BlueCross BlueShield
Experience. Wellness. Everywhere.℠

Establishing a Business Process Group

Practitioner Presentation

August 15, 2013

Strategic Support and Optimization (SSO)
Center for Process Excellence

About ITSM Academy

- **Accredited Education**
  - ✓ Certified Process Design Engineer (CPDE)®
  - ✓ ITIL® Foundation
  - ✓ ITIL Capability (OSA | PPO | RCV | SOA)
  - ✓ ITIL Lifecycle (SS | SD | ST | SO | CSI)
  - ✓ ITIL Managing Across the Lifecycle (MALC)
  - ✓ ITIL Service Manager Bridge
  - ✓ ISO/IEC 20000 Foundation
  - ✓ MOF Foundation
- **Practical, Value-Add Workshops**
  - ✓ ITSM Leadership
  - ✓ ITIL, MOF, ISO 20K Overviews
  - ✓ Apollo 13, Visible Ops: The Class
  - ✓ And more!

- **Since 2003 - *Tens of Thousands Trained and Certified***
- **ITSM Professional Diplomas**
  - ✓ Change/Support/SLM
- **Public Classes throughout U.S.**
- **Corporate On-Site Classes**
- **Virtual Classes**
- **Courseware Licensing**
  - ✓ Corporate & Partner (GEM)
- **Alumni Program**
- **PMI Global Education Provider**
- **Certified Woman-Owned**

Welcome!

Contents

Topic	Page(s)
About ITSM Academy	2
Company Overview	4-8
Presenter Background	9
Center for Process Excellence (CPE) - Lessons Learned	10-12
Affordable Care Act – Sweeping Change	14
Divisional Preparedness Assessment	14-15
The Journey Begins	18-27
Lessons Learned as the Journey Continues	30

Health Care Service Corporation[1]

- **Health Care Service Corporation (HCSC) is the largest customer-owned health insurance company in the United States. HCSC offers a wide variety of health and life insurance products and related services, through its operating divisions and subsidiaries.**

What does Customer-Owned mean?

How We Operate

As a customer-owned health insurer, we're not owned by stockholders but rather our policyholders. This allows us to focus solely on customer needs and not worry about shareholder expectations.

We serve as our members' advocates to improve access to quality health care. We approach the critical issues affecting health care financing, access and delivery with a balanced, long-term perspective that promotes the entire health care system, not just our position in it.

HCSC Overview

HCSC Member Base

HCSC operates as an independent licensee of the Blue Cross and Blue Shield Association, currently employs more than 19,500 people and provides Blue Cross and Blue Shield coverage to more than 14 million members defined in these programs:

- Retail (Under and Over 65)
- Federal Employee Program
- Government Programs
- Small Group Insured
- Large Group Insured
- Large Group Administrative Services Only (ASO)

Although most HCSC members belong to employer-sponsored plans, we also have members in individual and government plans.

HCSC – Purpose and Core Values

BlueCross BlueShield
Experience. Wellness. Everywhere.

OUR PURPOSE TO DO *EVERYTHING* IN OUR POWER TO STAND WITH OUR MEMBERS **IN SICKNESS AND IN HEALTH**

CORE VALUES

INTEGRITY
Always do the right thing.

RESPECT
Everyone deserves it.

COMMITMENT
We care too deeply to let anyone down.

CARING
We put our heart into our work.

Do You Currently Have Health Insurance?

BlueCross BlueShield

Experience. Wellness. Everywhere.™

You may have friends and family who are uninsured, and this week's inFocus offers information to help them in their decision making as open enrollment of public insurance exchanges begins Oct. 1. Health insurance is changing, and this video is one in a series that addresses how the Affordable Care Act will impact those without insurance, those with individual health insurance and those with employer-provided insurance. Click on the various videos in the playlist on the left of the page to view all the options, as well as a past inFocus about how HCSC is preparing to win in the new retail market. Be sure and share the external links to Health Care Reform and You with your friends and family.

