

CASE STUDY

Magellan Health Deploys an Employee Service Center to Greatly Improve HR Service Delivery

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Overview

Magellan Health is known for its use of data and technology to improve health-care and quality of life. When it came to serving its own employees, however, Magellan's HR team was not living up to employee expectations. All employee questions about benefits, payroll, leave, and other related issues were fielded by a team that was overloaded with requests.

Magellan Health wanted to bring its consumer-focused, technology-enabled mindset to HR. Over the course of 12 weeks, the department completely transformed how it provided service to company employees.

In This Case Study

- ✓ The challenges facing Magellan Health and how the company's HR team served employees
- ✓ The company's three-pronged Winning Rx for transforming from a shared-service call center to a high-tech, self-service technology solution
- ✓ Magellan Health's 12-week transformation and the related transformation communications plan
- ✓ Results from the first year of the new cloud-based technology solution





Company Overview

Magellan Health (see Figure 1) is a healthcare management business with employees in 27 states and the District of Columbia. The company has two main lines of service, which it refers to as platforms. The first, Magellan Healthcare, manages the health of special populations, including individuals with serious mental illness, those with cardiac and musculoskeletal conditions, and others needing long-term care and support. Magellan coordinates its healthcare services through its own network of clinics and hospitals, medical and behavioral health professionals, and other related care providers. Through this platform the company manages care for more than 25 million individuals and more than 5 million others in government healthcare programs.

The second platform, Magellan Rx Management, is a full-service pharmacy benefits management business. Across both platforms, the company serves commercial businesses and their employees; other large organizations such as unions, state Medicare plans, and their participants; as well as federal agencies.

Figure 1: Magellan Health at a Glance¹

	Year Founded: 1969
	Annual Revenue (FY 2017): \$5.8 billion
	Employees: 10,700
	Headquarters: Scottsdale, Arizona

Source: *Magellan Health*, 2018.

Business Environment and Challenges

Healthcare is an extremely large business sector that is both highly competitive and highly regulated. According to the Centers for Medicare and Medicaid Services, healthcare spending in the United States has topped \$3.4 trillion a year, consuming 18 percent of the gross domestic product. While the sheer size of the market bodes well for established companies like Magellan, federal and state governments, insurance companies, businesses, and individuals are also intent on containing the spiraling costs of healthcare. This has put pressure on the entire industry.

When it comes to managing and delivering care, Magellan competes against organizations both large and small and against established competitors and newcomers alike. Drawn by the size of the market, the high costs of employee healthcare, and the prospect of disrupting the industry, Amazon, Berkshire Hathaway, and JPMorgan Chase recently forged an alliance to provide healthcare for their own employees.²

Other competitors include large brand-name health maintenance organizations, health insurance companies, and well-established multidisciplinary medical groups—private practices of doctors and other healthcare professionals. In the pharmacy benefit management space, Magellan competes with local and regional players as well as much larger nationwide competitors such as Express Scripts and CVS Caremark.

As the company explains in its most recent annual report: “The company competes based upon quality and reliability of its services, a focus on clinical excellence, product and service innovation, and proven expertise across its business lines.”³ Put another way, the company competes by using its expertise to provide an outstanding consumer experience.

As the company looks to expand its business, leaders have also identified the need to make its employee experience easier, better, and consumer-focused.

KEY POINT: Magellan Health competes in a large and highly regulated business sector by using its expertise to provide an outstanding consumer experience.

¹ *Leading humanity to healthy, vibrant lives: 2017 Annual Report*, Magellan Health, 2018, <https://magellanhealthinc.gcs-web.com/static-files/4493723e-02df-4651-a6cb-9587bd57f087>.

