



# COVID-19 Response Planning: Maintaining Business Operations

**Practical Steps to Consider**

# | Agenda

**The Situation**

**Action Plans**

**Common Business Functions to Evaluate**

**Takeaways**

# The Situation

*The Organizational and Operational Impact of This Public Health Crisis Depends on Your Crisis Response*



Make sure your organization has a plan



Unlike traditional disaster recovery planning, business continuity planning and work-from-home initiatives, with COVID-19, we know what the threat is and that it is likely to hit.



You must make time to prepare!

# Action Plans

## *Take Immediate Action*

**With today's rapidly changing environment, consider these steps now to prepare your organization:**

- Form a pandemic response team
- Prepare key messages
- Identify your critical roles now
- Enable work from home via tools (e.g, Microsoft Teams and Webex or Zoom, Smartsheet, GoToMyPC, Splashtop, etc.)
- Use the opportunity to update
  - Crisis Management Plans
  - Business Continuity
  - Disaster Recovery
- Be sure to review with Fund Counsel as needed



# Action Plans

## *High Level Overview*

- **Crisis Management Plan (CMP)**
  - A plan to manage a wide range of crises, from health and safety incidents to business disruptions to reputational damage.
- **Business Continuity Plan (BCP)**
  - A set of plans to resume business processes for each business unit during or after a disaster. This includes:
    - Identifying business processes and dependencies.
    - Defining an acceptable recovery timeline based on a business impact analysis.
    - Creating a step-by-step recovery workflow.
- **Disaster Recovery Plan (DRP)**
  - A plan to restore IT application and infrastructure services following a disruption.



# Action Plans

## *Coordination*

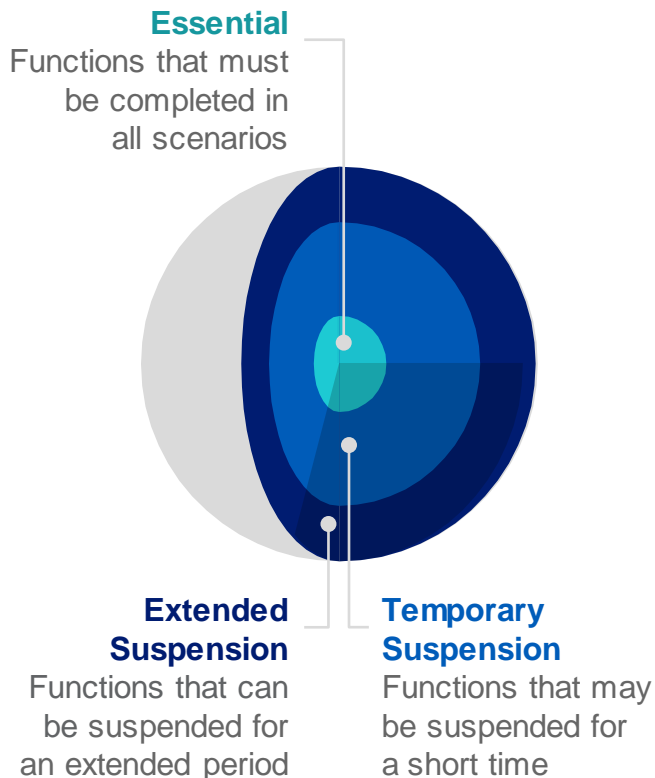
- Identify and empower a small team to act
- The situation is changing rapidly, decisions and information sharing needs to happen quickly to respond to new developments.
- Create a small cross-functional team that includes, at minimum, HR, Legal, and IT.
- Each organization will require a different team make up and may draw on additional functions as needed.
- Empower this group to communicate and make decisions with minimal oversight.
- Free the core members of their regular daily tasks.
- Review and update pandemic policies to speed up response time and ensure coordination across the organization.
- Communicate with stakeholders daily (or more as needed) including staff, Trustees, etc.



# Action Plans

## *Ensure a Business Continuity Plan Is in Place*

Plans should be in place to keep essential functions running. Some experts suggest organizations should be prepared for up to 40% of a workforce to be absent (either sick or caring for others) (CNN).



### **Identify essential functions to maintain.**

Identify organizational priorities (which may differ by location).  
Identify critical products or services that must be maintained.  
Identify critical supply chain partners or contractors.



### **Establish a plan to mediate physical absence.**

Establish a list of designates who can fill in for critical employees.  
Determine how the organization will run with a reduced workforce.  
Create a contact list with all employees' emails, phone numbers, and addresses.  
Determine how the organization will run if customers or suppliers can't come to the place of business.



### **Contact supply chain partners.**

Ensure critical partners have their own business continuity plans in place.