Health Care Reform and You on Our External Websites (YouTube access required to view videos):
http://bcbsil.com/reformandyou/
http://bcbsnm.com/reformandyou/
http://bcbsok.com/reformandyou/
http://bcbstx.com/reformandyou/

Strategic Support and Optimization (SSO)
Center for Process Excellence

About Elaine

Eclectic career of 20+ years:

- Member of American Federation of Television & Radio Artists (AFTRA) - Screen Actor's Guild (SAG).

- Sales staff in >20 departments, Carson Pirie Scott & Co.

- Ticket & phone manager >15 staff, Auditorium Theater.

- Administrator of a joint-degree program, University of Chicago.

- Manager: business proposals and Smart Card operations, Motorola, Inc.

- Business analyst and process engineer, Blue Cross Blue Shield Association (BCBSA)

- Process improvement manager, HCSC.

Education & Professional Training

- Northwestern University, Evanston, Illinois, Masters of Science, Communications.

- Direct Marketing Association, (DMA), Post Graduate Fellowship, New York City, New York

- DePaul University, Chicago, Illinois, Masters in Business Administration, Market Research..

- University of Illinois, Chicago, Illinois, Bachelor of Arts, English Literature and Psychology.

- Six Sigma Black Belt, Lean, Value Stream Mapping, Rapid Process Improvement (RPI), Project Management (PMP).

Center for Process Excellence (CPE)

Strategic Support and Optimization (SSO)
Center for Process Excellence

Comprehensive Consulting & Strategic Coaching:

- Strategic Planning Support
- Business Process Transformation
- Business Decision Analysis and Support
- Continuous Business Process Improvement and Optimization
- Cost-Effective Consultant Solutions

**Experienced Internal Consultants hit the ground running
with in-depth organizational insights and certified process coaching skills:**

- Proven Business Process & Problem Solving Methodologies, including Rapid Process Improvement (RPI)
- End-to-End Business Process Analysis
- Facilitation Session Design
- Transformational Process Change Leadership
- Hoshin Planning

- Lessons Learned – General Observations
  - More evaluation of the impact that change has across the enterprise to process, people, information, or technology
  - More evaluation of processes from the Customer's perspective
    - Does each process add value (to the product or services that is delivered) to the customer? If not, in Lean Methodology it's called, "waste."
    - If it does add value, can or should it be optimized?
  - More process <u>declaration</u> and analysis about expected quality, cycle time, skills necessary to transform process or information, process ownership, and clearly communicated dependencies and constraints.
  - More accountability on true baseline metrics about the current state – are we measuring the right things?

BlueCross BlueShield
Experience. Wellness. Everywhere.

- Lessons Learned – General Observations
  - Management does not own Current State Process Models as an expression of their operation's core competencies and performance measures – too much focus only on desk-level procedures.
  - Too few problem statements are developed.
  - Projects are too narrow in focus.

cannot see the wood for the trees and **cannot see the forest for the trees** +
Prov. Cannot perceive the overview or important things because of concentrating too much on details. *The information presented in this textbook is so disorganized that I can't see the wood for the trees. The politician's opponents claimed that she couldn't see the forest for the trees, because she spent so much time trying to solve minor problems.*

  - Process maps are not *really* modeled - too specific for reuse.
  - Roles are not generalized but specific to an individual.
  - A process does not identify skills necessary to perform them and are not readily transferable to another department or staff.

+ McGraw-Hill Dictionary of American Idioms and Phrasal Verbs. © 2002 by The McGraw-Hill Companies, Inc.

Polling Question

- **Where are you situated in your company?**

  ☐ Business area

  ☐ IT area

  ☐ Consultant

"ACA represents a fundamental shift in the company's business and operating models, not to mention its culture," [2] requiring an external assessment for most of 2011with the following findings reported in 1Q/2012:

Current State Scores for Domain Authority Capabilities

HCSC

During the current state assessment phase of the transformation program, we assessed* each capability area within Domain Authority and assigned the following scores:

	Capability Objective	○	◔	◑	◕	●	Overall
Solution Planning	Combines business, and technical knowledge, to develop the overall solution approach						
Business Process Management	Coordinates Program-wide end-to-end analysis, design, optimization, integration, and/or re-engineering of applicable business processes						◑
Enterprise Architecture	Acts as the steward of the As-Is and To-Be business and technical architectures for the enterprise						
Technical Integration	Manages the technical integration between systems and applications within a Program						

