5 BIGGEST CHALLENGES
FOR HEALTHCARE PAYERS IN 2024

INFUSE HEALTH

The 2024 ransomware attack against UnitedHealth Group's Change Healthcare was deemed **the most significant and consequential cyberattack** on the U.S. healthcare system in American history (AHA, 2024).

Allegedly costing UnitedHealth Group up to $22M to regain access to their data and systems, this attack highlights why cybersecurity tops the list as the biggest challenge U.S. healthcare payers are facing.

This article explores the top five challenges facing healthcare payers in 2024, including cybersecurity, as well as regulatory pressures, pricing, and more.

TOP 5 CHALLENGES OF HEALTHCARE PAYERS IN 2024

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1. Widespread reach and cost of cyberattacks and ransomware

In addition to the payout to the ransomware criminals, UnitedHealth Group paid out more than $3.3B to providers impacted by the Change Healthcare cyberattack (Reuters, 2024).

What may be more concerning is that bad actors are leveraging emerging technologies such as generative AI (genAI) to make cyberattacks harder to detect and predict. Additionally, cybersecurity risks posed by the widespread reach of genAI are due to a reported lack of governance and acceptable use policies, according to the 2023 **HIMSS Healthcare Cybersecurity Survey**.

2. Increased utilization and high drug prices are cutting into profits

Payers' profits are seeing a decline due to a variety of factors. Citing a spike in healthcare utilization that they expect to continue in 2024, CVS Health, UnitedHealth Group, and Humana **reported profit losses** of 5.2%, 6.2%, and 14.2%, respectively, for Q4 2023.

Healthcare payers are already facing significant challenges due to rising drug prices. In 2023 alone, pharma companies raised the price of **nearly 1,000 drugs** (USA Today, 2023) and launched new drugs in the U.S. **costing 35% more** than in 2022 (Reuters, 2024).

3. Lower reimbursement and increased utilization are eroding Medicare Advantage (MA) profits

MA earning margins **declined from 4.9% to 3.4%**, and earnings per member declined 28% from 2019 to 2022 (CMS, 2024).

In addition, Centers for Medicare & Medicaid Services (CMS) are planning to **cut the average benchmark payment** for MA plans by 0.2% (Healthcare Financial News, 2024), making it difficult for healthcare payers to make up for those losses elsewhere.

4. Regulatory pressures demand payer accountability

The **2024 Medicare Advantage and Part D Final Rule** were created to **demand payer accountability for several issues**:

- Disclosure of cost-sharing data to consumers

- Marketing standards transparency

- Compliance with policies to streamline prior authorizations

Arguably one of the most significant challenges in healthcare for patients, providers, and payers alike is prior authorization. Particularly, it has failed to control costs while ensuring appropriate care, as it was originally intended to do.

In fact, physicians reported that **prior authorization requirements resulted** in higher utilization, ineffective treatments, additional office visits, and delays in treatment resulting in urgent or emergency care (Medical Group Association, 2024). Healthcare payers will need to leverage technology to help them meet compliance with the Part D Final Rule.

5. Interoperability lagging

Siloed IT systems, privacy concerns, and market competition are among the top reasons for the continued lack of interoperability among payers.

Indeed, **64% of acute-care hospitals** disclosed that their exchange partners' Health IT systems lack the ability to receive data, which includes that of payers (HealthIT, 2023).

The Office of the National Coordinator for Health Information Technology has **acknowledged this deficiency**, and its recommendations, embodied in the CMS Interoperability and Prior Authorization Final Rule, aim to establish health information exchange by 2027 (CMS, 2024).

This initiative led by the Final Rule is designed to enable interoperability by streamlining prior authorization processes and moving the industry toward electronic prior authorization to reduce patient, provider, and payer burden.

WHY COST CONTAINMENT STRATEGIES BEGIN WITH TECHNOLOGY

Healthcare payers must develop strategies and deploy technologies that focus on reducing and containing costs to navigate external pressures that are out of their control. Technologies that make operational processes more efficient will help meet this goal, and **emerging innovations are rising to the occasion in several areas:**

Cybersecurity solutions are deploying numerous technologies to thwart cyberattacks informed by the technologies used for attacks. For example, cloud email security which prevents attacks such as business email compromises (BECs) by leveraging natural language processing (NLP) and genAI.

