Risk Management Department:

AN OPERATIONS DEFINITION FOR MANAGEMENT

(Project No. 2006-M-04)

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Risk Management Department: Operations Definition for Management

A study of selected internal operations and processes of the Palm Beach County Risk Management Department to give a detailed activity-level depiction of those functions

The purpose of this report is to provide department management with an operational overview of the Group Insurance Program of the Risk Management Department (department), annotated for staff involvement, major decision points, points of contact with internal and external customers, and operational performance characteristics of the selected functions.

The study focused on four distinct areas of activities that occur in the Group Insurance program. The areas under study were 1) initial enrollment, 2) active personnel, 3) open enrollment, and 4) termination/retirement. The study participants reported that they spend different amounts of time working in the defined study areas. The open enrollment period takes place at roughly the same time every year. Activities in all other study areas can take place at any time throughout the year.

The department director invited the Management and Program Analysis (MPA) Section of OFMB to develop a project that would promote an activity-level awareness of these operations, defined to a clear and concise level of detail. The Operations Definition for Management (ODM) is designed for the director facing new challenges. New challenges come from such sources as receiving a promotion, implementing a new technology, providing a new service or instituting a strategic initiative, or even leading an organization through transition. During times of challenge or change, it is often beneficial for a director to have an accurate depiction of activity-level detail in the organization.

Through the Operations Definition for Management, MPA offers an unbiased and information-rich depiction of the detailed, activity-level operations of an organization. The ODM project defines the "current state" of the Risk Management department's Group Insurance program. The project satisfied four aspects that the department director stressed as important: 1) that staff involvement would be widespread; 2) that staff would be free and unimpeded to provide input into the assignment; 3) that the project would be informational in nature; and 4) that project outputs be concise and easily understood, providing accurate activity-level detail of the selected operation.

A project scope of services was agreed upon to address each of those points. MPA would conduct an Operations Definition for Management project covering the departmental

functions of the study area. In practical terms, the ODM project was designed to give department management operational visibility into the Risk Management Department's current state, as well as to assess the requirements of future improvement efforts. In particular, we were asked to do the following:

- Document major activities performed by staff of the study area, by type of occupational position, in terms of percent of time involved in each activity, output of the activity, and customers of the activity output;
- Depict the major activities of the study area in activity flow chart form, showing important decision points, areas where inter-departmental communication occurs, and other relevant process characteristics;
- Identify opportunities for follow-up in the study area.

The methodology employed in an ODM project is designed to make it a team-building experience and to produce internal staff benefits, in addition to providing department management with useful operational insights. Department staff was taken through a series of facilitated exercises intended to promote group consensus in defining the current state of the three selected departmental operations selected for evaluation.

The MPA consultant led the staff of the Risk Management Department (project team) through two workshops: an Activities Summary Workshop and an Operations Definition Workshop. Drawing on the collective subject-matter understanding and experiences of the project team, the consultant and the project team together defined the current state of Risk Management operations, including:

- Documenting the activities performed by staff by type of occupational position. Staff activities were defined in terms of percent of staff time involved, percent of re-work performed at the activity, the output of the activity and the customer(s) of the activity output.
- Creating an activities flow chart for the study area. Activity Flow Charts were created for each of the four study areas, 1) initial enrollment, 2) active personnel, 3) open enrollment, and 4) termination/retirement.
- Identifying areas for improving operations from the four unique perspectives of 1) activities that cause staff frustration; 2) activities where improvement would greatly benefit the process as a whole; 3) activities where additional staff could enhance quality or timeliness of deliverables; and 4) activities where the readability of information submitted to Group Insurance is of consistently poor quality.

The ODM project was divided into two parts, corresponding to the two on-site workshops described above. In part 1, the Activities Summary Workshop, the project consultant worked with all assigned staff in the selected study functions to define activity-level details for each staff member. In Part 2, the Operations Definition Workshop, the project consultant led a workshop where the project team produced a detailed, start-to-finish activities flow chart. The activities flow chart contains the project team's designation of potential areas for operational improvement, selected by vote of the project team.

Part 1: Activity Summary Workshop

The objectives of the Activity Summary Workshop were three-fold: 1) to acquaint the staff of the project area with the project scope; 2) to present the ODM methodology to the project participants; and 3) to obtain the necessary activity-level details to proceed to part 2. The Activity Summary Workshop involved 3 employees of the department, representing occupational classifications of Group Insurance Coordinator, and two Group Insurance Specialists.

The Activity Summary Workshop participants completed an Activity Summary Worksheet. The worksheet details the major activities each position performs in the course of the year. In addition to this activity listing, information such as the estimated percentage of time spent on each activity, the estimated amounts of re-work performed in each activity, and the like, were documented by the participants. Following this workshop, the project consultant created an Activity Data Table (reference Appendix 1), the data were analyzed and pertinent observations from the analysis have been included in the "Observations and Comments" sections appearing throughout this report. In addition, the project consultant utilized the activity data generated in the Activity Summary Workshop to create the activities flow chart described later in part 2 of the report.

