



# ACP-OC Meeting November 9, 2005

## Effective Program Status Communications to Executives

**Presented By**

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PacifiCare Health Systems



# PacifiCare

- One of the nation's largest consumer health organizations
- \$12 billion in annual revenues
- Market capitalization of \$6.7 billion
- 3.3 million health plan members
- 2 million specialty plan members
- Offer a variety of consumer-driven health care and life insurance products.
- Specialty plan operations include behavioral health, dental and vision, and complete pharmacy benefit management
- 10,500 full- and part-time employees
- The Pacificare Foundation has donated more than \$17 million through grants to a variety of nonprofit organizations



# Business Units

- Corporate Affairs
  - Communications, HR, Legal
- Finance and Enterprise Services
  - Accounting, Corporate Security and Business Continuity, Information Technology, Operations, Treasury
- Health Plan Division
  - Health Services, Network Mgmt, Sales & Marketing
- Specialty Companies
  - Behavioral Health, Dental and Vision, and Pharmacy Benefit Management



# BC Program

- Emergency Response
  - Building Evacuation Drills
  - Emergency Response Personnel
    - Building and floor leads
    - Emergency Response Team
    - Medical Response Team (new in 2006)
  - Emergency Publications
- Business Continuity Planning
  - Plan Development, Update and Exercise
    - Plans maintained in LDRPS
  - Annual Recovery Exercises at SunGard
    - Data Center
    - Western Region Service Center



# Quarterly Communications to Sr Mgmt

- Purpose
  - Make **risks visible** to management
  - Help management **understand the risks.**
  - Identify actions to **mitigate the risks.**
- Vehicles
  - Quarterly steering committee meetings
  - Quarterly reports to senior management teams



# Quarterly Reports to Sr Mgmt

- Implemented in 1Q04
  - Health Plan Division and Regional SMTs
  - Supplemented with face-to-face meetings
- Enhanced in 4Q04
  - Expanded scope
  - Changed ERT status reporting
- Future Enhancements
  - Expand scope
  - Enhance accessibility
  - Trend analysis



# Quarterly Reports to Sr Mgmt

- Emergency Preparedness
  - Building evacuation drills
  - Emergency personnel
    - Emergency management
    - ERT
- Business Disruptions
- Business Continuity Plans
  - Update
  - Exercise
- Steering Committee Meeting Minutes



# Quarterly Reports to Sr Mgmt

## Emergency Preparedness Northeast Region

Building	Date of Last Evac Drill	Emergency Personnel (actual/required)	
		Emergency Management	ERT
<b>MAIN OFFICES</b>			
New York (population: 410)	5/6/05	6/6	14/18
Boston (325)	10/20/04	10/10	13/17
<b>REMOTE OFFICES</b>			
Philadelphia <sup>1,2</sup> (41)	9/18/04	3/3	0/0
Hartford <sup>1,2</sup> (7)	9/12/04	5/3	0/0
Camden <sup>1,2</sup> (12)	10/20/04	2/3	0/0

<sup>1</sup> Evacuation training held in lieu of an evacuation drill

<sup>2</sup> Given the nature of the office, ERT members are not required there at this time

For additional information contact the Business Department

Data as of: 6/15/05



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# Quarterly Reports to Sr Mgmt

Summary of 2002-2004 Business Disruptions

	Incidents			Impacted Business			Caused Internally			Cause of Business Disruptions
	2003	2004	2005	2003	2004	2005	2003	2004	2005	
Jan	9	7	6	5	5	6	3	2	1	03-San Francisco office, circuit breaker tripped by electrocution 03-New York, burnt pizza in microwave 03-Atlanta, damaged circuit breaker 04-Salt Lake City, UPS malfunction 04-Seattle office excessive electrical load 05-New York, Bldg alarm activation
Feb	4	10	5	1	7	3	1	4	2	03-Dallas, Visitor pulled fire pull station 04-Boise, Faulty bldg H/AC fan motor 04-Camden, Unknown individual pulled fire pull station 04-New Orleans, Fire pull station that was previously activated fell off the wall 04-Los Angeles, tripped circuit breaker 05-Seattle, Construction work within the building 05-Seattle, Voltage surge tripped main breaker in the building
Mar	7	4	8	4	2	6	1	0	3	03-Denver, burnt food in toaster 04-Phoenix, WAN equipment failure 04-Philadelphia, Visitor pulled fire pull station 04-Phoenix, Tripped electrical breaker
Apr	4	4	8	0	2	3	0	2	2	04-Boston, burnt food in microwave 04-Hartford, Electrical problem with bldg A/C unit 05-Hartford, Unidentified person activated the fire alarm 05-New York, Unidentified person activated the fire alarm
May	12	4	5	5	1	5	2	0	2	03-Los Angeles, PBX air vent blocked 03-Dallas, Improper UPS preventative maintenance
Jun	7	5		6	3		3	1		03-Phoenix, contractor working on bldg life safety system 03-Boston, Faulty smoke alarm 05-New Orleans, burnt popcorn in microwave 04-Dallas, A/C condenser fan failure
Jul	8	6		2	2		0	2		04-New Orleans, A/C motor failure 04-Boise, tripped circuit breaker due to A/C failure
Aug	4	3		3	2		0	0		
Sep	8	2		2	1		1	1		03-San Francisco, faulty smoke detector 02-Seattle office, Bldg alarm activation
Oct	3	3		1	3		0	2		04-Seattle office, Life safety system alarm activated during building maintenance 04-Dallas, burnt popcorn
Nov	7	7		1	4		1	3		03-Los Angeles, Internal power surge 04-Denver, Freight elevator smoke alarm activated 04-Phoenix, Lobby smoke detector activated 04-Hartford, Smoke from overheated elevator motor
Dec	9	7		6	3		1	1		03-Camden, Unknown individual pulled fire pull station 04-Seattle office, Activation of alarm due to work on sprinkler system
<b>Total</b>	<b>82</b>	<b>62</b>	<b>32</b>	<b>36</b>	<b>35</b>	<b>23</b>	<b>13</b>	<b>18</b>	<b>10</b>	



