

# Managed Care Strategic Planning

AAIHDS  
Tenth Annual Spring  
Managed Care Forum

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**DGAPARTNERS**  
*Healthcare Strategy • Finance • Data*

# Introduction

- DGA Partners
  - Health care strategy, finance, and data consulting firm
    - Strategic Consulting
    - Business Intelligence
  - Advise health systems, hospitals PHOs, IPAs, insurers, and employers
- Workshop participants

# Goals of Workshop

- Design the right strategic planning process for your organization or department
- Identify what you want and can get from a strategic planning process
- Obtain specific tools and techniques for leading a successful planning process on a modest budget

# Wisdom from Yogi Berra

- "You've got to be very careful if you don't know where you're going, because you might not get there."
- "If you don't know where you are going, you will wind up somewhere else."

# Ten Steps to Successful Planning

1. Know Why You Want to Plan
2. Identify Potential Strategy
3. Get Organized
4. Complete Interviews
5. Complete Strategic Assessment

- 6. Revise Potential Strategy**
- 7. Design Planning Process**
- 8. Prep for Retreat(s)**
- 9. Conduct Retreat(s)**
- 10. Codify Results of Retreat**

# Know Why You Want to Plan

- It's time (e.g., every three years)
  - *When asked for the time, Yogi replied, "Do you mean now?"*
- There's a crisis
- There's an opportunity
- We don't agree on our direction
  - "If you come to a fork in the road, take it."
- To get from A to B
  - Information
  - No surprises

# Identify Potential Strategy

- Rally to pursue a new opportunity
  - Grow contracts or covered lives
  - Change contracting approach
  - Pursue a new revenue source
  - Expand or shrink membership
- Decide on a major change in the organization
  - Governance
  - Funding approach
- Address a new threat or problem
  - Respond to a changed regulatory environment

Prioritize -  
Pick One or  
Two

# Get Organized

- Who should be involved?
  - Planning Committee
  - Full Board
  - Point person
- Begin to draft agenda for retreat
- Identify interviewees

# Complete Interviews

- Talk with leadership one-on-one
  - Establish trust – “My viewpoint was heard”
  - Identify issues to adjust agenda
    - Required education
    - Potential bombs to defuse
- “What are the critical issues we face?”
- Evaluate membership issues (commitment to organization, challenges, value from organization)
- Test potential strategy

# Complete Strategic Assessment

- Why use an empirical foundation for decision-making?
  - Get the right answer
  - Dispel myths
  - Reduce misbehavior
  - “Aha” moments and “Duh” moments
- Types of Information
  - Standard information on the organization’s business
  - Specialized information supporting the planning focus

# Strategic Assessment

## Internal Assessment

- Focus on most recent 3 years
- Membership in organization
- Contracts
  - Number by type
  - Covered lives by contract
  - Profitability by contract
- Revenue by source
- Expense by type
- Financial resources overview
- Review accomplishments

# Strategic Assessment

## External Assessment

- Review national changes that may affect your organization
  - HSAs
  - Regulatory environment
- Provider market
  - Market share
  - Changes

- ◆ **Payor market issues**
  - **Market share**
  - **Changes**
- ◆ **Competitors**
  - **Strengths & Weaknesses**
  - **Likely strategies**
  - **Unique contracting activities**

