Navigating the New Complexities of Provider Credentialing:
A Porter Research Report

INTRODUCTION

It's no secret that virtually every component of the healthcare industry is undergoing massive disruption due to rapidly evolving regulatory and reimbursement environments. The provider data management space, also known as the provider credentialing data and services space, is no exception.

This once relatively quiet, highly administrative function within hospitals is now under the spotlight to help improve patient safety and protect organizations from fraudulent activity while also identifying new efficiencies that support cost containment and quality goals.

As a result, data management software vendors who historically focused on supporting the physician credentialing function have stretched beyond their original scope to help hospitals address other aspects of preventing fraud. In addition, many of these organizations have invested heavily in changing the market dynamics in their favor—from making acquisitions to rolling out new cloud-based platforms and value-added services.

All of this disruption has made it more difficult for today's busy hospital CIO to evaluate the right provider data management solution for their organization. CIOs and medical staff team members involved in mergers and acquisitions are particularly challenged when it comes to integrating multiple facilities, systems, workflows and staff. Synchronizing

and standardizing data that comes in through hundreds of different sources and in different formats can be overwhelming, particularly for organizations seeking new economies of scale from acquisitions. For standalone hospitals that are often strapped for IT and credentialing expertise, staying ahead of the onslaught of federal and state guidelines associated with provider credentialing is a constant challenge.

But as the pressure mounts, provider data management vendors are responding with new innovations and working to consolidate their own industry. Over the past several years, the software vendor landscape has changed dramatically with several of the well-established players, such as symplr (formerly Cactus and Vistar) and Verity, a HealthStream company (formerly Echo and Morrissey) acquiring legacy platforms, and new entrants have emerged onto the scene. Many companies have also delivered SaaS-based solutions and new services.

"Credentialing is the process of obtaining, verifying, and assessing the qualifications of a practitioner to provide care or services in or for a health care organization. Credentials are documented evidence of licensure, education, training, experience, or other qualifications."
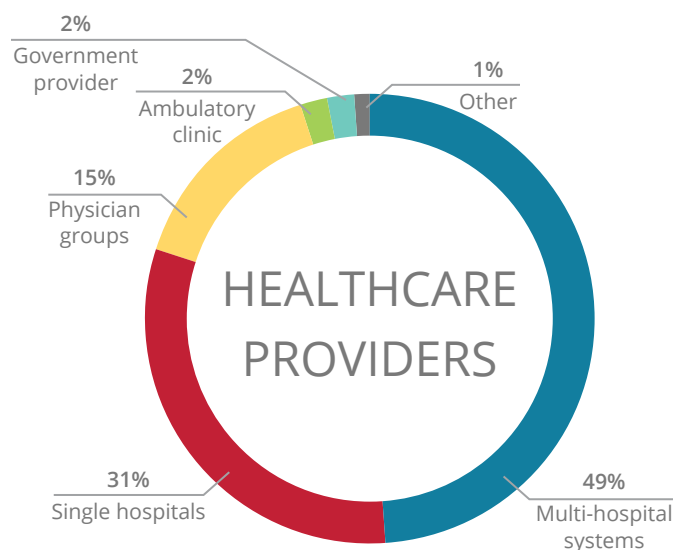
– Joint Commission

While this is typical behavior in a mature, densely populated market segment (consider financial services and retail industries), the landscape can seem treacherous for the buyers and users of provider credentialing tools and services. The uncertainty of the future of the legacy, acquired platforms can freeze purchase decisions and institute a "wait and see" mentality among buyers. As more organizations are forced to migrate off of their old platforms, they may also take the opportunity to evaluate all other options in the market.

It is this disruption and rapidly changing software vendor landscape that drove Porter Research to explore the current provider data management landscape through the industry's largest research initiative to date.

Capturing input from 528 credentialing professionals from 446 unique organizations including 35 health plans, the research looked at everything from vendor market share to the most popular likes and dislikes about current solutions. Hospital responders represented all types of organizations: multi-hospital systems (49%), single hospitals (31%) and physician groups (15%) (Figure 1). Health plans represented both commercial (67%) and provider health plans (19%) (Figure 2).

