



The future of health plan operations: Harnessing the power of AI

Using AI to optimize and enable core health plan operations





Healthcare payer organizations have spent decades following the same basic transactional processes, including member eligibility and enrollment, processing claims, credentialing, supporting providers and managing member encounters. Originally, most of these processes were paper based (or voice/telephonic for customer services).

Health insurance in its modern form is not much different than what was originally offered almost 100 years ago, with the early Blue Shield offerings from the 1930s. Over time, various applications and technology solutions were designed to support these various processes. Although these legacy systems were incrementally automated with software, they still basically follow the same workflow and process that the original paper-based transactions used, but they take advantage of configured logic and automated workflows.

Moreover, healthcare payers have invested countless hours and billions of dollars in technology solutions to realize relatively minor, incremental efficiencies with legacy core administrative systems that support claims processing, provider data management and contact centers. Tapping into artificial intelligence (AI) could propel these operations ahead by years and bring them to parity with other industries that have been more progressive with their adoption and modernization efforts.

Surprisingly, this type of technology adoption is quite different than other solutions and system implementations in the past. The elegant beauty of these AI tools with built-in processes is that they take advantage of the vast technology and data repositories that already exist within the healthcare ecosystem—and are growing at an accelerating rate. They also bridge technology and business talent gaps to support the fast, accurate and reliable execution of key operating needs.

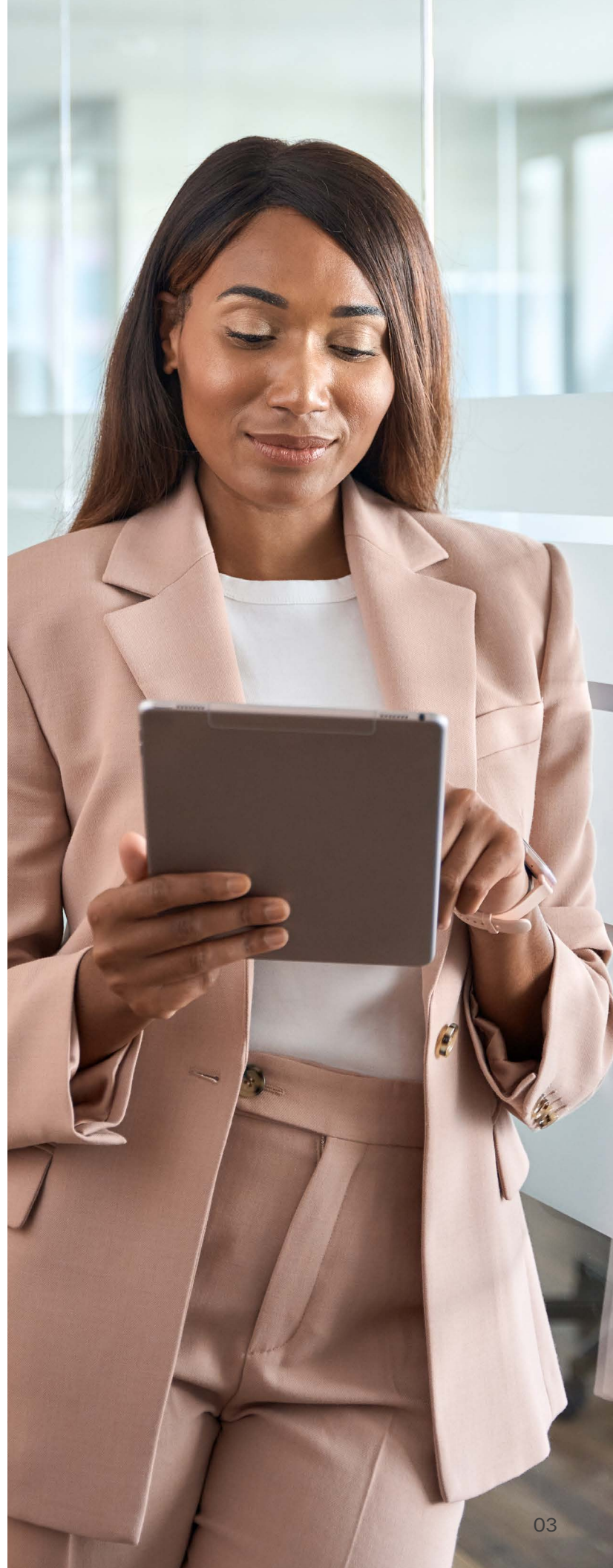
AI in healthcare

Today, it is difficult to get through a day without hearing some mention of AI, or even generative AI. We are increasingly seeing actual use cases where AI has been implemented and is making a difference in the lives of everyday consumers. Even so, healthcare payer organizations are struggling to understand how, when and where to begin with this new, leading-edge technology. Yet, because of their legacy technical debt, healthcare payers may have the most to gain. There is potentially enormous transformative impact that could benefit hundreds of millions of members, (as compared to other industries like finance and commerce where lives are not directly at risk).

