

# **MANITOBA PUBLIC INSURANCE**

## **AI.12 PRELIMINARY CONSOLIDATED POST IMPLEMENTATION REVIEW**

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The Corporation recently completed three significant projects; Streamlined Renewal Process (SRP), Driver Safety Rating (DSR) and the PIPP Infrastructure Study. A Preliminary Consolidated Post Implementation Review has been conducted and a copy of the report is attached.



# **Manitoba Public Insurance**

## **Preliminary Consolidated Post Implementation Review**

**Streamlined Renewal Process (SRP)  
Driver Safety Rating (DSR)  
PIPP Infrastructure Study**

June, 2011



## **PIPP Infrastructure Study Report**

### **Project Description**

Manitoba Public Insurance (MPI) provides benefits to Manitobans injured in motor vehicle accidents through the Personal Injury Protection Plan (PIPP), which administers the provisions of Manitoba's Universal Bodily Injury Compensation legislation. In 2005, as part of its mandate to continuously improve its products, the Corporation launched the first of three phases of the PIPP Infrastructure Study to produce a comprehensive analysis and assessment of PIPP's performance to date, the state of its infrastructure and the effectiveness of its business model.

Phase 1 was a strategic initiative undertaken to understand MPI's capacity to monitor, understand and strategically plan the continuing evolution of PIPP. A key deliverable from Phase 1 was the development of a Transformation Roadmap which highlighted a series of cost-effective initiatives designed to achieve the identified refinements and improvements, as well as a business case for proceeding.

Another key deliverable from Phase 1 was the new "Vision for PIPP". The articulation of this vision served to provide a guideline for ensuing project deliverables and defined the design principles with which the end state Business Model needed to comply. The PIPP vision statement is as follows:

*"We will support Manitobans in their recovery from automobile accidents by being leaders in providing a personal injury plan:*

- *Working with Legislators to meet the evolving needs of Manitobans in support of our Founding Principles*
- *Sharing experiences and best practices with similar organizations*
- *Empowering staff with the tools and resources to provide effective case management*
- *Administering the plan consistently and equitably*
- *Agreeing on standards of care with healthcare service providers as applicable*
- *Employing staff that are knowledgeable in healthcare management and the healthcare system to maximize recovery in the shortest period of time*

In Phase 2, the objective was to lay the foundation to complete the activities identified in the Transformation Roadmap. These activities included the selection of a new Bodily Injury Claims Management software solution to support the transformation initiatives identified in the Roadmap, and developing the implementation strategy, structure and plan for Phase 3 of the project. Phase 2 was completed in the spring of 2008.

Phase 3 focused on designing, building and implementing an integrated PIPP claims management solution. This phase of the project was about more than a software implementation – it was an integrated solution designed to bring about a major business



transformation and a fundamental shift in philosophy and approach around injury claims management within the Corporation.

Known as BI<sup>3</sup>, the Business and Injury Improvement Initiative software successfully went live on Sept. 7, 2010.

This was a highly interactive and complex project involving many stakeholders. It required effective collaboration and an integrated approach that managed the necessary changes and impacts on:

- People
  - Culture, organizational structure, job descriptions and an enhanced team-based approach
- Process
  - Work flows, case management philosophy and new first notice of loss strategy
- Technology
  - FINEOS software, new case manager hardware, including portable PCs, dual monitors, remote access and wireless connectivity
- Data and Information
  - Document management, decision data, knowledge management, ICD-10 codes and disability duration guidelines

This report provides a preliminary review of how well the objectives of the PIPP Infrastructure Study project have been met to date.

### ***Business Objectives***

The overarching objective of this project was to enhance the Corporation's capabilities in the area of PIPP claims administration and to realize cost savings. Significant savings are expected to be realized through the reduction of claims leakage, defined as benefit payments that continue beyond the point where the claimant's level of recovery means the benefits are no longer required, and FTE (full time equivalent) staff reductions.

The business objectives of the PIPP Infrastructure project were:

**Enhancing the customer experience**, accomplished through:

- Allowing case managers time to focus on their core responsibilities of managing the case and focusing on the customer rather than managing paper. This allows case managers to further take care of customer needs by:
  - Increasing consistency in claims handling between case managers
  - Reducing customer hand-offs by reducing the transfer of claims through the introduction of a new team-based bodily injury organizational structure
  - Proactively managing cases and maximizing medical improvement by ensuring Rehabilitation Plans are created on all claims that require them
- A new case management philosophy that stresses the Case Manager as the quarterback of the treatment team



