



Twenty-First Century Systems for Twenty-First Century Healthcare:

Guidance on Payer Core System Project Strategy and Execution

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Complex new care and payment models are replacing traditional fee-for-service as the transformation of healthcare accelerates. Innovative avenues for coordination between providers and payers are being developed. The ability to isolate and act upon data in all forms has never been more important.

These changes necessitate the use of more consistent, high-quality, and cost-effective healthcare information technology. Yet the reality is that much of healthcare’s existing systems are ill-equipped to handle the demands of today’s rapidly changing environment. This is particularly true for payer core systems.

As a result, many organizations are exploring the replacement of their legacy systems. Determining the best platform for managing both today’s operations and tomorrow’s needs can be a daunting task. Just as challenging is ensuring the selected technology is implemented properly and configured to the unique requirements of your organization.

The essays in this eBook offer guidance and insight into the planning and execution of a core system replacement project. Written by information technology consulting experts at Change Healthcare, the articles reflect lessons learned from hundreds of core system projects successfully completed over the past decade in partnership with dozens of health plan clients nationwide.

Each essay explores different aspects of the core system replacement planning and implementation process. Our consultants have direct experience in system replacement as well as many other payer IT implementation and upgrade projects. We believe their combined knowledge and depth of experience uniquely positions Change Healthcare Consulting to deliver unmatched guidance and assistance for companies seeking to transition to new technology.

From helping assess, select, and procure new core systems to building out and bringing to life new platforms across organizations large and small, we take pride in our ability to work side-by-side with clients to help them achieve even the most complex IT objectives.

At Change Healthcare, we are **Inspiring a Better Healthcare System**. We hope you’ll be inspired by the knowledge presented here to begin your own core system journey. If you’re interested in learning more about how our consultants can help you, please give me a call.

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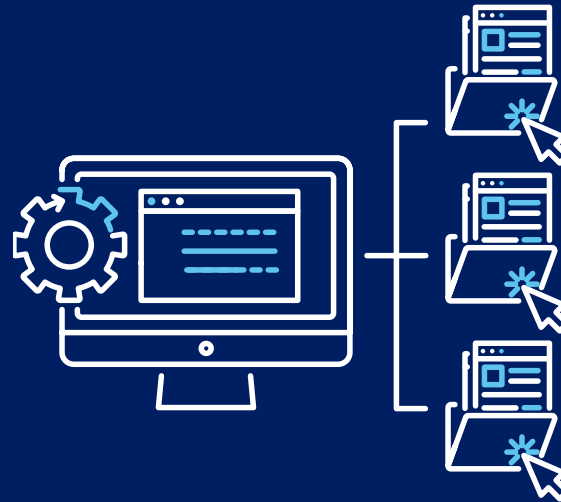
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Healthcare delivery and reimbursement have changed dramatically since the 1990s, yet many organizations remain shackled to outdated information systems and technology.

Because these legacy platforms were designed for a different era, they’re increasingly unable to meet the ever-expanding automation, interoperability, and data demands of today’s healthcare ecosystem. Widespread adoption of 21st century technology is therefore essential to support critical elements of the emerging healthcare environment, from value-based care and price-and-quality transparency to improved collaboration, optimized patient experience, and advanced cybersecurity.

Many organizations, however, are reluctant to embrace new technologies and continue to rely—sometimes precariously—on their legacy installed base. This caution is understandable, given the cost, complexity, and risk typically associated with implementing new software. Moreover, a growing recognition exists across healthcare that technology alone cannot transform an organization. More than a few executives have learned the hard way that deploying new systems often requires organizations to fundamentally re-think business models, processes, and job descriptions originally designed around legacy platforms. Leaders consequently worry that even the best-designed solutions may cause major disruptions and fall short of an organization’s original business objectives and budget targets.

Compounding this uncertainty are dramatic changes in the vendor community. Recently, several software vendors have determined that their product roadmaps have hit a dead end. They realize their underlying technology is out-of-date and cannot meet the current and future needs of their customers. Some of these vendors are rearchitecting their platforms and encouraging clients to move to their new systems. Others are selling their client base to vendors with more modern capabilities in the hope that their clients will migrate to the new vendor’s system. In all cases, clients are being pushed to new platforms and technology whether they like it or not. Unfortunately for these clients, change has caught up with them before they are ready. Now what should they do?

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If this situation sounds familiar, my recommendation is to push back against the vendor and adopt instead a thoughtful, proactive approach to taking charge of your IT future. At its core, this process involves embracing change as a means of driving your organization’s evolution towards success in the new healthcare environment.

Here are some key factors to consider at the outset of your journey.

- **Don’t let your system vendor force you onto their new platform without considering all alternatives.** Document your current and future requirements and evaluate various software applications before finalizing your selection. Your vendor’s new platform may ultimately be the right choice. But don’t default to that conclusion without carefully weighing your needs against alternative solutions.
- **Evaluate multiple software vendors carefully.** Several options generally exist in a given software systems market and each product will have its strengths and weaknesses. The right system for your organization will depend on aligning the application’s capabilities with your organization’s specific requirements and objectives.
- **Product demos are not enough.** Many vendors are great at presentations and demonstrations. But remain diligent in your evaluation beyond “the pitch.” Assess your requirements against each vendor’s capabilities and require proof-of-concept demonstrations based on your business scenarios.
- **Software capability has no value without a solid implementation strategy.** Investigate the processes and methodologies vendors have in place to migrate your business to their platform. Understand what roles your organization will be responsible for and what that means to your business. Equally important, explore the vendor’s implementation track record.

