



The Rise of the Payvider

By Nayan Patel

Health systems today are seeking ways to diversify risk-based payments. To have a greater role in their risk-management, providers and payers are seeking to align more, and they are becoming what's called a "Payvider." Payviders are exactly what they sound like: payers and providers combined.

So, who are payviders?

A payvider is a mutually beneficial partnership between a healthcare payer (often a health insurance plan) and a provider (usually a healthcare system).

By having a contractual or joint ownership arrangement between a payer and a provider, the new payvider is able to deliver cost-effective health services by having full management over how their members receive care.

Payviders have grown in number due to the Centers for Medicare and Medicaid Services (CMS) placing an emphasis on Accountable Care Organizations (ACOs). In ACOs, all of the providers who treat a patient during the year receive a single payment that they then divide amongst themselves. This requires each entity to maximize the efficiency of their care delivery to maintain margins.

Payviders are also growing in number due to the shift in healthcare systems focusing on quality instead of quantity of services. In this “value-based” healthcare system, the amount of money hospitals and physicians receive is based upon patient outcomes, service quality and cost containment. Providers are incentivized to help patients improve their overall health, reduce the incidence and effects of chronic disease and live healthier lives, and in turn the providers are rewarded for these efforts. This differs from the traditional fee-for-service approach in which providers are paid for each service they perform, making their focus the quantity of services rather than quality.

Why become a payvider?

Typically, when providers and payers take on more risk, they can reduce their own financial risk, improve health outcomes and increase their profitability.

While a system based on the quality of care is riskier for providers, payers also have a stake in the form of premium costs so by combining forces and becoming a payvider, both the provider's and payer's interests align.

There are currently three payvider models:

- 01 Insurance companies become providers:** A payer (insurance company) transitions to providing healthcare and offering insurance. Instead of being an insurance company with healthcare elements, they become a healthcare company with insurance elements.
- 02 Healthcare providers creating their own insurance plans:** A provider controls premiums and doesn't need to share any savings created—from improving the quality and operational efficiency of their health services—with insurance companies.
- 03 Joint ventures between payers and providers:** Payers and providers partner to design healthcare plans with the shared goals of improving patient care and bringing in additional insured individuals.

These three models may develop over time and will adjust based on economic conditions and the needs of a particular market, location, payer mix or provider type.

Benefits of payviders for payers, providers and patients

With more payviders, the healthcare industry has seen key benefits to the market including improved health outcomes, strong provider relationships and better patient engagement. These benefits will lead to lower costs for patients in the long run.

A recent survey of 120 payers by Change Healthcare showed that increased use of value-based care has helped improve quality of care, it has increased patient engagement and reduced costs. The survey found that under value-based care:

The cost of unnecessary medical expenses was reduced by 5.6% on average

80% of payers reported increases in the quality of medical care

64% of payers reported improved relationships with providers

73% of payers said that patient engagement had improved

When done right, payvider models can turn organizations into growth engines that support sustainable margins and better health for all—which is a win-win scenario for the industry and patients.

Payviders are on the rise, and need the right platforms to support their success

Successful payviders put their members first with a focus on member enrollment, point of care transitions and payment coordination. To ensure that goals and interests align, communication between payers, providers and patients is key.

With Neudesic's Care Management Platform, organizations are able to provide care coordination that bridges information and communication, and it monitors for gaps in patient care. It's an interactive platform for shared communication between consumers, vendors and community care providers that increases overall customer satisfaction while benefiting payers and providers.

As payvider partnerships continue to rise, the use of technology to share data with efficiency is likely to inspire innovative strategies to better connect with consumers and ultimately provide better care. Moving forward, the payvider should cultivate a strong culture, prioritize innovation and keep focusing on cost-saving measures.

About Neudesic

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