

Dealing With Ambiguity During Change

Realistic Leadership Simulation

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Today's Agenda

- Business Environment Context
- How the Need Was Identified
- The Design of the Simulation
- Outcomes
- What Did We Learn About Solutions for Leaders

HCSC

Health Care Service Corporation
Health Care Service Corporation, a Mutual Legal Reserve Company

HEALTH • DENTAL • LIFE • DISABILITY • CONNECTIVITY • PHARMACY



ILLINOIS



BlueCross BlueShield
of Illinois



MONTANA



BlueCross BlueShield
of Montana



NEW MEXICO



BlueCross BlueShield
of New Mexico



OKLAHOMA



BlueCross BlueShield
of Oklahoma



TEXAS



BlueCross BlueShield
of Texas

14.6

million
members

4th

largest U.S.
health insurer

Dearborn  National
Strength. Independence. Solutions.

 Dental Network
of America®

 Academic
HealthPlans

 GHS

 medecision®
Liberating.

 TMG Health

 bloom
HEALTH

 PRIME
THERAPEUTICS®

 Availity™

 realmed
an availity company

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LEARN
Webcasts

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HCSC

Health Care Service Corporation
Health Care Service Corporation, a Mutual Legal Reserve Company

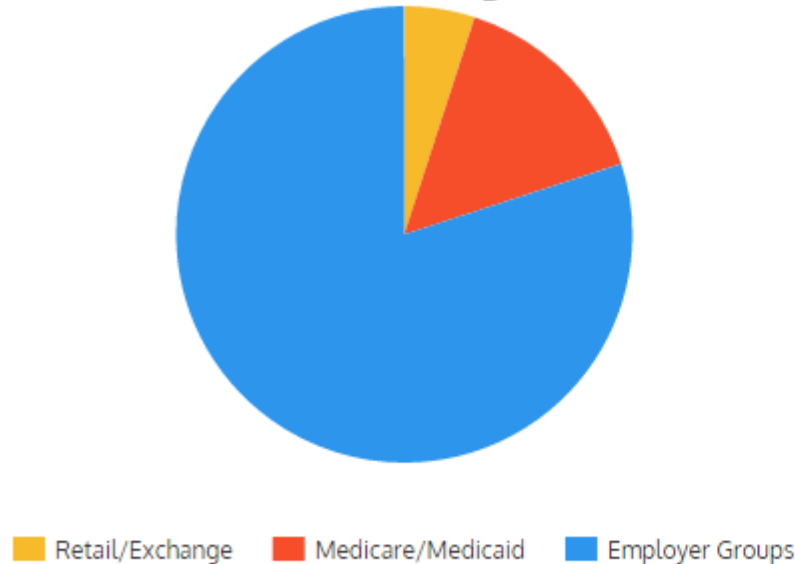
OUR PURPOSE

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

- Commitment to members
- Reflective of our diverse marketplace
- Non-investor owned status allows us to make decisions in alignment with our purpose

The Environment Pre-ACA

Business Segments



Price Point Competition Looked Different



The organization worked in operational silos

- Business & competitive decisions were much more independently controlled
- External environment was less ambiguous and volatile
- Risk was distributed differently