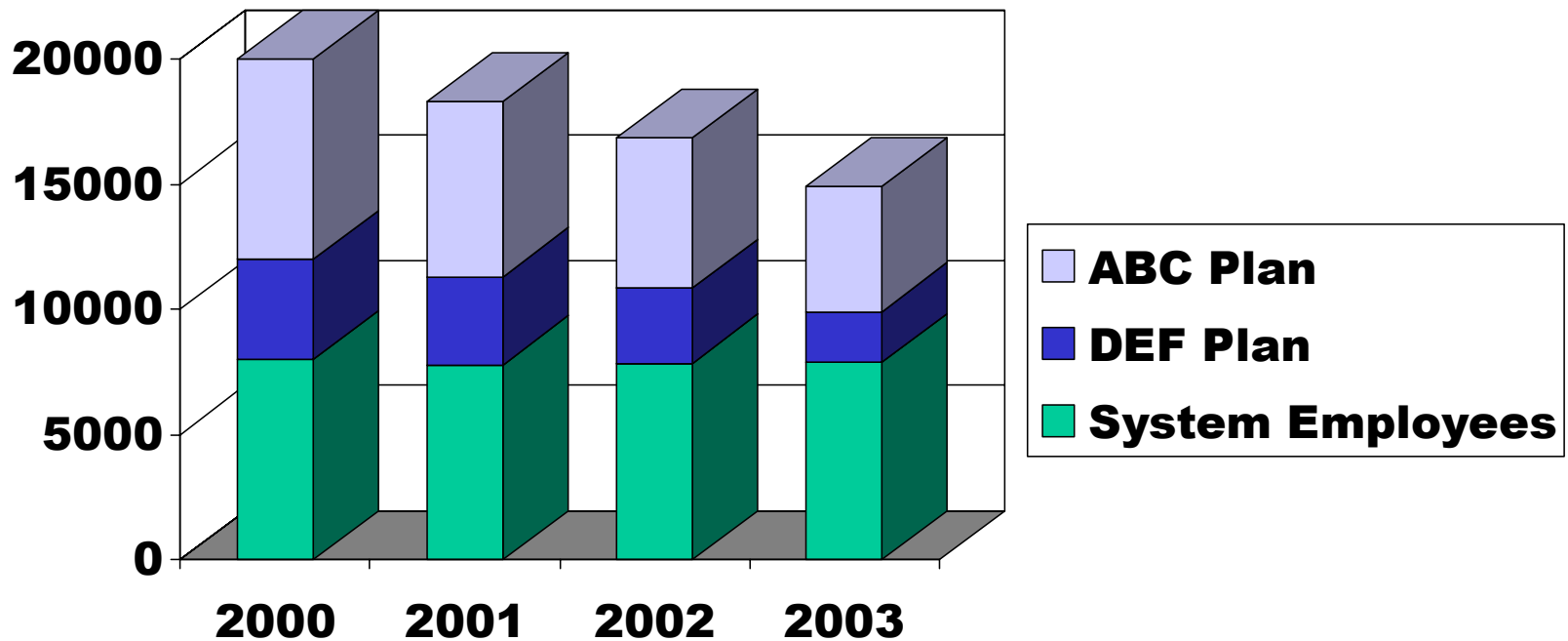
# Strategic Assessment Focused Analysis

- Gather data to address the strategic issue you are addressing
- Use outside resources for content
  - Broker
  - Attorney
  - Pharmacist
  - Other outside expert