The Activity Summary Workshop produced Activity Summary worksheets for each of the three participants. These worksheets were then entered into an electronic spreadsheet to create the Risk Management Activities Summary table, a portion of which is depicted below. The full table comprises 74 activity entries.[1] The entire table is included as Appendix 1 to this report, along with an electronic copy of the spreadsheet file to permit management to perform additional data sorts as desired.

TABLE 1

Every Major Activity of Every Occupational Classification in the Selected Study Functions was Tabulated

#	Staff Name	Area code	Activity Description	Activity %	Primary Output	Principle Customer	Database or File System
12	Chuck Maloney	AP	Change/update the HRMS and OES with any changes initiated by the employee	20%	Electronic database is updated; paper work goes to payroll	Group insurance companies; Payroll Dept.	HRMS, OES
13	Chuck Maloney	AP	File Long Term Disability (LTD) with insurance companies,	10%	Paper file	Insurance vendor	Paper files
14	Chuck Maloney	AP	Supply LTD data to LTD insurance company (Standard ins. Co.)	5%	Paper file	Insurance vendor	Paper files
15	Chuck Maloney	AP	Mail out payroll materials to employees and Payroll Dept;	10%	Paper file	Employee; Payroll Dept.	Paper files

[1] Staff participants with like positions perform some of the same activities, so 74 activity entries does not equal 74 separate and discrete activities.

The tables and graphs illustrate observations of selected data that defines the current Risk Management operation. There is an Observations and Comments section following each display. The intent of this commentary is to provide possible uses and/or insights into the information presented, and to provoke thought about the many ways to use the data that define each operation. For example, in observing the activities that consume the most staff time, a detailed look at those activities position-by-position may yield answers to the following questions:

- Does senior staff, those with a great deal of expertise, routinely perform activities that should be performed in other places or by less senior staff? If so, does this make sense in relation to the time constraints of various activities and utilization of expertise?
- Is staff performing the tasks one would expect them to be performing, both from a job description/expertise standpoint and from a work flow/work balancing perspective?
- Are all incumbents in the same job classifications performing approximately the same amount of work in the same amount of time? Are they performing roughly the same activities? Are work methods and work assignments generally uniform? If not, how are the differences explained?
- What activities—either internal or external—are most critical to meeting time constraints, or providing and receiving accurate information to/from customers? Identify activities based on agreed upon criteria, and then optimize them via procedural changes, use of efficiency tools and work reassignments.

The activity percentages found in the report tables and referenced in examples throughout the report reflect consensus staff estimates for the activities cited, and are “accurate” to that degree. The ODM methodology does not involve independent tests to confirm accuracy, but assumes that estimates made by the staff represent their perceptions of work distribution and time commitments. Discussions with the project team participants in those areas and further observations would be required to lend greater confidence to the data. The commentary and examples are presented as a means of illustrating ways to look at the data.

TIME CONSUMING ACTIVITIES

The Group Insurance Program performs activities in four distinct areas (activities in active personnel insurance, initial employment insurance, open enrollment insurance, and termination and retirement insurance). Over these four program areas, the three Group Insurance staff identified 74 discrete activities. The following table identifies the largest single most time consuming activities identified by the project team. The activities listed may not be, in and of themselves, large blocks of time when looked at in terms of total staff hours per year; they should be viewed as lead activities that have many associated smaller activities that in total could constitute large blocks of time. Cross referencing the activities found in Table 2 to the Activities Flow Chart will readily identify the activities and areas that require the largest amounts of time and therefore could be starting places for high impact improvements to take place.

TABLE 2

Time Consuming Activities by Program & Staff

Program & Staff Name	Activity Description	Hrs per Year Spent on the Activity	Activity No. Reference
Activities for the Active Personnel Insurance Area			
Group Insurance Coordinator, Chuck Maloney	Change/update the HRMS and OES with any changes initiated by the employee	208	#12
Group Insurance Specialist, Susie Barnett	Assist employees in completing the paperwork required for insurance changes such as divorce, baby, and marriage	520	#58
	Investigate to determine if insurance change requirements have been met, so that the employees insurance status can be updated	208	#59
Activities for the Initial Employment Insurance Area			
Group Insurance Specialist, Susie Barnett	Type up all insurance forms	234	#54
Group Insurance Specialist, Maribel Bacallao	Process New Employee Health Insurance forms	234	#31
Activities for the Termination / Retirement Insurance Area			
Group Insurance Specialist, Maribel Bacallao	Process the retiree insurance applications	187	#47
	Cancel retiree insurance coverage if requested by retiree or required due to lack of premium payments	187	#51
Activities for the Open Enrollment Insurance Area			
none	Note: no single activity accounted for more than 104 hours per year; however there were five open enrollment activities that consume 104 hours each.		

Time Consuming Activities Observations and Comments

The purpose for the discussion and examples below is to indicate the possible ways that data from Table 2 can be used in the management of program activities. Specifically, the data draw attention to the seven activities (out of a total of 74 activities) that are the most time consuming single activities. Note that there are no time consuming activities, per se, associated with the Open Enrollment program area. This may be explained due to the limited time period (for three or four months at the end of the year) in which open enrollment activities take place. Whereas, activities in the other three program areas occur throughout the entire year. Specific uses of Table 2 data are as follows:

- Check the listings in Table 2 against management's perception of what the most time-consuming single activities are;
- Cross reference the time consuming activities in Table 2 with other areas of the report (such as areas identified by staff in Table 6 as needing improvement from a staff frustration point of view; or from the perspective of where improvement would greatly benefit the process as a whole; or by virtue that improvement of activities could enhance the quality or timeliness of deliverables; or finally, because the readability of information submitted to Group Insurance is consistently problematic.

