



Enabling the Future:
Modernizing Core Administration Systems

by Nancy Wise and Ginger Dolberg



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With increasing cost pressures, consumer empowerment, and technical innovations, the role of health plans is evolving quickly. Consultants, foundations, and think tanks alike are quick to offer a vision for new health market solutions. In this new order, transactional efficiencies and product flexibility are no longer points of differentiation, but rather, foundational requirements. Market success is defined by agility, information management, and transparency. However, these visions are only as solid as the infrastructure that supports them.

After working with more than one hundred health plans and assisting with dozens of core application system migrations and major upgrades, HTMS has uncovered several key findings that provide valuable insight to those planning for or undergoing such a process. We have also interviewed industry experts and gathered feedback from business and information technology leaders at nineteen different health plans about their experiences with these

As a strategic partner to technology and operations executives, HTMS assists our clients in helping their infrastructure to adapt to new frontiers. By supporting health plans with assessments, planning, and implementation of core claims system upgrades and migrations, we have deep experience in what it takes to implement these visions. This breadth of organizational experience grants HTMS a unique perspective to identify industry-wide trends and also to gather best practices and learning points.

endeavors. This article summarizes our research.

Organizations usually understand that core system migrations, whether installing a new application or

implementing a major upgrade, are a significant undertaking and they attempt to prepare themselves accordingly. However, many organizations tend to underestimate the degree to which these projects can impact all aspects of business. As such, these efforts are at risk of posing more challenges to an organization than they originally planned - putting the project, and sometimes even the business, in jeopardy. Our findings are relevant for both migrations between systems and major upgrades with an existing system. Throughout this paper these concepts will be combined under the term *system modernization*.

This paper is divided into three sections: 1) Project staffing; 2) Project planning and execution; and 3) Organizational support. Each of these components is pivotal for successful systems projects.

1. Project Staffing

In our experience, a primary key to system modernization is the need for highly skilled and motivated project teams. While advice from any successful project leader will tell you to get the right people, and to access the right expertise, it is surprising how many organizations fail to carry out this recommendation. Our findings emphasize that appropriate staffing requires heightened prioritization.

Dedicating the best. Most plans recognize that the best subject matter experts are critical to a successful system project. These individuals are the most knowledgeable and hold the highest standards. But, these same individuals also have day jobs and tend to be requested to participate in any project that touches their area of expertise. It is difficult to channel these resources entirely into one endeavor. However our findings reveal that such dramatic

action is often necessary for success. We suggest that these positions be backfilled so that the critical experts can be fully- dedicated to the modernization project. Further, a separate work area should be devoted to project activity. Where possible, internal participants should be physically removed from their previous work area and located with others on the project to emphasize this distinction and to facilitate project communications. Both internal and external participants should be intermingled to foster open communication and collaboration regarding requirements, project planning and implementation needs and deadlines.

Post project career path: The organization may also want to consider the role for these selected individuals once the project is over. Are they more valuable because of the knowledge they have gained? By moving off of their previous roles, have they lost ground toward career growth and promotion? Are their previous jobs still available to them or do they now fit better elsewhere in the organization? Understanding the answers to these questions before a project begins can help the transition of these individuals to their new roles and minimizes confusion and disappointment later.

Business and IT partnership. Our experience has revealed that system modernization endeavors are most successful when they are owned by the business area in close partnership with IT. Business needs to take ownership of budget, planning, requirements, processes, and sign-offs in order for the final product to meet business needs. When IT runs these activities too far from the day- to- day operations, gaps remain unaddressed and threaten project outcomes. However, IT also needs to take a leadership role, driving the technology impact of these requirements and holding responsibility for executing the infrastructure components of the project. This partnership should be reflected in project organizational charts, reporting, meeting schedules and agendas, and all communications.

Using the right experts. Universally, project leads have emphasized the value of gaining knowledge from others who have been through the process before. Often this involves meeting with other organizations that have successfully upgraded to the new version or who have been through implementations with your vendor. In addition, project leadership, whether with internal resources,

or through external consultants, needs to have previously experienced major system projects. The complexity of the undertaking is best understood and managed by those who can anticipate, plan for, and respond complex issues as they arise.

2. Project Planning and Execution

Project planning and execution are core to any project's success, and the more complex a project, the more essential these functions become. According to our survey, a few organizations believe themselves to be ahead of the pack from a technology perspective. The majority feel that they are behind their competitors. If your organization is in this "behind" category, you can take comfort from the fact that you are there with many of your peers. Do not allow this perception to rush planning and implementation. Missing gaps, processes, defects, and business requirements through rushed planning, implementation, or testing will lead to greater consequences than taking extra time for a thorough planning and execution process. The most consistent feedback we received from almost all interviews and survey respondents was the critical importance of project planning.

