



# Embracing lean methodology

Transforming operational and  
clinical processes

by Michelle Cloutier  
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**A**fter rapid growth resulted in difficulties meeting service standards for members and providers, California-based Inland Empire Health Plan (IEHP) understood it needed to address many processes throughout the organization to improve its efficiency and services.

The health plan is the largest not-for-profit Medicare and Medicaid plan in the country, with members totaling 1.3 million and 89% of the local market share. To keep up with an initial membership spike, the organization hired additional staff to help meet membership demands, but

it wasn't enough. IEHP faced issues ranging from member dissatisfaction with access to care to provider dissatisfaction with service delays. Rapid growth had also produced a myriad of redundant and inefficient processes that lacked consistency, standardization and documentation.

"Our values are focused on doing the right thing," says Jarrod McNaughton, Chief Executive Officer of IEHP. "We aim to deliver quality, accessible and wellness-based medical care to members when they need it."

"However, our rapid growth made it difficult to fulfill our mission and values in a way we felt comfortable," he adds.

Knowing that simply continuing to add more staff could not adequately address all these challenges, the IEHP executive team made great

strides in addressing some of the underlying process issues. Since the organization's leadership had already seen success from prior lean-based training, they decided to commit to applying this lean methodology across the organization and invited lean management organizations to partner through a request for proposals (RFP) process with the goal of becoming a lean company.

IEHP faced the challenge of implementing and institutionalizing personnel and process changes across a 2,000-plus person organization with multiple, interconnected business units. The health plan needed an experienced lean management system offering that could better mobilize efforts and empower teams across the business to serve its expanded membership and better support providers effectively and efficiently.

“Simpler has a comprehensive system with consultants who have used these methods as leaders in their own companies.”

**Jarrod McNaughton**  
Chief Executive Officer, Inland  
Empire Health Plan

IEHP serves  
more than

1.3

million members

IEHP has seen  
cost savings of

USD 41

million annually

# Lean transformation leads to process change

So, in 2015, the leadership team at IEHP fully committed to the lean transformation of their organization and selected [Simpler® Consulting](#) (now [Simpler®](#), an IBM Company) to implement the company-wide transformation. At the beginning, Simpler and IEHP focused their efforts on two critical areas: provider services and member services.

The provider services team was chosen as the first group to start its lean transformation through a thoughtful process of how the provider experience crosses through a health plan. The Simpler coaches worked to help the IEHP team think through obstacles and problem solve.





The Simpler and IEHP teams started the lean process with the provider call center, which, because healthcare providers call when something isn't right, is a critical touchpoint between providers and the health plan. After working through typical lean value stream mapping and analysis, the work quickly branched out into other areas within the health plan, including the

medical services, claims and provider onboarding departments.

In addition, IEHP had moved from a paper-based to an electronic provider onboarding process, which created its own unexpected inefficiencies, including major backlogs and delays. IEHP hadn't built in metrics to follow through on the new system, and the backlog continued

to increase. As an organizational tool, the Simpler team introduced a visual management system to help track provider credentialing.

"Even small changes can make a big difference in efficiency and how departments can manage their workflow," says Karen Hansberger, MD, Chief Medical Officer at IEHP.

IEHP even upgraded its core system. Anticipating challenges with adoption, the provider call center team implemented a simple flag system where employees could indicate that they needed supervisory help or intervention to get immediate assistance with issues that may hinder workflow and jeopardize servicing the provider in a timely manner.

The health plan also undertook several initiatives in member services. In one, Simpler and IEHP discovered that some members' eligibility information did not display correctly when members had recently changed providers, causing dissatisfaction from both members and providers. This issue often resulted in a three- to four-hour wait for members to be seen by their provider, while IEHP updated the provider web portal. In some cases, members were even turned away by their providers.





By empowering the right people in the organization to resolve this issue, members can now be seen by a doctor within minutes. Another area identified for improvement was interpreter services. The plan provides interpreters for many languages, but it was taking an inordinate amount of time to identify the interpreter and connect them with the member. By introducing lean principles to the process, IEHP shortened the timeframe to identify, assign and deliver interpreters when needed.

In terms of improving employee engagement in the provider services area, IEHP leadership credits the commitment of the Simpler coaches and Senseis (consultants) to their work of transforming IEHP.

“I’m grateful for the Simpler coaches,” says Dr. Hansberger. “Applying their tools and concepts have allowed me to ask better questions and really think through my decisions.”



# Lean 2.0

Because IEHP has seen success with its lean transformation, the IEHP executive team chose to expand upon its lean journey. Four years into working with Simpler, IEHP sought further assistance from the Simpler Consulting team to expand its lean processes — this time into the clinical side of its business. IEHP leadership refers to this expansion as “lean 2.0.”

