

# How to un-f\*\*\* years of healthcare tech debt with Services-as-Software™

A practical 12-month playbook to exit legacy cores

March 26, 2026

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**PRESENTED BY:**

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# Welcome & housekeeping

## Thank you for joining us today!

### Important notes:



All participants are automatically muted by the webinar administrator.



There will be a Q&A session following the presentation. Please feel free to send your question(s) at any time using the chat feature.



This webinar will be recorded and posted on the HFS webinars page. We'll also email you the recording once it's ready.

# Why HFS?

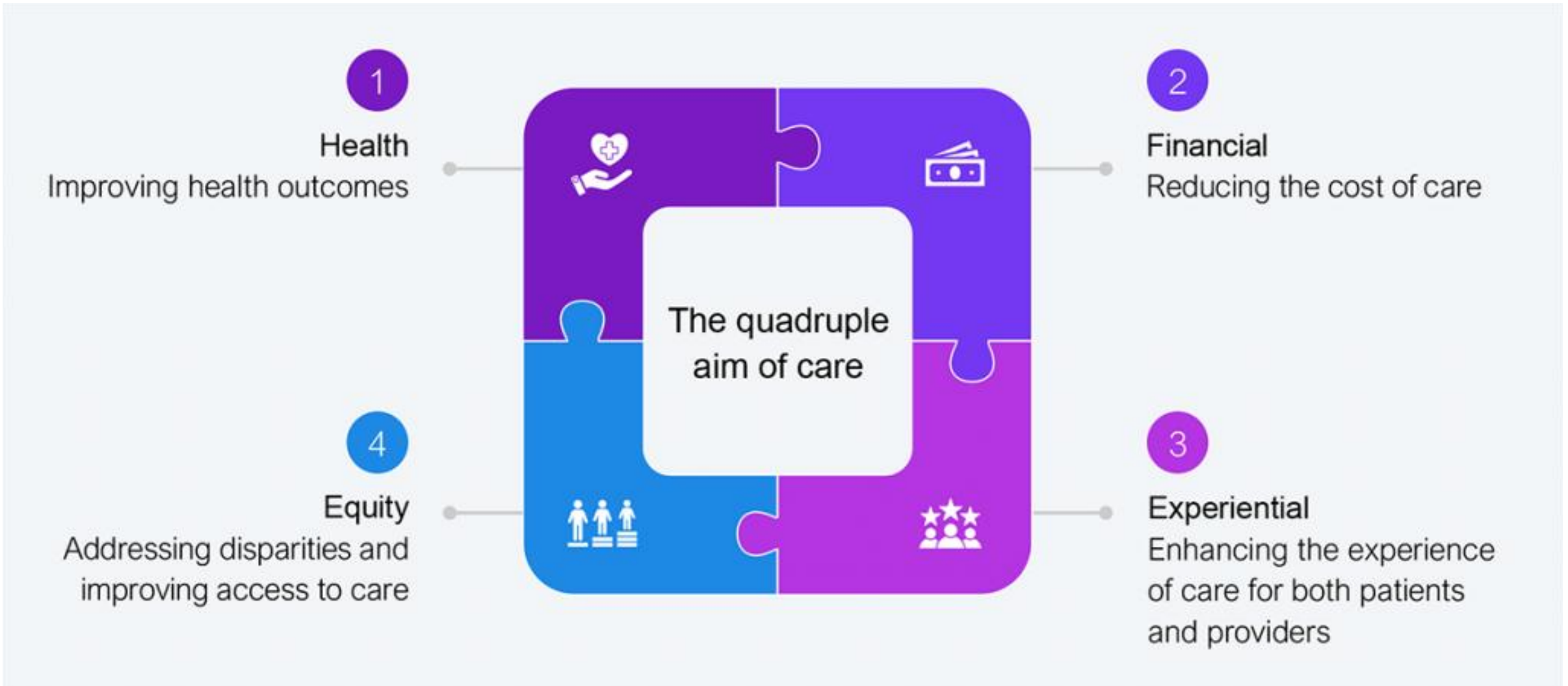
We Don't Follow the Narrative. We Create It.



