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PM NETWORK

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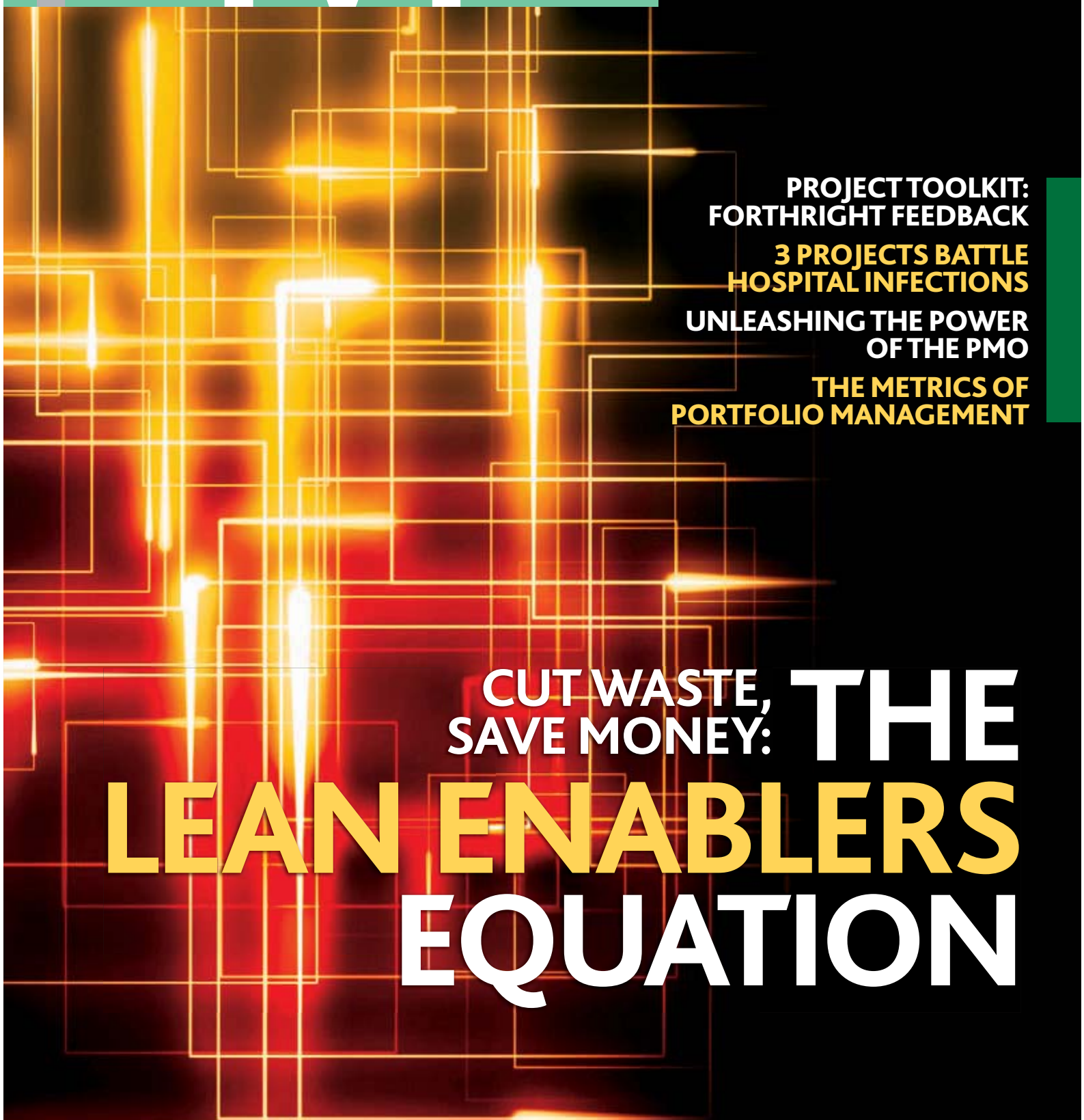


