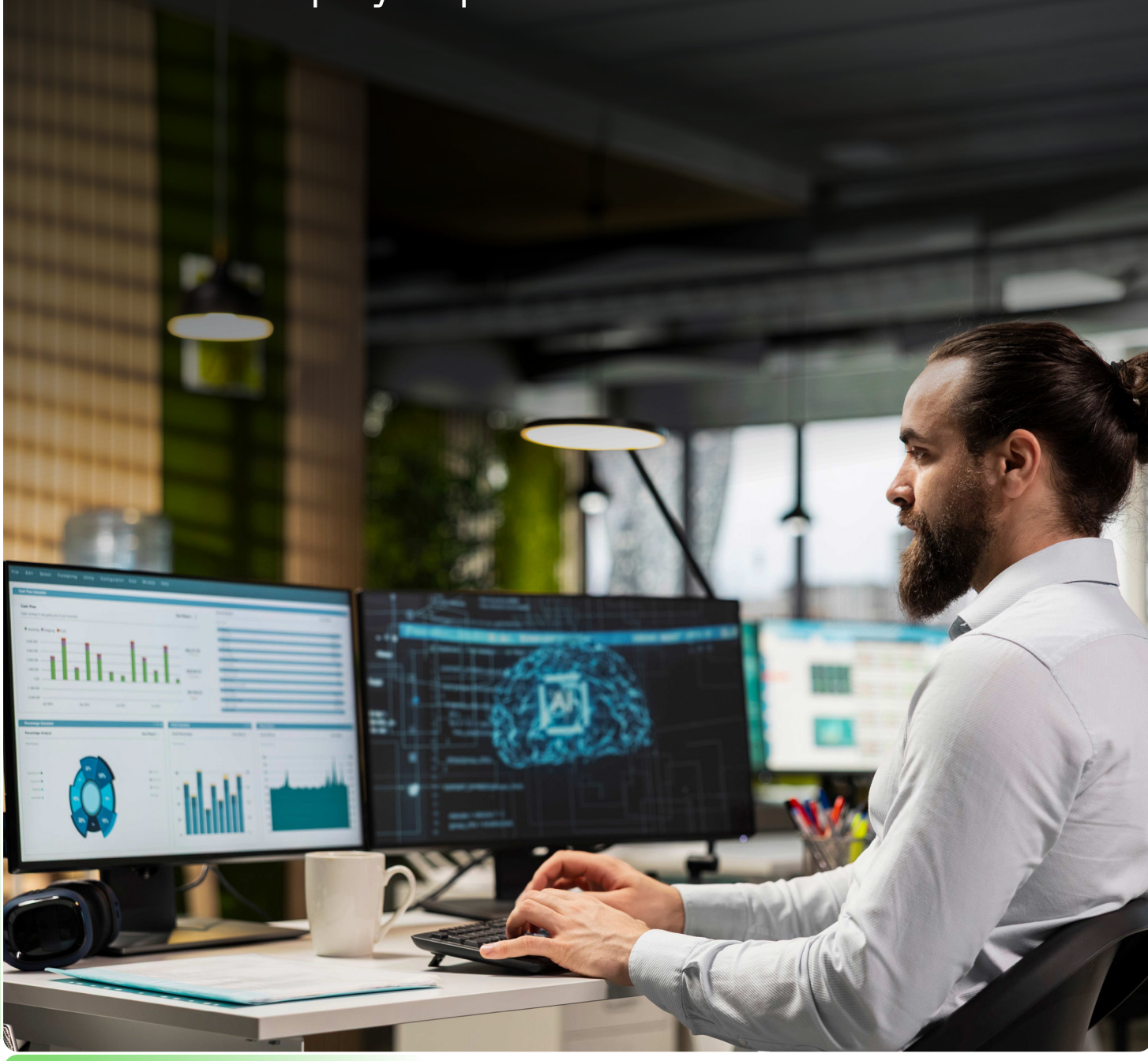
HCLTech | Supercharging Progress™

Balancing cost, risk and value

AI-powered integrated operating model for payer performance



Abstract

Healthcare payers are feeling the squeeze—shrinking margins, stricter regulation and heightened digital expectations are putting real pressure on every dollar and decision. Traditional vendor-centric, process-optimized models may have addressed surface-level friction, but they left deeper issues unresolved. Structural costs, risk exposure and the sheer pace of change remain persistent challenges. The traditional operating model are characterized by siloed approach to payer operations. In these models, application development, infrastructure management and business process outsourcing (BPO) are managed as independent "towers," often resulting in fragmented data and misaligned incentives. We introduce an integrated operating model (IOM) that brings infrastructure, applications, data and operations together around value streams, embeds compliance into daily practice and relies on AI-powered automation as its execution engine.

This paper details IOM's core principles, operating constructs (shared compliance ownership, CTQ metrics, SRE-led reliability) and presents the measurable outcomes. The aim: structural cost efficiency, regulatory confidence and resilient AI-first operations.

Contents

The payer reality check: Shrinking margins, rising operational challenges

Structural pressure is the new normal

As of early 2026, US healthcare payers continue to operate under sustained margin pressure with profit margins hovering between 1% and 5%. For large payers, operating EBITDA sits near all-time lows, approximately 5.9% in 2025, down from 6.9% just two years earlier [1].

This is no passing storm. Medical cost inflation, sharp demographic shifts toward older and more complex patient populations, heightened competition for membership and an unrelenting stream of new regulatory demands are all reshaping the economic core of payer organizations. The numbers tell a clear story: medical loss ratios are rising. Providers are negotiating higher reimbursement rates. Expensive new therapies, GLP-1s, specialty pharmaceuticals and behavioral health services are entering the market at a rapid clip. The cumulative effect? Margins keep tightening.

Legacy models that focused on minor efficiency gains simply cannot keep pace. Fragmented delivery structures, isolated accountability and after-the-fact compliance all drive up both costs and risk, rather than delivering the transformation and resilience that's now urgently needed.