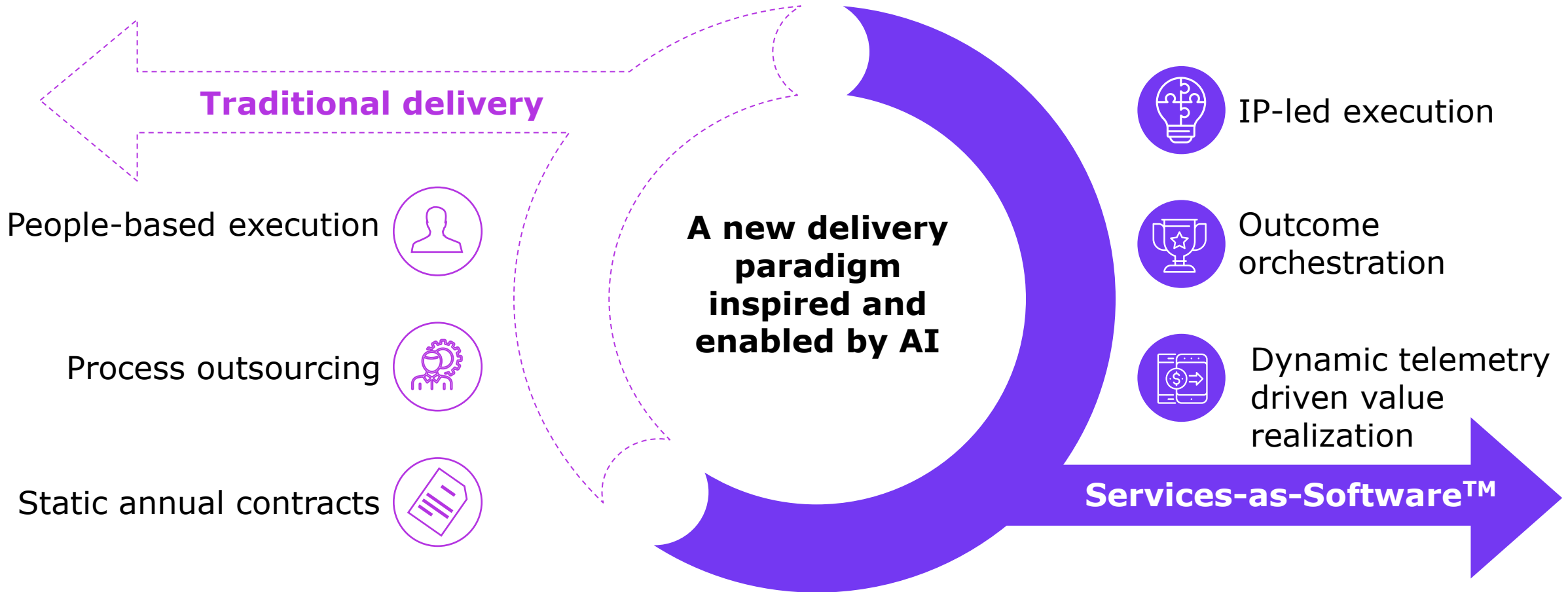
## HFS Shaping the Narrative

- **RPA (2012–13)**  
Pioneered the definition and adoption of robotic process automation.
- **As-a-Service Economy (2014)**  
Shift from traditional outsourcing to plug-and-play, outcome-based services.
- **Digital OneOffice™ (2016)**  
Unified front-to-back operations driven by data, automation, and customer-centricity.
- **Generative Business Services™ (GBS) (2023)**  
Using generative and agentic AI to transform business operations into intelligent, adaptive systems that continuously create value.
- **Services-as-Software™ (2024)**  
The convergence of services and software into scalable, IP-led solutions.

# The quadruple aim of healthcare in the US is heading in the wrong direction



# As AI will disrupt, the key is to enable it durably with a 21<sup>st</sup> century delivery paradigm to maximize the potential of AI



Source: HFS Research, 2026

# Services-as-Software™ (SaS) promises a non-linear economic model

## HFS Services and Ops Tech Vision 2030 2028

### Staff augmentation

Enables companies to quickly fill skill gaps, scale teams up or down as needed, and maintain control over project execution

### Technology-enabled services

Primarily driven by people but supported by proprietary solution accelerators, tools, and software

### Platform-led services

Leverage built-in delivery platforms to enhance service delivery and efficiency

### AI-led Agentic services

Augment human capabilities through smart AI agents to optimize processes and decision-making

### Services-as-software™

Unlike traditional software-as-a-service (SaaS), this model focuses on delivering services primarily through technology, minimizing human intervention, and maximizing efficiency

### Humans + Machine mix (Capability model)

Shows how delivery shifts from human-led execution to machine-led (AI) orchestration, with humans focused on judgment and oversight

Human

Machine



### Linear vs. Non-linear (Economic model)

Indicates whether revenue and margins scale with headcount or are decoupled through platforms, IP, and AI

Linear

Non-linear



Current state  
2000-2025

Emerging  
2025+

# How HFS is moving from Sourcing Theater to Research-Led Problem Solving

## Old Advisory Model

Long, Expensive, and Out of Step

- RFP-driven, 12- to 18-month cycles costing millions in advisory fees
- Procurement-heavy, vendor beauty parades with little focus on innovation or business outcomes
- Check-the-box benchmarking exercises that commoditize providers instead of differentiating them
- Over-engineered governance that kills agility

## New HFS AI-First Deal Lab

Research-led, Workshop-Driven, and Future-Ready



### Research-led

HFS brings data, benchmarks, and deep market pulse to shape deal constructs around what's real, not theoretical



### Problem-solving focus

Targeted interventions—diagnostics, deal labs, and negotiation accelerators—rather than endless RFP paperwork



### Workshop-driven

Fast, collaborative design sprints with business + IT + procurement to co-create deal structures



### Future-proofing

Adaptive contracts, built-in innovation clauses, and governance models designed for AI evolution

# The conversation today

## **The CIO opportunity**

Services-as-Software must be befriended.  
This AI-enabled 21<sup>st</sup> century delivery  
paradigm shifts focus to real value.

## ● **The CAPS threat**

The demands of the market is making  
legacy Core Admin Processing Systems not-  
fit-for-purpose anymore

## ● **The healthcare context**

The state of the market as legacy trends  
and legislations combine to create new  
realities



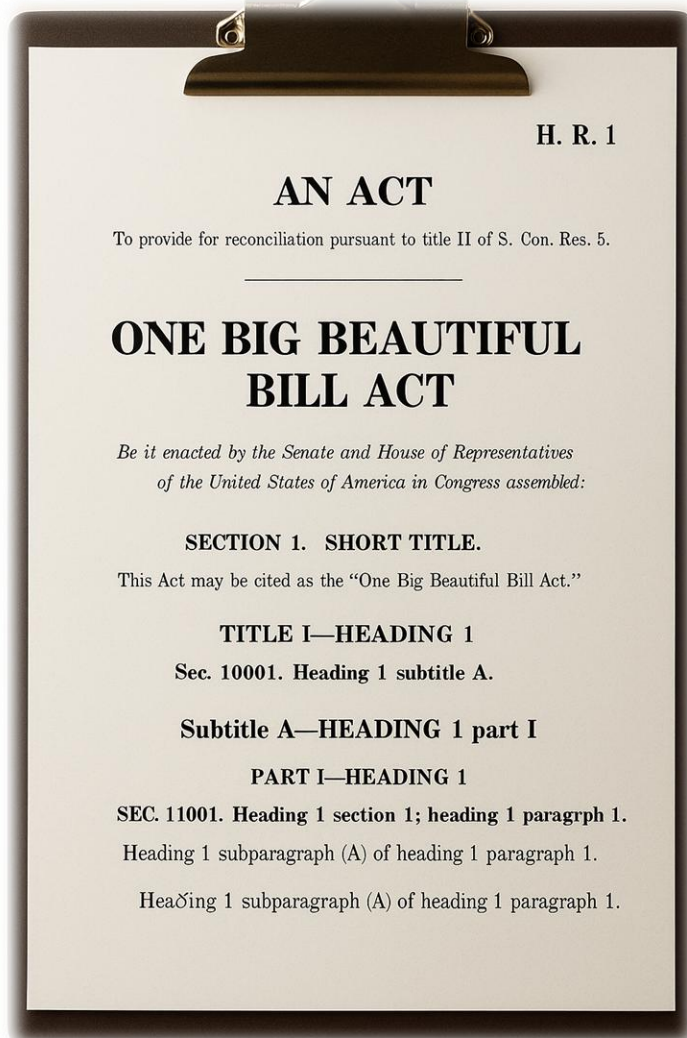
# 1

## The context

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The state of the market as legacy trends and legislations combine to create new realities