Discovery. Our findings suggest that adequate planning and discovery are the most often under-resourced stages of the process, with potentially grave consequences.

A detailed Discovery Phase is critical to developing realistic scope, budget, and timelines. Often the "worker bees" have the most complete perspective

"Major upgrades can impact an organization as much as a full system migration, yet they tend to not receive the same level of respect. As a user, I think the operational time needed to meet testing requirements and development of test scripts came as an unplanned shock to the organization. I think that plans expect this for a new system, but often do not realize the impact of an upgrade. "

on what needs to be done, so they should be included in any task detail and schedule. An accurate and thorough definition of requirements serves as the foundation for the rest of the project. While experienced project leaders understand this all too

well, this stage still often receives inadequate attention. Our experts suggest several steps to ensure that a project has completed sufficient discovery:

- Define Objectives and Outcomes: The system modernization is such a tremendous undertaking in itself that the objectives for doing it can become lost. Be sure to document expected objectives and match the requirements and budget to lead to these outcomes.
- Document As-Is: Document all activities in the current state, not to reproduce these activities, but to make sure no future-state requirements are missed.
- Iterative JAD (Joint Application Development) Sessions: Have the discovery group for each work area meet together during the following three stages:
 - ✦ First for initial documentation;
 - ✦ Second to review requirements (as many times as is necessary until the group can collectively sign off on them); and,
 - ✦ Finally, to understand and endorse how the resulting activities fit into the overall project plan, schedule, and individuals' work areas.
- Hand-offs and Touchpoints: Hand-offs and touch points between departments and processes sometimes have additional steps, informal decision-trees, and exceptions processing that are not captured in the standard Discovery Process. Be sure to identify these transition and ad hoc activities and document the process flows as part of the core processes under review.
- Revisit: Build in check points for the project

Cost isn't a factor of size, but rather complexity. While larger plans have the luxury of spreading their costs across a larger base, they also tend to be more complex with more systems, products, and interfaces to manage.

schedule and budget. Without these structured reviews, project teams may try to unrealistically accommodate unforeseen and significant changes within existing schedules. Doing so can put the whole project at risk.

Project methodology and implementation. At the risk of stating the obvious, we offer this advice: adopt a strong methodology. The larger and more complex a project, the more important it is to follow a structured methodology. Standard project management tools provide a strong foundation and can be customized to meet specific project and organizational needs. Again, most experienced project leaders have learned the importance of a solid project methodology, but when problems arise or the schedule is in jeopardy, organizations can lose their discipline to remain with the plan. Our experience offers the following recommendations for ensuring your team works the plan:

- Reporting: Build a project dashboard and reporting schedule so that progress and challenges are effectively managed and routinely communicated.
- PMO: Create a Project Management Office (or Officer, depending upon project size) to secure a single point of contact for monitoring progress, tracking issues, maintaining key project documents, etc.
- Formalized Meeting Schedules: Adopt a master meeting schedule for project leadership and subgroups. Put the regularly scheduled meetings on project plans and calendars. Establish a standing agenda that uses structured issue tracking and project plan check-in. Do not cancel meetings, even when deliverables and deadlines are on the line.
- Keep in Lean: While we are advocates of a strong methodology, it is important not to permit the process tools to become ends unto themselves. Agree on concise, actionable tools that help establish standard tracking, communications, and risk management, but avoid getting lost in an abundance of templates.
- Plan and Budget for Training: Our experience shows that organizations pay, both figuratively and literally, for training, whether it is done up front and proactively or reactively as a result of issues and errors. We recommend bringing training leads into the process early and including them in content meetings throughout the implementation process so they have a deep understanding of both the as-is and to-be realities.

- **Ruthlessly Manage Scope:** Broad initiatives such as a core system modernization touch almost every aspect of a business. As such, these projects tend to uncover or run into problems that have been festering for a long time. Often business areas see well-funded, high priority projects as an opportunity to fix new or known problems. While tackling these problems may at times be the most direct course, caution should be taken. Scope creep is a constant temptation. If indulged, it can lead to serious budget, timeline, and resource issues. Changes to scope must be managed through a ruthlessly administered Change Control Process, where proposed changes are sized, assessed for project impact and business need, and then prioritized. Any significant scope changes should only be approved once they are signed off by the project's executive owner.

