

ORACLE

Oracle Health Insurance

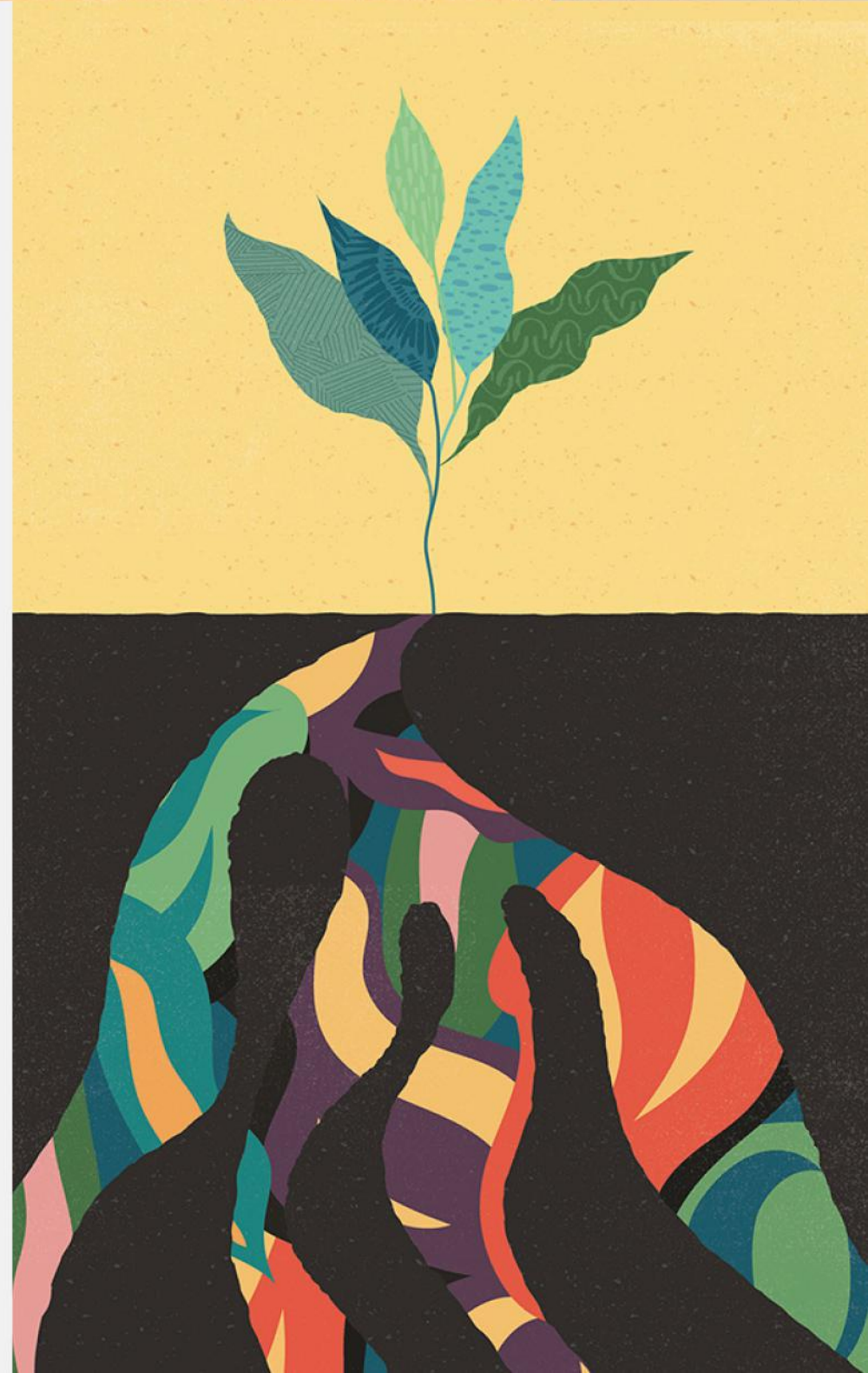
Shaping the foundation for moving to cloud

Healthcare Simplified. Transparency Delivered.



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Reform and regulatory changes

The health insurance industry is transforming rapidly. Regulation activity, consumerism, digitalization, and advances in healthcare are major challenges business must grapple with. More than ever, health payers need to move with lightning speed to effectively create new products, modify plans, and execute new reimbursement models.

The uncertainty of healthcare reform is also having a major impact. Firstly, HIPAA has implemented new regulations, with an emphasis on value-based reimbursements and stricter rules around Protected Health Information (PHI) and Data Privacy. The American Academy of Family Physicians recognizes the urgency to improve both efficiency and effectiveness in the delivery of medical care, which is the goal of value-based payments and healthcare payers.¹ However, healthcare providers are struggling to keep up with new policies and regulations.