The bottom line: Multi-year margin erosion signals that traditional operating model is increasingly misaligned with today's expected business outcomes and evolving economic and regulatory realities. Adding yet another vendor or new point solution rarely delivers relief—instead, it often adds complexity, clouds accountability and stalls true transformation at scale.

Why traditional operating models are becoming ineffective

Despite years of success with outsourcing, BPaaS and vendor consolidation, traditional payer operating models are no longer keeping pace with today's structural pressures.

These traditional approaches were originally designed to drive efficiency within individual functional towers. However, as medical cost inflation accelerated and regulatory mandates (such as STARS and interoperability) intensified, this fragmented fabric became a constraint. While these models optimized for task execution, they left the underlying value streams disjointed and less business outcomes oriented.

The result is an ecosystem that is:
Brittle: Unable to absorb rapid regulatory or market changes
Opaque: Accountability diffuses across multiple vendors and internal teams
Stagnant: High maintenance costs for legacy stacks prevent reinvestment into transformative AI

In short, what worked better earlier within functional towers still left the value streams fragmented. To move from activity-tracking to outcome-ownership, the operating model itself must fundamentally change.

- **Fragmented tower sprawl:** Blurred roles, fragmented ownership across application, infrastructure and BPO towers; tower-level SLAs fail to map to holistic business outcomes.
- **Legacy technology stacks:** Tightly coupled, monolithic systems that make regulatory updates slow, expensive and operationally risky.
- **Siloed process integration:** Limited alignment with end-to-end value streams due to persistent hand-offs between vendors and high governance overhead.
- **Reactive automation:** Reliance on rules-based, task-specific bots that provide minor efficiency gains but fail to deliver the predictive, agent-driven transformation required today.

Inconsistent quality and slow, high-risk transformation that cannot absorb the pace of market change.

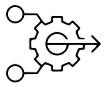
The integrated operating model (IOM): A new way of running the enterprise

The integrated operating model (IOM) challenges old boundaries. Instead of dividing work by function, it organizes all resources—technology, data, people and processes around value streams. Compliance and controls become part of everyday execution. And with AI at the core, accountability, regulatory alignment and operational resilience all become part of how things get done, not afterthoughts.

