THE FOUR PILLARS OF A SUCCESSFUL CORE-SYSTEM REPLACEMENT PROJECT

HCEG Webinar Series & Change Healthcare Consulting

AUGUST 2018

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WEBINAR Series

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HealthCare Executive Group (HCEG)
Guiding Executives Through Innovation, Change and Growth, since 1988.

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- Originally the Managed Care Executive Group (MCEG), The HCEG, was founded in 1988 by healthcare executives looking for a forum where the open exchange of ideas, opportunities for collaboration, and transformational dialogue could freely ensue.

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A pillar of HCEG for over 10 years, providing extensive insight into primary opportunities, challenges and issues currently facing healthcare executives in the United States.

1. Clinical and Data Analytics

2. Population Health Services Organizations

3. Value-Based Payments

4. Cost Transparency

5. Total Consumer Health

6. Cybersecurity

7. Healthcare Reform

8. Harnessing Mobile Health Technology

9. Addressing Pharmacy Costs

10. The Engaged Digital Consumer

Today's Panelist
from Change Healthcare Consulting Services

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Director, Consulting Services,
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Jeanne Noe is consulting director of Change
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Replacing Your Core-System

Before embarking on what could be the biggest project your organization may ever undertake, be sure to evaluate the **benefits** and **risks** of replacing your Core System. Ensure a clear understanding of the impact of a project of this magnitude.

BENEFITS	RISKS
• Gain efficiencies.	• Major disruption to the organization.
• Improve processes.	• Cultural acceptance.
• Increase quality of service.	• Project complexity.
• Respond quickly to market changes.	• Lack of internal expertise.
• Obtain a return on investment.	

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How to Ensure Success

- You made the decision to upgrade your core-system. **Now what?**

- The most important indicator of success is a **strong project foundation**. We believe that all successful project foundations contain elements of four categories.

- We call these four categories the **Four Pillars of Success**.

Build your project foundation on the **Four Pillars of Success** for a Core-System Replacement.

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Four Pillars of Success

Core-System Replacement Project

| Implementation Readiness | Governance | Business Transformation | Execution Framework |

Implementation Readiness

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Proper Planning is the Key to Success

- **Plan to succeed**. If you fail to plan, you plan to fail.

- **Preparation** is key to planning. Take the time at the beginning of the project to ensure you have considered all its aspects.

- **Readiness**.

  - Are you and your core team ready?

  - Is your extended team ready?

  - Is the organization as-a-whole ready?

Begin with the end in mind.

Planning is the Key to Success cont.

Define the Project Plan. Ask the right questions and the answers will define the project roadmap.

- **Why?** Objective.

- **How?** Make Key Decisions.

- **What?** Scope and Measurable Goals.

- **Who?** Roles and Responsibility.

- **When?** Develop a Realistic Schedule.

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Why

Taxonomy of the Why

Strategic Vision
Develop a strategic statement that defines the high-level intention of the project

Business Goals
Define the overall outcome and timeframe to be fulfilled

Objectives
Create a low-level description of the specific and measurable outcome of the project

A clear objective gives team members a greater chance of achieving the set objectives, because they know precisely why the legacy system is being replaced.

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How

Key Decisions As the project begins, there are a variety of questions that define the project scope and approach. Various options, pros, cons, and degrees of impact need to be determined before moving forward.

- **Before the Scope** Discussions around key decisions should happen before the scope and detailed planning.

- **Documentation** Create and maintain a decision log. Include options, pros, cons, decision makers, dates, and decision justification.

- **Guiding Principles** The Key Decisions will set the scope and become the guardrails of the project.

- **Key Decision are Fixed** Once finalized, the Key Decisions should not change. They should only be revisited through the Change Management process.

- **Project Management** Key Decisions also address how the project will be governed.
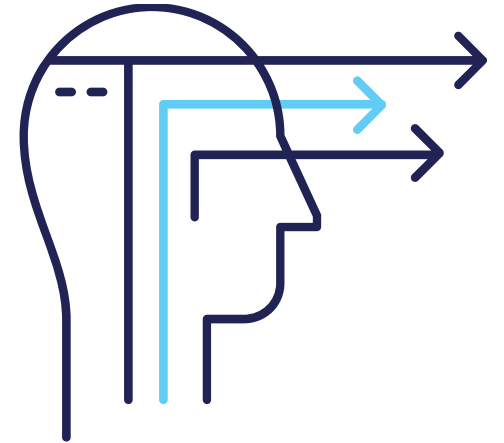
What

Scope Defines the specific body of work included in the project.