# Strategic Assessment

## Sample: Covered Lives Trend

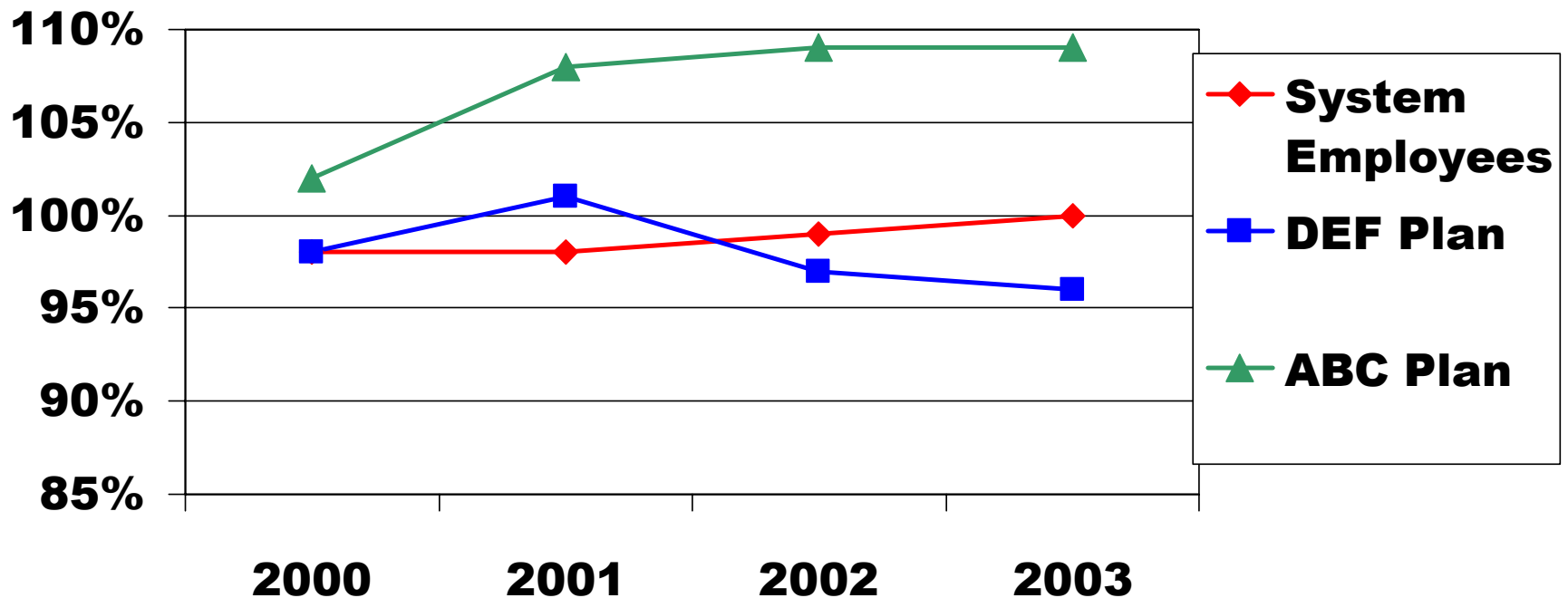
### Covered Lives in Contracts



# Strategic Assessment

## Sample: Withhold/Surplus

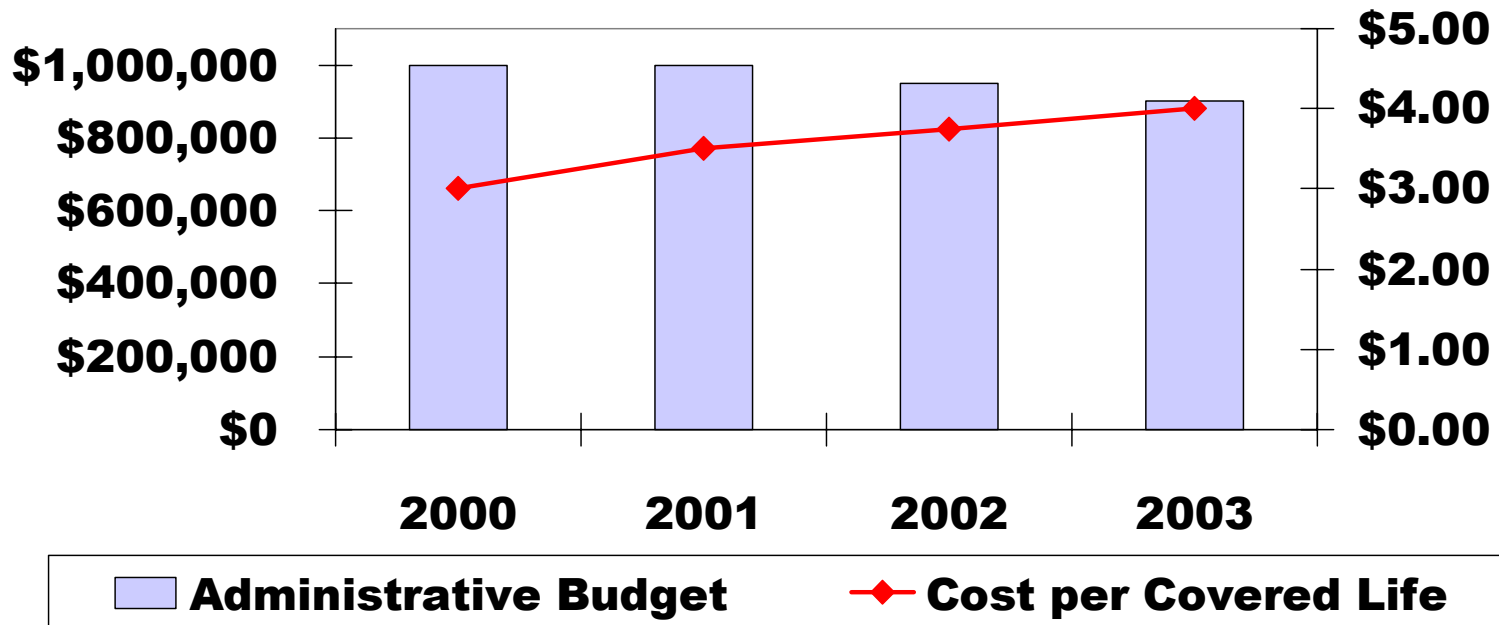
### Percent of Payment Received (incl. Withhold and Surplus)



