

ADDRESSING INTEROPERABILITY  
THROUGH THE USE OF A  
**CENTRALIZED DATA HUB**

**LEAVITT**  
PARTNERS





## BACKGROUND

In early 2015, the Private Exchange Coalition (PEC) was formed by five industry-leading private exchange technology vendors as a means to establish and promote shared industry standards and best practices, and increase awareness of the powerful ways private exchanges improve the selection, administration, and use of employee benefits. The PEC emerged from the belief that private exchanges and their underlying technology platforms possess the capabilities to revolutionize the way employer-sponsored group insurance benefits are marketed, offered and purchased.

## OUR COMMON PROBLEM

Payers are faced with a marked proliferation of electronic distribution channels and the difficulty of determining which channels are essential and optimal for them to partner with. Furthermore, payers must consider which channels offer the greatest prospects for maintaining or growing their customer base, relative to the costs associated with developing and maintaining the unique requirements and interfaces to integrate with those distribution channels. At the same time, the providers of these platforms recognize the inherent challenges and costs associated with not having uniform standards for transferring data between partners.

Recognizing the market need, the PEC has convened an interoperability working group (PEC IWG) with the singular purpose of developing, promoting and maintaining industry interoperability standards. The goal of the PEC IWG is to address industry interoperability by collaborating with health care stakeholders to identify and realize solutions for achieving data and systems interoperability while guided by the following principles:

- Improve operational and supply-chain efficiencies through collaboration with payers and private exchanges.
- Increase consumer engagement through dependable data and systems interoperability.

- Establish partnerships to create a better consumer experience with the joint goal of retaining existing and adding new customers.

The current state of interoperability, the one to many process of disseminating SBC and pricing data between payers, private exchanges, brokers, web based entities, TPAs, etc. is fragmented and disparate with little standardization. **See figure 1.** Maintaining this process across multiple entities using a multitude of different file formats is resource intensive, inefficient, costly to maintain, and prone to data formatting errors and inconsistencies.

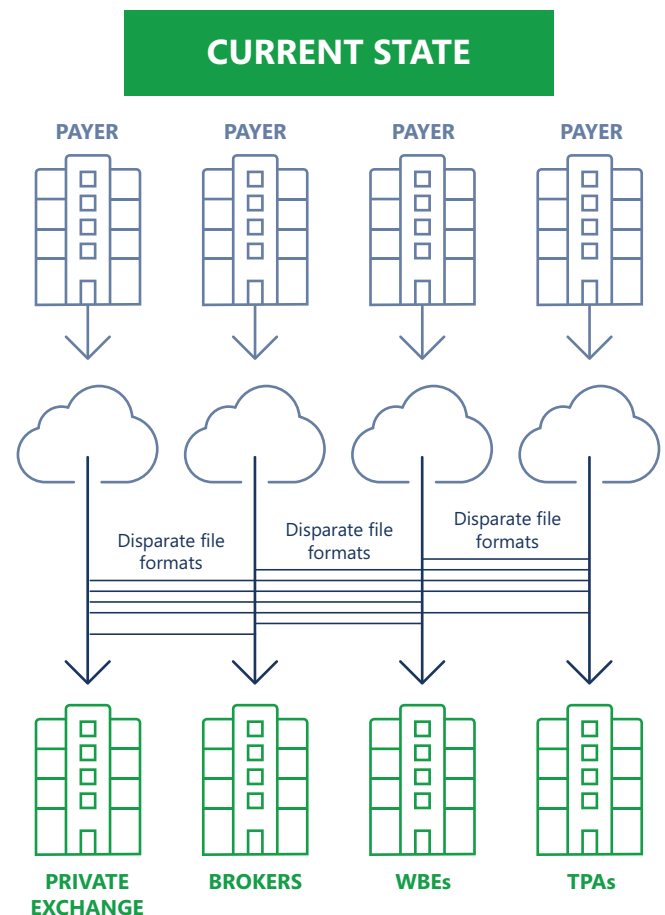


Figure #1

## SOLUTION: THE DATA HUB

Realizing the many facets and complexities of interoperability, the PEC IWG has taken a focused approach to one area of interoperability, Summary of Benefits and Coverage and pricing. The PEC IWG has been proactively discussing and working to address the interoperability challenges of benefits data and pricing.

Currently payers must send or provide SBC and pricing data to numerous third parties enrollment vendors. As mentioned above, the process of providing or sending this data to disparate vendors is costly and cumbersome. Therefore, the PEC developed a concept that we believe can dramatically reduce the burden on payers with respect to providing SBC data to third party entities through a centralized data repository or “data hub”, an innovative concept that we believe has the potential to provide a level of standardization that will streamline operations that in turn will increase distribution and reduce costs.