- **Includes Different Perspectives** Scope combines business functions and technical application integration that nothing is missed.
- **Scope Triangle** Constraints are inherent in every project. The three primary competing forces in any project: **Time, Cost, and Quality.**

Success Criteria The measure of success should be defined at the beginning of the project.

- Goals are most likely attained by explicitly stating and active monitoring of quantifiable **critical success metrics.**
- Setting expectations at the beginning drives the project and keeps the team focused on the end results.

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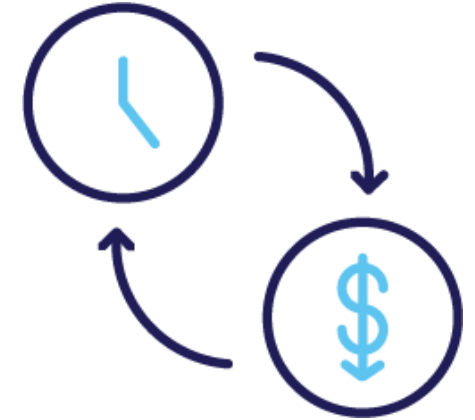
Who

- **Roles** Team members should be assigned roles and clearly understand what they will be held accountable for.

- **Responsibilities** Make sure the responsibilities for each role are clearly defined. Everyone must know what is expected of them and what they need to accomplish.

  Indicators of clear Roles and Responsibilities:

  - **Everyone Knows What To Do** - No ambiguity.
  - **Better Collaboration** - Fewer misunderstandings.
  - **Project Efficiency** - Less energy is wasted.

Common Project Roles

Executive Sponsor

Business Lead

Technical Lead

Steering Committee

Project Team

Vendors

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When

Schedule The project schedule IS NOT the plan; it is a component of the plan.

- **Needs** Milestones, project activities, assignments, end-dates
- **Team Buy-in** Building the schedule is a team effort.
- **Tracking** Manage the schedule. Track by measuring progress and status.
- **Calendar** Account for holidays and company/vendor office schedules. Remember states and countries may have different holidays.
- **Resources** Make sure to account for all resources allocated to the project even those at less than 100%.

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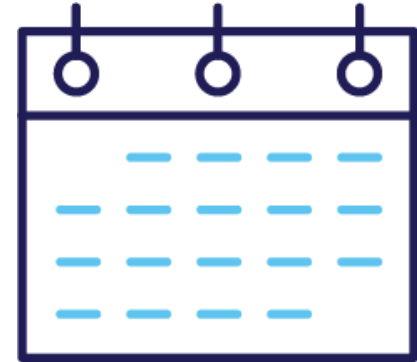
FOUR PILLARS OF A SUCCESSFUL CORE-SYSTEM REPLACEMENT PROJECT

Governance

Project Governance

- The project plan originates during the first pillar, then it matures into the Governance (second pillar).

- Governance is the framework required for effective **Project Management**.

- The framework must be **agreed-upon** among sponsors, the steering committee, management, and stakeholders.

- Some of the **Key Components of Governance** were introduced in the first pillar will now have to be agreed upon.

Key Governance Components

Roles and Responsibilities

Ownership

Risk Management

Key Decisions

Strategy

Visibility

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Key Governance Components

Roles and Responsibilities

- Provide a single point of accountability and expertise.

- Clearly identify decision makers and specialists for issue resolution.

Ownership

- Large, complex, transformational, enterprise-wide projects require an **Executive Owner**, in addition to **Business and Technical Owners**.

- The entire organization must take ownership to ensure the goals are met.

Replacing your core-system is a business **transformation**, not an IT project or initiative.

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Key Governance Components cont.

Risks, Actions, Issues, and Decisions (RAID) is a framework to report, track, resolve and document project items.