# Strategic Assessment

## Sample: Administrative Costs

### Administrative Costs Total and per Covered Life



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# Revise Potential Strategy

- Was your initial strategy still right?
- Any change to the answers to:  
“What are the critical issues we face?”
- What specific questions must we answer through the planning process
- Likely roadblocks/conflicts
- Particular stakeholders with issues

# Design Planning Process

- Meet or Retreat
  - How long will it take?
  - How precious is your Board's time?
  - How many interruptions if stay on site?
- One or more sessions
  - A. You know the decision you are seeking at the retreat
  - B. You need to use a retreat to decide on the issues

# Design Planning Process

## Two Options

### Option A

- ◆ **Gather information**
- ◆ **Retreat to review information and make a decision**

### Option B

- Gather information
- Retreat to review information and identify issues
- Gather additional information
- Retreat to make a decision

# Prep for Retreat(s)

- Know what you want to accomplish
- Identify one retreat leader/facilitator
- Use several presenters
- Set agenda with specific timeframes and responsibilities
  - Allow 50% to 100% more time than you think you need
  - Provide clear timeframes on the agenda and prep presenters
- Have a backup plan in case you don't get through everything

# Prep for Retreat(s)

## Sample Agenda – 4 hour Retreat

- Review mission of organization (Board Chair – 10 min)
- Board member responsibility (Counsel – 30 min)
- Case study (Facilitator/Other Exec Dir – 30 min)
- Internal assessment (Exec Dir – 30 min)
- External assessment (Broker/Facilitator – 40 min)
- “How do we secure our position to serve the needs of patients and payers?” (Facilitator – 30 min)
- “Whom do we want to be?” (Facilitator – 40 min)
- Wrap-up/Next steps (Facilitator/Exec Dir – 15 min)

# Prep for Retreat(s)

## Structure information to drive decisions

- Compelling charts that demand a response
- A draft grid of options with pros & cons
- Flipcharts and dots – forced decisions

# Conduct Retreat(s) Wisdom from Yogi

- "It was impossible to get a conversation going; everybody was talking too much."
- *In reply to "Hey Yogi, I think we're lost."*  
"Yeah, but we're making great time!"

# Conduct Retreat(s) Managing “The Day Of”

- Set a tone that makes it clear this is not a regular Board or Committee meeting
- Try to stick to timeframes
- Announce where you are to keep people on schedule
  - Implied threat of meeting going beyond ending time will help reduce excess conversation
- Thank and declare victory
  - We made a clear decision
  - “There was so much thoughtful discussion that we will need to revisit this again”

# Codify Results of Retreat

- Touch base with leadership to be sure they are on board with the decision
- Summarize what was decided and distribute at subsequent Board meeting
- Develop an implementation plan – actions, resources, timing
- Report on progress at Board meetings to ensure continued commitment

# Avoid Stumbling Blocks

- Prepare well. Most races are won or lost before you get to the starting line.
- Don't plan to identify and resolve difficult issues at one retreat
  - If you need to identify and resolve, use two retreats
  - Use one retreat to gain consensus
- Focus on opinion leaders on Board and engage them early and often
- Allow for discussion, try to stick to schedule, but be flexible

# Closing wisdom

"I didn't really say everything I said."