“We are constantly looking to see how we can continue to change and grow,” says Dr. Hansberger. “It’s important to look at all of our processes and ask ourselves how everything we are doing is impacting our members and our providers across the continuum of care and not just focusing on what’s happening within our departments.”



While the first implementation of IEHP’s lean journey was focused on fixing processes and breaking down silos, the 2.0 version focused on really diving into lean and learning how to truly create an enterprise-wide lean company, while also focusing more attention on clinical operations such as readmissions and medication management.

IEHP contracts with 40 hospitals and over 6,000 providers in the Inland Empire region. The sheer size of the health plan and the region it serves is unique, posing obvious problems. But to meet the needs of members and providers, the IEHP executive team focused on what could be done internally — inside IEHP — and externally — inside hospital walls — to make a difference.



“We would see providers struggling and we learned how we could help them,” says McNaughton. “So, we actually began placing case managers in some of our hospitals for real-time connection to our members who were hospitalized.”

This small change resulted in great impact with the provider community, and IEHP became a “better community and patient partner” according to McNaughton.

“It’s a beautiful thing to see our clinical teams beginning to think outside the box on how they can continue to fix processes,” says Dr. Hansberger. “They’re learning to connect, to communicate and to evaluate situations from a different point of view.”

“That, to me, is the most important part of this transformation,” she adds. “This is not about a process transformation. It’s about a people transformation.”



“Our Simpler consultants helped us get started, but the real magic began when the leaders within our organization owned the lean process.”

**Karen Hansberger, MD**

Chief Medical Officer, Inland Empire Health Plan

# Process transformation yields system-wide results

The lean transformation of IEHP, guided by healthcare management subject matter experts (SMEs) at Simpler, has had a far-reaching impact in provider services, member services, clinical services and on employee engagement throughout the organization.

IEHP leaders and team members have embraced the idea of constant change to make things better for its members and providers. Employees feel more empowered, and are now owning individual lean processes.

In addition to meeting IEHP's initial goal of fixing broken and inefficient processes, the organization has accomplished so much more.



“Lean has helped us improve our processes, which has led to higher member and provider satisfaction scores,” says McNaughton. “This is very important to us because, for the most part, our community is made up of our members. By positively affecting our members, ultimately this contributes to the larger community in some way.”

The following are just a few of the most significant examples of measurable improvement resulting from new lean management practices throughout the organization:

- Provider satisfaction scores are now in the 99th percentile in the country.
- Authorization approval turnaround times have gone from weeks to hours in some cases.
- Readmission rates have dropped from 16% to 15%.
- IEHP has experienced a more than 50% improvement in employee engagement in

the provider credentialing department in just two years.

- The critical provider credentialing process in provider services that used to take 194 days, or over six months, now takes 20 days, or less than three weeks — a 90% time decrease.
- IEHP has significantly improved first-call resolution in the member services area, from 65% to 81%. This is also reflected in a higher level of member satisfaction: 97% in 2017.

And, finally, cost savings abound across the organization. For example, IEHP now saves USD 41 million annually.

While the results have been tremendous for IEHP, it’s the future that is most exciting for its leadership team.

“The results are great,” says McNaughton. “But the real piece of the puzzle that I think the Simpler team has helped us to be reminded of is that for

change to not only take place and be sustainable, it’s not necessarily about the numbers, it’s truly about the culture.”

He continues: “You have to be intentional about the lean journey. It’s not just an initiative, it’s not just part of your plan. It’s embedding a new culture and making culture the building blocks — the literal cornerstone — of everything you do. And that is what the team at Simpler has helped us do. You have to be it, live it and truly believe what you’re doing.”

IEHP will continue to hardwire the lean system instilled by Simpler in a way that can help sustain improvement results. But, lending true to its mission, IEHP will work to leverage lean efforts in the community to help providers and hospitals, and become a lean resource for community partners.



### About Inland Empire Health Plan

IEHP is one of the top 10 largest Medicaid health plans and the largest not-for-profit Medicare-Medicaid plan in the country. With a network of more than 6,000 providers and more than 2,000 employees, IEHP serves more than 1.3 million residents in Riverside and San Bernardino counties who are enrolled in Medicaid or Cal MediConnect Plan (Medicare-Medicaid Plan).

### Solution component

- Simplr®, an IBM Company

### About Simplr Consulting, an IBM Company

Simplr is part of IBM® Watson Health®. For nearly 30 years, the Simplr team has worked with clients to collaborate, coach and enable them to achieve rapid improvement across financial and nonfinancial performance indicators. Simplr's value lies in its ability to work with clients to develop a business system and implement systematic improvements that facilitate long-term performance and sustainable growth.

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