Time consuming activities that are being performed manually, or large percentage activities that involve dual-system data input (redundant data input), are good starting places to evaluate needs for improvement. The sections of this report entitled, Employee Question and Answer Activities (page 9) and Database and Filing Activities (page 11) can be used to target and prioritize time consuming activities. In some instances there may be time consuming activities or parts of activities that are performed manually, which could be automated or performed through an on-line application. Other sections of the report can be used to prioritize these time consuming areas to improve. Improving time consuming activities and associated activities has the potential to yield the biggest improvement benefits. Every increment of time eliminated from these time consuming activities can be used to decrease the timeline to perform a series of activities thereby 1) increasing operational efficiency (increasing the capacity of the organization's existing staff); and very likely, 2) increasing customer satisfaction. The next section of the report looks at a how the Group Insurance staff hours and cost are allotted among the four program areas of the study.

BEGINNING–MIDDLE–END ACTIVITIES DATA

The project team coded each activity to indicate if it occurred at the beginning, middle, or end of the activity flow of each study area. Table 3 lists the cumulative staff hours per study area (active personnel, initial employment, open enrollment, and termination / retiree). Table 4 lists the corresponding staff cost of activities in each of the four study areas. Charts are provided in Figures 1 and 2 respectively, to further define the data. Notice the phase of the process that is most time consuming. Observe the ratios of time occurring from the beginning to middle to end phases. Compare and contrast the averages of Figure 2 with the hours expended per phase in each of the study areas. The tables and figures are generated by sorting the data found in the Activity Data Table of Appendix 1.

TABLE 3

Hours by Beginning–Middle–End Activities

	Estimated Hours in Each Phase of the Process			
Area of Activity	**Beg.**	**Mid**	**End**	**Totals**
Active Personnel	1013	877	607	2497
Initial Enrollment	390	806	364	1560
Open Enrollment	567	203	270	1040
Termination / Retiree	409	336	398	1143
Totals	2379	2222	1639	6240

TABLE 4

Staff Cost by Beginning–Middle–End Activities

	Estimated Hours in Each Phase of the Process			
Area of Activity	**Beg.**	**Mid**	**End**	**Totals**
Active Personnel	$25,181	$21,454	$15,923	$$62,558
Initial Enrollment	$9,784	$18,917	$9,350	$38,051
Open Enrollment	$13,372	$4,893	$6,574	$24,839
Termination / Retiree	$9,728	$7,838	$9,192	$26,006
Totals	$58,065	$53,102	$41,039	$152,206

FIGURE 1

Percentage of Staff Hours per Group Insurance Area

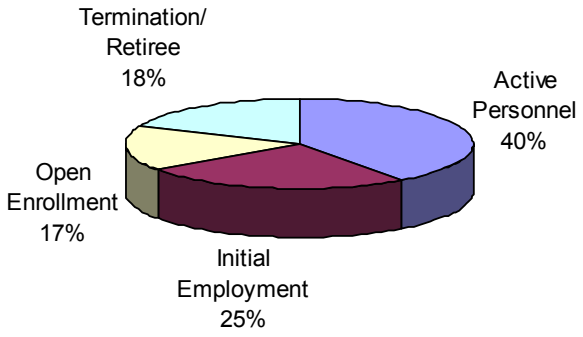
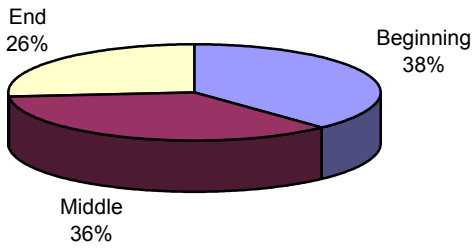


FIGURE 2

Percentage of Staff Hours per Process Phase



Beginning–Middle–End Activities Observations and Comments

The purpose for the discussion and examples below is to indicate the possible ways that data from Table 3 and Table 4 can be used in the management of program activities. Specifically, the data draw attention to how resources are expended in each of the four areas of the Group Insurance Program. If there are data observations are outside of the expectations of management, then the activities of that particular area could be targeted for improvement or further analysis.

For example, from Table 3 and Figure 1, notice that the study area of active personnel consumes a disproportionate amount of hours compared to the three other study areas. Is this to be expected? In Figure 2, a cumulative look at staff hours expended per phase indicates that roughly the same number of hours is required to perform the beginning and middle activities, and fewer staff hours are required to perform the ending activities. One could assume that this might be logical, in that if staff takes time in the beginning and is effective, then the activities on the end of the process should not take as long, versus a reverse scenario. Now notice in Table 4 that for the study area termination / retirees, there is required roughly the same amount of hours in ending activities as in beginning or middle activities. Check this result with the logical expectations of this service area. Specific uses of Table 3 and Table 4 data are as follows:

- Check the listings in Table 3 and Table 4 against management's perception of where the most time-consuming single activities occur;
- Refer to the Time Consuming Activities section of this report (page 4) and identify time consuming activities that have high percentages of manual work. Using the Activities Data Table in Appendix 1, use the column that identifies the work products of manual work, such as the information transfer between staff and employees; between staff and insurance carriers; and between staff and the state of Florida, to see if there are ways to automate the flow of information and work performed.