Secondly, healthcare reform has been a topic of uncertainty for many health payers over the past decade. Debates circulating around a one payer system vs. a hybrid system (public and private payers) has caused uncertainty and anxiety for health insurers and providers. UnitedHealth Group CEO David Wichmann warned in an interview on CNBC that “Medicare for All” would “destabilize the nation’s health system.”²

Finally, healthcare costs have been challenging for the industry. In 2019, they have risen to \$500 billion, which makes it difficult for insurers to keep a cash reserve large enough to pay out claims and their employees. Moreover, Medicare Advantage enrolments have doubled in the past 10 years, and health insurers are finding it more arduous to scale their business.

These challenges need to be met head on – and the only way to do that is through embracing digital innovation.

¹ <https://www.ahip.org/humana-ceo-bruce-broussard-on-how-integration-creates-true-innovation/>

² <https://www.cnbc.com/2019/04/16/unitedhealth-warns-medicare-for-all-would-destabilize-us-health-system.html>

The problem of legacy systems

Legacy systems are a major bottleneck for businesses. They are costly due to IT maintenance and patching, and they slow down billing and enrolment – as well as claims operations and adjudications. Flexibility is the gold standard in today’s health IT infrastructure, yet many health payers are hampered by yesterday’s technologies.

A majority of health insurers can see the importance of digitizing old processes, and how digital transformation can deliver a better member experience, lower costs, and better health outcomes for members. Digitization is vital for enabling businesses to improve the regulation and security lifecycle, modernize processes with transparency and flexibility, and scale enrolments through technical innovation. Unfortunately, the costs associated with legacy transformation projects remain a bitter pill to swallow.

“ This is about removing the friction and pain points that make today’s healthcare system so difficult for members and providers to engage in. This means leveraging technology to simplify and personalize the experience, while also improving overall productivity.”³

Bruce Broussard
CEO, Humana

IDC Report³: Key Takeaways

WHAT’S IMPORTANT

An architectural approach that unifies the themes of “modular core processing” and “proactive member engagement” will benefit payers as they struggle to modernize.

KEY TAKEAWAYS

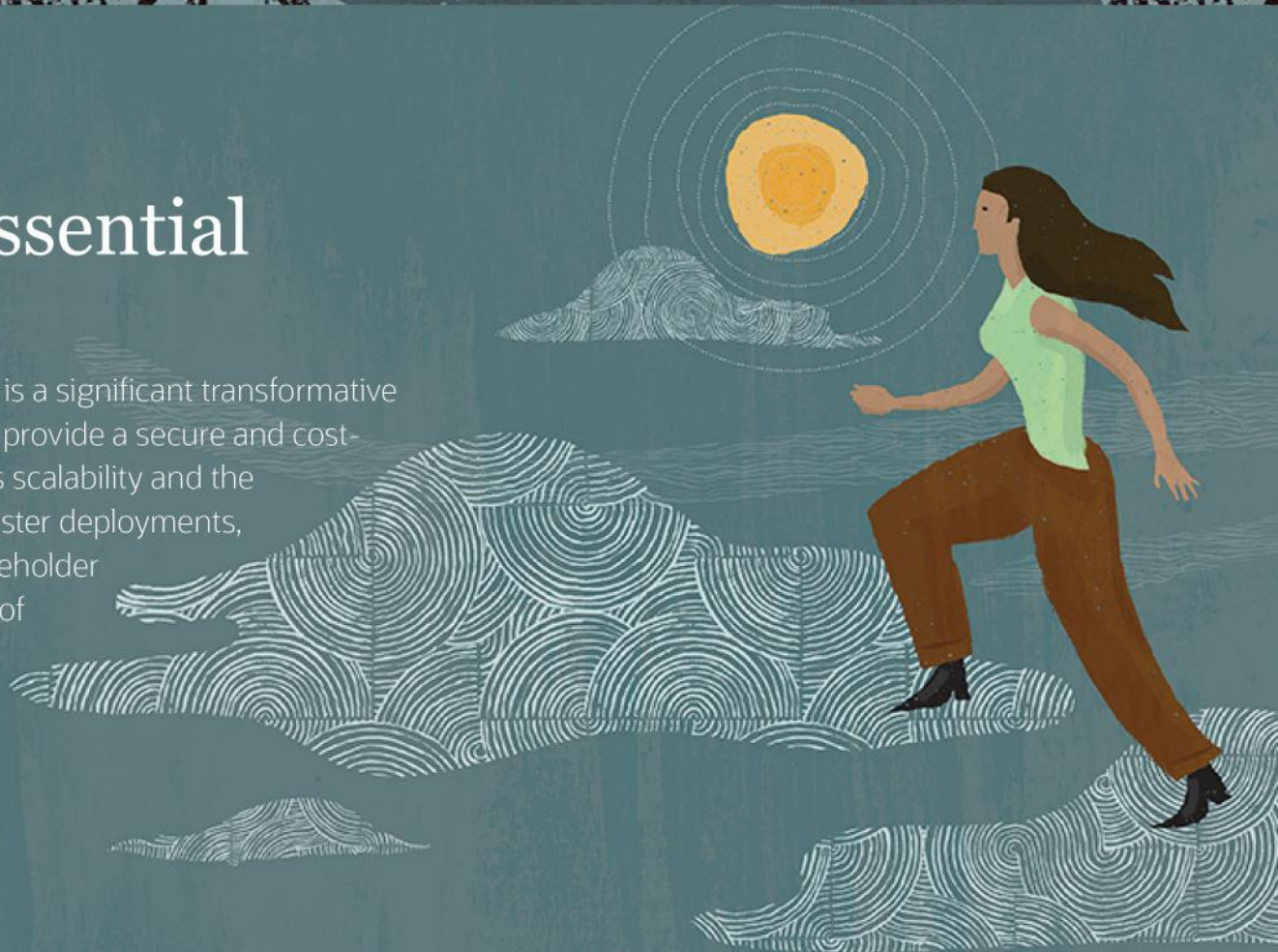
Organizations should invest in open infrastructure, plug-and-play modular component functionality, rules-based flexibility, system-of-record mentality, extensible canonical data model architecture, and cloud flexibility. They can achieve these goals using a combination of scalable hardware and multidevice accessibility for members, which allows for scale and elasticity of changing requirements.