The Environment Today



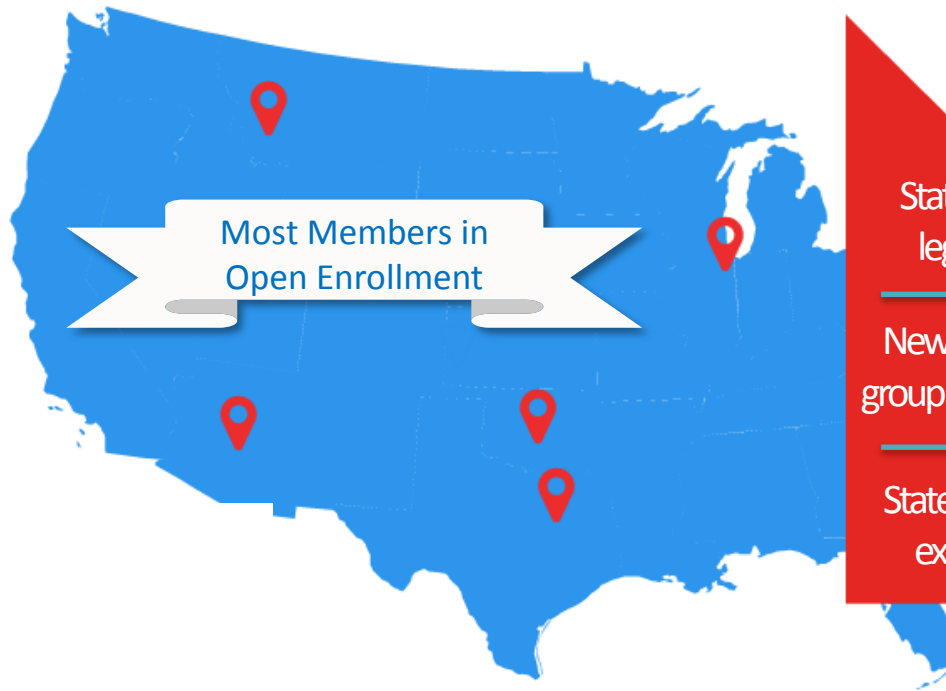
Group, Government, Retail

Health Care Service Corporation, a Mutual Legal Reserve Company

Affordable Care Act



New Cost Models &
Value Based Care



State specific
legislature

New employer
group preferences

State & Federal
exchanges

New Member
Segments



State & Federal
Government
Regulations

The Open Enrollment (OE) Command Center



Retail Markets – OE Command Center Lead	Individual Market Operations Lead
Retail Strategy & Infrastructure	Retail Markets – Direct Marketing
Marketing	Regulatory Affairs
Individual Market Operations	Corporate Strategy
Government Relations	SDO
Public Relations	Finance
Regulatory Implementation Office	ITG
Actuary	Retail Markets – Distribution
HCM	Retail Markets – Retail Sales

The OE Command Center's ensures disciplined management of the exchange open enrollment. The OE Command Center allows leadership to:

- **Monitor** ongoing market and operational developments
- evaluate **implications** on HCSC business and operations
- Lead a cross-divisional **rapid response** process for quick actions
- **Escalate key issues** and decisions to Executive Leadership

How do we prepare our organizational leaders to lead us through change with *high ambiguity* and *low direct control*?

...and, by the way, this is happening in 5 months...

...oh...and we just invited them to a 3 day session offsite to work through this...
4 weeks from now...

What we DID know...



Creation of a command Center staffed with senior executives daily



Top three layers of leadership was captive audience



Leaders had not been selected for the positions in the Command Center



Leaders were not prepared for

- level of ambiguity
- potential for change
- breadth of organizational impact
- challenge of conflicting priorities
- decision-making without all the data



Senior Leaders through the CEO were in full support for whatever it took

What we DID NOT know...



What the content of the session could be



How leaders would react to an intensive simulation



The outcome of the simulation



All of the learning objectives



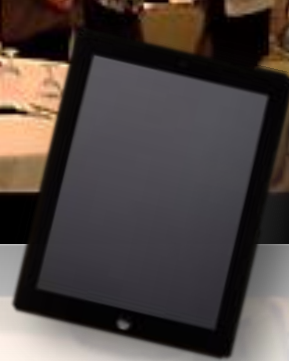
How the leaders would perform – stay engaged

The Design

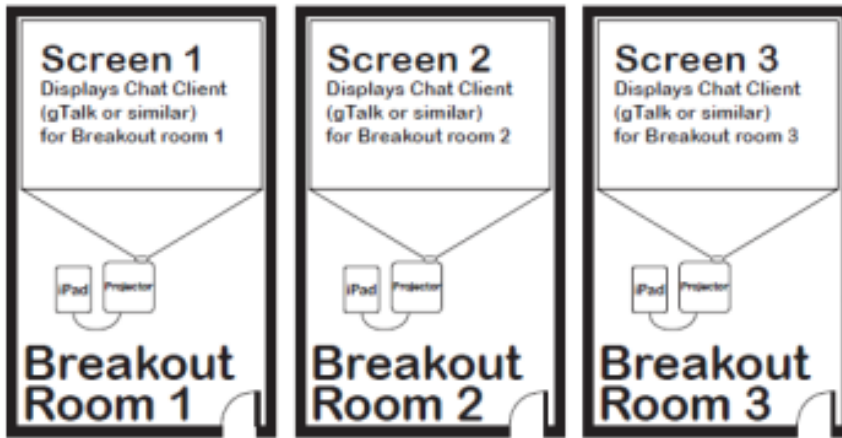


ABOUT THE SIMULATION

~140 IOFS Leaders
3 Command Centers
6 Functional Areas
40+ Curveballs
3.5 Hours
Technology = iPad and LiveChat
15 facilitators; 2 IT Support