PROJECT TOOLKIT: FORTHRIGHT FEEDBACK

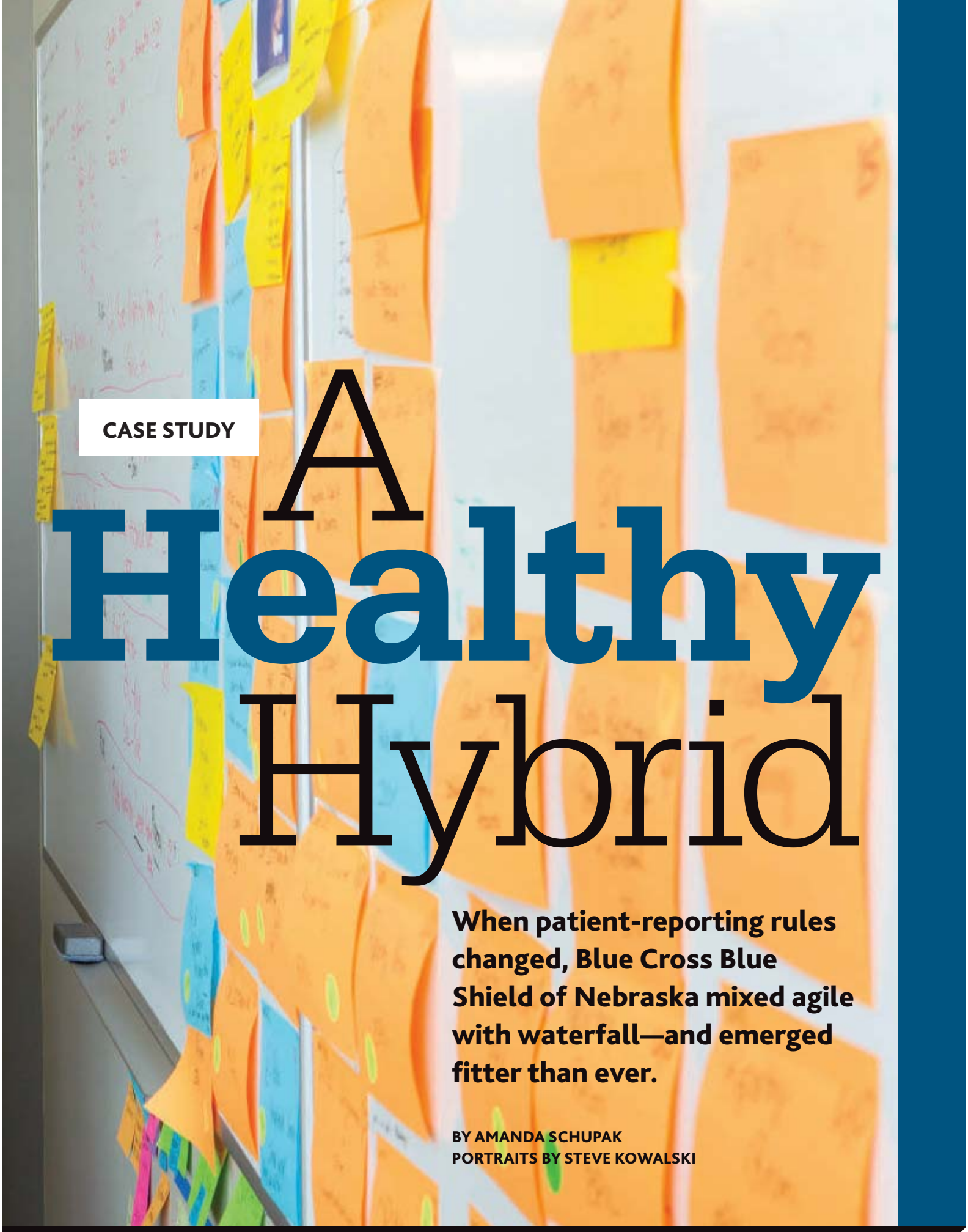
3 PROJECTS BATTLE HOSPITAL INFECTIONS

UNLEASHING THE POWER OF THE PMO

THE METRICS OF PORTFOLIO MANAGEMENT

CUT WASTE, SAVE MONEY: THE LEAN ENABLERS EQUATION

Nick Kramer, PMI-ACP, and Susan Courtney, Blue Cross Blue Shield of Nebraska, Omaha, Nebraska, USA



