



PARTNERSHIP FOR PUBLIC SERVICE

Testimony of

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Committee on Homeland Security and Governmental Affairs
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on

**Monitoring CMS' Vital Signs: Implementation of the Medicare
Prescription Drug Benefit**

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Senator Voinovich, Senator Akaka, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Marcia Marsh, Vice President for Agency Partnerships of the Partnership for Public Service, a non-partisan, nonprofit organization dedicated to revitalizing the federal civil service. We appreciate your invitation to discuss our partnership with the Centers for Medicare & Medicaid Services (CMS) in reforming its human capital strategies and specifically our work with them on the Extreme Hiring Makeover. This Subcommittee continues to recognize that a skilled and dedicated workforce is absolutely essential to meeting an agency's mission, and we are honored to share with you our perspective on CMS's efforts to recruit and retain the workforce it needs to succeed.

The Partnership has two principal areas of focus. First, we work to inspire a new generation to federal service. Second, we work with government leaders to help transform the business of government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how we manage people, from attracting them to government, leading them, supporting their development, and managing performance. In short, all the essential ingredients for forming and keeping a winning team. Given those objectives, fixing the federal hiring process tops the list in terms of our priorities. We welcomed the chance to work with the leaders at CMS to develop a new model for government.

EXTREME HIRING MAKEOVER

Current events have raised the stakes on government's success – and to perform effectively, government needs top talent. But the federal government is in double jeopardy: More than half of all federal employees will be eligible to retire within the next five years, and there is a very

thin pipeline of talent waiting in the wings to replace the skilled and experienced workers who will walk out the door. Worse yet, the way the federal government hires is often inadequate – it takes too long, is cumbersome, and may fail to produce quality results.

The federal hiring process is one of the biggest impediments to attracting new employees to government service. In some cases, federal job application instructions run 35 pages long – and applicants often have to wait six months to a year before getting a federal job offer, sometimes with little or no communication from agencies. This situation is further complicated by today’s competitive market. According to research conducted by Penn, Schoen, Berland & Associates, Inc., 69 percent of college juniors and seniors said they are not willing to wait over four weeks for a job offer. If it takes federal agencies a year to hire, they will lose the most highly qualified applicants to other, more nimble organizations.

There is also growing concern that federal methods for assessing the skills of potential employees are among the least effective available. According to a recent report published by the Partnership entitled, *Asking the Wrong Questions: A Look at How the Federal Government Assesses and Selects Its Workforce*, many agencies use the training and experience point method to assess their applicants. Among the common selection procedures available to federal agencies, this approach is the least valid predictor of success on the job.

Finally, and perhaps most disheartening, is that after all that time and effort, managers are often not satisfied with the final candidate(s) that result from the hiring process.

Project Overview

The Extreme Hiring Makeover project has shown that change is possible. Modeled after the popular *Extreme Makeover* television shows, this project united some of the nation's premier experts on recruiting and assessment with three federal agencies to implement some of the most effective hiring practices in the federal government. Together, these agencies are paving the way for better hiring.

Like the television shows, participating agencies boldly and bravely came forward with a simple desire to improve. But unlike the TV show participants, their measure of success is not cosmetic, but something far more important: bringing the best talent into the federal government by improving the way the government works.

We had three objectives for this project:

- Demonstrate that the federal hiring process can be fixed and *without extraordinary measures*
- Create a “do it yourself” toolkit for success that other agencies can use
- Launch a campaign for change across government through our Makeover stories

Agencies

The three participating agencies are CMS, within the Department of Health and Human Services (HHS); the Department of Education (ED); and the National Nuclear Security Administration (NNSA), within the Department of Energy.

It was important to us to have three agencies participate. If we worked with only one agency, it was likely others could dismiss any success as an anomaly. With three agencies of varying mission and need, we hoped to identify the practical issues encountered by our participants, the commonality of challenges, and the effectiveness of shared solutions.

Partners

The Extreme Hiring Makeover project is enhanced by the participation of world-class experts in the area of recruiting and hiring. The Partnership for Public Service has united a number of private and public sector organizations to help CMS, ED and NNSA. These organizations, who have donated their products and services, are providing the tools and expertise necessary to assist the agencies in their specific areas of need. Whether the issue is planning, marketing, assessment, selection, or making an offer, the Extreme Hiring Makeover team has the skills and knowledge to help participating agencies improve their practices and enhance their workforce.