**Enhancing case management effectiveness**, accomplished through:

- Providing staff with tools such as disability duration guidelines and rehabilitation plans built on leading industry practices
- Incorporating tools built into the BI<sup>3</sup> application that provide case management consistency through the use of workflows, tasks and reminders
- Streamlining processes by auto-adjudication of “low” or “no-touch” claims
- Pre-authorization of health care goods and services to allow straight-through processing for 75%-80% of small value claims

**Organizational and work allocation flexibility**, accomplished through:

- Introducing a paperless workflow to move work to people versus people to work, and reducing the need to locate people with the claimant’s paper file
- An electronic file allows multiple users to complete various tasks on the same claim at the same time rather than needing to request a paper claim file to perform a task
- Allows Case Managers to access the electronic claim file with their customer, employer or health care provider outside of MPI’s offices
- Allows tasks to be electronically assigned between internal departments and resources
- Allowing more consistency for the customer through a team-based claims management approach

**Risk reduction**, accomplished through:

- Over time, reducing claims leakage, defined as benefit payments made to claimants who are no longer eligible to receive benefits
- Moving towards a paperless office to eliminate paper files that can be misplaced
- Creating a single “source of truth” for claims files by eliminating multiple copies of paper files

**Improved ability to understand the business**, accomplished through:

- An ability to eventually measure Key Performance Indicators (KPIs), create benchmarks against similar organizations and perform meaningful data analysis which will provide improved decision making capacity
- The implementation of disability duration guidelines and treatment effectiveness reports. These disability duration guidelines are used to set expectations for claimant injury recovery, reducing the possibility of providing benefits longer than necessary

**Improved ability to predict treatment outcomes**, accomplished through:

- Collecting injury, treatment and service provider data through multiple points in the claims lifecycle through the Enterprise Data Warehouse (EDW) and disability duration guidelines
- Allowing the Corporation to measure treatment effectiveness for injuries through the use of ICD-10 codes to accurately and consistently identify injuries. The ICD-10 is an international standard diagnostic classification system which assists in setting consistent treatments and expected injury recovery outcomes

**Improved interaction with stakeholders, partners and service providers**, accomplished through:

- Tracking of communication, key decisions, events and services across the program



**Increased employee satisfaction, accomplished through:**

- Enhancing jobs, by allowing staff to perform more as knowledge workers and within a leading claims administration organization
- Work processes developed on leading practices
- Improved training opportunities
- A new team-based organizational structure

**Enhanced corporate memory, accomplished through:**

- The creation of a number of document repositories, using collaborative tools and processes such as the Electronic Document Management System (EDMS) and the aforementioned new Enterprise Data Warehouse
- Rehabilitation plans created in the BI<sup>3</sup> software

### ***Realization of Benefits***

The expected financial savings associated with reduced claims leakage and FTE reductions made possible by the PIPP Infrastructure project are scheduled to be fully realized within seven years after implementation. While there is already evidence to suggest that the FTE reduction targets for the Injury Claims Management (ICM) will be successfully achieved, the Corporation is in the early stages of the implementation (not yet one year) and consequently, additional time will be required to collect data and evaluate project performance against every one of the stated business objectives. The Corporation is actively working on plans to measure the savings achieved through containing claims leakage, to measure customer/employee/partner satisfaction and to collect data required for future benchmarking.

However, the Corporation has already begun to realize and quantify some of the PIPP Infrastructure Study's other, anticipated benefits. These fall under the work that is represented by the completion of the following key project deliverables and objectives.

#### ***PIPP Vision***

The Corporation has made progress on realizing the PIPP Vision set out early in the project in Phase 1 and has consistently applied its principles to subsequent planned project deliverables. Furthermore, as planned, Phase 1 of the PIPP Infrastructure project also delivered a comprehensive road map, business architecture plan, and business case for the further evolution of PIPP claims management tools and processes well into the future.

The implementation of the PIPP Vision positions the Corporation to meet the stated business objectives of “enhancing the customer experience”, providing “improved interaction with stakeholders, partners and service providers”, providing “improved ability to understand the business”, “increasing employee satisfaction” and “enhancing corporate memory”.

#### ***BI<sup>3</sup> Software Implementation***

MPI has implemented a new bodily injury claims management software solution using FINEOS Claims software. Together with the simultaneous department and workflow re-organization, Case Managers will be greatly assisted in administering PIPP consistently, equitably and efficiently. When fully mature, the BI<sup>3</sup> implementation will help the Corporation meet all of the stated business objectives. In some areas, such as “increased employee satisfaction”, and



“improved ability to understand the business” time is still required before benefits are evident. Employees still need additional time to feel at ease in the new work environment, and benchmark data and Key Performance Indicators need to be assembled and formalized to allow for better understanding of the personal injury claims business.