CASE STUDY

A Healthy Hybrid

When patient-reporting rules changed, Blue Cross Blue Shield of Nebraska mixed agile with waterfall—and emerged fitter than ever.

BY AMANDA SCHUPAK
PORTRAITS BY STEVE KOWALSKI

When the U.S. Centers for Medicare & Medicaid Services

announced a mandatory update for the codes doctors and hospitals use to report—and charge for—patient services, it gave providers five years to meet the new regulations.

While such a timeline might seem like an eternity for some projects, Susan Courtney, CIO of Blue Cross Blue Shield of Nebraska (BCBSNE), heard an immediate call to action. It was clear that Omaha, Nebraska, USA-based BCBSNE had a legacy core administration system that wouldn't be able to handle the exponential changes required by the new rules, she says. "The magnitude of the project would have broken the system."

The brittle legacy system had ably handled insurance claims processing, membership services and financials for one-third of the company's 75-year history. But it was time for an upgrade, and the five-year window provided the perfect opportunity to overhaul the entire system. (Originally scheduled for 2013, the code-updating deadline was later extended to October 2014.)

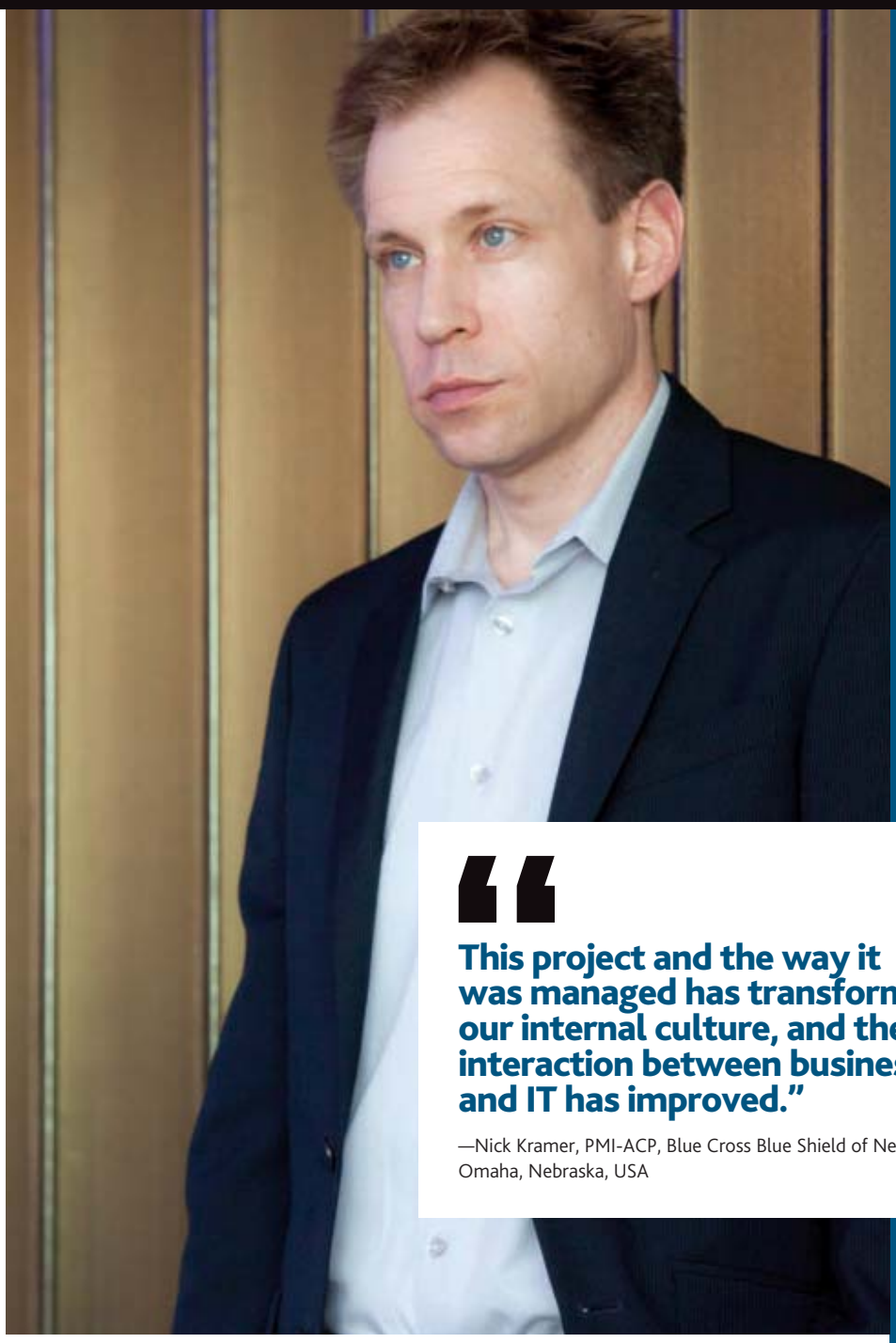
"We knew well enough in advance that we were up against a wall," says Nick Kramer, PMI-ACP, BCBSNE's information services delivery manager and one of the program managers for the upgrade.

