

Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019

Focus on Optum
May 2019



Introduction and scope

Everest Group recently released its report titled “[Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019.](#)” This report analyzes the changing dynamics of the healthcare business process automation solutions landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 27 service providers on the Everest Group PEAK Matrix™ for healthcare payer business process services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of healthcare business process automation solutions service providers based on their absolute market success and delivery capability.

Based on the analysis, **Optum emerged as a Leader**. This document focuses on **Optum’s** healthcare payer business process services experience and capabilities and includes:

- Optum’s position on the Everest Group Healthcare Payer Business Process Services PEAK Matrix
- Detailed healthcare payer business process services profile of Optum

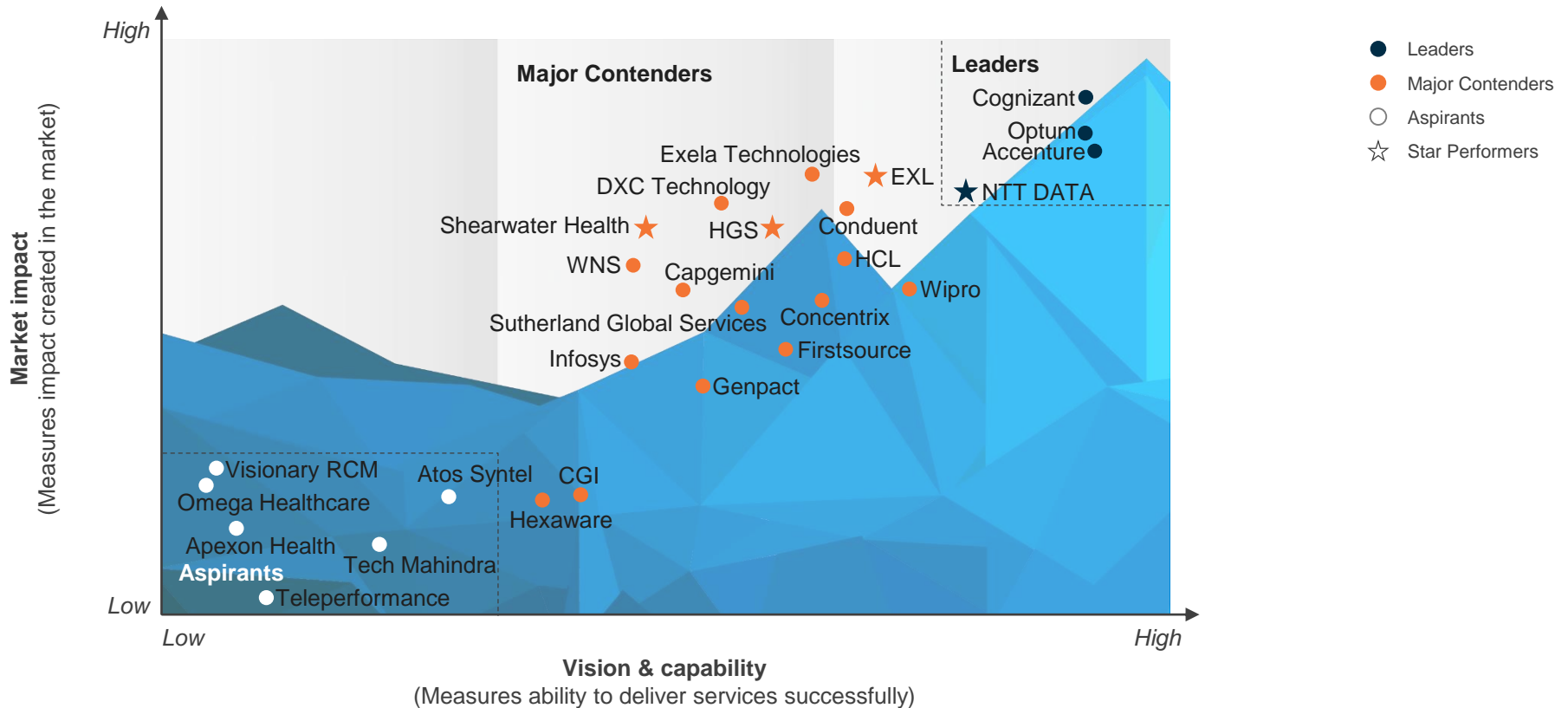
Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Source: Everest Group (2019) unless cited otherwise