In simple terms, AI is a digital tool that can be used to recognize patterns within existing disparate data sets, whereas generative AI is the next generation of AI that can create something new. Consider the enormous amounts of data captured, maintained and accessed by health plans today—everything from member eligibility, enrollment, adds and changes, authorizations, claims, payments, provider data and explanations of benefits (EOBs). Then consider that these data sets are typically not maintained in the same repositories, often making it challenging and costly to align and connect data elements. This scenario is precisely what AI can do in an instant, whereas human processes simply to align and map technical data can take months.

While similar in their operations, most health plans represent a unique mix of people, process and technology—often reinventing the wheel when it comes to the subtleties that make them unique in their individual market and geography or line of business. Common health plan operational challenges are ripe to benefit from readily available AI solutions. The beauty of this kind of modernization is that it makes use of legacy data where it sits today—often right on top of the same systems—without causing negative impact or requiring years of change. It's like adding a large team of business experts and technologists, but at a fraction of the cost.

As an example, AI has the potential to advance critical payer operations in the area of claims adjudication like no other investment has in the past 50+ years. Claims processing for most payers has been significantly automated with software and automated workflows that connect to disparate, related upstream and downstream systems, where auto-adjudication rates in the mid-90% range can be achieved. Yet, even a fraction of a percentage of improvement in these rates can have tremendous productivity and financial benefits. There are also significant opportunities to accelerate claims processing while performing more thorough post-adjudication reviews.



The direct ecosystem impact of advanced modernization to claims processes with AI could even allow upstream providers to realize vastly improved revenue cycles, while still allowing payers to process claims and even recapture payments within allowable timeframes using AI tools to fully review processed claims. Highly manual and specialized skills needed to perform payment integrity (PI) and fraud, waste and abuse (FWA) reviews could be dramatically accelerated with AI. There are even use case scenarios where AI could be used to support payer analysis and response for grievance and appeals processes—connecting the dots between disparate data elements needed for a human assessment of appeals processes.

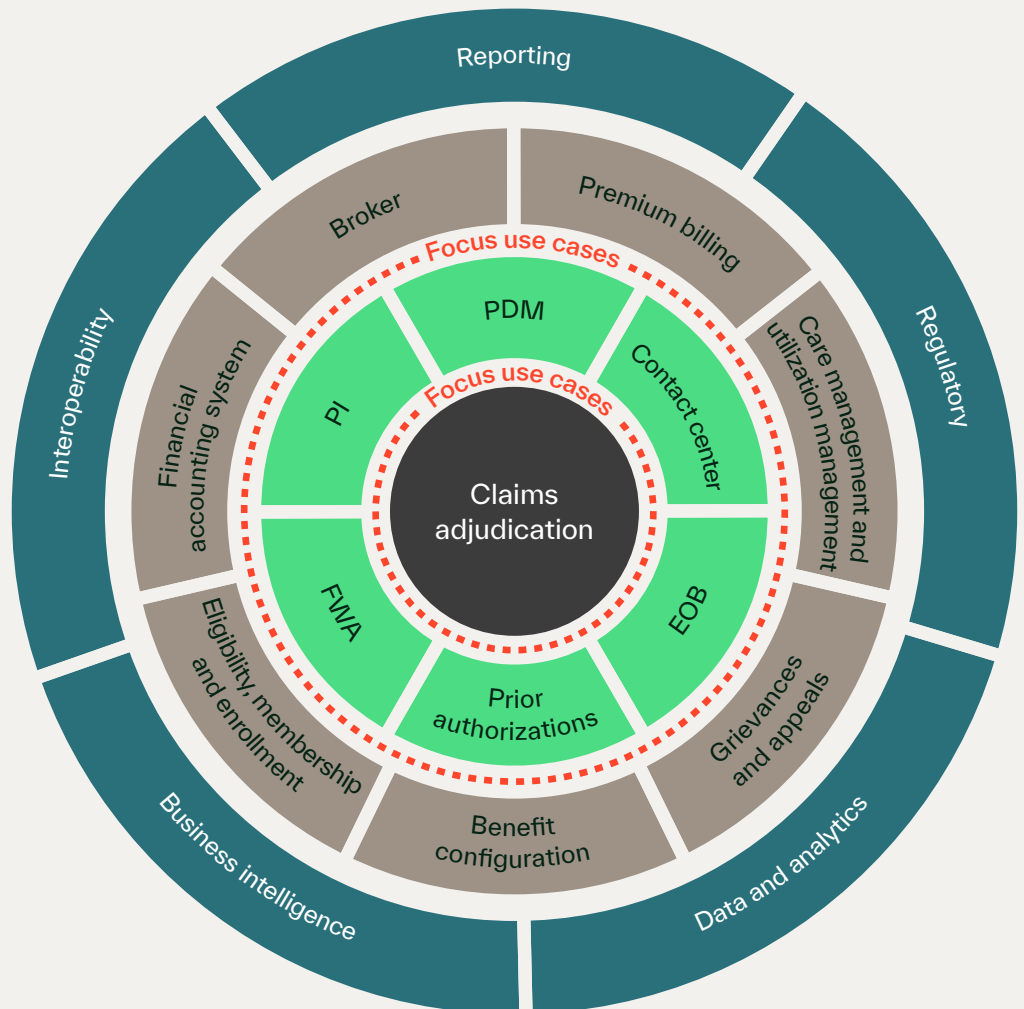
With all the interest in AI within payer operations, no single area can yield a larger ROI than the claims adjudication process. Ultimately, if you are a payer, you process and pay claims—everything else supports this most critical business operation. Once efficiency is built around the claims intake, adjudication and reconciliation process, the benefits will flow to other critical operations like the contact center. Use of AI can start small and grow over time, leveraging the same core technology across various core systems. And while the focus with the illustrated use cases here has been on claims, it could certainly be extended to improve the efficiency and accuracy of other integrated systems like provider data management (PDM).

