

NEAT EVALUATION FOR COGNIZANT:

Healthcare Payer BPS

Market Segment: Overall

Introduction

This is a custom report for Cognizant presenting the findings of the NelsonHall NEAT vendor evaluation for *Healthcare Payer BPS* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Cognizant for healthcare payer BPS, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering healthcare payer business process 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 capability in plan design & enrollment, member services, claims & billing, provider management, and operations transformation.

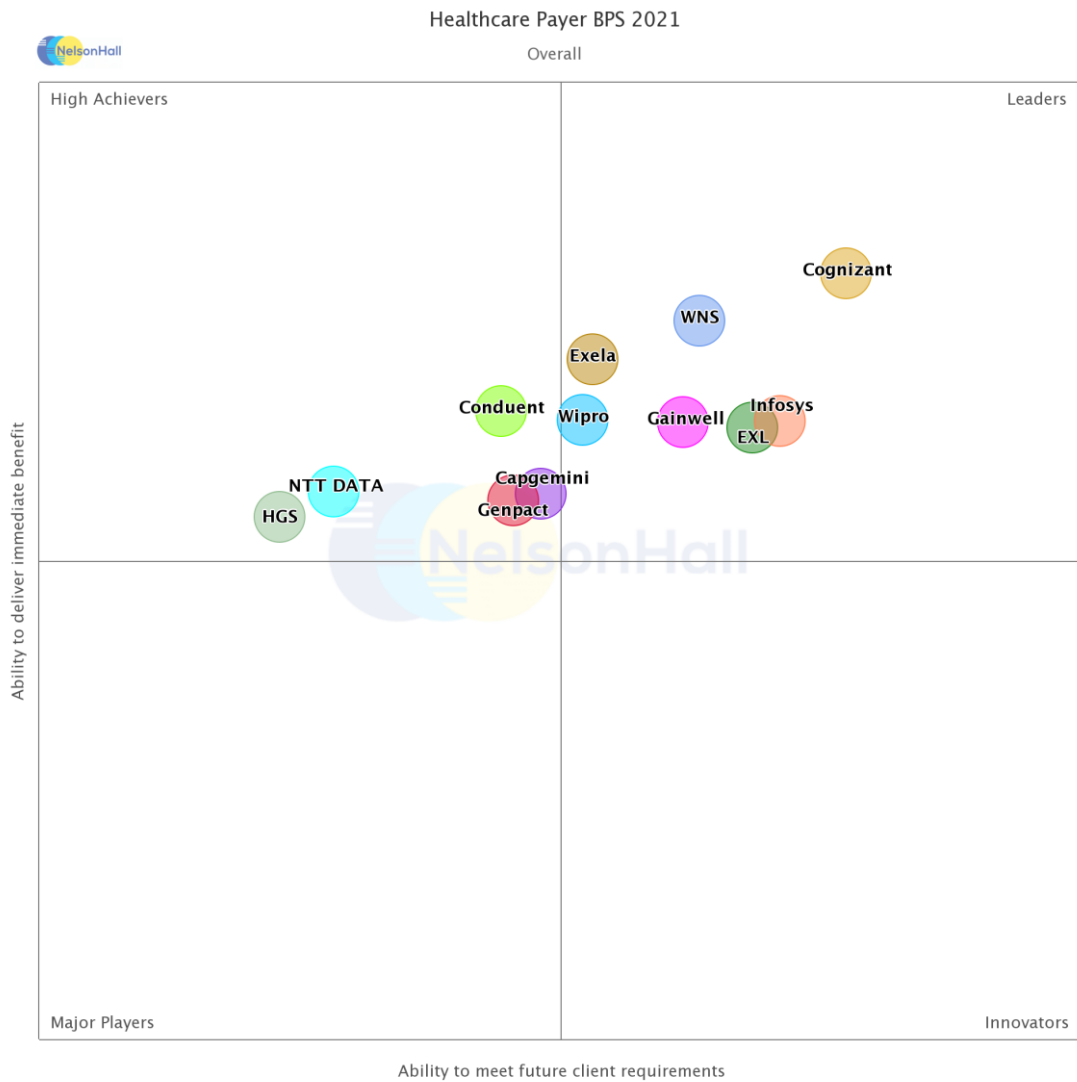
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

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

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



NEAT Evaluation: Healthcare Payer BPS (Overall)



NelsonHall has identified Cognizant as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Cognizant’s overall ability to meet future client requirements as well as delivering immediate benefits to its healthcare payer BPS clients.