Technology and Operations. Technology and operations are where organizations expect to spend the most time and resources. These areas are responsible for the heavy lifting with a staff that can become project-weary and also, at times, concerned if unforeseen issues have arisen. This is also where the benefits of the project come within sight and the changes begin to seem real. Our findings offer the following guidance for ensuring that technology and operations components fulfill expectations:

- **Inventory Technology Needs:** Some of the more technical components of a technology modernization project, like infrastructure needs and interface/extract/reporting requirements are either partially overlooked or underestimated. It is essential to have a thorough inventory of all interfaces/extracts/reports/custom data bases for proper estimation.
- **Process Changes:** Organizations going through major upgrades often do not plan for the scale of change that comes with a full system migration. As such, opportunities for process improvement can be lost. While it can be dangerous to embed massive process change initiatives within upgrade projects, it is important to plan for process assessment and optimization activities. Some organizations found that layering process improvement projects as a step after migration is an effective

way to capture these savings without jeopardizing the system initiative.

- **Coordination with Non-Core Systems:** It is critical to identify the impact of core system changes on ancillary and other applications and processes. System changes can lead to broken links between core and ancillary systems and processes. Typically, if these links are not included in the modernization project scope, resourceful personnel develop their own short term workarounds that become long term inefficiencies in the new state.
- **Hardware Needs:** Because the whole project is dependent upon foundational hardware, include this specification and acquisition as part of the system modernization project plan.

Many organizations did not complete a formal ROI nor calculate a positive ROI when planning for their technology modernization project. Instead, they consider their upgrade or migration to be a necessary cost of doing business. Those that did calculate a positive ROI saw the return in about five years, primarily due to better interaction with ancillary applications, improved ability to support new product lines, and greater efficiency due to self-service and automation.

Testing. After Planning, Testing was the area that received the most attention from our survey respondents and experts alike. The Testing phase can become short-shifted for two primary reasons: 1) delays in other stages of the project mean that testing activity begins late; and 2) defects arise during testing that require bigger fixes than anticipated.

- **Testing Delays:** Our experience has shown that the testing stage duration should be maintained even with delays in the schedule. This means that if the testing process begins three weeks late, rather than squeezing the testing process, we recommend, where possible, extend the launch date by this period.
- **Testing Defects:** Testing timelines are usually planned to address defects that arise and are corrected through timely remedial action.

However, especially with new technology, corrections can lead to new problems, leading to iterative and more complex testing scenarios. As a rule of thumb, some experts routinely plan for double the testing time that the team originally allocates based upon anticipated project needs. When possible, we have found Model Office environments to be valuable to achieve more rigorous results through extended scenario testing while protecting current practices. Limited parallel testing can be valuable to silence the “naysayers” as well as to uncover issues that occur between disparate systems. Discovering and addressing these issues early on alleviates undue stress at go-live.

3. Organizational Support

The need to “manage change” is one of the oft quoted and seldom practiced aspects of a major system modernization. At times the perceived “softer” responsibilities, such as change management and resource support, can be overlooked, especially when budgets and schedules are on the line. However, these efforts are as foundational for a successful outcome as Planning and Discovery. Our findings offer the following suggestions for addressing organizational issues.

Active Change Management. Adopt an active change management approach and work the plan. This includes communication, soliciting input, providing training, and controlling release times to optimize stakeholder engagement and value in the process.

Manage Expectations. Business leaders often expect technology updates to fulfill other unmet needs. It is critical to offer reality-based expectations of what the project will include and what outcomes will be achieved. Active scope definition, agreement, and management are critical to success.

Establish Urgency. After earning buy-in from top executives, establish the level of priority for the modernization project relative to other projects and communicate this to the entire organization on a regular basis. As one of our interviewees shared with

us: “A major system project requires a consistent vision and commitment at all levels of the organization – it needs to be absolutely the first priority of the company.”

Knowledge Management. Your organization is ultimately responsible for the use and maintenance of the software over time. Organizations can be left in a lurch when critical system expertise, in the form of a consultant or an employee, leaves the organization. Be sure that any consultants you work with are helping you work toward independence and that you have formalized mechanisms for capturing and accessing knowledge.

Communicate. Have an effective communications plan to keep the entire company informed of the “upgrade journey” throughout the trip. Set and communicate realistic expectations throughout the project lifecycle from project kick-off through go-live.

Post Implementation Audit: We have seen successful system upgrades that have dramatically improved efficiencies as well as staff spirits once the project is complete. Still, even when an organization has planned well, is fully budgeted, and has appropriately prioritized its upgrade project, there will always be some process that won’t be supported the way you thought you had seen demonstrated in the sales process, or functionality that is not quite as you remembered. Every possible scenario cannot be predicted even with the best planning and intentions. Having a strong auditing process after an upgrade increases the opportunity to capture additional improvements. We also recommend establishing a configuration team that meets regularly to discuss options and test changes within the system.