This paper seeks to provide greater clarity on the current landscape and offer practical advice for today's CIO who is charged with evaluating the complex provider data management market.

Figure 1: Healthcare provider respondents represent both single and multi-hospital systems

Figure 2: Health plan respondents were predominately from commerical organizations
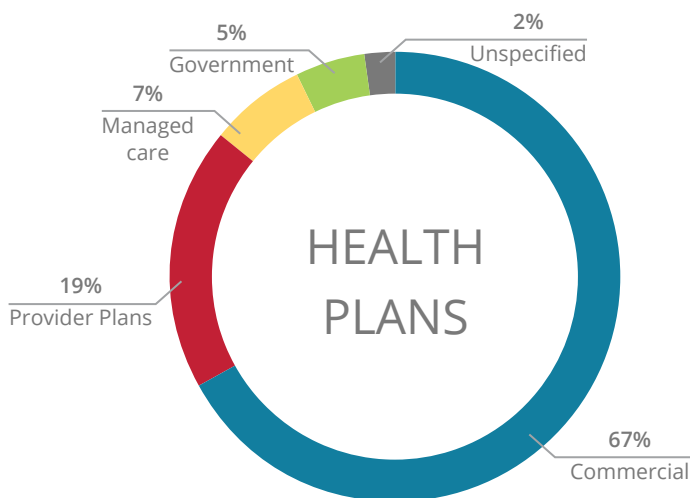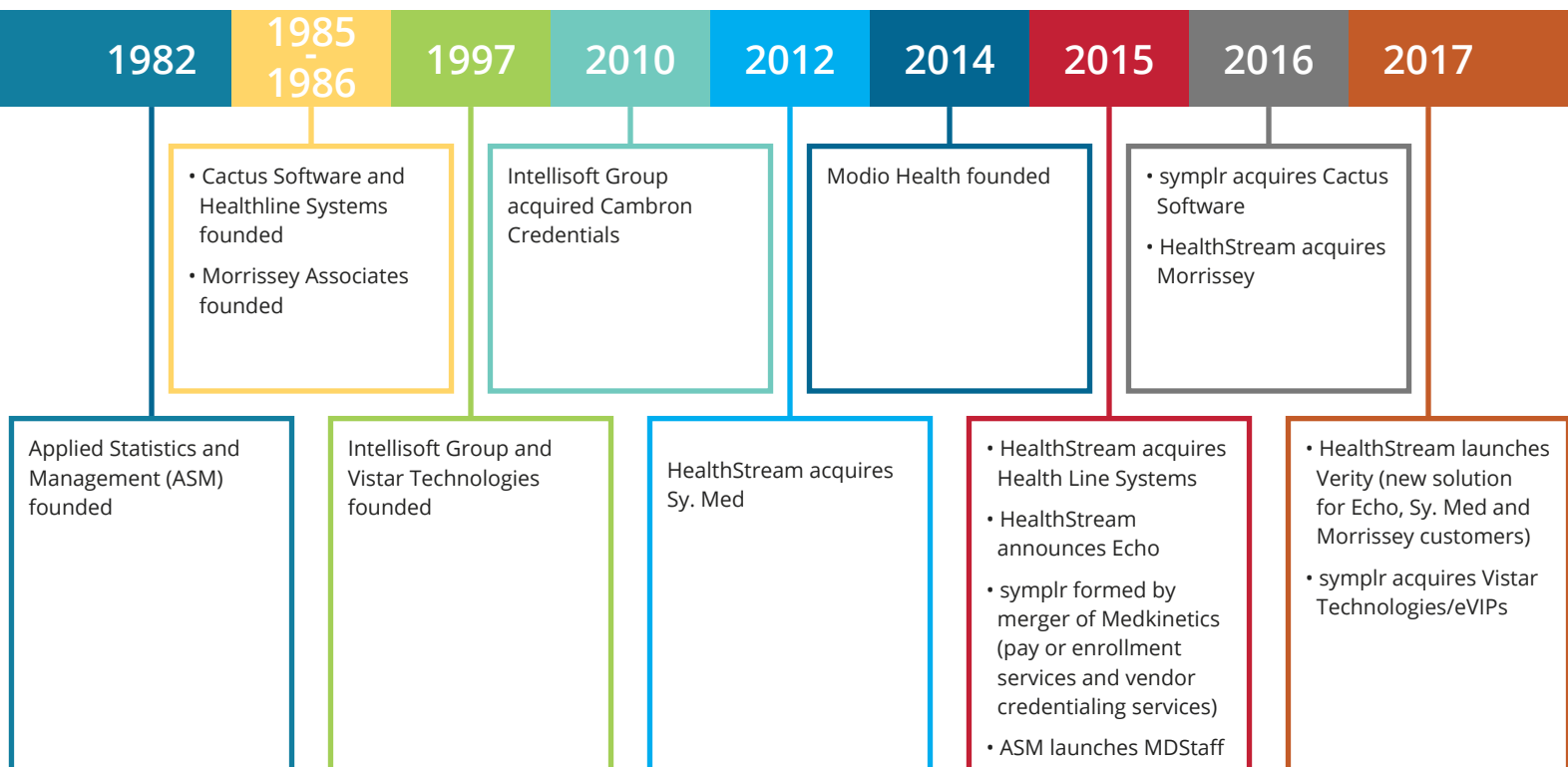
KEY OBSERVATIONS FROM THE RESEARCH

