SOFTHEON

Powering Growth in Evolving Government Markets

Insights from the 2023 Spring Executive Advisory Council

Executive Advisory Council Overview

The Softheon Executive Advisory Council (EAC) is an exclusive gathering of healthcare visionaries, carefully selected to form a think tank dedicated to driving innovation in the industry.

In Spring 2023, Softheon hosted 16 senior executives from health plans and government-health agencies. Notable representatives from Cambia, AmeriHealth, Independence BCBS, Priority Health, UCare, and BCBS of Tennessee lent their expertise and insights to the conversations.

This esteemed group comprises leadership from national and regional health plans that represent over 50% of U.S enrollees. Collaboration and transparency are the guiding principles of this council, fostering an environment where diverse perspectives and ideas converge.

Executive Summary
Futureproofing for growth in government-sponsored markets

The central theme of the meeting was futureproofing.

To ensure future success, health plans must prioritize building robust business cases that not only focus on return on investment (ROI) but also adapt to future requirements.

Strategic investments that address the needs of current members while considering demographic changes will allow health plans to adapt to upcoming industry challenges. However, there is no one-size-fits-all approach.

Each state and county have unique characteristics that heavily influence the priorities and limitations faced by health plans. It is essential for health plans to navigate these complexities and find innovative solutions despite potential limitations and roadblocks imposed by federal and local regulations.

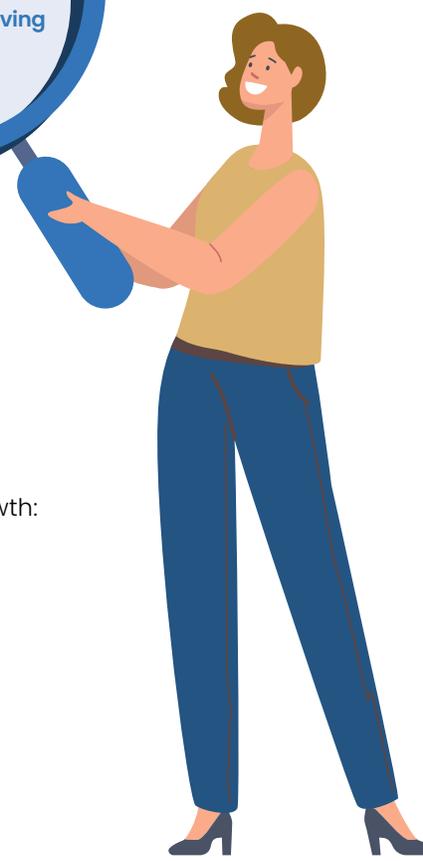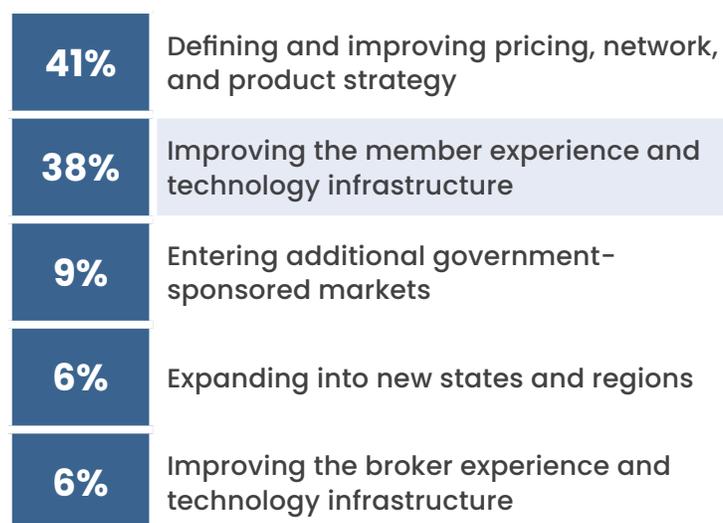Key takeaways for futureproofing from group discussions:

- Meeting the rising demand for digital channels and enhanced member engagement requires investments in Artificial Intelligence (AI).

- Investing in good member data, which can also serve to improve health equity efforts, lays the foundation for your success in states projected to become majority-minority.

- Carriers should plan for ACA growth that prioritizes long-term viability alongside immediate profitability.

- When presenting to executive teams or boards, internal business proposals should be able to show ROI with detailed assumptions, even if profitability is 2-3 years away.

