

# Creating An Effective Response To The Reform Maelstrom

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*(This point of view is the author's own and does not represent her employer's professional opinion. Additionally, this point of view is about technology transformation and does not provide policy related advice or present a political opinion.)*



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# Mythology

# Extreme churn delivers game-changing value

Why do the oceans have salt?

- The ancient Nordic epic “Grotti” describes events leading to a grinding mill left at the base of the oceans, forever churning up salt

Why are gods immortal?

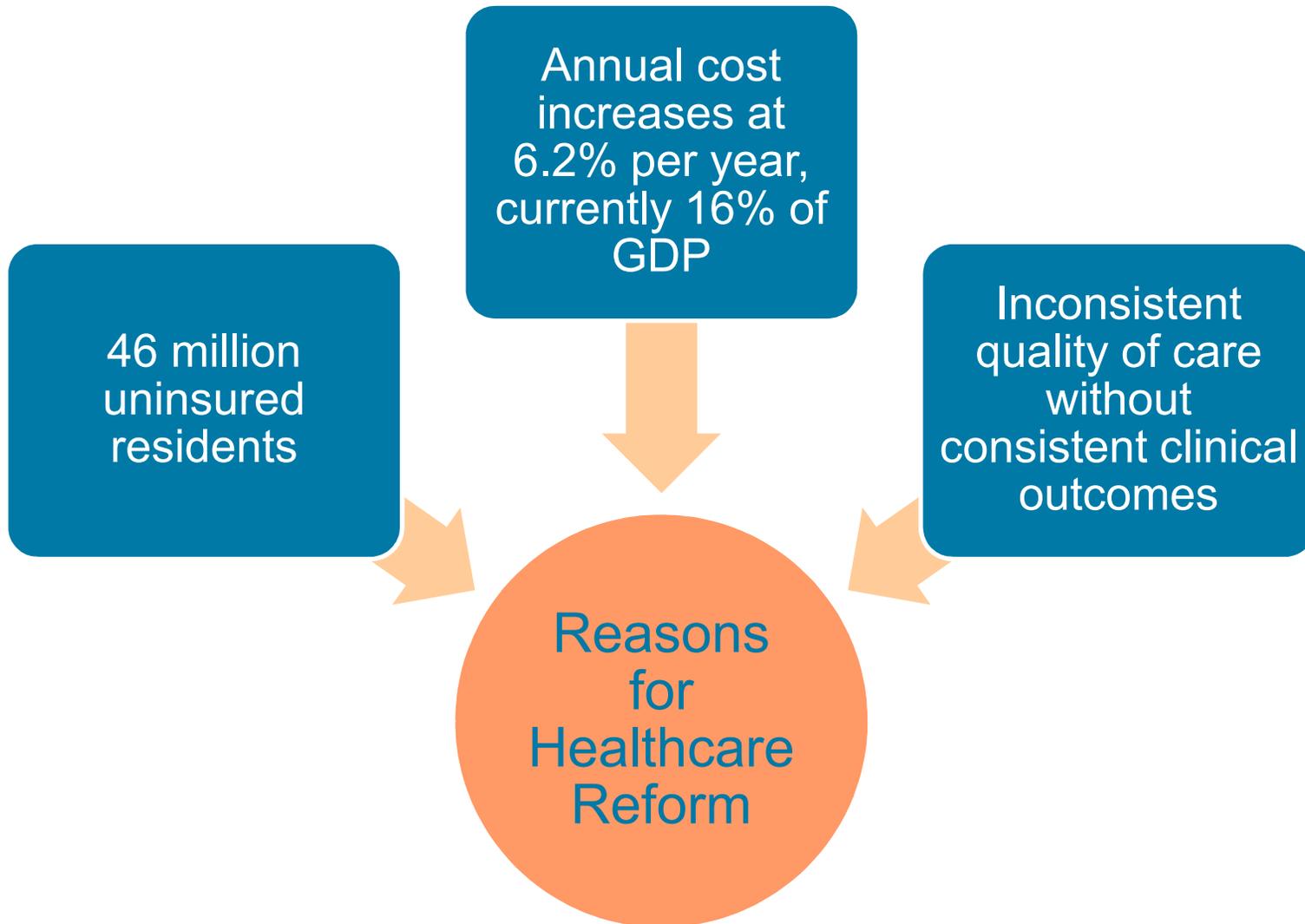
- Gods obtained the elixir of life during “Samudra Manthan” – the churning of the seas, as per Hindu mythology.