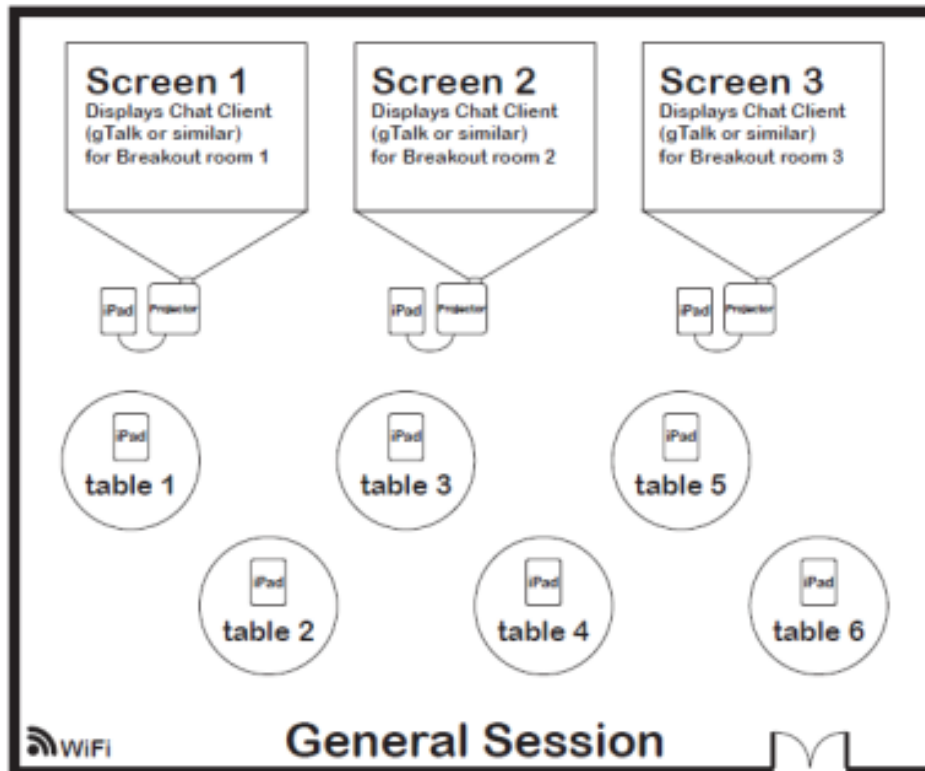


The Design



3 Separate Command Centers

Staffed Roles

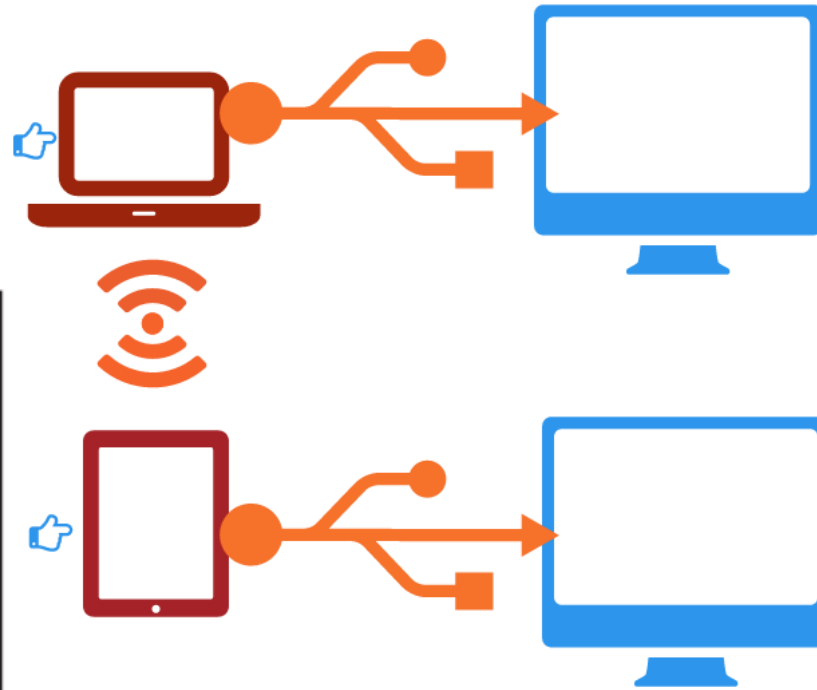
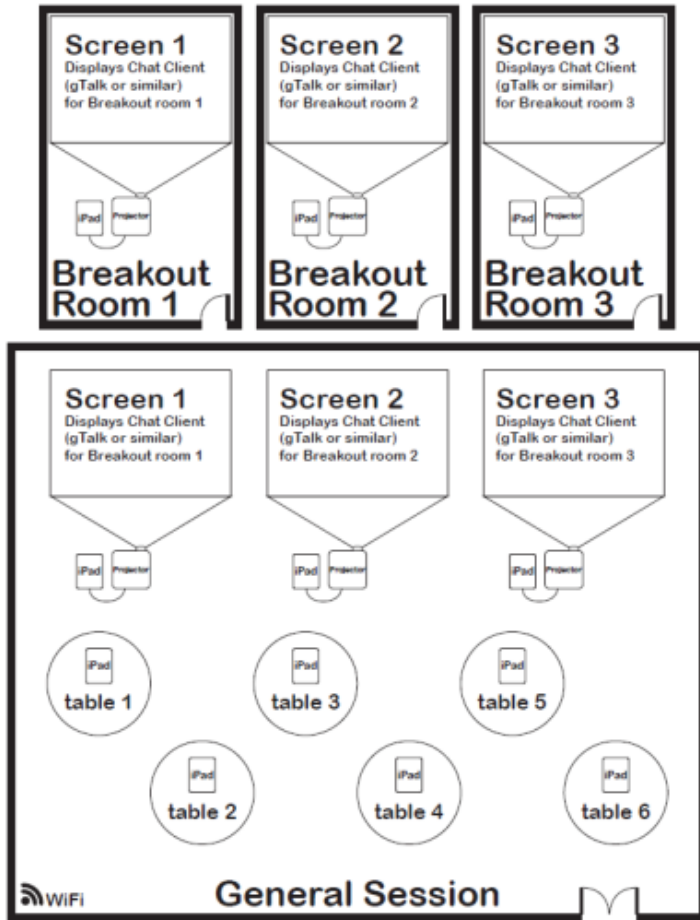