Everest Group PEAK Matrix™

Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019 | Optum positioned as a leader

Everest Group Healthcare Payer Business Process Services PEAK Matrix™ Assessment 2019



Note 1: Service providers scored using Everest Group's proprietary scoring methodology

Note 2: Assessment for **Apexon Health, CGI, Omega Healthcare, Tech Mahindra, Teleperformance, and Visionary RCM** excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers










Source: Everest Group (2019)

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Everest Group assessment

Measure of capability:  High  Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
								

Strengths

- Through a mix of the organic and inorganic route, Optum has gained significant scale and presence in the healthcare space during the last few years
- It is one of the few service providers that can offer business process services across the value chain
- Additionally, Optum is heavily focused toward leveraging digital levers such as automation and analytics to provide technology-enabled services instead of solely focusing on offering traditional BPO services
- Its strategy to solving some of the core business problems while also tackling the administrative problems seems to be the right way forward, especially considering the struggle that health plans are witnessing

Areas of improvement

- While Optum has widespread capabilities across the healthcare payer BPO value chain, association with its parent organization hinders its ability to meaningfully work with some of the large-sized payers
- While Optum has significantly invested in building some of the larger technology solutions, it stands to gain by being nimbler in its approach of positioning its offerings as per client's needs and not being too focused on offering the entire stack at once
- The service provider needs to ensure that clients have a seamless and unified experience. Referenced buyers highlighted the need to work with different teams and lack of communication among teams as one of the key improvement areas

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Overview

Company overview

Optum is an information and technology-enabled healthcare services business focused solely on the healthcare industry. It serves participants across the entire health system (consumers, care providers, health plans, employers, government, and life sciences organizations) with more than 150,000 professionals globally. It supports five core capabilities: healthcare intelligence, pharmacy care services, population health management, healthcare delivery, and healthcare operations. Optum's products and services consist of 300+ health plans (including provider-sponsored, provider-owned health plans, and risk bearing entities), more than 80 global life sciences organizations, and 100+ federal, state and municipal agencies, governmental departments, and non-profit associations.

Key leaders

- Sir Andrew Witty, Chief Executive Officer
- Dirk McMahon, Chief Operating Officer
- Eric Murphy, Chief Executive Officer, OptumInsight
- Dr. Wyatt Decker, Chief Executive Officer, OptumHealth

Headquarter: Eden Prairie, Minnesota, the United States

Website: <https://www.optum.com>

Suite of services

- Network management
- Product development
- Member engagement
- Care management
- Claims management
- Risk & compliance

Healthcare payer BPO	2016 ¹	2017 ¹	2018 ¹
Revenue (US\$ million)	Not disclosed	Not disclosed	Not disclosed
Number of FTEs	Not disclosed	Not disclosed	>50,000
Number of clients	Not disclosed	Not disclosed	Not disclosed

Recent acquisitions and partnerships

- **2018:** Partnered with the Hazelden Betty Ford Foundation to expand access to quality and evidence-based addiction treatment services
- **2017:** Optum acquired Surgical Care Affiliates, which owns ambulatory surgery centers and surgical hospitals in 30 states, for US\$2.3 billion
- **2017:** Acquired the Advisory Board Company to cater to the changing market dynamics and to improve the health system
- **2017:** Partnered with AMGA on several strategic programs to improve healthcare offerings
- **2017:** Optum announced the acquisition of the DaVita Medical Group to expand the market reach of its care delivery portfolio, which includes MedExpress, Surgical Care Affiliates, and House Calls
- Partnered with FICO, Intel Corporation, Health Fidelity, MedeAnalytics, Crossix Solutions, Inc, Mi7, Synaptic Health Alliance, Cisco Systems, Medisafe, and Fibroblast, among others, to strengthen its mobility, cognitive, analytical, and digital capabilities in the healthcare segment

Recent developments

- **2018:** Launched the new Optum Analytics Managed Services and Optum Performance Analytics DataMart
- **2018:** Humana, MultiPlan, Optum, Quest Diagnostics and UnitedHealthcare launched Synaptic Health Alliance, a pilot program applying blockchain technology to improve data quality and reduce administrative costs. Aetna and Ascension were also added to the list. The first pilot project is tackling the high cost of healthcare provider data management
- **2018:** Optum, through Optum Ventures, is committed to investing USD\$600 million to fund digital health care firms. Among the initial investments were numerous cloud-based analytics platforms and machine learning capabilities

