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TERMS OF REFERENCE

FOR THE

BUSINESS PROCESS REENGINEERING

IN CROATIAN INSTITUTE FOR HEALTH INSURANCE

1. BACKGROUND INFORMATION

By Constitution, the Republic of Croatia is defined as a social state, which takes care of the social security rights and basic existential needs of its citizens. The financing of the health care system is based on compulsory health insurance, which is organized as a social insurance. The healthcare system in Croatia is controlled centrally. The state owns hospitals and the county governments own the medical centers. The Minister of Health has a wide brief. He is responsible for legislation, the annual national health plan, monitoring health status and health care needs, modifying standards in healthcare facilities, supervising training, hygiene inspections, setting the quality of food and drugs and educating the nation in healthcare. Also, one of Minister's main tasks is to ensure healthcare that is all-encompassing, based on solidarity and easily accessible.

Finance for the Croatian state health system comes from a variety of sources. Health insurance contributions are compulsory for all citizens in employment and for employers. Dependent family members are covered through the contributions made by working family members. Self-employed citizens must pay their own contributions in full. Vulnerable groups such as old age pensioners and low-income earners are exempt from payment. As for the healthcare insurance for underage persons their insurance is covered by the State until they are 18. After the age of 18, until the age of 26, persons are ensured through their parents' insurance, if unemployed and students.

Croatian Institute for Health Insurance (hereafter referred to as: CIHI) is the state-owned health insurance institution in Croatia. It does not function as an independent health insurance fund in terms of having its own treasury, but is dependent of the National treasury. All the transactions and CIHI funds are placed at the National Treasury. CIHI provides compulsory and complementary health insurance. Compulsory health insurance is mainly financed by contributions for health care. Contributions for compulsory health insurance in the total health expenditure of the health care system of Croatia account for about 90%.

In addition to the compulsory health insurance, CIHI and private insurance companies provide complementary health insurance to cover the costs of own payments by insured persons. Private insurance companies provide complementary, supplementary and travel insurance, covering the cost of services not covered by compulsory health insurance (a higher standard and greater content of rights). Contribution of private insurance companies is less than 1% in

the total expenditure of the health care system. In order to get complementary and supplementary health insurance with the CIHI persons should have compulsory health insurance, while private insurers offer complementary and supplementary insurance without having compulsory insurance.

1.1. Health Insurance

The system consists of basic and voluntary health insurance. Basic health insurance is compulsory and all insured persons shall be guaranteed rights and obligations, which are based on the principles of reciprocity, solidarity and equality. Besides the right to health care, compulsory insurance guarantees cash benefits which include reimbursement for salaries during sick leave, unemployment compensation for temporary disability and travel expenses in connection with the use of compulsory health care insurance.

Voluntary health insurance in practice may be complementary, supplementary, or private health insurance. Complementary health insurance is a form of health insurance providing insured persons the option to pay the difference between the amounts of healthcare cost borne by the compulsory health insurance to full value of the cost of health services. Complementary health insurance is implemented by CIHI. Complementary health insurance can be provided only to persons who have defined status of the insured person in the compulsory health insurance for CIHI.

1.2. Insured Persons

All persons with residence in Croatia and foreigners with permanent residence permits in Croatia are obliged to be insured by The Croatian Health Care Act by CIHI, unless an international agreement on social insurance suggests otherwise. The insurance includes the family members of the insured person. The modes of usage and the scope for foreigners differ according to the country from where the person comes from respectively depending on whether the Republic of Croatia has made an agreement on social security with the person's country of residence or such agreement hasn't been made. Foreigners who have no insurance are given assistance in critical medical situations.

Foreigners who are in the Republic of Croatia for work and do not have a permanent residence permit have the obligation to be insured under the provisions of the Act on health protection of foreigners in the Republic of Croatia, on the basis of employment with an employer based in the Republic of Croatia, and on the basis of economic performance, or professional activities. The advice is to ask your employer about your rights regarding public healthcare provision. Foreigners with temporary residence are required to possess insurance for all family members who are settled with him in Croatia and are borne by them.

The insured persons coming from the countries that have concluded agreement on social security regulating the health care delivery during their stay in the Republic of Croatia have access to health care services on the basis of the certificate of healthcare entitlement issued by the insurance carrier from abroad. In order to get an unhampered access to healthcare services, foreign citizens are advised upon their arrival to replace the certificate of healthcare

entitlements with the patient's certificate at CIHI regional office (4 locations) or CIHI branch office (21 locations).

1.3. Business Partners

To provide health care services to its population CIHI contracts health institutions and private health workers and this in accordance with the provisions of the Public Health Services Net, set up by the Minister of Health. Medical doctors at the primary level are mainly private health workers who have a contract with the CIHI, while the remaining parts of them are employees of health institutions (Health Care Centers, Emergency Centers, etc.). Secondary health care is contracted with hospitals (clinical hospitals, general hospitals and special hospitals), which are mostly state-owned and with patients clinics, which are either state owned or private.