# The OBBBA will upend healthcare across three main themes; each of these have a direct impact on the supplier landscape

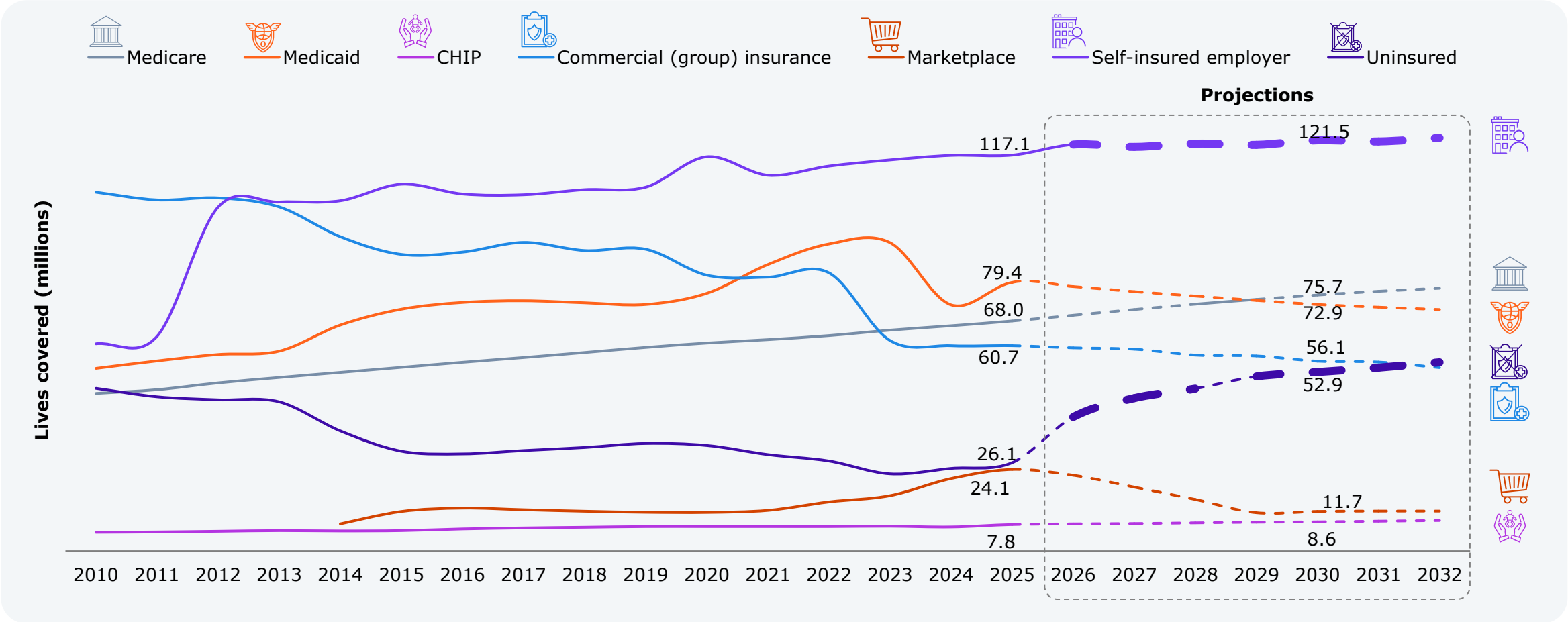


**Reduced funding** – loss in coverage, reduced benefits, reduced retroactive care, penalties for expansion states, restriction on ACA premium tax credits.

**Increased administration** – frequent and tighter eligibility redeterminations, validation of data.

**Increased barriers to care** – ongoing issues with eligibility and enrollment complexity, decreased access to subsidies, and limited community engagement programs.

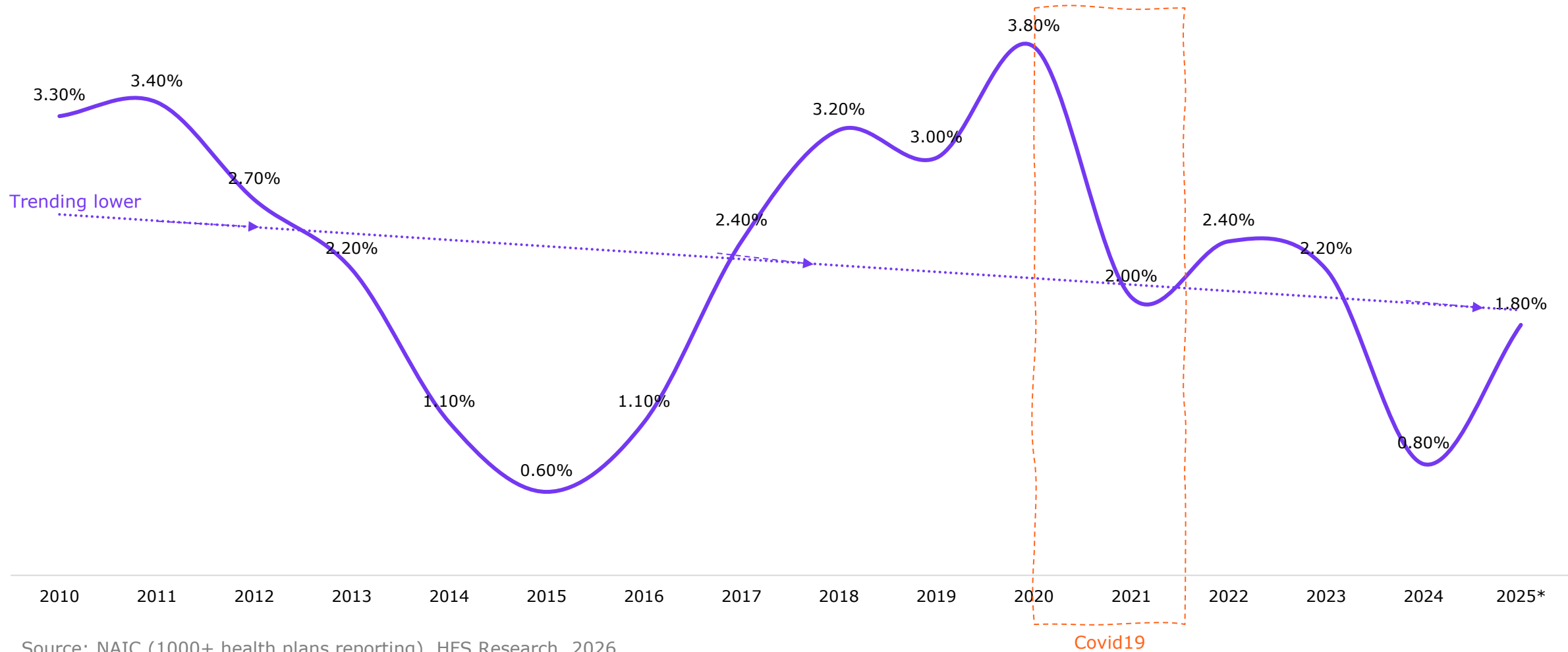
# OBBBA + end of ACA subsidies + increasing medical CPI = increased uninsured lives