¹ 12 months ending June 30 of any particular year, i.e., from July 1, 20XX-1 to June 30, 20XX

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Key delivery locations



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Key clients and capabilities

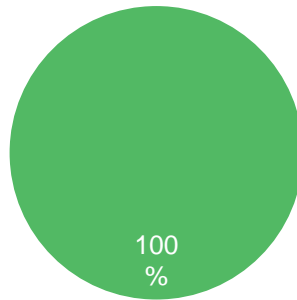
Key healthcare payer BPO engagements			
Client name	Processes served	Region	Client since
UnitedHealthcare	Network management, care management, and claims management, risk and compliance	North America	>10 years
Triple-S	Claims management	North America	>2 years
Medica	Claims management	North America	>5 years
Harvard Pilgrim Health Plan	Care management	North America	>10 years

Healthcare payer BPO FTE mix by segment
Number of FTEs

Not disclosed

Healthcare payer BPO revenue mix by geography
Revenue in US\$ million

100% = Not disclosed



North America

Healthcare payer BPO FTE split by delivery location
Number of FTEs

Not disclosed

Healthcare payer BPO number of clients by buyer size¹
Number of active clients

Not disclosed

¹ Buyer size is defined as large (>US\$10 billion in revenue), medium (US\$1-10 billion in revenue), and small (<US\$1 billion in revenue)
Note: Based on contractual and operational information as on June 2018

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Technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
Rally Health	Product management, member engagement, care management	Not disclosed	Digital consumer experience platform to integrate services that overcome the challenges customers face in a disconnected healthcare ecosystem. In addition, solutions such as Rally Engage, Rally Advantage, Rally Connect, and Independent Health Record provide a platform to navigate the health system based on the customer's health, financial, and personal needs	Not disclosed
StepWise Suite	Product management	Not disclosed	Software platform that simplifies design, deployment and distribution of health insurance products across stakeholders and businesses	Not disclosed
Provider Data and Network Management	Network management	Not disclosed	Aligned, end-to-end set of capabilities to help efficiently integrate and manage provider network data with software that supports network analytics, contract management (including modeling), recruitment analysis, credentialing, reporting, data distribution and directory services or solutions that help payers with network development and adequacy, data management and directory services, provider management, and payment innovation	Not disclosed
Impact Intelligence	Network management	Not disclosed	Integrated, web-based solution used to analyze network and provider performance, and to provide a holistic view of retrospective performance to identify areas and drivers of variance. Our solution offers scale via a robust, flexible data mart application that can be integrated into an existing reporting and analysis system, or serve as a stand-alone decision support solution. It also provides claim level drill-down functionality with pre-built, interactive dashboards and care pattern analysis functionality	Not disclosed
Risk & Quality Management	Risk & compliance	Not disclosed	Comprehensive integrated risk and quality solution that helps health plans identify areas of inaccurate reimbursement or underperforming quality metrics and apply resources for comprehensive interventions targeted at top opportunities to close risk and quality risk	Not disclosed
Condition Management	Care management	Not disclosed	Programs to help people better manage conditions such as heart failure, chronic obstructive pulmonary disease, asthma, coronary artery disease and diabetes	Not disclosed
Cancer Solution	Care management	Not disclosed	Comprehensive and integrated clinical experts and care team to support the treatment plan and help members in addition to a streamlined, automated prior authorization system with oncology expertise to generate requests in an average of 10 minutes	Not disclosed
Women's Health	Care management	Not disclosed	Programs for infertility, maternity and newborn services aimed at supporting healthcare needs from preconception through the first year of the infant's life	Not disclosed