What does this look like in action? Under IOM, payer services are bundled across infrastructure, platforms, applications, integration, BPMS/RPA, business operations, AI and analytics, creating unified value streams. There's a single governance framework, clearly defined outcomes and end-to-end accountability which eventually helps to bridge the prevaling gaps of ownership and helps with streamlined bsuiness focussed delivery.

IOM unifies previously disconnected capabilities into a purpose-built, outcome-driven operating system:

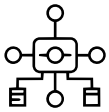
Value stream pods (e.g., claims):
Cross-functional squads spanning infrastructure, applications and operations, operating under DevSecOps principles and jointly accountable for build-and-run outcomes



Unified governance:
A single, consistent set of SLAs and KPIs spanning cost, reliability, experience and regulatory compliance

Embedded controls:
Compliance and risk controls designed directly into workflows, with audit evidence generated as part of execution, not retrofitted after the fact

Automation and AI:
Intelligence infused across the SDLC and operations, including intake, triage, resolution and continuous learning loops



Platform-first architecture:
Reusable services and components delivering consistent user experience, behavior and scalability across domains

SRE and observability:
Error budgets, SOP-driven resolution, reduced MTTR and predictable, low-risk release cycles

Persona-based digital workplace:
Tailored digital experiences aligned to user roles, improving productivity, satisfaction and operational efficiency

Key design principles include flexibility, use-case orientation, aligned incentives (gain/pain-share), product-aligned delivery, quality engineering over quality assurance, SRE-led infrastructure, platform-centric ops and proactive risk and compliance.

While traditional outsourcing focused on labor arbitrage, Business Process as a Service (BPaaS) was an evolution toward standardized, cloud- delivered functional centric processes. And it continued to operate within functional silos—improving a task but not the entire payer value stream towards financial and operational gains. IOM takes a "clean slate" approach, integrating these capabilities into a purpose-built, outcome-driven system.

It's tempting to compare IOM to BPaaS, but the similarities stop at surface-level process optimization. BPaaS models focus on efficiency inside functional silos; integration, cross-vendor orchestration and true outcome ownership typically still rest with the client, capping the value delivered.

IOM takes a different path, almost a clean slate. It connects infrastructure, applications and business operations around value streams with clear, measured outcomes and builds in enterprise-wide accountability from the start.

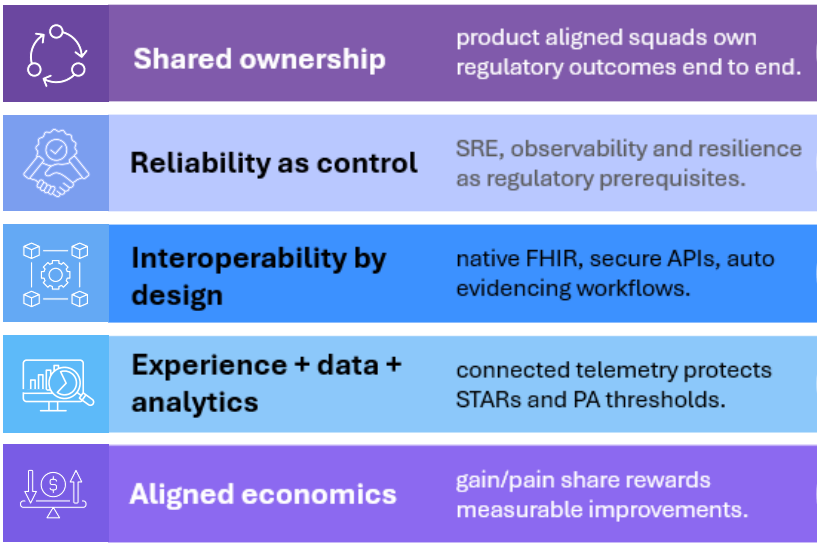
Dimension	BPaaS (Traditional)	IOM (Integrated operating model)
Primary focus	Process execution within a function silo	Enterprise operating system spanning infrastructure, applications and business operations
Accountability	Client retains cross-vendor integration and outcomes	End-to-end outcomes owned by integrated value-stream pods under a single vendor
Governance	Tower-level SLAs with multiple handoffs	Unified SLAs and KPIs aligned to the value stream
Compliance	Audited after execution; manual evidence collection	Embedded by design with audit evidence generated through workflows
Change absorption	Sensitive to platform and vendor boundaries	Platform-agnostic, designed to absorb regulatory, volume and policy changes
Economics	Episodic savings with persistent overhead	Structural cost reduction with continuous optimization
Automation and AI	Rules-based and reactive; focused on task efficiency within silos	AI-led and agent-driven; intelligence is embedded across value streams to enable predictive operations and continuous optimization

