Rethinking the IT Organization in the Digital Economy

Overview of Blues System and Blue Cross NC

Overview of IT at Blue Cross NC

Market Forces Impacting Healthcare Payers

Impact to Blue Cross NC IT Strategy

Technology Leadership in Today's Digital Economy

THE BLUE CROSS BLUE SHIELD
SYSTEM

Arkansas BlueCross BlueShield

BlueCross BlueShield of Alabama

BlueCross BlueShield Arizona

blue of california

Florida Blue

hmsa

HCSC
Health Care Service Corporation

BlueCross BlueShield of Illinois

BlueCross BlueShield of Montana

BlueCross BlueShield of New Mexico

BlueCross BlueShield of Oklahoma

BlueCross BlueShield of Texas

Blue Cross of Idaho

Anthem.

Wellmark.

BlueCross BlueShield Kansas

Louisiana

CareFirst.

MASSACHUSETTS

Blue Cross Blue Shield of Michigan

BlueCross BlueShield Minnesota

BlueCross BlueShield of Mississippi

Kansas City

NEBRASKA

Horizon.
Horizon Blue Cross Blue Shield of New Jersey

BlueCross BlueShield of Western New York

BlueShield of Northeastern New York

Excellus

BlueCross BlueShield of North Carolina

ND

Regence

Regence

Capital BLUE

HIGHMARK.

Independence

TRIPLE-S SALUD
BlueCross BlueShield of Puerto Rico

Blue Cross Blue Shield of Rhode Island

South Carolina

of Tennessee

BlueCross BlueShield of Vermont

PREMERA | BLUE CROSS

WYOMING

36 INDEPENDENT COMPANIES

BlueCross BlueShield Association

Blue Cross and Blue Shield of North Carolina

➢ North Carolina's largest health insurer serving 4.3 million members

➢ Only insurer serving all 100 counties

➢ More than 5,000 employees

➢ 2021 revenues of $10.7 billion

➢ 2021 claims and medical expenses of $8.2 billion

➢ 2021 included 8 of the highest claims months in the company's 88-year history
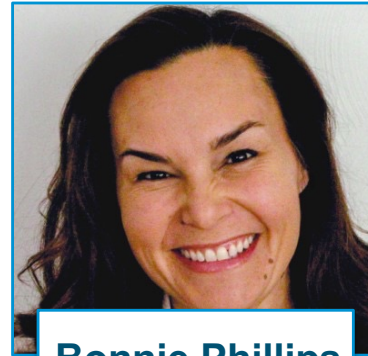
Our IT Leaders

Joe Bastante
Chief Technology Officer

Rick Chilton
*Chief Info Security
Officer*

Trevor Johnson
*VP, Solution Delivery
(App Dev)*

Bonnie Phillips
VP, Data & Analytics

John Ciesco
CoS, IT PMO

PLATFORM STRATEGIC AREAS

NC (Blue Cross Blue Shield NC)

Member Engagement
- Wellframe
- SAPPHIRE DIGITAL
- RALLY
- MDLIVE
- IncentFit
- Carallel
- SAFERIDE
- CareLinx
- SEMPRE HEALTH
- PRIME THERAPEUTICS
- Rx Savings Solutions
- FREE MARKET HEALTH
- noom
- PELOTON
- salesforce marketing cloud

AI & Robotics
- UiPath
- CarePath

Constituent Front Ends
- Members
- Employers
- Providers
- Agents
- Shoppers
- Insights360

Sales and Service
- qualtrics
- Genesys Cloud
- accent
- Simplify Healthcare
- salesforce

Common Information Service/Messaging
- IBM apiconnect
- Ab Initio
- kafka

Integrated Data
- NC EODS
- NC EDW
- smile CDR
- collibra
- snowflake
- ataccama
- Reltio
- Turquoise Health
- NC HealthConnex — Powering Health Care Outcomes
- Bamboo Health