Current Gaps

- During ideation, all relevant parties (business, IT, PMO) are not consistently engaged; solutions sometimes have a narrow one customer or one department focus
- Business processes have been documented but are not consistently used and updated during project delivery
- Enterprise Architecture (EA) group is not consistently engaged programs across the enterprise
- Integration across project / solutions is considered during implementation but not consistently considered during planning the project; IT has begun to take steps to reduce redundancies across programs

*This was an assessment of PMO and how it fares in Domain Authority. This was not an assessment of other departments; e.g. this is not an assessment of the EA group. Instead, it is an assessment of how EA is engaged by PMO in programs and projects.

○ Initial ◔ Repeatable ◑ Defined ◕ Managed ● Optimizing

2. http://deloitte.wsj.com/cio/2013/07/16/hcsc-manages-to-results-delivers-value/http://www.deloitte.com/view/en_us/us/12f2be8ed4847210VgnVCM100000ba42f00aRCRD.htm
http://www.deloitte.com/view/en_us/us/ba173000a210e110VgnVCM100000ba42f00aRCRD.htm

BlueCross BlueShield
Experience. Wellness. Everywhere.™

Polling Question

- **Where would you assess your organization based on the Gartner BPM Maturity Model?**

  ❑ Not even on the graph

  ❑ Level 1 – 1.5

  ❑ > Level 1.5 – 2.0

  ❑ > Level 2.0 – 2.5

  ❑ > Level 2.5 – 3.0

Create a Business Process Management Center of Excellence

Initiative Decision Matrix				
38 Weeks Duration	5 Resources Needed	Medium Impact	High Investment	Medium Priority

Description	Create a new group that can support the organization for enhancing its Business Process Management capabilities
Key Activities / Milestones	• Document current accomplishments by the business process management team • Review current models and documents to verify its accuracy • Publish and communicate the business process models that are accurate and relevant • Define scope, requirements, timelines, and resources to perform enterprise wide business modeling • Provide recommendation for selecting BPM tools • Review future state roadmap and assign resources to implement recommendation • Identify a pilot for implementation; document and review results of pilot with stakeholders; review lesson learned and modify as needed • Facilitate learning sessions for PMs to understand the role of these models • Create a rollout plan to operationalize the new tools and processes
Major Benefits	• Business Processes are documented and impact of any changes in processes are quickly mapped to systems • Resources and owners of BPM is understood across the organization • Future organizational direction toward BPM is documented and communicated
Dependencies	*None*
Deliverables	• Future state roadmap for Business process management, and initiative Rollout Plan
Assumptions / Scope	• Leadership is available and actively engaged and current team is available to provide existing models and documents • The CoE will own and drive the creation of the roadmap • Training/Learning resources are available
Groups Impacted	CPE, Enterprise Architecture, Business

2012	2013	2014
Dec.	June	Dec.	June

Illustrative

- Finalize Charter
- Engage Stakeholders
- Assess Process / Standards
- Develop Enhanced Process / Standards
- Roll Out Enhancements
- Monitor Enhancements

Where do we go from here?

"The journey of a thousand miles begins with a single step."