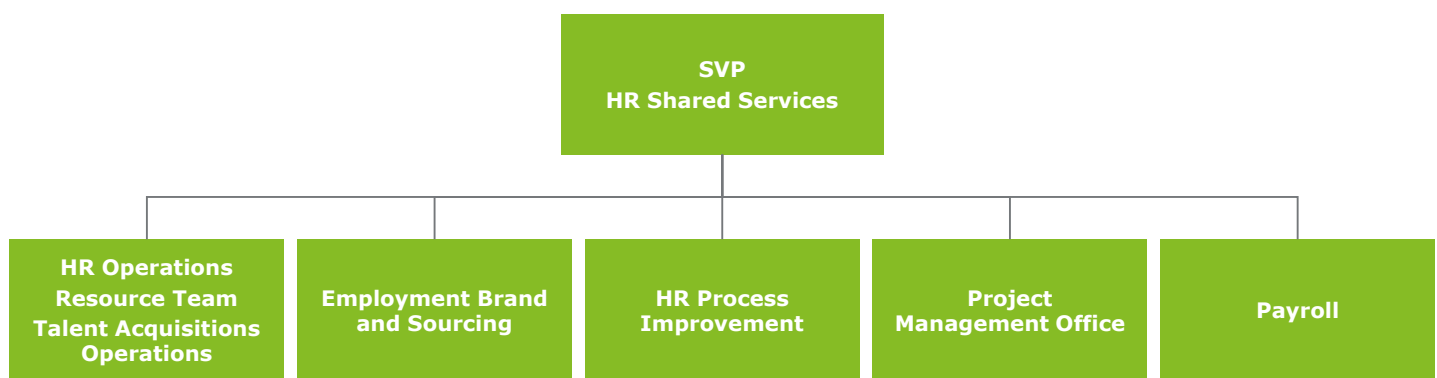
² “Amazon, Berkshire Hathaway, and JPMorgan Team Up to Try to Disrupt Health Care,” *New York Times* / Nick Wingfield, Katie Thomas, and Reed Abelson, January 30, 2018, <https://www.nytimes.com/2018/01/30/technology/amazon-berkshire-hathaway-jpmorgan-health-care.html>.

³ *Leading humanity to healthy, vibrant lives: 2017 Annual Report*, Magellan Health, 2018, <https://magellanhealthinc.gcs-web.com/static-files/4493723e-02df-4651-a6cb-9587bd57f087>.

HR Environment

Magellan Health's HR department includes HR Operations, HR Process Improvement, and a project management office. The department's five units (see Figure 2) report to the SVP of HR shared services. The department's shared services manages payroll services and all inbound questions that employees have about their benefits and job experience. Before the HR transformation, a call center was charged with handling all inbound calls for general HR inquiries. The group included specialists for benefits, employee leave, and payroll.

Figure 2: Magellan Health's HR Shared Services Organizational Chart



Source: Magellan Health, 2018.

Changing How People Work at Magellan

In early 2016, HR executives at Magellan Health wanted to take a fresh look at how they ran their shared services group and, in turn, how they served their 10,000-plus employees spread across 27 different states.

At the time, shared services ran a small call center, but there were several challenges. The employees who manned the call center were regularly besieged with basic HR questions around payroll, benefits, and employee policies. The heavy workload and lack of development opportunities led to low morale and made it hard to attract new talent to the group. The lack of any data or metrics also made it difficult to measure success, failures, or areas in need of improvement.

The shared services call center stood out as an anomaly at a company that embraced and deployed user-friendly technology to improve consumers' lives. The idea of employees having to call someone to get an answer to a basic question was out of step with how the company ran its business.

KEY POINT: Employees at Magellan Health's call center dealt with heavy workloads, a lack of development opportunities, and no useful data or metrics, all of which hurt morale and made it difficult to attract new talent.

We knew we needed to do something different. And there were two major things we wanted to accomplish. First, we wanted to stop this dependence on the call center. Second, we wanted to change the behavior of Magellan associates; we wanted to make it possible for them to take responsibility—and have accountability—for their own work, knowledge, and career at the company.

