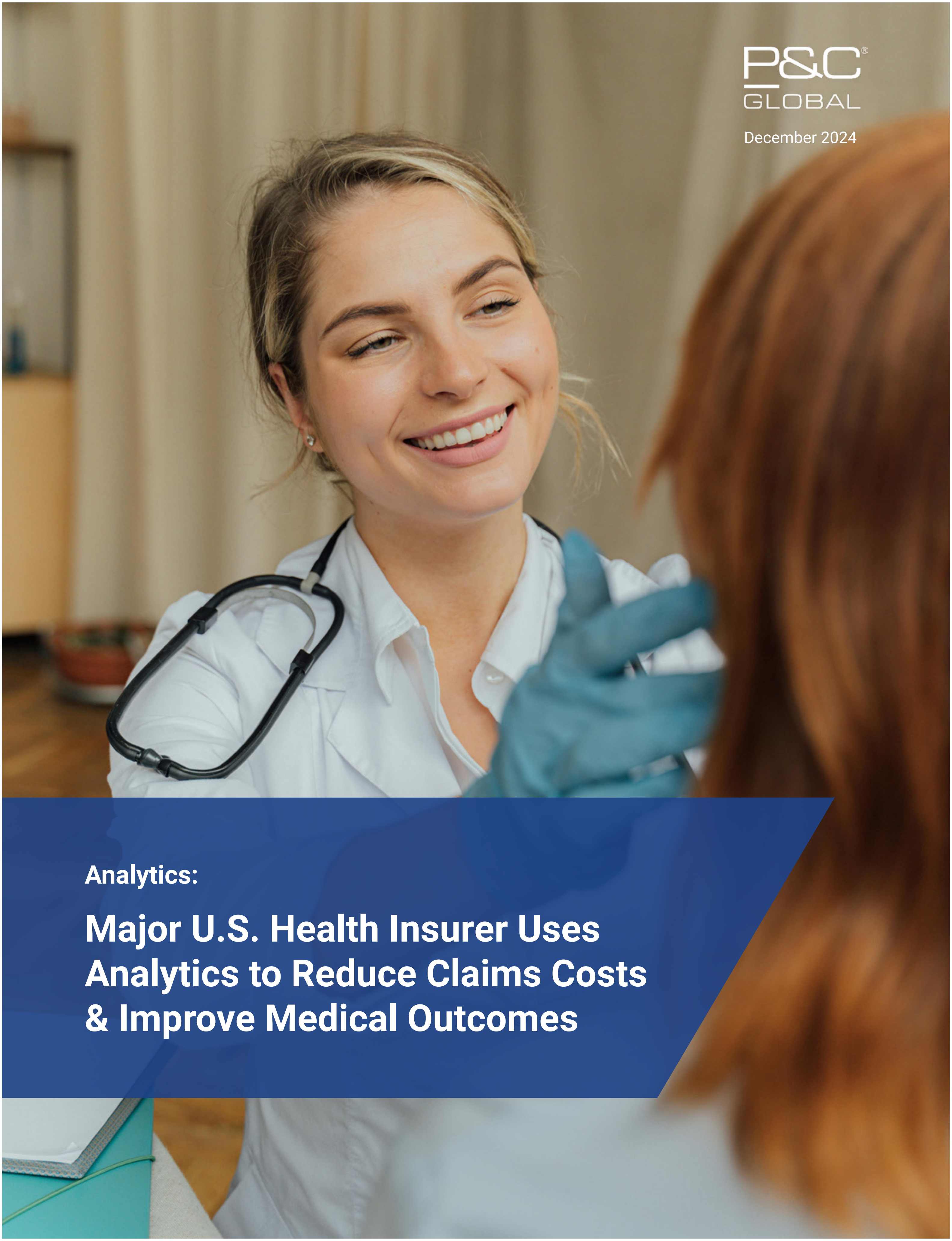

P&C GLOBAL

December 2024

Analytics:

Major U.S. Health Insurer Uses Analytics to Reduce Claims Costs & Improve Medical Outcomes

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Summary

With 25 years of medical claims and patient health outcomes data lying dormant in its databases, a major U.S. health insurer sought P&C Global's recommendations on how to harness insights from its data to improve quality of care and reduce costs.

