



Optimizing Health Plan Performance

by Jim Gamble and Jeanne Noe

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In a competitive marketplace with growing cost pressures, health plans are challenged to continually improve performance while minimizing costs.

Efficiency goals are even harder to achieve in an increasingly complex environment of custom plan designs, consumer-driven products, self-service, and advanced care management. Plans that are able to optimize process and system performance can raise service levels, reduce costs, and improve speed-to-market. Performance improvement also brings “softer” benefits such as improved customer satisfaction, better provider and partner relationships, and higher employee satisfaction.

This paper outlines an approach for planning and executing a performance optimization exercise.

Defining goals

When beginning a performance optimization initiative, it is important to define goals which are used to establish focus and scope. The need for such a performance improvement project may arise from a variety of sources, including:

- Cost pressures from an increasingly competitive market place
- Failed service level performance
- Updating processes to optimize the benefits of new software
- Non-competitive performance benchmarking
- Complaints from critical partners such as key providers or other stakeholders
- Citations or other regulatory or legal imperatives
- Strategic direction

HTMS works with organizations in the healthcare industry to innovate, solve problems, and improve performance. Strategic thinking with reality-based intervention leads us to practical solutions with measurable outcomes.

Knowing the expected results or goals will drive the approach and scope of the effort. For instance, health plans which have endured an arduous system implementation may have delayed process improvement until after the implementation was complete. For these plans, the process optimization effort would be focused on ensuring that touch points and deliverables with the new system are assessed for improvement opportunities. In another instance, a plan with a citation for billing cycle time or other process issues may focus an optimization effort on known trouble spots with an emphasis on regulatory requirements.

Questions to guide project scope are included in the table below:

Is the project zeroing in on known operational problems or are all operational processes under review?

Is the project confined to a particular department or operational area or is it cross-functional in scope?

What are the desired outcomes of the project and how will they be managed?

What criteria will be used to prioritize candidate operational challenges for corrective action?

Does the project propose to improve upon low-hanging fruit or is the goal a comprehensive process optimization?

Have we cleared hurdles and empowered employees to be successful for this endeavor?

What is out of scope?

Once the scope is clearly defined, it is valuable to also identify what is out of scope. This additional step is often overlooked but can provide critical guidance once the project begins. As with any broad initiative, a process optimization effort is likely to uncover unexpected roadblocks and additional hot spots. Having clearly defined scope and objectives helps the team to move forward in these instances and will prevent scope creep that could paralyze the initiative.

Establishing the team

Once the focus is determined, a Performance Optimization Team (POT) should be established. It is critical for this team to have a visible and effective champion who is both well-established in leadership and who has some content knowledge. Whether an organization conducts a performance optimization exercise using internal resources or engages outside expertise, the POT must include the relevant subject matter experts to ensure the project's success.

It is important to ensure that team participants are not in the uncomfortable position of having to choose between acting on what is best for the organization and what is best for their own individual or department performance goals.

Depending upon the size and scope of the endeavor, organizations may want to consider aligning team incentives with performance outcomes. Through the course of an optimization project, roles may be redefined, department boundaries adjusted or eliminated, and other historic or organizational habits challenged. It is important to ensure that team participants are not in the uncomfortable position of having to choose between what is best for the organization and what is best for their own individual or department performance goals. To the degree that it is possible, participants will need to set territorial wants and loyalties aside. This will allow the POT to have the

objectivity required to expose all opportunities for improvement.

Additionally, team members need to have sufficient time dedicated for the project to be successful. Resource allocation is often underestimated, forcing competition between ongoing responsibilities and optimization work. Preparing resource estimates up front, and then reviewing these estimates at intervals for longer projects, will better position the project for success.

Establishing metrics

To measure the benefit of an optimization initiative, a team must identify performance measures, establish a baseline measurement, and estimate targets. While this process can be relatively straight forward for contained interventions, it can be more complex for broader initiatives. For some organizations, a performance improvement project becomes an opportunity to create common definitions of quality and to establish consistency across quality controls, measures and methods.

Companies may choose metrics to coincide with a variety of goals:

- To show progress against particular corporate strategic goals
- To assess company performance against industry or other external benchmarks
- To align with department and performance incentives

The assessment process

Once an initiative has been appropriately scoped, staffed, and metrics have been established, the team begins the heavy-lifting. Typically the process is guided by standard project management methodologies to bring focus, defined scope, budget, and schedule to the process. The POT manages and tracks issues, risks, and the overall project plan.

During the discovery phase, the team gathers a vision of the current state. This is done by reviewing existing documentation, such as business requirements, business rules, software design and configuration documentation, workflows, and policies and procedures. Then the team interviews key resources and observes critical processes to identify operational pain points, known deficiencies, and improvement opportunities.