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 BPS* NEAT tool (*Overall*) [here](#).



Vendor Analysis Summary for Cognizant

Overview

Cognizant, founded in 1994 under the Dun & Bradstreet Corporation, is a publicly traded organization headquartered in the United States, and became independent in 1996. It provides consultative and BPS services in 20 industries, and has over 283,000 employees across 37 locations globally.

The company offers consultation, design, development, implementation, and maintenance of digital solutions, workforce augmentation, compliance services, and training for the following healthcare payer BPS services: plan design/setup, customer service administration, enrollment, billing/collection, claims administration, provider administration and network management, and care management. Cognizant's BPaaS (Business Process-as-a-Service) packages BPS services around Cognizant's product eco-system for government and non-governmental lines of business.

Cognizant's proprietary platforms offer visualizations, reporting and dashboards, cognitive analytics, RCA, and analysis of call drivers, customer sentiment, agent performance, and SLA adherence. Solutions are implemented with embedded data analytics in data quality, data architecture, exchange reporting, analytics, and forecasting within operations services.

Services cover:

- *Plan Design* – solutions in risk adjustment, benefit configuration, and new product configuration for new and existing plans, including POS, PPO, HMO & ASO, CDH, HSA, and HRA
- *Member Services Administration* – consulting services, member contact center support, appeals & grievances management, and digital solutions for customer-agent interaction, customer self-service, AI, analytics, and backend automation tools for FTE productivity
- *Enrollment & Eligibility* – consultation and digital solutions for member management, group setup, billing and payment processing, order ID issue, interactive interface, and case installation
- *Billing & Collections* – BPS and consultation solutions in bill production, payment collection setup, payment processing, delinquency management, and premium subsidy management. Proprietary platforms and solutions provide automation and risk analytics reporting
- *Claims Administration* – complete solutions and workforce augmentation in claims intake, processing, adjustments, payment, audit and reporting, and payment integrity
- *Provider Administration & Network Management* – consultation, workforce augmentation, and digital solutions in provider contracting, provider data management, provider outreach, and credentialing with NCQA accreditation as a Credentials Verification Organization (CVO)
- *Care Management* – BPS and solutions in utilization management services, care management, disease management support, quality improvement, wellness, and member engagement services.



Financials

Cognizant reported overall revenue of \$16.65bn in FY2020 (-.08% YoY) and healthcare segment revenues of \$4.85bn (3.3% YoY), 29% of total revenue.

Cognizant does not publicly report specific revenues for each subsector of their healthcare vertical. NelsonHall estimates a relatively flat growth rate for healthcare payer BPS in 2020 with a significant scaling in the number of healthcare payer FTEs. This reflects Cognizant's continued focus on expanding this subsector of their healthcare vertical.

NelsonHall estimates Cognizant's 2020 healthcare payer BPS revenue to be \$469m, of which commercial payer revenues are \$244m and government payer revenues are \$225m.

Strengths

- The breadth of proprietary platforms and in-house solution portfolio moves towards an 'ecosystem' of digital enhancement for payers
- Cognizant continues to invest in cloud infrastructure to support digital transformation offerings
- Planned expansion of client base in government programs to meet market growth
- NextGen Member Service solutions offer biometric authentication methods and advanced speech sentiment analytics with workflow prompting for agent intervention; planned integration of Alexa capability in payer member self-service
- Offer HL7 FHIR compliant interoperability solutions and advisory services for clients.

Challenges

- Can expand sales support to provide pricing to the payer and real-time quotes to prospective payer members
- Can develop advisory support of payers' clinical policy and rules-based utilization management policies
- Can consider geographic diversification of offshore personnel for client risk mitigation.