Core Business Applications
- Facets
- salesforce
- workday
- EXL healthcare — CareRadius
- CHANGE HEALTHCARE | PROVIDER MANAGER

Cloud and Infrastructure
- aws
- EQUINIX
- tierpoint

Enablers
- OPENSHIFT
- servicenow
- NUXEO
- docker
- Elastic
- Jenkins
- JIRA
- git
- kubernetes
- Office 365
- aardvark

Health Care Market Forces and BCBS Implications

MACRO FORCES SHAPING HEALTH CARE

Shifts in Workforce/Population & Social Consciousness

Rapid Market Consolidation

Affordability at the Forefront

Evolving Consumer Needs & Expectations

Growing Government Action

The Big Data Economy
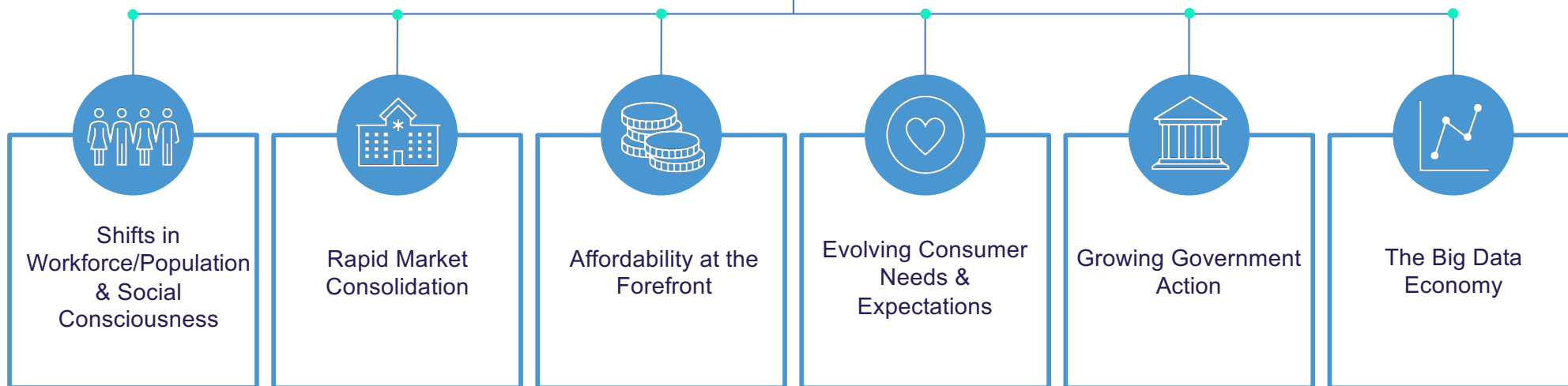
Shifts in Workforce, Population, & Social Consciousness

JOB OPENINGS IN THE UNITED STATES
2011-2022

11.3M, Aug. 2022

AMERICAN 65+ POPULATION
GROWING RAPIDLY

- Americans aged 65+ is projected to **nearly double** from 52 million in 2018 to 95 million by 2060

- Becoming more **racially and ethnically diverse**

- **Socioeconomic-related disparities** in health and mortality are sharp and widening

- Becoming **more concentrated** in certain geographic areas (rural)

- Pool of **family caregivers** for older Americans is shrinking

- Those living with **1 or more disabilities** will increase

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Environmental, Social & Governance:
Factors of sustainability & ethical impact of a company

Rapid Market Consolidation

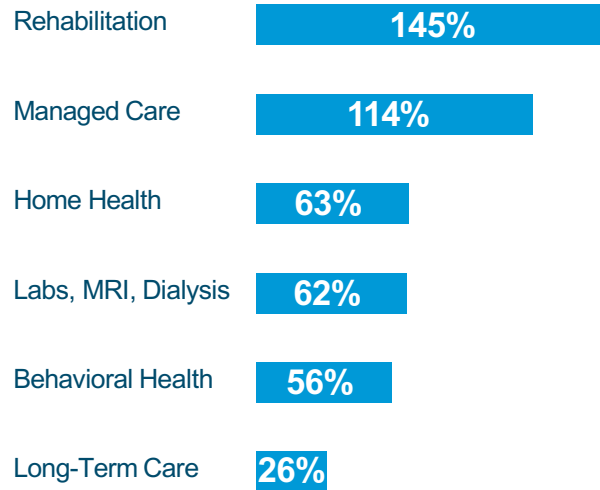**$203B** Total Value of Health Care Deals in 2021

