Why Cloud-based Portal Software Makes Sense for Today's Payers

By Win Norton, Chief Technology Officer, Health**x**

An easy-to-use, online self-service portal is no longer a nice-to-have, but a basic expectation of your customers.

As healthcare payers grapple with a deluge of new regulations, business models and member demographics, the need to engage members and providers through high-quality, well- designed portals has never been greater.

Although the challenges around deploying the technology for new services have grown considerably, led by the reality of stagnant or even shrinking IT budgets, CIOs still must find a way to deliver them quickly and efficiently to keep the organization competitive.
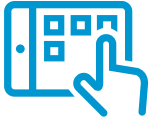
Let's face it: Members (especially Millennials – young adults), are conditioned by their experiences with other industries like retail, travel, and financial services. As a result, they have come to expect a personalized and engaging digital experience that includes mobile, tablet, and traditional desktop web. They want to interact with you and access their health information directly from any and all of their devices whenever and wherever they want.

Health plans that serve older members can't afford to ignore a seismic shift in internet use either; 59% of all seniors, 68% of Americans in their early 70s, and 87% of all seniors with a college degree go online.[1] This means members of a Medicare Advantage Plan will also likely expect their health plan to offer easy-to-use, informative and helpful options for online self- service. Additionally, with the "consumerization" of health insurance as a result of the Affordable Care Act (ACA) making coverage available to individuals who may or may not be knowledgeable about how to best use their health plans, it's imperative to deliver a great consumer experience and build a closer relationship through mobile and web digital solutions in order to attract and retain a share of the more of the -40 million new enrollees.

Healthcare reform is also driving a need to improve communications with providers as they make the shift to pay-for-performance reimbursement. They need access to a portal that provides information and tools to help them with their population health/ case management initiatives, expedites reimbursement, facilitates collaboration and supports improved clinical outcomes. It's essential that the portal is easy to use and that key information can be updated in real-time. Making it easy for members and providers to help themselves allows payers to handle an influx of new business without proportionally increasing their customer service and provider relations costs.

There is no question about whether to offer a portal. Online self-service portals are a baseline expectation for a large and growing section of your members. Instead, the CIO must consider how to create and manage this "demanded" experience – and do it exceptionally well.
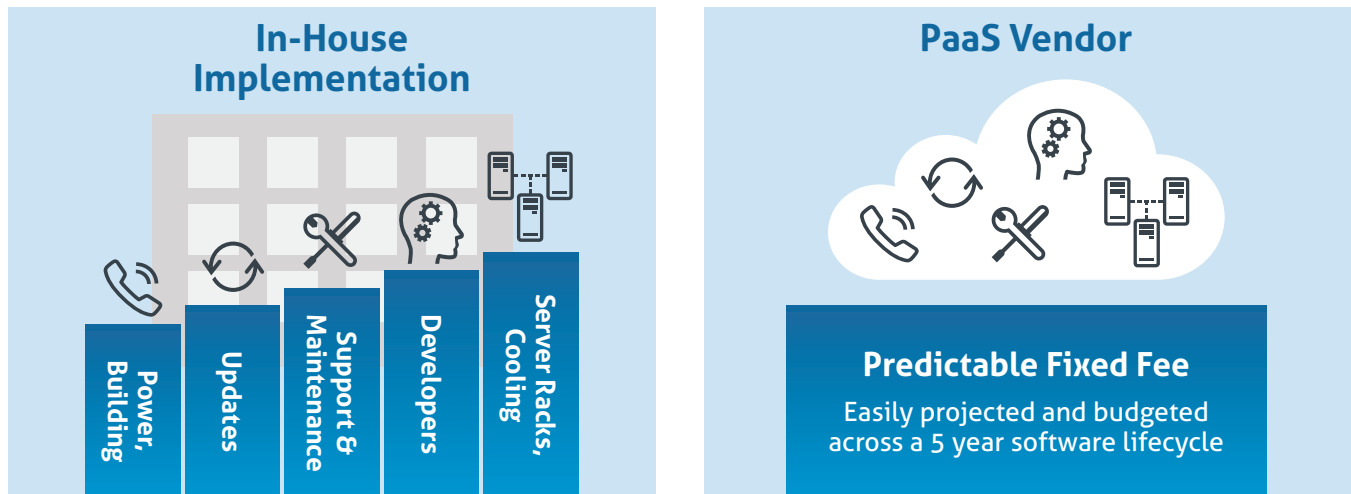
Determining The True Cost

Often the decision about whether to build the mobile and web solutions internally or work with a cloud-based Platform as a Service (PaaS) provider begins as a debate between whether it should be a capital expenditure (CapEx) or an operating expenditure (OpEx). That is an important consideration, but there is much more to the financial analysis.