In addition to the examples of opportunity areas previously described, we are seeing significant interest from payer IT organizations to identify and pilot AI in other core operations, such as:

- Contact center and member experience
- Provider data management
- PI and FWA

Payer ecosystem

A typical health plan includes the integration of multiple disparate systems that could realize upstream and downstream benefits from the adoption of AI capability around the core claims adjudication-related processes shown in this illustration.



How can Kyndryl help you harness AI?

Kyndryl is actively working with some of the nation's leading payer organizations to develop and activate plans to infuse the power of AI tools into legacy claims processes, demonstrate measurable ROI and modernize operations.

We provide services designed to enable enterprises to adopt and use AI in a responsible way, including establishing policies, governance and necessary guardrails. These services provide a new discipline to solve the problems associated with developing, deploying and managing large language models (LLMs) for real-world applications.

Kyndryl's comprehensive approach focuses on business outcomes through the services we deliver. Every health plan is different, and we work closely with our customers to develop an appropriate plan to take advantage of this incredible capability over time, in a way that does not interfere with the day-to-day operations but delivers measurable results and expected outcomes in a responsible manner.

As a leader in global healthcare technology services, Kyndryl is well positioned to help activate our customers' AI strategy. We recognize that healthcare organizations, including payers, are concerned about utilizing AI in public clouds. Accordingly, Kyndryl has developed a unique private cloud option, specifically oriented to mitigate concerns about privacy, security and accessibility—a model that allows our customers to keep control of their data. Health plans can benefit from our industry-leading reference architecture and accelerators for AI in this type of private cloud environment.

Kyndryl has deep experience working with leading health care providers, payers and integrated health systems. Our healthcare advisory practice understands the entire healthcare ecosystem, bringing in practitioners who meld together decades of business and technology expertise. We work with payer organizations to identify opportunities to harness the power of AI tools within existing ecosystems. Appreciating that every payer's technology and operating landscape is unique, our leading global AI practice helps our customers develop a realistic business case, with measurable milestones to move forward with AI capability to enable efficiency, speed and accuracy in existing core operations.

For more information

Let's explore how your healthcare organization can benefit from the [Kyndryl Healthcare](#) approach and partnerships. [Schedule an appointment with an expert](#) or e-mail HealthIT@kyndryl.com to learn more.

Why Kyndryl?

Kyndryl has deep expertise designing, running and managing the most modern, efficient and reliable technology infrastructure that the world depends on every day. With decades of experience working with healthcare organizations and a broad network of partners, Kyndryl can seamlessly integrate and enhance your technology to drive the success of your digital transformation. Our tailored services enable healthcare payers to accelerate innovation, optimize workflows to gain efficiencies, decrease costs, and elevate member and provider experiences.



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