[Read the IDC Report](#)

³ <http://idcdocserv.com/US45868420>

The bottom line: cloud has become essential

There is no question about it: modern technology is a significant transformative force that fosters business growth. Cloud services provide a secure and cost-effective solution to legacy modernization. It offers scalability and the capability to adjust to rapid demands, providing faster deployments, greater employee productivity, and improved stakeholder collaboration. Additionally, the economic benefits of cloud computing are significant and allow for cost flexibility and cost optimization.



First principles for healthcare innovation



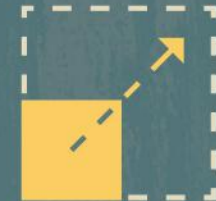
Digitize

The healthcare regulation, privacy and security lifecycle



Modernize

Health processes with greater transparency and flexibility for all stakeholders to bring down costs



Scale

Grow enrollments and innovate through technology

4 <https://www.ahip.org/humana-ceo-bruce-broussard-on-how-integration-creates-true-innovation/>

Why are innovators choosing cloud?

Faster innovation, better member engagements, better data analytics, lower risk and reduced costs – these are all huge value drivers of cloud. Faster innovation enables business to scale and launch new products in real-time. Innovation shortens upgrade cycles and offers faster data processing. And with reduced IT and maintenance costs, health insurance employees have more time to be productive.

Member engagement can also be greatly enhanced. Data can be used to tailor offerings to individual members, making experiences more relevant and boosting retention.

Businesses can also offer additional benefits and premium services – things like video consultations and Care Pathway tracking – to further drive loyalty and improve healthcare and provider relations.

In terms of data analytics, businesses benefit from real-time data processing and seamless information flow – both of which culminate in faster, more powerful insights. Furthermore, reduced infrastructure, IT maintenance and customization costs drive additional value which benefits the whole business.

Cloud also offers more insightful analytics on claims and value-based reimbursements, giving members a better customer service experience. Cloud will lower financial risk and help healthcare payers find ways to improve manual billing and enrolment.

Moving to the cloud will produce a substantial return on investment (ROI) for health insurers and give them a competitive advantage in the market. In short, the benefits of cloud far outweigh the costs of migration.

Value drivers to stakeholders for digital engagements

Members engagement

- Premium & benefit value
- Retention
- Simplification
- Relevance

Payer cost containment & savings

- Administrative costs
- Claims costs
- Savings re-invested
- Keeping members engaged

Society

- Healthier people through care pathways
- Healthcare cost reduction
- Quality of care

Provider

- Availability of health network to member
- EHR creation and sharing
- Exchanges
- Care pathway tracking
- Telehealth/ video consultations

Significant ROI



Cloud deployments have an average 2.3 times lower total cost of ownership compared with on premise deployments.