Combined, these project partners form a "Dream Team" to tackle the specific hiring challenges of our three participating agencies. In addition to the Partnership, this team includes: Monster Government Solutions, ePredix, CPS Human Resource Services, AIRS, Brainbench, the Human Capital Institute and Korn/Ferry International. The project offers them a great opportunity to demonstrate how their tools and services can be used effectively to better recruit and retain talent.

Approach

We launched this project in September 2004 with a phased approach. From September to January, we helped agencies diagnose the key issues they face through a series of interviews and

by mapping the hiring process. We also implemented “quick wins” to demonstrate immediate success. Those included creating new looks and marketing appeal for vacancy announcements, targeting passive candidates for existing positions, helping to script communications for job fairs, and providing interview guides for managers. From January through the end of April, we are constructing the short term fixes – designing the new hiring process, creating a new front end toolkit to facilitate better planning for managers and HR teams, tightening up the pre-screening and assessment process, designing new recruiting materials, and training the agency recruiting experts. From May through the end of this calendar year, we will help the agencies with long-term planning for building on and sustaining change. This will involve an organization-wide campaign to train managers on the new system and culminate with implementing management performance measures for the future.

We launched this project with the premise that the agency challenges and solutions would overlap enough to produce a government-wide change toolkit. Although we are still in the solutions phase, that premise seems right on target. Major segments of the hiring process lend themselves to common solutions. Several of the key elements in our future toolkit were developed and piloted by the CMS team.

CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS)

We did not lack for volunteers for our makeover process, but CMS, along with the other participants, impressed us early on as ideal candidates for our efforts. CMS demonstrated:

- *Leadership commitment* – From the initial interest of the HHS HR team through the ongoing attention of the senior leadership at CMS, we have been impressed with the commitment of their leaders and managers to this project. That was an essential ingredient for success.
- *Strategic need* – As this committee knows better than others, CMS had a pressing need for change in staffing to meet the requirements of the Medicare Modernization Act (MMA). MMA implementation demanded significantly increased hiring, growing the size of the workforce by approximately 500 professionals within two years. This constitutes 10% of the existing workforce and double their normal annual hiring. Such changes involved not only consideration of new lines of business but also new skills and competencies. As an example, individuals with expertise in pharmaceutical contracting, clinical matters, disease management and prevention, nursing home formulary needs, retiree benefit package structures and marketing skills will be key to successful rollout of the MMA provisions.

The agency's hiring challenges did not begin, nor do they end, with MMA. Like the rest of government, CMS has an aging workforce and will likely face significant retirements in coming years. They must attract and retain a highly skilled workforce to meet the increasing pressures of America's aging population.

- *Recognition that the current process is broken* - Both HHS and CMS were already engaging in efforts to "fix" the hiring process. Managers were concerned with both the length of time it took to hire and the quality of applicants that emerged through the

certification process. Given volume hiring and retirement turnover anticipated in the near term, the old system would not meet the needs of the new CMS.

- *Talented multi-functional project team* – We asked for a commitment of resources that would draw from the best in their HR, finance, and hiring management teams. We have been privileged to work with a dedicated team of people who are genuinely interested in making a difference for CMS and others. In our last testimony on this subject, we stressed that leaders and managers must accept accountability for this project. At CMS, they have demonstrated leadership accountability for change across many offices and functions. CMS’ Deputy Chief Operating Officer has been our project leader and enthusiastic driver for this project. The Chief Information Officer and his team helped shape the organization sales pitch and managers from the Center for Medicaid and State Operations (CMSO) rolled up their sleeves and built and test drove the model for the rest of the organization. The HHS HR shared services team members continue to be enthusiastic proponents for change.

What was the targeted strategy for Extreme Hiring Makeover at CMS?

All of our Makeover efforts would include an “end to end” mapping of the hiring process and identification of short term and long term fixes. But, in deference to the priorities and current issues of each Makeover agency, we tailored our workplan to areas of emphasis that they identified as critical to their ongoing success.

For CMS, *focus on effective selection and assessment processes was central*. They wanted to ensure that the CMS of the future would have top talent from across America to meet changing circumstances and their increasing mission requirements. Given the volumes of applicants typically received for their jobs, effectively screening and assessing candidates for quality can be a challenge. Additionally, HHS was encouraging the use of category ranking and this provided an opportunity to use that flexibility effectively at CMS.

Concurrent with our process mapping and diagnosis, we decided to conduct a demonstration hiring process for a CMS group. This demonstration process would use some of the successful targeting, pre-screening and assessment processes from best practice organizations, thereby establishing a successful model on which other CMS groups could base their practices.