Mature market dynamics with a narrowing number of software vendors

Nearly 90% of respondents are currently using a data management tool today, with the remaining 10% relying on their own systems and spreadsheets. This reflects a mature, saturated market in which vendors must differentiate themselves on value-added services, while providers must sift through subtle differences in core capabilities.

In addition, very few providers have switched solutions in the last five years, with 30% of respondents reporting that they have been using their current solution for 10+ years and 25% reporting

they have been on the same system for 6-10 years. This indicates that the market has not been actively evaluating new solutions, either due to the lack of attention paid to this area of the business or overall satisfaction with their current software vendor, or some combination of factors.

There are a handful of software organizations who hold the lion's share of the market. Each of the major vendors has played a critical role in consolidating the market. See the timeline below to better understand the complexities of the consolidating vendor landscape.

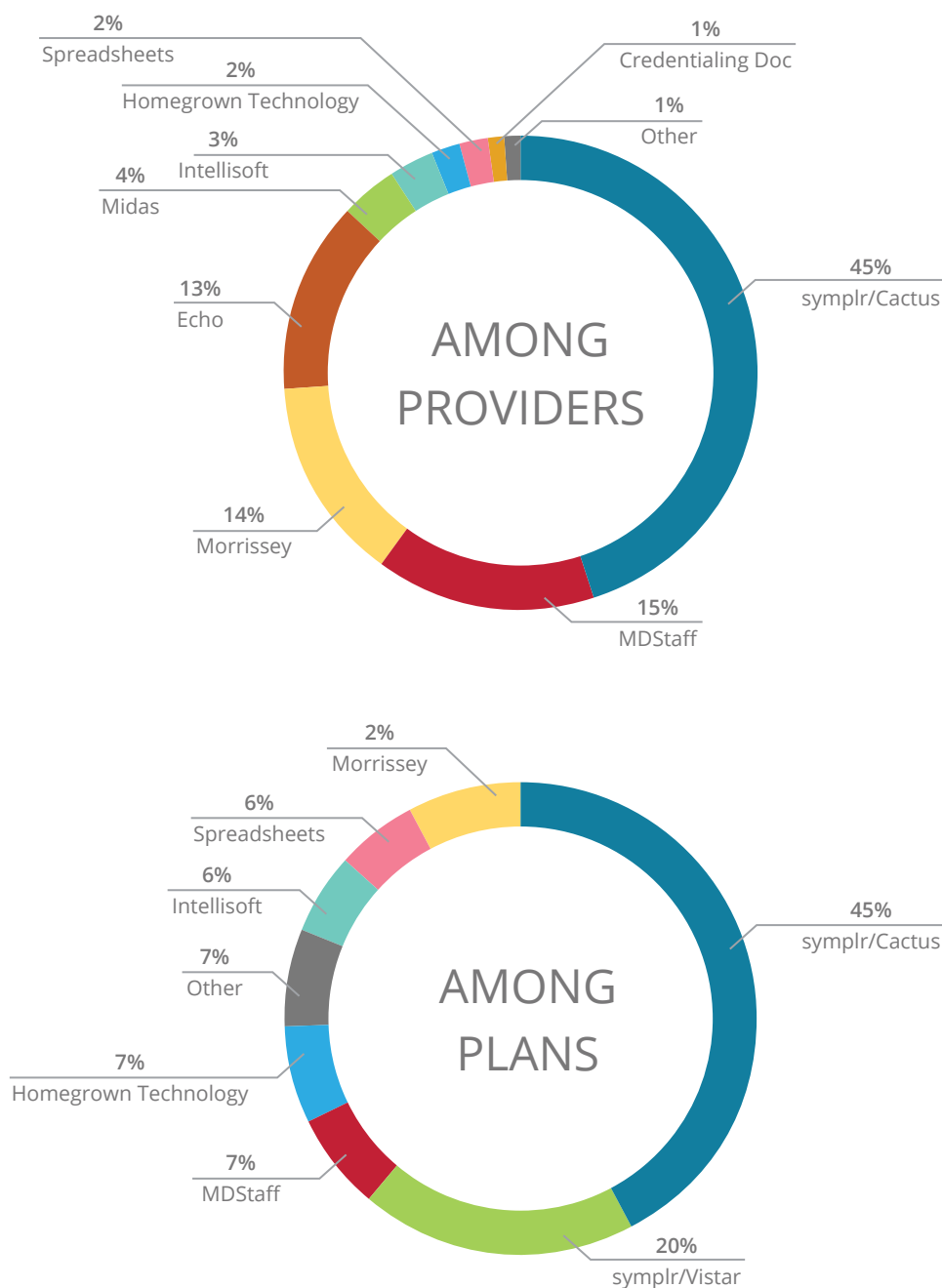| 1982	1985 - 1986	1997	2010	2012	2014	2015	2016	2017
	• Cactus Software and Healthline Systems founded • Morrissey Associates founded	Intellisoft Group acquired Cambron Credentials			Modio Health founded		• symplr acquires Cactus Software • HealthStream acquires Morrissey	
Applied Statistics and Management (ASM) founded		Intellisoft Group and Vistar Technologies founded		HealthStream acquires Sy. Med		• HealthStream acquires Health Line Systems • HealthStream announces Echo • symplr formed by merger of Medkinetics (pay or enrollment services and vendor credentialing services) • ASM launches MDStaff		• HealthStream launches Verity (new solution for Echo, Sy. Med and Morrissey customers) • symplr acquires Vistar Technologies/eVIPs

CURRENT MARKET SHARE OF SOFTWARE VENDORS ACROSS THE HEALTHCARE INDUSTRY

When asked which provider data management systems they use, respondents answered the following way:

Based on the sample size, Porter believes these represent the current market share of software vendors across the industry.

Which tools does your organization currently use for provider data management?

