



Transformative outsourcing

KPMG client story



About our client

Client name: Regional healthcare insurance payer

Client industry: Healthcare and life sciences

The client is a regional health plan in the United States, providing a full range of plans to its members, including individual, family, employer group, and Medicare Advantage.

Project at a glance

Advise the company on a major IT and business process outsourcing (BPO) program that included a large-scale transformation of all core applications.

The breadth of KPMG enabled us to develop a negotiated outsourcing contract with the appropriate structure and controls for our client. We stood up a transition and transformation organization to manage the execution of the contract and enable our client to effectively execute organizational change management and communication—all while having the appropriate controls in place to assess new risks and contract governance. In the end, we were able to support in the development of a new product.

Challenges

Facing declining membership, highly customized tools, and manual processing, this regional health plan knew it needed a major upgrade to its core applications to satisfy current members, recruit new ones, and offer new services.

The company was looking for support in developing contract terms and managing the outsourcing provider it had chosen. Importantly, the client wanted to leverage the savings from outsourcing to fund a large-scale transformation of its core legacy applications that had become too costly to maintain and support.

Key KPMG initiatives

The client initially engaged KPMG to develop a market-leading IT and BPO agreement that included:

- A modern service level methodology
- A statement of work aligning responsibility to expected outcomes
- Pricing terms that fluctuate with usage
- Mechanisms to add and remove scope, monitor performance, and apply penalties if expected outcomes aren't achieved.

We ultimately leveraged the breadth of KPMG to deliver on additional aspects of this engagement:

- Our Outsourcing practice assisted with contract and negotiation support, managed the successful transition of IT and BPO services from the client to its outsourcing provider, established a transformation management office to manage the implementation of all new applications and software, and designed a strong governance framework to oversee provider performance.
- Our People and Change practice conducted change management activities and managed communication across the organization.
- Our Risk Consulting practice assessed controls on outsourced work.
- Our Healthcare practice helped the client launch a new product to increase membership.

Business impact

Over the past two years, we have helped the company achieve substantial benefits in a wide-ranging and complex outsourcing and transformation initiative, including:

- Estimated savings of \$70 million over seven years from outsourcing, which are being reinvested to create a modern, integrated technology infrastructure
- A 10 percent increase in new members now that the client is certified as a Qualified Health Plan in the Federally Facilitated Marketplace
- An improved experience for members, providers, and employees, thanks to new self-service capabilities, more automated and standardized processes, and greater visibility into claims, approvals, and denials.

Looking ahead, the client expects ongoing capability enhancements from outsourcing to continue improving operational performance, reducing costs, and driving new business.

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Why KPMG?

We build strong business cases to power major technology and process change.

Our approach helps clients prioritize investments, sequence initiatives, and secure stakeholder buy-in, keeping all parties focused on ROI-driven project scopes and tangible impact.

We identify risks and provide mitigation strategies before issues occur.

We provide insight into upcoming milestones and deliverables to reduce the impact of program issues and delays.

We work as one team with deep strategic and technical experience.

Large, complex enterprises with ambitious process and technology aims need journey advisers with the bench strength and scale to pace with them. We can deliver big-picture client priorities on ambitious timelines, providing strong continuity of vision and execution capabilities.

Let's start a conversation.

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