Preparing for a major technology change: Nine activities to help achieve success

At some point every payer faces the need to upgrade or completely overhaul its technology. Whether your organization is beginning to consider a technology change or you have selected a vendor and are ready to implement, there are key activities that can help maximize your success. Technology change may vary from very complex efforts such as platform consolidation to focused projects such as those designed to improve auto-adjudication.

What drives the need for technology change?

If business objectives cannot be achieved by making adjustments to people, process and systems, it is time to determine how new technology can enable:

Scalability, so you can:

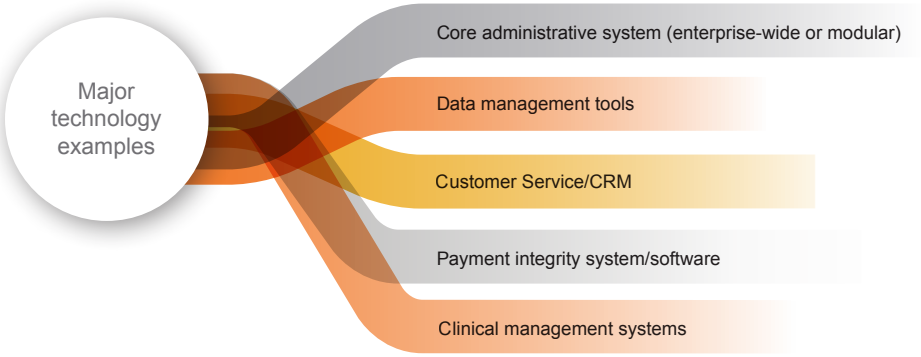
- Grow and diversify product portfolios
- Expand memberships
- Add clients and accounts

Cost effectiveness, to help you:

- Stay competitive
- Avoid the need to program and maintain customized solutions
- Reduce costly manual workarounds, which can compromise quality

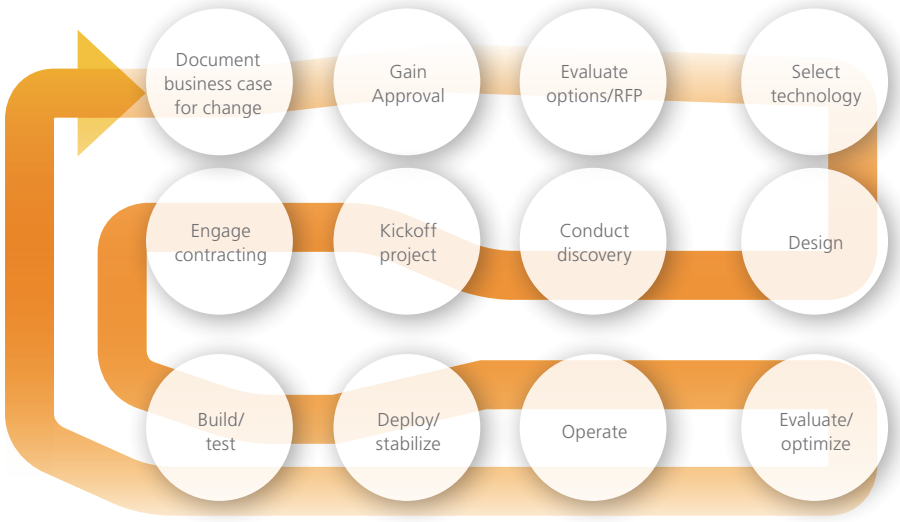
Flexibility, that can:

- Support sophisticated and innovative reimbursement methodologies, provider network, benefit designs and new business models
- Keep up and comply with evolving government requirements, member needs, and industry trends
- Significantly reduce time to implement change
- Differentiate your service from competitors



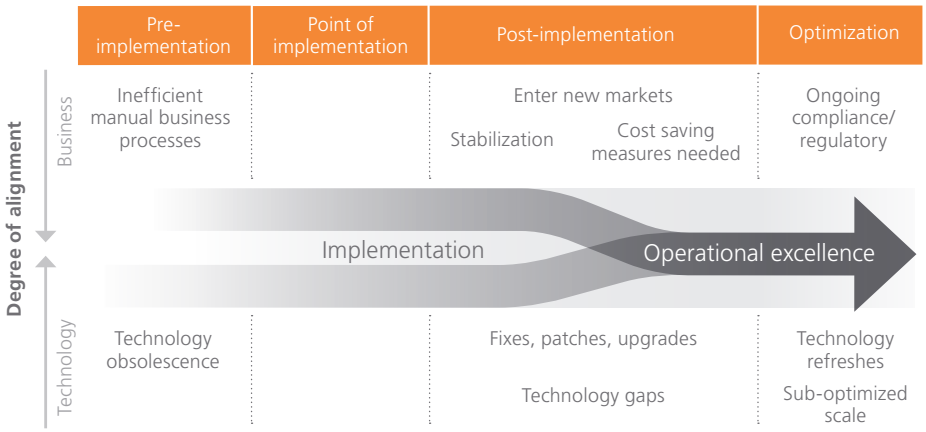
Technology Implementation Process

Most change follows this common path from idea to implementation:



How long does the process take? Some initiatives such as auto-adjudication projects, can be completed in months; other transformational projects, such as a platform consolidation, can take years. That is why careful preparation is so important. But with the right preparation and planning, you can align your business processes with technology improvements to evolve toward operational excellence.

Alignment lifecycle: Evolution of business and technology over time



Acknowledging the risks

Technology changes are considered high risk. Reasons include:

1. Perhaps most importantly, members and providers can be negatively affected if issues cannot be resolved quickly.
2. More than other projects, they can require significant financial investment and consume personnel time.
3. Technology changes are complex to implement and then require additional resources and strategies to stabilize them before they can really begin generating results.
4. An organization may not have the required people with skill sets and expertise to achieve a successful implementation. The organization may also not have enough people to maintain the current production business requirements while going through an implementation and stabilization period.
5. The changes typically affect people and processes across an organization so they can be disruptive to varying degrees.

Evaluating the case for change

Reasons not to change

- High-cost investment — dollars, people, time
- No business case — can not demonstrate need in a quantifiable way
- May not achieve expected results or ROI
- Conflicting initiatives
- Easier and/or less costly to "apply Band-Aids®"
- Technology architecture is complicated. Swapping a core-adjudication system puts integrated systems at risk.
- Risk of business disruption
- Risk of customer dissatisfaction during transition and stabilization
- Can get by "as is"

Reasons to change

- System has been customized to the point where upgrades are no longer possible
- Current technology can not accommodate growth (which supplies revenue to fund change and other initiatives)
- Cannot take advantage of enhancements
- Maintenance is now your responsibility instead of the vendor
- Vendor technical support is minimal or not available
- Manual processing is costly; must increase automation to drive savings
- Automated solutions offer efficient processing with repeatable quality
- Newer technology is designed to nimbly accommodate rapidly changing requirements

Nine proven ways to help prepare for success

If you have determined that the time has come for a major technology change, consider these nine essential readiness activities to help you prepare. These activities are not intended to be performed in any particular order, are mutually exclusive and can be done at any point in the decision-making process (or even if there's no decision).

1. Document plan performance and business case

Begin by establishing key metrics to track plan performance. This is vital to managing plan performance whether or not you are planning a technology change. Be sure to document formulae and reporting definitions for the metrics. They should be reported and monitored on an established recurring basis.

Then build a business case for the change. Baseline measurements and reporting processes include:

- Key performance indicators (KPIs)
  - Quantity & Efficiency (work volume)
  - Quality
  - Resources (FTE, ratios)
  - Cost (overall, unit)
- Service level agreements (SLAs) and performance guarantees

Enhance the business case by measuring performance and issues over time and documenting the trends.

Metrics are used to identify and quantify areas for improvement and to measure expected value from new technology.

If a baseline is not established, a quantified business case cannot be developed. A business case used for decision-making may also include factors which can't be quantified but include compelling events for change, such as: Growth and Market Expansion Opportunities; Business Partnership changes; Regulatory and Other Industry Mandates (e.g., Health Care Reform).

Quantity & Efficiency	Quality	Resources	Cost
• Claims PMPM • Auto-Adjudication Rate • Claim Timeliness (pd <30 days) • Calls PMPM • % Calls Resolved in IVR	• Claim Adjustment Rate • First Call Resolution Rate • Appeal Overturn Rate	• Claim FTEs / 1000 Members • CSR FTEs / 1000 Members	• Cost per Claim • Cost per Call • Average Claim FTE Cost • Average CSR FTE Cost • Claim Interest Paid

2. Clean your data

Clean data is one of the most critical factors that will drive or detract from implementation success. It is a universal truth: A new system will not clean your data; bad data will negatively impact results.

