Australian Health Insurance Transformation

A Guide To Embracing Change - The opportunity to transform the $23 billion private health insurance industry

It's no secret the health insurance industry is heading into a period of significant change. Health insurers are faced with ongoing regulatory changes, such as the implementation of the Australian Private Health Insurance Reforms from 1 April 2019 - something the Health Minister Greg Hunt called 'the biggest reform in 15 years'.

In addition, there is an ever-increasing digital expectation from members, coupled with a rise of innovative technologies like Artificial Intelligence (AI), wearable tech-related data and blockchain.

Furthermore, with the lower uptake of private health insurance amongst the Millennials and the potential higher costs associated with an aging member base, insurers and government agencies alike are under pressure to reduce costs and to improve the accuracy and efficiency of payment calculation and claims processing to stay profitable.

With the advent of such market developments, insurers today require tremendous business agility for rapid change, more than ever before. The challenge could turn into an opportunity for the well-prepared insurer. The incoming digital revolution could become a digital evolution if insurers are willing to confront and embrace the necessary winds of change.
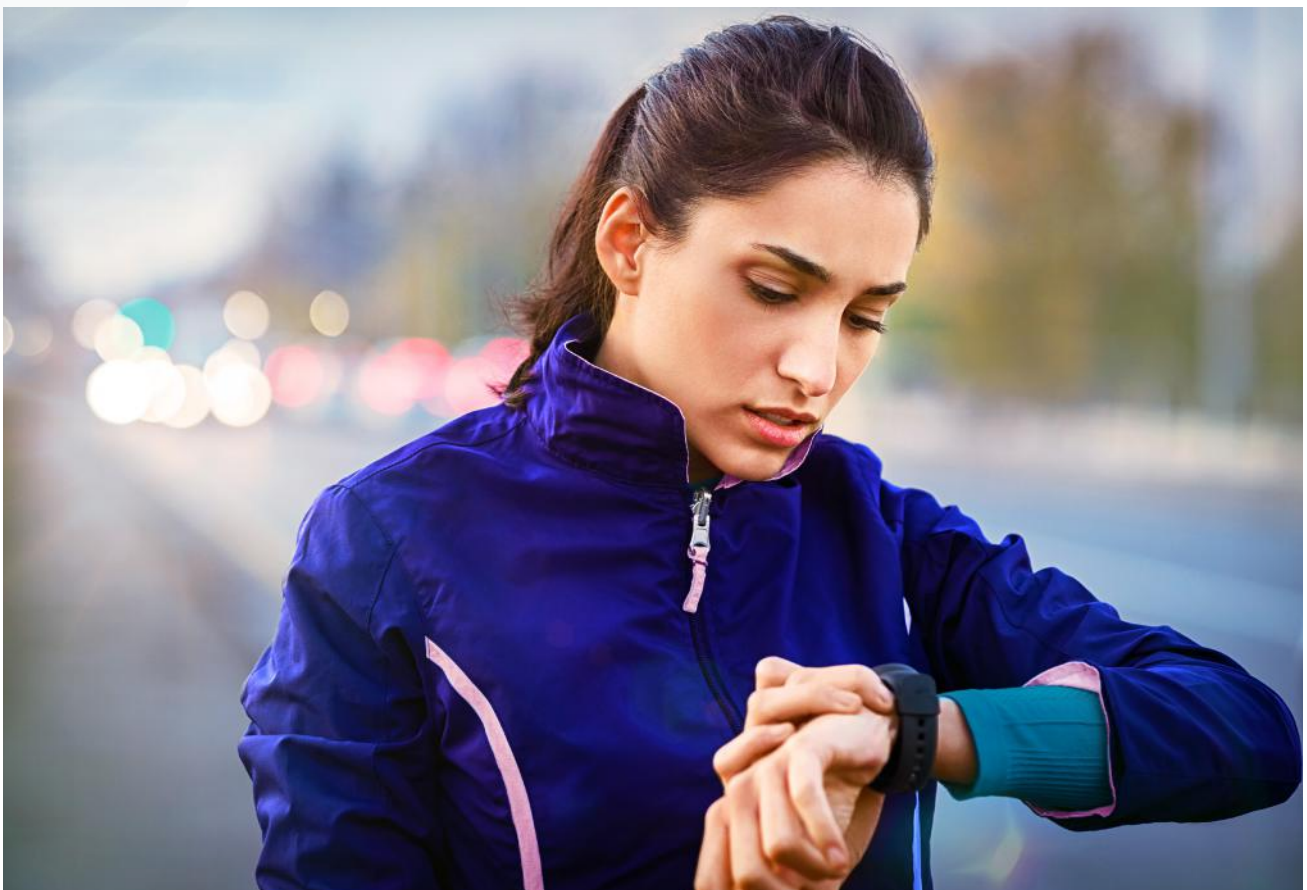
RIPE FOR CHANGE - FACING DISRUPTION