For example, in Table 3, Table 4 and also in Figure 1, first notice, that the active personnel area consumes 15-23% more resources than the other three areas. Then using Table 2, locate the three time-consuming active personnel activities. If improvement can be made in these three activities, it potentially could have a dramatic impact on the area that currently consumes the most staff resources. Every increment of time eliminated from time consuming activities can be used to process the work through that study area more quickly, thereby 1) decreasing cycle time (items move from point A to point B quicker with shorter activity times or fewer steps); 2) increasing customer satisfaction (the internal customers or the claimant gets what is asked for more quickly); and 3) increasing operational efficiency, thereby increasing the capacity of the organization's existing staff. The data supplied by the project team and summarized in this report; along with the resulting tables and charts can be used in this manner to direct the focus of improvement areas.

EMPLOYEE QUESTION & ANSWER ACTIVITIES

This section of the report addresses the communication that happens outside of the Risk Management Department, namely with County employees seeking answers to insurance questions. The project team defined activities where they are actively answering insurance questions from County employees (or related to County employee's insurance). Employee questions cover a myriad of topics including, insurance changes for the current year,

changing insurance selections, insurance implications pending lifestyle changes such as marriage or divorce or adding children, COBRA, and retirement insurance questions, among others. The Group Insurance staff receives employee questions through a variety of means, by telephone, email, and walk-in traffic.

The MPA consultant has attempted to isolate the activities related to "answering employee insurance questions" based on the descriptive narrative supplied by the project team. Table 4 lists staff's hours (based on staff estimates of the percentages of time spent associated with answering employee questions) in each of the study areas.

TABLE 4

Employee Question and Answer Activities

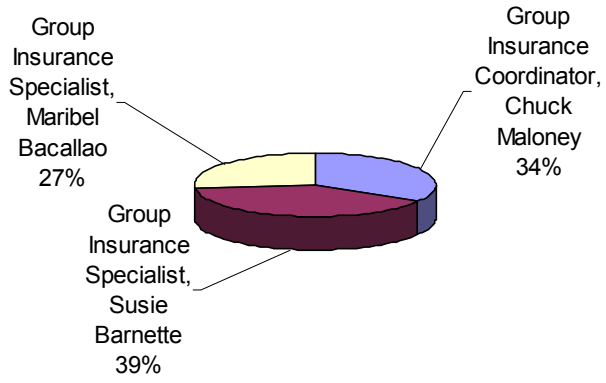
Activity No.	Name	Activity Description	Phase	Hours per Year
Active Personnel				
8	Group Insurance Coordinator, Chuck Maloney	Receive employee questions concerning changes in insurance, changing insurance, insurance decision timing, etc. (via email, telephone, in person)	All	104
10	Group Insurance Coordinator, Chuck Maloney	Answer employee questions concerning changes in insurance, changing insurance, insurance decision timing, etc. (via email, telephone, in person)	All	104
36	Group Insurance Specialist, Maribel Bacallao	Assist employees/retires/COBRA by answering questions (walk-in and telephone)	Beg.	125
58	Group Insurance Specialist, Susie Barnette	Assist employees in completing the paperwork required for insurance changes such as divorce, baby, and marriage (Note: of the 520 hours listed for activity #58, staff estimates that 190 hours are consumed "answering questions")	Beg.	190
Initial Employment				
52	Group Insurance Specialist, Susie Barnette	Explain new hire benefits to new employees (via the phone, email, or in person) – Initial Employment/New Hire meeting is held every third week	Beg.	156
Open Enrollment				
44	Group Insurance Specialist, Maribel Bacallao	Assist employees/retirees/COBRA after the OE meeting with walk-in and telephone questions	Beg.	104
Termination / Retirement				
28	Group Insurance Coordinator, Chuck Maloney	Answer COBRA questions (via telephone, email)	All	104
Total				887 hrs

Percent of time spent answering questions from employees = 887 hrs / 6240 hrs (for three staff) = 14% per year

Utilizing data from Table 4, Figure 2 depicts out of the total of 887 hours spent answering employee insurance questions, the percent of time each of the three Group Insurance staff members spend answering employee questions.

FIGURE 2

Employee Question and Answer Activities
(Percentage of Hours Spent Answering Questions per Group Insurance Staff)



Employee Question and Answer Activities Observations and Comments

The purpose for the discussion and examples below is to indicate the possible ways that data from Table 4 and Figure 2 can be used in the management of program activities. The first observation from Table 4 is that the study area, active personnel, appears to require the most questions to be answered. This appears logical based on the numbers of active personnel versus the numbers of employees in the remaining three study areas.