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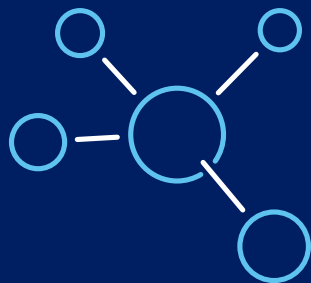
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- **Make sure the vendor's product roadmap and culture align with your organization's strategic trajectory.** Think carefully about future needs. Here's an example: If you're not serving a Medicare population currently but plan to do so in the future, ensure that your vendor of choice can perform all the tasks necessary to accommodate this complex line of business (or that they at least offer the required functionality in their product roadmap).
- **Confirm that the vendor is viable for the long term.** Many innovative start-up companies have grand ideas and cutting-edge technology. But their early-stage costs can be high and the competition strong. The last thing you want is to find yourself in situation where you've implemented a solution only to find the vendor is shuttering the product or selling it to another company.

Because changing technology solutions is rarely easy and not without risk, aligning with an experienced, unbiased third-party to help guide your transition can be enormously beneficial. Change Healthcare Consulting has been working with a wide range of healthcare organizations to evaluate vendors and implement solutions for over a decade.

During this period, we've assisted hundreds of clients in the successful deployment of core claim systems, electronic health records, provider credentialing systems, care and disease management systems, and consumer-facing web portals. And because each of our consulting team members has a minimum of 15 years' experience, we've developed the leadership, insight, and management skills necessary to support the best decisions at each step in the process.



At **Change Healthcare**, we can help you see around unknown corners to chart a clear path forward. We'll help you avoid pitfalls and steer toward the enterprise system that is right for your organization. We can also assist with implementation once you've selected a new solution to help reduce the risks associated with transitioning complex systems.

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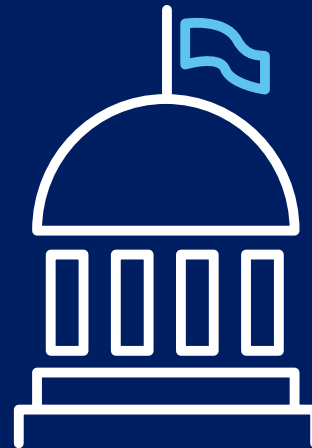
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As the transformation of healthcare continues to accelerate, the limitations of many legacy core systems are increasingly apparent when it comes to meeting the demands of today's value-based environment.

Faced with the need to support higher levels of provider-payer collaboration, stronger member engagement, and the design and execution of complex reimbursement models, a growing number of payers are seeking out more flexible, scalable, and data-driven systems.

Identifying the optimal replacement platform, however, represents only half the battle when it comes to transitioning mission-critical business operations. Without a similar commitment to ensuring the implementation process is effectively planned and executed, the best of intentions can quickly unravel.

In a worst case, this can mean ongoing disruptions to vital business functions, deteriorating provider and member relations, out-of-control timelines, and extensive cost overruns.

At Change Healthcare Consulting Services, we understand the complexities surrounding core system replacement and the many steps required to successfully advance a project from inception to fruition. Having worked with dozens of clients to assist in the deployment of not only core claims systems but other enterprise-scale payer platforms, we've identified what we believe are the essential factors for helping to ensure a successful system replacement.

We've organized these elements into a series of planning and execution steps that collectively fall into four categories, or what we call the Four Pillars of Success. The pillars include:

- **Implementation Readiness**
- **Governance**
- **Business Transformation**
- **Execution Framework**

Before initiating the steps encompassed by the Four Pillars, it is important to revisit the central rationale for the project by reexamining anticipated benefits as well as perceived risks. By communicating to all affected employees clear and concise objectives, along with anticipated hazards that could derail the project, implementation leaders help sustain buy-in and vigilance across the organization.

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Implementation Readiness

Developing detailed answers to five critical questions is a good starting point for defining the project scope and creating a viable roadmap for moving forward with implementation. The question-answer process looks like this:

Why? Create a concise statement that defines the aims of the project, including the high-level strategic objectives, tactical business goals, and specific and measurable outcomes.

How? Identify and resolve key decisions that need to be made before moving forward. These can include issues surrounding data migration, data warehousing, system reporting, and process redesign. Decision outcomes (as well as the process followed to reach them; e.g. pros, cons, justifications etc..) should be documented in detail, since these will serve as guardrails to guide the scope of the project.

What? Scope the specific body of work that will be contained within the project, including business functions, integrations, interfaces, number of business lines and reports impacted. Define what is in and what is out. Create success metrics at the beginning of the project, rather than at the end.

Who? Clearly define the roles and respective responsibilities of each team member. Eliminating role ambiguity improves collaboration, reduces misunderstanding, and expedites execution.

When? A mutually agreed-upon project schedule should encompass all milestones, project activities, and assignments and include planned start and end dates, as well as an effective tracking mechanism. It is important to remember, however, that the schedule is a component of the plan and not, in and of itself, the plan.

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Governance

A governance framework will serve to more precisely define elements initially developed during Implementation Readiness to effectively manage the project. Key governance processes must be agreed upon by all parties and include roles and responsibilities, ownership, change management procedures, the delineation of risk, action, issue, and decision processes (RAID), as well as strategic considerations. When further refining roles and responsibilities, it is useful to identify single points of accountability and expertise in specific areas, in addition to the processes team members should follow to access these resources when issues arise.

In our implementation consulting engagements, we typically seek to tailor the governance structure to accommodate the cultures and capabilities of the client organization. For example, if the client has a project management office (PMO), Change Healthcare will incorporate the PMO into the governance structure. Alternatively, we can provide the necessary project management expertise if those capabilities are not available internally.

Either way, it is essential that project ownership reside within the organization. Deferring all aspects of the implementation to a vendor or consultant can result in diffuse objectives and responsibilities and ultimately a lack of accountability.