If there is a need CIHI can contract with private hospitals for certain services. In Croatia there are about ten private hospitals, a few are contracted with CIHI. Contracts between CIHI and private providers do not exclude the possibility for the latter to work also outside the compulsory health system.

In 2007 the Croatian Medical Chamber had a total of 16,354 members (medical doctors). Of the total number of medical doctors, members of the Croatian Medical Chamber, 9,534 performed there practice in a system of compulsory health insurance, or delivered services under contract with the CIHI. In addition, 156 doctors were working in the CIHI and 154 in State administration. In the process of treatment there were 2,692 involved doctors who do not have a contract with the CIHI. The remaining 3,818 physicians, who were not directly involved in treatment, were employed outside the health system, or retired.

1.4. Organizational Structure

The main office of the CIHI is located in the capital city (Zagreb) and 20 branch offices are located in county centers. The Zagreb office is responsible for devising the means of implementing compulsory health insurance, and branch offices are in charge of implementation. The CIHI is overseen by a governing council, which consists of representatives of the insured population, the Ministry of Health, the Ministry of Finance, health institutions and private practices (independent GPs).

1.5. Key Business Processes

The CIHI implements the plans for direct health services through its contracts with health care providers. Under the national health plan, the CIHI passes regulations on health insurance entitlements, which aim to balance the supply of resources with the demand for services.

Key business processes in CIHI are the following:

- Exercising rights and obligations in compulsory health insurance;
- Exercising rights and obligations in supplementary health insurance;

- Contracting, purchasing and payments for health care protection purposes.

1.6. Data and Registers

CIHI holds structured data on all insured, all contracted health service providers (GPs, hospitals, pharmacies, etc.), detailed invoice based (episode of care level) data on hospital and primary care services provided in Croatia as of 2000, etc. CIHI currently uses its databases for the purpose of contracting health care providers and purchasing (medicines, medical products and medical services), as well as for related monitoring and evaluation. CIHI also uses its more advanced invoice based databases for contracting and payment purposes.

1.7. Information and Communication Technology Infrastructure

CIHI network infrastructure connects 134 locations and around 2500 users in 24/7 regime, with installed hardware and software equipment on all sites. CIHI communication network is based on modern multiservice devices which support a wide spectrum of transmission technologies and integration of multimedia services. The network is based on the IP protocol, which results in simplified control functions, lesser network cluttering and faster Quality of Service (QoS), enabling a robust, developed, and high bandwidth network. CIHI has in use two-node load sharing cluster firewall system. The system is based on Checkpoint software, with the version installed on the system with license for unlimited number of users.

INFORMIX database and the CIHI-own application system ZOROH provide a basis for core business. Active Directory, web sites www.hzzo.hr and www.cezih.hr, intranet portal and CIHI IT portal are the main parts of the modern CIHI office information subsystem. There is also a system for production and distribution of health insurance cards (smart cards). Data storage and reporting system as part of the CIHI information system is essential for analyzing and planning health insurance business.

CIHI information systems are being maintained by around one hundred employees – administrators, programmers, designers, functional architects, project managers, system engineers and database administrators, all gathered in IT division. CIHI consists of three interconnected and interoperable information subsystems – ZOROH core business system, LAUS financial system and CEZIH primary health care system.

Existing IT/ICT system supports around 90% of all CIHI business processes; therefore it is crucial for CIHI operability and effectiveness. Although the CIHI systems are pretty old, they are stable and fully functional in serving all CIHI branches and offices around Croatia. Data are exchanged and accessible to authorized personnel in real time. All CIHI-contracted health institutions deliver invoices as structured data, presenting the amount of around 22 million invoices in the system. They are all electronically analyzed and checked for errors, invalid and insufficient data, and also validated for both medical and financial business rules before and during loading into the system.

2. OBJECTIVES, PURPOSE AND EXPECTED RESULTS

Over the past two decades, Croatian social health insurance system has undergone a number of reforms that were aimed at addressing the rising financial gap between the demand for health care and available public resources.

The single most important observation regarding its development until 2008 is that, while attempting to provide quick fix solutions to worrying financial performance, the implemented reforms did not adequately take into account some of the root causes of the system's sustainability issues, such as high public spending, a narrow base of financial contributors, generous benefits, and system inefficiencies that resulted in unnecessary expenditures and in low financial discipline.

As fundamental challenges in the health care system the following can be identified: the financial insolvency of CIHI and the debt of the health system, inappropriate system of planning and management, irrational and ineffective use of health care services, unrealistic expectations of insured persons and health professionals concerning level and span of care that can be financed by the economy, poor communication between the providers and the consumers which leads to unrealistic expectations, undeveloped system of quality control, the lack of maintenance and investments, too many nonmedical staff, informal payments.

2.1. *Objectives*

The main objective of conducting thorough **business process reengineering** (hereafter referred to as: BPR) is radical redesign and modernization of all business processes at CIHI, with the purpose of raising the business efficiency and effectiveness at all levels across the organization.

