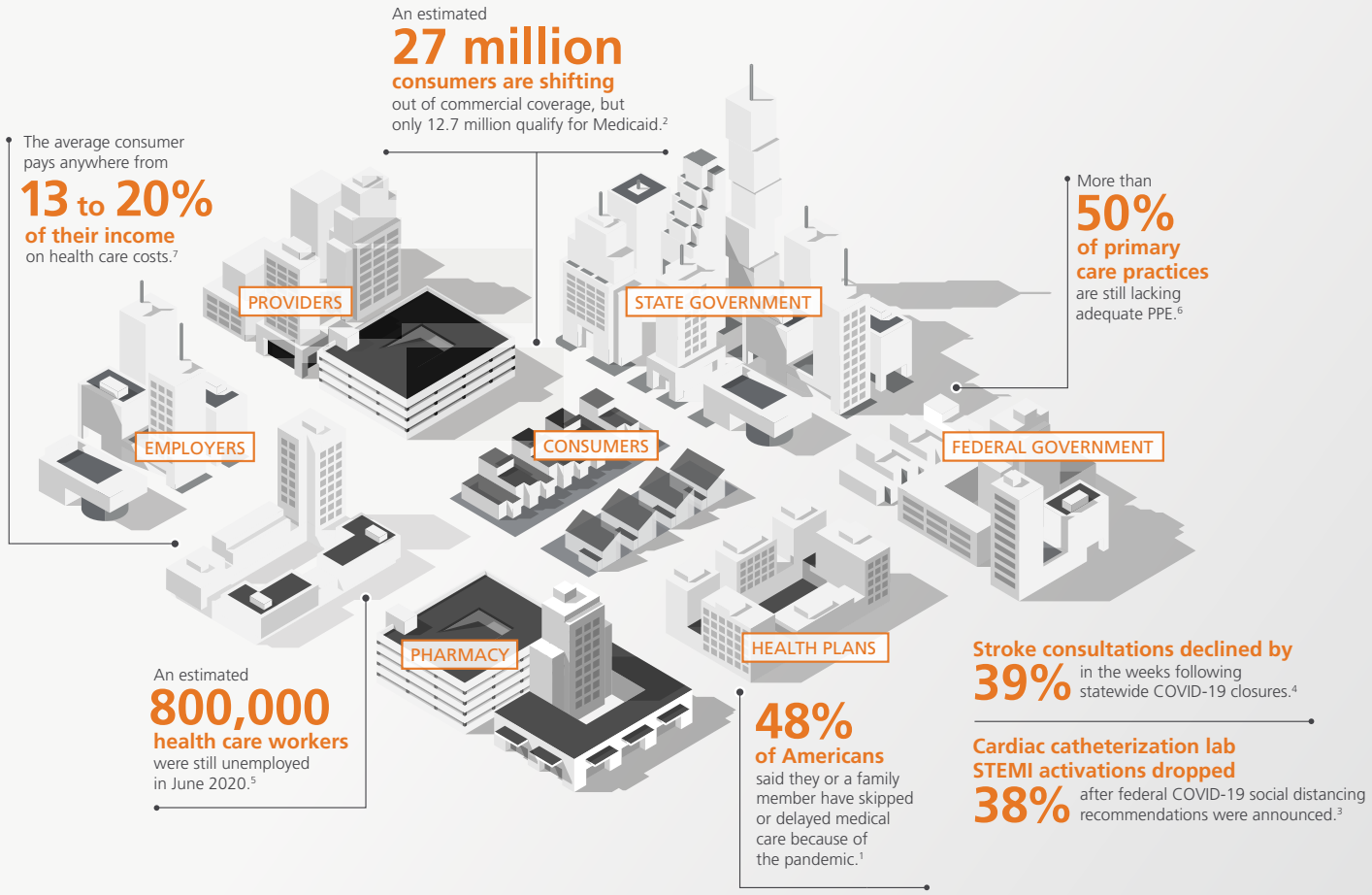
CMOs are increasingly becoming worried that COVID-19 is a chronic condition, just like caring for diabetes or cancer. This would make the long-term effects of the virus quite extensive, especially for vulnerable populations. With the ongoing threat of disease recurrence, and rising impact from social determinants of health (SDOH), there is an immediate imperative for a more connected, responsive health care value chain.