The payback period for cloud deployments is 2.2 times faster than on-premise.

Cloud continues to provide benefits to customers by providing both lower initial and ongoing costs.

Cloud deployments are faster and require fewer internal resources.

“Quantifiable returns from cloud deployments continue to dramatically outpace the returns from on premise deployments. Nucleus found the average company achieved a 3.2 times greater return on investment (ROI) from the cloud when compared to an on-premise solution. All organizations should be carefully assessing the financial wisdom of maintaining their remaining on premise solutions.”

Ian Campbell
CEO, Nucleus Research

Oracle's solution goes above and beyond

Until recently, software as a service (SaaS) solutions were available only for non-core functional areas such as CRM and ERP applications. Most health insurers wanting to leverage cloud for core systems only had the option of migrating their current systems to cloud platform services. While this addressed some of the on-going infrastructure maintenance challenges, it does not address the core of legacy modernization problem – business agility and flexibility.

Moving to cloud is key

Greater flexibility

Lower costs



Innovation
on cloud



More adaptability

Greater scalability

The Oracle approach

This is where Oracle comes in. Oracle Insurance Cloud Services is one of the first solutions to go beyond non-core functional areas, and instead supports *Core Administrative Processing* needs.

Unlike some vendors who “cloud enable” their existing software products by putting the old software in the cloud, Oracle Insurance Cloud Services were built from the ground up to work optimally in the cloud. **Oracle is the only large-scale cloud provider that manufactures the entire stack in-house: hardware, firmware, software-defined networks, and business software.**

Health insurers have the option to deploy Oracle’s HIPAA-compliant health insurance SaaS offerings independently alongside their legacy systems, or as a comprehensive suite. Because the Oracle solution is SOA-based, users can easily integrate with existing applications, scale up, and consolidate systems – all using cloud technologies such as Oracle Integration Cloud and Oracle Process Cloud.

Oracle Health Insurance solution components



Migrating core admin

Oracle's Cloud Services take the headache out of moving to the cloud. It provides complete, end-to-end capability for health insurers to safely and securely migrate core admin.



2020 XCelent Award for Health Policy Administration System

“Oracle Health Insurance is a robust health insurance core system with global implementations...With its efforts to continuously invest in the solution, we think Oracle has the potential to further grow its health insurance customer base globally with the system.”

Celent Report⁵

In the report, Oracle Health Insurance was recognized for:

- Supporting all features and functions needed to administer health insurance lines of businesses.
- Being highly modular with all major components (claims, underwriting, etc.) available on a standalone basis.
- A premium calculation definition that is particularly granular and intuitive even for a business user.
- A medical provider management component that also offers granular configuration features and functions.
- Already having been implemented in various regions, with the ability to accommodate ICD standards but also any other code system required in a region.
- Providing an ETL layer so health insurers can mine the data using their preferred reporting and analytics tool.
- A recent investment in the system architecture to ease its deployment and upgradability to the public cloud model.

⁵ https://www.celent.com/insights/957444751?xd_co_f=4bbafb56-ddfc-4c46-b276-1d7c463d701f

01

Oracle Insurance Policy Administration Cloud

Policy (Membership) administration

Allows customers to administer their group and individual memberships. The service supports both large and small groups, and group like structures such as industry associations or fraternities. Membership information captured can be tailored to support custom and specialized data needs.

Integrated premium calculation

Periodically, the service calculates premiums and generates financial transactions, based on the stored membership. The service also provides a configurable way to manage various adjustments to premiums including specialized adjustments such as LEP and LIS for Medicare members in the U.S.

Commissions

The service calculates commissions based on written premiums and is highly configurable to account for changing rates, brokers, and agents over time. It provides a rules-based setup to define commission calculations and generates financial transactions for payments.

Cafeteria-style benefits

The service tracks members' products, liabilities and optional benefits independently; there is no restriction to predefined choice combinations. The premium rate automatically recalculates based on the member's choices. This feature also includes an enrolment information integration point that can parameterize the claims engine to automatically take into account the member's choices, in real-time when processing a claim, and determine the applicable coverage and liability.

02

Oracle Insurance Claims Administration Cloud Services

Oracle Insurance Claims Administration Cloud Service provides a modern platform to manage claims processing efficiently, giving you a competitive edge. This cloud service caters to the entire claims operation and administrative process, including authorizations, notifications, referrals, eligibility, complex benefits, plan management and provider pricing methodologies.

It also allows healthcare payers to gain control over claims processing, reducing claims cycle time and reducing payers' costs significantly.