At a Glance

$115M
Annual Savings

$415M
Total Value Delivered

18
Month Project Duration

The Situation

InsureCo*, a major U.S. health insurance company serving millions of customers, wanted to harness its vast data warehouse containing hundreds of billions of processed medical claims and patient outcomes records to gain actionable insights into various opportunities. In particular, they wanted to reduce costs, identify new protocols to improve patient care results, identify fraud, and improve performance. Internal IT resources were fully dedicated to other major projects underway and competency in big data analytics did not exist within the organization. Several large technology and consulting firms were approached about this opportunity; however, their responses required massive financial commitments with multi-year project durations. This outcome would have been contradictory to the company's stated objectives for a rapid Proof-of-Concept (POC) project and a roadmap to productize the platform across the company when fully completed. The company sought P&C Global's recommendations and an action plan to meet its objectives.

* Per the client's request, any identifying information has been excluded.

Our Approach

P&C Global worked closely with the company's project stakeholders–C-level leaders, Medical Management, Underwriting, Risk, Technology, Operations, and Finance–to gather, synthesize, and prioritize the expected outcomes using a value versus ease and capabilities analysis.

With project outcomes clearly defined and internal expertise and resource availability gaps in mind, together we agreed to an 18-month timeline to fully develop and implement the project. An initial forecasted target was set with an expectation of a $20-30M/year cost savings opportunity, net of all operating costs, that would support a fully productized solution.

Our Recommendations

P&C Global recommended five major project components:

1. Use Agile methodology to create a rapid prototype of the platform, leveraging recently licensed analytics software and existing data warehouse to deliver a proof-of-concept; thereby, eliminating immediate investment in technology tools which may prove unnecessary based on POC outcomes.

2. Concurrently, engage a team of healthcare economists to partner with the Medical Management team to identify the top 3 to 5 disease categories that are anticipated to provide the greatest potential for cost reduction and improved treatment outcomes.

3. Use the POC platform to identify disease categories and actionable insights from 25 years of historic claims and outcomes data. Engage the expertise of healthcare economists to create the alternative medical management models that offered the best opportunities for both improved patient care and reduction in overall costs.

4. Synthesize POC outcomes and the opportunities identified to create a business case for productizing and fully deploying the analytics platform inclusive of all associated costs.

5. Extend the analytics platform functionality to address claims of fraud and to build a suite of proactive Medical Management capabilities designed to reduce catastrophic claims.

The Results

InsureCo is now one of the top industry leaders in big data analytics and its business outcomes are frequently showcased as industry best practices. The 18-month, rapidly paced project delivered $115M in annual savings.

Proof of Concept

- Introduced Agile development methodology to the company and engaged P&C Global's partner ecosystem to deliver some of the best analytics and healthcare economics talent
- Led the development of the POC prototype application
- Led the process to identify the top 5 disease management categories with greatest potential as well as the alternative treatment protocols

Business Case

- Led the creation of the business case—exceeding the original target of $20-30M/year in cost savings
- Identified additional cost savings opportunities of $300M+/year to reduce claims fraud and proactive medical management protocols to reduce the recurrence of catastrophic claims

Productization

1. P&C Global led the development of the full analytics platform
2. Delivered a turnkey solution including the application, mobile functionality, and integrated medical management data models to capture the targeted savings
3. Using its Talent Acquisition expertise, P&C Global created an Analytics Competency Center for the company with a team of 48 people with deep expertise in the healthcare industry as well as Agile methodology, bid data analytics, health economics, and insurance fraud algorithmics—all new skillsets the company needed to expand the use of these capabilities

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