Communication channels with employees must be identified and shared with employees in advance.

# Common Business Functions to Evaluate

- Pension distribution
- Information technology
- Eligibility
- Phone systems and call center
- Contributions
- Mailroom
- Staff payroll
- Check and EOB printing
- Statement printing
- Health claims processing
- Dental claims processing
- Short term disability claims
- New health plan enrollments
- Delinquency
- Pension processing
- Website updates
- Help desk
- Benefit administration support
- Interactive voice response (IVR) system updates
- Identifying possible bottlenecks downstream outside of your organization
  - Pharmacy Benefit Manager (PBM) vendor operations
  - Mental/nervous & drug/alcohol vendor operations
  - Preferred Provider Organization (PPO) vendor operations
  - Utilization review vendor operations
  - Printing partner operations
  - Banking operations
  - Investment vendor operations
  - Benefits admin software vendor operations
  - Disaster recovery vendor operations



# *Common Business Functions to Evaluate*

## **Essential** Business Function Example

### Information Technology

- What would happen if your organization didn't have access to their IT Systems?
  - What would the impact be to the Benefits Office?
  - What would be the impact to the Participants?
- How much of your organization's IT footprint resides in the office and how much is hosted and/or cloud based?
- How many of your organization's systems can be accessed remotely and how many must be accessed at the physical location.
- What part of your business workforce can access systems remotely?
  - Can this be increased?
- What portion of your IT systems can be managed and maintained remotely.
  - What portion cannot be managed remotely?
- Does your organization support their users and systems with internal resources? External resources? Both?
- What would happen if your office is not accessible due to mandated closure?
- Do you make manual changes to your trading partner websites or claims systems?
  - Will they be available?

# *Common Business Functions to Evaluate* **Essential** Business Function Example

## Information Technology Continued

**Here are some IT infrastructure questions to consider when preparing your company for remote work:**

- Do you have sufficient bandwidth and a redundant Internet Service Provider (ISP) connection to handle the maximum workload for employees to access the network securely?
- Do you have soft-phones and/or video conferencing licenses in place to support remote communication?
- Do you have a remote access or Virtual Private Network (VPN) solution in place?
  - Are there enough licenses to support the potential number of remote employees?
- Have your remote devices been validated against a security baseline before granting remote access or VPN access?
- Do you have secure and easy access to a Security Operation Center (SOC) team with 24/7 monitoring and reporting while employees are working remote?
- Is Multi-factor authentication and a strong Data Loss Prevention (DLP) solution in place?

# *Common Business Functions to Evaluate* **Essential** Business Function Example

## **Pension Distribution**

- What would happen if pension distribution for a given month was missed or delayed?
  - What would the impact be to retirees?
  - What would the impact be to the organization in general?
  - What possible options and solutions are available?
- What day of the month does your organization typically process the distribution?



# *Common Business Functions to Evaluate*

## **Essential** Business Function Example

### **Pension Distribution Continued**

- Does your pension distribution include:
  - Direct deposits?
  - Physical checks?
- Are checks printed on specific printers within your office?
  - Are the checks printed by a third party?
  - Can checks and direct deposits be processed remotely or do they need to be fully or partially processed in your office?
- Are there multiple employees in your organization that have the subject matter expertise to perform this operation?
  - Is there only one subject matter expert?
- Are the procedures documented and up to date?
  - Who and how is money transferred to cover the payroll?
- What would happen if your office is not accessible due to mandated closure?
- What would happen if your third party partner's facility was closed due to mandated closure?
- Can aspects of this month's distribution that have an on premise need (E.g. check printing) be processed sooner?

## *Common Business Functions to Evaluate*

# **Temporary Suspension** Business Function Example

### **Eligibility**

- What would happen if Eligibility was not calculated for a given month or was delayed?
  - What would the impact be to the participants?
  - Would claims processing be negatively impacted?
    - If so at what point in time?
  - Would there be an impact to eligibility feeds that are delivered to 3rd parties (E.g. PBM, PPO, etc.)?
    - If so at what point in time?
- Does your organization have the ability to access 3rd party systems to override eligibility as needed?
- Are there manual eligibility processes performed today that need to be considered?
- What would happen if your office is not accessible due to mandated closure?
  - How would new enrollments get processed?
  - How would COBRA and Extended Benefits get processed?
- Can enrollments be processed electronically versus hard copy via US mail?
- What would happen if your third party partner's facility was closed due to mandated closure?