Source: CMS, CBO, KFF, US Bureau of Labor Statistics, HFS Research, 2026

# Health plan margins will continue to be depressed making the sector unattractive for tech capital outlays

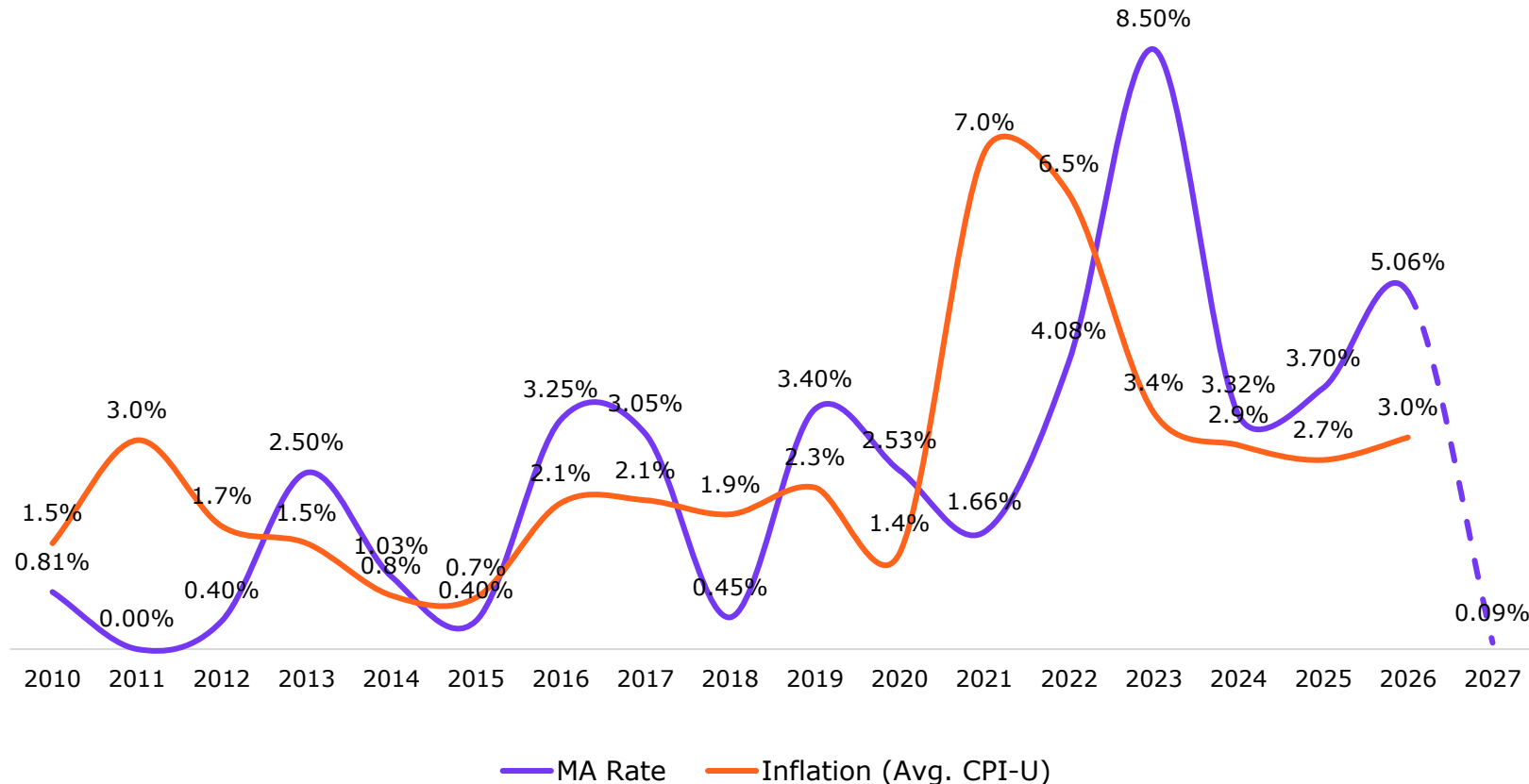
US health insurance profit margins: 2010–2025\* (mid year)