As progress is made in these areas, the Corporation’s success in the following areas will continue to grow:

- Enhancing case management effectiveness
- Risk reduction
- Improved ability to predict treatment outcomes
- Enhancing corporate memory

*Financial Benefits and Productivity Improvements*

Overall, the business case projected that the Corporation will achieve financial benefits of \$41.9 million. Of this, \$8.56 million will be realized from productivity improvements and \$33.36 million will be realized from reduction in claims leakage. As indicated, the benefits in both of these areas from this initiative are projected to be realized over a multiyear period; the full benefits are anticipated to be achieved within five to seven years of implementation.

Productivity improvements will primarily be achieved through operational efficiencies realized with the help of the following:

**Electronic Claims Files** - The use of electronic claims files will allow all team members to access files from any location. The shift to a paperless environment has already begun to deliver reduction in staff numbers in line with expectations.

**Auto Adjudication** - The business case was built on the expectation that MPI will experience a reduction in the amount of effort required to process paper invoices, and that as much as 20% of the invoices delivered by the Corporation would be auto-adjudicated.

**Organizational Restructuring** – To complement the new workflow processes brought about by the BI<sup>3</sup> software, an organizational restructuring occurred. This has also led to some productivity improvements.

With the implementation of these, the project’s business objectives of “enhancing case management effectiveness”, “organizational and work allocation flexibility” and “increased employee satisfaction” are beginning to be realized.

As a result of these productivity improvements, the Corporation is well positioned to realize reductions in FTE positions over the next five years.





<b>PIPP FTE Reduction Summary</b>	
<b>Current Staffing Injury Claims Management Dept (May 2011)</b>	<b>211</b>
<b>Plus: System Support Staff</b>	<b>8</b>
<b>Plus: Call Centre Staff</b>	<b>8</b>
<b>Total PIPP Staffing (May 2011)</b>	<b>227</b>
<b>Targeted Reductions in Future (Next 1-5 years)</b>	
<b>Minus: Interim additional staff to be reduced</b>	<b>30</b>
<b>Minus: Succession planning strategy staffing</b>	<b>8</b>
<b>Minus: Remaining FTE reductions from ICM department</b>	<b>14</b>
<b>FTE Target (by 2015)</b>	<b>175</b>

The benchmark year against which savings are measured is 2006, when the Injury Claims Management (ICM) department had 221 budgeted FTEs. In March of 2011, an operational budget of 175 FTE's was approved.

As at May, 2011, the ICM department consisted of 211 FTE's.

The implementation of BI<sup>3</sup> required additional FTE's for ongoing software and systems support (8) and in the Call Centre (8) which is now designed to handle calls related to personal injury, which brings the current staffing to 227.

In order to facilitate the transition to BI<sup>3</sup> and to clear an accumulated payment backlog, an additional 30 interim FTE positions were required in the ICM department. These interim positions will be phased out over five years with most by the end of the current fiscal year.

In addition, for operational requirements another eight FTE's have been placed into permanent positions to aid in succession planning for the ICM department. These positions will be reduced over the next five years through attrition as retirements occur.

In order to achieve the 2015 FTE target of 175, a further reduction of only 14 FTE's in the ICM department is required.

**Claims Leakage**

The primary source of future cost savings, however, will be achieved through the avoidance of claims leakage. It is projected that the Corporation will realize savings of \$33.36 million, within approximately seven years. These savings are expected to be achieved through improvements to decision and rehabilitation duration management realized through new processes and technology. Key changes in case management will include:

- Applying Early Claim Intervention strategies at the onset of a claim
- Accurately assessing and coding injuries using the ICD-10 coding





- Managing a claim according to best practices
- Applying disability duration guidelines to cases to establish expectations for claimants and health care providers
- Application of occupational rehabilitation guidelines (NOC codes) to enable workers to return to work sooner
- Having access to resource material in order to make better decisions
- Having ability to measure case management performance against duration guidelines

Industry benchmarks were cited to suggest that these improvements to workflow and document management could reduce the amount of ineligible claims paid out over time by about 22%.

With the implementation of BI<sup>3</sup>, the Corporation is now in the position to begin to reduce claims leakage through the benefits of enhancing case management effectiveness, organizational and work allocation flexibility, risk reduction and improved ability to predict treatment outcomes.

### **Financials**

Approved project funds were \$27.1 million. The project was delivered at a cost of \$25.6 million, resulting in a positive variance of \$1.5 million. The following is a high level summary of the project financials.