As the leading clinical force in their organization, CMOs have the greatest capacity to bring the voice of science to any health plan or provider network redesign. Their leadership can bring forward lessons learned over the past few months to better prioritize the needs of patients and their caregivers. These insights are crucial to organizing new processes and structures in relationships across the value chain. And they will help ensure that clinicians can access the data, infrastructure, supplies, information and education they need — when and where their patients need it.

The benefit of partnerships is clear. And the mandate for digital connectivity and intelligent processing is urgent. The upside is that scalable innovations are entering the market every day. Like the media and financial industries before it, health care is about to undergo a rapid redesign.

Value chain struggles to meet modern demands

The industry is facing a vast set of challenges that have been exacerbated since the onset of COVID-19.



Utilizing predictive tools and data to assess staffing, supplies and services

Maintaining stability in the current environment requires a view of the entire value chain. That includes an understanding of ongoing supply needs and where your resources are sourced.

Identify unreliable supply sources

The supply chain challenges of COVID-19 have been dangerous and costly. No CMO can afford further risk to the safety of their employees, members or patients. Nor can they afford to have unreliable supply sources. Using digital supply chain tools with predictive analytics, it is now possible to anticipate shifts in demand and track the flow of inventory as it moves through the enterprise. These capabilities allow greater flexibility to move away from historical allocation models. CMOs can rationalize supply chain priorities from both a quality and safety perspective.



60% of executives have no knowledge

of the items in their supply chain beyond the tier 1 suppliers.[8]

Localizing the supply chain offsets some of these complexities. And utilizing technologies such as IoT provides transparency through real-time track-and-trace. By standardizing technology and protocols, leaders can secure supply chain procurement and establish a more localized and tightly vetted supply chain.



Match clinical resources with consumer needs

During COVID-19, hundreds of thousands of health care workers were laid off while emergency rooms struggled to find staff. In fact, an estimated 800,000 health care workers were still unemployed in June 2020.[5] Many provider networks were not able to adjust their staffing models to match the changes in demand or site-of-service.

Organizations that already had telehealth and other digital channels in place were best equipped to redeploy their staff. Going forward, CMOs are looking at the vast opportunities where in-home, telehealth, remote monitoring and other emerging technologies can be used to lower the total cost of care and reach consumers more conveniently.

Matching clinical staff with consumer needs has become more challenging as consumers shift in and out of coverage. But innovative organizations are using artificial intelligence (AI) to extend the capacity of their primary care physicians. And predictive, risk-adjustment accuracy technologies help providers identify patients in need and keep everyone working at the top of their license.



Extend data capabilities and staffing

Anticipating risk and meeting consumers wherever they need care is imperative to managing rising health concerns and keeping people well. This suggests more of a pivot to telehealth and other remote offerings as consumer households become the epicenter of care. That pivot will press CMOs to extend their data capabilities.

Organizations will be collecting more data than ever from a widening range of sources. This data can improve care delivery, but only when insights can be pulled out, analyzed and shared with colleagues and partners. But the financial commitment to add full-time analysts may be cost-prohibitive, especially for providers who suddenly experienced drastic revenue shortfalls. One alternative is to engage with a managed services partner. This can bring in technology or actuarial expertise, extending or absorbing resources as demands change.

Reevaluating operational structure to meet consumer demands

CMOs are crucial stewards of capital as health care spending and cost structures shift, putting consumer demand and improved outcomes at center stage.



Implement population health strategies

Organizations relying on fee-for-service income were especially hard hit by the recent crisis, while those operating population health strategies proved

Reshaping the value chain with data-informed insights

1. How can you leverage data and technologies to support reliable supply deliveries?
2. How might managed services help you employ more flexible staffing strategies?
3. How can you continue to expand your virtual health capabilities and support the data they generate?