AMONG PROVIDERS

- 2% Spreadsheets
- 2% Homegrown Technology
- 3% Intellisoft
- 4% Midas
- 13% Echo
- 14% Morrissey
- 15% MDStaff
- 45% symplr/Cactus
- 1% Credentialing Doc
- 1% Other

AMONG PLANS

- 2% Morrissey
- 6% Spreadsheets
- 6% Intellisoft
- 7% Other
- 7% Homegrown Technology
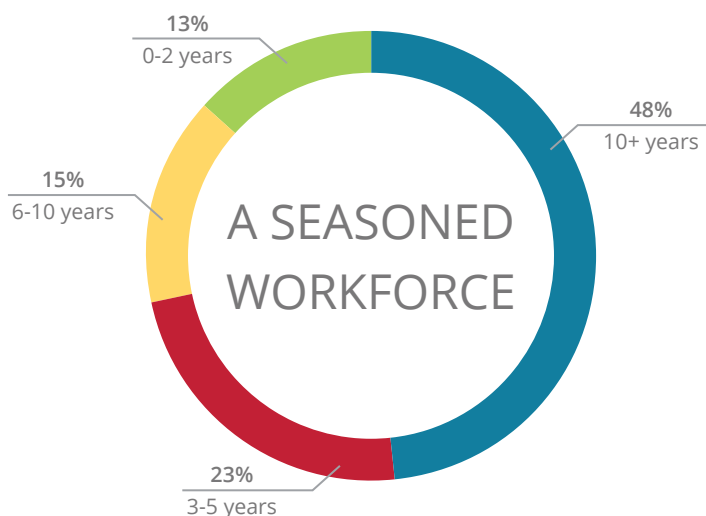- 7% MDStaff
- 20% symplr/Vistar
- 45% symplr/Cactus

A seasoned workforce provides deep domain expertise but creates long-term risks of staff shortage

Nearly half of respondents (48%) reported that they have been working in credentialing or health plan enrollment for 10+ years, and only 13% reported being in the field for less than two years. Additionally, 66% of respondents spend more than 50% of their day using their provider data management tools.

While these results indicate that the survey feedback received came from highly experienced medical staff workers and leaders, they also indicate that skilled workers may be aging with very few new entrants into the profession. A shortage of resources with credentialing and compliance expertise could be on the horizon, and some believe it is already here.

With new technology advancements, providers and health plans should embrace the opportunity to automate many of the historically manual processes associated with provider data management to reduce labor costs and reduce their risk of not having access to experienced resources in the future.

Vendor innovation outpacing user adoption

In the open-ended questions in the research, many organizations reported that they were not using the latest version of their systems and/or not using their system to its fullest potential. There appears to be a number of reasons for this, ranging from the cost of upgrading to a lack of resources available to make the move. This can impede customer satisfaction and limit the positive impact the solution can have on the hospital's workflow and cost savings. With so much innovation going on among vendors, perhaps greater attention should be paid to helping current customers adopt and optimize use of these new capabilities.

How long have you worked in provider credentialing and/or payer enrollment?