After seeing how new, tech-first companies have impacted established industries like taxis (Uber) and hotels (Airbnb), the word 'disruption' can be enough to send a chill down the spine of leaders in industries that haven't yet felt the brunt of the digital revolution. The health insurance industry is ripe for rapid technology transformation as insurers deal with legacy systems, an ever-increasing pace of industry change and rising member expectations.

For industry leaders, this is a pivotal moment. Insurers will have to profoundly change their business models via digital transformation, or risk redundancy. Evolution is necessary for relevancy. This evolution must be enabled by a single integrated digital agenda from the front-end customer interface to the back-end processing.

A key consideration for this transformation will be how best to appeal to the next generation of younger, information-empowered members, who expect high levels of customer service and are happy to switch brands if disappointed.

To grow this audience, the insurers needs to move away from traditional, inflexible models and instead offer greater agility and capacity to adapt through tailored policies or customized experiences for members. Additionally, these needs to be done at a lower cost of delivery and be completed within days or weeks, not months or years.

In the face of these challenges, the need for adopting a digital-first approach to enhancing member experiences cannot be overstated. Industry consolidation is also a threat; only the strongest and most efficient insurers will have the competitive advantage to survive.

WHAT DOES DIGITAL TRANSFORMATION MEAN FOR INSURERS?

For insurers, applying a digital "facade" on the front-end is not going to be enough if one is to stay ahead. The only sustainable way to deliver improved services at a lower cost is to be digital at the core. At a practical level, such an agenda could include common themes such as:

Operational Excellence
By deploying cutting edge technology with a focus on straight through processing and automation to lower the cost to serve members. This also creates new business data and insights, which can be leveraged to outperform the competition.

### Member Engagement with a Digital-First Approach
By adopting a digital-first approach to member engagement through channels like mobile phones, smart tablets, etc. This revitalizes member experiences and lowers member acquisition costs in the long term.

Superior Business Agility
By enabling faster configuration at various levels – product design, business process, member unique offerings, etc. Insurers with technologies that are easily configurable quicken their responsiveness to dynamic market developments and to experience accelerated time-to-market.

Health insurers around the globe are facing similar challenges, and we have worked with many to introduce market timely step-changes, excellent customer experiences, operational efficiency and ultimately, cost reduction.