Source: NAIC (1000+ health plans reporting), HFS Research, 2026

# Those margin challenges won't be helped as MA rates have historically lagged nominal inflation

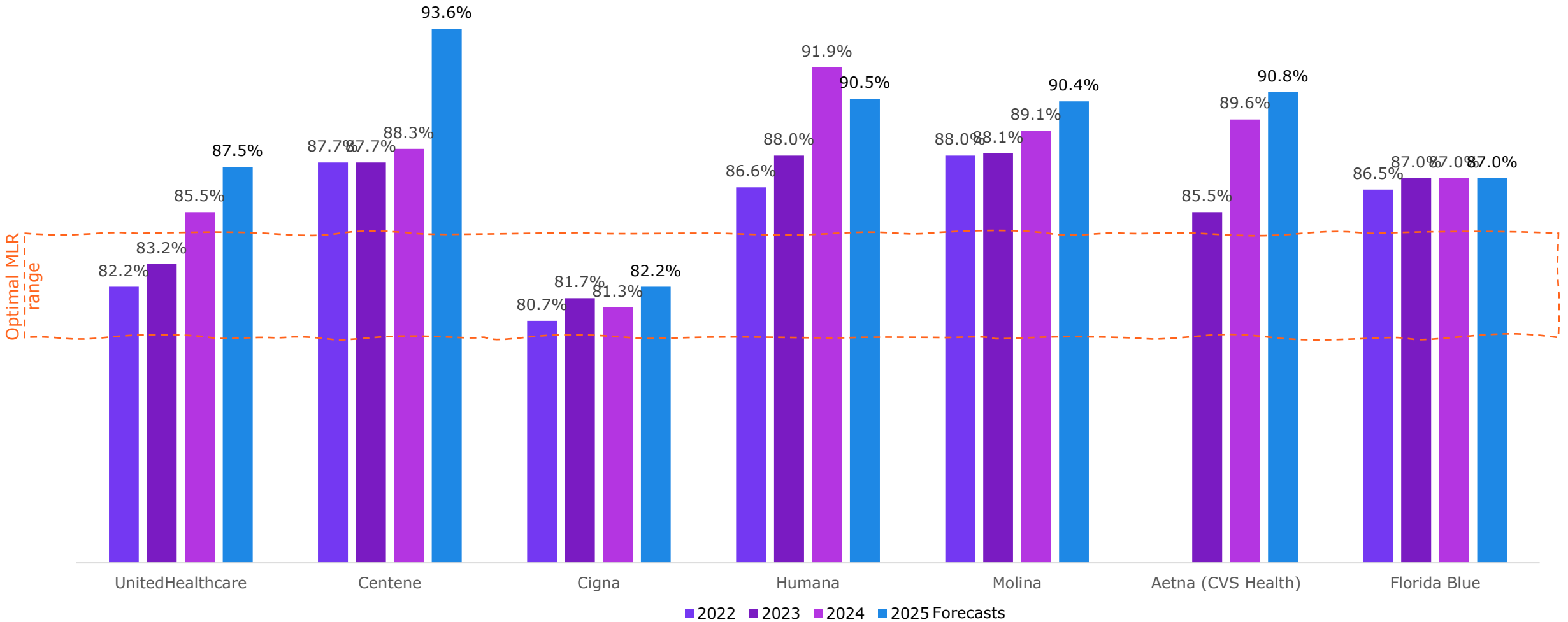
**Inflation vs. MA reimbursement rate**



- MA reimbursement does not reliably rise in the same year creating a predictable margin-compression window.
- 1-year-lag relationship between inflation and MA rates suggests CMS rate actions react after inflation is already in the P&L, not before making it very hard for health plans to be reactive i.e., investment thesis remain a pipe dream.
- The classic pattern that has been seen for ~15 years is the pressure plans and providers experience with costs surge first; revenue catches up later and not always fully.
- Expect health plans to use triggers to action, e.g., if inflation exceeds a threshold, they automatically initiate a playbook for increased utilization controls, contract renegotiations, benefit adjustments, and capital spend reviews.
- Providers must consider the trends and the potential of AI to add transparent inflation indexation and outcome levers to craft smarter dynamic contracts.

Source: Centers for Medicare & Medicaid Services (CMS), US Dept. of Labor, HFS Research, 2026

# And it does not help that plans have lost the plot on managing medical costs as MLR reflects real losses



Source: 10K filings, Annual Reports, HFS Research, 2026

# 2

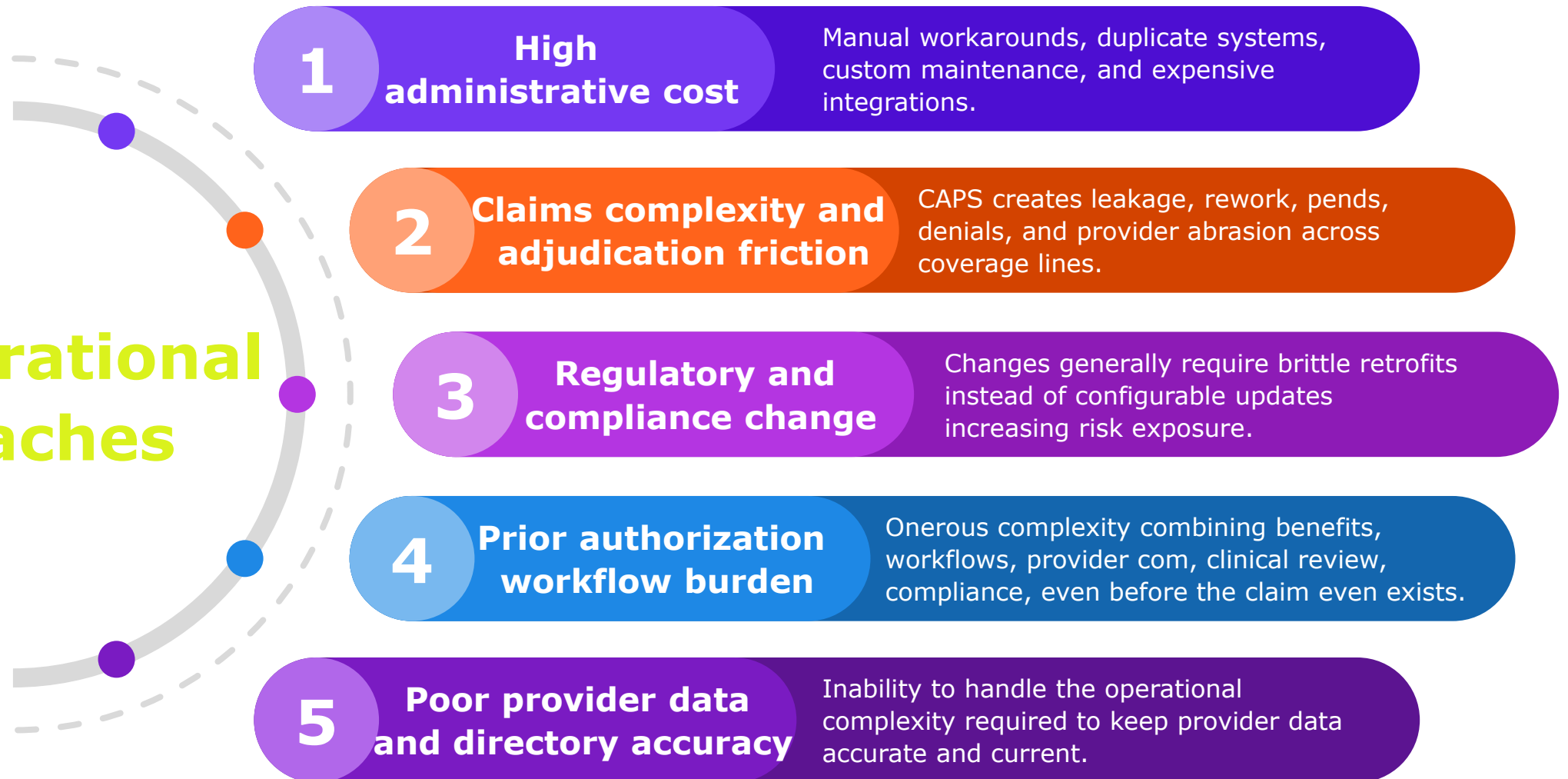
## The CAPS threat

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The demands of the market is making legacy Core Admin Processing Systems not- fit-for-purpose anymore