—Senior Vice President, Shared Services,
Magellan Health

In February 2017, the HR team defined three key elements for what the company's workplace of the future should look like. The fundamental measure of success would be a reduction in the number of cases in which employee questions could not be answered immediately and required follow-up. The group knew that technology would be a major part of any new solution, but it also knew it needed to clearly articulate how and why such technology would be used. The three elements of Magellan's HR transformation, called the Winning Rx, included the following:

1. **Employees should enjoy a true consumer experience.** Magellan wants its employees to feel that the company cares for them as a whole person. To accomplish this, the company would:
 - Create a system that is interactive and able to anticipate employee needs
 - Maintain accurate information that provides holistic guidance
 - Use feedback to be responsive to changing needs
 - Answer 80 percent of inquiries the first time
 - Treat escalated cases with empathy
2. **HR service delivery will be redefined.** Employees understand HR's strategic purpose and will engage with HR in a new way. Employees, for their part, would be expected and empowered to:
 - Be accountable for understanding and managing their work lives
 - Adopt new systems rapidly
 - Use automated solutions and take the initiative to stay informed
3. **Magellan will become a preferred employer for the workforce of the future.** The latest tools, great communication, and best-in-class programs will attract and retain best-in-class talent, leading to:
 - Happier and more productive employees
 - Higher retention rates
 - Higher employee referral rates

With a plan in place, the team began researching technology partners that could help implement its vision. The team partnered with ServiceNow, which provided an HR service delivery solution that helps companies automate and optimize their business processes across the enterprise. Magellan's HR team wanted to move quickly, hoping to implement and roll out a new solution within three months.

KEY POINT: The three elements of Magellan's HR transformation included helping employees enjoy a true consumer experience, redefining HR service delivery, and making the company a preferred employer for the workforce of the future.

Magellan's IT department—a partner in the transformation—had already worked with this vendor for its IT support needs. This combination of ServiceNow's previous experience with Magellan and Magellan's satisfaction with the company's existing work made it the winning vendor.

A Thoughtful 12-Week Rollout

While Magellan's IT and ServiceNow teams began working on the technology solution, the HR team kicked off a three-month transformation communications plan.

We had to get out from behind the curtain. We had to be totally transparent and admit our issues and acknowledge that we had not been doing a great job, that our service was not what we wanted, but that we were going to fix it. We told employees that we were going to turn off the phones and shut off email, but we were going to use best-in-class technology to make work easier.

—Senior Vice President, Shared Services,
Magellan Health

Communicating the Transformation

The team kicked off its outreach with a smartphone video posted on Magellan's intranet and internal social media platform. This was followed by an eight-week communications campaign highlighting key features of the new shared services solution, while also poking fun at the way things were done in the past.

One example was called #BecauseItsPersonal. The scenario featured a pregnant employee who was not ready to share the big news with coworkers but wanted to know how to add the baby to the healthcare benefits once the baby was born. In the old model, the employee would have to phone the call center from the office and whisper into the phone. In the new model, the employee would quickly be able to get an answer from her smartphone or computer.

Employees responded to the social media campaign with their own humorous scenarios and used the platform to provide feedback and ask questions on the new model.

We did not need focus groups. Our employees were already engaged, and this meant we knew exactly what they were thinking.

—Senior Vice President, Shared Services,
Magellan Health

KEY POINT: Magellan Health's HR team conducted an eight-week communications campaign highlighting key features of the new shared services solution, while also poking fun at the way things were done in the past.

Preparing HR for the Transformation

While the HR team was preparing Magellan's 10,000-plus employees for a new system, team members were also ramping up their own skills for the launch. This included ensuring that the entire HR team became experts at using the new system. Internal experts and functional leads were also enlisted to create a library of articles on key employee issues such as compensation, vacation, parental leave, and a range of other topics.