Once these opportunities have been identified, the team completes a more thorough assessment of areas targeted for improvement. This step includes reviewing redundancies and inefficiencies and assessing team members' skills. Where applicable, current performance should be measured against industry benchmarks and other targets.

It is especially important to pay attention to hand off points between different departments and disparate processes. These transitions can be opportunities for error and inefficiencies that have may have been overlooked during intra-departmental improvement efforts.

Sometimes, well-meaning staff previously developed special tools, software, or other aids creating work arounds to solve problems. While these are usually rooted in good intentions, they often outlive their relevancy. Often these functions can be replaced or automated by newer applications or updated processes that may already be available or in place.

Next, the team documents findings and identifies a broad list of opportunities for improvement. Each of these opportunities should be summarized with the following:

- A descriptive review of the issue or deficiency
- A summary of the consequences of the deficiency, including impact to performance, costs, staffing, etc.
- An estimate of the effort required for an intervention including cost, impact to

current operations, feasibility of improvement, etc.

- An estimate of the target value of the improvement

Why conduct an operational optimization exercise? Because it can result in:

- Increased accuracy
- Lower costs
- Improved service levels
- Less rework
- Increased employee job satisfaction
- Enhanced client satisfaction
- Process management with control points in place to manage, monitor and measure execution
- Improved documentation

This information is then used to prioritize interventions so that an organization can maximize the value and minimize the disruption to ongoing operations.

Once a company has determined which performance improvement interventions to execute, the team collaborates with critical resources to establish an implementation plan. This step typically involves detailed documentation of the current process to assure that all activities are represented. The key stakeholders then work together to establish a work plan that includes any accompanying configuration, software, and process changes.

Implementation can range from simple to extremely complex depending upon the intervention and the tools required. Either way, it is important to document the end state process, which may have evolved from the intended to-be process.

Finally, a thorough training plan should be established to ensure that resources understand

their roles and how they have changed. At this time organizations also update job descriptions and incentive plans when appropriate.

Measure and refine

Once the changes have been made, it will take a transition period before performance is impacted. This is a time of adjustment and learning before the new process or system is optimized. Once the new processes are stabilized, an organization can measure outcomes.

By measuring performance against initial benchmarks a company can:

- Measure the value of the process optimization initiative (ROI)
- Identify ways to adjust or further optimize the value of the interventions

Additionally, an organization may identify new metrics that have been enabled by the optimization process or that have not been previously tracked.

These could include:

- Improvements in hand-offs
- Rework rates for particular processes
- Through-put for newly automated processes, etc.

Establishing meaningful measurements along with standard processes to track and report results enables an organization to continually monitor performance and develop a culture of continuing improvement.

The impact of performance optimization interventions can be profound to an organization resulting in significant performance improvement, cost savings, enhanced employee job satisfaction, and improved compliance with regulatory requirements.

Because business conditions are always changing, optimization work is never fully complete.

Organizations that establish a discipline around monitoring and enhancing business processes and software performance are able to consistently achieve continual improvements. With increasing cost pressures in the health industry and focus on transparency, this effort can be well rewarded. ✦

Critical Success Factors

- Establish goals for the project
- Focus on and manage the overall end-to-end process
- Establish a position to oversee the end-to-end process with authority to manage all components of the process
- Manage expectations - develop a philosophy around this and ensure that it is understood internally
- Apply Project Management principles and tools to major processes
- Develop effective tools to support the process
- Establish overall performance measurements and a baseline
- Build a metrics-driven culture to quantify performance and drive continuous improvement
- Review diagnostic measures to ensure that the right things are being measured
- Establish controls that impact customer outputs
- Establish in-process controls and measures to ensure effectiveness
- Use in-process and performance measures for a complete view of performance

Jim Gamble has over 35 years experience in business operations and IT, with 12 years focused in the healthcare industry. Mr. Gamble's background includes executive level positions in health plan operations, information systems, business consulting, business turnarounds and mergers, strategic planning, business process redesign, IT systems integration, customer satisfaction programs, and general management across all healthcare lines of business. Mr. Gamble has a proven ability to devise and implement solutions that reduce costs, improve asset utilization, create new streams of revenue, and expand markets to better position the company.

Jeanne Noe has more than 35 years of experience in the healthcare industry with a focus on project management and leadership with managed service organizations, insurance companies and third party administrators. Ms. Noe's area of expertise includes project and operations management (Call Center, Claims, and Enrollment) for business systems implementations, process improvement and reengineering efforts, and account/product installation. She has directed a variety of healthcare projects for diverse, large and small healthcare payer organizations.



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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.

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