The task comprises of a **ground-breaking restructuring** of the whole CIHI business system, with a final goal of significant and measurable improvement and optimization of the CIHI business system.

It is crucial to make the following **paradigm shifts** resulting in effective governance, efficient performance, and targeted development outcomes for citizens and transparent accountability mechanisms:

- Shift from a government agency / public body centric approach to a citizen centric approach;
- Shift from a function-oriented work performance to a service-oriented performance;
- Shift from output-based assessment to well defined outcome-based assessments;
- Shift from an ad-hoc piecemeal view of performance and information to an integrated data-driven view.

2.2. Purpose

The purpose of this project is as follows:

- Establishing cost-effective and measurably more efficient set of business processes across the whole CIHI organization, by redesigning, reorganizing and reengineering of all existing business processes in CIHI, as well as introducing the new ones if necessary for accomplishing CIHI business purposes.
- Creating the solid ground for an improved business process management system across CIHI based on modern IT and ICT infrastructure and solutions, in order to facilitate better provision of all CIHI services to citizens (G2C), enterprises (G2B) and other governmental bodies (G2G), as well as data interchange and interoperability support for all given communication means.

2.3. Expected results and activities

In order to meet the high expectations regarding the harmonization of business practices and reduction of transaction costs, CIHI decided to seek the expertise of a consulting company (hereafter referred to as: the Consultant), who will provide the following:

1. **Thorough as-is analysis:** In cooperation with all relevant practitioners, document and map all selected business processes and provide comparative analysis of selected and corresponding processes in different CIHI departments and entities; Identify shortcomings, constraints to operational efficiency and bottlenecks in each process; Identify and analyze process inherent transaction costs for all selected business processes through activity based costing, aiming at quantifying savings in the design of new and harmonized end-to-end business processes;
2. **Thorough to-be analysis:** Based on the mapping of corresponding business processes in different CIHI departments, divisions and functional areas, design results-oriented end-to-end business processes and provide detailed recommendations on business practices improvements with a focus on increased interagency harmonization, improved effectiveness, greater efficiency and a measurable reduction of transaction costs, improving performance through KPI's; Provide recommendations on adjustments of organizational structures, division of roles and responsibilities, job definitions and required capacities across CIHI;
3. **Action plan draft:** Based on all of the previous analyses, an action plan draft should be prepared, containing all documents necessary for consulting suitable contractors, manufacturers and suppliers, and for preparing activities in order to carry out the complex works of business process reengineering, along with providing the supplies or services covered by an invitation to tender. In case a need for any additional services or goods arises, CIHI is responsible for all additional contracts. The CIHI shall provide the Consultant with the information necessary for drawing up the administrative part of the tender dossier. Organize, coordinate and conduct

presentations on the project status in order to provide regular updates to the stakeholders;

4. **Change management support:** Identify key training requirements for the implementation of agreed harmonized business processes that include consideration to linkage among various functional areas throughout the business process; Assist CIHI representatives in all other aspects of the change management process within the organization. Within the training process certain activities are to be undertaken in order to help facilitate the change management process. Firstly, it is important to define the strategy and then the core business processes, using the value chain and thinking about customer benefits, i.e. benefits of the insured persons. Furthermore, it is necessary to establish current performance and understand low level processes, relationships and information requirements. Next step in the training activities is identifying measurable aims, as opportunities for improvement, and create a defined business case for their achievement with continuous updates. Furthermore, process monitoring, risk assessment, dependencies, costs, return on investment and dis-benefits affecting the progress of the work are to be continuously tracked. Benchmarking is a must do activity in the training process which will help identify customer requirements. During the process it is important to learn to use a problem solving approach (i.e., the open organization approach). Lastly, it is important to provide end to end solutions and ensure control at the source by providing skilled professionals who will supervise the training process and guide the employees towards successful change management, bearing in mind to make only the essential changes.

3. ASSUMPTIONS, ROLES AND RESPONSIBILITIES

3.1. Assumptions Underlying the Project Intervention

The following assumptions apply regarding this project:

- Willingness of all stakeholders to participate in the activities of the project;
- Provide support and motivation to all stakeholders, especially CIHI employees, during the BPR process. Prepare them for the change, let them know what they can expect of it and convince them to embrace the change
- Services provided through CIHI systems satisfy the needs of CIHI clients;
- Key stakeholders which are exchanging information and data with CIHI are willing to cooperate and open their communication channels towards CIHI;
- Technical capacity of the key stakeholders to build services for mutual information exchange;

- Legal and other regulatory frameworks are in place to support and enable the work in hand.