Reshaping market strategies to address population health

1. What can be done to expand your value-based arrangements?
2. How can virtual delivery channels, automated risk-adjustment accuracy technologies and nimble staffing strategies reduce the total cost of care?
3. How can virtual health tools help you improve consumer outreach?
4. How might other stakeholders in the value chain partner with you to keep high-risk patients engaged in a high-quality and appropriate care program?

more resilient. Government plans and large commercial insurers have been moving toward capitation for nearly a decade as cost limits became an economic obligation. And the government's role remains uncertain as coverage shifts and the potential for disease resurgence grows. Combining their areas of strength — health plans for managing risk and providers for fostering the patient relationship — stakeholders can continue to come together to improve outcomes at a lower cost.

Expanding digital health capabilities

Every aspect of COVID-19 disruption — including testing and tracking the disease spread — has demonstrated a corresponding need for enhanced information collection, management and connectivity. But most of those needs are long-standing issues that have been brought into sharp relief. This crisis has shown the advantages of being ready and able to quickly shift to and properly manage digital operations.

With consumers continuing to adopt digital health technologies, combined with government policies, there is a rising demand for data collection and data sharing. As more virtual health and digital tools come into use, health plan leaders and providers are tasked with finding ways to integrate this growing volume of information into their systems.

Value chain redesign driven by a technology mindset can help:

- Match products and services directly to the needs of the population
- Anticipate disease flare-ups, staffing needs and supply chain demands
- Remotely track consumer engagement and adherence
- Identify the ongoing impact of SDOH
- Automate priority outreach to at-risk patients to improve adherence to their care plan
- Keep staff working at the top of their license and expand their capacity to deliver care
- Shift site of service to the home, telehealth and other lower cost, virtual channels

Intelligent information systems and the people who operate them will drive the new value chain. Just as visiting a bank for financial services is a way of the past, so are mandatory visits to a health facility for in-person care. Sustainable health care will shift the site of service to include data-driven platforms that improve connectivity across all participants.

Over the next several months, economics, disease resurgence, digital innovation and M&A activity across all sectors will continue to alter the health landscape. The home is likely to gain ground as an epicenter of care. Digital pathways will become more of the norm for both health plans and providers. There will be an increased demand for post-acute digital services at home and less investment in fee-for-service relationships. And because health plans' core competency is managing risk, they can actively seek solutions to help providers be successful during this time of disruption.

Improving virtual health capabilities

1. What are the benchmarks in your market for virtual-health enablement?
2. How can digital capabilities or talent from other members in the value chain complement your services?
3. How can digital tools help you more effectively collaborate across the value chain?
4. How can you appropriately collect and share data to create a complete picture of your consumers?

NAVIGATING ***FORWARD***

1 Take immediate action to reconfigure your cost structure

- Explore supply chain, staffing and managed services opportunities
- Determine how in-home, telehealth and other remote tools can reduce costs and positively impact outcomes

2 Use consumer segmentation to rationalize products, services and delivery channels

- Leverage rich data to segment your offering by preferences, needs and health condition
- Prioritize outreach for the chronically ill and those further subdued by SDOH
- Map how you can simplify the consumer experience, from benefit selection through every care event

3 Expand your capacity for digital enablement

- Improve the ability to manage virtual channels and define related operational protocols
- Define metrics that will track the impact and efficacy of virtual health tools in your care strategies
- Strengthen data collection, synthesis, analysis and sharing capabilities

Adapting to emerging technologies will drive value chain reorganization

The new health care value chain will include traditional and new market entrants. But all participants will be data-enabled, predictive, digitally supportive and continually adapting. Winning organizations will use these capabilities to meet the national economic realities. This should prioritize consumer needs and preferences, improve health outcomes and demonstrate intrinsic value in every exchange.

This is a seminal moment of change. CMOs can take advantage of this opportunity to use emerging technologies to improve care strategies, reduce the total cost of care and enhance the providers' capacity to serve.

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