That means taking your lead time to clean up provider and member data:

Provider data clean up

- Duplicate records
- Missing / invalid data elements
- Provider network relationships (effective and term dates)
- Backlog of maintenance activities
- Contract maintenance and associations

Member data clean up

- Backlog of reconciliation or other maintenance activities
- Duplicate records
- Missing, invalid or "dummy" data
- COB data – policy types, effective dates, carrier file

3. Establish controls to maintain data integrity

It is always important to maintain completeness and accuracy of data in your systems, but it is especially critical before implementing new technology. The following are examples of implementing controls and reconciliation processes to maintain data integrity:

- Establish file level controls
  - For every data file loaded to a system, obtain a load error report and reconcile fallout
- Establish process controls
  - This includes file monitoring controls and escalation processes to assure timing and sequencing of file loads occur as expected. If a file fails, have a way to know about it and fix it immediately.
- Establish routine reconciliation processes
  - Monthly membership reconciliation, including effective dates and key data elements
  - Financial reconciliation of payment(s) to plan and to vendors
  - Encounter data (for government plans)

4. Reduce claim rework

Rework increases cost, leads to inefficiencies and dissatisfies members and providers. Identify ways to reduce volume of claim rework by analyzing volume and root cause of claim adjustments. Then implement the necessary interventions to resolve the issues. This will help minimize unnecessary run-out volume on a legacy system, often operated in parallel at cutover.

Potential risk: This may affect decisions about cutover processes and resources. For example, backlogged inventories of re-work could require additional resources to process work on a legacy system to handle "run out" work.

Why are data clean up and reconciliation so important to a technology change

There are four common data feeds (Member, Provider, Claim and Authorization) that form the basis of populating a new system with plan data. If this data is not clean and reconciled, the new system will be populated with compromised information.

Data clean up and reconciliation reduce the risk of implementation issues and inaccurate transaction processing. What's more, they maintain or improve accuracy of processing on current system prior to cutover.

In addition, if you do not focus on data clean up and reconciliation now, you may not have time and resources to do so in parallel with implementation.

Finally, if you submit HEDIS data for NCQA or other initiatives, data integrity and quality is an audited requirement.

5. Develop your staff

Take action now to create staffing succession plans. This includes identifying key positions / roles and conducting cross training. Cross training is particularly important when you consider that critical subject matter experts (SMEs) in all areas of the business will be key participants during planning and implementation. However, these team members are generally re-deployed to the implementation team and no longer available to perform day-to-day duties.

Creating a "bench" of experts takes time for training and building proficiency, but that effort pays off when you are able to deploy appropriate resources for both implementation and routine business activities without disruption.

6. Get organized

Organize plan documentation such as provider contracts, reporting and correspondence inventories, and vendor listings, and make it readily accessible to those who need it. This is particularly important during RFP development and implementation when virtually all plan documentation will be accessed and may need to be provided.

Potential risk: If a document is unavailable or inaccessible, it is often very difficult — if not impossible — to create it during an implementation project. Having updated documentation is required to configure a system, establish business processes and design solutions. Documentation is also vital in developing training.

7. Document workflows, policies and procedures

If you do not already have detailed policies and desktop procedures in place, create them for all plan functions and processes. They should provide sufficient detail to describe the actions taken at each step, handoffs between departments, positions accountable for delivery (not names of people), timeframes, escalation processes, etc. This includes flow charted workflows that depict data flows and/or steps taken by internal and external entities (with "swim lanes" where appropriate).

Once created, all policies and procedures should be updated if a process or requirement change occurs, or annually – at a minimum. Track revision/maintenance dates on all documentation. Store in a central location where the documentation is easily accessible.

Why you will be glad you created documentation

At the onset and throughout any technology implementation, you will be asked to provide your requirements and to explain current processing. Having your workflows and procedures documented will expedite this process.