3.2. Roles and Responsibilities of CIHI

CIHI will undertake the following responsibilities for the smooth execution of the project assignment:

- Provide all documents and data related to the project that are readily available;
- Ensure active participation of CIHI personnel at all levels during the whole time of the project execution;
- Facilitate consultation with CIHI officers and other stakeholders (e.g. health institution representatives, etc.);
- Provide necessary infrastructure to conduct workshops, training and other consultations;
- Identify and constitute Project Champions from within every CIHI department at various levels to aid the consultants in execution of the project assignments;
- Constitute CIHI Steering Committee and undertake periodical reviews and extend all the support to the Consultant;
- Facilitate prompt feedback on reports and approvals of documentation submitted by the Consultant;
- Facilitate change management and training programs to be undertaken by the Consultant, Risk Management Programs;
- The Consultant will be responsible for all travel, transport and accommodation costs in relation to the assignment

4. RISKS, BARRIERS AND MITIGATION PLAN

BPR is an integral approach to optimize processes; therefore it has a huge impact on the whole organisation and not just on parts of it. Cost reduction, time optimization, better service efficiency and increases in productivity are some of the major gains. Accordingly, BPR can lead to a positive upward spiral. Nevertheless, there are serious risks in implementing BPR projects. One of the most common challenges in BPR projects is denial of the middle management, because they usually confuse BPR with rationalisation, which is certainly not the case. Therefore, full support of all management layers in conducting BPR is not only necessary but crucial for project success. It is also important to obtain support from the

middle management and elaborate a plan for eliciting support from the management. The BPR risks are categorized and discussed as follows:

- **Financial risks:** BPR projects are undertaken with a view to getting high returns on investment. However, the efforts do not necessarily yield the desired results as the returns on investment are often intangible and not quantifiable. More important for CIHI management and employees should be the awareness that BPR will bring productivity increase and better service efficiency, which are necessary for making CIHI businesses more competitive;
- **Technical risks:** BPR projects are based on the use of IT and ICT. However, it may so happen that the IT solutions oriented for process reengineering are either not available or do not work to satisfaction. In order to mitigate these risks, this project aims to prepare a tender dossier draft for future tendering purposes, in order to implement IT/ICT solutions compliant to BPR plans made in this project;
- **General project risks:** The organization taking up process reengineering projects may not have the competence to implement the solution it is seeking or the BPR team which is entrusted with the project may not perform to the desired level. So, This Terms of Reference should describe the needed and desired qualifications of the BPR team in details, in order to mitigate these kinds of risks;
- **Functional risks:** Process reengineering may need a reorganizational plan which may not be applicable to the kind of business in which the organization is engaged. So, it is crucial that BPR experts and consultants work closely and permanently with the domain experts from CIHI in order to make BPR results comply with CIHI type of business;
- **Political risks:** Very often, the BPR initiative loses the support and commitment of the top management either due to change in leadership or due to change in perception. The process reengineering projects lose the budgetary or personnel support and are finally given up. There is also the dimension of acceptability by the end user and operational staff that may resist the change. Therefore, CIHI must ensure all legal and technical means and human resources for this project to be conducted seamlessly and till the end.

5. SCOPE OF WORK

Harmonization of business practices is an essential input for the increase in CIHI business system wide efficiency and reduction in transaction costs. Most government agencies and public bodies operate within a complex framework of corporate regulations and rules and internal control frameworks, which can provoke prolonged work flows and different business practices at each agency for similar tasks. In order to determine how an organization's operational performance can be improved and harmonized across agencies, a review of selected tasks, procedures, their associated costs, and how they are completed is needed. As

such, the most relevant business practices in CIHI will be identified, mapped out, analyzed and re-designed.

The project aims to capture the current state of CIHI business processes and reporting about it to CIHI steering committee. After their approval, the Consultant should develop the set of strategic and policy-based recommendations for redesign, restructuring and reengineering of all CIHI business processes, by offering a set of recommendations, with costs estimation, CIHI personnel involvement levels and other dependent parameters included.

Both the Consultant (and additional experts) and CIHI personnel is included in the development of these recommendations. After reviewing set of recommendations obtained by the Consultant, CIHI steering committee will make further decisions regarding the implementation plan.

5.1. Key tasks and activities

The key tasks and main activities of the project are the following (but not limited to):

- **Phase 1: Assessment** – During the first 8 weeks of the project, the team of consultants will carry out the following activities:
 - **Project Kick-off Presentations** – to ensure visibility and project awareness across the whole CIHI, the team shall organize one project presentation targeted at representatives of other levels of Government, representatives of CIHI administration (senior and middle management level) and final beneficiaries, representatives of the departments and functional areas in CIHI;
 - **Discovery Workshops** – intensive few-day workshops that bring together the Consultant experts and CIHI personnel, and help all the stakeholders determine how the business processes are done currently, what are the existing problems and occasional issues, and how to solve critical business problems and achieve key business objectives. These events are organized on occasion, when certain set of business processes and/or CIHI department functions are being organized, and the Consultant needs thorough information on it. Workshops will aim at explaining the personnel and stakeholders what the change will bring, how to prepare themselves, provide them with necessary tools and explain how they can benefit from the change;
 - **As-Is Study** – Iterate and validate the objectives of the BPR assignment with key stakeholders. Review, map and analyze current business processes including the roles and responsibilities of institutional structures and individual functionaries - vertically at all levels of administration, and horizontally across other key cross-functional departments.
- **Phase 2: Strategy Building** – During the second 20 weeks of the project, the team of consultants will carry out the following activities:

- **To-Be Study** – Provide a detailed study of new business processes by iterating and validating the CIHI business objectives with key stakeholders against every of the processes introduced, including the roles and responsibilities of institutional structures and individual functionaries - vertically at all levels of administration, and horizontally across other key cross-functional departments;
- **Gap analysis** – Analyze performance and structures of current business processes and the redefined (improved) processes, in order to clearly point-out the benefits, but also the possible radical changes that could impact other aspects of CIHI business systems;
- **BPR Recommendations** – map and document the transformation process using appropriate BPR tools, methods, techniques and notations. Redesign structures and processes of CIHI across all levels of jurisdiction in order to deliver high standards of service, reduce duplication of effort, encourage development of harmonized more streamlined procedures and to clarify roles and responsibilities at every level of administration. Identify the best practices for adoption with details of alternatives and their suitability. Conduct the thorough gap analysis. Propose the appropriate BPR tools such as Business Activity Monitoring (BAM) or Process Mining to fulfill the process;
- **Action plan** – The Consultant is expected to prepare action plan containing all documents necessary for consulting suitable contractors, manufacturers and suppliers, and for preparing activities in order to carry out the complex works of business process reengineering, along with providing the supplies or services covered by an invitation to tender;
- **Change Management and Capacity Building** – The Consultant is expected to design a viable and detailed change management and capacity building strategy and execute the same, with the assistance of CIHI, in a manner that facilitates the benefits from the BPR to get embedded in the system.
- **Wrap-up Event** – The Consultant will organize a final wrap-up event in order to present the final results of this project, and to underline the impact of the BPR results to CIHI. Along with the CIHI representatives, invitees to this event should include representatives from cooperating institutions, companies and the ministry. At least 80 invitees should be invited at the final event. Furthermore, the media should be encouraged to cover the event in order to broaden publicity.

5.2. Key Functional Areas

CIHI has identified the organizational review and restructuring needs in the following main areas. Consultants are welcome to suggest alternatives which will be in consonance with the overall key objectives of the project:

- a) **Organizational structure** – Review and redefining the structure of CIHI at all levels. Look at CIHI from an organizational management and service delivery perspectives. Furthermore, suggest and design models which will strengthen the organizational structure so as to effectively impact upon service delivery while implementing methods of replicating good practice. Design the overall system to be citizen-oriented, accessible with clearly identified bottlenecks.
- b) **Personnel Administration** – Review the cadre strength. Give serious thought to map the existing skills of the personnel, based on job description, mapping the existing skills, strengths and weaknesses. Measure work performance with help of quality indicators linking performance to development outcome.
- c) **Strengthening Financial Management System** – Develop a funds flow, funds management, and funds monitoring mechanisms. Design approaches to link budgets with expenditure outputs and outcomes and integrating the same to employee performance management. Design approaches to strengthen transparency and tracking of reach of BPR benefits to CIHI. Consider alternative ways for overall cost reduction regarding accounting and handling transactions.
- d) **Monitoring and Performance Management** – Design and recommend specific approaches to performance management; Develop quantitative and qualitative performance indicators for critical business processes; implementation of KPI's, 6sigma, quality performance indicators and asses performance outcomes.
- e) **Promoting E-Governance** – To recommend appropriate technology enabled processes that would help the organization to leapfrog over infrastructure and other capacity constraints, in alignment with the vision and goals of the organization and to achieve the objectives of the BPR. In order to allow for competitive procurement during the acquisition process, any recommendation for technology should not be restricted to only one vendor solution. In doing so, the consultant will need to understand the existing ICT initiatives, resources, capacity of the Department. Promote knowledge sharing to realize continuous improvement in the quality of governance.

It may be noted that the above outline of the scope is an illustrative list. It is expected that the consultants would bring to bear their expertise to inform the project and CIHI in a manner that would result in the achievement of the more specified objectives. It is important to note that all the whole reengineering process has to be in line with and moral standards promoting transparency and trust in stakeholders.

5.3. Deliverables and Work Products

All deliverables, such as reports, plans and other artifacts, should be delivered to CIHI steering team for acceptance and/or approval, in order to reach the milestone planned and continue to the next project phase. The project will result in the following deliverables and

work products, which will be make available both in all suitable electronic (html, pdf, and doc) and printed forms:

- Phase 1
 - **Project Inception Report**, which shall consist of the detailed Project Work Plan to carry out the assignment. The Project Work Plan shall have details of the Project team, detailed timelines, detailed note on the proposed approach and methodology as well as an identified list of key stakeholders. The terms of reference may be improved and refined for better achieving the outcomes, through mutual discussions at the inception report stage;
 - **As-Is Study Report**, including stakeholder analysis, identification of sample size for study, identification of services, and detailed process diagrams for the current business processes. The report should clearly provide references to extant documentation. The report shall also identify current threats to the organization, bottlenecks and possibilities for improvement.
- Phase 2
 - **To-Be Study Report**, including new business processes by iterating and validating the CIHI business objectives with key stakeholders against every of the processes introduced, including the roles and responsibilities of institutional structures and individual functionaries;
 - **Comparative Report (Gap Analysis)**, analyzing performance and structures of the current business processes and the redefined (improved) processes, in order to clearly point-out the benefits, but also the possible radical changes that could impact other aspects of CIHI business systems. Basically, this report should contain a gap analysis.
 - **Business Process Reengineering Recommendations Report**, including all areas outlined in the scope of work and as modified through discussions during Phase I, specifically detailing areas that need legislative and / or administrative amendments of rules / orders. Draft rules, orders and legislative amendments required to give effect to the accepted recommendations;
 - **Focus Report on E-Governance**, detailing areas of IT enabled intervention, priorities, and approaches to effecting implementation. Technology options and indicative investment requirements. Convergence framework with other initiatives in Croatia that have a bearing on the BPR recommendations;
 - **Focus Report on Citizen Centric Administration**, with a citizen centricity as the aim of ensuring citizens' welfare and citizens' satisfaction, which is critical for CIHI to provide good governance. The prerequisites of citizen centric governance have to be elaborated in the context of CIHI business process

reengineering, and benefits clearly pointed-out, to help CIHI high-level stakeholders' decision making;

- **Action plan**, which clearly defines, in a step-by step manner, the scale up, approach and methodology. Action Plan will be one consolidated document, which shall include tactics, activities and operational goals to be implemented with specified time frames, detailed implementation approach/schedule, anticipated outcomes, risk mitigation plans, and related financial and other resource estimates, such as detailed cost estimation and project timeline;
 - **Detailed Training and Change Management Plan**, for achieving the proposed recommendations, including training workshops for 120 to 150 officers and other employees of CIHI, at various levels, which is determined in cooperation with CIHI management;
 - **Final Project Report**, containing the following sections: Project Summary; Introduction; Objectives Statement; Methods and Resources; Project Results (quantitative and qualitative results, with proper visualizations); Conclusions and Discussion (findings, project usefulness, challenges and limitations, future work directions, lessons learned); Outreach (describing very briefly the type of outreach that the project did, or expect to do); References; Addenda (project-related materials and resources).
- Across all phases, periodically:
 - **Monthly Progress Reports (MPR) and Periodic Reports**, consisting of progress vis-à-vis agreed work plan and report of existing/possible constraints for mitigation should be submitted to the consultant, at least during the first year, in order to properly and objectively evaluate the improvement. MPR will also include presentations to the Project Governance teams and other consultant(s) of CIHI for mutual learning. This will also include workshops related reports, focus group discussion (FGD) reports, minutes, record of discussions, and other documentation that form part of the assignment.

5.4. General Methodology for Consultancy

The following methodology is a generic outline and the Consultant is free to suggest approaches and methodologies based on their own experience and expertise. General methodology outlines the following:

- Review of existing administrative processes, procedures, and systems (both horizontal and vertical administrative levels) for CIHI;
- Consultative meetings with the stakeholders;

- Review of extant rules, procedures, legislative documents and program related documentation;
- Consultation and collaboration with other relevant consultancies (if any);
- Focus group discussions including with officials at all levels of CIHI administration, citizens, civil society organizations, NGOs, and other sectorial representatives;
- Verification and validation workshops;
- Review of best practices.

5.5. Phases and Activities

The following table provides detailed (but not limited to) key tasks and activities to be performed by the consultants at each phase of the assignment, timelines and the deliverables thereof.

Phases	Activities	Deliverables	Timelines
I. Assessment	<ul style="list-style-type: none"> • Project Kick-off Presentations • Discovery Workshops and study of the present structure, functions and services of CIHI (part of the As-Is Study) • Study of the existing back-end processes in and allover CIHI (part of the As-Is Study) • Identify the CIHI key processes (part of the As-Is Study) 	<ul style="list-style-type: none"> • Project Inception Report • As-Is Study Report • Monthly Progress Reports (MPR) and Periodic Reports 	12 weeks

II. Strategy Building	<ul style="list-style-type: none"> • Study the existing processes for the identified services for e-Governance enablement, including validation workshops • Design of the re-engineered processes for key services (part of a To-Be study) • Assist CIHI departments and other organizational units in identification of regulatory / statutory changes and draft the changes • Preparing the BPR Recommendations for CIHI • Prepare change management and communication strategies along with capacity building • Conduct Training Need Assessment (TNA) for the change in CIHI business processes • Wrap-up event 	<ul style="list-style-type: none"> • To-Be Study Report • As-Is/To-Be Comparative Report (Gap Analysis) • Business Process Reengineering Recommendations Report • Focus Report on E-Governance • Focus Report on Citizen Centric Administration • Monthly Progress Reports (MPR) and Periodic Reports • Action plan • Monthly Progress Reports (MPR) and Periodic Reports • Detailed Training and Change Management Plan • Project Final Report 	24 weeks
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6. LOGISTICS AND TIMING

The selected Consultants are expected to start working on the assignments immediately upon signing the contract and submit the initial report and present the working team within 15 working days of the contract.