Our customers have seen over 92% auto-adjudication rates and as much as 32% reduction in operating costs. These are just examples of how digital transformation can value-add to insurers, ultimately freeing up revenue for other strategic purposes, including making insurance more affordable for their members.
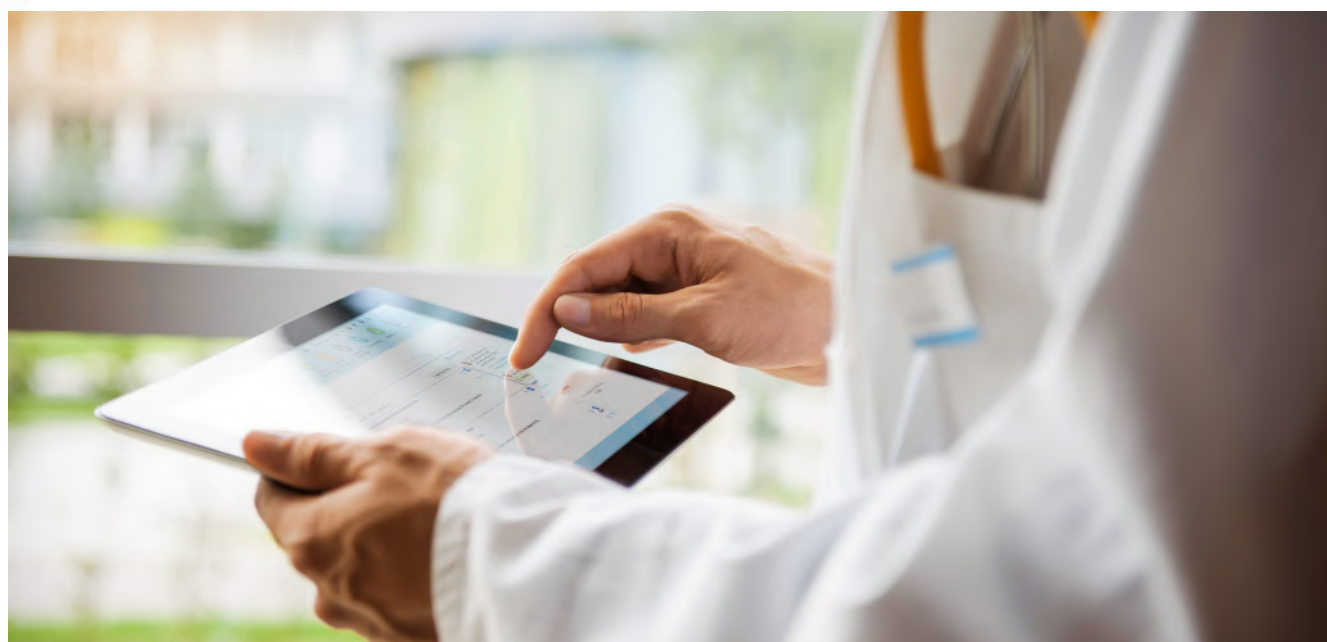
32%

REDUCED OPERATING COSTS

92%

AUTO ADJUDICATION RATE

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"Defence Health is renowned for our excellent customer service and this investment is vital if we're to maintain our high levels of member satisfaction"

Chief Executive of Defence Health,
Gerard Fogarty

DEFENCE HEALTH PARTNERS WITH ORACLE HEALTH INSURANCE FOR THEIR CORE INSURANCE SYSTEM

Defence Health, a restricted not-for-profit health fund that provides private health insurance to the Defence-related community, has partnered with Oracle Health Insurance for its new software platform as it embarks on its digital transformation journey.[1] This decision was driven by the need for an agile, proven health insurance solution that enabled payers to simplify healthcare IT, achieve greater levels of operational efficiency, reduce costs, and adapt quickly to ongoing market and regulatory demands.

