# PacifiCare – UnitedHealthcare Integration
# Product Strategy – for Platform Migration

## Project Scope Document

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# 1. Background / Scope

## 1.1 Background

UnitedHealthcare has acquired PacifiCare, identifying increased operational efficiencies, improved customer service, and membership retention and growth as acquisition goals. The organization wants to demonstrate to both the industry and Wall Street that UnitedHealthcare and PacifiCare are merging seamlessly and without disruption to the marketplace.

UHC and PHS have previously focused on different product/market segments. PHS has focused successfully on marketing their HMO licensed products and UHC has specifically focused much of its growth on insurance licensed products. As part of this acquisition, a product strategy has been created to identify how membership growth will be supported within the merged United/PacifiCare environment.

Additionally the organization wants to decrease system and administrative costs of both companies by migrating business from the PacifiCare platform to the United Technology platforms and eventually retire the PacifiCare systems. This document will create the outline of how the product strategy will be supported throughout this platform migration.

## 1.2 Opportunity Statement

A key value from the acquisition/integration of PHS is the opportunity to jointly market UHC insurance licensed products alongside PHS HMO products in order to increase the breadth of the product offering, as well as increase the attraction of UHC/PHS to multi-site employers.

By quickly launching UHC's insurance licensed products in PHS markets there is both an element of surprise for our competitors, and an opportunity to bring new solutions to the market with a broader product portfolio.

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## 1.3 Scope

### *1.3.1 Description*

- Develop and publish a product strategy for PHS HMO and PPO/insurance products so that sales leadership can understand what products UHC will promote.
    - Launch UHC insurance licensed products in the Pacific region (CA, OR, WA), and jointly market PHS and UHC products in the all regions (i.e., Pacific and SW).
- Develop a platform migration strategy for PHS HMO and PPO/insurance products that, at a minimum, accommodates what products will be withdrawn, what products will remain on PHS platforms, and what products will be migrated to UNET.
- Provide the PHS PPO/insurance product detail and migration overview needed for high level and detailed business requirements so UT can identify and address the gaps in UNET, and other ancillary IT systems, required to support PacifiCare products by the targeted migration date.
- Provide business strategy and high level business requirements for PHS HMO products to support the UP Migration Team in their development of detailed business requirements and SPRFs, and project management of the associated milestones.

### *1.3.2 In Scope*

- Products for consideration – all commercial products, including:
    - Gated HMO (high level business requirements only from UHC Product)
    - HMO POS – 2 & 3 tier (high level business requirements only from UHC Product)
    - PPO
    - EPO
    - Indemnity
    - SDHP (only those functions supported by RIMS)
    - HDHP
    - Pre-65 commercial early retiree product
- Lines of Business – Commercial
    - Key Accounts
    - Small Business
    - Jumbo Accounts (i.e., USS)
    - Public Sector
- Funding
    - ASO
    - Fully insured
- States
    - California
    - Arizona
    - Washington
    - Oregon
    - Texas
    - Oklahoma
    - Nevada
    - Colorado



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### *1.3.3 Out of Scope*

Detailed definition of operating strategies of non-Product areas (i.e., Product does not define the billing strategy, but Product does need to ensure that if there are changes to how a product needs to be billed, that strategy change is communicated in the high-level requirements).

- Products
  - Medicare
  - Medicaid
  - Individual
- States
  - All others not listed in in-scope section of document
- Lines of Business
  - All others not listed in in-scope section of document
- HMO – Product does not provide detailed business requirements, SPRFs, or management of milestones

### *1.3.4 Objectives*

- Execute a seamless platform migration of the in-scope PHS products to the United Platform to improve administrative efficiencies and provide a single public interface and experience for legacy UHC and PHS products.
- Ensure adequate United Platform functionality to support the migrated in-scope PHS products and the associated membership support identified by the Product strategy.
- Maximize membership growth and preserve existing business while supporting the United Platform migration.
  - Manage migration of legacy PHS PPO products to UP platform while maximizing customer retention.
  - Leverage value of the PHS HMO product in select markets.
  - Use the expanded portfolio to help achieve net growth per state-specific targets (e.g., in the Pacific Region of 93K fully insured members and set the stage for the 200K growth targeted for 2007).

### *1.3.5 Impacted Business Area(s)*

- Sales
- Operations (e.g., UHC-Enterprise Solutions; UHG; UT, sales ops, Case Installation, B&E, Claims Processing, portals)
- Marketing
- Clinical
- Network
- Specialty Companies
- Legal
- Actuarial/Underwriting



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- Pharmacy

*1.3.6 Impacted Information Technology Areas / Systems*

- UHT-desktop and other sales support systems
- UT-Long-term build of migrated products on United platform (i.e., UNET and all associated systems and portals)

## 2. Resources

### 2.1 Team Organization Chart

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Team Roles & Responsibilities

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### 2.2 Sponsors

| Name | Represents |
|---|---|
| Gibson | UHC Marketing, Sales and Product Performance |
| Wicks | UHC Product |
| Frey | Pacific Region CEO |
| Burdick | SW Region CEO |

### 2.3 Stakeholders

| Name | Represents | Role |
|---|---|---|
| Rickman | SCS | |
| Schofield | UP Migration | |
| LOB Sales Leadership | LOB | |