Reality

## Healthcare reform: 100+ years of churn

<b>1800s</b>	Germany establishes the world's first national healthcare system
<b>1930s</b>	The Social Security Act is adopted without a national health insurance provision
<b>1960s</b>	Congress creates the Medicare and Medicaid programs
<b>1980s</b>	The Emergency Medical Treatment Act and COBRA (health care after unemployment) are passed
<b>1990s</b>	The State Children's Health Insurance (SCHIP) and HIPAA (Portability and Accountability) acts are passed
<b>March 2010</b>	The Patient Protection and Affordable Care Act passes with record debate.

# Trifecta: Expensive, under-served and inconsistent

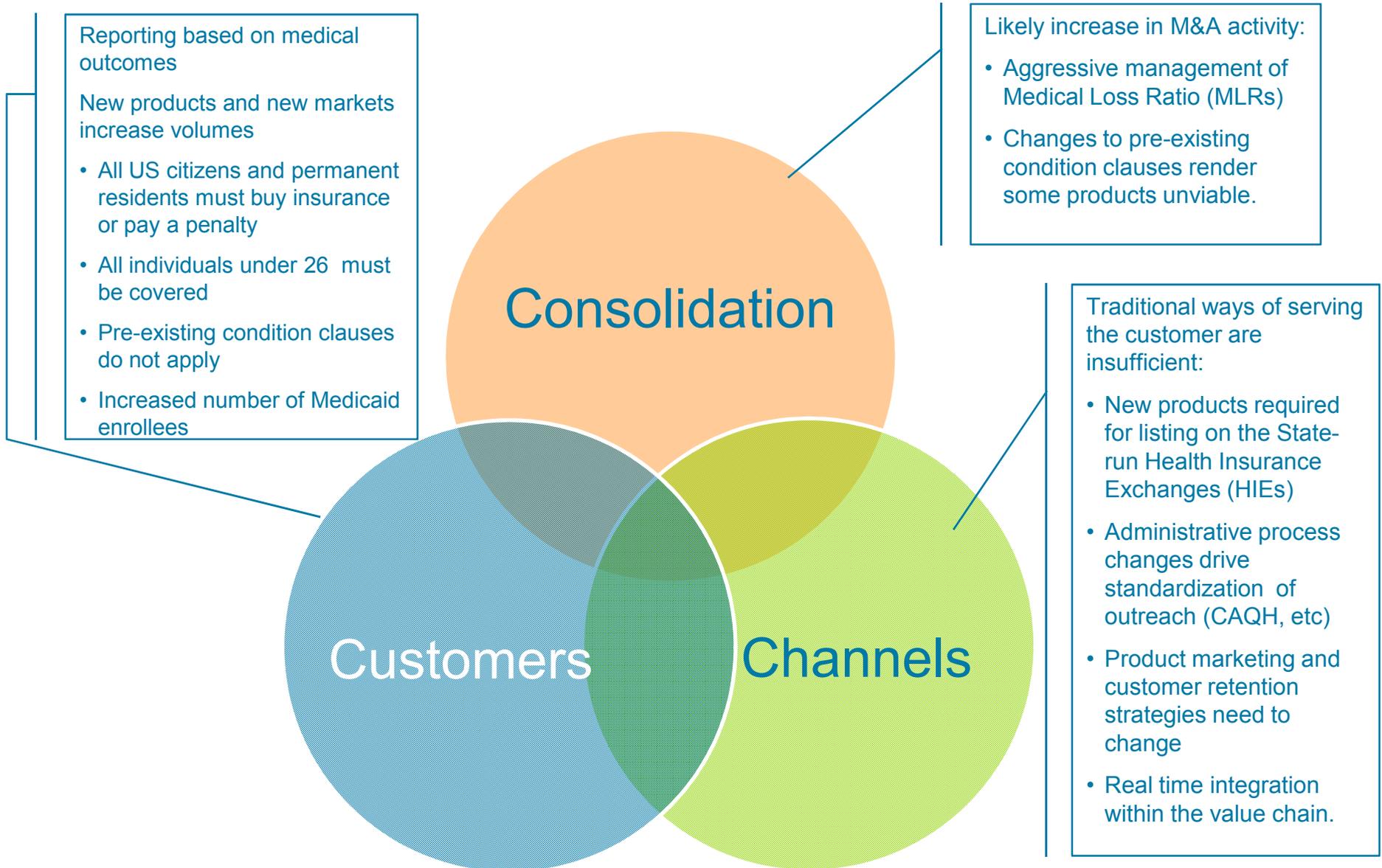


Changes

# The Affordable Care Act brings sweeping change

<b>2010-2012 Extending Coverage</b>	<b>2013-2014 Standardizing Market</b>	<b>2015-2018 Increasing Effectiveness</b>
<ul style="list-style-type: none"> <li>• Prohibit lifetime limits on the dollar value of coverage,</li> <li>• Coverage must be available to eligible dependent children (married or unmarried; student or not) to age 26.</li> <li>• Prohibit existing condition limitations for children under age 19</li> <li>• Preventive health service recommendations must be provided without cost sharing</li> <li>• New full-time employees at large employers must be automatically enrolled in an employer-sponsored health plan</li> <li>• Over-the-counter medications are not reimbursable through a health reimbursement account (HRA), health savings account (HSA) or health flexible spending account (FSA)</li> <li>• CLASS Act</li> <li>• Employers must provide an understandable summary of benefits and coverage prior to enrollment or re-enrollment</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative simplification for enrollment, eligibility, payment and real-time transactions</li> <li>• Additional 0.9% Medicare Part A payroll tax withholding</li> <li>• Elimination of employer tax deduction for Medicare Part D prescription drug subsidy</li> <li>• FSA contributions are limited to \$2,500 annually</li> <li>• Individual mandate begins. Employees may opt out of employer coverage and pursue coverage via exchanges.</li> <li>• State-run health exchanges begin</li> <li>• Medicaid coverage expansion</li> <li>• Employers pay penalties for non-participation</li> <li>• Employers may offer rewards to employees who participate in wellness programs up to 30% of the cost of self-only coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Individual penalties apply</li> <li>• Penalty for not adopting EMRs</li> <li>• Independent payment advisory board reviews payments between payers and providers</li> <li>• Medicare PartD “donut hole” closes</li> <li>• Cadillac" plan tax — a 40% tax on high-value employer-sponsored plans (more than \$10,200 for individuals and \$27,500 for families) — begins</li> </ul>

