Redesigning Private Exchange Processes for a Major Health Plan – Meeting Client Demands



The evolution of private exchanges is challenging traditional relationships between insurance carriers, their customers, and brokers. Our client had difficulty meeting exchange sponsor timelines, ensuring quality results, managing internal communications.

An increasing number of employers are moving toward a defined contribution model to lower healthcare costs while meeting ACA provision compliance. This has led to unprecedented growth in private exchanges that is slated to grow exponentially in coming years. When a large national health plan needed help adapting to the changing private exchange marketplace, they hired Freed Associates.

The evolution of private exchanges is challenging traditional relationships between insurance carriers, their customers, and brokers. Our client had difficulty meeting exchange sponsor timelines, ensuring quality results, managing internal communications, and accommodating variations in processes across exchanges. Freed's experience as a non-disruptive collaborator and ability to improve organizational efficiencies proved useful in addressing this disconnect.

Goal: Redesign Processes and Structures to Meet Changing Client Demands

Our client needed to refine processes to ensure they were scalable and would support anticipated increases in sales volume. Additionally, their end-to-end operating model had to be reconfigured to meet the evolving

expectations of private exchange partners and customers. Freed's solution aimed to build new cross-functional organizational structures to support the private exchange segment.

Strategy: Define Capabilities and Identify and Resolve Operational Issues

Freed's approach to accomplishing this goal entailed defining the carrier's future operational capabilities across all sales and administrative functional areas. To strengthen our client's ability to offer a seamless administrative experience, we also helped identify capability gaps and deficiencies, and defined and implemented key administrative solutions. Because of the sheer size of this national client's operations, operating markets, and client base, this was a large and complex undertaking.

Tactics: A Three-Phase Project Approach for Improved Methodology

Phase One. This critical first step laid the groundwork for the entire project. Freed researched the client's current private exchange operations and the characteristics of each exchange partner. As a result, the Freed team was able to:

- Define an operating model to meet future capabilities for over 20 operational processes, which were required to support private exchange business cycle activities over the next two to three years.
- Identify new accountabilities specific to private exchange and host leadership discussions. This helped redistribute responsibilities across existing functional areas and develop new roles and governance structures where needed.

Phase Two. Freed partnered closely with client subject matter experts to evaluate operations against the future state operating model, identify pain points experienced during the previous year's business cycle, and capture in-progress operational improvement activities. With this in hand, the Freed team then:

- Collaborated with the client to identify changes required to close capability and performance gaps.
- Targeted a comprehensive range of sales and administrative areas, from product development and marketing through member enrollment functions, to make end-to-end improvement recommendations.

Phase Three. With the roadmap in place and approved by the client, Freed led the design and implementation of many of the recommendations identified in phase two of the project. These included:

- Definition, development, and launch of a private exchange operational dashboard.
- Dashboard planning, which included the evaluation of 50+ metrics, metric definition, data sourcing,

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dashboard design, production planning, rollout, and transition to the production owner.

- Leading the redesign of the private exchange quoting processes in collaboration with the client's sales and account management, underwriting, and training teams.
- Leading and supporting other key cross-functional improvements, including developing an end-to-end business cycle milestone plan and creating a cross-functional leadership council to oversee private exchange operations.

Results: Drastically Improved Private Exchange Operations

Through the consultation and guidance provided by Freed, the client successfully leveraged existing processes and structure to clarify and improve its private exchange operations. More than 50 improvements were implemented, including scalable processes and new management structures. As a result, our client is now positioned to deliver a seamless administrative experience for private exchanges, employer group customers, and prospective members, and meet the rapidly evolving requirements and growth expectations of this new sector.

The ability to recognize and adapt to a changing business environment is critical. The implementation of the Affordable Care Act has forced healthcare plans, providers, and employers to evolve their operations and migrate toward more cost-effective solutions while ensuring compliance with complex legislative demands. Freed's analysis, recommendations, and implementation assistance enabled this large national client to transition to an enhanced operating model with effective cross-functional communication and continuous improvement.

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