MMA hiring activities were already in full swing when we arrived at CMS. Given the critical hiring targets and milestones they faced, the team determined that our data gathering, process mapping and experimentation and innovation efforts should not slow that process. To heed their concerns, we planned to conduct our activities around that effort in a way that would ultimately contribute to the timeliness and quality of their hiring and that of the entire agency. Managers within CMSO volunteered to test drive our demonstration process.

What the team has accomplished to date?

We met the enemy head on – mapping the hiring process

Working with resources from across the agency and our Dream Team partners at CPS Human Resources Services, we mapped the hiring process from end to end. We define this to start when a manager identifies their need and to conclude when the person reports for duty. That is notable

because the effort extends well beyond the traditional HR functions that have received the most comment and attention in typical improvement initiatives.

The timing of this exercise was perfect for CMS. They were already in the process of revamping their HR service delivery model through the HHS' shared service initiative. So, documenting hiring from end to end would help all the players realign their activities. The CMS end to end process entailed 64 steps. Those steps represented a series of actions that involve the hiring manager, their executive officers, budget resources, agency and HHS executives, and multiple HR resources.

At all three organizations, the end to end look allowed them to gain a realistic and practical understanding of their hiring issues. While it is difficult to prescribe the optimal number of steps for any given agency, this exercise highlighted areas where non-value added steps had crept into the process over a period of years. Many of those steps were not generated by statute or regulation, but through a layered history of Department, agency, and functional practice. Most importantly, it allowed the collective leadership of the organization to understand each others' activities and where to hunt for real process improvements. The simple visual of this multi-step process evoked enthusiastic commitments for change from all the Makeover teams.

It also led to a focus on accountability. When a process crosses so many organizational functions, who owns it? It would be impossible to fix it without an owner. At CMS, the Deputy COO has enthusiastically embraced responsibility for the process and the fix.

The key learning from all three organizations was that the *front end of the process was THE problem*. For decades, walls had been built between the hiring managers and HR teams.

Invoking the Merit Principles, we had carved off hiring activities as sacrosanct processes that were conducted by third parties twice removed. And, restricting manager involvement in the process became the norm along with the creation and use of super-technical HR specialists in components of hiring.

Over the last ten years as authorities have been delegated back to agencies, some relief and improvements have occurred – but re-engaging managers effectively has not happened the way it should. Managers are not primarily accountable for hiring the way they are in best practice organizations. Nor have we invested in strategic HR recruiting partners for those managers – people who understand the end to end process, have the most innovative practices at their fingertips and can deliver the best in customer service to the management team. Based on our discussions with our Office of Personnel Management (OPM) colleagues, our findings at these three organizations are right in line with what the OPM teams have learned through their own makeover efforts.

At all three participating agencies, we have been working together to recreate the front end of the hiring process. The critical element of this is a strategic conversation between the hiring manager and their expert HR partner. That conversation should be the comprehensive source of information for:

- Developing a comprehensive candidate profile;
- Job analysis including critical competencies;
- Budget/FTE justifications;

- Candidate sourcing/targeting ideas;
- Recruiting strategies;
- Marketing/sales pitches for the position;
- Effective assessment approaches;
- And, *finally* the vacancy announcement.

We are currently working with the Makeover agencies and OPM to create a new front end tool kit that will ensure hiring success, aid in streamlining the process, provide great service to managers and reinforce their strategic partnership with their HR teams. This toolkit should be complete for implementation across each organization by the end of the second calendar quarter.

Demonstrating success

The managers of CMSO's Families and Children's Health Programs Group bravely raised their hands and volunteered for duty in test driving new processes that might be used more broadly in the organization. Designing and implementing that test required significant time commitment on their part. CMS identified the position of health insurance specialist as the best candidate for the test process for several reasons:

1. It was the most common occupation series across the organization. There will always be hiring needs in this area.
2. There were immediate hiring needs for multiple positions.
3. Many of their projected retirements are expected to deplete these positions going forward, so the work done in this area could benefit future hiring.
4. There were no special flexibilities or direct hiring authorities for these positions, so positive results might be even more significant for MMA positions.

5. We could conduct this demonstration outside the current MMA hiring efforts to avoid slowing that process, even temporarily.