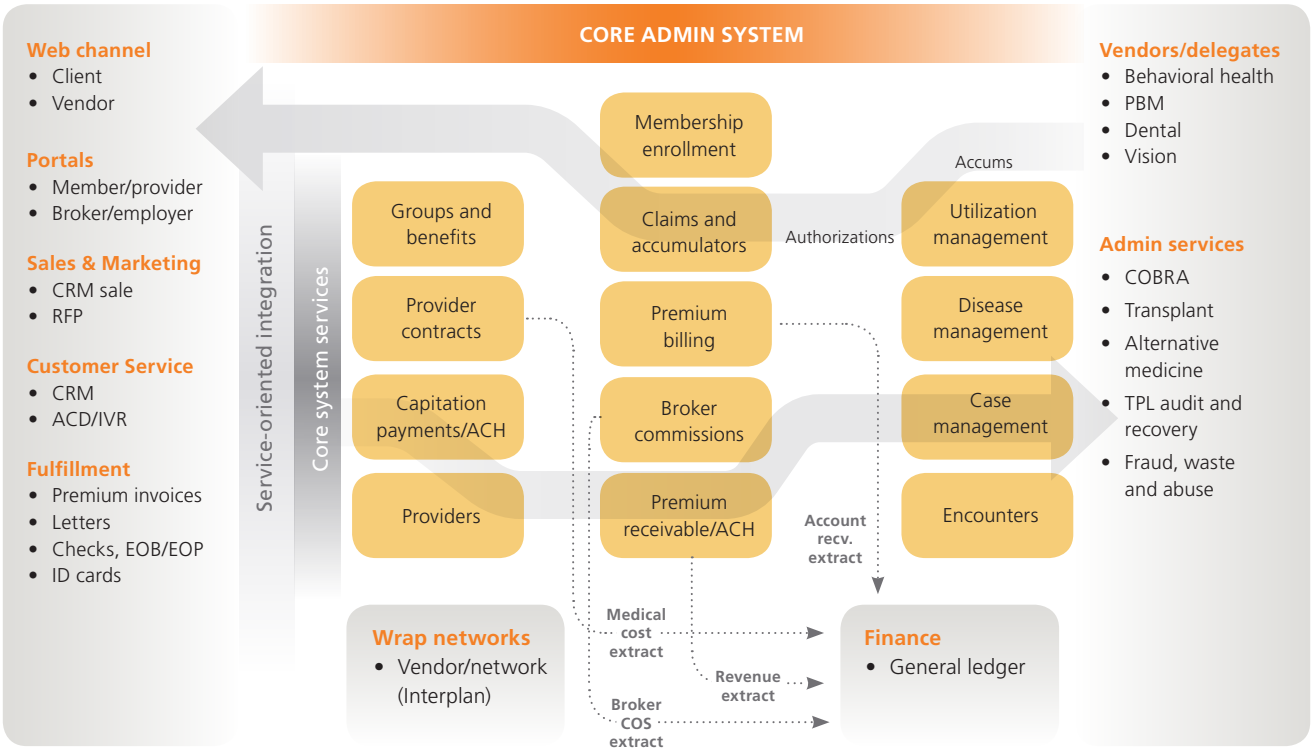
Documentation is required for multiple critical implementation activities, such as:

- Requirements gathering
- Business process development
- Development of system configuration and architecture
- Audits and other planning activities

8. Have a system architecture diagram

Maintain a current system architecture diagram showing the core adjudication system and all systems and databases that integrate or share data with it — manual or automated integration, internal and external. This includes documenting current system architecture, showing all connectivity and integration with current technology (internal and external).

A system architecture diagram enables you to understand impacts and develop a comprehensive project plan, cost and timelines. Key elements include:



9. Understand industry trends

One of the best aspects of a technology change is the opportunity to learn the latest industry thinking and approaches and adapt them to benefit your objectives. As you consider transformational change, use this opportunity to consider how industry trends could influence your approach.

Ask yourself:

- What functionality and services are now considered table stakes? What must we do to remain in business because everyone else is doing them (for example, programs that used to be optional but now are a necessity)?
- What will help us gain a competitive edge? How long might that edge last and how valuable would it be?
- What are the latest true innovations? How might they evolve to become the next "new" thing?
- How much are portals or cloud-based systems being used? What is the role for those in our strategic technology plan?

How prepared are you?

With proper preparation and planning, technology changes can transform your business to achieve new levels of growth and competitive differentiation. Instead of avoiding or dreading change, take action to prepare for it and plan to succeed. The nine activities outlined are each important in achieving that success.

1. Document plan performance and business case
2. Clean your data
3. Establish controls to maintain data integrity
4. Reduce claim rework
5. Develop your staff
6. Get organized
7. Document workflows, policies and procedures
8. Have a system architecture diagram
9. Understand industry trends

Lisa Lusby, Associate Director, Optum Payer Consulting
Lisa Lusby has more than 20 years of experience in the health care industry and has a strong background in leading payer operations, health plan strategy, technology implementations and process improvement. She brings clients a unique skill set with breadth and depth of knowledge in every aspect of the payer business including operations, information technology, compliance, government relations, finance, revenue management, medical management, quality management and pharmacy. Ms. Lusby specializes in the Government payer sector, Medicaid and Medicare.

David Chennisi, Vice President, System Integration, Optum Payer Consulting
David Chennisi has more than 30 years of experience in the health care industry and is a key leader in the Optum Payer Consulting Practice. His teams are responsible for successful systems implementation and integration projects spanning core administrative claims adjudication, medical management, business intelligence/data warehouse and customer relationship management applications. Prior to Optum, Mr. Chennisi served as CIO at Texas Children's Health Plan.

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11000 Optum Circle, Eden Prairie, MN 55344