13%
0-2 years

15%
6-10 years

48%
10+ years

A SEASONED WORKFORCE

23%
3-5 years

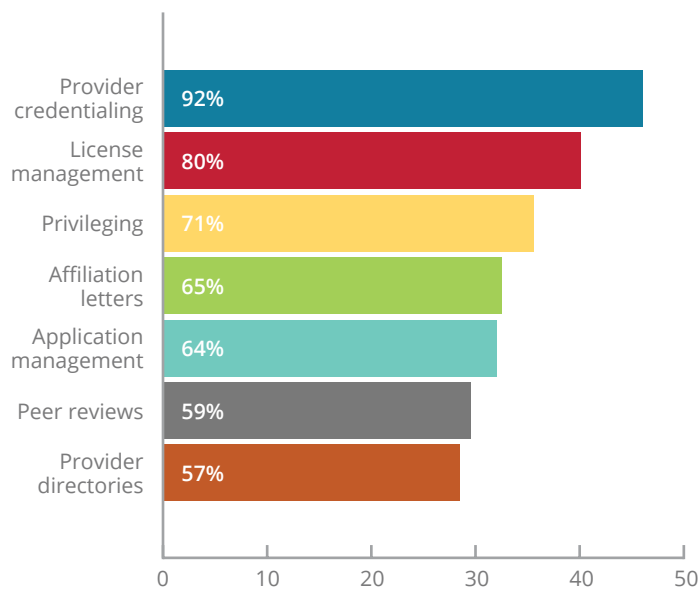# PRIMARY FUNCTIONS OF DATA MANAGEMENT SOLUTIONS

It's more than just credentialing

As the provider data management market has matured, software vendors have added more capabilities that demonstrate the value they deliver. When asked about the primary funct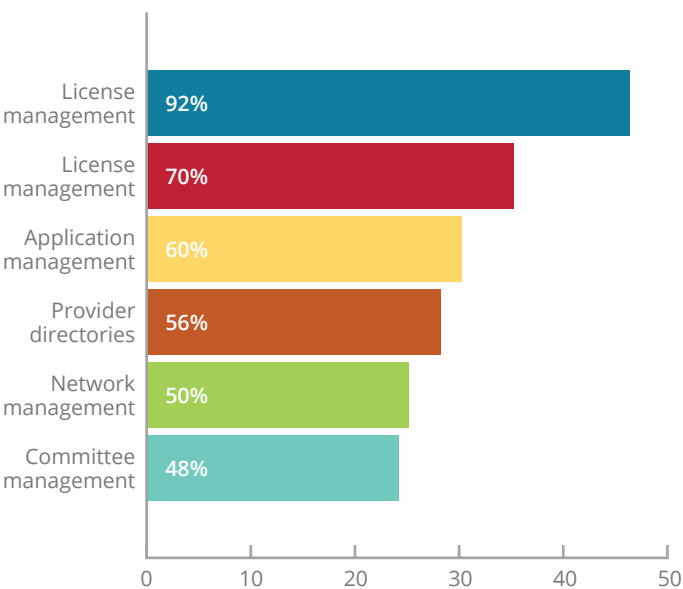ions that respondents use their data management solutions for today, it came as no surprise that the top business function was credentialing, with 92% of the provider respondents and 92% of health plans reporting so. When we look beyond credentialing, the next most popular business functions reported were:

How does your organization use your current provider data management tools?

AMONG PROVIDERS

Function	%
Provider credentialing	92%
License management	80%
Privileging	71%
Affiliation letters	65%
Application management	64%
Peer reviews	59%
Provider directories	57%

AMONG PLANS

Function	%
License management	92%
License management	70%
Application management	60%
Provider directories	56%
Network management	50%
Committee management	48%

INDUSTRY DRIVERS IMPACTING THE SOFTWARE VENDOR LANDSCAPE

So what's behind all of these changing market dynamics that are pushing vendors to offer capabilities beyond credentialing and to stretch across the provider data management continuum?

Even though the world of physician credentialing has not changed much over the past decade, the public's ability to easily access information about physicians and hospitals has changed dramatically. Whether through CMS's physiciancompare.com service, Google profiles, or mass media coverage, the court of public opinion represents a real threat to hospitals' reputations, finances, or even accreditations. Credentialing practices and technologies are now working their way to the top of hospital CIOs' worry list.

As healthcare providers start to emerge from the depths of EHR implementations and Meaningful Use attestations (now referred to as Promoting Interoperability), IT leaders are able to focus on other areas of the business, such as leveraging the large sets of physician data they now possess to support a more thorough and efficient credentialing process.

Physician data is collected and used by virtually every department, but there are typically very few standards in place. As IT leaders are being held accountable for the validity of different data sources across their enterprises and business leaders are demanding a single source of truth for physician data, pressures are mounting for software providers to deliver more capabilities and greater standardization across the enterprise.

As the digital transformation of healthcare takes hold, healthcare providers are sitting on terabytes of data that can be found across their organizations—tucked away in thousands of spreadsheets and emails or buried deep within the EHR billing systems of their various hospitals.

As CIOs and healthcare leaders seek to find a single source of truth for provider credentialing efforts, the need to centralize disparate data sources into a single system is growing in importance. CIOs must match the complexities of today's provider data management solutions with the capabilities they believe their organizations can handle.