One of the most critical components of the governance pillar is the establishment of a clear and workable communications strategy. In our experience, we've found that communications breakdowns are among the most common reasons for unsuccessful implementations. Status reporting must be formalized and widely available to build confidence and shared commitment as the project moves forward. In addition, both internal and external communication responsibilities must be defined. On the external side, for example, ownership should be established for apprising vendors, providers, and government entities about implementation progress and to alert them about testing or other considerations.



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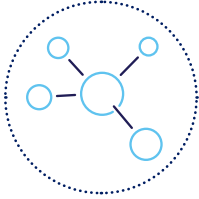
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Business Transformation

Transformation inevitably brings disruption and it is therefore important to carefully think through the impact the new platform's functional changes will have on business processes. This step involves identifying value chains for core business functions, codifying new workflows and procedures, defining new or changed roles and responsibilities, and creating critical performance indicators that can measure the new processes.

Equally important is the development of training initiatives that will help ensure the system's capabilities are adopted and the benefits fully realized. Focused, role-based training is the most effective way to maximize returns on your training investment. In other words, training must be tailored to each role within the organization. An individual from Member Services clearly should not receive the same training as someone from Provider Relations.

Unless training content directly relates to the individual's tasks and responsibilities, trainees will feel their time has been wasted and ignore the message. Similarly, neglecting employees affected by the transformation will guarantee resistance to change. Effective training ultimately depends on employee buy-in, which, in turn, requires a steady, clear, and transparent communication stream from the project owners. You must not only send the right message to the right people, but also let them know how often and by what means relevant information will be conveyed.



Execution Framework

Competent execution is the most critical of the Four Pillars, since without it, the best-laid implementation readiness, governance, and business transformation efforts will be wasted. One of the keys to optimal implementation is strict adherence to the plan in place, particularly when conflicts or problems arise. This may seem self-evident, but it is common for distractions to divert attention, energy, and effort once the process begins and team members are scrambling to complete necessary tasks.

Leaders should therefore emphasize the importance of remaining focused and should stand ready to assist team members to quickly and consistently prioritize as issues begin to pile up. And while sticking to the plan remains the baseline of solid execution, flexibility is also important to quickly work around unforeseen problems or complexities.

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Here are some other key factors to keep in mind during the execution phase:

Requirements Gathering: Focus on business requirements. We often see requirements that mimic the processes of the legacy system, as opposed to focusing on business or system-agnostic requirements born from actual business needs. It is therefore important to segregate business and technical requirements. Remember, the technical requirements provide the blueprint for the technical solution's architecture, while the business requirements represent the functionality you wish to achieve.

Stay Focused: All relevant information must be spelled out in detail when it comes to requirement gathering. Incorrect or misunderstood requirements result from miscommunications, erroneous assumptions, undocumented processes, and misaligned definitions.

System Integration: An integration strategy will be required to define standards around how systems will talk to each other. Define an Enterprise System Architecture, coding guidelines, tools, languages, system schedulers, and end-points. Develop an end-to-end connectivity approach.

Testing: Effective testing requires that everyone be on the same page with respect to specific testing methodologies and functional areas. Similarly, it is important to define defect tracking tools as well as reporting, assignment, and remediation processes.

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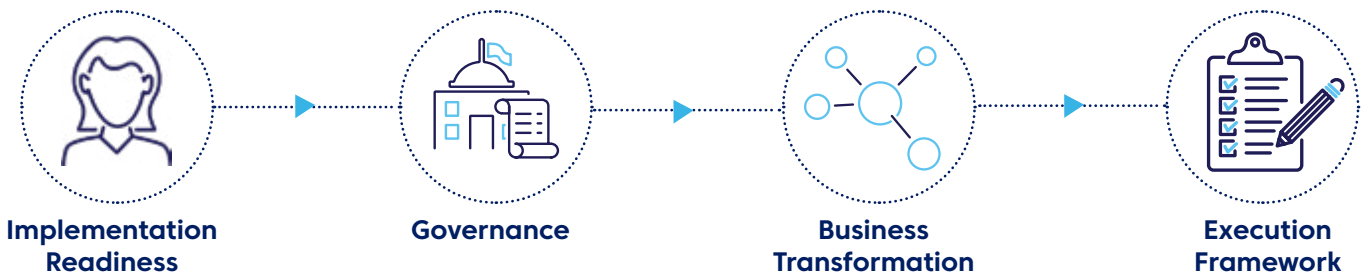
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A Custom, Comprehensive Approach

The Four Pillars of Success reflect the knowledge and wisdom we’ve accumulated over the course of dozens of implementation projects going back more than a decade. That said, we recognize that every project is unique and therefore must be assessed from the ground up as a stand-alone, custom installation. In other words, we won’t adopt a cookie-cutter approach when it comes to implementation assistance.

Similarly, we will calibrate our support to a level that best meets your needs and desires. Our spectrum of consulting services ranges from playing a limited advisory and project review role to filling key positions and running the implementation. We’ve found the most effective approach is a blended arrangement that incorporates personnel from both your organization and ours, with Change Healthcare filling in gaps as necessary from a skill and capacity perspective. This partnership model helps ensure that you, the client, retains ownership, and also creates an avenue for knowledge transfer between our personnel and yours.

Ultimately, the Four Pillars provide a blueprint that will help you anticipate and overcome common pitfalls that often derail core system implementations. With detailed planning, a comprehensive governance structure, pro-active change management, and a systematic implementation framework, your organization can smoothly transition from today’s increasingly obsolete system capabilities to a platform capable of accommodating the growing complexities of today’s value-based environment.