The data hub would provide a secure centralized repository for SBC and pricing data from participating payers. Access to the data would only be provided to those third party entities (Private exchanges, brokers, WBEs, TPAs, etc.) that have been granted permission by the participate payers. **See figure 2**

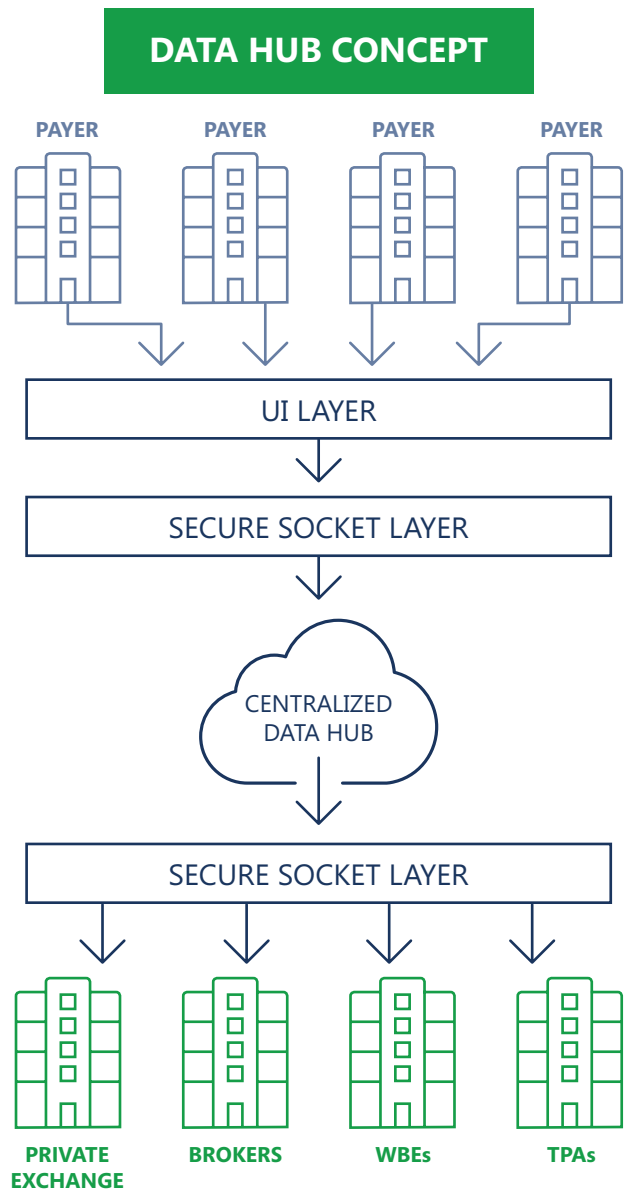
Some functions and features of the hub would include:

Initial phase functionality would include:

- Centralized and secure repository.
- Perform SBC data validation.
- Permissions for third party access.
- Utilize System for Electronic Rate and Form Filing (SERFF) data standard.

Some of the benefits of the data hub include:

- Streamlining the operational and transactional costs related to participating in various private exchanges who each have slightly different requirements.
- Expanding the number of potential distribution channels and shortening the time to market for all payers in the private exchange space.
- Allowing private exchanges to focus on innovation and improving the consumer experience rather than data standards and maintenance.
- Allowing payers to centrally control and test their benefit and pricing data to ensure the information is being displayed appropriately across all distribution platforms.
- Improved data accuracy, compliance, and consistency.
- Increased consumer satisfaction through providing them reliable data across platforms.



**Figure #2**

## OPPORTUNITY TO COLLABORATE

The PEC IWG would like other interested stakeholders to participate and collaborate with the work group to ensure that the concepts developed are representative of the health care industry and can be broadly adopted. To that end, the PEC IWG is now in the process of actively expanding its membership to include payers and ancillary carriers, private exchanges, technology vendors, and other market participants.

If you are interested in learning more or becoming a value added member of the PEC or this work group, please visit [www.pecoalition.com](http://www.pecoalition.com) or contact Ryan Howells ([ryan.howells@leavittpartners.com](mailto:ryan.howells@leavittpartners.com)) at the Private Exchange Coalition.



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## About the Private Exchange Coalition

The Private Exchange Coalition (PEC) is the premier industry association for organizations affiliated with private exchanges. The coalition seeks to increase awareness of private exchanges and the innovative capabilities they provide for improving the selection, administration, and use of employee benefits while promoting shared industry standards and best practices. If you would like more information about the PEC or how your organization can join, please visit us at [www.pecoalition.com](http://www.pecoalition.com) or contact Ryan Howells at [ryan.howells@leavittpartners.com](mailto:ryan.howells@leavittpartners.com).

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