From Table 4, it appears that all three Group Insurance staff answers questions in the study area of active personnel insurance; however Insurance Specialist Susie Barnett works marginally more with employees in this area than either of her colleagues. Likewise, it appears that Susie Barnett is the point person in answering questions related to active personnel, and initial enrollment insurance questions. Then, as Table 4 indicates, Insurance Specialist Maribel Bacalleo appears to assist employees with active personnel, and open enrollment questions, and Group Insurance Coordinator Chuck Maloney assists employees with active personnel, and COBRA questions. Management can use this data to check current perceptions of staff responsibility, and specialization. The above observations are made with full understanding that all three Group Insurance staff is equipped to answer insurance questions in all of the four identified study areas. The observations simply identify staff (based on "questions and answers" activity descriptions submitted by each) that have the largest amount of activities in each of the four areas listed in Table 4.

Figure 2 meanwhile indicates that Susie Barnett spends more time answering questions than do her colleagues – primarily due to her involvement in the study area of active personnel insurance. When Susie Barnett retires in the fall of 2006, a replacement should be adequately trained with this information known, otherwise the remaining staff members could be called upon to answer more questions than currently.

DATABASE AND FILING ACTIVITIES

This section reports the activities that the project team described as a) entering employee insurance data (into either the HRMS or OES database systems), or as b) activities relating to hard copy, paper filing. In practically every case, data entered into either the HRMS or OES system triggers data to also be entered into the other system. The dual system data entry results from the requirement that payroll data currently requires the dedicated HRMS database, and insurance company data requires the dedicated OES database. Each of the three Group Insurance staff works with both database systems as well as with paper files that are currently required for every county employee. Table 5 was developed by isolating the a) data input or b) manual file interaction activities based on coding provided by the project team. The corresponding activity hours were then summarized for each of the study areas. The base data for creating Table 5 and Figure 3 is found in Appendix 1.

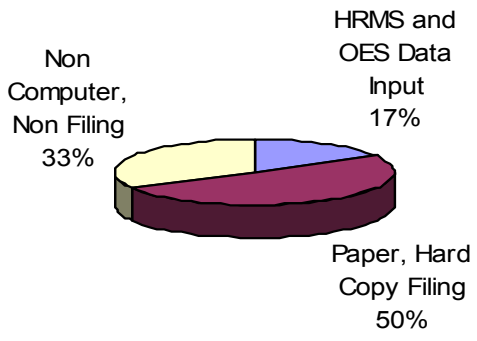
TABLE 5

Database and Filing Activities

Study Area	HRMS and OES Data Input Activities (Hrs)	Paper, Hard Copy Filing Activities (Hrs)	Non Computer, Non Filing Activities (Hrs)
Active Personnel	437	1352	707
Initial Enrollment	286	676	598
Open Enrollment	177	343	416
Termination / Retirement	152	693	260
Total	1052	3064	1981

FIGURE 3

Percentage of Database and Filing Activities



Database and Filing Activities Observations and Comments

The purpose for the discussion and examples below is to indicate the possible ways that data from Table 5 and Figure 3 can be used in the management of program activities. The first observation from Table 5 and Figure 3 is that staff's database activities encompass only 17% of total staff activities, while manual filing or file researching activities are 50% of staff activities. So, from staff estimates, despite "double entry" into the HRMS and OES systems, double entry activities may not consume an inordinate amount of time.

Areas for management to investigate may well be alternatives to the manual filing that occurs in the Group Insurance Program. The manual filing activities can be identified using the data found in the Activity Data Table (Appendix 1). These activities can then be analyzed for the possibility of performing them electronically or perhaps even automating them. It is technologically possible to have a database that is record searchable, one that time and date stamps records, updates records, automatically/electronically sends correspondence, and one that can update and download data files and fields from other sources. Automating current manual filing activities could remove time from data retrieval and storage activities, and improve consistent placement of employee information (via the use of an electronic template). From the Activity Data Table in Appendix 1, possible candidates for automation are activities number 8, 9, 10 and 11.

From Table 5, in two of the four study areas (active personnel and termination/retirement) the time spent performing manual, hard copy filing, researching, etc. is three times greater than the time spent on interaction with the HRMS and OES systems. The active personnel area also happens to be the area that consumes the largest amount of time during the year. Is it possible to automate or perform active personnel activities electronically? Department Management could investigate the feasibility of performing some active personnel activities automatically. It stands to reason that the biggest inroads could be made in the active employee area, especially with those employees with access to a computer at work.

The department is already working to automate online enrollment in health plans via the county's intranet. In conjunction with this effort, department management could investigate best practices in use at other counties around the nation. It may be possible to develop a database of electronic forms to send to active employees versus the current paper forms and mailings. A phased-in approach would be recommended any time new technology is tested. There almost certainly is the possibility of sending forms electronically, to be printed out and returned via interoffice mail (or by special pick up, like the way the county's annual United Way drive forms are collected), then over time, transition to electronic forms filled out electronically and returned electronically. Each year the Department could track the percentage of active personnel activities performed electronically. Refer to staff activities number 15, 16, 51, 55, and 32 for potential focus areas (see Table 6).