Why IOM matters now: Compliance is operational, not adjacent

Regulatory mandates such as STARS, prior authorization, FHIR interoperability and price transparency now have a direct and material impact on payer P&L. When compliance is treated as a downstream reporting activity, it drives rework, delays and operational risk, often revealing issues only after audits, penalties or member disruption.

The integrated operating model (IOM) industrializes compliance by embedding it into how work is designed and executed. Compliance becomes a shared operational responsibility owned by product-aligned pods with Critical-to-Quality (CTQ) metrics integrated into daily execution; shifting compliance from inspection to prevention while improving reliability, audit readiness and financial performance.

In Practice, IOM enables compliance by



AI: The engine of transformation

AI is not a technology add-on within the integrated operating model; it is the operational execution fabric that enables scale, resilience and regulatory confidence. Through HCLTech's proprietary platforms-AI Force and AI Foundry-AI is natively embedded across service management, infrastructure, application delivery and business operations.

1.

AI Force injects AI and GenAI across the SDLC and operations to enable an automation-first service delivery culture. This drives higher productivity, efficiency, scalability and quality while reducing cost across infrastructure operations, application support and application development lifecycles.

2.

AI Force also enables an agent-driven, ZeroOps approach through full-stack observability, preventive monitoring, assisted execution and closed-loop automation.

3.

AI Foundry complements this execution layer by providing governed data, models and infrastructure, integrated operations and KPI instrumentation, ensuring AI pilots evolve into compliant, supportable, enterprise-grade services with defined SLAs and auditability.

4.

AI Force orchestrates AI-driven engagement across service management, infrastructure, applications and business operations, enabling predictive compliance, high service availability and continuous improvement within the IOM.

How work changes under IOM: The capability backbone in action

Transitioning to an IOM fundamentally reshapes how healthcare payers operate day to day. These capabilities are not theoretical constructs; they directly translate into measurable improvements in reliability, compliance, experience and productivity for both technology teams and business users.

Together, they form the backbone of capability that enables integrated, outcome-driven execution across the enterprise.

	What it means?	Day-to-day impact
AI-first digital operations	Autonomous execution across intake, triage and resolution using intelligent agents and runbooks.	Fewer tickets and escalations; root-cause fixes replace symptomatic patching. Routine tasks are automated, freeing teams to focus on higher-value work.
ASM 2.0/ Site reliability engineering (SRE)	Reliability engineering with shared SLAs and error budgets across the value stream.	Higher system stability and predictable releases. Teams experience fewer transformation -related disruptions and can proactively manage reliability
Data and observability	Full-stack telemetry for preventive operations and compliance evidence.	Transparent dashboards link experience, operations, and governance. Compliance evidence is auto generated, reducing audit firefighting and manual reporting.
CCaaS and digital experience	Scalable, omnichannel member and provider engagement.	Faster resolution and improved member/ provider satisfaction. Digital-first service becomes the norm, with seamless support across channels.
Automation	Standardized SOPs and shift-left controls embedded across value streams.	Single owner per value stream replaces multi-vendor coordination. Built-in compliance and operational controls ensure efficiency and accountability.

Outcomes: What good looks like

Facing sustained margin pressure, increasing regulatory intensity and rising digital expectations, a regional healthcare payer adopted an AI-powered IOM to streamline fragmented delivery, strengthen compliance and improve operational agility. By aligning infrastructure, applications and operations around value streams and embedding automation, AI-enabled controls and unified governance, the plan achieved measurable improvements within the first year.

Outcomes

Operating cost

~30–40% cost reduction through automation, consolidation and removal of duplicate effort and hand-offs.