To deliver on deadline, the team decided it was best to move to a vendor-provided solution. First, BCBSNE formed a joint venture with Blue Cross Blue Shield of North Dakota. That neighboring company's system, rebuilt only a few years earlier, was already nimble enough to handle the changes required by the government mandate. The two organizations joined forces to create a healthcare technology company called CoreLink Administrative Solutions, based in Fargo, North Dakota, USA.

However, it soon became clear that for the massive project to work, BCBSNE had large-scale infrastructure and integration challenges to address, including reworking its data warehouse to accept new data from CoreLink. The dynamic created a tricky project management dilemma: While CoreLink was a waterfall shop, BCBSNE was strictly agile.

Blue Cross Blue Shield of Nebraska, Omaha, Nebraska, USA

PHOTO COURTESY OF BLUE CROSS BLUE SHIELD OF NEBRASKA



A Unique Blend

To sync the two approaches to managing projects, Mr. Kramer and his team developed a system they called fanning. Using CoreLink's waterfall deliverables timeline as a baseline, the teams wrote hundreds of themes and features for BCBSNE and aligned them with CoreLink's schedule. The two organizations then determined dependencies and risks, and coordinated what had to be accomplished across the enterprise for both CoreLink and BCBSNE. From there, any themes and features that could be accomplished independent of CoreLink's deliverables were assigned to a BCBSNE project team's backlog and scheduled into iterations using an agile planning approach.

"Then the teams took all the dependent themes and determined which of these we could make some assumptions about," says Mr. Kramer. "They broke themes down into stories to create prototypes or mock-ups, then fanned those stories backwards into iterations. The prototype and mock-up stories were then scored based on the confidence level of the assumption."

The theory behind the strategy was that by the time CoreLink came through with its deliverables, all BCBSNE needed to verify was that the assumptions were correct. Mr. Kramer and his team scheduled in short gaps or "fan-thru" iterations after deliverables were due to allow for any required refactoring.

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Fanning in Action

One major phase of the project was migrating all of BCBSNE's individual insurance customers to the new system. At the most basic level, CoreLink would need to support essential functions, such as billing, claims processing and data transmission to BCBSNE's data warehouse.