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### 2.4 Subject Matter Experts

| Name of Subject Matter Expert | Role | Responsibilities |
|---|---|---|
| Douglas Stevens | PHS Product SME | |
| Lissette Ramos | PHS Product SME | |
| Wendy Grelle | PHS Product SME | |
| UT System SMEs | | |

## 3. Critical Indicators

### 3.1 Success Factors

- Seamless migration of employer groups and providers (e.g., no interruption of service to employers, brokers, providers, or members; comparable toolbox of support tools for customers and providers; accurate application of benefits; accurate payment of claims; accurate reimbursement of providers).
- Compliance with prompt pay regulations.
- Compliance with all of the undertakings related to the integration.
- Optimal efficiency of data feeds between PHS and United Platform on existing groups that migrate (i.e., group and member demographic information and member liability information accurately feed between systems in an automated fashion).

### 3.2 Major Milestones and Deliverables

- May 1, 2006: high level business requirements

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  - Order of magnitude assessment based on business requirements
  - Executive sign-off on the platform migration based on the order of magnitude estimate.

- Increased detail on business requirements: June 1 and July 1 , 2006 (required data elements TBD)

## 4. Assumptions, Constraints, Dependencies, Risks

### 4.1 Assumptions

| Functional Area | Assumption |
|---|---|
| Product | No PHS products will be withdrawn<br>No PHS market withdrawals will be executed. |
| All | All HIPAA and undertakings requirements will be met |

### 4.2 Constraints

- California Small Business insurance products cannot be withdrawn for 4 years.
- Expedited timeline to complete UNET functionality and PHS product feature analysis (i.e., as compared to past platform migration).

### 4.3 Dependencies

| Dependency | Impacted Org/Project Team | Impact Description |
|---|---|---|
| Product Strategy required to prioritize and complete work in downstream areas | Front-End Office<br>Migration | If product strategy is not understood, products may not built in production or products may be built which will not be sold resulting in inefficient utilization of key resources |
| B Solutions to manage the administrative assessment, enhancements, execution and group migration tools | Migraton | The administrative issues (e.g., billing, COB) are critical to medical expense and customer service. |



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| Dependency | Impacted Org/Project Team | Impact Description |
|---|---|---|
| UT translation of product high level business requirements into technical specifications | Migration | Without this translation of product features into the technical requirements in UNET, and its related systems, the migration cannot occur. |
| UT development of UNET capabilities for capitation and referral management (i.e., gatekeeper) | Migration | Without this capability, UNET will not be able to accommodate the PHS HMO products. |
| Strong sales, broker and employer training and communication programs around the migration | Migration | External stakeholders must be well informed of the migration and any changes in order to feel well serviced. |
| Availability of a SWAT team or approach to deal immediate with any service failures to providers or customers | Migration | Prompt identification and follow-up on any issues are needed to maintain high levels of customer service during this time. |

### 4.4 High Level Risks

- The Product Group has never previously owned a platform migration – our role has always been that of business sponsor.
- If the Product Group is expected to oversee B. Solutions execution of the administrative aspects of the business requirements and migration, there will be a gap as the Product Group does not possess the system or administrative expertise to optimally meet this responsibility.
- The migration is happening so quickly after the integration that there has not been time to develop and expertise on the PHS products within the legacy UHC staff that will be managing the migration.
- Timelines associated with this project may be aggressive given complexity and proposed scope of migration.
- Potential resource availability issues and conflicting priorities.
- Limited Business Analyst resources within the company.
- Team is not co-located and is still confirming around roles and responsibilities; opportunity for task overlap or gaps
- Critical path is not yet understood for installation/system enhancements
- Upstream/external dependencies not yet well defined.
- Timely confirmation of the medical management model to be utilized with PHS products as of 4/1/07 and going forward.
- Migration of HMO and insurance products on different timelines, creating service issues with groups that have multiple products offered to their employees (i.e., “dual option; joint marketing”).
- Changes in the provider or customer experience on UHC versus PHS systems and portals.

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## 5. Appendices

### 5.1 Acronyms, Abbreviations, Terms

| Acronym, Abbreviation, Term | Definition |
|---|---|
| SDHP | Self Directed Health Plan |
| | |
| | |

### 5.2 Reference Documents

| Referenced Document | Publish Date | Publishing Organization |
|---|---|---|
| PHS product inventory, benefit documents benefit comparisons | Varied | Product Sharepoint Site<br>http://unitedteams/corporate/Product %20Strategy%20- %20PHS%20Integration/default.aspx |
| PHS product strategy | March 2006 | Product Intranet Site |
| | | |

## 6. Related Documents

See above 5.2

| Related Document | Relationship to Scope Document |
|---|---|
| | |
| | |
| | |

## 7. Program/Project Sign-off

Prepared By:

| Business Project/Program Manager: | Date: |
|---|---|
| Tim Wicks, Product | 4/25/06 |

| Technology Project/Program Manager: | Date: |
|---|---|
| | |



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Approved By:

| **Project/Program Sponsor:** | **Date:** |
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| **Project/Program Sponsor:** | **Date:** |
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