As with any major software project, building internally requires gathering (or re-assigning) and "paying" for an army of developers, systems administrators, database administrators, quality control testers and other personnel through budgeting. It requires purchasing the hardware and software, obtaining the space for the data center, allotting time for developers to learn the technology and building in a high level of security and Health Information Portability and Accountability Act (HIPAA) compliance. And, it requires ensuring that sufficient budget and personnel are available to maintain and upgrade the portal throughout the software's five-year lifecycle. If scope creep enters the picture (as it always seems to), it can drive those costs as much as 50% higher. Not to mention, the cost of maintaining federal and state regulatory compliance, will inevitably change over time. All of these figure into your true Total Cost of Ownership.

With a PaaS solutions provider, there are no up-front costs for personnel, hardware, software, data center footprint, power, cooling, etc. Everything is covered under a fixed, predictable fee that is the same from day one to day final, and can be easily projected and budgeted for across the five-year software lifecycle.

Determining the True Cost of Ownership

In-House Implementation

Power, Building
Updates
Support & Maintenance
Developers
Server Racks, Cooling

PaaS Vendor

Predictable Fixed Fee
Easily projected and budgeted across a 5 year software lifecycle

Essentially, it is the difference between owning and leasing a corporate plane. If you purchase a plane, you are making a long- term commitment that requires a large up-front investment. You then must pay for regular maintenance and upkeep, scheduled inspections and any upgrades. If something goes wrong, you have to pay for the repairs. If you decide you want to upgrade to a newer model with more features in a few years you must sell the old plane – which is now worth considerably less than what you paid for it.

But if you lease the plane you pay far less up-front, and the leasing company is responsible for maintenance, upkeep, inspections and repairs. If you decide you want to upgrade to a newer, better model at the end of a year you simply move on to a new lease. You have few costs and many more options.

Key Questions
Every CIO Should Ask

Is the project core to our business?

Do I have the availability of internal developers (given competing projects and priorities) to complete this project properly?

Can or SHOULD significant internal resources be allocated to the project?

Do I have the expertise to design an elegant, intuitive user interface that will compel users to accept and use the solution?

Does my internal development team have the technical proficiencies to build a Competitive, enterprise-wide portal experience that will capture an increasing pool of new clients?

Do I have the availability of infrastructure (servers, routers, data centers, etc.)?

Do I have the budget to add a project of this magnitude?

Do I have the budget and internal resources to dedicate to maintaining and upgrading the portal through a five-year software lifecycle?

Achieving Speed To Market

If you still decide to build internally, understand that initial development is typically a long- drawn-out process filled with false starts, dead ends and less-than-stellar functionality, especially in the beginning. It can take a year or more from concept to launch, and even then it probably won't be all you hoped. One need only look at the launch of healthcare.gov to see what can go wrong with a web portal and the damage it can do to an organization's reputation. If your goal is to offer a high-quality portal quickly and efficiently, especially one that is available on the broad array of mobile devices members expect to use as well as via PCs, building internally is not the way to go.

Once the portal finally does launch, you're still not finished with it. You will need to make continuous improvements, adding new features and functionality to remain current with member and provider needs, meet ever-changing government regulations and make adjustments to your original concept as you learn along the way. If you find you were way off-base from the start, the initial investment and pain are often so high that it is difficult to make a significant change in direction – even if market conditions demand it.

Don't forget about your competition. Larger national payers are making substantial investments to address the direct-to-consumer wave. Not offering comparable consumer solutions may give your competitors the edge they need to gain a big lead in this high-growth market.

Evaluate Your Resources, Time and Expertise vs a PaaS Vendor's Speed to Market Capabilities

Feature	Internal Build	PaaS Vendor
Comprehensive features	Fair	Excellent
Time to implement	Fair	Excellent
Cost	Poor	Excellent
Scalability	Poor	Excellent
Ease of integration with core	Fair	Fair
Security	Fair	Excellent
Web domain expertise	Excellent	Excellent
Healthcare domain expertise	Excellent	Excellent
Support	Poor	Excellent
Maintainability	Fair	Excellent

When you work with a PaaS solutions provider, all of the initial development work has already been performed. The core functionality is there, often in the form of templates that speed the implementation process. A good PaaS solutions provider can have a fully-functional, fully-tested, cloud-based member portal enabled in less than 120 days.