Strategic Direction

Cognizant's focus is on three main areas for near-future development and investment:

- *Government programs BPaaS* – Cognizant believes the aging of the U.S. population and the current financial profile of the market will drive growth in government programs and, therefore, customer interest in their pre-packaged government plan model as well as multi-line of service BPaaS models including commercial
- *Lowering medical costs* – Cognizant will focus on digital service offerings to improve chronic care management while reducing administration and medical costs through value-based care and quality management services
- *Digital transformation* – Cognizant will continue to support clients' digital transformations through data convergence, AI/ML, automation, and analytics to improve client efficiency and customer experience.



With these areas of focus, Cognizant aims to drive transformation by embedding automation, and it has continued its investment in cloud capabilities with several acquisitions:

- *10th Magnitude* – expansion of the Microsoft Azure expertise within Cognizant's Microsoft Business Group, offering advisory and managed services around data center transformation, application modernization, and data intelligence with AI-driven analytics and insights
- *New Signature* (Microsoft specialist) – offerings include Microsoft 365, Dynamics 365, and Azure
- *Lev* (Salesforce Marketing Cloud specialist, Platinum Partner) – provides consulting, architecture design, technical optimization, and application integration services
- *Code Zero Consulting* (consulting and implementation services for Salesforce Configure-Price-Quote) and billing solutions.

Outlook

Cognizant continues to offer its robust advisory services for healthcare payer BPS and is expanding digital offerings for this sector. Cognizant's delivery capabilities remain strong and the subject of focus for near and long-term investment strategies. 2020 saw internal stability in their management structure, with completed onboardings of a well-known CFO and CEO-direct reports. Additionally, Cognizant continues to fill management positions with local talent in support of their strategic geographic growth.

Cognizant is continuing the push for its BPaaS offering. However, the overall strategic focus on expanding government plans will support the growth of their BPaaS model with a 'one-stop-shop' BPaaS offering for these plans and a tailored offering for commercial plans.

The focus for the BPaaS offering on small to mid-market plans will also continue, as these types of plans will be looking for comprehensive digital transformation solutions and services. National payers will continue to offer a market as they add service lines in an aging U.S. population.

Expect focused investment in digital clinical offerings, such as value-based care and the reduction of medical costs in payer and provider clients, to be a strategic focus area. Analytic offerings will play a large role in population health management and quality management, and automation solutions will continue to focus on process efficiency improvements.

Cognizant is also expected to bring its voice technology solutions from other verticals to the healthcare sector, such as Alexa assisted self-service transactions. This is part of the overall focus on digital clinical offerings and learning systems, with clinical and conversational AI.



Healthcare Payer BPS Market Summary

Overview

Healthcare payer business process services enable clients to utilize RPA, AI/ML, and analytics to improve customer service administration, reduce processing and turnaround times, reduce operational costs, and improve volume and process quality. Key user requirements include process redesign and domain expertise, advanced analytics, and the ability to offer cloud-based solutions.

Vendors are increasingly focused on intelligent automation to bring process efficiencies, digital personalization through advanced analytics, process redesign, and client-specific solution design. Vendors are expanding and increasing partnerships with IT vendors for “plug-in” solutions and platforms, and with academic institutions for talent skilling and domain expertise.

Key investment areas include a focus on partnerships with telehealth providers to integrate or design virtual care solutions to offer comprehensive support to clients in the functions of care management, wellness offerings, and member behavior interventions.

Buy-Side Dynamics

The key decision factors in selecting a vendor to deliver U.S. healthcare payer BPS are:

- Strong operational domain and process understanding
- Ability to rethink operational process boundaries
- Use of design thinking to reimagine processes and operating models
- Breadth of RPA and automation capability
- Advanced analytics capability
- Machine learning and deep learning
- Ability to offer cloud-based industry process transformation solutions
- Blockchain capability
- Proprietary tools and industry platforms.