# Health plan operations continue to consume significant calories despite investments in CAPS to automation functions...

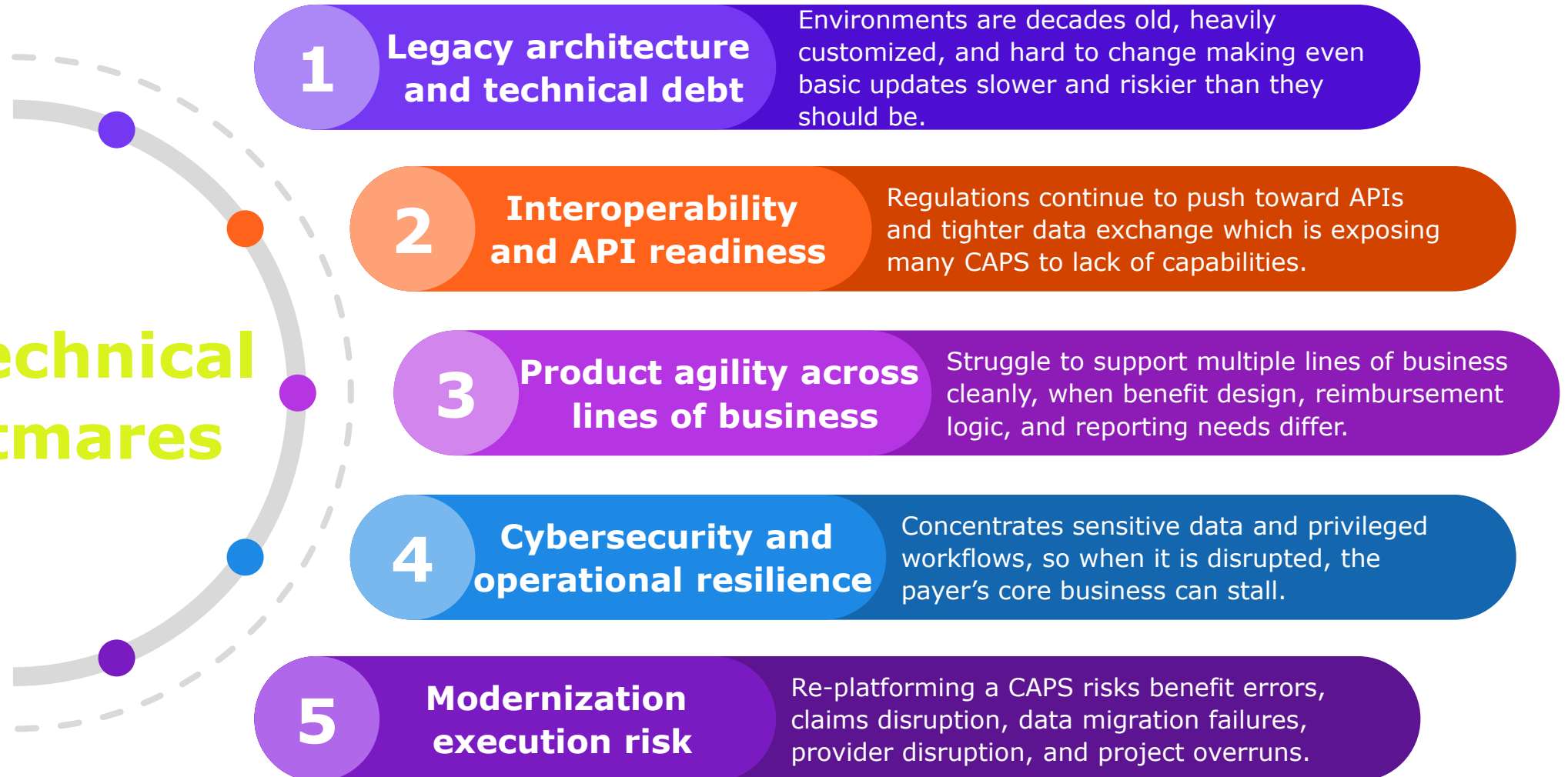
## The operational headaches



Source: HFS Research, 2026

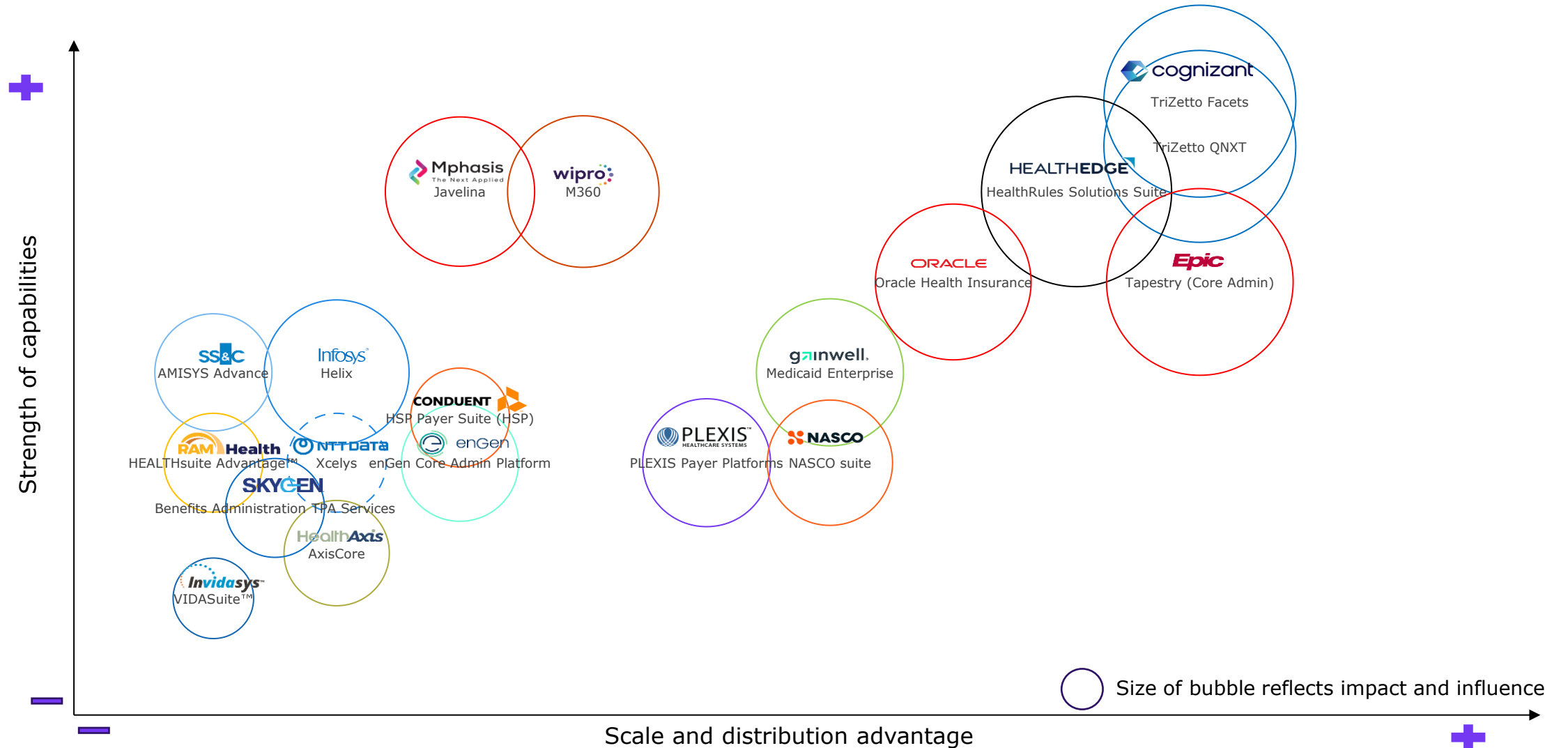
# ...and modernization efforts including cloud, mobility or enabling AI at a feature-functionality have not helped