# Changes to business models are imminent



Mindset

# Reactive responses cause gaps in execution

## Conventional Thinking

**Siloed responses to the emerging business model**

**Reactive responses and big-bang implementations**

**Fear complexity – standardize everything**

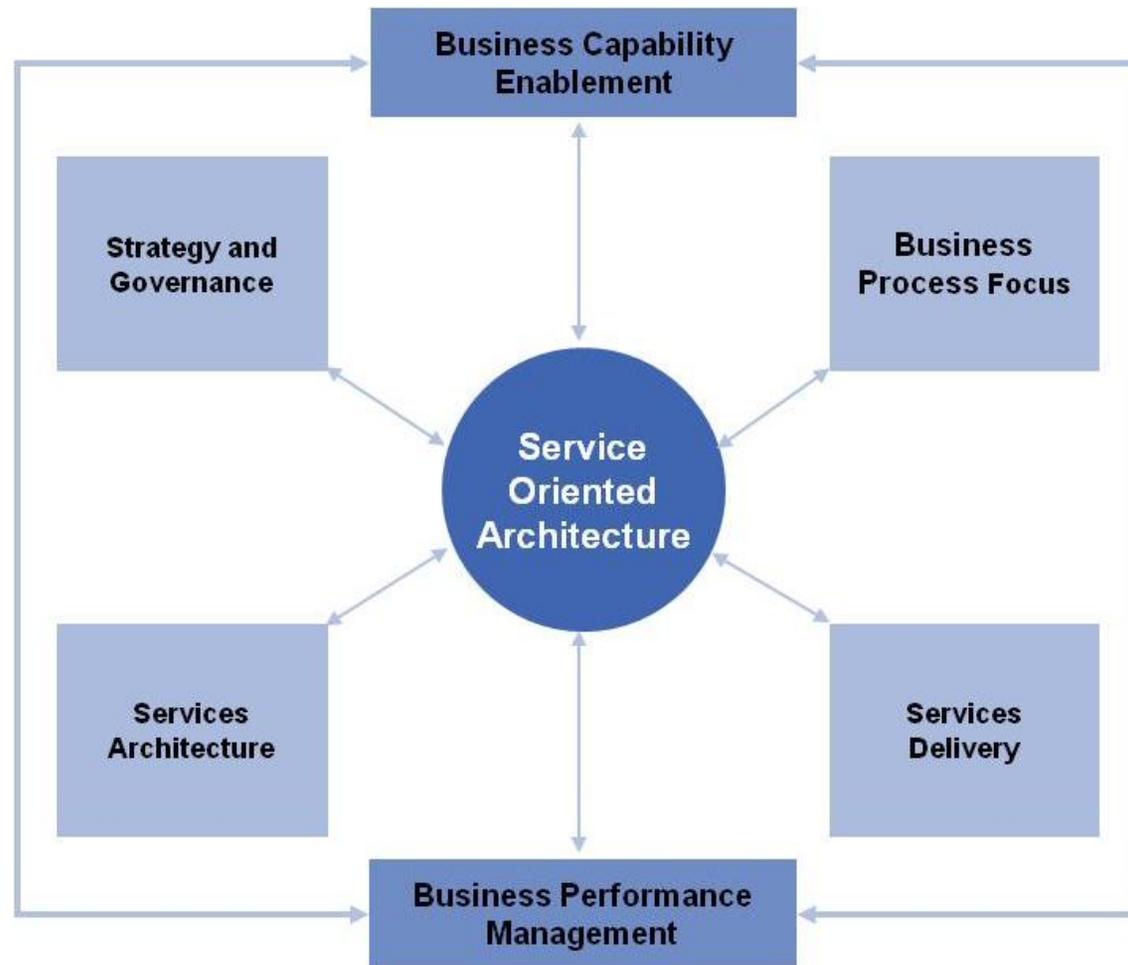
## Services Thinking

**Capability centric approach to emerging business models**

**You don't have to bet the farm**

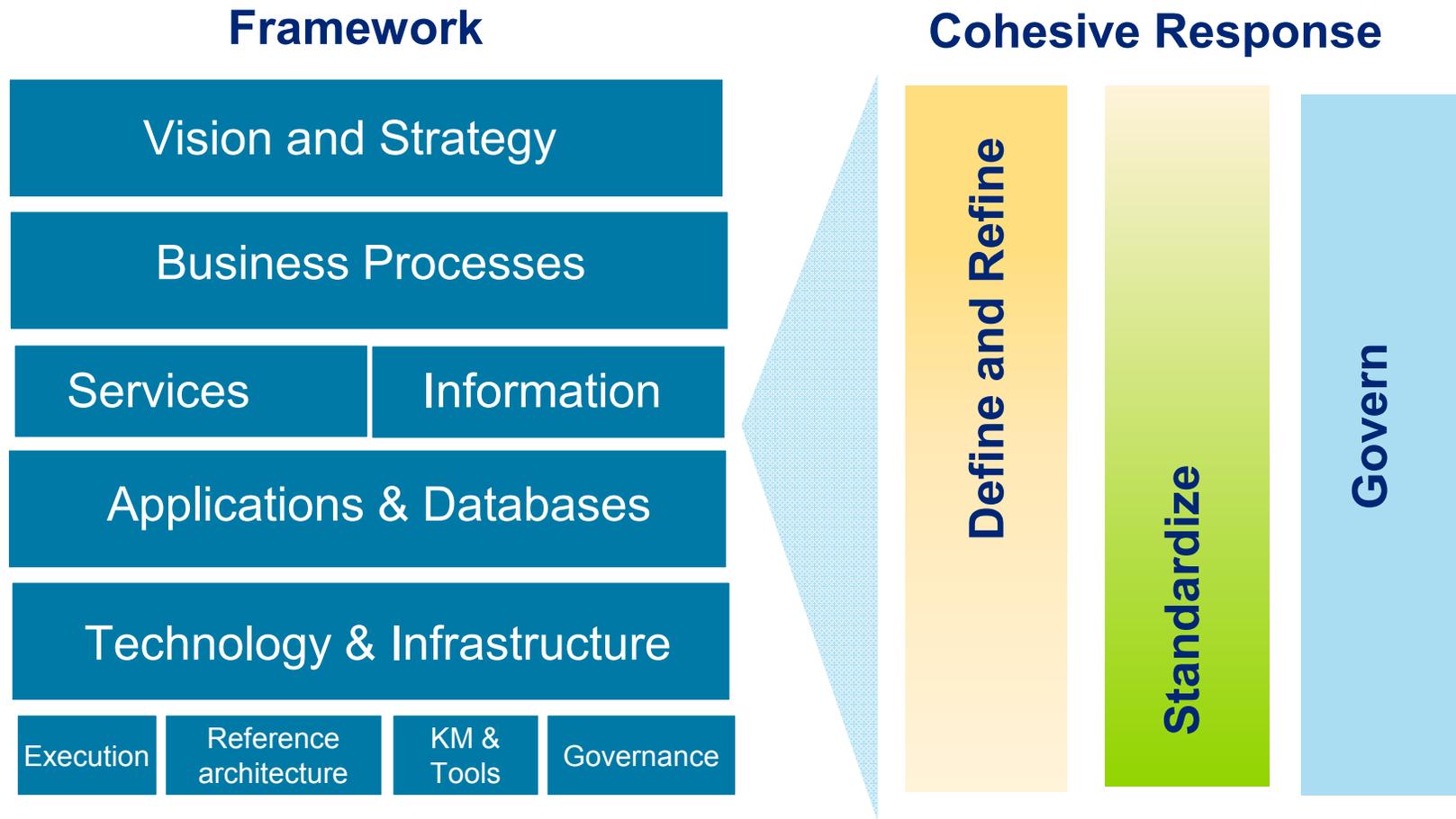
**Embrace complexity – Knit and un-knit capabilities with ease**

# Use Services Thinking© to manage Reform-critical business capabilities



Services Thinking uses the concepts of SOA (loosely coupled, well defined, clear ownership, reusability, etc.) and marries them to value mapping, organization models, process engineering, enterprise architecture, and human capital capabilities.