<b>PIPP Infrastructure Study (as of February 28, 2011)</b>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Development Costs	\$ 8,500,000	\$ 18,841,038	\$ (10,341,038)
Data Processing Equipment	\$ 1,775,000	\$ 788,002	\$ 986,998
Systems Furniture	\$ 150,000	\$ 122,475	\$ 27,525
Project Expenses	\$ 7,747,008	\$ 5,800,175	\$ 1,946,833
Contingency	\$ 2,550,000	\$ -	\$ 2,550,000
<b>Total Direct Project Costs</b>	<b>\$ 20,722,008</b>	<b>\$ 25,551,691</b>	<b>\$ (4,829,683)</b>
Contingency for Waterfall Method	\$ 6,377,992	\$ -	\$ 6,377,992
<b>Total Project Costs</b>	<b>\$ 27,100,000</b>	<b>\$ 25,551,691</b>	<b>\$ 1,548,309</b>



With respect to the PIPP project budget, when the project was in its early stages, the Corporation was prepared to spend \$27.1 million based on information provided to management in the consolidated PIPP Business Case. This estimate was based on using the traditional “waterfall” development methodology that had been in place historically at MPI to develop and customize MPI in-house applications. In parallel to the approved funds, however, a project budget was developed based on a “stretch number” which was estimated to meet the same business objectives, but using an iterative approach instead. This stretch number was reflected in budget documents as \$20.7 million.

MPI’s use of the iterative approach was new and untested at this point, which required the establishment of additional contingency dollars to mitigate potential shortcomings if the iterative approach was not successful. Upon analysis, certain aspects of the project e.g. the Component Business Model seemed to lend themselves well to this methodology. This, in conjunction with using Commercial off the Shelf (COTS) applications, suggested that the stretch number could be met, instead of the previously approved project funds.

Consequently, the project, after the selection of the FINEOS Claims software and using an iterative development methodology, tracked against the budget’s “stretch number”. Even though the PIPP project was delayed to accommodate other initiatives and some additional scope was added through the formal Change Request process, the Corporation was able to deliver the project for less than the approved funds of \$27.1 million. Moreover, lessons learned from the project approach are being applied with success to other current projects at MPI such as the replacement of the Human Resources Management System and the DVL mainframe computer. The Corporation will continue to refine its estimating capabilities, especially using COTS, and force itself to continue to increase its accuracy and efficiency in this project area.

#### *Post-Implementation Challenges*

It was anticipated that time would be required after the implementation to achieve the full benefits of the project. As the Corporation transitions to its steady operational state, it has encountered a few ongoing areas requiring investments of additional time and resources. Internal and academic knowledge of change management led MPI to prepare for an extended period during which the acceptance of cultural change and the new injury claims management philosophy would be tested. The adoption of the new case management philosophy at MPI is a cornerstone of the PIPP Infrastructure study and is now linked to the organization’s core competency model. It stands in contrast to the previously existing approach at MPI where departments tended to work in silos with limited collaboration. It could have been characterized as a task-oriented environment; many Case Managers waited to be promoted into action, instead of being proactive – which is linked to the key financial benefit represented by reduced disability durations.

Work on the cultural change is not yet complete and a plan is in place with identified deliverables that will contribute to completing the cultural shift needed to bring about full staff comfort and confidence with the new philosophy. Similar to the financial benefits, it is anticipated MPI will require a number of years to fully realize the benefits of its cultural transformation. As indicated, other organizations implementing similar platform and cultural changes experienced a learning curve at implementation, so this experience was not unexpected.



While the project team numbers fluctuated significantly over the lifespan of the project, it is worth noting that during the implementation phase, up to 100 highly-skilled resources were active on the project. The core team comprised of about 40 members.

### **Summary**

MPI implemented its BI<sup>3</sup> software in September 2010. The software was immediately operational upon implementation; the software was stable and there were no major effects on other systems and there was no system downtime of any kind.

The project duration was significant (almost five years) and involved a number of resources from many different areas within the Corporation, as well as from outside the organization. There was a high degree of collaboration required with stakeholders, partners and vendors.

Much work has already been completed towards addressing the post implementation challenges outlined above. Project plans have been developed and are well underway to address these issues.

As indicated earlier, the full benefits of the PIPP project are not designed to be realized until approximately seven years after implementation. And while it is evident through analysis that most FTE reductions will be achieved in the near future, plans will be developed to evaluate additional opportunities in this area.

Similarly, plans are being developed to track successes related to realizing and tracking claims leakage. To this end, increased and ongoing training, as well as the creation of Key Performance Indicators and the accumulation of historical data will serve to maximize and monitor the anticipated benefits offered by the PIPP project.