But BCBSNE also wanted CoreLink to generate feeds from their system to the BCBSNE data warehouse that would pour into the customer service, enrollment and financial systems.

By mapping themes and features, the CoreLink waterfall timeline allowed the team to identify dependencies. The data feed to the financial system and the data feed to the warehouse mapped directly to transmitting data from CoreLink to the warehouse. In other words, CoreLink would have to successfully submit data for the data feeds to work. Those stories were locked into CoreLink's waterfall timeline. Other features, such as reporting, didn't map to CoreLink's deliverables; these stories could be written independently and scheduled into isolated agile sprints.

The method was implemented on a grand scale that touched on virtually every facet of the BCBSNE enterprise, including claims, memberships, prescriptions and business finance. Thirteen teams worked toward major releases every six to eight months. All told, Ms. Courtney estimates there were about 300 team members involved, out of a total of 1,200 employees. CoreLink also had a half-dozen teams on the job.

Along the way, BCBSNE and CoreLink held frequent status meetings to ensure that both parties were on the same page and on schedule. During testing phases, there were daily stand-ups to discuss any issues as they emerged, so the teams could immediately assess their severity and devise solutions.

"This project spanned so many different departments within BCBSNE and within CoreLink," says Sara Owen, enterprise portfolio manager for CoreLink. "It required extreme organization and a tremendous amount of coordination—not only between the two companies, but also within the various departments at each company."

Ms. Owen helped meld the two companies' workflow styles by incorporating some agile best

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Medical Code Upgrade

Implementing the medical-coding standard known as ICD-10 could give even data diehards a headache. Here are a few vital stats on the U.S. upgrade that has been years in the making:

The ICD-10 is the 10th revision of the International Statistical Classification of Diseases and Related Health Problems by the World Health Organization (WHO).

The WHO began work on ICD-10 in 1983 and completed the upgraded list in 1992.

18,000
140,000

The current ICD-9 includes around 18,000 codes. ICD-10 will have more than 140,000 codes.

Roughly 25 countries use ICD-10 for reimbursement and resource allocation in their health systems.

3,000+

More than 3,000 comments were made on the first U.S. proposal for ICD-10. Many healthcare providers expressed concerns about the cost and complexity of upgrading to the new codes.

10/1/14

The U.S. adoption deadline—originally announced in 2009—has been pushed from 2011 to 2013 to 1 October 2014.

practices into CoreLink's waterfall approach. "We asked BCBSNE to break down their requirements into 'must haves,' 'should haves' and 'nice to haves,'" she explains. "This allowed us to focus on the builds that were crucial to the migration." She also implemented timeboxes, creating structure for the CoreLink staff while making it easier for BCBSNE to schedule their fanned stories.

The blended approach worked. From the first migration in January 2009 to the last one in June 2012—a month ahead of schedule—the project came in under budget and without service interruption to BCBS policyholders. As Ms. Courtney puts it, "Migrations like this are done with some regularity because systems get old, but it's rare to see one this successful—and not uncommon to see them get ugly."

Falling Into Agile

The project was so successful, in fact, that CoreLink is now transitioning to agile. Using lessons gleaned from the BCBS migration, several CoreLink teams have gone through agile training and use waterfall processes that incorporate agile best practices. Ms. Owen reports that "the teams have established team norms, they hold daily stand-ups, and many of them are doing iterative development so that customers don't have to wait until the very end of the project to realize results." Though CoreLink was already thinking about a switch to agile, she says the success of BCBSNE project was a deciding factor in the decision.

For its part, BCBSNE was also fundamentally changed by the project's success. "This project and the way it was managed has transformed our internal culture, and the interaction between business and IT has improved," Mr. Kramer remarks. "The project created a community of accountability, communication, collaboration and visibility."

Adds Ms. Courtney, "From five years ago to today you wouldn't think it was the same company." But the real victory? BCBSNE's customers would never know the difference. **PM**

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