- **Risk Management** Identify known and anticipated risks and remediation plans.

- **Actions** Track and assign action items not appropriate for the project schedule. For example, research tasks, questions, etc.

- **Issues** Log project issues as they arise, assign responsibility and document the resolution.

- **Rapid Decision Making** keeps momentum and ensures target dates are met.

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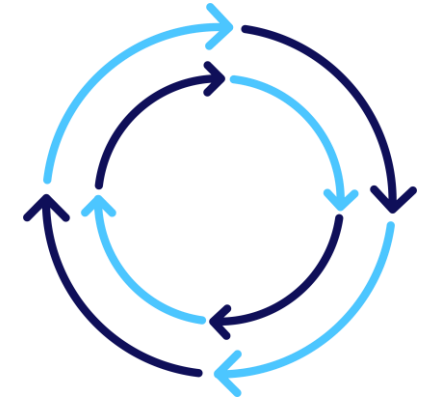
Key Governance Components cont.

Change Management Establish a Change Control process to report, assess the impact, adjudicate and communicate changes.

- Make sure to address all types of changes (Project, IT, Organizational, etc.).
- Once the scope is approved, all changes go through the Change Control, which is applicable to any changes to scope, requirements, development needs, configuration, etc.
- Any change has to be approved **before** any work (associated with the change) is started.
- Change Controls need support from everyone in the project to ensure no scope creep.

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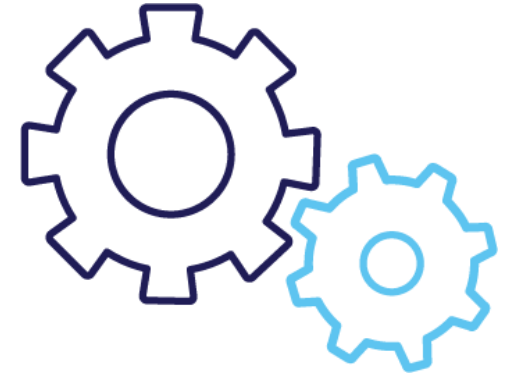
Key Governance Components cont.

Strategy Major components of a core system replacement project require a defined strategy or approach.

- **Environment Management** Defines the purpose of the environment, who is the owner, the data it houses, and refresh schedule.

- **Training** Defines the training approach, the types of training required, and roll-out schedule.

- **Testing** Defines the testing methodology, definitions, types of testing to be conducted during which times of the project.
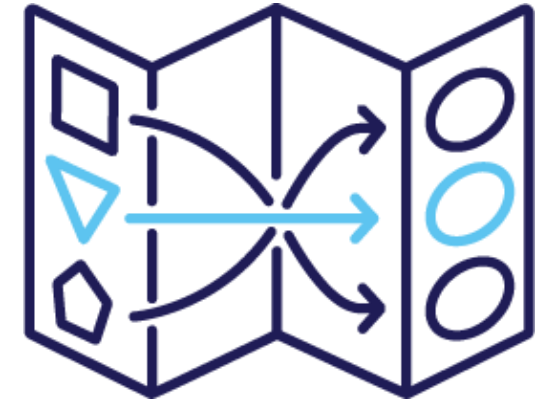
Key Governance Components cont.

Communication is Key

- Ensure **project visibility** to build confidence and a clear, shared understanding of the project and its governance.

- **Communication** applies to all aspects of the project: Change Management, Risks and Issues, Key Decisions, Changes in Roles and Responsibilities, Goals, etc.

- Publish **status reports** for everyone to read yet tailored to the audience.

- Address both **internal and external communications**, including vendors, providers, government entities when identifying their communication needs.

Business Transformation

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Business Transformation

Transformation Strategy Transformation brings disruption, so having a strategy is key to owning the change.

- Align **functionality changes** to business processes that are new or different.

- Determine **impact** to functional departments.

- Review resource needs for the project, sustaining day-to-day operations during implementation, and post project.

- Identify policy and procedure changes required due to new functionality and processes.

- Identify **Role-Based Training** needs, including skill gaps.

Assign senior resources to serve as ambassador to the rest of the organization.