Success Factors

Key success factors for U.S. healthcare payer BPS vendors include:

- Collaboration with payer clients to develop solutions
- Talent skilling and partnerships to provide domain expertise/crowd testing for solution design
- Local talent acquisition: investing in talent development in solution design and automation, and local domain expertise skilling



- Achieving regulatory body accreditations for business function areas to demonstrate domain expertise to healthcare payer clients
- Maturity of front-end applications and back-end efficiencies
- Maturity and application of advanced analytics: aggregation and analysis of internal and external data to design and price new and renewed plans and enhance CX
- Continued acquisitions of technology firms or consulting firms to boost domain expertise
- Increasing interoperability support to payers, with continued client demand for APIs and interoperability support for enrollment functions, claims and prior authorization, provider data and network management, and member care coordination
- Offering CX advisory consultants to train contact center agents and advise on process redesign
- Expanding COE and innovation labs in proximity to client delivery locations
- Partnerships with academic institutions and medical institutions: partnering with these institutions to improve talent skilling and domain expertise in services and solutions
- Service delivery in geographic proximity to client engagements: private payer vendors are scaling onshore presence to support growing state and federal lines of business
- Offering telehealth support services and solutions through partnerships.

Outlook

Vendors are increasingly focusing on intelligent automation to bring process efficiencies, digital personalization through advanced analytics, process redesign, and client-specific solution design. Client demand continues for APIs and interoperability support for enrollment functions, claims and prior authorization, provider data and network management, and member care coordination. Vendors are investing and forming partnerships with telehealth providers to integrate or design virtual care solutions to offer comprehensive support to clients in care management functions (inclusive of SDOH data), wellness offerings, and member behavior interventions. Vendors are also expanding and increasing partnerships with IT vendors for “plug-in” solutions and platforms, academic institutions for talent skilling, and domain expertise.

The future direction for U.S. healthcare payer BPS will include:

- Wider adoption of AI/ML to inform and augment care management and utilization management functions
- Enabling deeper integration of AI/ML and NLP in data extraction and classification
- Vendors expanding the scope of information exchange and role in creating digital ecosystems in healthcare
- Greater focus on customer service administration and enrollment services and solutions enhanced by digital self-service options, real-time behavioral analysis, and external APIs for secure data exchange
- Expanding implementation of member- and provider-facing chatbots and virtual agents
- Enhancing the application of advanced analytics to inform member outreach and improve member and provider satisfaction metrics



- Expanding the use of analytics and automation to identify overpayments/errors before claims payment and enhanced digital self-service for the provider lifecycle
- Greater focus on unsupervised automation, augmented by analytics and continuous learning
- Private payer vendors will scale onshore presence to support growth in state and federal sub-sectors of the healthcare payer market
- Developing internal talent skilling in solution design and domain expertise.



NEAT Methodology for Healthcare Payer BPS

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 client future 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 client future 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	<ul style="list-style-type: none"> Plan design, pricing, underwriting, new plan setup Customer/member services/administration Enrollment/health insurance exchange services Billing and collections Claims administration Provider network management Provider administration services Care management and wellness services
Delivery	<ul style="list-style-type: none"> Scale of delivery capacity/FTEs Perceived caliber of personnel Percentage of off-shore workforce Use of advanced analytics Use of digital transformation Use of payer specific platform(s) Ability to reimagine services/processes Client perception to reimagine services/processes
Presence	<ul style="list-style-type: none"> Number of U.S. private sector clients Number of U.S. public sector clients
Benefits Achieved	<ul style="list-style-type: none"> Perceived reduced operational costs Perceived improvement of member satisfaction Perceived improvement of regulatory ratings Perceived reduction in processing and turnaround times Perceived reduction in leakage Perceived 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 and Delivery	<ul style="list-style-type: none"> Level of investment in healthcare payer BPS Perceived future suitability in plan design, pricing, underwriting, new plan setup Perceived future suitability in customer/member services/administration and enrollment services (on and off the insurance exchange) Perceived future suitability in billing, collections, and claims administration Perceived future suitability in provider administration and network management Perceived future suitability in care management and wellness services
Future Use of Technology	<ul style="list-style-type: none"> Payer specific platform(s) Ability to apply new technologies
Market Momentum	<ul style="list-style-type: none"> Strength of partnership or client relationships

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



research.nelson-hall.com

Sales Enquiries

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

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