6.1. Location

Since the project requires regular interaction with the employees and officers at CIHI, it is essential that the selected consultants set up a project office in Zagreb (Croatia) with the required number of resources. It is also required that the consultants appoint a project manager, which has sufficient experience in e-governance projects, to lead the team on-site and provide overall guidance to the team and consultancy to CIHI.

6.2. Equipment

No equipment is to be purchased on behalf of CIHI as part of this contract or transferred to CIHI at the end of this contract. Any equipment related to this contract that is to be acquired by CIHI must be purchased by means of a separate supply tender procedure.

6.3. Language

The official language for the assignment shall be English. All deliverables, reports and artifacts produced by the Consultant in this project shall be made available to CIHI in English in hard / printed copy and in all suitable digital forms (such as html, pdf, doc). Some work products, according to the arrangements made with CIHI, must be translated into Croatian. This is the responsibility of the Consultant.

6.4. Commencement Date & Period of Performance

The intended commencement date is April 2013 and the period of performance of the contract will be 8 months from this date. Please refer to Articles xy and xy of the Special Conditions for the actual commencement date and period of performance.

6.5. Governance Structure and Ownership

The CIHI will constitute a Steering Committee for periodical monitoring of the assignment and for providing necessary guidance and coordination from time to time.

All documents, software, material, and reports produced under this assignment, in any form whatsoever, will be the sole property of CIHI and the consultant shall not use, replicate, and reproduce the same in any manner without the written consent of CIHI.

7. REQUIREMENTS FOR PROFESSIONAL EXPERTISE

This is a full time consultancy project. It is expected that the core team of key experts and the desired number of suitable consultants (named here as other experts) shall be available on-site as needed during the entire duration of the project. This core team will be duly supported by off-site teams of senior consultants, subject matter and/or domain experts, etc. An indicative profile of such consultants is given below.

7.1. Project Team

The Consultant shall provide the consultancy of the following staff (consisted of key experts and other experts) and expertise (but not limited to):

- **A project manager / team leader** – ideally, governance or reforms / restructuring expert; s/he shall provide the overall guidance to the project. Also a professional project management consultant with at least 10 years of project management experience. S/he will provide a comprehensive project management support to CIHI during the project;

- **Process expert/s** – (at least two) process expert/s with relevant experience in study of the government processes, government process reengineering, institutional strengthening, proposal management, vendor evaluation, program management etc.;
- **A business process designer** – an expert with deep knowledge of standard and widely-accepted business process modeling methods, techniques, tools, languages and notations, its analysis in static terms and simulation in dynamic conditions, process bottlenecks detection, etc.;
- **Other expert/s** – (at least two) various experts e.g. with specific experience in implementation of large scale change management, process improvement, capacity building and training programs for government and public bodies.

7.2. *Key experts*

All experts who have a crucial role in implementing the contract are referred to as key experts. Detailed CVs of the proposed key experts must be provided in the technical Proposal in the prescribed format. All other proofs, certificates and justifications of key experts' competencies and experiences should be provided in suitable formats also.

Project manager / team leader and all other key experts should not spend less than 90% on project activities in beneficiary country. The profiles of the key experts for this contract are as follows:

7.2.1. **Qualifications for a project manager / team leader**

Mandatory:

- Education: Advanced university degree in Business Administration / Management, Social Sciences or related field;
- Having at least 10 years of professional experience, of which at least 7 in an international organization or private company in the field of organizational improvement, management consulting, financial controlling and/or business process analysis;
- Proven experience in leading and/or coordinating and/or managing at least 3 larger projects (over 3000 working hours) on business process mapping and reengineering, costing and the development and/or analysis of corporate or organizational guidelines. Experience in managing development process with external consultants.

Preferred:

- Education: the highest university degree is an advantage;
- Excellent problem solving, organizational and presentation skills;
- Strong written and oral communication skills;

- Strong interpersonal skills with ability to promote team work;
- Experience in conducting consulting projects in developing countries;
- Advanced computer skills, including proficiency in documents, presentations and spreadsheets processing tools;
- Previous knowledge/experience with various project management (PM) tools, enforcing permanent in-project usage of PM functionalities, like project status monitoring and task progress supervising;
- Professional certificates: proof(s) of professional certification in project management (PMI or IPMA) and proficient knowledge of English language.

Duration and location of assignment:

- At least 30 working days over 8 months;
- Zagreb, with occasional travelling throughout Croatia.