Lao Tzu

Strategic Support and Optimization (SSO)
Center for Process Excellence

BlueCross BlueShield
Experience. Wellness. Everywhere.™
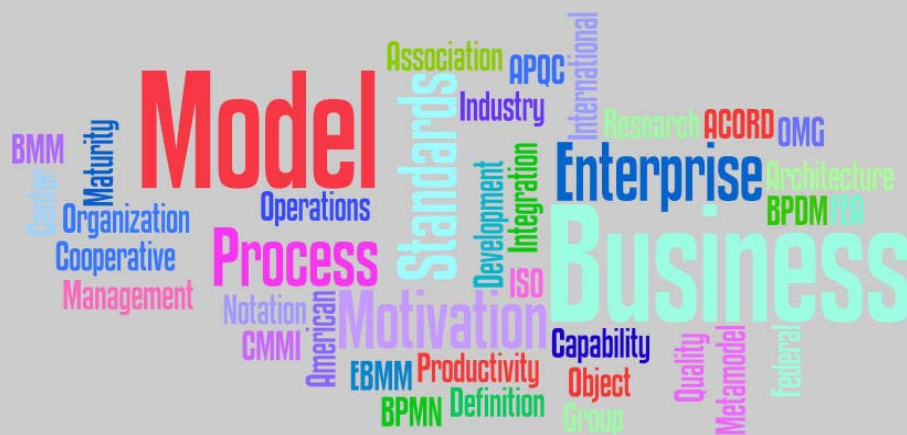
Enterprise Business Motivation Model (EBMM)+
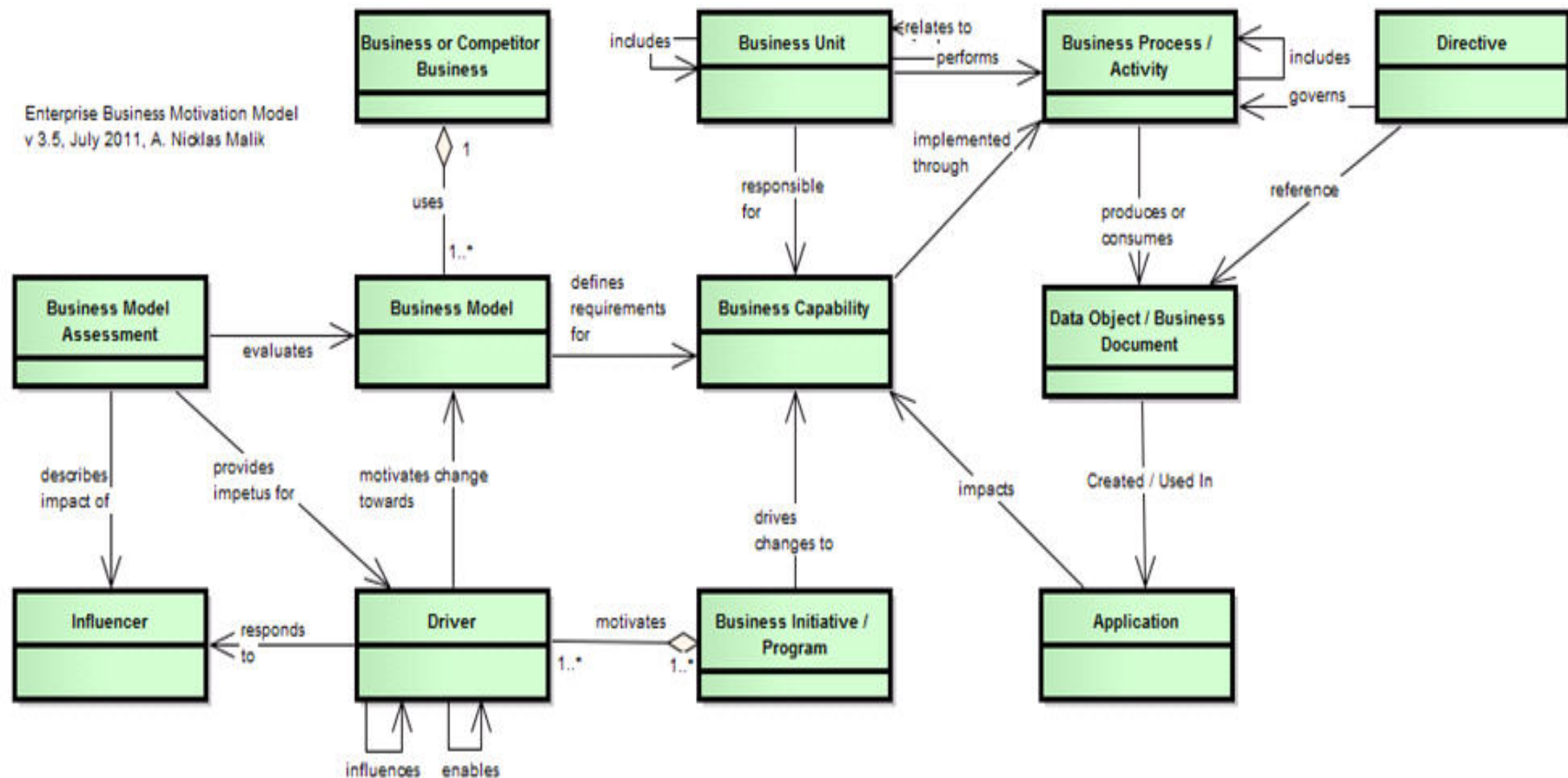
Do we know our current state and the nature of our external & internal relationships?