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Technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
Symmetry	Care management	Not disclosed	The de facto industry standard platform for healthcare value measurement and evidence-based best practices, giving the information needed for individuals to get the correct care with the most efficient use of healthcare resources	Not disclosed
Optum Performance Analytics Platform	Care management	Not disclosed	UnifiedHealthcare data and analytics platform that weaves together the diverse clinical and claims data assets with a growing set of social, demographic, behavioral, patient-reported and quality outcomes data to give a comprehensive view of each patient, provider and facility	Not disclosed
Optum Performance Analytics Datamart	Care management		Single normalized data set containing the patient's healthcare organization's clinical data, claims data and other data sources, along with calculated values based on Optum's analytics engines	Not disclosed
Population Health – Behavioral Health	Care management	Not disclosed	People-centered care solutions aimed at connecting each person to the right level of behavioral health support he or she needs, at the right time, and with the right provider. Capabilities include comprehensive data-driven clinical management, collaborative medical-behavioral care management, the nation's largest performance-tiered network, largest proprietary tele-mental health network, largest Medication-Assisted Treatment (MAT) network and ongoing consultative insights	Not disclosed
Population Health – Specialty Conditions	Care management	Not disclosed	Care coordination programs focused on low volume / high cost conditions. Our customizable clinical and network solutions help payers and employers reduce expenses and improve outcomes	Not disclosed
Payment Integrity	Claims management	Not disclosed	Comprehensive Payment Integrity, Prospective Payment System, Claims Editing System, Fraud Waste and Abuse, Data Mining and Subrogation solution that helps clients address payment accuracy, flexibility in editing rules, claims resolution, cost avoidance and cost recovery	Not disclosed
Administrative Solutions	Numerous (see description)	Not disclosed	Affordable, scalable, flexible and tailored administrative solutions that support simplified and efficient operations, regulatory compliance, business growth and continuous improvement. Services span provider and network management, benefit plan management, customer experience, claims and member administration, encounter management, and financial management	Not disclosed

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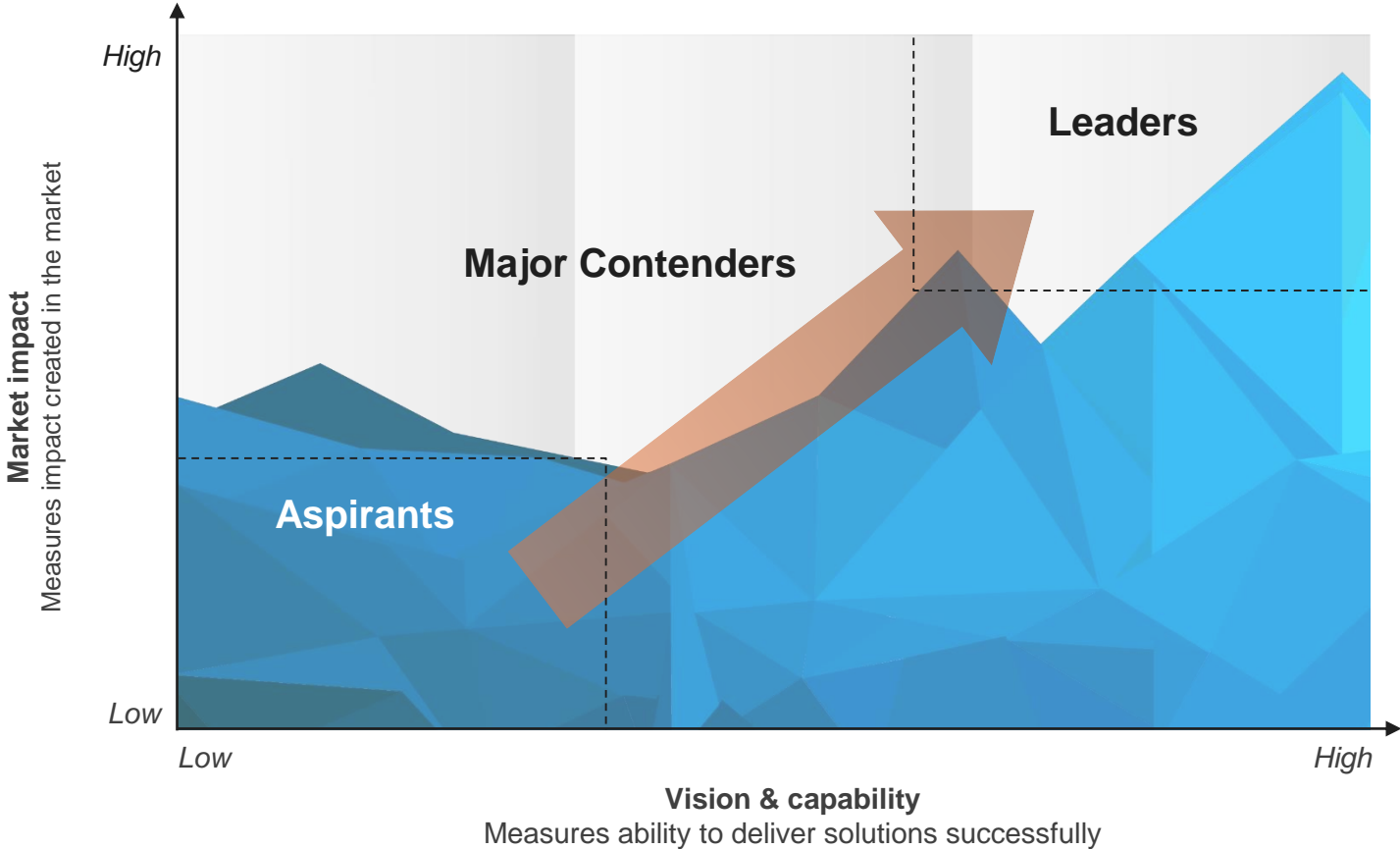
Technology solutions/tools

