Contingency Planning:
What if things go wrong?

Joe Nichols MD (President Health Data Consulting)
Agenda

• Defining failure
• Recognizing when it occurs
• Defining options
  — Pros and cons
• Triggering action
• Assessing the impact of actions
• Returning to the desired state
• Measuring success
Defining Failure

What is it?
Failure – “A rose by any other name…”

The degree to which goals are not met and risk is not mitigated.

• Failure is the culmination of unresolved problems
• For the ICD-10 transition that might mean:
  — Claims are not paid
  — Data is unreliable
  — Operations are slowed
  — Compliance requirements are not met
  — Customers or trading partner are unhappy
  — Predicability is lost

Source: Health Data Consulting
Managing the Risk of Failure

- Risk management is all about mitigating negative impacts
  - Define risk/failure points
  - Establish likelihood of failure
  - Quantify the impact of failure
  - Establish tolerance levels
  - Prioritize, prioritize, prioritize
  - Defining the metrics that define failure
  - Establish option trigger points

“Failure is not fatal, but failure to change might be”
- John Wooden

Source: Health Data Consulting
Key Metrics
Recognizing you have a problem

- Are claims being processed?
  - Rejection rate
- Have claim denials changed?
  - Denial Rate
- Have payment amounts changed?
  - Ratio of billed amount to paid amount
- Have operations slowed?
  - Claim turn around
  - Claim backlog
- Have external party relationships been impacted?
  - Customer service metrics

Source: Health Data Consulting
Options

There are always Options ...

- Fix the problem
- Accept the problem
- Bridge the problem
- Develop a workaround
- Revert to the past
- Do nothing and see what happens
- Declare real failure and find a new business
Fix the Problem

The first place to start
Fix the Problem
Makes sense, but...

- You first have to recognize you have a problem
- Your have to localize the source of the problem
- You have to come up with a solution
- You have to execute the solution
- The fix must be timely
- The fix might create other problems
- It may be part of a different option

Source: Health Data Consulting
Fix the Problem
Advantages and Disadvantages

Advantages:
✓ Most aligned with goals
✓ Reduces post-implementation work
✓ Predictable

Disadvantages:
✓ Problem fix may require precious resources
✓ Fix may not be in time
✓ Fix may cause other problems
✓ Disrupts the project plan
Accept the Problem

The Zen Option
Accept the Problem
For Now...

• The problem may be a low probability or low impact.
• There are too many other fixes at a higher priority
• Accepting the problem may be simply delaying the fix
• This is different than ignoring the problem

Source: Health Data Consulting
## Accept the Problem
Advantages and Disadvantages

### Advantages:
- Easy
- Least disruption to the project plan

### Disadvantages:
- Compromises the overall goal
- Less predictable outcome
- Price to pay in loss of function
- Internal or external entities may not be happy
- Additional work may be required post-implementation
Bridge the Problem

Getting to the other side
Bridge the Problem
Mitigating impact and buying time ...

- Mitigating the impact
- It needs fixing, but it will take more time
- Controlling relationships
- Assuring the bridge can make it to the other side
## Bridge the Problem

### Advantages and Disadvantages

**Advantages:**
- ✓ Mitigates the impact to external entities
- ✓ Provides additional time for the fix
- ✓ Maintains alignment with goals

**Disadvantages:**
- ✓ May create a reconciliation nightmare
- ✓ Serious impact to predictability
- ✓ Assumes a fix that will come later
- ✓ Increases the resources requirements across the implementation
Develop a Workaround

Temporary course alteration
Develop a Workaround
Temporary course alteration

- Paper vs electronic
- Manual vs automated
- Turn off rules or edits
- Accept non-compliant and compliant standards

Source: Health Data Consulting
Develop a Workaround
Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Maintains alignment with goals</td>
</tr>
<tr>
<td>✓ Provide additional time for a fix</td>
</tr>
<tr>
<td>✓ Keeps external entities happy (?)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Adds additional operational resource requirements</td>
</tr>
<tr>
<td>✓ Slows operational processing</td>
</tr>
<tr>
<td>✓ Workaround may not fully address the requirements</td>
</tr>
<tr>
<td>✓ Adds additional resource requirements post implementation</td>
</tr>
<tr>
<td>✓ Risk of non-compliance</td>
</tr>
<tr>
<td>✓ Loss of predictability</td>
</tr>
<tr>
<td>✓ Increased financial risk</td>
</tr>
</tbody>
</table>
Revert to the Past

Retreat
Revert to the Past
Avoiding Change

• An attempt to avoid change
• Translating the new to the old and back again
• Systems do what they have always done
Revert to the Past
Advantages and Disadvantages

Advantages:
✓ Buys time
✓ Less initial resources (?)
✓ More predictable initially
✓ Happier external entities (?)

Disadvantages:
✓ Not aligned with goals
✓ Not sustainable
✓ Substantial risk to data integrity
✓ Risk of non-compliance
✓ Loss of predictability in the long run

Source: Health Data Consulting
Do Nothing

The Default Option

What, Me Worry?
Do Nothing

What Problem?

• An attempt to ignore change
• Vigorous activity does not equal progress
• By default this will be the option if no other option is chosen
• This is the most common option...

“Nothing Happens until something moves”
- Albert Einstein
Do Nothing
Advantages and Disadvantages

**Advantages:**
- Provides a sense of wellbeing
- Easy; low resource requirements (now)

**Disadvantages:**
- Not aligned with goals
- Loss of ability to compete in the market
- Non-compliant
- Major loss of data integrity
- Huge impact to internal and external clients
- I could go on...

Source: Health Data Consulting
Contingency (Option) Planning
Planning for the less than optimal case...

- There is no one option that will work
- Different options for different risks
- Have a “Plan C”
- Virtual challenges are better than real ones
  - Testing ... Good
  - Trying to figure out options in production ... Not so good
- Vague options don’t work
- Options require resources

Source: Health Data Consulting
Options Execution
Making it Happen

- What’s the trigger point?
- Execute...
- Early identification of option success or failure
- What’s the trigger point for “plan C”?
- Understanding the problems generated by the option and having options for those problems
- Understanding the impact of the timing and scope of option execution
- Will the right resources be available?

Source: Health Data Consulting
Sometimes the choice is clear...