Product definition

The service enables payers to manage benefit plan configuration and product details; benefit plans are configured in the system in a hierarchal structure promoting reuse and faster time to market.

Claims pricing

Enables payers to efficiently manage healthcare provider data, setup provider Fee-for-service contracts, and automate claims pricing and re-pricing.

Claims adjudication

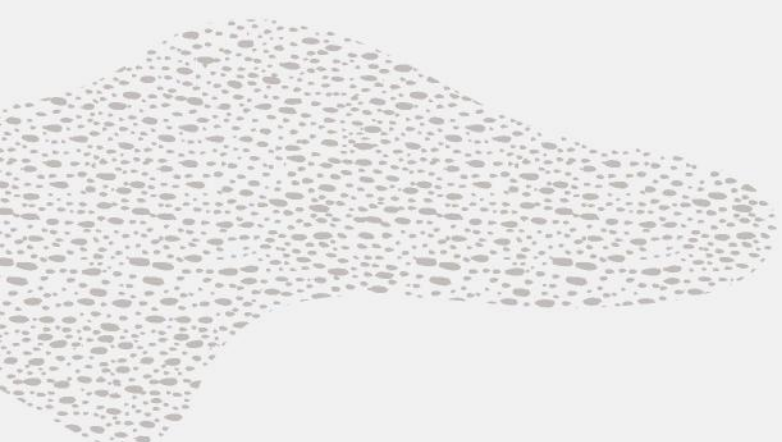
Provides powerful, automated claims benefit adjudication.

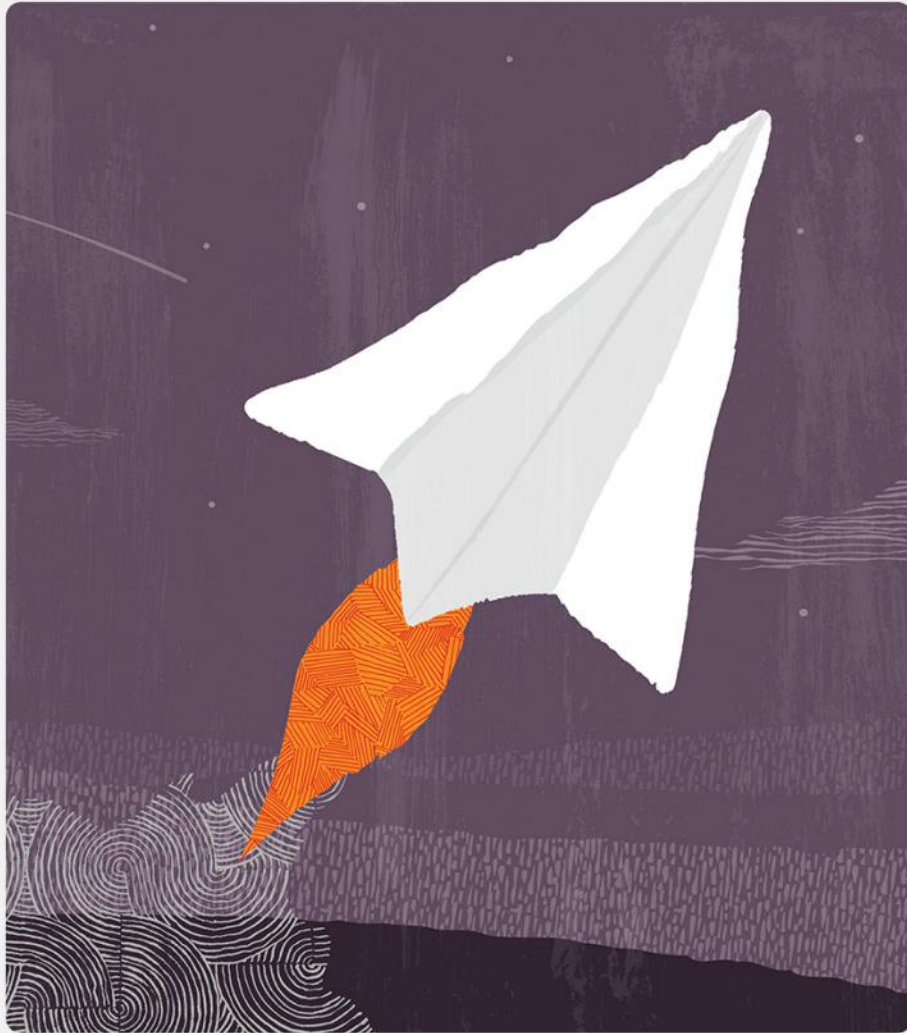
Authorizations

Administers authorisation requests and determines whether authorizations should be approved or denied, based on configurable business rules and manual medical review steps.