## The technical nightmares



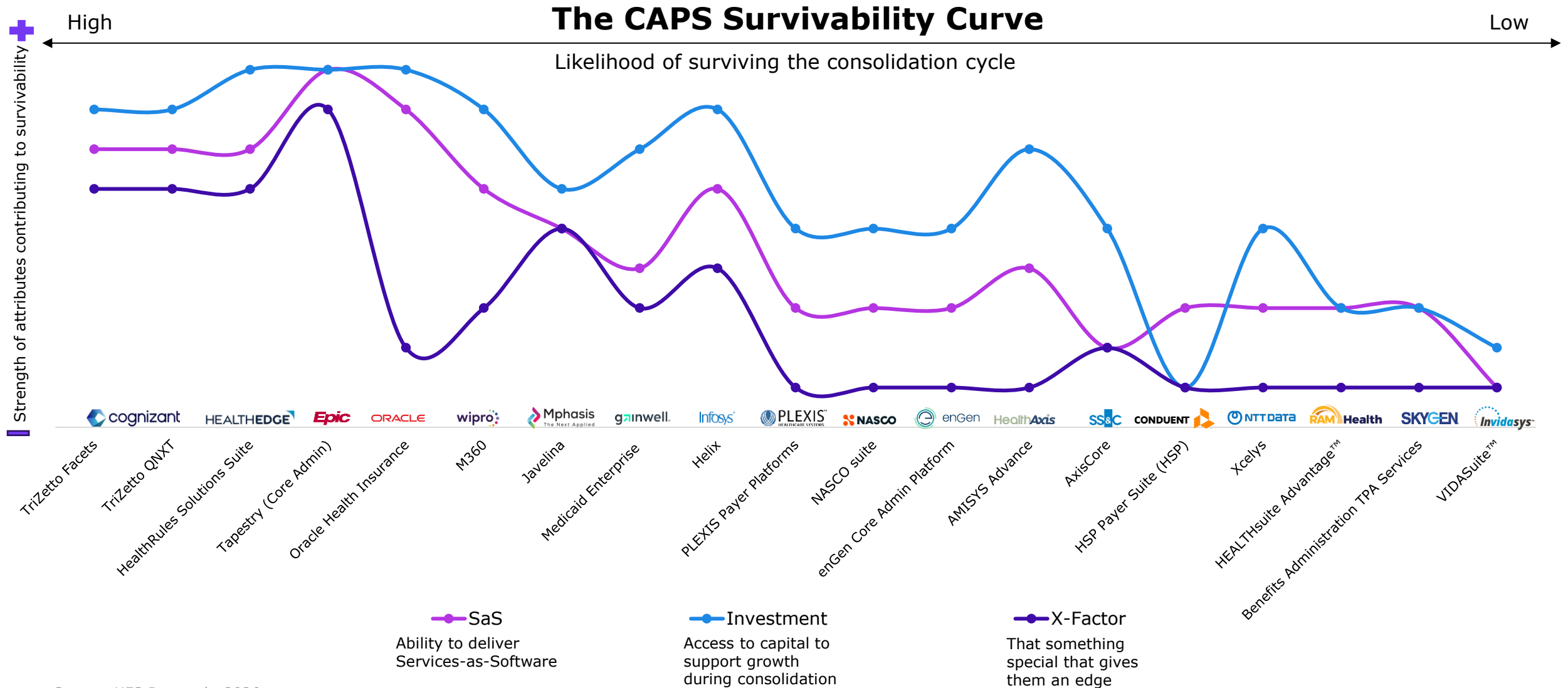
Source: HFS Research, 2026

# A few core payer platforms are winning the center of gravity while most everyone else is crowding the edges



Source: HFS Research, 2026

# Platform consolidation has begun and it will narrow the field to a small set of durable winners



Source: HFS Research, 2026

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## The CIO opportunity

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Services-as-Software must be befriended. This AI-enabled 21<sup>st</sup> century delivery paradigm shifts focus to real value

