



Case Study

Independent Care Health Plan (iCare) Care Management Product Selection

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Industry	Healthcare / HMO Payer
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Customer



Company profile

Independent Care Health Plan (iCare) is a managed care organization that provides insurance benefits for Wisconsin residents with disabilities or chronic health issues, many of whom are also low-income. iCare was established in 1994 as a joint venture between Humana Wisconsin Health Organization Insurance Corporation and the Milwaukee Center for Independence (MCFI).

In the managed care model, the insurance provider achieves cost savings by managing the types of care that patients receive and encouraging planned levels of care rather than random. iCare is unique within this space because of the special needs of its population and because case managers have a close and ongoing relationship with their patients, interacting with them on a frequent—sometimes daily—basis.

Company background and highlights:

- Headquartered in Milwaukee WI
- Offerings Include: Medicaid SSI, Medicare SNP, BadgerCare and FamilyCare Partnership
- Named to Inc. Magazine's 5,000 fastest-growing companies in America (2007)
- Special Honoree Award in the 1996 U.S. Department of Health and Human Services' "Models that Work" competition

Marketplace Challenges

Since its launch nearly 20 years ago, iCare has experienced rapid growth and gained a reputation for excellent patient care and effective cost management. But a number of factors had the potential to derail their successful track record:

- Increasingly competitive marketplace
- Environment of change and uncertainty driven by healthcare reform
- Margins under pressure due to increased costs and reduced re-imbursements

- Escalating number and complexity of regulatory requirements
- Constituents' expectation of a full-featured and reliable technology infrastructure

Technical Challenges

These marketplace challenges were magnified and compounded by a critical internal one: iCare's outdated IT system.

The existing system used a combination of internally developed Microsoft Access applications and manual data integration processes to handle iCare's care management and claims processing services (which were performed on a business process outsource basis), as well as deliver business intelligence data. But the system could barely meet existing needs and couldn't be scaled to accommodate future growth—or regulatory scrutiny.

"Our system had been developed to meet vastly different needs and it was extremely inflexible," said Terry Anderson, vice president and chief operating officer at iCare. "We had to muscle it into accommodating our requirements—and not very successfully at that. If we needed something as simple as a patient report we had to manually pull up and compile the data from multiple sources."

iCare knew that a new IT system was critical to its future success and turned to Valor Development to coordinate the selection process.

"We'd worked with Valor in the past and had a great deal of confidence in them," said Tom Lutzow, iCare's president and chief executive officer. "They brought an insider's understanding of our business model and an excellent track record of putting IT systems back on track."

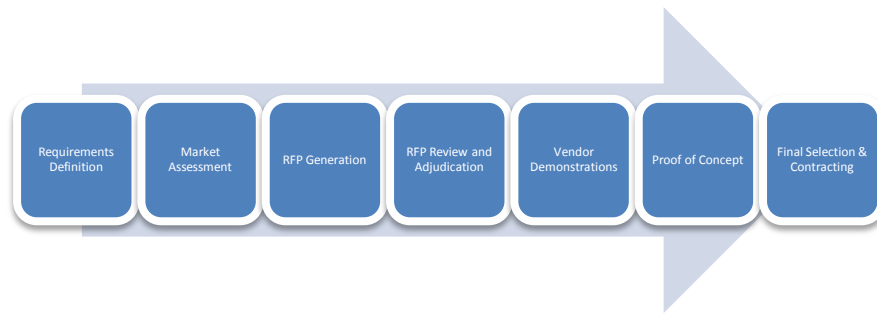
The Process

"One of the most important things Valor brought to this situation was the 'how to'," said Anderson. "On a project this large and complicated it was enormously helpful to work with someone who knew where to begin and what steps to take."

Craig Steffes, iCare vice president and chief financial officer agreed. "Our partner company, Humana, had expectations that a project of this size and budget demanded a defined and rigorous process but we had never dealt with a situation like this before. Valor had."

Given the strategic importance of this endeavor, iCare created an internal senior management team to work with Valor throughout the re-engineering process. A special sub-committee of the board of directors was also formed to follow and advise the internal program team, which included Valor representatives, meeting on a bi-monthly basis.

The Valor partner selection process included seven integrated steps:



Requirements definition

The changing healthcare environment made this step critical. In addition to working with Valor, iCare also engaged Gartner Insurance Industry Advisory Services to help validate system requirements.

A crucial element of this stage: multi-level analysis of iCare's needs.

"Valor had people from its company interviewing and working with our staff at three levels: senior level managers and directors and the front-line staff who work directly with patients," said Anderson. "This allowed them to understand and address all the layers that make up our company and understand the needs our new system had to meet."

Given that effective case management is one of iCare's key points of difference, Valor had several members of its staff certified through the American Health Insurance Plan. This program instructs case managers in the day-to-day process of patient enrollment and care management.

System needs pinpointed at this stage (claims processing will be covered in a separate case study):

Care Management needs:

- Integrate case management and utilization management
- Combine/compare care plans and clinical pathways data
- Connect member records and claims to determine if care needs met

Business Intelligence (BI) needs:

- Establish BI Governance process
- Create operational data store to serve as the 'hub' for all transactional data moving between the major iCare systems
- Develop enterprise data warehouse to provide integrated home for all data analysis activities

Market assessment

iCare worked collaboratively with Valor to assess the market, while concurrently enlisting Gartner to do the same. "Both parties' results were consistent and confirmed we were heading in the right direction," said Anderson.

RFP Generation, RFP Review, Application and Vendor Demonstrations

"Valor has extensive experience creating requests for proposal (RFPs) and did an excellent job winnowing down the potential vendors to a group that made sense given our system needs," said Anderson.

“They made this happen in a very timely fashion,” said Steffes. “There was continuity to the process which made it easy to compare vendors, and Valor’s experience meant that the right questions were being asked and the right issues evaluated.”

Proof of Concept

Vendors who were still in the running for the project were asked to show how their systems would handle specific iCare challenges. While many other consultant firms would only require this step of the final prospect, Valor put three companies to the test to ensure the best match for iCare.

“This was the most rigorous proof of concept that I have ever seen,” said Lutzow. “We came away from this step with complete assurance that we understood what each vendor had to offer.”

Final Selection & Contracting

Multiple vendors were considered during this stage to ensure that iCare received both the right system and the right price point.

“Valor acted as our agent in dealing with the vendors and was an excellent mediator throughout the process,” said Steffes. “They allowed us to get the system we needed at a highly competitive price.”

Results

Upon completion of the Valor process, iCare selected and successfully contracted with Casenet Inc. to license the TruCare 4.0 solution, which will be implemented in 2010/2011.

“Valor delivered exceptional strategic vision for our IT system,” said Steffes. “Because of their experience and their rigorous process, we had a highly credible proposal to bring to our board. And, because the board had ongoing contact with Valor throughout the process, they had an excellent understanding of what had gone into that recommendation.”

“When you work with a consultant, there’s often the feeling that you just want them to wrap up their business so you can get on with yours, but that’s not the case with Valor,” said Lutzow. “We haven’t wanted them to disengage. They continue to bring such a wealth of IT knowledge and experience to the table, and are so involved with the process improvement aspects of the conversion, introducing new opportunities for performance and efficiency at key points ... that we find ourselves wanting them to stay involved along the way.”