One possible item to investigate would be the possibility of linking the HRMS and OES systems together to eliminate the double entry of data, as well as to communicate with insurance carriers (refer to activity number 13) and in the circumstance where a county employee does send electronic files to the department, have those files, once checked to be able to automatically populate HRMS and OES fields. Refer to staff activities number 55, 32, 3, 31 for potential focus areas (see Table 6).

TABLE 6

Database and Filing Activities

Activity No.	Activity Description	Phase B-M-E	Hours per Year
Active Personnel			
8	Receive employee questions concerning changes in insurance, changing insurance, insurance decision timing, etc. (via email, telephone, in person)	All	104
9	Research employee questions concerning changes in insurance, changing insurance, insurance decision timing, etc.	All	104
10	Answer employee questions concerning changes in insurance, changing insurance, insurance decision timing, etc. (via email, telephone, in person)	All	104
11	Document, update employee files	All	104
15	Mail out payroll materials to employees and Payroll Dept;	All	104
16	Copy materials that are mailed out to payroll	End	156
Initial Enrollment			
3	Follow-up and data input new employee insurance selections (paper files, HRMS, OES)	B	78
31	Process New Employee Health Insurance forms	M	234
32	Load benefits into the HRMS and OES system	M	104
55	Data input (load) into HRMS and OES systems (OES=Lemon system)	M	52
Open Enrollment			
52	Explain new hire benefits to new employees (via the phone, email, or in person) - Initial Employment/New Hire meeting is held every third week	B	156
Termination / Retirement			
51	Cancel retiree insurance coverage if requested by retiree or required due to lack of premium payments	E	187

ACTIVITY SUMMARY WORKSHOP REVIEW

Provided below are samples of the observations available through analysis of the project team's activity data. The activity data can be used in conjunction with the various outputs from part 2, the Operation's Definition Workshop, to gain a well-defined understanding of the Risk Management operation.

- The Activity Data Table (Appendix 1) can be sorted a variety of ways depending on the area of interest (activities, re-work, output item, customer, etc.). Tables 2, 4, 6 and 7 are examples of sorting the activity data. If beneficial, department staff can add additional columns to the electronic copy of the table (supplied to the department director) for future analysis.
- While the seven individual time-consuming activities in Table 2 are not individually large percentage of staff's annual time, these activities cross referenced with the other sections of the report point to definite areas that management can focus improvement strategies.
- By evaluating the data in Table 3 and Figure 2, management can locate anomalies pertaining to the consumption of staff resources. For example, the middle activities of the initial enrollment area do not follow the same trends and ratios with respect to staff hours grouped by beginning-middle-end. While this result could possibly be explained by data coding error, the middle activities of the initial enrollment area when cross referenced with other sections of the report reoccurs as an area to investigate for potential improvements.
- The active personnel area consumes 40% of all staff hours in Group Insurance (see Figure 1).
- The initial enrollment area consumes 28% of all staff hours in Group Insurance (see Figure 1).
- Twenty percent of staff's time is spent answering employees insurance questions, mostly in the active personnel area (see Table 4).

In part 2 the project team did the following things: 1) placed the activities defined in the Activities Summary Workshop into an activity flow diagram; 2) further defined the Group Insurance operation by identifying groups of activities such as "opportunity areas for improvement."

Part 2: Operations Definition Workshop

An objective of the Operations Definition Workshop was to define the Risk Management operation by placing the Group Insurance activities identified in the Activities Summary Workshop into a sequenced activity flow in order to, 1) allow the workshop's project team to identify and fill in any activity gaps that were evident from the work generated in the first workshop; and 2) document the key decision points and key decision makers that impact the flow of items being processed through the sequence of activities.

An additional objective of this workshop was for the project team members to use their unique expertise to define the Risk Management operations by identifying opportunity areas for improvement. The project team felt these areas were 1) activities that cause staff frustration; 2) activities where improvement would greatly benefit the process as a whole; 3) activities where additional staff could enhance quality or timeliness of deliverables; and 4) activities where the readability of information submitted to Group Insurance is of consistently poor quality.

ACTIVITY FLOW CHART

The MPA consultant led the Operations Definition Workshop with the three participants from the Activity Summary Workshop. In the Operations Definition Workshop, the three-person project team sequenced the activities from those identified in the first workshop into an activities flow chart. Activities that take place in sequence approximately 85% of the time were put onto a wall-sized chart, separating activities that occur in the beginning, middle and end parts of the process.

Then, the project team reviewed the activities, and added activities that were previously overlooked. One of the objectives of the Operations Definition Workshop was to create a visual representation of operations in the Risk Management study area. Once group consensus was reached as to the accuracy of the activity descriptions and their sequencing, the project team added decision points to the chart, identifying critical decisions that are made prior to moving forward to the next activity. This further defines the interdependence of the activities and highlights the decisions that must be made prior to moving from one activity to the next.

Documenting decision points (the questions that are asked as part of moving work product through important activities) is valuable input in the understanding of the operation under review and for the design of database systems. The cycle time of the overall process is heavily dependent on how effortlessly these individual decision points can be bridged. If the response to a decision point routinely lengthens the cycle time, then the activity associated with that decision point warrants investigation for improvement. Activities that ask "is a certain field of a document or piece of information completed correctly?" can illuminate information to program as required fields of an automated system (for example in the case of on-line open enrollment, required fields should be programmed so that incomplete electronic forms cannot be submitted; and the problem with the on-line form should then be reported to the person filling out the form to make corrections). Also, incorporating quality control mechanisms into field entry system automation should be assisted by reviewing the major activity areas where decision points indicate rework (insurance submission errors).