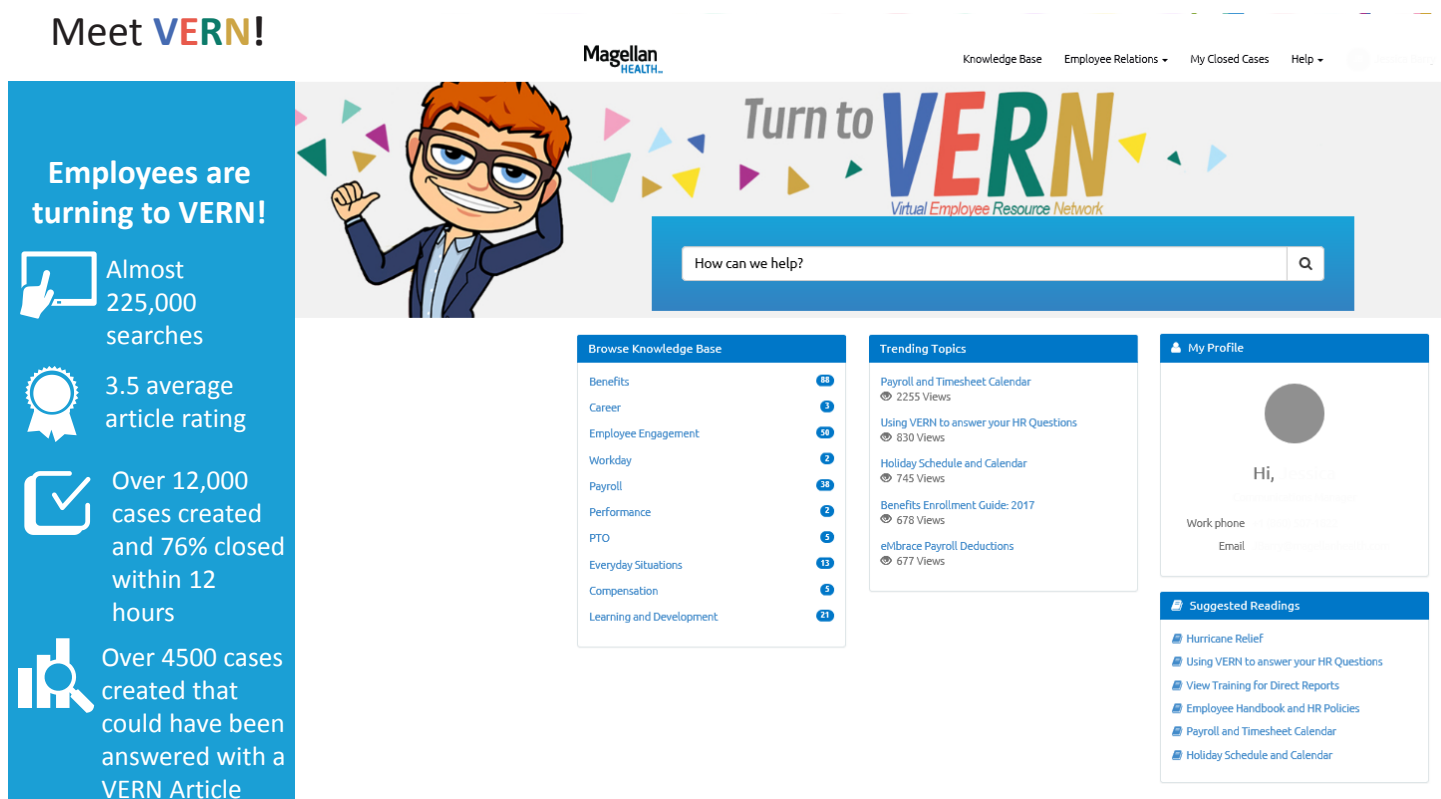
Meet VERN, the Virtual Employee Resource Network

The foundation of the new employee service center is a search engine that directs employees to answers to their questions and serves as a hub for escalating issues if answers cannot be found. The HR team created a "name that tool" game for the solution. The one-week voting contest saw employees lobbying for their choice. After a two-way tie, employees settled on VERN, the Virtual Employee Resource Network.

At the same time, select employees and managers were drafted to provide user testing, and feedback was incorporated on a rolling basis.

The HR team did a two-week soft launch of VERN at the company's St. Louis office. This location houses the largest employee base for Magellan and represents the widest cross-section of employees. HR team members kicked off the event with T-shirts, cake, and HR team members with laptops open, ready to show fellow employees how to use VERN. (See Figure 3.)