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Business Transformation cont.

Business Process Alignment Eases the transition to a new system by discovering:

- Value chains for core business functions.
- Level of change to the organization.
- New or changes to roles and responsibilities.
- Priorities for Change Management.
- New workflows, processes and procedures.
- Critical performance indicators.

Engage Employees Listen and include employees' perspective to embrace change and align their expectations to accept change.

Neglecting employees affected by the transformation will guarantee resistance to change.

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Business Transformation cont.

Role-Based Training In order to maximize returns on your training investment, training must target each affected role within the organization.

- **Relevant Content** Deliver the right content to the right people.

- **Value** If the content of the training is not relevant, trainees will see their time as being wasted.

- **Retain Learning** If the content is not relevant, it is less likely trainees will retain the material.

- **First Impression** Manage the expectations to those exposed to the new system for the first time.

Relevant content is key and its delivery is enabled through **Role-Based Training**

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Business Transformation cont.

Communication Getting employees on-board is dependent on a steady, clear, transparent, communication stream from the Project Owners. The Executive Owner communicates the vision, while Technical and Business Owners serve as guides to changes.

- **Relevant Content** To ensure project communications are effective, send the right message to the right people.

- **Frequency** At the beginning of the project, define what the team should expect regarding communication. Share the method of communication, frequency and archive location.

When meetings grow in number of participants, it is often a reflection of poor communication. Team members feel that they must partake in all meetings in order to be up-to-date on what is happening.

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Execution Framework

Execution Framework

Execution is the most critical of the four pillars. The best implementation readiness, governance and business transformation can be realized with "Brilliant Execution."

Brilliant Execution

- **Simplicity** Keeps things simple as the project kicks into high gear.

- **Follow the Plan** Execute your strategy through your process based on roles and responsibilities. As everyone gets busy, there must be a clear, previously defined action for issues as they arise.

- **Change Management**

Execution Framework cont.

Flexibility Methodologies are a framework intended to guide, not a rigid course of action.

Stay Focused Stay laser-focused on what is important. Often team members will get distracted with urgent, but low importance issues.

- **Urgent vs. Important** Evaluate only urgent issues against the objective.

- **Stay in Alignment** Manage to milestones and critical success factors.

- **Prioritize** Prioritization will help keep issues clear by easily determining importance in a quick, easy and consistent manner.

- **Use the RAID** Team members get support and direction by following the process.

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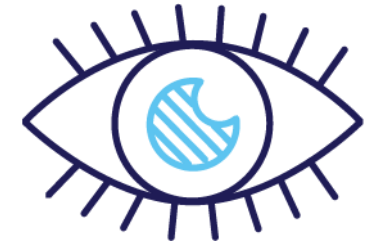
Execution Framework cont.

People First People execute the plan, so keep them involved, prepared, engaged, bought-in, and trained

Requirements Gathering Focus on the business requirement or system agnostic requirement that is born from a business need.

- **Integration Requirements** When gathering the requirements for an interface or extract, separate the business needs from the technical (requirements).

- **Miscommunication** Get everyone involved using the same lexicon and spell requirements out in detail. Incorrect or misunderstood requirements arise due to miscommunication, incorrect assumptions, undocumented processes, and misaligned definitions.

- **Testing** Once again, get everyone involved using the same vocabulary. Do you mean Unit Test? QA Testing? Integrated Testing?

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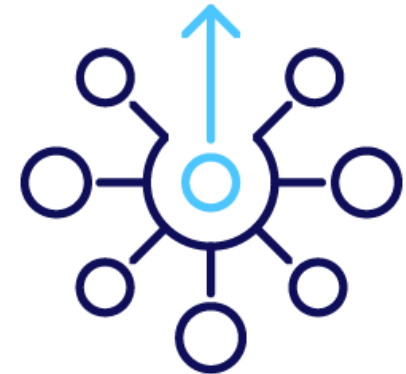
Execution Framework cont.

- **Defect Tracking** Once you have defined the different types of testing that will happen during the project, also define the tracking tool and the reporting, assignment and remediation process.

