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Another Big Blockchain Initiative Announced in Health Care Insurance Industry

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Several large health insurance companies, including Aetna, Anthem, and Healthcare Service Corporation, have announced a collaboration with PNC Bank and IBM to utilize blockchain technology to "improve transparency and interoperability in the health care industry" and "address a range of industry challenges, including promoting efficient claims and payment processing, to enable secure and frictionless healthcare information exchanges, and to maintain current and accurate provider directories."

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The January 24, 2019 announcement is the second large, "big splash" multi-party blockchain initiative in the health care insurance industry announced in the last 12 months. The Synaptic Health Alliance launched in April 2018 with Humana, MultiPlan, Quest Diagnostics, UnitedHealthcare and Optum. Notably, Aetna joined the Synaptic Health Alliance in December along with the Ascension health system. The first Synaptic project is focused on whether blockchain technology can be used to confirm that health insurers have accurate provider directories across organizations. According to Synaptic's white paper, "Improving Provider Data Accuracy: A Collaborative Approach Using a Permissioned Blockchain," more than $2 billion is spent annually in the health care industry maintaining provider data and if the information is incorrect, it can lead to delays in reimbursement payments and related penalties.

It makes sense that both of these initiatives are initially focused on data accuracy and identity management because this focus plays into the core strengths of the distributed ledger technology underlying the blockchain: validating the accuracy of information and tracking any changes to that information. The collaborations will create a distributed, but shared record of provider demographics that will be able to use blockchain's hashing technology to identify any conflicts between data on different nodes as well as track and chronologically approve and record any updates to previously validated data. This creates a "single source of truth" for which the cost is shared between and among the participants, with the "trust" factor generated by the multi-node validation process of the blockchain.

It is important to note that whereas cryptocurrency and public "blockchains" are open to any and all nodes, the Synaptic Health Alliance – and presumably the Aetna/IBM initiative – intends to utilize a *permissioned* blockchain, i.e., allowing only authorized nodes to operate on the network. This both adds another layer of shared cost that all interests are aligned in having accuracy, as well as reduces the actual and perceived risk that provider's personal information may be accessible to any potentially public node.

The Aetna/IBM initiative also references promoting efficient claims processing and payment processing. Use of blockchain technology came into prominence with the cryptocurrency Bitcoin, and its most common use is as a distributed ledger to track and validate payment transactions between and among parties. For cryptocurrency, the permissionless network removes the need for one or more central "banks" to control the "trust" in transactions and also enables anonymous transactions. As discussed above, these industry initiatives are most likely using permissioned networks to limit the risk of unauthorized third party access to potentially sensitive data (e.g., health information embedded in health insurance records), but are still relying on the distributed validation to generate trust between/among the industry participants. Also, the blockchain technology will create an immutable, chronological record of invoicing and transaction histories that can be subsequently analyzed and audited by participants.

It remains to be seen how these initiatives will best leverage blockchain technology to create efficiencies, and what viewing, reporting and customer service related technologies the initiatives will layer over the blockchain infrastructure to add value to industry participants and consumers. It also remains to be seen what information these initiatives will elect to store "on the chain" (i.e., encrypt within blocks on the chain), versus leave "off the chain" – in native formats — in either pre-existing billing/payments systems or new systems to be developed. But with these initiatives picking up steam with significant industry players, it is clear that there will be significant blockchain-related developments in the health care insurance industry to evaluate in the near future.

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