Growth Planning and Analysis in Government-Sponsored Markets

The following charts and information have been derived from a pre-event survey conducted with attendees. These valuable insights and data have been gathered directly from the executives' responses, providing us with a comprehensive understanding of their perspectives and experiences.
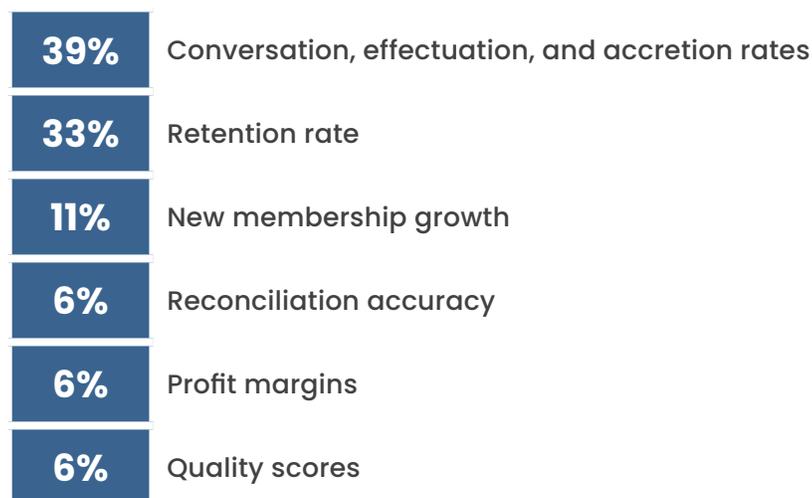
Top Priorities for a Diverse Collection of Health Plans

The percentages below represent the attendees' top priorities:

41%	Defining and improving pricing, network, and product strategy
38%	Improving the member experience and technology infrastructure
9%	Entering additional government-sponsored markets
6%	Expanding into new states and regions
6%	Improving the broker experience and technology infrastructure

70% of respondents in this category were solely focused on improving the member experience

Top Metrics for Defining Health Plan Growth

The percentages below represent the attendees' most important metrics for defining growth:

39%	Conversation, effectuation, and accretion rates
33%	Retention rate
11%	New membership growth
6%	Reconciliation accuracy
6%	Profit margins
6%	Quality scores

SOFTHEON

Key Takeaways and Topics of Discussion
Smart investments for future success

Executives representing a diverse range of health plans discussed the following key areas for driving growth and futureproofing in evolving government markets.

1 Investing in Adaptable Technology: Digital channels and artificial intelligence

To futureproof operations, adapting populations require evolving distribution channels.

The council discussed the need to meet the evolving expectations of customers, including the demand for instant, personalized, mobile-friendly, and omni-channel experiences. It was emphasized that even young "Boomers" are seeking more digital channels within Medicare Advantage.

The council agreed that plan management was moving away from desktop computers. There is a growing necessity for the adoption of mobile applications, catering to both the younger generation and Medicaid enrollees.

To meet the increasing demand for digital channels and improved member engagement over the next five years, there must be significant investments in improving the user experience through Artificial Intelligence (AI).

AI's potential can still be seen as imaginative or even fantastical. Could you imagine a lifelike version of a popular celebrity serving as a virtual broker for members? And we might be closer than you think.

People are paying for AI companionship. And more practical applications of AI are already in healthcare. For example, an AI co-pilot that aids call center agents in answering complex questions about the ACA.

To underscore the growing influence of AI, a CFO of a national health plan shared the following results from a **recent study: 78.6% of users preferred ChatGPT** over physician responses to patient questions. Automatically generated responses were rated significantly higher for both quality and empathy.

Distribution models are shifting to accommodate AI-driven member engagement, and members are happier.

> **" Getting member experience right is exponentially more important than just providing healthcare coverage. "**
>
> *–An industry leader with experience leading multiple health plans*

SOFTHEON

2 Predicting the Future with Data: Using your current membership data to prepare for changing demographics

Understand the needs of different demographics to better serve your future majority audience.

Discussion centered around how to collaborate with community organizations and providers to offer individualized services that meet the evolving needs of members. Demographics are shifting, with **minorities accounting for the majority of births in 2012** and now the majority of youth. These children will soon age into individual coverage, and carriers need to proactively equip themselves to provide comprehensive and inclusive support for this growing and varied population.

As the population continues to evolve, plan designs need to address the diverse needs and preferences of individual members. This includes tailoring healthcare services and coverage options to cater to specific age groups, cultural backgrounds, and socioeconomic factors.