# Health plans must embrace the SaaS business architecture

## Health plan objectives and target outcomes

Cost model transformation

Capacity release

AI-first operations

Growth enablement

Risk guardrails

Member and provider experience

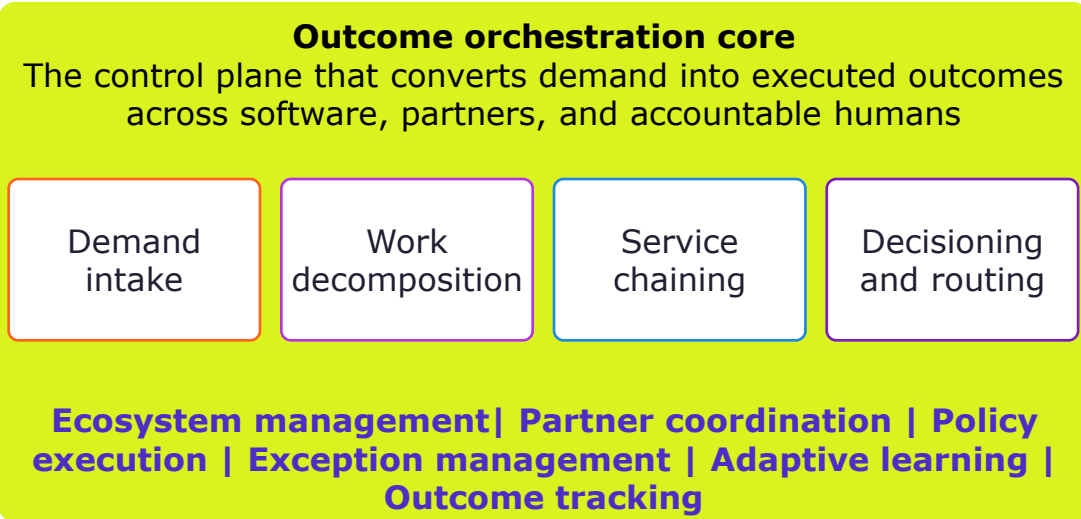
### 1. Demand

**Member, provider, employer, and regulator demand**  
Enrollment, benefits, claims, billing, prior auth, appeals, care navigation, provider service, and compliance triggers.

**Enterprise demand signals and priorities**  
Medical cost trend, affordability, Stars/HEDIS/CAHPS, RAF capture, retention, network performance, and growth by line of business.

**IP, partner, and policy**  
UM criteria, benefit rules, payment integrity playbooks, care protocols, provider rules, compliance standards, and vendor operating models.

### 2. Outcomes orchestration



### 4. Outcomes delivery

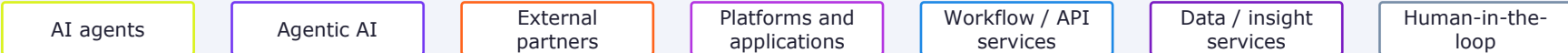
**Service and experience**  
Better member and provider experience, faster turnaround, higher first-contact resolution, and more digital completion

**Medical and admin performance**  
Lower cost to serve, less leakage, higher auto-adjudication and straight-through processing, and lower utilization friction.

**Clinical, regulatory, and market results**  
Improved Stars/HEDIS/CAHPS, RAF accuracy, care gap closure, auditability, retention, and employer or market growth.

### 3. Execution fabric

Orchestrated work execution through software-first services, clinical expertise, internal capabilities, and partner-enabled operating capacity



### 5. Operating model, governance, and economics foundation

Enterprise sponsorship | domain accountability | partner commercial models | service management | funding and chargeback | governance standards | continuous improvement | telemetry driven contracting | compliance and regulations

# Health plan CIOs must embrace SaS as the way to deliver AI-enabled services to their clients

This playbook's approach should yield a 5% to 10% savings in operational costs while maintaining compliance and risk posture, depending on the types of outcomes.

## Identify service lines 01

Select the first service lines to migrate by prioritizing lower-complexity lines of business with manageable customization and clear membership boundaries

**Outcomes:**

You have a scoped first wave with lower cutover risk

## Select a SaS enabler 02

Choose a SaS enabler based on proven outcome delivery, security, and compliance fitness and the ability to run the service end to end

**Outcomes:**

You have a credible partner and an agreed path to SaS

## Contract for outcomes 03

Structure the contract around a small set of business-critical metrics with clear accountability, data rights, audit rights, remedies, and exit terms

**Outcomes:**

Incentives align and governance becomes measurable

## Cutover to SaS-enabled operations 04

Execute the migration using a controlled cutover sequence anchored to operational boundaries to minimize data commingling and stabilize day-one operations

**Outcomes:**

The new run-state starts cleanly and predictably

## Archive legacy 05

Move migrated service lines to a read-only archive and retire legacy platforms through a tracked decommission plan with strict access controls

**Outcomes:**

Run costs drop and legacy risk shrinks

**Benefits**

- Rapid cost takeout
- Reduced operational risk
- Outcomes that matter

Source: HFS Research, 2026

# Accelerated service-line migration is practical and possible

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>Identify service lines</b>	<ol style="list-style-type: none"> <li>1. Select a service line.</li> <li>2. Complete analysis on member count, contract obligations, and connectivity to other programs.</li> <li>3. Finalize the data set.</li> </ol>												
<b>Select a SaS enabler</b>			<ol style="list-style-type: none"> <li>1. Develop a service line migration vision document including expectations of what good looks like.</li> <li>2. Engage the procurement organization and other industry advisors to identify up to five SaS enablers.</li> <li>3. Begin interviews, demos, and reference checks to down select.</li> </ol>										
<b>Contract for outcomes</b>				<ol style="list-style-type: none"> <li>1. Leverage HFS AI-First Deal Lab framework to create a contract for the future.</li> </ol>									
<b>Cutover to SaS-enabled operations</b>							<ol style="list-style-type: none"> <li>1. Begin pilot with synthetic data.</li> <li>2. Validate and improve outcomes.</li> </ol>		<ol style="list-style-type: none"> <li>1. Support open enrollment.</li> <li>2. Validate with sub-milestone KPIs.</li> </ol>				<ol style="list-style-type: none"> <li>1. Begin SaS ops.</li> </ol>
<b>Archive legacy</b>									<ol style="list-style-type: none"> <li>1. Cease use of select service line in legacy on 12/31.</li> </ol>				

Source: HFS Research, 2026

**The Bottom Line: The current technology delivery approach with a combination of internal and external CAPS is fast reaching its ceiling.**

**DO NOT KICK THE CAN DOWN THE ROAD**

## About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

HFS is a leading global research and analysis firm trusted at the highest levels of executive leadership. Our mission is to help our clients—major enterprises, tech firms, and service providers—tackle challenges, make bold moves, and bring big ideas to life by arming them with accurate, visionary, and thought-provoking insight into issues that impact their business.

Our analysts and strategists have deep, real-world experience in the subjects they cover. They're respected for their independent, no-nonsense perspectives based on thorough research, demand-side data, and personal engagements with industry leaders.

We have one goal above all others: to propel you to success.



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