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Core systems support virtually all critical functions within a payer organization, from member enrollment and benefits to provider networks, contracts, and claims management. Because many core system platforms were designed and installed in the 1990s, they're increasingly unable to accommodate the ever-expanding automation, interoperability, and data demands of today's evolving healthcare ecosystem. As a result, replacing them has become a priority for many insurers.

If your organization has decided to implement a new core system and you've been appointed executive owner of the project, it's important to think broadly about what the job will entail. In the simplest terms, the executive owner must identify and/or recruit a capable, well-rounded team, anticipate organizational barriers to success, champion key decisions, be prepared to assess options and make final judgments regarding change requests, and rally the rest of the company around the program. Perhaps most importantly, the executive owner is responsible for creating and sustaining a positive leadership shadow that will inform, inspire, and sustain team members from project start to finish. It is, admittedly, a daunting responsibility.

Fortunately, during our involvement in dozens of major core system implementations over the years, we've identified a list of 10 strategies that, in our experience, can help produce a successful core system implementation project.

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1. Advocate internally and with vendors and consultants to staff the project with high-performing team members. Ask for the best personnel for your internal teams, consultants, and vendor staff. Internal team members should be knowledgeable about the organization's systems and process, be analytical, demonstrate a strong work ethic, and be comfortable working in a collaborative environment. Consultants should be experienced in system implementation and familiar with the implementation methodology of the core system vendor. Vendor staff should be experts in the product and be able to guide internal team members to optimal configuration decisions. If these capabilities aren't present on your team, work to ensure that they are as early as possible in the process.



2. Invest in a robust implementation readiness phase. Implementation readiness is perhaps the most critical phase of the project. Make sure that key project decisions are clearly delineated, that inventories of configuration, interfaces/extracts, reports, custom software, surround systems, products and the like are documented and confirmed, and that scope by functional area (e.g., claims, membership, billing, etc.) is documented to the satisfaction of all parties. Delineate concise roles and responsibilities and make this information available to all team members. Treat the completion of implementation readiness and sign-off on the project charter as a stage gate before initiating project work.



3. Keep the project scope as narrow as possible; value speed of implementation as the driving force of the project. Many implementation projects attempt to squeeze transformation/technical projects into the core system implementation. This can be an expensive mistake. To stay on track, it is critical that team members working on business and technical transformation focus specifically on what must be altered as a direct and sole result of the implementation. Everything else involving transformation is discretionary and should only be considered if it cannot be achieved post-implementation without significant re-work of code and configuration. Put stringent criteria around approving these kinds of changes and expect timelines and budgets to shift as a result.



4. Treat the first week of project execution like the last and keep an eye on the budget as a leading indicator of delays. In every implementation, a strong temptation exists to accept delays early in the project, particularly when they're supported by team members' rational arguments for shifting or re-prioritizing project deliverables. But it is vital to stick to the plan. Require root cause analysis and remediation for slipped dates. The project management team will produce a milestone list based on the schedule. This is obviously an important tracking document. However, an equally compelling metric is the comparison of actual monthly labor expense to forecast labor expense. Coming in under budget early in the project can be a leading indicator that the project is trending behind schedule, even if the milestones are on track.

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5. Expect metrics from program management to inform leadership on the project status. Key metrics include projected versus actual milestones, projected versus actual spend (labor, in particular), trends and counts of issues with severity and time to closure, trends and counts of risks and mitigation approaches, change control counts and status, test case preparation/execution, and defect counts trended by severity and status. Expect to hear about the top issues and risks weekly and take an active role in their resolution. Do not allow high-severity issues and risks to fester. Hold the project team accountable for speedy resolution.



6. Ensure cross-project team dependencies are documented and tracked. During execution, project staff will divide into project teams responsible for delivering specific scope elements. However, the work across each of these teams will have connection points and dependencies. These generally are not identified during the implementation readiness phase and can be expected to evolve as the project moves forward. You should therefore ensure that the tools and resources are in place to illuminate and support critical connective tissue between teams and scope elements.



7. Secure active participation from company leaders not directly engaged in the project. The program management team should hold monthly steering committee meetings with organizational leadership to review project status and the configuration/technical decisions made by the project team. Non-program leaders and their staff should be encouraged to raise issues. Make sure a mechanism is in place to capture and respond to these questions or concerns. It is important to remember that during the training and implementation phases, these leaders will need to be closely involved. Making sure they have a voice during all stages of the project implementation can help solidify their ongoing support for the effort.



8. Limit the number of changes required to the vendor system to meet your organization's specific needs. Loading a large amount of core platform development work on the vendor is a surefire way to put scope and timeline at risk. While it is virtually certain that gaps in system functionality will be identified during implementation, try to make sure that only critical gaps with low-impact fixes are assigned to the vendor for coding. Wherever possible during implementation, develop workarounds instead of demanding vendor fixes.



9. Sell the project internally. Form an internal communication team to publicize the project and to convey its benefits to the rest of the organization. As soon as a stable project plan is delivered, develop a road map with the project deliverables. Publish this information in public spaces within the company so that all the employees are aware of the upcoming deliverables. Your communications strategy should focus on providing visual, living, and simple-to-understand

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documents. Create a mechanism for non-project employees to ask questions or raise issues and develop a means for addressing these issues quickly and in a public forum. Remember too that the executive owner is the face of the program to internal and external stakeholders. Therefore, that role and all that goes with it should not be delegated to subordinates or consultants.



10. Cast a leadership shadow. Behave the way you expect your project team members to behave. Here are three recommended behaviors:

- If you say you will do something, get it done and do it on time. You cannot hold your team accountable if you are not accountable.
- At every meeting, ask if there is anything the team needs from you.
- At some point, even the best-planned core system implementation projects can go off the rails. If and when that happens, take a measured, thoughtful approach in responding to bad news and work to systematically develop a solution by drawing from the capabilities within your team.