56% Increase from 2020

VOLUME OF DEALS GROWTH
2020-2021

Rehabilitation	145%
Managed Care	114%
Home Health	63%
Labs, MRI, Dialysis	62%
Behavioral Health	56%
Long-Term Care	26%

- Private equity presence in home health care is growing – **4 of the top 10** largest home health providers are PE owned

- Horizontal & Vertical provider consolidation continues with **half of Primary Care Docs** currently affiliated with a vertically integrated system – more to come?

- Retail locations are gaining traction in **scaling primary care** while big tech companies are identifying health care focus areas

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Affordability at the Forefront
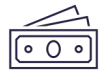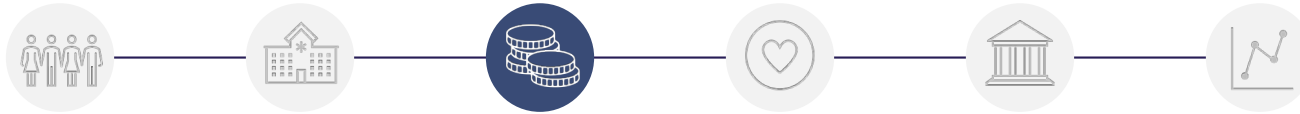
$4.1T American health care spending in 2020

19.5% Of entire American GDP

- Health care costs are expected to **rise as a result of inflation**
- **Intense pressure** on the commercial market as providers shift costs from under-funded government programs
- Specialty pharmacy costs continue to rise at unstainable levels - **$3B spend** across the Blues in 2021
- Employers will continue to look for **low-cost solutions** to help curb rising costs: wellness programs, telehealth, etc.
- Employers are willing to circumvent and dislocate health plan partners to drive delivery system change, creates space for tech entrants and retail players (Amazon, Google, Walmart) who are investing in health care

Evolving Consumer Needs and Expectations

Consumers want from health care the **convenience** they get from other industries

- Demand for a **convenient, transparent, and simple** experience is giving traction to tech entrants

- Concierge, **direct-to-consumer services** are a rising model for care delivery

- **73%** of consumers will use telehealth services post-pandemic, driving need for broadband access in rural/underserved areas

- Urgent need to address access to **youth mental health services**, as suicide is the second leading cause of death for those aged 10-24

Growing Government Action

Heath care legislation has **bipartisan federal focus** and support

KEY BIPARTISAN FOCUS AREAS

- Advancing **maternal health** and **health equity**
- **Strengthening the health workforce**, specifically in medically underserved areas
- Expanding **mental health care access** & advancing **mental health parity** to medical & surgical benefits
- Driving transformational innovation to **fight cancer**
- Delivering on health care **commitments to Veterans**
- Addressing the **opioid and drug overdose epidemic**
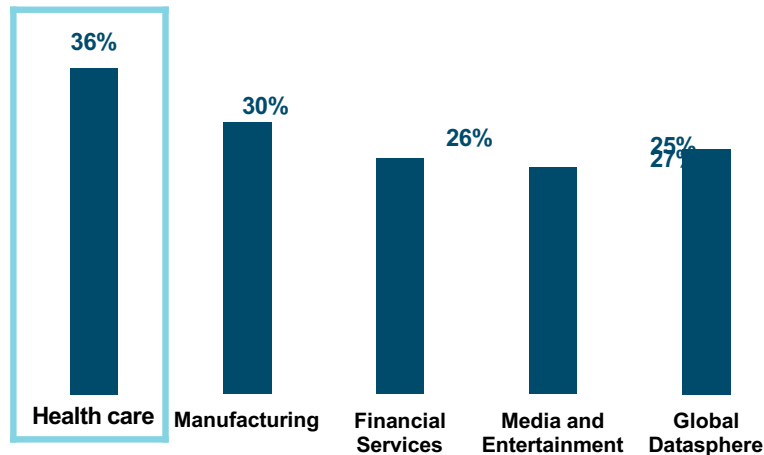- **Price transparency** / surprise billing