7.2.2. Qualifications for process expert/s

Mandatory:

- Education: university degree in Engineering, Computer Science, Operations Management, Information Systems, Industrial Engineering, or other related scientific or technical discipline;
- Having 10 years of working experience in business process analysis related jobs or duties;
- At least 7 years of proven professional experience in at least three (3) nation-level and at least one (1) international project on complex business process analysis and reengineering, implementing management operating systems or process improvement initiatives;
- Proven experience in defining and implementing business processes in a related field, such as insurance, health systems, and/or financial institutions and/or mass distribution public payment programs;
- Expert understanding of business analyst fundamentals, business process and how application(s) they represent support it, and business issues and data challenges of the organization and industry as a whole;
- Ability to lead change and innovation, to estimate IT project effort, costs, and schedules, and to prepare project proposals and business cases.

Preferred:

- Having 10 years of professional experience on business process analysis / management / reengineering jobs, along with reorganizing and restructuring duties on an organization level;
- Previous knowledge/experience with health insurance domain, and health domain in general;
- One of business expert/analyst certificates (e.g. CBAP) is preferred;
- Ability to identify existing business processes, extract, interpret, analyze and format them in suitable tools in order to conduct detailed static and dynamic analysis of business processes, bottleneck detection, etc.;
- Strong customer focus and ability to manage client expectations;
- Creative problem solving and the ability to influence others, with the strong capability to mentor and support other, less experienced colleagues, and interest them in training;

Duration and location of assignment:

- At least 120 working days over 8 months;
- Zagreb, with extensive travelling throughout Croatia.

7.2.3. Qualifications for a business process designer

Mandatory:

- Education: university degree in computer science, telecommunications and informatics, electrical engineering, systems engineering, information systems or related fields, with emphasis in business process management/engineering and/or systems analysis and design;
- Having 7 years of working experience in business process modeling related jobs or duties;
- At least 5 years of progressively responsible professional experience in best practice implementation and business process modeling including documenting and analyzing functional procedures and workflows, business process reengineering and definition and evaluation of user requirements in the selection or development and implementations of IT systems;
- Proven experience in capturing and modeling business processes in a related field, such as insurance, health systems, and/or financial institutions and/or mass distribution public payment programs;
- Expert understanding of business process modeling, simulation and design;
- Expert understanding of writing and managing requirements documents;

Preferred:

- Professional certificate in modeling, analysis and improvement of business processes is an advantage;
- Previous knowledge / experience with business process capturing, modeling, design and simulation for healthcare and/or insurance domain;
- Ability to align clients' needs with existing business procedures and working habits in order to provide efficient and effective solutions of business processes reengineering.

Duration and location of assignment:

- At least 60 working days over 8 months;
- Zagreb, with extensive travelling throughout Croatia.

7.3. *Other experts*

CVs for experts other than the key experts are not examined prior to the signature of the contract. They should not have been included in tenders. Examples of some other, non-key experts are as follows:

- **Domain expert/s** – domain expert/s outside of CIHI with experience and in-depth knowledge of key business processes in CIHI or related institutions. Specific experience and knowledge with other stakeholders' business processes is desirable, e.g. health institutions in primary healthcare, state agency for medicinal products and medical devices, etc.;
- **Legal expert/s** – legal expert will give his elaborated input on the impacts of BPR recommendations and results in CIHI to the existing legislative. This expert should have expertise in providing legal assistance related to health insurance laws and policies, national as well as international-related;
- **An ISO standardization expert** – an expert with relevant experience in successful conducting ISO standardization projects;
- **Translation and documentation expert(s)** – professionals who combine commercial and technical insights with good communication skills. They are able to meet and exceed the customers' expectations, by successfully writing, consulting and managing project documentation for the Consultant;
- **An IT education expert** – an expert in providing training and knowledge transfer in TI education for non-IT staff of government and public sector bodies.

The Consultant shall select and hire other experts as required according to these Terms of Reference. They must indicate clearly which profile they have so it is clear which fee rate in

the budget breakdown will apply. All experts must be independent and free from conflicts of interest in the responsibilities accorded to them.

The selection procedures used by the Consultant to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience. The findings of the selection panel shall be recorded. The selection of experts shall be subject to approval by CIHI.

Please note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as experts, unless prior written approval has been obtained from the European Commission.

Other experts: at most 60 working days.

Within these 60 working days, the Consultant will have to include in its organization and methodology the contribution of the above-mentioned non-key experts.

Project team member	Estimated effort	Key expert (yes / no)
Project manager / team leader	cca 60 working days	yes
Process experts	cca 60 working days	yes
Business process designer	cca 120 working days	yes
Other experts	cca 60 working days	no
TOTAL	cca 300 working days	3 key experts

8. TABLE OF ACRONYMS

BPM	Business Process Management
BPR	Business Process Reengineering
CIHI	Croatian Institute for Health Insurance
FGD	Focus Group Discussion
GPR	Government Process Reengineering
ICT	Information and Communication Technology
ISO	International Standardization Organization

IT	Information Technology
NIT	Notice Inviting Tender
PM	Project Management
PMI	Project Management Institute
RFP	Request for Proposal
QoS	Quality of Service
TNA	Training Need Assessment
ToR	Terms of Reference
CBAP	Certified Business Analysis Professional
NGO	Non - government organization