Core system implementations can be among the most challenging projects a leader will face during his or her career.

While these 10 elements for ownership success may not eliminate the stress of such an endeavor or mitigate every possible glitch, they will certainly improve the chances of succeeding on time and on budget.

At **Change Healthcare Consulting**, we have a team of experts, including many with direct health plan experience, that has successfully worked with hundreds of clients across the country in such endeavors. We specialize in core systems project leadership, including executive advisory and implementation services. We bring experts to the table that provide technical and business-related project management, overall program management, and executive support throughout the life of the project.

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Listening, Reading, and Doing:

Developing an Effective Training
Program for System Implementation
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By Mary Branagan and Thomas Ruwald



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Embarking on the implementation of a new core system is a complicated task with major financial implications for the sponsoring organization. Training is therefore crucial to ensure that all involved understand their responsibilities and can perform their job duties from day one. If executed successfully, a comprehensive training program will help drive user acceptance of the new system and increase the likelihood that the system's full potential will be realized.

For optimal results, a detailed and complete training strategy should be formulated well in advance of the replacement implementation launch. Client and vendor must collaborate closely to develop a strategy that encompasses all phases of the project in addition to ongoing training needs. Because every individual has their own style of acquiring knowledge, it is important that training programs incorporate the three primary methods of adult learning: Listening, reading, and doing. As part of this process, training strategies should utilize change management techniques to help users develop a clear understanding of the project's overarching business purpose and goals.

The three essential training areas associated with core system implementations are:

- **Project Training**
- **Product Training**
- **End User/Role-Based Training**

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Project Training

Project training, or educational efforts designed around the implementation process itself, is an area often overlooked when core system training initiatives are being developed. Project training should instill an understanding of how project work will differ from day-to-day work and clarify for those involved the mechanisms associated with moving the implementation forward. Typically, these elements can include project governance, as well as administrative processes and procedures and the like. Because many of those who've been brought into the project may not have experience with complex implementations, the project kickoff should provide rich detail on the following topics:

- Scope – the specific body of work that defines what is in and what is out
- Roles and responsibilities for each person working on the project
- A high-level plan that reflects the different stages of the project and the expected timelines and deliverables for each phase
- A communication plan that includes both internal and external expectations
- Reporting structure and reporting responsibilities for project team members
- Processes to report and resolve issues and risk monitoring/remediation
- Meeting schedule, structure, and expectations (including reviews of what has been completed and what is expected in next meeting/ phase)

After the project kickoff, project managers and sponsors should anticipate a wide range of questions from those assigned to the implementation. Many of these questions can be easily addressed by directing team members to a central data repository that contains a full range of documents and resources reflecting all aspects of the project.

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Product Training

Once project training is complete, the focus should shift to the product being implemented. This training typically does not cover customer-specific internal processes or how those processes will change once configuration and system integration is complete. Product training, which is usually delivered by the system vendor, may be part of the design and configuration process and can involve a classroom setting. Product training should include the following steps:

- **Review training options** – Review each training element and understand what is being taught, the documentation that will be used, expectations regarding the knowledge coming out of the course, pre-requisites for taking each course, and team members assigned to each course.
- **Schedule the courses** – Make sure the appropriate pre-requisites can be completed before classes are scheduled.
- **Confirm documentation** – Confirm that the vendor will supply the documentation necessary for all courses. It is recommended that this information be reviewed during system selection, since it will help illuminate the capabilities of the vendor.
- **Perform evaluations** – Ensure meaningful evaluations are developed for all courses and sessions.



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End-user/Role Based Training

The organizing principle that should guide all role-based training is relevancy. To maximize the return on your training investment, training must target each role using the new system within the organization. For example, an employee from Member Services should not receive the same training as someone from Provider Relations. Process training must be specific to how the user will perform their business processes in the new core system. Because this training is focused on the end-user's knowledge requirements, it will likely vary by department and user. As a result, an assessment should be performed prior to the initiation of training that identifies needs, skills, and gaps for each end-user role. Information that should be incorporated into this assessment includes:

- An overview of the system areas users will be accessing
- Business changes from legacy system to new system
- Detail of business desktop procedures
- Review of all new workflows
- Review of how information will be passed from one department to the next
- Complete set of documentation

To help strengthen retention of new product skills, training should be timed to anticipate the operational status of the product and

go-live. Personnel should be ready to execute in support of User Acceptance Testing (UAT) or end-to-end testing. We recommend that this testing be focused on superusers, or the most experienced users from each functional area. Importantly, these individuals can subsequently provide support during the broader training phase for all remaining system users.

Training should coincide with the functional area that will next begin using the system. For example, membership resources may be the first to start using the system, while others who only need to know how to look for information may be the last. When scheduling end-user training, take into consideration operational ramifications and involve the managers of the departments affected.

Each organization has different needs when it comes to training and training program development. We at Change Healthcare have assisted organizations in a variety of capacities, from the development of training strategies to educational material creation and training delivery.

A good training strategy provides the foundation for user acceptance and helps ensure the system will be used as intended. It can also help prevent many of the pitfalls frequently associated with system implementations and thus allow organizations to maximize their return on a significant, long-term investment.

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Transformation Equals Disruption:

Developing a Strategy for Managing Process Redesign

By Maureen Simmonds and Annalis Lown



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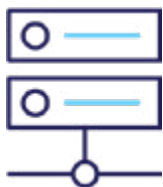
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Your organization has decided to replace its legacy platform with a **new core system**.

While many may view this kind of initiative as simply an IT upgrade aimed at installing new software, it's important to recognize a core system replacement goes well beyond this limited definition.