The Big Data Economy

The continued proliferation of health care data has increased the need for **data privacy capabilities** as consumers are more concerned with how their data is used

DATA IN HEALTH CARE IS GROWING FASTER THAN OTHER SEGMENTS…

VOLUME OF DATA GENERATED BY SECTOR, 2018-2025 CAGR

Sector	CAGR
Health care	36%
Manufacturing	30%
Financial Services	26%
Media and Entertainment	25%
Global Datasphere	27%

…LEADING TO INCREASED CONSUMER (& EMPLOYER) PRIVACY CONCERNS

70% **would cut ties** with health care providers if their data was unprotected

48% would be **unlikely to use telehealth** services if a data breach occurred

62% have **serious privacy concerns** when learning no federal protections exist for data stored on health care apps

Health Care Market Forces Create Implications for IT

MARKET FORCES

- Shifts in Workforce/Population & Social Consciousness
- Rapid Market Consolidation
- Affordability at the Forefront
- Evolving Consumer Needs & Expectations
- Growing Government Action
- The Big Data Economy

IMPLICATIONS FOR IT

AGILE / FLEXIBLE

SMART

EFFICIENT

RESILIENT

EMERGING TECH

- AI
- IoT/ devices / 6G
- Blockchain
- Aug/Virtual Reality, Metaverse
- Hyperscale & Quantum Computing
- Passwordless authentication
- Digital ethics
- Etc.