Maintenance and upgrades are simplified as well, because they are the responsibility of the PaaS solutions provider. Where an internal team will tend to be reactive in developing new features or improving functionality, portal software is the PaaS solutions provider's core competency and sole focus. They will bring constant enhancements to ensure your portal offers the features, speed and ease of use your members and providers demand, with swift and agile rollouts occurring behind the scenes to avoid disruptions.

Maintaining Control

The most common argument for making portal development an internal project is assuming that it is the only way to maintain complete control how it looks, how it works and how it meshes with the rest of the business.

That is a false assumption. A good PaaS solutions provider will work closely with you throughout the development process, and then ensure you receive highly configurable administrative features that allow your IT staff to customize content, work flows, and user management as-needed. A PaaS platform is also a great environment on which to build your own features and extend the base portal. You have control over what's most important – the pieces that drive value to your organization – without having to maintain the rest.

Buying Expertise, Not Just Technology

Portal technology is becoming increasingly more sophisticated, as are the expectations of the users. It is difficult for an internal team to keep up with the market when portal development is not their core competency – or even close to it. Internal teams can also develop tunnel vision, focusing all of their attention inwardly rather than exploring new ideas across the breadth of the payer market.

When you work with a PaaS solutions provider, you're purchasing their expertise in the healthcare space as well as their knowledge of the technology. They will offer ideas based on strategies that have proven effective in driving success for dozens or even hundreds of other payers. They will also be far more aware of the mistakes other payers have made, which helps you avoid problems rather than spending additional time fixing them.

The thing to keep in mind is the technology itself is not the solution. It's the enabler of the solution. It is the expertise of the people using it that deliver the real competitive advantage.

Choosing The Right Partner

How do you choose between PaaS providers? Look for verifiable evidence. Have the PaaS provide proof of their ability to deliver contractually-guaranteed reliability/uptime and hardened HIPAA- compliant security, as well as rapid scalability of the technology, outstanding customer support and extensive domain expertise. Those will be your best indicators that the organization can help you offer the solutions your business demands.

Transitioning An Existing Portal

So, what if you were one of those early adopters who has already made a significant investment in portal technology? Does taking advantage of the many clear benefits of a cloud-based portal mean performing a complete rip-and-replace – and suffering the financial and political fallout that goes with it?

Not at all. A good PaaS solutions provider will deliver a platform that can be used seamlessly in conjunction with your existing portal technology, preserving your previous investments while adding more capabilities. They should have a public API that they can use to more closely integrate with their existing business. You can then decide whether you want to maintain what you already have, move some to the cloud or become entirely cloud-based as your business needs change and you realize the many benefits.

Deliver The Value

Portals are rapidly growing in importance as a means to communicate with and engage members and providers. They are also helping payers manage their operational costs as the industry works to absorb millions of new, individual members.

Cloud-based PaaS solutions providers offer lower up-front costs and total cost of ownership, shortcut the development process and deliver faster time-to-value. All while ensuring payer portals offer the most-desired features and functionality – whether as a stand-alone offering or an enhancement to an existing portal. They provide a valuable alternative in a rapidly changing health insurance environment.

About Win Norton

Win has over 15 years of experience with healthcare technology. He is one of the founders of Healthx and the leading technical innovator of Healthx cloud-based solutions. He conceptualized cloud-based computing for the healthcare payer industry before it was popularized. Win has made recent breakthrough discoveries in mobile and web application technology for the healthcare experience, based on the GoogleNow paradigm. He also established the largest and most scalable operational data store for healthcare claims and eligibility data. He is a graduate of Purdue University, where he received bachelor degrees in computer electrical engineering and electrical engineering with a research focus in artificial intelligence systems. He can be reached at win@healthx.com.

About Healthx

Healthx is the healthcare industry's leading digital engagement platform for connecting payers, providers, consumers, employers and brokers. Founded in 1998, Healthx is one of the first healthcare technology companies to offer a cloud-based platform for member engagement and provider collaboration resulting in 20 million logins annually. Fueled by innovation, Healthx leverages its industry knowledge, influence and relationships to deliver customized solutions to payers that are looking for a differentiator in the healthcare space. Today, more than 170 healthcare payers across the U.S. rely on Healthx solutions to drive greater ROI for their business. Healthx is powered by healthcare and technology experts that are passionate about member and provider engagement. For more information, visit us at www.healthx.com or call us at 877.492.3633.

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