SCOTTSDALE INSTITUTE

INFORMATION EDGE

Y2K Update: HIMSS '99 Sessions

Executive Summary

By this time, everyone is aware of the Year 2000 (Y2K) software problem and is well underway in Y2K remediation—or is not planning to be around after the millennium. However, there's still plenty to know before even savvy healthcare executives can safely bring the Y2K ship into dock during the next seven months. In that spirit, this month's Information Edge provides a summary of the Y2K educational sessions at the 1999 HIMSS Conference in Atlanta in February. We cover the following sessions:

- *Contingency Strategies for Meeting the Y2K Challenge (Session #13)*
  Panel: Jennifer Leonardi, North Shore Hospital and Bob Relph, Superior Consultant Co.

- *Year 2000: Taking It To the Finish Line (Session #58)*
  Panel: Eric Yablonka, Hospital of St. Raphael's; Gary DePaul, Charlotte Hungerford Hospital; Paul Oates, Middlesex Hospital; Lori Scott, Rutland Regional Medical Center; Mark McMath, Hamilton Health Care System; and William Gillespie, York Health System

- *Liability for the Year 2000: What Hospitals Need to Know (Session #77)*
  Diana McKenzie, Gordon & Glickson

- *Y2K: Planning for Success (DOD) (Session #106)*
  Lyn Hurd, U.S. Navy

- *Y2K General Session*
  Howard Rabin, MD, Rubin Systems

Thanks to Mimi Hassett and Cathy Scisciani of First Consulting Group for these session notes. More complete session information is available from FCG's Boston office, 781-890-3938.

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General Y2K facts and information

The following are some at-a-glance facts about Y2K from the sessions:

- Costs resulting from Y2K:
  –Conversion costs of as much as $600 billion globally
  (at least $15 Million per Fortune 1000 Company)
  –Litigation expenses
- Spending is increasing very rapidly
- Most time and money is spent in the testing phase
- Some companies already experiencing Y2K problems;
  September 9, 1999, may also present a problem

Y2K legal facts and information

No surprise, Y2K affects all facets of business, including law. The following points are taken from the session *Liability for the Year 2000: What Hospitals Need to Know:*

- Need to prove you are doing more than the next guy–to reduce liability
- Forty-five lawsuits filed so far with claims of Breach of Express and Implied Warranties, Breach of Contract, Negligent Repair, Fraud, Misrepresentations, Deceit, Unfair Business Practices
- Allege knowledge of risks as early as mid-70's
- Typical case: class action vs. manufacturer–27 cases (13 against Medical Manager and Intuit; 13 resolved–10 by settlement, 3 dismissed)

Note: Detailed legal information is available from the written proceedings for Session #77.

As Y2K approaches, the industry recognizes the need to focus on the reliability of supply chains and community utility infrastructure. The issue is no longer an IT issue but a business and strategic organizational one. Although healthcare has progressed in its preparations from 1998, only 80% have completed a significant amount of testing; only 30% are in the remediation stages. The stability of power and electric infrastructures is becoming an area of focus. Several of the panelists ascribed to realistic risk assessments based on specific "what if" scenarios, possible impacts, and "what then" scenarios for each utility service or supply chain. Other key points were discussed:

Strategies

Here are some key points to remember in the strategic planning process:

- *Y2K planning team* must include input from the business, IT and legal. In addition, end users and employees must be well informed and integrated into status reports and contingency planning. The employees will be responsible for actively carrying out the contingency plans. Organizations are using paycheck inserts, newspaper ads and even billboard announcements to keep employees and external communities informed of compliance and to help educate about possible impacts.

- *Vacation and PTO:* Many organizations are not allowing vacation time from mid-December through mid-January and are moving the New Year's holiday from Friday to Monday. One organization is planning to shut down all systems on Friday. Each one will be brought back up one at a time with specific testing. Reactivation of the systems will take anywhere from one week to three months. Back-up contingency plans are based on this approach.

- *Testing and remediation documentation* needs to be specific and detailed to support legal defense for any suits filed in 2000. Vendor letters must be coupled with on-site system testing. Systems or devices not included in the test plans due to time or resource availability still need to be documented and legal advice sought to determine any additional risk.

- *Stockpiling* was frowned on by several participants, as it would create false shortages. Instead, organizations need to work closely with members of their supply chain to determine what is required to support contingency plans.

Planning Components
Organizations need to identify significant pieces of the planning process:

- Key to all planning is *data stability and recovery*. Manual systems do provide stable collection and storage means and are being incorporated into a number of plans. Ask "What if" and "What is impacted," simulate a solution, test for readiness and evaluate.

- *System assessments and inventories* should be used to prioritize testing plans. Risk assessments should be based on critical business supports, with workflows helping to determine testing priorities. What services are critical to the business and what information is critical to support that delivery?

- *Remediation* should be completed by August as additional system testing may be required. *Vendor response to Y2K* has complicated the testing and remediation process for many organizations as the vendors are releasing Y2K patches for their original patches. Letters from vendors at this point are not sufficient.