In fact, you are embarking on a business transformation event that will cause major disruption to virtually all aspects of your operations. Understanding the impact of these disruptions and developing a strategy to mitigate them—while simultaneously embracing the benefits of transformation—is key to owning a change of this magnitude and capturing the new efficiencies and improvements it can produce.

A business transformation strategy must reflect both the volume and velocity of change an organization and culture can bear. During a core system replacement project, new software and IT processes will be implemented. As part of this process, the business team will be called upon to provide business requirements and offer input regarding configuration, development, and design solutions, as well as participate in user acceptance testing.

It's important to remember, however, that in addition to contributing to system planning and implementation, most business teams will continue to be responsible for their everyday tasks and duties.

When everyone—especially the “go-to” subject matter experts—are operating beyond full capacity, it's easy to miss the business transformation opportunities new system implementations create. Yet minimizing or ignoring these openings undermines one of the central reasons for undertaking the project in the first place.

It is therefore imperative during project initiation and scope definition to determine how you will incorporate business transformation into the project. The approach must be customized to meet each organization's project scope, existing standards, time and budget constraints, and culture. Primary areas that must be addressed in an effective business transformation strategy include:

- **The alignment of functionality changes to business processes that are new or different**
- **Impact assessments to functional departments**
- **Resource requirements for the project, including sustaining day-to-day operations during and post-implementation**
- **Policy and procedure changes required due to new functionality and processes**
- **Role-based training needs, including the identification of skill gaps**

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Importantly, Change Healthcare recommends that a business transformation strategy remain focused on aligning business processes with the new system and not include a full-blown process improvement project running simultaneously with the core-system replacement. Experience has shown that trying to do too much at once can tax resource, budget and timeline constraints.

That said, new-found efficiencies and improvements inevitably will emerge. The magnitude of these changes will be determined by new system functionality, as well as the legacy platform’s overall level of antiquation or obsolescence. Our consulting team refers to this kind of focused business transformation approach as Business Process Alignment (BPA).

Business Process Alignment includes identification of the following domains:

- Value chains for core business functions
- Level of change to the organization
- New or changing roles and responsibilities
- Priorities for organizational change management
- New workflows, processes, and procedures
- Critical performance indicators

Once this information is compiled, the next step is to incorporate business process alignment tasks into the project schedule. Change Healthcare recommends using common process improvement techniques and tools, such as DMAIC (Define, Measure, Analyze, Improve, Control). Examples include, but are not limited to:

- Collecting existing current state workflows or creating the primary business processes and/or value chain components.
- Creating SIPOCs (suppliers, inputs, process, outputs, customers). This tool will help you outline a high-level map with key information to provide further process clarity.
- Using the current state base, develop future-state swim lane workflows. This is where the rubber meets the road in terms of aligning business processes with the new system:
 - Identify where new functions will reside within the organization
 - Define changes to job functions from increased/decreased or changed functionality
 - Identify training needs and skill gaps
 - Confirm business requirements
 - Codify policy and procedure changes
 - Assess staffing needs and considerations
- Critical-to-Quality (CTQ) assessments help identify essential metrics by mapping the overall customer need into specific and measurable requirements.

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When it comes to developing a transformation strategy, we recommend beginning with your current business processes and not simply a blank sheet of paper. At the same time, it is important not to simply mirror your legacy system. Bringing forward processes because “we have always done it this way” or automating the business process “as is” are techniques we refer to as “paving the cow paths.”

BPA participants should clearly understand their business process and the impact automation may have on process capabilities. Sometimes another set of eyes is important. Organizations often rely on system integrators like Change Healthcare Consulting to assist them in understanding the new system functionality and the possibilities of change available with the new core system.

As previously noted, transformation brings disruption. Neglecting employees affected by the transformation will all but guarantee resistance to the new system. It is therefore critical to engage employees by listening to them and including them in the process. To this end, you can create change ambassadors by assigning senior and respected subject matter experts to the project. These individuals can then communicate positively to the rest of the organization. Consider allocating existing resources 100% to the project and include business transformation in your communication strategy.



Implementing a new core system can be a major challenge, but Change Healthcare is ready to help. Our portfolio of customer experience and collaboration solutions can provide a unified and comprehensive approach to business process transformation for your unique implementation project requirements.

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Five Rules:

Optimizing Requirements Gathering for Core System Replacements

By Mauricio “M.J.” Jimenez and Thomas Ruwald



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A core system is a large-scale software package that supports all major functions within a health plan, including member enrollment, premium billing, benefits, providers, contracts, claims adjudication, and claims payment. Most health plans will undertake a core system replacement project once every decade or so to take advantage of increased functionality available through evolving, modernized technologies.

Because core system replacements are pursued so infrequently, the required subject matter expertise may not be available in-house. At Change Healthcare Consulting, our team of experts has worked on hundreds of system replacement projects over the past decade. From these experiences, we've developed recommendations that can help you execute your replacement project in a timely and successful fashion.

A Broad Spectrum of Requirements

Business requirements must be documented to describe the capabilities the proposed solution should

provide to support the business model. Functional requirements represent the next level of detail and define each of the steps necessary to deliver the prescribed functionality for each business requirement.

During the life-cycle of a core system replacement project, you'll discover requirements gathering can take place before the project starts as well as throughout various phases of the implementation itself. If this timing seems counterintuitive, it's important to remember that many different types of requirements must be collected.

Project requirements, business requirements, functional requirements, technical requirements, and configuration requirements are just some of the specifications that need to be defined and documented, and a portion of these are best identified once the project is underway.

Regardless of when the requirements are assembled or what they apply to, Change Healthcare has identified five general rules that can help streamline and optimize the collection process.

