Moving Forward in Uncertain Times:

A Scenario Planning Guide and Toolkit for California Clinics and Health Centers

INTRODUCTION

California's clinics and health centers (CCHCs) have played an essential role in preparing for and realizing the gains of the Affordable Care Act (ACA) in California, including leading enrollment efforts into Medi-Cal Expansion and Covered California (California's Health Insurance Exchange); expanding facilities, providers and capacity to respond to increasing demand, and; testing innovations in care delivery and reimbursement to support a move towards value-based care.

After several years of full-steam ahead preparation and implementation, CCHCs face a suddenly uncertain health care policy and business environment. Given this uncertainty, it can be difficult for CCHCs to determine how to move forward. How does the uncertainty affect our strategic direction and perspective on risk and innovation? Do we continue to grow facilities and providers? How should we adjust our approach to building and sustaining an adequate health care workforce? What level of investment should we make in developing infrastructure to succeed in a value-based reimbursement environment?

Despite uncertainty about the future, CCHCs cannot stand still. Rather, each organization must take stock of the external environment and select a path to move forward. The purpose of this issue brief is to provide CCHCs with a structured scenario planning tool that enables organizations to systematically identify potential future scenarios or realities, evaluate potential impacts on the organization, and develop an organizational response. By generating multiple, plausible "what if" scenarios for the future and developing potential responses to those scenarios, the organization can increase its confidence and readiness for the future. Importantly, this tool is not intended to support detailed technical assessment of the financial, staffing, or operational impacts of any scenarios but rather support a broader planning and thinking process.

Section I of the issue brief provides an overview of scenario planning and description of the major steps involved in developing and analyzing different future scenarios.

Section II, which is intended as a companion to Section I, serves as a scenario planning "toolkit" with instructions and templates to assist CCHCs in developing scenario plans for their organization.

SECTION I: SCENARIO PLANNING OVERVIEW

What is Scenario Planning?

Scenario planning is a systematic and creative strategic planning method organizations can use to make flexible long-term plans. Scenario planning is most effective to conduct during difficult, unpredictable and uncertain times and can be revisited as major changes in the environment occur or new information becomes available. Scenario planning is designed to develop several plausible views of the future (scenarios) to inform better decisions. The goal is not to "predict" the future by choosing a single scenario. Rather, the scenario planning process organizes the range of possibilities, develops a common understanding and language about future uncertainties, and supports analysis of how to deal with future uncertainty.

Scenario planning is a systematic and creative planning method that is particularly useful in informing an organization's response to an unpredictable and uncertain future. Whereas scenario planning aligns with and can often be an important component of strategic planning, **strategic planning** represents a broader planning process to define an organization's overall strategic direction and priorities for the coming years. This includes considering other important factors, such as patient experience, community needs, service quality, organizational performance and strategic position, financial viability, as well as organizational mission, vision, and values.

Though many variations in scenario planning methodology exist, CCHCs can think about scenario planning in 5 broad steps. These steps are listed below and described in more detail on the following pages.

1. IDENTIFY MAJOR UNCERTAINTIES

- Define a time horizon and identify the most critical uncertainties that could have significant impact on the organization (e.g. Medicaid expansion repeal, Medicaid block grant)

2. OUTLINE OTHER EXTERNAL FACTORS

- Outline other important external factors or trends that will impact the organization and make an estimation about how certain they are to occur

3. DEVELOP PLAUSIBLE SCENARIOS

- Articulate several future realities outlining narratives that incorporate major uncertainties, external factors and other key assumptions about the future

4. ASSESS SCENARIO IMPACT AND STRATEGIC IMPLICATIONS

- Assess operational/functional impact along different dimensions (e.g. revenue, demand)
- Assess implications for the organization's strategic priorities and direction

5. OUTLINE POTENTIAL RESPONSES AND SELECT A COURSE OF ACTION

- Outline and evaluate a range of potential responses (e.g. flexible, diversified, strategic bet)
- Identify criteria/values to guide evaluation of potential responses, such as organizational values/mission, strategic priorities, competitive advantage, and risk orientation
- Given future uncertainty and evaluation of options to respond, select a course of action

1. IDENTIFY MAJOR UNCERTAINTIES

Scenario planning begins with a clearly articulated issue or uncertainty facing the organization. As part of defining the issue, identify a time horizon for the scenario exercise. Issues best suited to scenario planning are those that will have impact on the positioning and operation of the health center over a longer timeframe and include complex uncertainties. In other words, what issues can we identify that would have a major impact on the organization and also present a lack of certainty? These issues that are projected to have a major impact on the organization and present a moderate or high level of uncertainty about whether they will occur should define the development of potential scenarios.