Analytics

Provides payers with pre-built dashboards and reports to allow for efficient management of the day-to-day claims operations.





03

Oracle Revenue Management and Billing Cloud Service

Oracle Revenue Management and Billing (ORMB) Cloud Service is a suite of dynamic scalable pricing, providing revenue uptick, and driving more flexible billing options for customers on Oracle's secure cloud infrastructure.

The application is built on adaptive, configurable business rules—letting you quickly change your billing operations as your business needs dictate. It offers flexibility to help keep pace with dynamic market shifts, support new products, and comply with new regulations.

Oracle Revenue Management and Billing allows you to choose the options to tailor the system to your needs. Configuration tables help you implement changes in hours rather than weeks or months, greatly reducing expensive and time-consuming code changes.

Oracle has developed a ready to deploy, preconfigured workflow and templates to more quickly get you live with ORMB at a lower cost.

Oracle Cloud offerings for health insurers

OHI Core Admin Cloud Services



Policy Administration Cloud Service

Group setup, enrollment, membership management, premium calculations and commissions



Claims Administration Cloud Service

Define benefits, provider contracts and pricing, authorizations, additions and payments



Revenue Management & Billing Cloud Service

Billing, collections & customer service

Value-add Cloud Services



CX Cloud Services

Manage sales, channels, marketing and cross channel customer service



ERP Cloud Services

Manage the back office accounting functions including payables, receivables and general ledger



PaaS: Integration & Java Cloud Services

Raw platform services to integrate your current applications, and to develop new custom applications to support specialised needs

04

Value-add services

Oracle CX cloud services

Smart data and intelligence – The service will connect traditional CRM data and new, cross-channel data forms, behavioral data, Internet of Things (IoT), and third-party data to create a dynamic customer data profile. This allows users to anticipate customer behavior in order to optimise your results by artificial intelligence (AI), IoT, and behavioral analytics.

Better integration – Oracle will help simplify IT complexity and connect the front- and back-office to improve operational efficiency and streamline digital transformation. This enables the user to build, deploy, and manage API- and mobile-first cloud applications using Oracle's open, standards-based platform.

Security – The service provides secure access, monitors your cloud environment, and addresses IT governance and compliance requirements.

Oracle ERP cloud services

Enterprise Resource Planning (ERP) solution automates low-value manual tasks, and at the same time leverages real-time data for predictive insights.

Oracle procurement cloud offers pervasive analytics and real-time data to monitor spending and enable more-informed decisions.

Oracle platform-as-a-service

The Oracle Cloud platform-as-a-service (PaaS) portfolio is built on Oracle and open-source technologies that integrate with existing applications, regardless of origin. Machine learning, artificial intelligence, and security are built in for self-security and repair, giving more time to build and deploy.

Integration - Oracle PaaS solutions work in any environment to integrate data, processes, and apps, and migrate and manage workloads—all within a single and secure platform.

Next-Gen Innovation - Oracle PaaS offers built-in machine learning and user behavior analytics to give you the most complete identity and security solution for secure access and monitoring of your hybrid cloud environment.