- **Defect Severity** Define the severity and priority assignments plus resolution SLAs. Defects tagged with a severity of "high" will need a faster resolution turn-around than those tagged as "low." Prioritization within a severity category further defines expectations.

- **Defect Reporting** The number of defects identified, resolved, and pending by severity for each type of testing provide a comprehensive status to give the entire project team visibility into testing progress
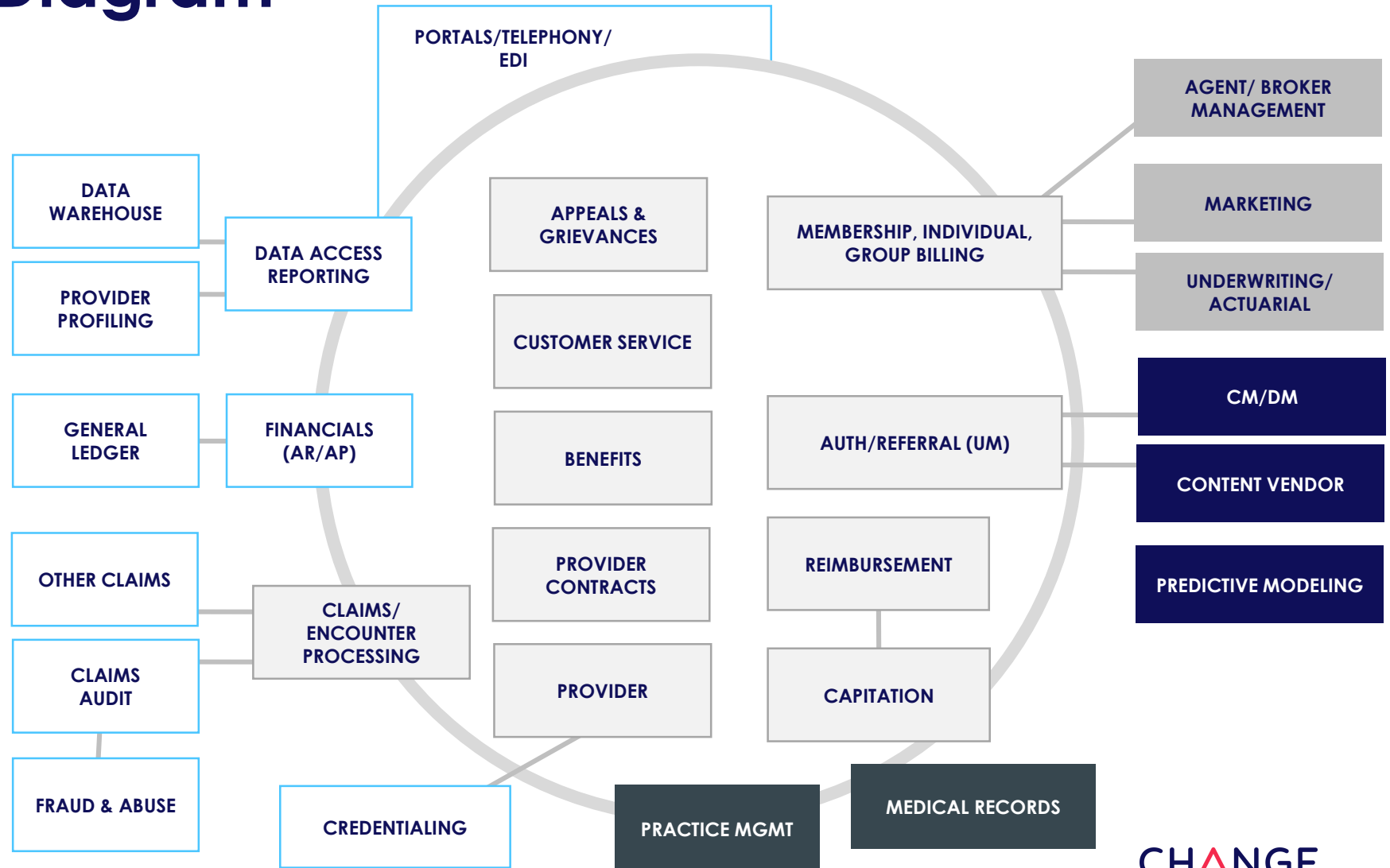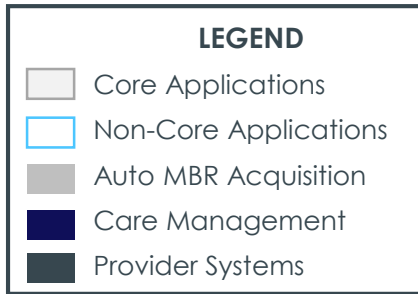
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Execution Framework cont.