Polling Question

- **Why use meta models at all?**

  ❑ They are tools to generalize , characterize or classify things and their relationships to each other.

  ❑ They are cool but sometimes confusing to describe or define.

  ❑ They are used to define or describe the way in which entities will behave based upon their characteristics and their relationship to other entities.

Assumption: Stakeholders understand and agree upon the rules, context and language when they communicate their reality and objectives with each other.

The two basic metamodeling relationships

- *What is a model?*
  - A model is a simplified representation of a certain reality,
  - according to the rules of a certain modeling language.

Metamodel

↑ conforms to

Model

represented by ↑

Eco System
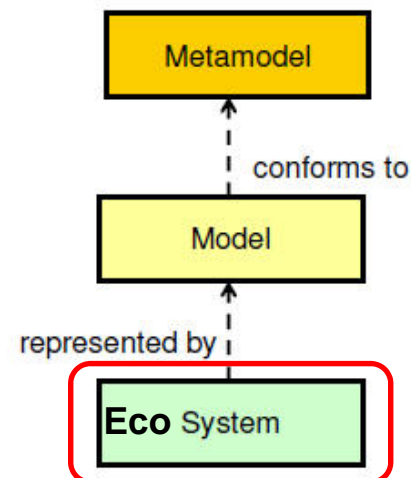
A model *represents* a system and *conforms* to a metamodel.

Source: http://www.ie.inf.uc3m.es/ggenova/Warsaw/Part3.pdf, page 17.
http://www.investopedia.com/terms/b/business-ecosystem.asp

- **What is a business model ?**

  ❑ A simple way of explaining what you provide customers and that it is priced to sell at a profit to sustain your business.

  ❑ Is an illustration of the way you do business.

  ❑ Is the way you want to look when you leave the house.

- **Business Process Model and Notation Standards (BPMN) has emerged as the Industry standard for modeling business processes. BPMN**

- **BPM tool vendors continue to consolidate and new vendors emerge.**

- **American Productivity Quality Center (APQC) Process Classification Framework in order to view HCSC processes with respect to an objective, external-facing, industry agnostic organization to benchmark and evaluate best practices.APQC**

BPMN: http://ww.bpmn.org/
APQC: http://www.apqc.org/

OPERATING PROCESSES

1.0 Develop Vision and Strategy	2.0 Develop and Manage Products and Services	3.0 Market and Sell Products and Services	4.0 Deliver Products and Services	5.0 Manage Customer Service

MANAGEMENT AND SUPPORT SERVICES

6.0 Develop and Manage Human Capital

7.0 Manage Information Technology

8.0 Manage Financial Resources

9.0 Acquire, Construct, and Manage Assets

10.0 Manage Enterprise Risk, Compliance, and Resiliency

11.0 Manage External Relationships

12.0 Develop and Manage Business Capabilities

BlueCross BlueShield
Experience. Wellness. Everywhere.™

PCF LEVELS EXPLAINED

Level 1—Category

1.0 Develop Vision and Strategy (10002)

Represents the highest level of process in the enterprise, such as Manage customer service, Supply chain, Financial organization, and Human resources.

Level 2—Process Group

1.1 Define the business concept and long-term vision (10014)

Indicates the next level of processes and represents a group of processes. Perform after sales repairs, Procurement, Accounts payable, Recruit/source, and Develop sales strategy are examples of process groups.

Level 3—Process

1.1.1 Assess the external environment (10017)

A series of interrelated activities that convert inputs into results (outputs); processes consume resources and require standards for repeatable performance; and processes respond to control systems that direct the quality, rate, and cost of performance.