Carriers need to prepare for the future when these young individuals reach the age to purchase insurance, underscoring the significance of proactively adapting strategies to cater to changing demographics. For example, the council discussed the transition away from primary care providers (PCPs). Recent pushes for utilization for urgent care centers, telehealth, and other convenience-focused care settings have been effective.

Having a deep understand of members allows carriers to prepare to better serve a changing and distinct member base.

A CFO from a nonprofit health plan emphasized the importance of leveraging data and analytics to effectively address diverse challenges faced by various demographic groups.

BCBS of Tennessee, whose membership is comprised of 25% racial or ethnic minority groups, **shared its annual health equity report** that tracks 20 key health metrics for ~2 million members. This report will be updated annually and shift to focus on interventions aimed at eliminating barriers, addressing care gaps, and driving lasting change.

In addition to collecting member data, plans should foster partnerships with various stakeholders committed to driving change, including community resources, public health entities, providers, educators, and policymakers.

3 Understanding Industry Changes: What to consider as the ACA grows

An Individual Market Leader highlighted the importance of anticipating and adapting to the projected growth of the ACA

Carriers need to develop growth plans that not only yield immediate profits but also ensure long-term viability. While the ACA may seem volatile, that doesn't mean you don't plan for the future.

Implementing futureproofing measures becomes crucial to navigate the dynamic environment and secure long-term success in the face of ACA growth.

Key industry changes discussed included the reduction of non-standardized plans on the FFM in 2024 and 2025, as well as the auto re-enrollment process in 2024.

Overall, the individual market is experiencing multi-year growth, with QHP exchange enrollment reaching record levels. A notable metric is the 13% increase in individual enrollment during the 2023 OEP compared to 2022, showcasing consistent growth over the past four years and achieving an all-time high in QHP enrollment.

Health plans should reflect on the upcoming opportunities and consider the following questions regarding their future operations:

- Which aspects are critical for your ACA business: people, processes, technology, or metrics? How do you anticipate these changing in 2-3 years?

- How can you demonstrate the ROI for future performance and long-term investments? What cultural shifts are needed in the industry to foster this mindset?

- In what ways are your plans educating individuals with limited healthcare system experience? Have you effectively utilized broker networks, navigators, or community health centers for this purpose?

How to Start Futureproofing
Winning internal business proposals

Don't let your futureproofing plans die before they start.

An industry leader that has run multiple health plans outlined how to produce an effective and futureproofed business proposal. Projected profitability should be grounded in present growth and consider future opportunities.

3 Critical elements of a successful business case:

Credibility	Flexibility	Clarity
Based on data and consistent historical performance.	Tailored to the unique needs of each payer and vendor.	Simple enough for any P&L owner to comprehend, yet comprehensive to satisfy CFO requirements. Achieve clarity through: – A straightforward bottom line shown through ROI. – A thorough breakdown of all the assumptions and inputs used to calculate the ROI.

When presenting business proposals to senior leadership, ensure you're ready to address how your proposal will impact gross margins and medical loss ratio (MLR). Keep in mind that metrics are heavily influenced by factors other than profitability, limiting their application.