System Integration How will the new core-system connect with all the peripheral systems, trading partners, portals, and inbound/outbound files? Follow the Enterprise System Architecture (ESA) defined for the project.

- **ESA** If your organization doesn't have an ESA defined, make sure one is defined during scope definition. Trying to define an ESA during execution will be too late and will merit a Change Control.

- **Structure is Key** Use the existing structures and tools currently in place. For such topics as: Source and Version Control, ETL Tools, Programming Languages, Enterprise Service Bus, System Scheduler, etc.

- **End-To-End Connectivity** It can be a time consuming process. Having defined standards can help. Outsourcing to a vendor with a framework can make it easy.

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High-Level Diagram

LEGEND
- Core Applications
- Non-Core Applications
- Auto MBR Acquisition
- Care Management
- Provider Systems

PORTALS/TELEPHONY/EDI

DATA WAREHOUSE

PROVIDER PROFILING

DATA ACCESS REPORTING

GENERAL LEDGER

FINANCIALS (AR/AP)

OTHER CLAIMS

CLAIMS AUDIT

CLAIMS/ENCOUNTER PROCESSING

FRAUD & ABUSE

CREDENTIALING

APPEALS & GRIEVANCES

CUSTOMER SERVICE

BENEFITS

PROVIDER CONTRACTS

PROVIDER

MEMBERSHIP, INDIVIDUAL, GROUP BILLING

AUTH/REFERRAL (UM)

REIMBURSEMENT

CAPITATION

PRACTICE MGMT

MEDICAL RECORDS

AGENT/ BROKER MANAGEMENT

MARKETING

UNDERWRITING/ ACTUARIAL

CM/DM

CONTENT VENDOR

PREDICTIVE MODELING

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Summary

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Four Pillars Review Summary

Implementation Readiness
- Key is to plan, be prepared and address readiness.
- Define the project plan (plan is not the schedule).

Governance
- Framework is required for effective project management.
- Replacing your core-system is a business transformation, not an IT project or initiative.

Business Transformation
- Own the change – don't let it happen to you.
- Approach must be customized to meet each client's project scope, existing standards, time and budget constraints, and organizational culture.

Execution Framework
- Implementation methodology is a framework, not a rigid course of action.
- Understand how other corporate initiatives impact the project and priorities.

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Question and Answer

Change Healthcare Consulting

The areas we support

We work collaboratively with our clients to define new strategies and bring them to life, unlocking the opportunities created by change

Consulting Focus Areas

Healthcare Consumerism

Value-based Healthcare

Population Health

Government Programs

Process & System Modernization

Analytics & Insights

Security & Compliance

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HCEG's Annual Forum
September 12 – 14, 2018 – The Hewing Hotel, Minneapolis, MN
A Discussion Unlike Any Other, in Healthcare

Digitize. Connect. Transform. Improve.

Our 2018Annual Forum celebrates the 30th Anniversary of the HealthCare Executive Group and includes nationally-recognized healthcare thought leaders such as Andy Slavitt, former Acting CMS Administrator and current leader of Town Hall Ventures, and Dan Buettner, National Geographic Fellow, NY Times bestselling author and principle at the Blue Zones Project.

In addition to Andy and Dan, other accomplished healthcare executives and thought leaders will participate at the 2018 HCEG Annual Forum as speakers and panelists. Major themes include:

- The Digitization of Healthcare
- Connecting with Consumers and Patients
- Addressing Health Outside the Exam Room & Hospital
- Payment Innovation in Healthcare

- Register at bit.ly/hcegaf

- Email Juliana Ruiz jr@hceg.org about HCEG & to join us Minneapolis