Productivity

~40–60% productivity improvement driven by AI-assisted service operations, standardized workflows and simplified governance.

Change velocity

~40–45% faster change velocity enabled by product-centric teams and AI-infused development and testing.

Audit prep time

~50%+ reduction in audit prep time as compliance evidence becomes embedded in workflows.

Service reliability

~25–35% improvement in service reliability, driven by higher FCR and reduced cross-vendor dependencies.

Member experience

Better member experience, reflected in faster turnaround times and more consistent, predictable service interactions.

Final thought: Operate as one system

Incremental sourcing decisions and additional point solutions are insufficient to address the structural realities confronting healthcare payers: persistent margin compression, intensifying regulatory obligations and rising expectations for digital reliability and experience. What is required instead is an enterprise operating system: an IOM that aligns technology, operations, data and governance to value streams, embeds compliance and controls into day-to-day workflows and uses automation and AI to deliver consistent outcomes at scale. By replacing function-centric execution with end-to-end accountability and shared CTQ measures, payers establish the foundation for structural cost efficiency, predictable delivery and continuous audit readiness.

In this context, the defining question for leadership is not which vendor to add next, but whether the current operating model can reliably meet and adapt to rising thresholds for cost, risk, compliance and experience. Healthcare payers that adopt an AI-enabled IOM move beyond episodic improvements to a self-reinforcing system in which reliability underpins compliance, compliance reduces rework and cost and savings are reinvested into targeted innovation that improves member and provider experience. Operating as one system, therefore, is not a procurement tactic; it is a durable business strategy for resilience and growth.

About the authors

Ravikiran Taire,

is a Senior Vice President in the healthcare and life sciences vertical at HCLTech, based in the Greater Chicago Area, with over 28 years of experience in the healthcare and technology services industry. He brings deep domain expertise across healthcare payer, provider, PBM, diagnostics, health tech and CRO segments and has advised C-suite leaders on global sourcing, data and analytics, large-scale digital transformation initiatives and AI adoption strategies. Ravikiran has a strong track record in business development, presales and program management for complex, multi-year engagements and is actively involved in building healthcare solutions, new offerings and building high-performing teams.

Dr. Suman De,

is the Associate Vice President and Head of Payer Practice and Solution group at HCLTech, based in Connecticut, USA. He is a trained physician with over 20 years of experience in strategic healthcare, business consulting and digital transformation. As a seasoned healthcare leader, he specializes in combining clinical and business strategies, driving AI-led solution development and shaping next-generation healthcare capabilities. He has led the development of multiple healthcare applications and solution frameworks, managed strategic client engagements and contributed as a thought leader through industry forums, white papers and conferences.

Anchal Saxena,

is a Practice Manager with HCLTech's healthcare practice, bringing over 20 years of experience in the US healthcare industry across payer and PBM domains. She specializes in payer strategy, digital transformation and AI-driven innovation, with a strong focus on value-based care and member-centric models. Anchal is passionate about driving operational excellence and helping organizations adapt to evolving healthcare landscapes.

References

- Fitch Ratings. U.S. Health Insurance Dashboard: 2024 Review. (Apr 4, 2025). https://www.fitchratings.com/research/insurance/us-health-insurance-dashboard-2024-review-04-04-2025
- Healthcare Business Today. Navigating Change: How Healthcare Payers Can Adapt and Thrive Under OBBBA. (Oct 31, 2025). https://www.healthcarebusinesstoday.com/obbba-healthcare-payers-strategy/
- McKinsey & Company. Gathering Storm 2.0: Succeeding in healthcare despite the turbulence. (Nov 18, 2025). https://www.mckinsey.com/industries/healthcare/our-insights/gathering-storm-2-0-succeeding-in-healthcare-despite-the-turbulence
- Wakely (HMA). 2025 Medicare Advantage Star Ratings—Falling Stars: Dissecting the Decline. (Oct 31, 2024). https://www.wakely.com/wp-content/uploads/2024/11/Summary-of-2025-Medicare-Advantage-and-Part-D-Star-Ratings_2024.10.31.pdf

HCLTech | Supercharging Progress™

hcltech.com