With this partnership, Defence Health will be able to leverage the global best-in-class offering from Oracle Health Insurance to drive member engagement and adapt to market needs locally. The platform enables Defence Health to automate processes and increase its auto-adjudication rates by using business rules-driven processes.
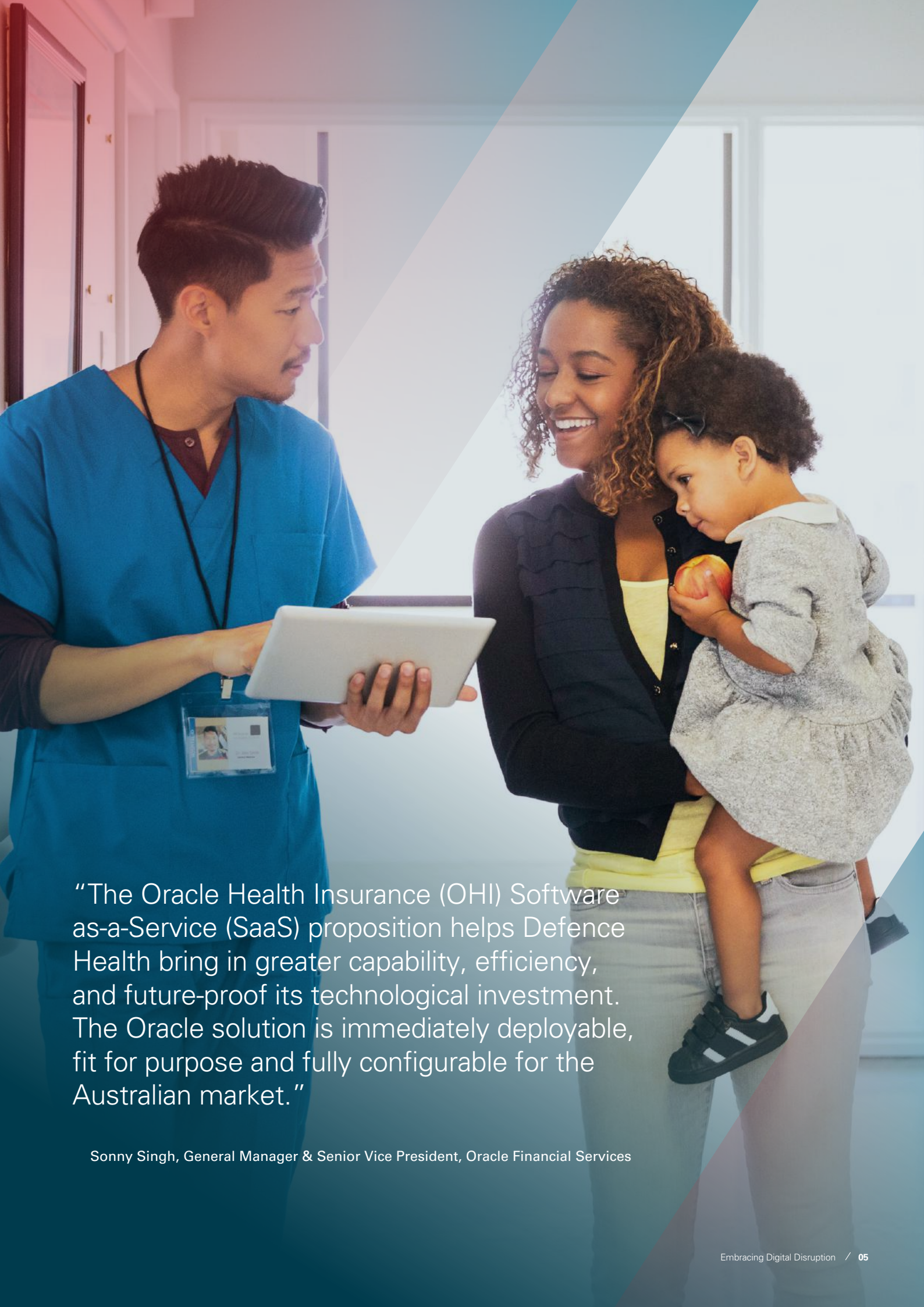
"Defence Health is renowned for our excellent customer service and this investment is vital if we're to maintain our high levels of member satisfaction," said Gerard Fogarty, Chief Executive of Defence Health.[2]

"The Oracle Health Insurance (OHI) Software-as-a-Service (SaaS) proposition helps Defence Health bring in greater capability, efficiency, and future-proof its technological investment. The Oracle solution is immediately deployable, fit for purpose and fully configurable for the Australian market." said Sonny Singh, General Manager & Senior Vice President, Oracle Financial Services.[3]

[1] https://www.itnews.com.au/news/oracle-snatches-defence-health-core-insurance-system-520141
[2] https://www.itnews.com.au/news/oracle-snatches-defence-health-core-insurance-system-520141
[3] https://healthdispatch.com.au/news/new-member-focused-software-platform-for-defence-health

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LET'S GET STARTED

There has never been a better time for insurers to reinvent themselves. With InsurTech and Internet of Things (IoT), insurers now have access to greater insights about member behaviour, allowing insurers to better anticipate member behaviour and bring about a more personalised experience for them.

A strong digital transformation strategy is needed to integrate and deliver first-class experiences to young consumers. Insurers need to be embedded into digital service experiences, devices and user interface (UI) to ensure that they are not ruled out of the consumer consideration set.

This may seem like a mammoth task for health insurers bogged down in legacy systems, but it doesn't have to be. Health insurance providers can embrace the digital revolution, including lowering the cost of technology and integration, enabling faster response to regulatory changes and reducing complexities.

With the right tools and mindset, health insurance providers can embrace the digital revolution, avoiding redundancy in the face of new entrants or market consolidation and deliver true value to its members.

NEXT STEPS

Digital Innovation Workshop
The workshop is designed to empower executives with information on Oracle's work with Health Insurers globally. Attendees will get an insight into the power of the Oracle Health Insurance platform and how to leverage these capabilities to deploy a future ready platform that will benefit your members.

Learn More : oracle.com/healthinsurance
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