Level 4—Activity

1.1.1.1 Analyze and evaluate competition (10021)

Indicates key events performed when executing a process. Examples of activities include Receive customer requests, Resolve customer complaints, and Negotiate purchasing contracts.

Level 5—Task

12.2.3.1.1 Identify project requirements and objectives (11117)

Tasks represent the next level of hierarchical decomposition after activities. Tasks are generally much more fine grained and may vary widely across industries. Examples include: Create business case and obtain funding and Design recognition and reward approaches.

Collect Project Process Flows

- **Set up common naming conventions by project**
  - Enterprise Team_Year began_Project name (<15characters)_CPE Database ID
  - Example: ITOC_13_WFH_983.pdf

- **Place process maps, SIPOCs, or both into the APQC Business Processes (folder)**
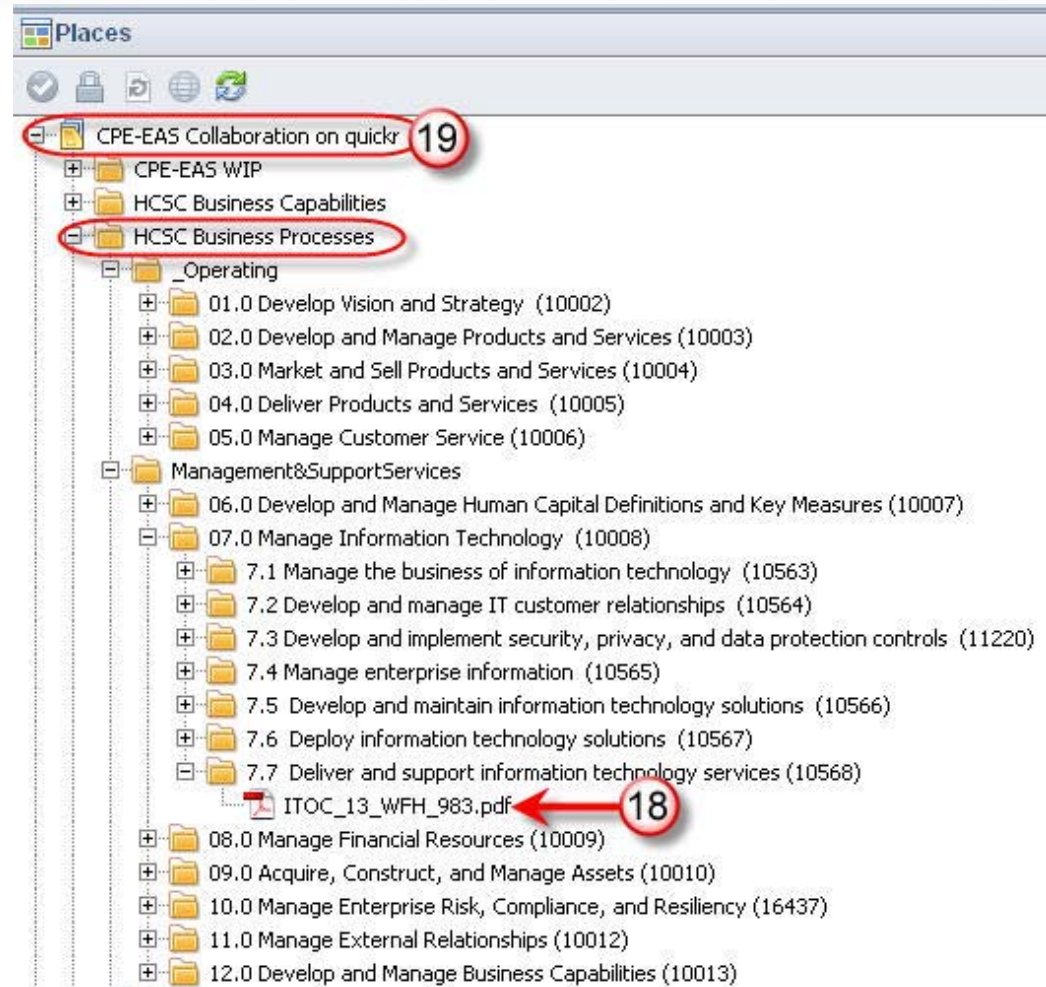
Customer Experience Focus
What do They value?