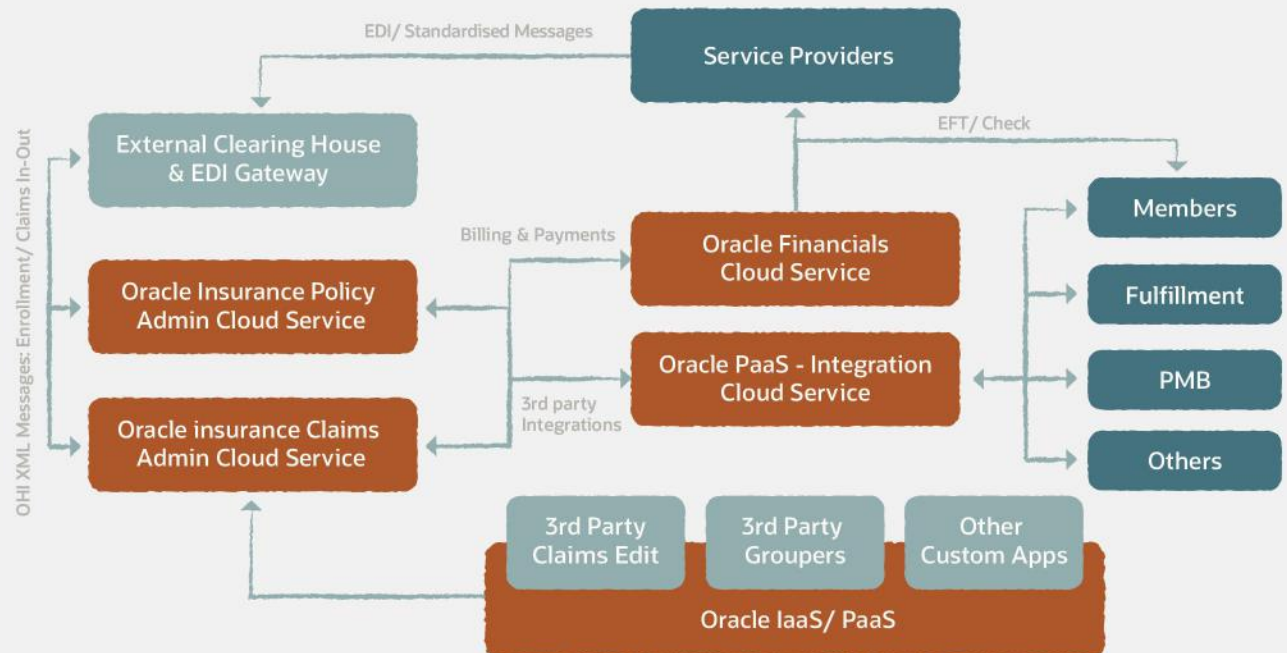
Delivering real value

Componentized vs. end-to-end cloud architecture

The consumption model of cloud services may vary depending on the size of the health plan (e.g. SMB vs. Large national health plan) and based on functional need. Oracle's Cloud Services provide best-in-class capability in a flexible consumption model.

An illustration for small health plan

Cloud services are great for a small plan with limited IT resources. These plans have limited choices and are forced into expensive business process outsourcing (BPO) or IT outsourcing (ITO) contracts. With Oracle Cloud Services, SMB plans can administer their products on a modern IT solution at an affordable price point. Typically, these plans will start with policy admin and claims cloud services, supported by Oracle Financial Cloud Service. As plans get mature and grow in volume, additional services such as CX or additional ERP modules may be added.



An illustration for mid-size plans requiring full functionality

While mid-size plans may have a full IT staff and own a data center, the business growth is often constrained by the capabilities of their core systems platform. With the range of Oracle Cloud Services, mid-size plans can administer their varied products on a modern IT solution and eliminating their need to operate a data center.

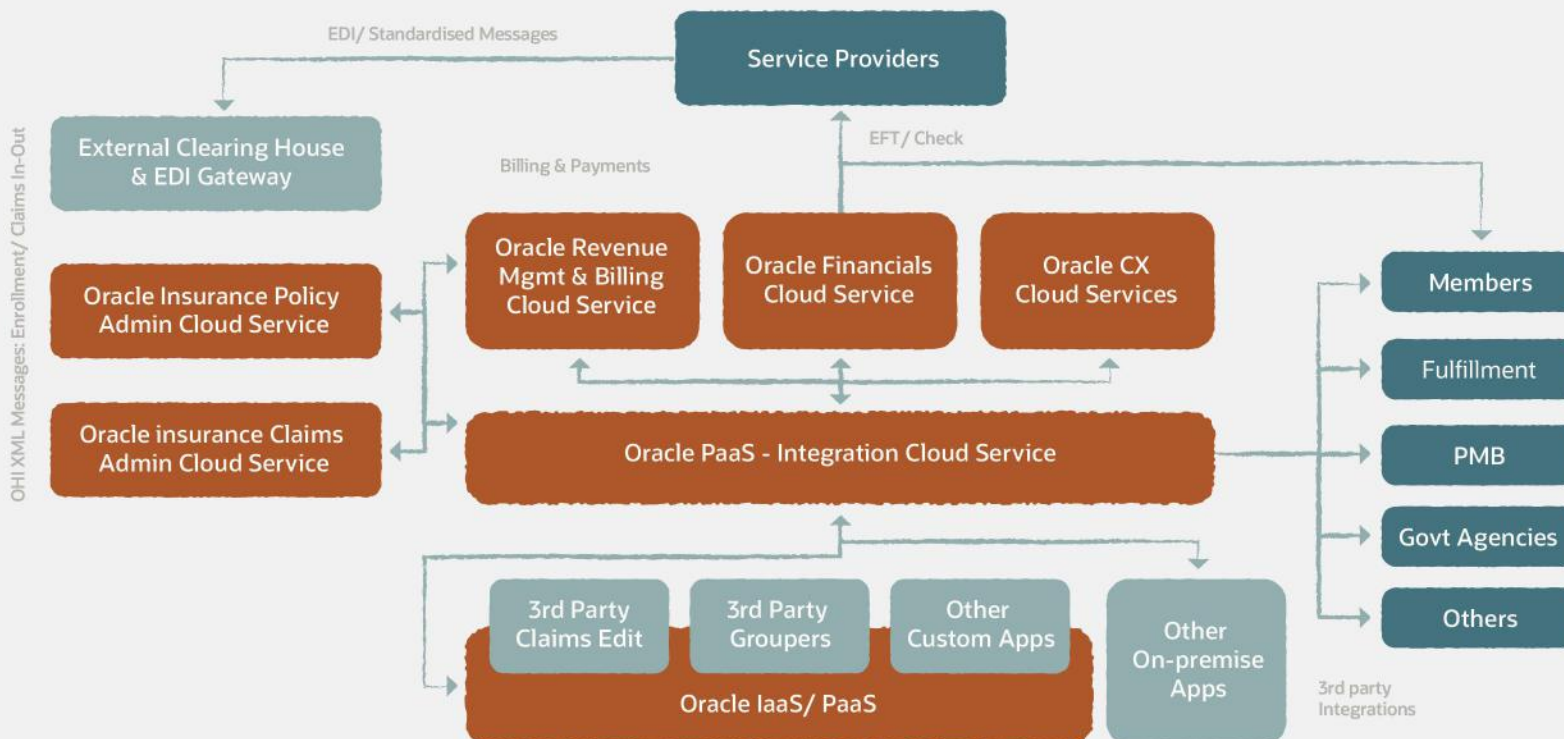
There is no longer a debate on whether the cloud is the best option for enterprise organisations. Multiple studies show resounding agreement