The project team documented linkages between departmental activities and activities performed outside of the department (applicant/employee/retiree, service providers, family members, and so on). The result of these workshop tasks was to describe activities that take place outside of the Risk Management Department and to visually document where these activities take place. A comprehensive, detailed activities flow chart was created to visually define the Group Insurance operation. Following the Operations Definition Workshop, the project consultant transferred the wall-sized "draft" activity flow chart into an electronic version. The consultant documented and analyzed the project team's work from the Operations Definition Workshop. Pertinent observations from this analysis are discussed in the comments sections of this report. The activities flow chart, complete with decision points, has been supplied to the department director in the form of a hard copy CAD drawing and a CD containing the activity flow chart drawing file.

OPPORTUNITY AREAS FOR IMPROVEMENT

Based on their answers to four distinct questions, the project team selected areas of the activities flow chart where there are high leverage points to improve operations. The project team first selected activities based on their individual experiences, choosing activities that cause staff frustration. Then they voted on activities where improvement would greatly benefit the process as a whole. Next, the project team voted based on where they thought additional staff could enhance quality or timeliness of deliverables. Finally, they chose activities where the readability of information submitted to Group Insurance is consistently problematic. For each of the four voting perspectives, each member of the project team received four "votes" to be placed on any activity throughout the four study areas (initial enrollment, active personnel, open enrollment, and termination/retirement). The top consensus opportunity areas for improvement are listed in Table 7 in order of total votes across the spectrum of the four voting perspectives. Table 7 represents 70% of all votes cast; the remaining 30% are spread across multiple areas with none receiving more than 2 votes. These other areas can be viewed on the activity flow chart.

TABLE 7

Opportunity Areas for Improvement
Selected by the Risk Management Department Project Team

				Department participants voting from their viewpoint of:			
Activity Group	Activity No.	Area Code	Activity Description	Dept. Staff	Greatest Improvement	Additional Staff for Improved Quality/ timeliness	Readability of Submissions Needs Improving
A	- 4	Initial Enrollment	-Create a new hire file. Place signed forms in it. If employee does not make request, assign free insurance coverage to the employee. -Collect New Hire choices/insurance selections (phone calls mainly)	1	1	2	1
B	5 54	Initial Enrollment	-Type up forms pertaining to new hire insurance selections (serves as data input form and hard copy) -Type up all insurance forms	2	3	2	1
C	55 31 32 3	Initial Enrollment	-Data input (load) into HRMS and OES systems (OES=Lemon system) -Process New Employee Health Insurance forms -Load benefits into the HRMS and OES system -Follow-up and data input new employee insurance selections (paper files, HRMS, OES)	3	3	1	0
D	33	Initial Enrollment	Mail Health Insurance certificates	0	0	2	1
E	65 24	Open Enrollment	-Review Open Enrollment forms (post the OE meeting) -Input all Open Enrollment, retiree, and COBRA data into the HRMS and OES data base system	1	1	0	0
F	46	Open Enrollment	Mass mail retirees/COBRA/Leave Of Absence after OE is complete, so that retirees and COBRA get their individualized insurance info	0	1	2	1
G	47 48 49	Termination / Retirements	-Process the retiree insurance applications -Notify FRS via fax about insurance deductions selected by retirees -File retiree's ins. application - update folder (employee goes from termination file into retirement file)	1	1	0	0

Opportunity Areas for Improvement Observations and Comments

Table 7 lists "activity groups A-G" where 70% of the total votes were cast by the project team. This represents their consensus of opportunity areas for improvement. The activity groups of Table 7 are listed beginning with the sequence of activities that received the most total votes (activity groups A-D in the initial enrollment area received the most votes, a total of 21 votes or 44 percent of all votes cast).

One possible use of Table 7 would be to cross-reference the opportunity areas voted on by the project team with the timing consuming activities (Table 2). For example, one such comparison indicates that initial enrollment activities displayed in Table 7 (#54, #31) are also found in the most time consuming activities displayed in Table 2. If the same activity is mentioned repeatedly, based on varied criteria, it may be a prime candidate for evaluation and improvement. Cross referencing Table 7 data in this way should clarify and justify opportunity areas in which to concentrate improvement efforts.

In the previous sections of this report, the results of sorting the project participant's activity level information by various criteria are also valuable in defining the operation and possibly determining where future improvement actions could be focused. For example, from Table 3 & 4, it appears that there is a disproportionate amount of time spent in the middle activities of the initial enrollment activities. This may indicate that improvement activities should be concentrated on these middle activities. The Data Collection Table in Appendix 1 codes activities by activity phase - as to whether the activity occurs in the beginning, middle, or end of the sequence of activities.