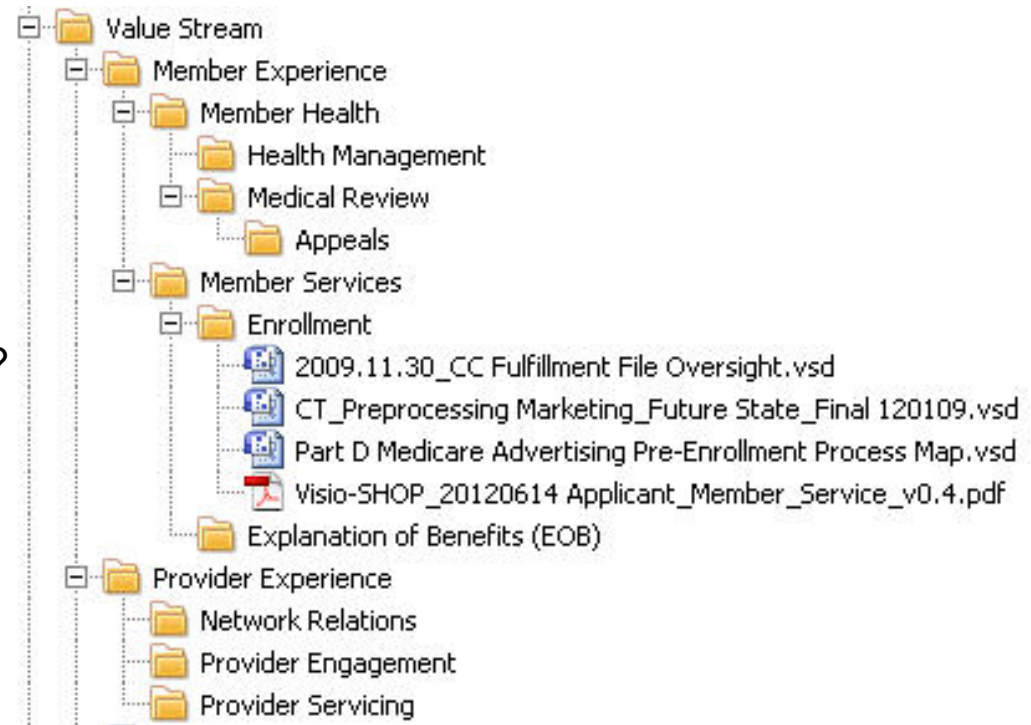- **Member**
  - Customer Inquiries
    - When can I get my benefits card?
    - What procedures are covered?
    - How can I find a Provider?

- **Provider**
  - Provider Inquiries
    - Is my patient eligible for X?
    - When will I receive payment for service rendered?

Value Stream
- Member Experience
  - Member Health
    - Health Management
    - Medical Review
      - Appeals
  - Member Services
    - Enrollment
      - 2009.11.30_CC Fulfillment File Oversight.vsd
      - CT_Preprocessing Marketing_Future State_Final 120109.vsd
      - Part D Medicare Advertising Pre-Enrollment Process Map.vsd
      - Visio-SHOP_20120614 Applicant_Member_Service_v0.4.pdf
    - Explanation of Benefits (EOB)
- Provider Experience
  - Network Relations
  - Provider Engagement
  - Provider Servicing

The Journey continues ....

Lessons Learned	Next Steps
Research BPM skills and staffing needed to create a Business Process Management, Center of Excellence.	Present clear differences between CPE services and those of a BPM practice.
Customers cherry-pick services without understanding that they are not the subject matter experts in business process & modeling.	As a protocol, establish an intake process and expectations that highlight process discovery, analyses & improvements with clear baseline & target metrics aligned to stakeholders' operations.
Process maps, SIPOCS, value streams, and roles are too specific for reuse.	Establish & audit process flows, SIPOCS, value streams & roles language and APQC levels that lend themselves to reuse and an enterprise perspective.
Requests by email are sometimes ignored.	Develop tasks with clear guidelines, ownership, deadlines, dependencies & constraints so they can easily be added to Work Breakdown Structure (WBS) on a project plan.