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SMART

Data

Digital

Cybersecurity

EFFICIENT

Automation + Cloud = speed/automation/flexibility/pre-fab services

RESILIENT

Stability/Availability/Redundancy
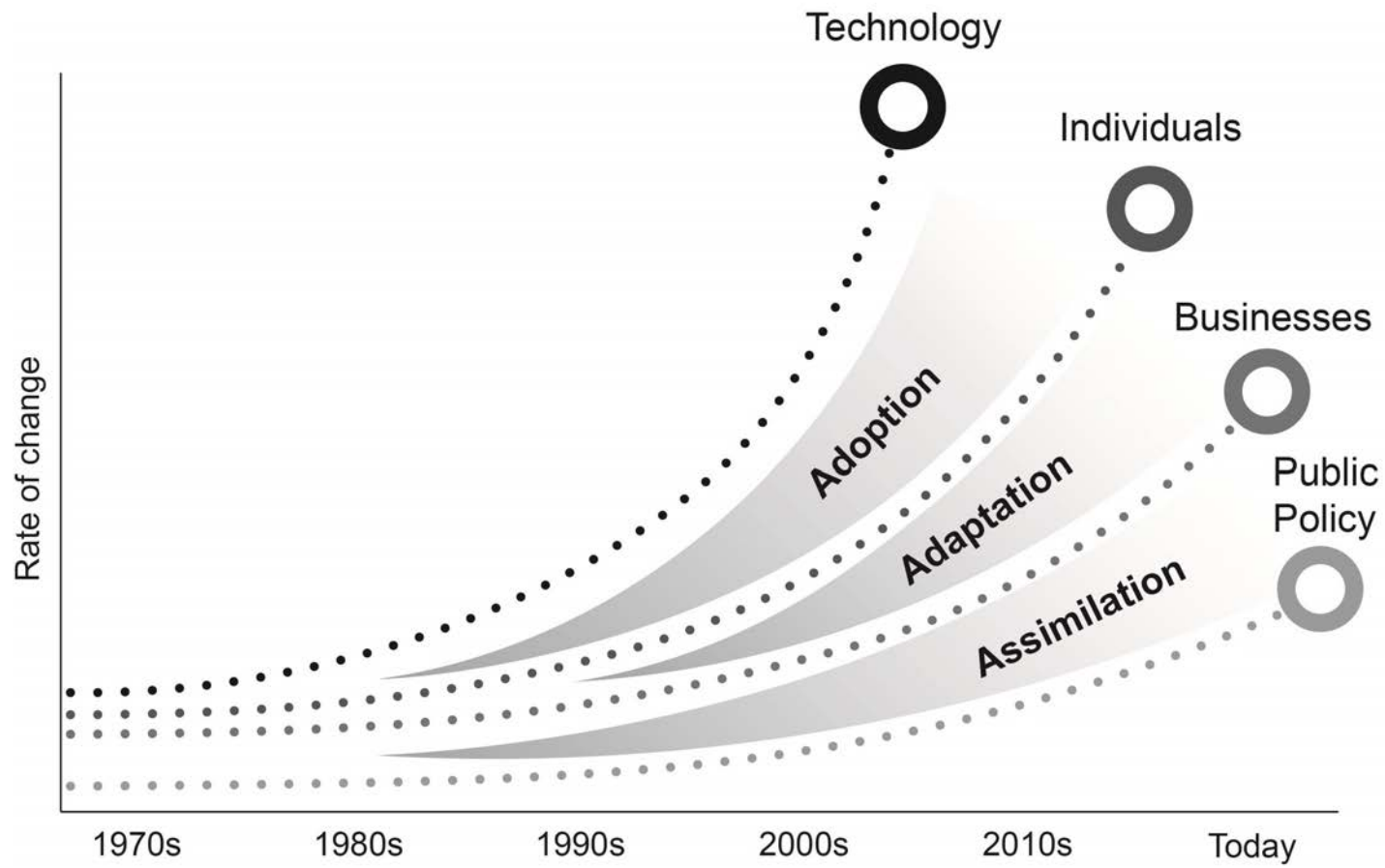*Controls/Balancing/Monitoring/Auto-Recovery*

THE
TECHNOLOGY
FALLACY

**HOW PEOPLE ARE THE REAL KEY TO
DIGITAL TRANSFORMATION**

GERALD C. KANE, ANH NGUYEN PHILLIPS,
JONATHAN R. COPULSKY, AND GARTH R. ANDRUS

"The biggest threat of digital disruption is in the organization itself – that the company would be either unable or unwilling to change fast enough to respond to the threats posed by digital disruption."

From "The Technology Fallacy" by Kane, Phillips, Copulsky & Andrus

THE TECHNOLOGY FALLACY

HOW PEOPLE ARE THE REAL KEY TO DIGITAL TRANSFORMATION

GERALD C. KANE, ANH NGUYEN PHILLIPS, JONATHAN R. COPULSKY, AND GARTH R. ANDRUS

"It's hard to push digital transformation through managerial directive. The best companies tend to pull digital transformation by cultivating conditions that are ripe for transformation to occur."

Fundamentally challenge the way the organization and leaders work to close the Adaptation Gap

- Provide **vision** and **purpose**.

- **Flatten hierarchies** and **collaborate** across organizational boundaries/silos.

- **Cede authority** to cross functional teams.

- Speed up **decision making**.

- Create conditions to experiment. Think big, start small, **scale fast**.

- **Get out of "better than current state"** thinking.

- Help employees **develop needed skills.**

- Successfully understand both **opportunities** and **threats** in the environment.

Final Thoughts

Technologies come and go. **Talent is an organization's greatest asset**. Be strategic and intentional about how to get it and keep it. Cultivate a culture that encourages diversity of thought and life long learning & curiosity.

Have an overabundance of **RESILIENCE**.

Enjoy the journey – it goes by fast!