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The major healthcare industry innovations focus on reducing the cost of care (thereby improving the supply crunch) and shifting the mindset from illness to wellness (to manage rising demand). The pandemic shock has exacerbated these challenges. COVID-19 created a burning platform to accelerate digital transformation, but the impending recession means there could be no funds to make additional investments. Healthcare providers are at the center of the storm with no visibility into future revenues (mostly as elective procedures were temporarily impossible), and payers are bracing for a tough 2021. Industry estimates suggest that the COVID-19 spread in the US could cost $90 billion in insured medical expenses. Most payers expect lower premium revenue due to rising unemployment, though administrative costs are rising with high call volumes and increasing pressure to process claims faster. Newer and smaller plans venturing into the current volatile market amid increased competition and consolidation need a new innovative approach to survive and thrive this pandemic shock.

We expect as-a-service (XaaS) offerings such as business processes as a service (BPaaS) to make a big comeback; the healthcare industry requires a new playbook for “doing far more with much less.” (See Exhibit 1.) To understand why BPaaS and other XaaS offerings are likely to gain traction in healthcare, we deep-dive into Cognizant’s healthcare BPaaS offering. Cognizant evangelized and invested in BPaaS early after its acquisitions of TriZetto in 2014 and TMG in 2017 to offer a one-stop-shop of platform+services+TPA in an XaaS model. Today, Cognizant has more than 70 BPaaS commercial and government clients and touches more than 10 million lives on its BPaaS supported model, making it the only single-source healthcare BPaaS partner in the market today.

Exhibit 1: Business priorities are changing post-COVID-19. Over 80% of healthcare C-level executives expect a rise in XaaS offerings as cash becomes king.
Cognizant’s healthcare BPaaS aligns with HFS’ ideals for XaaS offerings

As-a-service products drive new value through smarter combinations of talent and technology focused on business results beyond cost reduction. It changes the nature and focus of engagement among enterprise clients and service providers to be more agile, collaborative, and focused on shared outcomes. HFS defined the evolution to the As-a-Service Economy with Eight Ideals nearly five years ago (see Exhibit 2) that are relevant even today, especially post the pandemic shock.

Exhibit 2: HFS’ Eight Ideals of the XaaS Economy (published first in 2015)

Source: HFS Research

Our assessment of Cognizant’s healthcare BPaaS revealed that it is true to our ideals for an as-a-service offering:

**Write-off legacy with the pre-integrated platform:** Cognizant’s healthcare BPaaS allows healthcare payers and payviders to overhaul obsolete processes and legacy technologies using Cognizant’s scalable and pre-integrated platform based on TriZetto products across the payer value chain.

**Brokers of capability with a one-stop-shop and end-to-end solution:** Cognizant’s healthcare BPaaS provides a pre-integrated digital stack, platform, and operations supported by a simplified governance model and global delivery structure. It adds end-to-end capability across the healthcare payer and payvider value chain (see Exhibit 3) with experience in multiple business lines and capabilities across Medicare Advantage, managed Medicaid, Medicare supplements, duals, a prescription drug plan, commercial large and small groups, individuals, and everything from start-ups to large plans.
Exhibit 3: **Scope of Cognizant’s healthcare BPaaS across the payer and payvider value chain**

Collaborative engagement with outcome pricing: The BPaaS model ensures relationships are contracted to drive sustained expertise and defined outcomes. The Cognizant BPaaS commercial structure can sign up for business outcomes and has the option to have zero upfront capital expenditure. It delivers a predictable PMPM (Per Member Per Month) with baked product upgrades and support while reducing plan spending by 25% to 40% and driving a transformed member/provider engagement.

Intelligent automation with embedded emerging technologies: Cognizant BPaaS drives a superior level of performance through built-in automation, analytics, and member/provider experience. Cognizant commits to transforming lower quality and STAR ratings and improving member and provider satisfaction.

Holistic security with wrapped-in integrated compliance: Outcome-based SLA (service level agreement) commitments ensure high compliance and surpass the highest operational metrics. Cognizant BPaaS is designed with holistic security and compliance in mind (e.g., HIPAA standards and FDR oversight).

Plug-and-play digital services with standardized and fast implementations: Cognizant BPaaS allows clients to scale and grow faster with a standardized playbook onboarding in as little as six to nine months for new business.

**Source:** Cognizant, 2020
The Bottom Line: As-a-service offerings enable the journey toward a healthcare OneOffice.

The healthcare industry is in dire need of change as the cost of healthcare continues to rise and increasingly financially and socially responsible consumers demand better quality and impact of services. Effective future operations will be oriented around the customer and stakeholder experience that connects the front, middle, and back-offices using emerging technologies to drive better outcomes: higher quality, speed, and profitability and an improved patient experience. It’s what HFS calls the OneOffice. As-a-service offerings, such as Cognizant’s healthcare BPaaS, use talent and technology in a more agile and impactful way to realize the OneOffice vision. The pandemic shock has given us a once-in-a-lifetime opportunity to make the change happen. Don’t let the crisis go to waste!
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Saurabh Gupta is Chief Research Officer at HFS. He oversees HFS’ global research function managing the global team of analysts across US, Europe, and Asia-Pac. He works closely with the CEO to set the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.
About HFS Research: Defining future business operations

The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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