All of our Dream Team partners participated in this demonstration effort. The process included:

Demonstration Efforts	Output/Results
<i>Testing a new front end conversation</i> – Given that this was a critical volume hiring position, the team and managers invested considerable time in the front end set up which included a detailed job analysis workshop.	<ul style="list-style-type: none"> • Detailed validated candidate profile. • Comprehensive recruiting strategies. • Questions for pre-screening.
<i>Creating a new look vacancy announcement</i> using the new OPM/USA Jobs five tab format (See Appendix I)	<ul style="list-style-type: none"> • A marketing piece that “sells” the position and provides the candidate with real insight into what is required to be successful in that job.
<i>Spreading the word broadly</i> – Posting the announcement on both USAJobs and Monster’s job board.	<p>Round One Results –</p> <ul style="list-style-type: none"> ○ Over 15,000 hits at USAjobs. ○ 704 hits on Monster. <ul style="list-style-type: none"> ▪ 210 visited USAJobs. ○ 227 applications.
<i>Targeting passive candidates</i> – Using the Internet to identify candidates from multiple job boards to introduce to the CMS opportunity. <ul style="list-style-type: none"> • Automated search for interesting resumes • Email to candidates with sales pitch and link to job announcement 	<p>Round One Results - Launched in only the last week of the effort.</p> <ul style="list-style-type: none"> ○ Located 276 qualified candidates ○ We could identify 33 targets who applied for the position ○ 32 passed the first screen ○ 5 were in the well qualified group ○ 2 of the six job offers in the first round were extended to those candidates.
<i>Using automation to pre-screen volume applications</i> - Enhancing the questions to which candidates respond to identify those potentially qualified for further screening.	<p>Round One Results –</p> <ul style="list-style-type: none"> ○ Moved from minimal screening with questions to 15% selected out.
<i>Testing knowledge, skills and abilities</i> - Automated testing of successfully screened applicants in areas of Medicare and Managed Care knowledge, and writing skills.	<p>Round One Results –</p> <ul style="list-style-type: none"> ○ Of the applicants that passed the screening process 169 invested the 45 minutes it took to take the automated skills test via the Internet.
<i>Developing the pool of best qualified candidates</i> – Using the results of pre-	<p>Round One Results –</p> <ul style="list-style-type: none"> ○ A field of 24 candidates emerged

screening, automated testing and resume reviews to produce a field of best qualified candidates.	from the blend of scores as well qualified.
<i>Testing behavioral competencies and cognitive abilities</i> - Supplementing the manager interview process with an automated, proctored test of cognitive abilities to help gauge potential success on the job.	Round One Results – <ul style="list-style-type: none"> ○ Interesting consensus between these tests and feedback from interviews. Validated decisions made.
<i>Conducting a well informed management interview</i>	Round One Results – <ul style="list-style-type: none"> ○ A job offer followed the very first interview – the top scored candidate via screen and skills assessment who just happened to be a disabled veteran.

The hiring process continues in this demonstration. To date, six offers have been made and the manager involved is pleased with the payoff. According to one CMS manager, “The process produced great candidates and was well worth the effort!” Our next steps in the demonstration will include conducting a side by side review of what the testing taught us as compared with resume screening, calculating the Return on Investment (ROI) of our efforts and finalizing the recommendations for the broader organization.

What’s next for CMS?

In the next few weeks, a multi-functional team will meet for 2 ½ days to re-engineer the hiring process. Working with the knowledge of the as-is process and our new front end tool kit, the managers and HR resources will build the recommended process of the future for CMS. That process will be vetted with agency leadership and HHS.

Once approved, we will conduct a one day on-site training session for the change leaders within CMS who will drive this effort forward and a subsequent two day “boot camp” for all three teams on common tools and practices.

Following those sessions, we will work with the Deputy COO and HR leadership to develop the longer term change and communications plan. We intend to both coach and monitor success until the end year, but will revisit with these organizations in the years to come. Our colleagues at OPM have graciously agreed to lend whatever support is necessary in making this effort a success.

SUMMARY

This is a makeover that matters. It’s one that affects the health of our citizens, the performance of our schools and the safety of our nuclear systems. We have witnessed cross-cutting challenges, crafted shared solutions, and demonstrated how these lessons can be applied across government.

On July 20, we will be hosting a public close to the project. In that session, our agency project leaders and Dream Team partners will share their lesson learned and the tools and processes that we have used to enhance their efforts. In the TV vernacular, we will be unveiling our “before and after” results. All of the lessons and tools will be made available to any interested parties in the hopes that this will help fuel change across government.