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## Effective Program Status Communications to Executives

# Quarterly Reports to Sr Mgmt

Business Department Continuity Plan Status

Ref #	Department	Function	Plan Last Update	Plan Last Exercised	RTO Rating	Plan Owner	BCP	Status	Target Window for Annual Update	
									Start	End
1	Finance	Treasury	Jun-04	Jul-04	2 days or less	Big Cash	BCP1	Phase 3 - Plan Exercise in progress. Project expected to be completed 08/30/05	Feb	Mar
2	Operations	Customer Service	Jun-05	Aug-04	3 days or less	Good Service	BCP2	Phase 2 - Plan Development in progress. Project expected to be completed 07/30/05	Mar	June
3	Finance	Controller	Aug-04	Aug-04	7 days or less	Mo Money	BCP3	Phase 1 - Project Initiation in progress. Project expected to be completed 9/30/05	May	July
4	Human Resources	Payroll	May-05	Jun-05	7 days or less	My Check			Sept	Oct
5	Manufacturing	East Coast Plant	May-04	Jun-04	7 days or less	Big Guy	BCP4	Phase 4 - Project Closure in progress. Project expected to be completed 08/30/04	Mar	April
6	Administrative Services	Facilities	Oct-04	Nov-04	7 days or less	Lee Lease			Mar	April
7	Administrative Services	Travel Office	Jan-05	Feb-05	7 days or less	Bon Voyage			Mar	April
10	Administrative Services	Internal Communications	May-04	Jun-04	14 days or less	Say Itwell	BCP5	Phase 4 - Project Closure in progress. Project expected to be completed 07/30/05	Feb	Mar
11	Sales & Mktg	Southwest Region	Apr-03	May-03	14 days or less	Joe Selmore		BC planning deferred to Feb 2006, per J. Selmore	Feb	April
12	General Counsel	Legal	Apr-05	Apr-05	30 days or less	Bue Suem			Apr	May
13	Human Resources	Benefits	Apr-05	May-06	30 days or less	Ben Benefits			Sept	Oct
14	Human Resources	Compensation	May-05	Jun-05	30 days or less	Sho Methemoney			Sept	Oct
15	Administrative Services	Community Relations	Mar-03	Mar-03	30 days or less	Gina Goodworks		BC planning deferred to Nov 2005, per G. Goodworks		
16	Administrative Services	Public Relations	Feb-04	Apr-04	30 days or less	Plenty Goodnews			Feb	April

For additional information contact the Business Continuity Department

Date as of 5/30/05





# Quarterly Reports to Sr Mgmt



## To the Sales and Marketing SMT:

Following is a high level overview on the status of the Business Continuity Program for the **Sales and Marketing** Division.

### Emergency Response Program

-  Building Evacuation Drills – Current for all locations, except the Dallas office. An evacuation drill to be held within the next 60 days.
-  Emergency Response Personnel – In compliance, except for the Mountain and Northeast markets. Business Continuity is working to address this risk with the appropriate Building Leads.

### Business Continuity Planning

-  Plan Update and Exercise – **All** business functions rated for **recovery within the first 7 days** following a disaster **have** a continuity plan that has been updated in the last 12 months.
-  Plan Update and Exercise – **Several** business functions rated for **recovery after the first 7 days** following a disaster either **do not have** a continuity plan or their plan has not been updated in the last 24 months. The ability to recover these functions is at risk.

See attached for additional information.

Please contact me if you have any questions or feedback on this report.

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Note: The reports are expected to evolve over time. As such, the Business Continuity Department welcomes your feedback on their format, content, and distribution.



# Successes

- Development and Implementation
  - Reviewed with a rep from each business unit (i.e., chief of staff)
  - Presentation / buy-in from executive mgmt
  - Annual face-to-face meeting with SMTs
  - Leveraged reports to steering committee
  - Keeping communications as simple as possible



# Lessons Learned

- Language of executives
- Champion



# Challenges

- Short & Concise
- Sr. Mgmt Calendars



# Questions

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