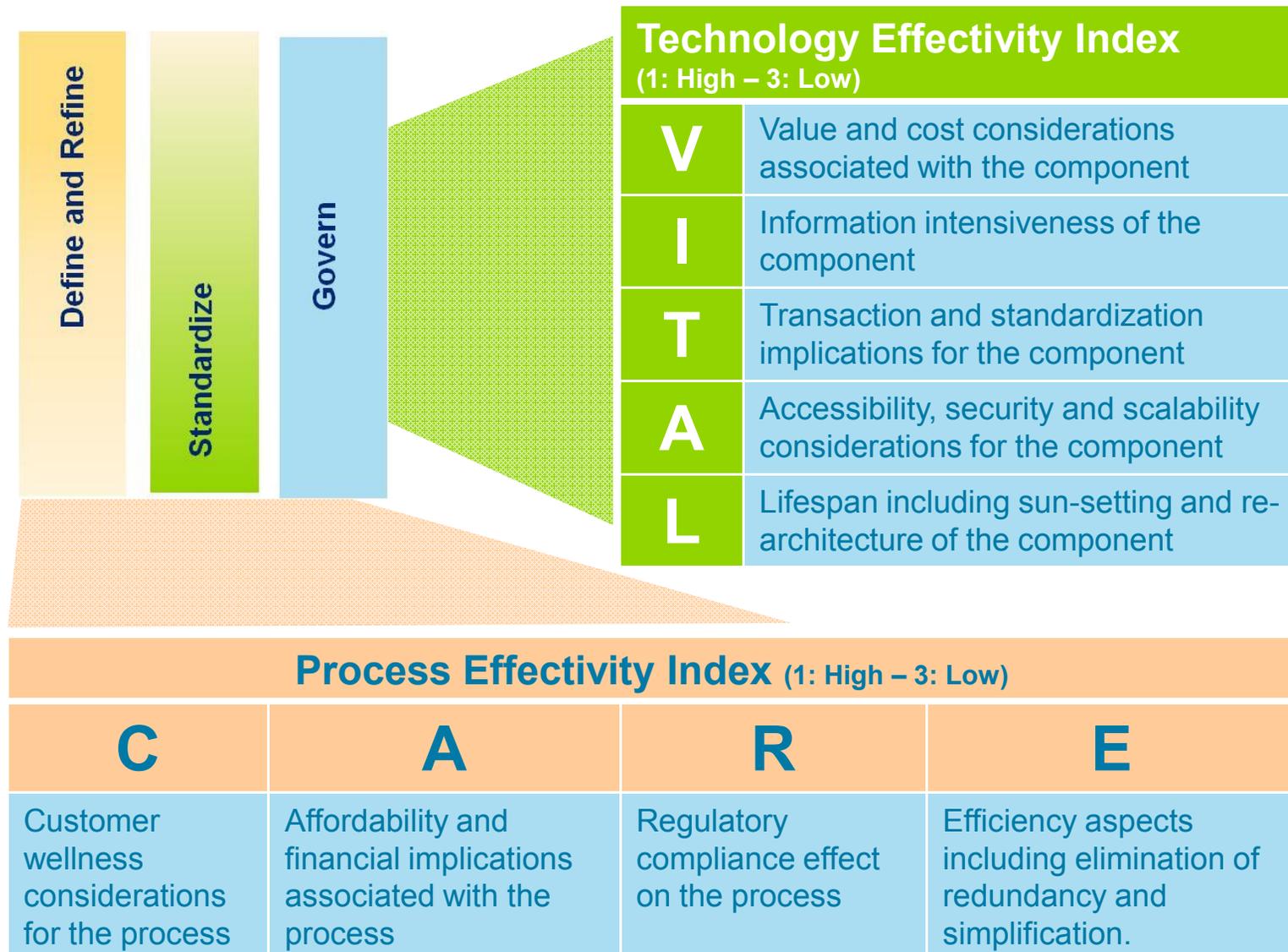
# An effective response is process-led and bound with standards