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These recommendations reflect lessons we’ve learned over the course of multiple successful implementations during the past decade:

- 1. **Focus on Business:** Too often, we see requirements that mimic processes in the legacy system instead of focusing on the business requirement or system-agnostic prerequisite that is born from the actual business need.
- 2. **Engage Stakeholders:** Gathering requirements without involving key stakeholders is simply impossible. Make sure you block out time with each stakeholder to discuss their specific business need. Doing so ahead of time will help ensure stakeholders are committed to participating in the process.
- 3. **Avoid Ambiguity:** Most stakeholders generally have only a high-level idea of what is needed. It is therefore critical that requirements gathering include facilitated sessions wherein each stakeholder is walked through their idea of the required functionality. These discussions can illuminate the actual business need and should lead to the evolution of a detailed requirement. Business process flows also are valuable tools for mapping the business need to help ensure no requirements are missed.
- 4. **Follow Documentation Standards:** Many templates are available for documenting business requirements. No matter which one you select, it is important to consistently document requirements using the same form and approach. All business requirements should be captured in a manner that will serve as a traceability matrix and can live beyond the core system replacement project. This will enable tracing back to test scenarios, coding/development items, business process alignment needs, and the like. For development items, capturing the system-agnostic requirement within the same document that contains the technical solution, user-testing expectations, and all approvals and revisions provides a comprehensive Business Requirement Technical Design document.
- 5. **Follow the Change Control Process:** If not appropriately terminated at some agreed-upon future point, business requirement gathering can become a revolving door and an unending exercise. We forget one key point and then remember another, then realize what we said isn’t quite what we thought—and on and on it goes. Unless you want the scope, configuration build, and custom development to continue forever, it is critical to establish a formal process for completing the gathering process and approving the business requirements. A procedure should simultaneously be implemented that requires any subsequent revision—including adds, changes, or deletions—to undergo a structured, disciplined change control process that takes into account cost and benefit. Each organization’s culture will determine where approval authority ultimately resides and whether a team or certain individuals should have this authority. Change Healthcare can provide a range of guidance to effectively manage change control and governance procedures.

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A core system replacement project can be **overwhelming, stressful, and relentlessly challenging**. However, we've learned over the past decade that by properly documenting requirements before the design solution begins and by keeping the right people involved, you'll create a **solid foundation** on which to build your new core system. If you are planning to undertake a core system replacement project, feel free to reach out to **Change Healthcare** so we can share what we've learned.

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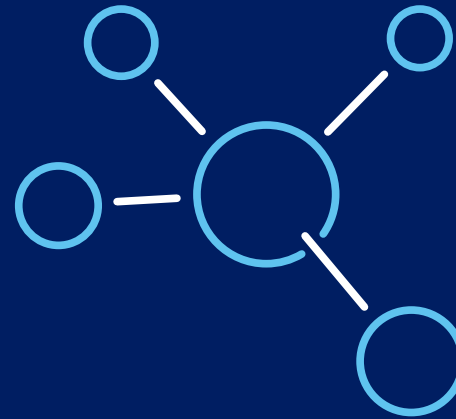
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Making Connections:

Optimizing System Integration During
a Core System Replacement Project

By Mauricio “M.J.” Jimenez and Thomas Ruwald



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A core system is large-scale software package that supports all major functions within a health plan, including member enrollment, premium billing, benefits, providers, contracts, claims adjudication, and claims payment. Most health plans will undertake a core system replacement project once every decade or so to take advantage of increased functionality available through evolving, modernized technologies.

Because core system replacements are pursued so infrequently, the required subject matter expertise may not be available in-house. At Change Healthcare Consulting, our team of experts has worked on hundreds of core systems projects over the past decade. From these experiences, we’ve developed a series of recommendations that can help you execute your core system replacement in a timely and successful fashion.

**How do you know where you are going,
if you don’t know where you are today?**

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Current State: The first step in any system replacement effort is to develop a clear understanding of existing integration points. We recommend the creation and/or updating of two documents to depict all integration points:

A. Current State Diagram: This document provides a visual diagram showing all types of data feeds coming and going from the legacy core system, including X12 transactions, batch files, real-time services, and the like.

B. Current State Inventory: This spreadsheet identifies those same integration points, as well as all source and target systems, system owners, business descriptions of the data feeds, execution frequencies, and other pertinent details.

Taken together, the documents create a comprehensive picture of your current state technology and business process integration. As such, they represent an ideal starting point to begin work on future state integration.

Sample Current State Diagram

[Click to Enlarge](#)

Strategy: An integration strategy establishes the guiding principles for how integration will be handled during a core system replacement. The strategy typically will address the following topics:

A. Tools: Define what tools will be used. Definitions need to be precise and should include both the type of tool and its specific purpose. Avoid ambiguous definitions, which can produce open gaps in tool standardization.

Here’s an example of a clear definition:
“SSIS will be used for the development of all imports and extracts.”

In this case, the tool is SSIS and the purpose is ETL development of all imports and extracts.

Here’s another example:
“All incoming X12 transactions will go through MS BizTalk for validation Levels 1 and 2.”

B. Coding Standards: Development standards must be fully defined before the project kicks off. Although most organizations already have defined development standards, Global shared components are frequently neglected. Yet it is critical to understand how code components shared across the organization will be handled within the development process. For example, a health plan may have a specific way of calculating the number of member-months past-due. In this case, the calculation typically will be defined by the business. The IT organization, in turn, needs to create an established process for defining the calculation

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once and then reusing the component throughout interfaces and reports across the organization. If the business lead subsequently chooses to change the method of calculation, IT will only need to update one global shared component for the changes to be propagated throughout all solutions that subscribe to it.

C. Development Life Cycle: Most technology operations have a defined systems development life cycle (SDLC). If your organization hasn't established one, now is the time to create it. The integration strategy needs to call out all phases of the SDLC and how they will relate to the project phases and timeline.