"What issues can we identify that would have a major impact on the organization and also present a lack of certainty?"

Major uncertainties for CCHCs are often policy-driven, such as Medicaid expansion repeal, changes in federal Medicaid funding methodology and levels (e.g. block grants or per capita caps), CCHC funding (e.g. base grant changes or renewal) or changes in CCHC reimbursement methodology (e.g. from Prospective Payment System to new method).

Examples of Major Uncertainties

- Federal and state health care policy (e.g. Medicaid expansion repeal, Medicaid block grants or per capita caps, changes in state coverage programs or benefits)

- Federal and state health center program funding and policy (e.g. base grant changes, PPS methodology change)

2. OUTLINE OTHER EXTERNAL FACTORS

Although the major uncertainties identified in the prior step are central components of any scenario, other external factors that can impact the organization should also be considered in the development of scenarios. In particular, CCHCs should identify those external factors that are likely to have a significant impact on the organization and are very likely to occur. These high impact, high certainty factors can be thought of as key assumptions about the future environment. Sometimes it is helpful to ask the question a different way, such as, "What trends or factors are expected to impact CCHCs regardless of how the major uncertainties play out?". Common examples in today's health care environment may include items like continued primary care physician competition and shortage, continued move toward value-based care models and payment, growth in mobile and other technology, growth in the number of low-income seniors, or increased number of adults with complex health care needs in the community.

"What trends or factors are expected to impact CCHCs regardless of how major uncertainties play out?"

Examples of External Factors

- Continuing trends or changes in community demographics (e.g. age, ethnicity, population growth, impact of industry changes)

- Health care workforce trends / competition

- Patient demand for care (e.g. number of patients seeking care, volume and type of care sought)

- Health care industry trends (e.g. payment and reimbursement models, care delivery models, use of technology, focus on population health and social determinants of health, value-based care, data analytics and exchange)

- Local health care market competition or trends

- County funding and programs (e.g. CCHC funding, indigent care programs)

Other external factors may not be expected to have as significant an impact on the organization during the planning timeframe. In this case, these factors should be monitored and re-assessed as needed.

In terms of process, the first two stages of scenario planning (identifying major uncertainties, outlining other external factors) present good opportunities to engage the perspectives of not only CCHC staff, but also board members and external partners about the external environment and factors that will impact health centers in the future. These views can be engaged through interviews, in-person planning sessions or other methods.

Chart A below presents a simple framework for mapping **major uncertainties** and **external factors**. The chart allows CCHCs to map the impact along the Y-axis and level of certainty that something will occur along the X-axis. Major uncertainties include those issues that will have a high impact and low level of certainty (yellow quadrant). Those issues/factors that will have a high impact and high level of certainty translate into key assumptions about the future (blue quadrant). Other external factors that are anticipated to have lower impact on the organization are issues to be monitored and re-assessed as needed.

CHART A. Impact-Certainty Scale of Major Uncertainties and External Factors

High

IMPACT

MAJOR UNCERTAINTIES

Central feature of future scenarios

EXTERNAL FACTORS/ KEY ASSUMPTIONS

Key assumptions in future scenarios

EXTERNAL FACTORS
Secondary assumptions to monitor

EXTERNAL FACTORS
Secondary assumptions to monitor and re-assess as needed

Low ⟷ High

CERTAINTY

3. DEVELOP PLAUSIBLE SCENARIOS

Mapping major uncertainties and important external factors begins to paint a picture of what the future external environment will look like and their potential impact on CCHCs. The next step is to organize this initial picture into 2-4 defined future scenarios, or narratives. As described earlier, the major uncertainties represent central components of the scenario (high impact, low certainty), while external factors provide important environmental context. When developing different scenarios, the organization should identify 1 or 2 major uncertainties and develop 2-4 scenarios that represent both good and bad outcomes and incorporate the external factors into the scenario narratives.

