



The Yale Healthcare Conference 2011 – **Emerging Opportunities** for Outsourcing in the U.S. **Healthcare** Market

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The impact of healthcare reforms on the U.S. healthcare industry, rising healthcare costs and the need to look at new operating models to survive in this market dominated discussions at the Yale Healthcare Conference this April. The annual conference is a joint effort between the Yale School of Management and the Health Professional Schools at Yale University. This year, WNS was the corporate sponsor for the conference that brought together professionals, academics and students to deliberate on current healthcare issues.

More than 400 healthcare professionals participated in the Yale Healthcare Conference 2011, the theme for which was 'The Change Imperative: Navigating the Post-Reform Era.' Carmen Hooker Odom, president of the Milbank Memorial Fund, a foundation that conducts non-partisan analysis, study and research on significant issues in health policy, presented a keynote. Dr. Louis W. Sullivan, chairman of the board of the National Health Museum and former secretary of the U.S. Department of Health and Human Services, presented the closing address. WNS led the breakout session on 'Rethinking Promotion in the Pharmaceutical Industry'.

The Current Status of the U.S. Healthcare Industry

The Yale Healthcare Conference 2011 focused on innovative strategies to overcome the new challenges physicians, insurers, government agencies, pharmaceutical, medical technology companies and other key stakeholders are facing in the current U.S. healthcare system.

According to the U.S. Department of Health and Human Services, by 2025, the U.S. will need an additional 160,000 doctors, 250,000 public health workers and 1,000,000 nurses. The U.S. has fewer physicians per capita – 2.4 practicing physicians per 1,000 population – than the Organization for Economic Cooperation and Development (OECD) average of 3.2. In 2008, there were 10.7 nurses in the U.S. per 1,000 population, slightly above the OECD average.

In addition, with baby boomers due to retire in 2011, the number of Americans over 65 is expected to soar from 37 million in 2006 to 88 million by 2050, according to the Department of Health and Human Services, Administration on Aging, 2008. There are also rapid developments in medical technology and higher utilization of services. This will mean that hospitals, drug manufacturers and medical practitioners need to brace themselves for increased costs and capacity pressures.

The Yale Healthcare Conference 2011

Dr. Sullivan's keynote highlighted that in 2009, U.S. health spending increased by 5.7 percent from the previous year, reaching USD 2.5 trillion—the largest one-year increase of health expenditure GDP since the 1960s. According to the OECD, between 1960 and 2007, life expectancy in the U.S. increased by eight years compared to the average increase of 11 years in other OECD countries. In 2007, average life expectancy in the U.S. was 77.9 years—1.5 years less than the average of other OECD countries. In 2006, infant mortality in the U.S. was 6.7 per 1,000 live births—higher than the OECD average of 4.7. In 2008, the U.S. had the highest obesity rate among OECD countries, 33.8 percent.

The breakout sessions at the conference included talks on:

- **The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act** (the Affordable Care Act) that mandates the creation of the National Prevention, Health Promotion and Public Health Council and the development of the National Prevention and Health Promotion Strategy. This presents a historic opportunity to bring prevention and wellness to the forefront of the country's efforts to improve health.



- **The National Prevention and Health Promotion Strategy** (National Prevention Strategy) that provides an unprecedented opportunity to shift the focus on sickness and disease to one based on wellness and prevention. Currently, chronic diseases and conditions account for at least seven out of ten deaths in the U.S. and for more than 75 percent of medical care expenditure. Many of these conditions are preventable.
- **Delivery System Reforms:** Two of the key goals of healthcare reform are achieving higher quality healthcare and increasing the cost-effectiveness of the healthcare that is received. These two areas are inextricably linked. Many experts believe that unless we link payment reforms to improvements in the quality and structure of our healthcare, we will continue to face rising medical costs and declining health outcomes. According to a *New England Journal of Medicine* article in 2009, physicians can and should play a leading role in achieving healthcare reform by working towards comprehensive reform of the way healthcare is paid for and delivered and helping achieve a guaranteed 1.5 percent annual savings in healthcare costs that would pay for covering all Americans.
- **Details on the New Era of American Healthcare:** This session highlighted what patients are likely to encounter with the new reforms. The benefits include a physician practice that is accessible 24/7 and helps arrange appointments with specialists, electronic medical records that are accessible when needed with the patient's authorization, and better information and support when discharged from the hospital.

Key Drivers of Healthcare Outsourcing in the U.S.

The ongoing healthcare legislation in the U.S. that includes the Patient Protection and Affordable Care Act (PPACA), the Health Care and Education Reconciliation Act of 2010 (HCERA) and allied reforms such as the American Recovery and Reinvestment Act of 2009 (ARRA) are resulting in changes with respect to healthcare outsourcing. There will be increased access to healthcare across the U.S. Forecasts suggest that there will be a demand for higher quality healthcare, which in turn, will raise the bar and create new challenges for service providers with a focus on performance guarantees. There will also be focus on workforce diversity in order to provide a linguistically and culturally competent workforce, increased research creativity and decreased rate of medical errors and malpractice costs.

The following factors present a unique opportunity for healthcare outsourcing:

- A likely increase of approximately 32 million people due to insurance coverage. This will mean increased registration, process documentation and claims.
- The mandatory implementation of electronic records will involve technological changes and this can be handled cost-effectively through outsourcing.
- The medical coding industry in the U.S. currently uses ICD-9 (an International Coding System that enables providers to code specific diagnoses). Most countries have already converted to ICD-10. Regulation in the U.S. is expected to change from ICD-9 to ICD-10 only in October 2013. Outsourcing will help companies to better adapt to the upgrade.
- With an aging demographic and more people availing healthcare benefits, there is a scarcity of domain knowledge experts in health insurance. Outsourcing firms have invested in this area and have the required talent pool.
- The U.S. healthcare system is one of the most expensive in the world and outsourcing can result in a cost advantage due to transaction volume.
- With a requirement for 24-hour healthcare that caters to a diverse workforce, medical call centers will find a fit. Research and Analytics would play an important role as companies look towards outsourcing.

Partnering with a global Business Process Outsourcing (BPO) firm like WNS will give healthcare companies in the U.S. access to the services of specialists. Experienced BPO providers can handle customer care, claims administration, policy administration, analytics and sales and distribution processes.

To learn more, please write to us at info@wns.com