# Core Administration System Optimization:

## Business and Technical Configuration Assessment for Health Plans

By Linda Call and Bonnie Wagner

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Health plans face growing pressures in a shifting and increasingly competitive marketplace. Organizations must continually optimize performance, demonstrate flexibility, and respond to changing regulatory and other requirements. Many plans survive in this fluid landscape by making incremental adjustments to systems and processes in order to meet the next deadline. Fewer organizations take a step back to assess the configuration of their software and business processes to ensure continuing optimal performance.

Configuration assessments are powerful tools that enable health plans to evaluate the current state of their technical infrastructure, document systems' limitations, assess customizations, and evaluate how design may need to change. Planning for regular configuration assessments ensures that an organization's system provides optimal efficiency, outcomes, and performance.

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Plans may consider engaging in a configuration assessment for a range of reasons, including:

- **Change:** Daily system changes due to the regular course of business have resulted in layers of specifications that may no longer meet the organization's needs.
- **Catch-up**: During initial system configuration, some requirements may have been missed due to short timelines or other priorities.
- **Fix-it:** Because no core administration system perfectly meets a health plan's needs, organizations sometimes need to write code or adjust configuration to correct defects or make up for missed functionality.
- **Maintenance:** Vendor fixes and upgrades often add or change functionality, which could require corresponding adjustments to configuration, business processes, and architecture. This ongoing maintenance may make work around or other solutions obsolete.
- **Performance:** As transaction volumes change, configuration design may need to be adjusted to maintain optimal performance.

The reality is that plans begin to outgrow their design models even while still in the midst of initial implementation. The longer it has been since an organization's last implementation, upgrade, or assessment, the further the plan is likely to be from its ideal configuration. For many organizations, there has not been time to keep the requirements, design, and traceability documents up to date. In these cases, an assessment could be required to get a company back on the right track.

**Examples of some of the changing demands on health plans that challenge historic configuration**

Shifting product design:
- Lower cost plans may have limited benefit coverage and other new forms of benefit bundling & itemizing
- Increasingly custom and configurable benefit design
- Expanding into new lines of business
- Moving into new markets or territories
- Offering new financing mechanisms and billing options

Shifting contract approaches:
- Developing new mechanisms for contracting, payment, and incentives, such as pay for performance, episode-based payment, and other alternative reimbursement strategies
- Contracting with new provider types

Member support: Developing educational and clinical programs that support members in managing their own health

Transparency: Providing all constituents controlled, real-time access to sensitive information while protecting their privacy

Information management: Accepting and effectively managing more clinical information at both an individual and aggregate level

Regulation: Continued increases in the amount and complexity of regulatory oversight and reporting requirements

A business and technical configuration assessment consists of reviewing:

- **Configuration**: How providers, provider contracts, benefits, utilization management, and other core functions are designed to support both administration and access to business intelligence
- **Customization** resulting from system bugs or functionality limitations during the initial installation of the core application that should be reevaluated based on the current system capabilities and business needs.
- **Processes** for claims, payments, premium billing, process logs, customer service and other processes that alter the database
- **Outcomes** Resulting from claims adjudication, billing, EDI transactions, and other outcomes where configuration impacts the output
- **Integration** with other third party or custom software applications

This comprehensive approach provides an integrated look at a health plan's information infrastructure to ensure that it provides optimal efficiency and service.

### *Performing a configuration assessment*

The stages of a configuration assessment are consistent with those of other large scale initiatives. Depending upon scope, an organization may follow an extremely structured or more as-needed project management approach.

#### *Planning*

As with any major business intervention, the Planning Phase is a critical first step to ensuring that outcomes meet business needs. At this time an organization defines the objectives of the configuration assessment and the scope of the effort that will be required to fulfill these objectives.

Identifying resources is a vital step in the planning phase. A clear configuration assessment lead needs to be designated for control, documentation and accountability of the process. Some organizations engage third party system experts to guide, advise, or participate in the effort. End-to-end subject matter experts need to have their time adequately resourced to the intervention for its impacts to be successful. Some participants include:

- **Executive sponsorship** to guide a project, provide accountability and define scope
- **Project Manager** to keep the project on track, manage scope change and clear roadblocks
- **Interface Team** to understand the interface dependencies from the current state system configuration
- **Configuration Team** to understand the current state configuration design, process, and requirements definitions
- **Operations Users** to verify that conceptually the design meets their business requirements.
- **Independent Reviewers** by third party or other resources with system configuration expertise to leverage best practices and lessons learned through broad exposure to other system users.
- **An ongoing business and technical configuration assessment committee or board** with a variety of responsibilities, including:
  - Periodically reviewing the system configuration
  - Managing the change control process by reviewing requirements and participating in design walkthroughs as changes are requested and implemented
  - Maintaining a configuration and coding standard
  - Participating in and helping to coordinate design walkthroughs for large configuration or system efforts

#### *Discovery*

The team's initial efforts will be to confirm and define the existing business and system requirements in the Discovery Phase. The team is responsible for gathering the existing documentation and conducting interviews to expose current and future state business requirements as well as current state business and technical configuration settings. It is important to include future requirements such as individual business, regulatory changes and ICD-10 to ensure those items are considered in system redesign, optimization analysis, and planning.

If original system and configuration design documentation is available it is a good place to begin the review and to update these documents to reflect the current state. Additional examples of current state inputs include: formal business requirements, administrative policies, authorization requirements, plan summary documents, government regulations, provider pricing documentation, EDI processes,

surround applications, custom processes to update the database, etc.

If formal documentation of requirements and system design do not exist it will be necessary to create the documentation through investigation and interviews with staff. This is a major undertaking, but is essential to maintain overtime to keep requirements and business processes in line with system configuration.

The aggressive demands of the health insurance marketplace can make it difficult for leaders to take a step back from pressing concerns to address more foundational priorities. However, this very effort can be a differentiating driver of performance.

***Gap Analysis***

Using the inputs from the Discovery Phase the team can assesses the existing gaps to meet business needs. This effort involves comparing the existing system configuration and surround applications against the current and future business and technical requirements. This type of review identifies any gaps that will need to be addressed in the future state design and updates.

The list of gaps can be large and potentially overwhelming. The configuration assessment team prioritizes the gaps based on business need, cost to fix, potential savings, and resource impacts. The final list of prioritized gaps is used as the input to the Future State Design.

***Future State Design***

During the Future State Design Phase, the team leverages the opportunities identified in the gap analysis to determine required system changes. The resulting output is a document that explains and illustrates the business and technical design that the system will need to become to meet stated requirements. This in effect becomes the new configuration design and traceability documentation.

During this exercise, the organization may want to consider whether some requirements requiring complex and custom configuration are worth the effort to build and maintain them. In other words, if a specific business requirement results in enormous configuration and maintenance issues some attention should be paid to the cost and benefit of implementing such requirements. At times innocent business requests could inadvertently increase staffing requirements, create system performance issues, and drive output errors that ultimately have an adverse impact on the organization.

During this exercise, the organization may want to consider whether some of the requirements requiring complex and custom configuration are worth the effort to build and maintain them.

***Action Plan***

Finally, the team creates an action plan to implement the Future State Design. The action plan can take the form of a standard project schedule. Key items to consider in the action plan include:

- **Staffing** availability to meet the required results
- **Cost** of both internal and external resources and requirements, including people, processes and technology
- **Phases** to help break the updates into manageable, logical chunks for longer term implementations
- **Competing projects** occurring during the same timeline
- **Dates of mandatory requirements** including government regulations, renewal schedules, line of business implementations, etc.

Determining the impacts of these key items during the Action Plan Phase can help avoid surprises and rework as an organization proceeds through the implementation.

## *Concluding*

Configuration assessment has the potential to add value to an organization by driving toward better efficiency and higher quality. Despite the positive impact these projects can have, many organizations are reticent to perform them. The aggressive demands of the health insurance marketplace make it difficult for leaders to take a step back from pressing concerns to address more foundational priorities. However, this very effort can be a differentiating driver of performance. ✦

*Linda Call has over fifteen years of healthcare information technology expertise, focusing on configuration for system implementations, including current system assessments and recommendations for optimal configuration. She has led global design and configuration efforts for numerous projects. She is PMP certified and has a broad background of systems knowledge, which allows her to know healthcare administration from both a user's and a technical perspective.*

*Bonnie Wagner is a PMP certified health care information technology professional experienced in implementation of solutions to meet complex business needs for the payer and benefits administrator markets. She has knowledge of all aspects of payer and benefits administration from 26 years of healthcare experience in both operations and IT. She has led system implementation teams through the go-live process, performed configuration and upgrade assessments, served in the role of Customer Lead, and assisted in product development and, provider contracting.*

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