New "Digital-First" Strategy Transforming Traditional Managed Care System.

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Problem to Solve

Consumer technology has transformed how we shop, dine, bank and travel, but until recently, digital services have minimally impacted how we receive health care. The issue is not technology itself, but rather its use – a process slowed by the existing organizational health care culture, according to the head of HIMSS, in a 2017 interview.

A leading managed care system sought to expedite the delivery of consumer and stakeholder value by adopting a "digital-first" approach across the entire organization. "Digital-first" would make it easier for everyone affiliated with the system to access and use digital tools. Additionally, the strategy was expected to increase operational effectiveness and efficiency in care delivery and enhance satisfaction among the system's patients, clinicians,

employees and partners.

While the system was prepared to invest significant internal resources into achieving this digital transformation, its leaders also recognized they would need external guidance to achieve their desired results. This need for outside counsel was driven in part by the significant operational and cultural changes this new effort would generate. Based on its extensive knowledge of the organization and experience in digital strategy, Freed Associates (Freed) was selected to lead the complex governance workstream to execute its digital transformation.

Strategy and Tactics

Before Freed could determine the depth and degree of the organization's desired digital transformation, it first needed to understand the scope and scale of the managed care system's "digital-first" goals and current status. According to the system, "digital-first" could be categorized in five key areas:

1. **Modernize digital platform –** Employ a modular platform providing personalized engagement across user channels
2. **Power digital care navigation –** Use AI-driven intelligent navigation to simplify and improve patient care
3. **Accelerate virtual care offerings –** Employ omnichannel care experiences and innovative health management solutions
4. **Digitally support in-person care** – Embed digital capabilities to support in-person care
5. **Enable seamless transactions –** Enable streamlined, frictionless health plan interactivity

From this information, Freed noted the need for the managed care system to adopt new approaches to its operations and governance, which in turn would significantly impact the organization's culture. Like most other health care systems, this organization's culture reflected several well-established, decades-old structures and processes guiding operations. Freed identified two principal areas for change management focus:

- **A more aligned operating model:** The organization's operating model was based on dozens of siloed teams whose multiple layers meant distributed reporting hierarchies and projects requiring several handoffs. What the system needed were empowered, multi-functional single-purpose teams, with clear accountability and roadmaps for rapid delivery. Within a digital-first structure, this would mean a set of core teams consolidated under a single, accountable digital leader overseeing project ownership from strategy to delivery.
- **An agile governance approach:** In its work to build out governance functions and facilitate organizational change, Freed saw significant opportunity for the system to adopt an agile approach to its delivery of its digital-first goals. This would require a significant operational and cultural change at higher levels in the organization, which had been wedded for years to a sequential, waterfall-based development approach. By contrast, agile emphasizes the work of individuals and their interactions over processes and tools, and the use of working prototypes and customer collaboration versus excessive documentation and rigid contracts.

Freed knew that the client could not go "fully agile" based on its reliance on historical governance and funding frameworks at an organization-wide level, which were put in place for major capital projects, not digital development. For instance, the system relied on project-based financial planning practices rather than experience-based funding which would emphasize speed-to-market and cost optimization. Thus, as Freed mapped a plan for the system's new digital operating model, talent strategy and platform and architecture, Freed's agile-based planning, coaching and training considered the organization's existing culture.

Because of the inherent challenges in getting any organization, including this system, to adopt changes for a new digital strategy and agile-based approach, Freed met initial resistance from executive-level sponsors of the initiative. For example, the system's sponsors wanted an accounting-style representation of the project's scope commitments and output. This mindset is contrary to an agile approach, which emphasizes value delivery.

To address internal resistance, Freed sought to improve the quality of conversation among the project's sponsors. Freed did this by spotlighting the impact of specific digital work while also connecting how this work would create value for customers, in alignment with the organization's mission.

The organization's prior accounting-style representation of planned digital features was de-emphasized, as the project's sponsors began to understand the importance of empowering digital teams to use value as their North Star, rather than anchoring their work to a static list of future commitments. Through Freed's efforts and encouragement, the system empowered purpose-driven teams to expedite the delivery of high-impact customer experiences and business value.

Results

Now that the managed care system's revised governance for achieving its digital-first strategy is underway, the organization is leveraging its executive sponsors as partners in realizing value. The shift in focus, from oversight to collaboration, has helped to more quickly remove obstacles for the system's digital teams and relieve administrative burdens.

The system expects to scale its digital-first strategy over the next year, as its focus expands beyond health care consumers to employees, clinicians and brokers. The organization will be able to embark on this growth strategy by benefiting from a sound digital governance strategy to guide its efforts.