At HTMS, we have had the privilege to work with top notch operations and IT leaders at all levels of many organizations and have developed a deep respect for the daily challenges these individuals face. It is our hope that by sharing our findings in working with these leaders, we can contribute to industry intelligence so that we can all drive toward more efficient service and better outcomes for consumers.

Critical Questions to be Asked

Issue	Description	Why It's Important
Converting Current Data	<p>How much, if any, of your current data do you want to convert to the new system? Some common cut off points are:</p> <ul style="list-style-type: none"> • None: We will run two systems for a limited time to access older information when necessary • Just accumulators, such as maximums • Convert relevant claims history (How is relevancy defined?) 	<ul style="list-style-type: none"> • Data conversion adds a large element of complexity (which translates to time and money). Be sure the value achieved is worth the cost and cannot be achieved in some other way. Some organizations have hired temporary help to input carryover information into the new system because it was more efficient than building expensive bridges.
Notifications	<p>Will you notify providers, groups, brokers, CMS or other government entities, and other stakeholders of your major system change?</p>	<ul style="list-style-type: none"> • There may be changes in how stakeholders interact with you that are not apparent before you upgrade. • Stakeholders may be more forgiving of issues if they have advanced warning that a change is coming. • There are a limited number of communications to which stakeholders will pay attention. Based upon your relationship with your partners and customers, is your modernization project a critical piece of news?
Defining Success	<p>How will you define project success and completion?</p> <ul style="list-style-type: none"> • When all product lines are live • When all members are on the new system • When your Support phase is over • When you have earned some anticipated ROI? • Something else? 	<ul style="list-style-type: none"> • A broad technology initiative can take on a life of its own and can seem to never have an end. It is important to establish a success point and ensure that decisions at every level work toward this point.
Operating philosophy	<p>Understanding your operating philosophy before the project gets going is critical when thousands of decisions need to be made throughout the course of the project. Some example operating philosophies could be:</p> <ul style="list-style-type: none"> • <i>Automate, automate, automate.</i> We want to automate as much as possible, even when it requires more upfront investment. We believe this will reduce errors and provide a foundation to build upon over time. • <i>It might not be pretty, but it works.</i> We want to find the most efficient way to get from A to B. This can mean crazy and quick solutions, but we will meet our cost and time goals against the odds. • <i>Process is king.</i> A project's outcome is dependent upon how you get there. Slacking on planning, documentation, and structure may be tempting in a crisis-mode, but will only cause more problems down the road. It is better to live with delays than to risk sacrificing critical needs when processes get sloppy. 	<ul style="list-style-type: none"> • Different stakeholders may have different approaches to this question, often based upon their own past experience. You can minimize conflict and inconsistency throughout the project by determining a mode of operation up front. This will help decision-makers at all levels of the project move forward.

Nancy Wise, MBA, MPH, brings a passion for reality-based change and innovation to her work in the health industry. Nancy's consulting practice focuses on strategy, industry research, business plan development, and health information technology. Prior to working as a Consultant, Nancy was a Director of New Product Development at a large West Coast health plan. In this capacity, she led teams for strategic analysis, new product conceptualization, and critical implementations. Nancy also taught at the UC Berkeley Haas School of Business, co-instructing both an evening seminar series on special topics in healthcare, and a leadership communications class.

Ginger Dolberg has over 30 years of experience in the health care industry. Her primary focus is managing operational areas of health plans and third party administrators with emphasis in eligibility, premium billing and account receivable. Her concentration has been on operational efficiency and process improvement. She has also led the development of the QNXT product in the areas of eligibility and premium billing for commercial and Medicare product offerings. Her expertise was instrumental in the design of A/R and HRA functionality in the QNXT product. She has also played a pivotal role in integrating the QNXT software with third party vendors for commissions and Medicare/CMS processing.



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HTMS works with organizations in the health industry to innovate, solve problems, and improve performance. Our consultants have deep health industry knowledge before joining our team. As such, we have experienced many of the challenges organizations face with limited time and resources, out-of-date systems, antiquated processes, and diverse perspectives. Strategic thinking with reality-based intervention leads us to practical solutions with measurable outcomes.

HTMS Practice Areas include:

- Strategy
- System Assessment and Procurement
- System Implementation
- Operational Excellence
- Industry Intelligence and Analytics
- Strategic Staffing

Areas of Content Expertise include:

- Core Administration Systems
- Automated Member Acquisition
- Health Care Reform
- ICD-10
- Medicare
- Care Management
- Health Information Exchange