



APRIL 2008

# DELTA SIGMA INSIGHT

THE BEST DEFENSE AND A STRONG OFFENSE

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- ▲ HEALTHCARE CONSULTING PRACTICE
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- ▲ RFP STRATEGY AND RESPONSE
- ▲ PARTNERSHIP STRATEGY
- ▲ INNOVATIVE COMMUNICATION PROGRAMS
- ▲ INTERIM AND CRISIS MANAGEMENT SERVICES

## THINK LIKE A PUBLICLY-TRADED COMPANY

We received a number of responses to our March DeltaSigma Insight on the aggressive positioning by publicly-traded Medicaid and Medicare plans. The most frequent question was, how can a non-profit health plan beat a publicly-traded plan at its own game?

From our perspective, well-managed publicly-traded companies focus on two main areas. First they seek to proactively minimize all forms of risk. By anticipating and planning how to counter or prevent potential "worst case scenarios", these companies eliminate as much risk to their image and bottom line as possible.

Second, publicly-traded plans are very assertive in their growth strategies. From targeting acquisition opportunities, to researching and responding to RFPs, to developing detailed marketing plans, these companies take a very deliberate and determined approach to growth. In addition, they take a proactive stance with state legislators and agencies in helping create opportunities for pilot or demonstration projects in which their companies can participate.

Too often, non-profit health plan executives find themselves in a constant crisis *du jour* of dealing with high medical costs, system problems, key staff attrition, etc., instead of having the time to focus on the future growth of their companies.

On the following page, we have developed a game plan for non-profit health plans which includes, "*The Best Defense*", a number of the risks faced by health plans and strategies for minimizing each and "*A Strong Offense*", several aggressive growth strategies. The key for each of these strategies is early preparation, and where vendors or consultants are involved, including them in the pre-planning.

Should you desire an outside perspective as you re-evaluate your company's current game plan, please feel free to call us. We'd be glad to discuss your options with you.

## CONTACT US

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## A GAME PLAN FOR NON-PROFIT HEALTH PLANS

### THE BEST DEFENSE

Risk	Risk Minimization Strategy
Uncontrolled medical costs	▲ Develop a relationship with a reinsurance company—ask for help drafting provider agreements, managing care for high risk patients and assessing your tolerance for claims risk
System conversion failure	▲ Develop a detailed contingency plan prior to implementation that includes operational and communication plans—do not assume a smooth transition
Non-adequate reimbursement	▲ Develop a relationship with an actuarial firm with negotiating success against your state's actuarial firm ▲ Implement a diversification strategy to reduce reliance on one product line
Public relations crisis	▲ Develop a relationship with a public relations firm experienced in crisis management in your state
Natural disaster	▲ Develop and test a comprehensive disaster recovery plan
Loss of key staff member	▲ Develop a succession plan and a relationship with an executive search firm
Adverse legislative or regulatory change	▲ Establish relationships with key legislators and regulators ▲ Join and participate in key trade associations ▲ Engage an effective lobbyist
Compliance violation	▲ Implement an enterprise-wide compliance program that meets all state and federal requirements

### A STRONG OFFENSE

Growth Goals	Growth Maximization Strategy
Acquisition of another health plan or line-of-business	▲ Establish a relationship with an investment banker who can help identify and provide capital for appropriate acquisition opportunities
Successful response to RFPs	▲ Create an RFP tracking system to identify opportunities and engage consultants with successful track records responding to similar RFPs
Membership growth	▲ Develop and implement a detailed marketing and public relations plan that includes new product opportunities
New program opportunities	▲ Establish relationships with key state agency or legislative staff and look for opportunities to jointly develop demonstration or pilot programs

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