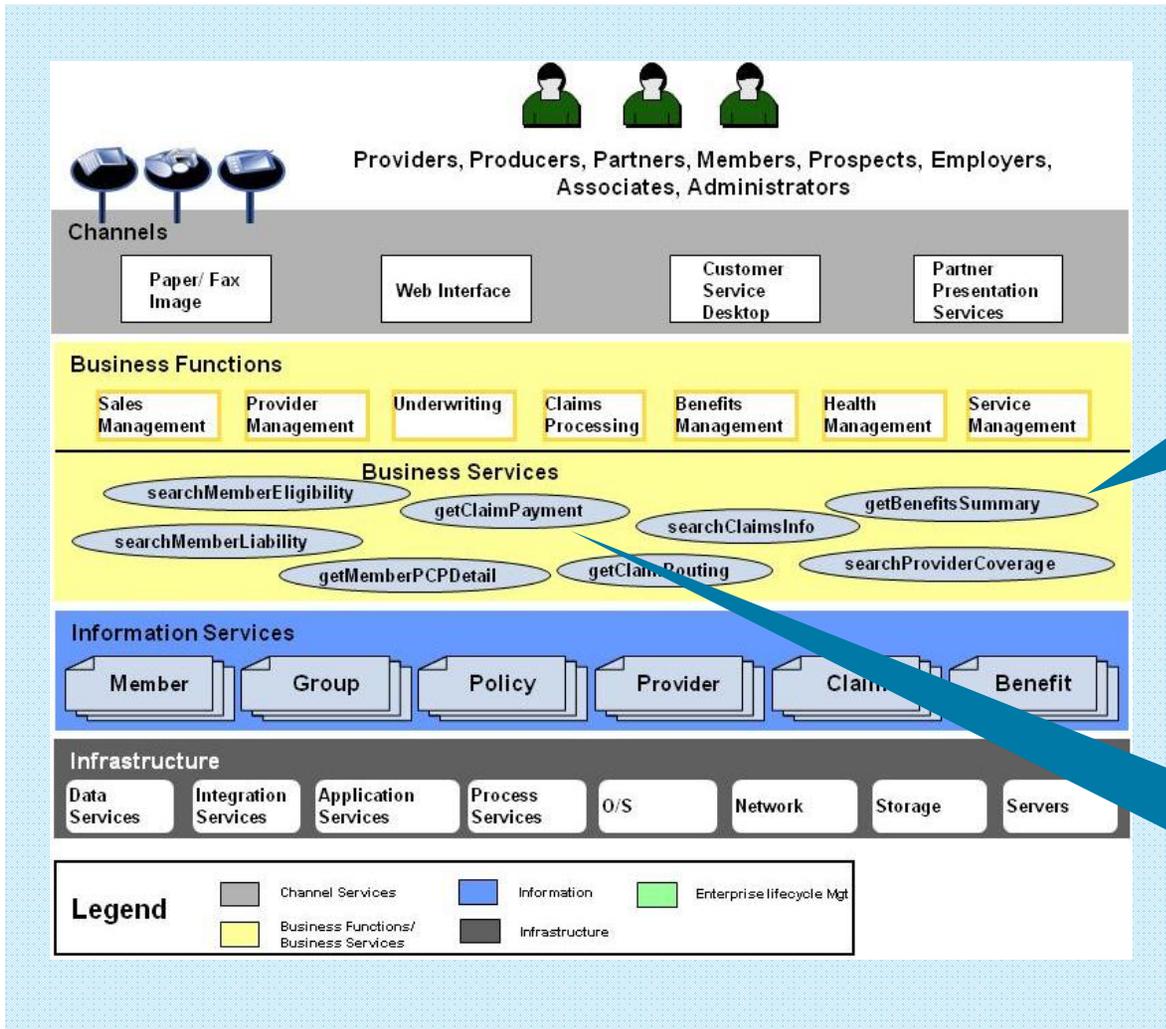
Thinking in terms of capabilities that can be knit or unwind with ease enables the integration of changes “breadth first” and “depth next”.