Redundancy: A core system replacement project provides an ideal occasion to assess applications and tools used to support similar functions and, wherever feasible, identify the best solution while eliminating any redundancies. The integration strategy should therefore define guidelines for avoiding redundancy and taking advantage of component reusability.

Data Strategy: A core system replacement project offers an excellent opportunity to think about your corporate data strategy. Items you'll want to review include:

A. Source of Truth: Identifying each dataset source of truth will be important in knowing where to look if multiple systems have different information. For example, member address data source of truth may be the file received from the Centers for Medicare and Medicaid Services (daily, weekly, or monthly).

B. Data Warehouse: Determine how your data warehouse will be affected by the core system replacement. Factors to consider include where data will reside prior to the implementation of the new system, how reporting will be affected, how long data should be kept, how the data warehouse be populated, how long the legacy systems will continue operating, and whether the legacy systems will populate the data warehouse and if so, how often.

C. Reports, Letters, Extracts, Interfaces: Creating a plan that identifies when information is pulled from the data warehouse and when data is pulled from the live systems will be important to ensure continuity among various data extracts.

A core system replacement project can be overwhelming, stressful, and challenging. However, Change Healthcare Consulting over the past decade has helped numerous organizations embrace these opportunities to achieve benefits that collectively far exceed simply replacing the core system. If you are considering embarking on a core system replacement project, feel free to reach out to us so we can share some of our experiences with you.

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Incorporating Testing into Your Core System Planning Process

By Linda Haislip and Damion McCain



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It's never too early to begin integrating testing decisions into the planning process once your core system implementation project has been approved. In fact, the sooner you focus on testing, the better prepared you'll be to validate key business and technical decisions. And by identifying defects and missed requirements early on, you'll give your implementation team the time needed to remediate problems with little or no impact on the project timeline.

Ideally, your project plan should incorporate a range of different tests at various phases of the implementation process to validate business and technical designs. It's important to consider not only the testing methodologies you will use to ensure your success criteria are met, but also what tools you'll rely on to track and remediate defects. Entrance and exit criteria for any cycle testing performed likewise should be established.

Once fully developed, the testing strategy should be documented during the Implementation Readiness

phase. Specifically, the strategy should identify what will be tested, how the testing will be executed, who will perform the tests, where the testing will be performed (what environment), and when each type of test is scheduled to occur. The testing lexicon should be defined in the test strategy. Clear communication is essential: All team members need to understand the definition of testing terms and speak the same language.

To streamline the testing process, it is helpful to build repeatable testing scenarios that can be used in different test phases and cycles of the system implementation. Additionally, data identified during requirements gathering can be leveraged for testing purposes. Before each test phase, review the scenarios with the end-users to identify any new requirements, since missed scenarios for key business requirements can impact the success criteria. Agree to the format of your scenarios, including what requirements are to be tested, what data will be included to test the scenario, and what the expected results should be.

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Types of Testing

Unit testing focuses on specific business requirements and occurs throughout the project to ensure that configuration builds and system integration or development code meets quality standards. Unit testing or quality assurance occurs prior to introducing solutions and changes into the integrated testing process. Include end-users when building the unit test scenarios that developers and analysts will use in the construction of your new core system and integration points. Offer demonstrations of the application being unit tested, in addition to code reviews, as part of the sign-off request for the unit test.

Prototype testing validates your business decisions soon after requirements gathering and provides the project team with confirmation that decisions made by the different business areas will successfully integrate into the system business configuration. This testing is used as a “first look” into how the system works and helps validate certain configuration design and solutions prior to the build – this is intended to be a playground area.

Setting up the prototype test environment should focus on the minimum necessary configuration and data to perform the tests required. Select a line of business that represents a high-volume of members/claims or a cross-section of administrative capabilities for your organization. Demonstrate the prototype to the business leads and project sponsors.

The demonstration creates an opportunity for the audience to provide feedback and identify missed requirements before moving into a full build of all the

enrollment, benefits, premium billing, and provider contract capabilities necessary to successfully configure your business. Importantly, prototyping represents the first phase of collaboration with the business teams responsible for the configuration of your system.

The testing team should then begin preparing for end-to-end testing. Use business process flows, desk-level procedures, and business requirements to build scenarios that can execute in the order of the day-in-the-life-of for each process, whether it involves a member, claim, or provider.

Before beginning end-to-end testing, test to ensure that code is deployed correctly, data conversion programs are ready and all necessary connections are in place by performing system integration testing in the end-to-end testing environment.

End-to-end testing includes mock go-live activities followed by daily, weekly, and monthly business and technical processes. Performing the end-to-end testing on the production platform provides the technical team with time to troubleshoot any issues with integration points between the core application and satellite systems. Consider performing two-to-three cycles of unit testing and allow time between each cycle for defect remediation. Each cycle should include regression testing of passed scenarios to verify that changes have no negative impact on original tests.

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A Continual Process

Testing shouldn't be considered the last step in an implementation but rather should be incorporated in some fashion into all project phases. The test team should stay involved in every aspect of the project to ensure that all requirements are understood and all documentation is up-to-date so that no requirements are missed.

Here are five principles to keep in mind when addressing testing for a core system replacement:

- 1. Always include **subject matter experts** and **end-users** in your testing preparation and throughout the implementation phase.
- 2. Testing will ensure the system is **configured correctly**, system integrations are **functioning properly**, and actual **results are as expected**.
- 3. Plan for executing **many cycles of test scenarios** to ensure successful end-to-end testing.
- 4. If the project schedule needs to be compressed, **don't reduce your testing timeframe**.
- 5. Post-implementation **regression testing is important** and a great method for detecting and quickly remediating any production issues.

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