among analyst firms, research organisations, and IT experts: the future is in cloud computing. The advantages of cloud by far outweigh the risks.

Oracle provides a secure environment through Oracle's data centers – fortified with heightened security and compliance based on an ISO 27000 framework. All data is encrypted, and only authorized users have the encryption keys.

Furthermore, it is annually tested by a 3rd party auditor and is compliant against the HIPAA Privacy Rule, HIPAA Security Rule, and HITECH Breach Notification Rule.

Oracle is the only large-scale cloud provider that builds the entire stack in-house: hardware, firmware, software-defined networks, and business software.



Customer success stories

Here is an example of a large U.S. health insurer who is implementing Oracle's Cloud Services:

Humana + **ORACLE**

Ranked by Newsweek as number one in customer service, US-based health insurance company Humana works to improve healthcare and make it more accessible for its 14 million-plus members. Humana required the right solution to support its goal to create a new kind of integrated care that reduces costs while improving health and well-being.

What Humana is doing with Oracle:

- Using a cloud first strategy to deploy core administration processing solution
- Benefits: scalability, portability and integration to reduce costs



Customer success stories

Here is an example of a private health insurer in Australia who is implementing Oracle's Cloud Services:



Defence Health is an Australian not-for-profit health insurance company that supports over 295,000 members and veterans of the Australian Defence Force (ADF) and the wider defense community. Defence Health needed a solution that would give them the agility to serve the evolving needs of customers.

“The service experience for our members is paramount, we need a highly agile technical platform if we're to meet the digital expectations of our members.” Oracle is a “significant investment” that will transform the way it engages and services its members.



**Major General
Gerard Fogarty**
CEO, Defence Health



In summary

The uncertainty of healthcare reform is transforming the health insurance industry. Slowly but surely, businesses are discovering they do not need to put up with the inefficiencies of yesterday's legacy infrastructure. Innovation is taking a front seat, providing freedom from the burden of on-premise systems. Cloud computing has become the essential foundation of digital transformation.

Oracle is constantly innovating its healthcare portfolio to equip its customers with the most powerful solutions. It was the first to offer a full SaaS solution that was built from the ground up to work optimally in the cloud. Oracle has made its core healthcare solution available in the cloud to deliver a more affordable healthcare experience, paving the way for your digital transformation journey.

Learn more about Oracle Health Insurance Solutions¹

[Learn more](#)

Additional resources

Whitepaper²

Six ways adaptive IT systems are driving healthcare transformation

[Download whitepaper](#)

Report³

Why you can't afford not to move your applications to the cloud

[View report](#)

Video⁴

Oracle for Better Health Insurance

[Watch the Video](#)

¹ <https://www.oracle.com/healthinsurance>
² <https://go.oracle.com/LP=48033?elqCampaignId=87406>
³ <https://go.oracle.com/CloudROI?elqCampaignId=143950>
⁴ <https://video.oracle.com/detail/video/6180895437001>

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