Table 7 Activity Groupings Observations

As you review Table 7, first review the activity group/activity descriptions from top to bottom (based on total votes received). Next, observe the activity areas that received the most votes from each of the "voting perspectives." Insight may follow which will enable the department to create an improvement strategy. For example:

- Groups A and B, might be classified as "obtaining initial enrollment data, and typing data." These groups encompass 13 votes or 42% of votes in the table. Risk Management staff have to contend with the readability of employee's submissions in both of these groups. Both of the activities listed in Group A deal with the employee satisfactorily returning insurance selections and staff reactions to information returned that is lacking or unintelligible. Group B activities seem to deal with the activity of physically preparing the insurance data for entry – typing forms (that will then be used to enter – e.g. retype – information into the HRMS and OES databases). These forms double as hard copy paper files.

One possible use of this information would be to investigate alternative ways to perform the Group A activities. For example, have each department quality control the forms before the employee returns them to Risk Management, or perhaps exploring ways that more forms can be collected "in person" by Risk Management staff when the new employment orientation or insurance workshops are held. The department could explore to what degree this could be accomplished within Health Insurance Portability and Accountability Act regulations. With the advent of submitting insurance selections via the web, incorporate more advanced quality control into the insurance selection input screens or more clearly define how to use this online tool - providing better on-screen examples, etc. In addition, investigate alternatives to generating redundant paper files, or

at least investigate how the data can be input only once, then have the system generate a hard copy file on the back end, not on the front end as is the case with activities #5 and #54!

- Group C might be classified as "insurance database input." This group received 7 votes or 23% of all votes in the table. The activities of Group C relate to the processing of health insurance forms and employee selections into both the HRMS and OES databases. There is duplication of data entry in this process. This group of activities occurs sequentially just after the activities found in Group A and Group B – all associated with the initial enrollment area of Group Insurance. The study's participating staff chose this group of activities as those that cause the most frustration among staff, and have the greatest opportunity for improving the entire process.

One possible use of this information would be to investigate creating a database that would automatically populate fields in both the HRMS and the OES (and any other insurance database) automatically. Any insurance data or electronic forms completed by county employees and submitted over the intranet would, once the Risk Management Department visually quality checked the submission, automatically populate the required databases. These are possible alternatives to pursue based on the information of Table 6.

- Group D and F might be classified as "mailing activities – communication activities associated with Group Insurance processing." These groups also encompass 7 votes or 23% of the votes in the table.

One possible use of the information selected by the study participants for Groups D and F would be to investigate the applicability of system-generated form letters (or at least templates for staff use). Of course a flexible, integrated database would be part of this option. There are such database applications currently in use or being developed by the county – in the PZ&B department for example – that incorporate auto-mailing of forms and notices to customers. Both paper letters and email correspondence can be automatically created and sent to recipients. Department staff oversees the application and are aware of what correspondence is sent and to whom.

Project Team Table 7 Commentary

Another possible use of Table 7 data would be to determine why the project team voted as it did on the activities listed. This could be accomplished easily enough by asking representatives to use the points of view in the table to provide input into what they like and what they don't about the activity groups listed in the table.

PERIODICALLY OCCURING ACTIVITY AREAS

The project team identified activities that occur on a sporadic basis or on a scheduled, but periodic basis. These activities are listed in the Activity Data Table in Appendix 1, but they are not found on the Activity Flow Chart because the project team did not see them fitting into the service areas identified on the Activity Flow Chart. However, the project team identified several of these activities to represent important service areas by the staff. These activities are listed in Table 8.

TABLE 8

Periodically Occurring Activities

Program & Staff Name	Activity Description	Hours per year	Activity No. Reference
Activities for the Active Personnel Insurance Area			
Group Insurance Specialist, Maribel Bacallao	Process twice-weekly registers (from insurance companies notifying of payments to the Finance Dept.)	42	#41
	Mail information letters, premium collection letters, etc.	125	#39
	Process checks for employees that are on Leave of Absence (LOA's) via Visual Fox-Pro	83	#40
	Note: Two different study participants selected activity #40 as an activity that causes staff frustration		
Group Insurance Coordinator, Chuck Maloney	File Long Term Disability (LTD) with insurance companies	104	#13
	Supply LTD data to LTD insurance company (Standard Ins. Co.)	52	#14

ODM Project Summary

The Operations Definition for Management project outputs, observations and comments are designed to create a concise and working depiction of the study area selected by the Risk Management Director. The ODM project satisfied all of the elements that department management stressed as preferable: 1) that staff involvement would be widespread; 2) that staff would be free and unrestricted in providing input; 3) that the project would be informational in nature; and 4) that project outputs be concise and easily understood depictions of activity-level detail among the selected functions of the department.

In practical terms, the observations and comments found throughout the ODM report are designed to stimulate thought and serve as pointers to, a) develop priorities for operational improvement; b) guide change and decision making; c) develop new employee training programs; and d) develop cross training programs. If requested, the Management and Program Analysis Section can assist in the development of organizational solutions that promote operational effectiveness by equipping the department with contemporary management practices that respond to these issues. Examples of such assistance are the development of: 1) management reporting systems; 2) goals and objectives setting; 3) performance measurement and reporting; 4) policies and procedures; 5) support systems, such as training programs.

Appendix 1

Appendix 2

Project Team Listing

Chuck Maloney
Susie Barnett
Maribel Bacallao