Understand the limitations of MLR and how to convey them before talking with decision makers.
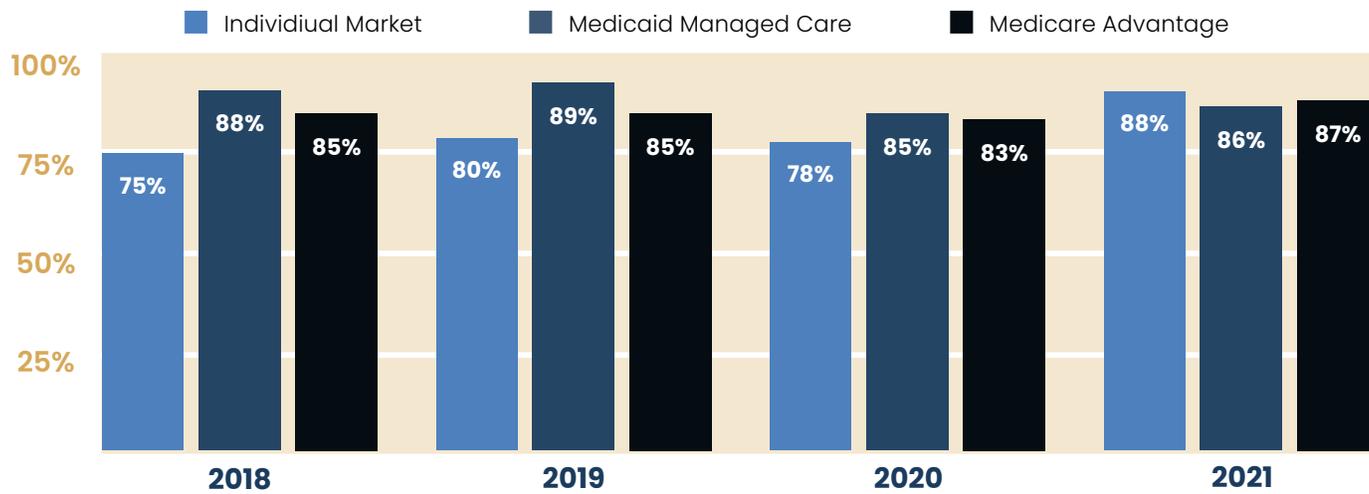
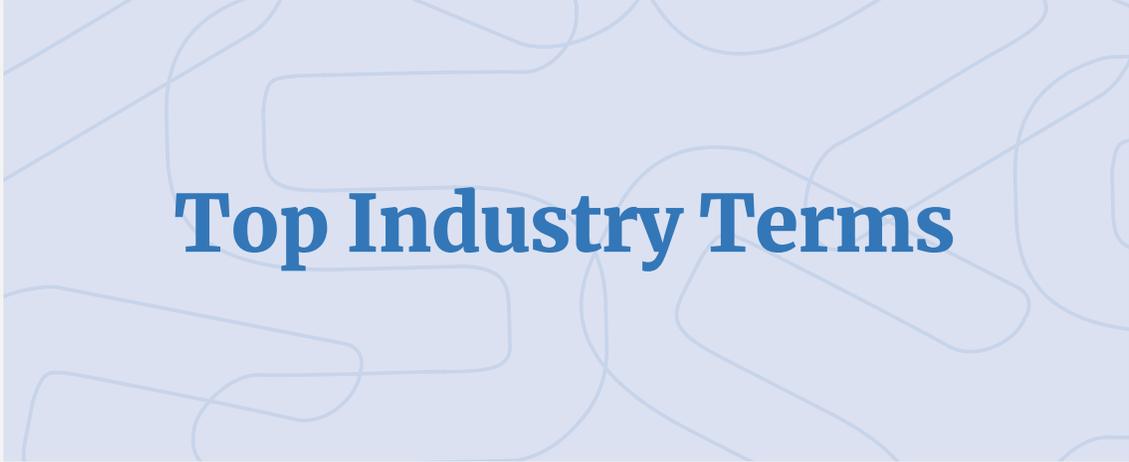## Medical Loss Ratios from 2018-2014

Chart 2 Data utilized from KFF analysis of data from Mark Farrah Associates Health Coverage Portal™

The increase in MLR could be attributed to insurers streamlining their administrative costs for improved efficiency or operating with narrower margins. By enhancing efficiency and reducing overhead rates, insurers can deliver greater value to consumers while still complying with MLR regulations, allowing for potential margin growth.

Upcoming Industry Changes and Opportunities

Health plan executives have provided valuable insights into the changing dynamics of the healthcare industry, shedding light on the trends and priorities that are likely to take center stage in the coming year. By tapping into their expertise, we can gain valuable intelligence on the upcoming priorities and changes that will drive the agenda for health plans.

CMS Risk Adjustments

Real-Time Transactions

Technology and AI

1332 Waivers

ChatGPT

Market

Medicare Connector

Meeting the Member

Medicaid Waivers

Provider-Sponsored

Medicare Regulatory Changes

Continuity of Coverage

Top Industry Terms

Medicaid Redeterminations

Risk Adjustment Strategies

ICHRA

Applications

Coverage

About Softheon

Softheon helps make healthcare more affordable, accessible, and plentiful.

Our solutions enable health plans and government health agencies to measurably reduce their costs and serve more people, faster. Every day, Softheon's products help people to buy the insurance coverage that's right for them, keep them engaged, and empower them to stay healthy throughout their membership.

We integrate with existing legacy systems, so you can automate critical processes and improve your member journey, without needing to overhaul all of your core systems. The more we evolve, the easier your life gets.

To learn more about how to expand revenue sources and improve outcomes or express interest in the next EAC, contact:

Email info@softheon.com
LinkedIn linkedin.com/company/softheon

SOFTHEON