Figure 3: The Virtual Employee Resource Network (VERN) Home Page



Source: Magellan Health, 2018.

A companywide launch began two weeks later, and today employees are using VERN in the same way they use any Internet search engine to search for answers. A search on maternity leave, for example, will yield a series of articles on the topic, and employees can pick those that are most relevant. For employees who want to browse, they can view the entire knowledge base of articles and select information that way.

If an employee cannot find an answer to a question, he or she can submit a case that is handled by a highly trained HR representative. In many cases, we found that the answer was in the article, but the employee did not see it—and that also helps us continually refine these articles.

—Senior Vice President, Shared Services,
Magellan Health

The VERN home page also features FAQs, most popular articles, and articles on upcoming events such as open enrollment for benefits. Employees can also view their open and closed cases. Managers, for their part, can complete employee-improvement plans on the site, and employees can manage any conflict-resolution issues.

Business Impact

Magellan's VERN went live on May 1, 2017, and while its launch was considered an enormous success across the company, the shared services team continues to fine-tune the system. One improvement in the works is the ability to better measure business impact and results.

At the end of VERN's first three months, employees had completed more than 150,000 searches, and the HR team estimates that more than 70 percent of potential cases were deflected. For the remaining 30 percent, most cases were answered in less than three hours, and that was often done by simply emailing employees the relevant article. Approximately one-third of these escalated cases were related to payroll. This insight has, in turn, spurred the HR team to re-create its payroll content to answer many of these questions before they become formal cases.

One clear benefit of VERN is that it has enabled both HR and employees across the company to function more efficiently. Employees are able to get answers to their questions quickly—usually without direct assistance from HR—which enables employees to return to their work quickly and also frees up HR's time for more valuable activities.

A surprising side outcome has been an improvement in HR team morale. HR individuals noted that their careers were now moving in a positive direction, with the opportunity to use cutting-edge technology instead of being relegated to low-level call center tasks. Overall, the transparency of the portal is changing the way employees are engaging with HR—and thus improving the perception of the function.

KEY POINT: At the end of VERN's first three months, employees had completed more than 150,000 searches. The HR team estimates that more than 70 percent of potential cases were deflected.

Lessons Learned

- **Be totally open and honest.** When Magellan's HR team decided to completely transform how it helped employees with work-related issues and questions, the team admitted its past mistakes and explained how it intended to fix the problems.
- **Overcommunicate.** Beyond acknowledging past mistakes, the HR team launched an eight-week communications plan to prepare employees for a new way of doing business with HR. This included videos, emails, articles, social media posts, and more.
- **Have fun.** The HR team created a contest to name VERN, celebrated the launch of the new employee service center with a party, and encouraged employees to share their own experiences on the company's social media platform.

Next Steps

The shared services team is working on several improvements for VERN as the solution hits its first anniversary. One goal is to drive down the number of cases by 50 percent through analyses of existing cases and improvements in article content.

While VERN is already integrated into Magellan's human capital management solution at a basic employee-record level, the team is now looking to integrate it into other HR services and processes. For example, in 2018 the team expects to incorporate tuition reimbursement directly into VERN.

The team is also looking to include more data and analytics into VERN in order to better measure business impact but also to continually improve how the system can serve employees better and more quickly.

Conclusion

Today's employees are also sophisticated consumers who have come to expect high-quality, high-tech, customer-centric services and solutions. As is the case at many companies, however, while Magellan Health's customer-facing technology was excellent, its employee-facing technology for HR services was subpar.

Previously, when employees had questions, they had to call a service center for answers. Not only was the call center not scalable for a growing company, but employees were not getting the answers they needed in the time frame they expected them.

To fix this, Magellan's HR shared services team launched a 12-week transformation. The team partnered with ServiceNow to create a centralized employee service center for all HR-related questions. In its first year of operation, the solution has fielded and answered more than 225,000 employee inquiries and reduced the shared services caseload by 70 percent. Employees now get the answers they need rapidly, enabling them to help their clients lead more healthy lives. ■

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