"Health insurance companies are streamlining credentialing of physicians who contract with Medicaid health plans in hopes of boosting doctor participation in the program that provides care for the poor."

– Forbes, April 2018

A LOOK AHEAD: FIVE CONSIDERATIONS FOR SELECTING YOUR FUTURE PROVIDER DATA MANAGEMENT PLATFORM

As we've stated, the provider data management space is undergoing significant change, and it is likely to continue to do so over the next three to five years. Ever-increasing regulatory requirements and massive reimbursement changes are expected to continue to put pressure on healthcare providers' bottom lines.

As providers and health plans turn their attention to the many disparate data sets they now own, it is important for today's CIO to consider the following factors when selecting a provider data management solution.

1. One size does not fit all. Leaders should be careful not to generalize data management software solutions, as their needs are very different based on the size and complexity of their organizations, as well as the availability of IT and credentialing expertise.

For example, in the survey, the most commonly mentioned improvements that health plans would like to see from their software vendors were better reporting, improved ease of use, more business process automation and greater flexibility. In terms of process automation, the constantly changing business structures and regulatory requirements make it difficult for users to comply with business protocols and procedures. Health plans want and need

assistance from their vendors when designing business processes that are sure to check all of the right boxes and capture all of the right information.

For providers, top vote-getters for areas of improvement were very similar to the health plans, but interoperability and more complete and consistent data standards emerged as top wants.

2. Total cost of ownership must be considered. In recent years, healthcare CIOs have begun to accept the benefits and risks of cloud-based solutions. They are being forced to look at every way to cut overhead costs while also protecting their organization and patient data under the stringent privacy and data storage laws. Maintaining and protecting data in their own server rooms is no longer realistic, and many are making the decision to outsource this function to organizations that specialize in this.

When considering non-cloud-based solutions, it is important for CIOs to understand the full cost of ownership, including the impact to their own data centers, software upgrades and IT oversight, all of which are typically rolled into the cost of a cloud solution.

3. Evaluate the track record of innovation and investment. Forward-thinking software vendors with a track record of investing in capabilities and solutions are likely the ones who will survive in the long run. When evaluating solution partners, inquire about a vendor's previous two to three years' worth of innovations, and seek to understand the committed product roadmap for the next two to three years. One year is not enough. Ask yourself if these advancements align with where your organization is going, and whether you trust that your solution provider is capable of staying on top of the ever-changing regulatory requirements.

4. Consider opportunities for user engagement. Providers should seek to partner with software vendors that demonstrate active involvement with their user bases, such as through a public feedback system, user conferences and advisory boards. Forward-thinking organizations that participate in broad industry meetings and work groups and who demonstrate a thirst for understanding how emerging technologies, such as blockchain and artificial intelligence (AI), will impact their customers are typically a good fit for mid- and large-size hospitals as they tend to have their finger on the pulse of innovation.

5. Gain visibility into a vendor's interoperability strategy. With the massive data silos that exist across all healthcare providers today, having a system that can easily exchange data with third-party systems is critical. For example, Cactus provides native integrations off the shelf as well as an API that allows its customers to easily build functionality around the solution. This is particularly handy for some health plans that are starting to delegate credentialing where there is a high degree of trust between their organization and a hospital network that they know does a good job of credentialing its physicians. In exchange, the hospital network may see benefits such as higher reimbursement rates. As all players across the healthcare spectrum seek to contain costs and limit risks, these relationships can be mutually beneficial for those who are getting it right.

The provider data management vendor landscape is undergoing significant change, and hospital CIOs must be aware of the advantages and risks associated with a move to a more modern solution.

ABOUT PORTER RESEARCH

Porter Research works with growth-minded companies to develop and execute market research programs and create strategies using market intelligence uncovered. With 30 years of experience, we have worked with more than 300 IT companies, and complete thousands of interviews each year. This means we know your industry, we know how you need to use the data, and we execute the right research program to uncover what you can't find on your own. We also apply the data to help you develop actionable plans and strategies to achieve your goals. Learn more at www.porterresearch.com.

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