8 "Pitchers" of Curveballs

6 Functional Areas

- Information Technology
- Human Resources
- Operations
- Data Reporting
- Finance
- Sales & Marketing

The Technology



43 Days : 22 Hours
1 Actual Minute = 1 Simulated Hour

The Functional Areas





SYSTEM	TASK	CPU	MEMORY	DISK	NETWORK	STATUS
TH0HMVSA	01	...	...	...	...	...
TH0HMVSB	01	...	...	...	...	...
TH0HMVSC	01	...	...	...	...	...
TH0HMVSD	01	...	...	...	...	...
TH0HMVSE	01	...	...	...	...	...
TH0HMVSF	01	...	...	...	...	...
TH0HMVSG	01	...	...	...	...	...
TH0HMVSH	01	...	...	...	...	...
TH0HMVSJ	01	...	...	...	...	...
TH0HMVSK	01	...	...	...	...	...
TH0HMVSL	01	...	...	...	...	...
TH0HMVSM	01	...	...	...	...	...

September 28
3 Days

06:29:39



The Command Centers

The Curveballs

Category #1 HHS Decisions/Changes/Issues

- HHS extends open enrollment past March 31, 2014
- October 2, HHS announces Enrollment issues: (i) Enrollment files aren't received with all necessary data populated, or (ii) Enrollment files aren't received electronically, and HCSC is required to go through paper transaction forms

Category #2 Competitor Actions

- Competitor A "blitzes" a market with ads, educational staff, meetings, etc. to gain membership

Category #3 Regulatory Issues

- CMS/HHS changes eligibility rules and the verification process in mid-January 2014

Category #4 Systems issues/ People Issues

- Day 10 – no calls received
- The government system interface is not working, no response from the Government.
- Senior Level Executive over operations is on a cruise the first 2 weeks of enrollment


Category #5 Marketplace reactions

- Hemophiliac organizations chose HCSC as best product
- On November 1, our largest group has rumored or "official" announcement that they will no longer offer employee health insurance

Category #6 Operational Issues


- Consumers are completely confused. Call time has grown to an average of 40 minutes per call vs. budgeted 12 minutes per call; it is impacting our ability to answer the phone.
- Hurricane Isabel hits South Texas– no power, offices shut down – call volume grows to 5 times normal expected daily volume with 50% of increase Spanish speaking.


Time in the Simulation


 PreReads


 Orientation & Ground Rules

Curveball Delivery


 Pre Enrollment Phase
Chaos, Disorganization, No Solutioning

 Normal Enrollment Phase
Some Chaos, Leaders Stepping Up, Some Synergy

 Extended Enrollment Phase
Organized Problem-solving, Anticipation,
Communication Channels

 Debrief & Best Practice Identification

Outcomes



98% Favorable Survey Results (79% 5 out of 5)

Command Center Leaders solidified

Command Center Immediate Go-Live

Triage Units Established

Senior Leaders talent optionality increased through direct observation

No recorded disruption to regular business

Most Members from State & Federal Exchanges of any Health Insurance organization

What Did We Learn about Preparing Leaders for Dealing with Ambiguity?

The design of the program must be easy

Don't plan everything, you are trying to let the leaders do the work!

Involve leaders in the facilitation

Don't forget to simulate emotional component