Solution name	Processes served	Year launched	Description	No. of BPO clients
Optum Medicaid Management Services (OMMS)	Numerous (see description)	Not disclosed	Innovative solution that lets states better manage their Medicaid programs using a low-risk, services-based model rather than building custom systems. OMMS service modules are available individually or combined: claims administration, EDI streamlining, encounter processing, provider management, third-party liability, electronic visit verification, utilization management and health management	Not disclosed
Integrated Eligibility	Claims management	Not disclosed	Technology platform that allows people to enroll into numerous Health and Human Services (HHS) programs using a single interactive application. The solution provides a complete view of all programs a person is eligible for. The platform also provides the state with one case management system that case managers can use to manage benefits across programs. It also provides a full suite of reporting and operational analytics	Not disclosed

Appendix

Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix



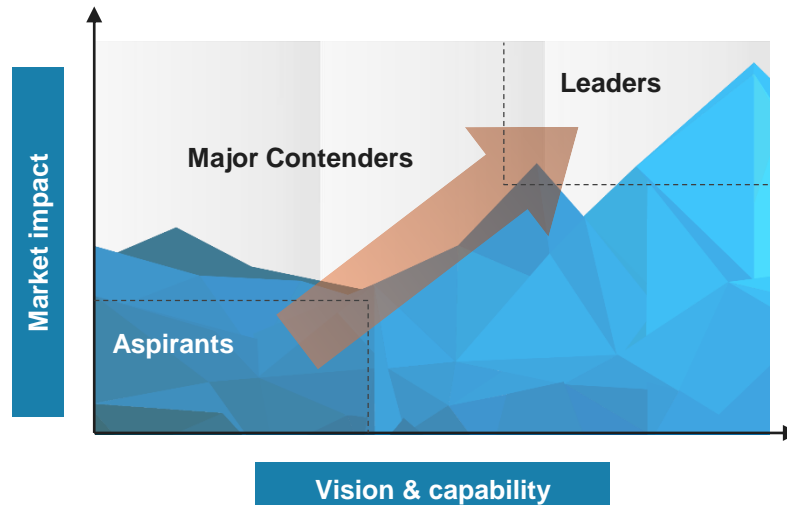
Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions

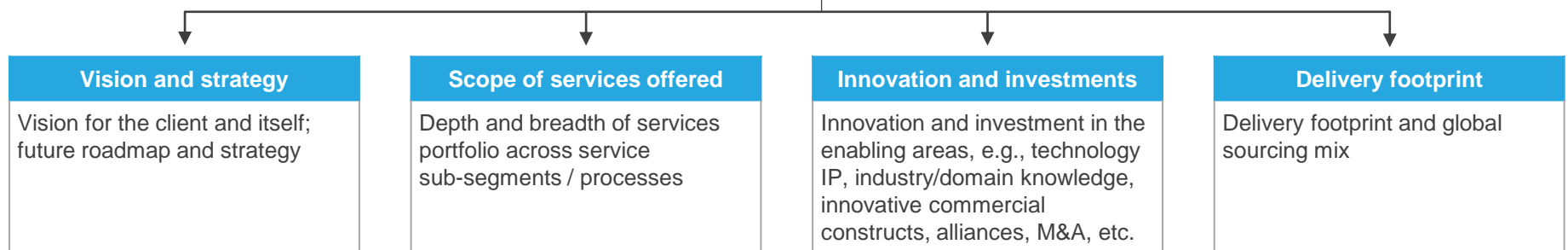
Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across geos and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact



Measures ability to deliver services successfully. This is captured through four subdimensions



Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service sub-segments / processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
 - Issue a press release declaring their positioning. See [citation policies](#)
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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