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Learning and Living Lean at KPS Health Plans

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KPS Health Plans, a 41,000 member health plan based in Bremerton, Washington, is improving processes and reducing costs using a Lean approach of eliminating waste (anything the customer is not willing to pay for). Less than one year into this effort, they have identified opportunities for improvement, streamlined processes, increased cross-functional coordination, and learned valuable lessons about organizational change.

The Decision

Management recognized that the need for internal improvements was great. But with a very competitive market and tight resources, it was not clear how to approach these needs. Richard Marks, KPS President, a successful veteran of the alphabet soup of quality approaches (e.g., CQI, TQM) says, "I wanted to select an approach with a customer focus, early measurable success, sustainability and employee engagement. Lean

promised this. But the time and resource commitments, and possible impact on our daily operations, were serious concerns. We saw that other organizations had success with Lean and we decided that this approach could mobilize all our employees in improving our company's performance."

Getting Started

KPS decided to fully adopt Lean as a cultural shift to leverage both Lean philosophy and tools. Marks sponsored the Lean initiative and quickly mobilized a team to lead the effort. He engaged the Executive Management Team for leadership support, along with an experienced group of external Lean consultants (former Toyota quality experts) for training and implementation. Two KPS staff, identified for their interest and leadership potential, were redeployed and trained as internal Lean Consultants.

All staff, starting with the Executive Team, were trained in Lean. The impact of pulling staff from production for multi-day trainings was felt. However, it was central to providing everyone with an understanding of Lean, a common language and tools for quality improvements, and ultimately, an appreciation of KPS's commitment to customer service.

Training and improvements occurred concurrently. Newly trained

staff engaged in Lean value-stream mapping and rapid process improvement workshop (RPIW) events. These were initially led by the external Lean consultants and were later transitioned to the internal consultants.

Within nine months of introducing Lean, 100% of staff had been trained and over 60% had participated in a Lean event.

Experiences

Lean engagement happened very quickly. Some examples:

Group Setup and Enrollment: In a 3-day process, both the current and desired future state of this value stream was mapped and improvements were identified. Within a month, a week long RPIW was held focusing on reduced turnaround time from requesting to sending an ID card. Despite being the first RPIW, having a few skeptics on the team, and short preparation time, the event resulted in reducing the turnaround time from 7-10 days to one day - every time

Pre-existing Conditions Verification: This process was mapped and a subsequent RPIW eliminated sufficient waste to improve quality and reduce the process duration by 80%.

In both cases, process improvements were identified and implementation was initiated within the

same week. With these and similar successes, more staff became engaged in Lean and interest in Lean became more widespread. It became essential to carefully manage the pace of the work.

Not all Lean events were so successful. Some events led to minor improvements and others to opportunities that were deemed too expensive and/or complex to implement. Most challenging were those requiring IT changes. At times, limited resources and competing priorities required less than optimal solutions.

Managers and their staff have started incorporating Lean into their daily work, using short RPIWs (sometimes less than a day) to solve problems and implement changes.

Lessons Learned

1. *This is a marathon, not a sprint.* The initial Lean experiences with training and implementation were rapid. The more improvement work that

was accomplished, the more opportunities were revealed. Demand for Lean support outgrew the ability to provide it. A slowdown in events and a schedule helped prioritize work, manage expectations, and improve follow-through.

2. *Top level support is key.* Success would not have been possible without the significant commitment and participation of Executive Management. It was a tremendous boost to the effort when Executives visited RPIW events and participated on guidance teams.
3. *Lean can have a bigger impact as a cultural change and not solely a set of tools.* Lean tools can be used to make incremental changes. However, using tools alone contributes to fragmented success rather than sustainable improvements.
4. *Be patient and persistent.* The pace of Lean adoption varies across the organization, some staff will readily participate

and others will be resistant skeptics. Be persistent and as successes add up, even the skeptics will see the value and begin to participate.

The Future

KPS plans to build on Lean success with more advanced training, a continual shift towards staff empowerment, and, a greater degree of competency in continuous improvement. The goal is to eliminate the differentiation between “daily work” and “Lean work” - the Lean approach and philosophy will be the way work is done.

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