

CDHC Solutions: 2009 Outlook

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TSYS Healthcare, a division of TSYS, provides end-to-end payment processing solutions for healthcare. The division partners with third party administrators, financial institutions and insurers to navigate all aspects of HSAs, HRAs, FSAs, and lines of credit and cash reimbursement. The new processing model enables consumers to use a single card to access their healthcare and benefit dollars.

Keeping Your Focus in Turbulent Times

We always enjoy talking to people who make the healthcare and benefits administration system work today. Listening to the real concerns and unflinching optimism from our clients and partners inspires our efforts to serve this great business. In a time of rapid change on the economic, political, and regulatory fronts, it is interesting to note that the familiar core remains the constant. If anything, the financial and economic challenges have served to sharpen the focus in the market on three major trends.

The financial considerations around card usage, the move to quality and the anticipated enhancements in service delivery not only reflect industry change but also radiate opportunity for the stakeholders in healthcare.

Managing Financial Return on Investment (ROI)

In healthcare, as in every industry, delivering meaningful customer solutions drives ROI. Many are finding that card solutions provide a superior and flexible opportunity to serve customers. The use of cards removes costs, and through interchange share on each card transaction, revenue can be materially improved. Innovators realize that the business model you adopt with your partners must include interchange share as a key component. We consistently promote the notion that TPAs and Payers should expect service providers to provide

you contractual share in interchange income. Your business won't thrive without it in a card-rich environment.

Leaders in the market are embracing cards beyond tax-advantaged accounts to expand on the card ROI trend. Reimbursement innovation led to the cash account (purse) as a stacked card option, to provide funds back to account holders. In a stacked card arrangement, cash purse is a standard account solution, not an afterthought. Use of a cash purse eliminates the cost of cutting checks, and loading funds into a card-based transaction account adds to interchange opportunity.

Cards are already commonly used for HSA access. While HSA substantiation legislation was tabled, this is still a potential disruptive change. We have worked with clients who recognize this risk and keep long-term financial return in mind. BIN set up by the financial institution that will manage your HSAs can be IIAS ready. By thinking ahead, you can prepare for potential industry change such as this with no incremental costs to you, and in turn, prevent significant expense down the road and improve ROI.

The Move to Quality

The economic downturn has focused a high level of scrutiny on the financial services industry, and the nature of partnerships and risk management. To be certain, consumers are very serious about what's happening with their funds as they are forced to manage those, potentially, thousands of dollars themselves. Financial stability and strength of the partners with whom you do business is a primary concern. Generally, companies whose systems are reliable, and whose processes, platforms and business models are designed for stability and growth represent the companies with the deepest and broadest experience. Companies that know their partners well through the review of financials, security

and compliance policy, leadership team, key relationships, and risk management (all easily accessed for publically traded companies) will protect them from issues down the road. The move to quality partnerships is an established trend with much sharper focus during this period of economic disruption.

Innovation Enhances Future Delivery

Even in challenging economic times, high performance companies recognize the economic cycle will change and wisely keep their eyes on innovation to fuel future growth.

Mobile messaging is a key enabler of right-time communication. Consumers will use their handheld devices to find balances or split a payment at a provider. Estimating healthcare costs will become as important as paying for them, and as pricing estimators are established, consumers will become healthcare shoppers. Partners offering a broad suite of services will be sought after, and the ability to integrate quickly and efficiently with potential partners will determine your success at delivering high quality, reliable solutions.

Though economic seas may appear choppy today, the key to navigating through that turbulence is **focus**. Maximize financial performance, work with durable quality partners, and keep an eye on innovation to effectively ride the trends and position your business for success.

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