# Measurement

# A prioritization model balances inter-dependencies



# Applying the prioritization model and align changes

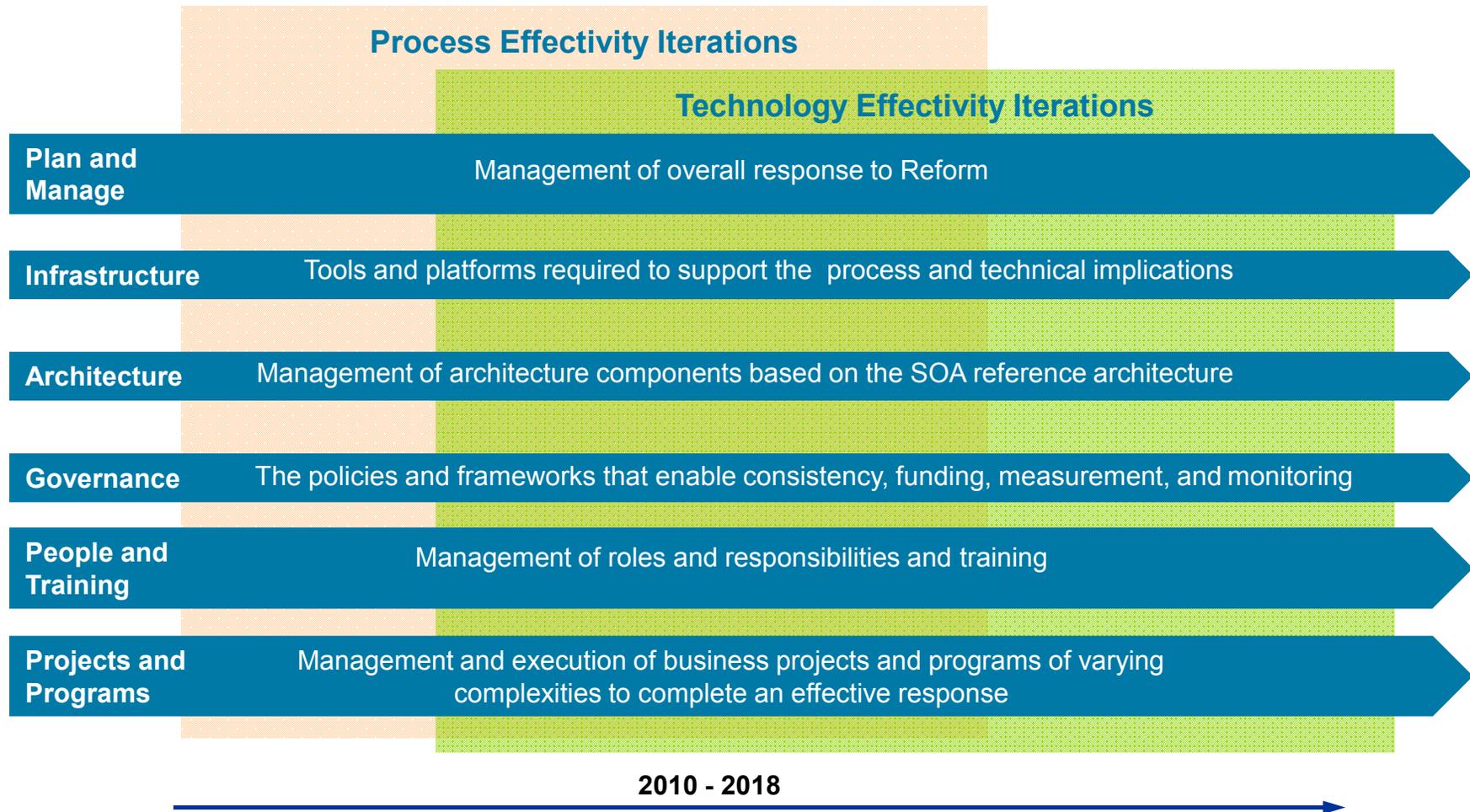


C	2	V	1
A	1	I	1
R	2	T	3
E	3	A	3
		L	1
C	3	V	3
A	3	I	3
R	2	T	1
E	3	A	1
		L	2

Payments services score higher on the VITAL index dimensions and are candidates for standardization. Benefit summary services score higher on the customer impact dimensions of the CARE index .

Response

# Managing change over the long term.



Questions?

## References

1. Why the sea is salty? , *Folk tales of Arne-Thompson-Uther*, <http://www.pitt.edu/~dash/type0565.html>, Accessed June 2010
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