NLP analyzes email body text to identify social engineering tactics common to BECs, while genAI creates a myriad of BEC clones, which are used to train neural networks to detect attack variations. Agentless database activity monitoring is another area where AI can help protect against cyberattacks.

Artificial intelligence/machine learning has been deployed in the industry for years, however, the emergence of genAI promises greater innovations in driving high-quality member experiences for healthcare payers and more.

GenAI can enhance exchanges between members and chatbots to be more personalized and efficient, which impacts member satisfaction. AI is also embedded in the automation of underwriting and claims management processes. This reduces operating expenses and turnaround times, contributing to better member experiences and satisfaction. However, as AI carries inherent risks, healthcare payers need to thoroughly vet AI solutions and vendors before implementation.

Interoperability enables healthcare payers to share member/patient information and apply data analytics, which supports:

- Better care coordination
- Improved care outcomes
- Meeting regulatory compliance
- Fraud and abuse identification and prevention
- Driving workforce, operational, and financial efficiencies across the payer organization

With the ability to share data with members, healthcare payers can improve their member experience while building trust and brand loyalty. Given the long-standing challenges impacting interoperability, healthcare payers should search for healthcare IT providers that can meet their particular interoperability bottlenecks, such as legacy or disparate systems across the enterprise as a result of a merger or acquisition.

Robotic process automation (RPA) is already being used to streamline prior authorization. RPA can also help healthcare payers with regulatory compliance by automating processes, reducing errors, improving data accuracy, and streamlining the documentation process.

Data analytics platforms support a myriad of use cases. Their ability to compile and analyze data such as social determinants of health (SDOH) to develop more appropriate care plans translates to lowered readmission rates and improved patient/member outcomes.

These platforms can also glean predictive insights for particular member groups, which support population health management and value-based care. Where operational and financial processes are concerned, accurate data can help healthcare payers better manage risk and process claims and authorizations.

Telemedicine continues to support underserved communities and populations post-pandemic. By reaching these members who historically have had difficulty accessing care, healthcare payers can reduce utilization costs while increasing member satisfaction and experience. As a result, telemedicine is a vital technology to deploy in value-based care models.

Wearables and Internet of Things (IoT) devices upload members' data to their electronic health records, giving healthcare providers a more accurate and comprehensive view of their patients. For payers, this translates to more efficient and high-quality care, improved member outcomes, and ultimately, lower cost of care. Payers should collaborate with the providers in their network to coordinate the use of wearables and IoT devices.

Population health management tools/software can:

- Develop customizable health benefits plans
- Track SDOH data
- Assess workplace health and productivity
- Support chronic disease management
- Coordinate care for multiple care teams across healthcare organizations

Price transparency tools not only help healthcare payers comply with regulations, but enhance member experience and satisfaction while building trust and brand loyalty.

Finding the right healthcare IT provider is as important as finding the right technologies. As trusted partners, ideal healthcare IT providers offer ongoing subject matter expertise, skill sets, resources, and updates on regulatory policies to keep healthcare payers in compliance. This enables them to focus on delivering high-quality care and service to their members, employer groups, provider networks, and other stakeholders.

Given the significant capital expenditure investments of many IT initiatives, healthcare payers should thoroughly vet their healthcare IT vendors as they embark on their digital transformation journey.

KEY TAKEAWAYS

- Cybersecurity, regulatory pressures, pricing, and a lack of interoperability are some of the biggest challenges U.S. healthcare payers are facing in 2024

- Payers must develop strategies and deploy technologies that focus on reducing and containing costs

- To overcome current challenges, payers must implement advanced and emerging technologies, lean on healthcare IT partners, and develop true partnerships with healthcare providers

HOW INFUSE HEALTH CAN HELP HEALTHCARE PAYERS

INFUSE Health understands the challenges that healthcare payers face in the industry, with a keen understanding of their obligations to multiple stakeholders.

INFUSE Health can be a critical partner by delivering relevant and timely content. INFUSE Health enables healthcare payer research and decision making, while also connecting healthcare payers to the right IT providers, creating lasting partnerships.

Learn more about how INFUSE Health can drive outcomes for healthcare payers and technology solution providers ⟶