# *Common Business Functions to Evaluate* **Temporary Suspension** Business Function Example

## **Phone Systems and Call Center**

- What would happen if your organization can't access their phone system and/or call center?
  - What would the impact be to the Membership?
  - How would they check their benefits, obtain pre-certification, check on the status of their claims, ask questions about a claims settlement?
- Does your organization have a call center?
  - What are the normal hours of operations?
  - How much information can be obtained without speaking to an agent?
  - Can your agents participate in the Call Center remotely?
  - Does your call center utilize scripts and information they need in order to respond to participant, employer and provider inquiries?
  - Has a script been developed and have staff been trained to respond to participants based on the current conditions?



# *Common Business Functions to Evaluate* **Temporary Suspension** Business Function Example

## **Phone Systems and Call Center Continued**

- Does your organization have different phone trees in place for different operational needs (normal business hours, after hours, holidays, emergencies, etc.)?
  - Can an informational recorded message be inserted on the front of the phone tree(s) alerting callers of an event such as COVID-19 information?
- Do you have voice mail for all employees?
  - Can you communicate updates to your employees via voicemail?
- Does your organization have an automated IVR system for obtaining benefits information such as eligibility and claims status?
- Do you have an emergency text messaging and alerting system?



# *Common Business Functions to Evaluate*

## **Essential Business** Function Example

### **Contributions**

- What would happen if Employer Contributions for a given month was missed or delayed?
  - What would the impact be to the Membership's eligibility?
  - What would the impact be to Employer records?
- Does your Contributions process include:
  - Electronic reports?
  - Paper reports?
  - Self-Service web portal?
- How does money come in?
  - Check?
  - EFT?
  - Both?
- Do you use a financial institution "lock box" to receive employer contributions?
  - Will that keep functioning?
  - Can your staff access that system from an alternative location than the office?
- How will monies be deposited to the bank?
- When does Delinquency reporting occur?
  - Is that impacted if there is a processing delay?
- What parts of the entire process can be performed remotely and what parts need to occur in your office?
- Are there multiple employees in your organization that have the subject matter expertise to perform all parts of the Contributions function(s)?
  - Is there only one subject matter expert?
  - Are the procedures documented and up to date?



# *Common Business Functions to Evaluate* **Temporary Suspension** Business Function Example

## Mailroom

**What would happen if your organization didn't have access to their mailroom? What would the impact be to other business functions?**

- Contributions processing impacts
- Eligibility calculation impacts
- Claims processing impacts
- Pension processing impacts
- Imaging processing
- General and legal correspondence



# Takeaways

- Continue to monitor the COVID-19 situation.
- Ensure your organization has a set of plans (CMP, BCP, DRP)
- Update your organization's plans as needed
- Ensure your organization has a team assigned and empowered to take action
- Ensure your organization's mission critical business functions have been appropriately evaluated and classified (Essential, Temporary Suspension, Extended Suspension)
- Ensure that essential business functions receive the highest focus and effort (e.g. Pension distribution)
- What decisions and guidance require leadership and/or board approval and Fund Counsel review?



# Takeaways

## Ineffective Crisis Management Leads to Significant Financial Impact on the Organization and Potentially Significant Adverse Effects for Participants

In today's business environment, a crisis is no longer a matter of "if" but "when" and the potential costs are significant.

### Soft Costs

Soft costs such as **reputational damage** or morale damage is an aspect of crisis management that many organizations neglect to factor into their cost-benefit analysis.

Reputational damage will lead to hard costs such as decreased sales due to loss of customers. The impact of soft costs is often significantly higher than hard costs.

In a similar IBM study conducted in 2012, firms surveyed reported that the reputational damage lasts months, much longer than recovery times and long enough to affect quarterly results in many cases.

Estimated reputation-related costs resulting from disruption to business or its operations over the next 24 months:

Minor Crisis:	\$20,929
Moderate Crisis:	\$468,309
Substantial Crisis:	\$5,274,523*

\* Source: Forbes, "Protecting Your Company's Reputation in a Heartbleed World"

# Takeaways

## Ineffective Crisis Management Leads to Significant Financial Impact on the Organization and Potential Adverse Impacts to Participants

In today's business environment, a crisis is no longer a matter of "if" but "when" and the potential costs are significant.

### Hard Costs

For crises that cause a business interruption, inefficient crisis management (e.g. delayed response) will result in significantly **longer recovery times**. This has a direct impact on downtime and lost revenue to the Funds. Often, failure to properly respond to a crisis will also cause unnecessary or additional **legal fees**.

According to the business continuity and IT security executives who responded to the IBM Global Study on the Economic Impact of IT Risk conducted by Ponemon Institute, lost revenues, downtime, and the cost of restoring systems can accumulate at the rate of **\$50,000** per minute for a minor disruption.\*