Utilities/Infrastructures
All healthcare organizations should keep in mind utility-based factors:

- Nationwide power grid testing and readiness drills occurred on April 8-9. By June 30, 1999 all remediation must be completed. A final coordinated readiness drill will take place on September 8-9.
- Water availability should be carefully evaluated as part of the readiness plan.

Most time and money is spent in the testing phase.

Last-Minute Fixes

Don't forget to batten down the hatches before the Y2K squall hits:

- Develop staff retention strategies
- Reduce patient loads
- Sell or outsource operations

Recent Developments

Some of the latest things to know:

- Y2K Information and Readiness Disclosure Act: enacted October 1998
- Proposed federal legislation
  –Y2K Act: currently before Senate Commerce Committee: requires notice of Y2K failure and opportunity to cure; limits damages to economic losses and limits liability for folks in supply chain
  – Y2K Consumer Protection Plan Act
- American Hospital Association Study: absence of data released publicly by member hospitals
- New types of litigation
- Y2K biomedical equipment clearinghouse: established by VA and HHS with Internet Web site operated by FDA

Miscellaneous

As we look into the year 2000, we might see the following landscape:

- *December 31:* Only 8% of failures will occur on this date.
- *January:* Damage control, physical and manual backup, and repair, legal and liability issues identified
- *February–July:* Legal action preparation, replace temporary fixes, phase-out manual back-ups
- *August–December:* Legal actions, deploy needed hardware, resume projects put on hold.

Conclusions and Recommendations

Thanks to Judith Bergstrom in FCG's Atlanta office for contributing these important principles:

1. **Everyone needs full business contingency plans–even if you've completed your remediation efforts.** You cannot be sure your business partners and their business partners will not experience problems which will affect you downstream. Contingency planning should have a business owner, not an IT owner, and should be a major activity now. Disaster recovery plans should be used as the vehicle for contingency planning.

2. **Organizations responsible for delivering care should be working closely with the community planning organizations.** Hospitals and physician groups need to understand the community's

contingency plans particularly for emergency services. The utilities are in pretty good shape in major cities but there is less confidence for rural areas. If the organization serves rural communities their contingency plans need to focus on how interruptions in the rural areas may affect them.

3. **When prioritizing mission critical applications for remediation and contingency planning revisit low-tech approaches.** Manual back-up systems may provide an effective solution that can be implemented in the short run. Solutions which may have made sense six months or a year ago (e.g. system replacement) should not be considered to meet the end-of-year deadline.

4. **Get support strategy in place today.** This includes financial and human resources. Understand where funding will be available should your payor's systems fail or a major internal problem require access to funding. Determine support teams, internal/external on-call teams and the teams needed to execute contingency plans.

5. **Continue testing after January.** System and device freezes and crashes will be easily identified on 1/1/00. Problems associated with calculation and sorting errors, particularly in the back-office will be more difficult to find. Audit plans should be put in place to test accuracy of daily, weekly, monthly and quarterly routines.

Don't panic–Y2K is overwhelming, to get through it, address the issues in small steps and solve problems one at a time. Don't build a bridge if there is a more effective way to get you across.

Remember, after all is said and done, organizations will have up-to-date systems, and good inventories. Exhaustion over Y2K investments, which by and large ensured continued operation of the status quo, will stimulate a new energy to develop and implement breakthrough, visionary IT solutions.

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Mark Your Calendar

Special Conference on Cost Management
Chicago O'Hare Hyatt Regency
October 15, 1999

Sponsored by
Scottsdale Institute and the First Consulting Group

Detailed Conference material will be mailed soon.

Only 8% of Y2K failures are expected to occur on December 31.

Responses to IE Quick Survey

Twenty-seven individuals responded to the IE Quick Survey we included in the March issue. Of those who faxed in their surveys, the chart below portrays their responses. Not everyone answered every question, so the totals do not always add to 27.

85.2 percent said they read the IE Report regularly, 14.8 percent said they do not read it at all. 96 percent forward the Report onto others, including their CEO, COO, CFO, and many different reports. 88.5 percent found the articles to be useful, 3.8 percent responded neutrally and 7.7 percent (2 respondents) said the articles were not useful. 96.3 percent said the format was easy to read. 91.7 percent asked that we provide a list (with brief description) of the on-going and prospective collaborative studies, but only 60 percent or less said they were interested in who has joined SI or career changes among members. 18.5 percent of the respondents were CEO's, another 18.5 percent were CMO's or VP MA, 37 percent were CIO's and COO's, CFO's and others made up the balance.

We received many suggestions for articles, including using technology for care management (from a VP MA), benchmarking IS costs (CIO), and Capital Outlays (CEO). Based on your input you will see a few changes to the IE Report during the next few months. Thank you to those of you who replied.

Information Edge Quick Survey Responses

Number of Respondents

Legend:
- Negative
- Neutral
- Positive

Questions (x-axis): Read IE, Forwarded IE, useful articles, If not, why, Format, New member info, Career changes, On-going collaboratives