Chart B illustrates a **hypothetical plotting of major uncertainties and external factors** that could inform a 5-year planning scenario. In this hypothetical example, Medicaid expansion repeal and a decrease in Medicaid reimbursement to CCHCs are identified as major uncertainties. External factors include a growth in the low-income senior population, increase in complex adult patients, greater percent of third party revenue originating from incentive/performance-based reimbursement, enhanced mobile technology capability and continued competition for and shortage of primary care physicians, among others.

CHART B. Example of Major Uncertainties and External Factors
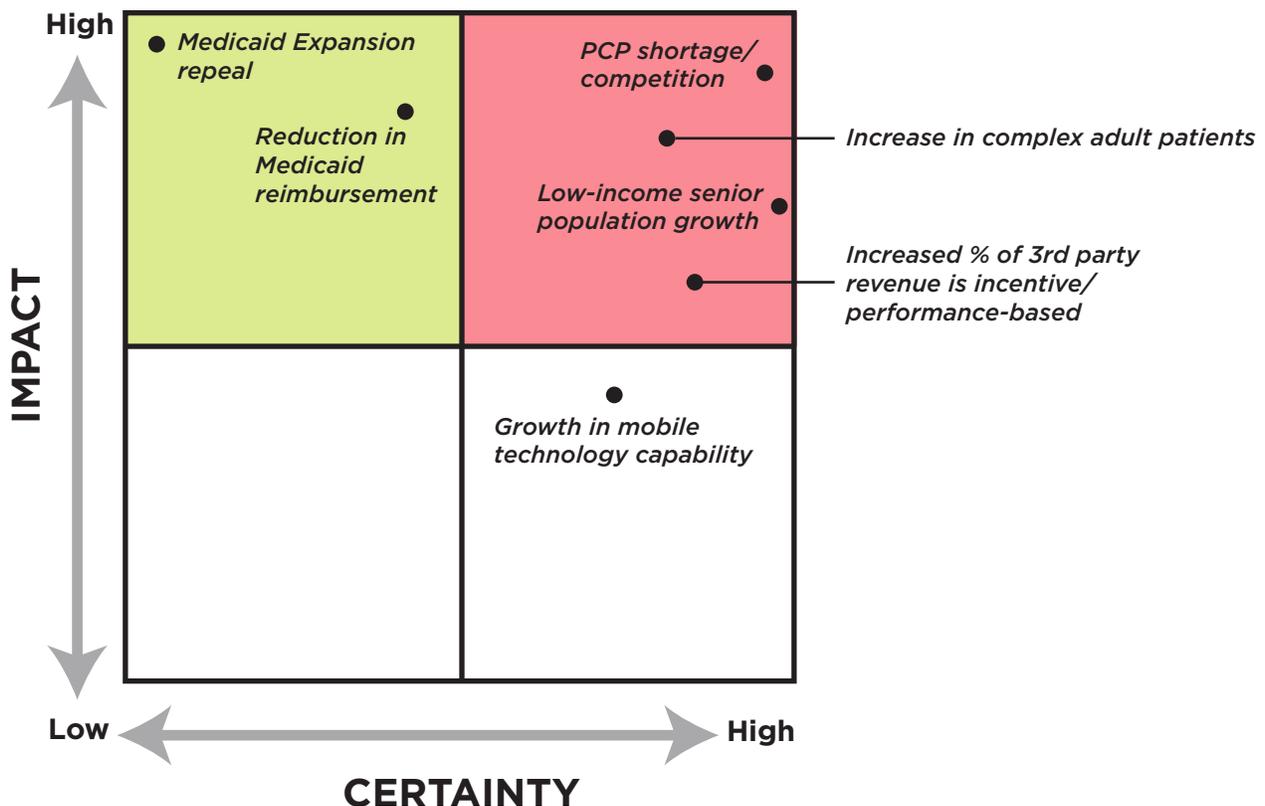
Using the identified 1 or 2 major uncertainties, CCHCs can then develop scenarios based on how likely each of the uncertainties is to occur. **Chart C** visually summarizes **four potential scenarios** ranging from very positive to very negative impacts on CCHCs and their patients.

CHART C. Scenario Examples Visual

Good-Bad

Good-Good

No Medicaid Expansion
Repeal

25% reduction in
Medicaid
Reimbursement

No Medicaid Expansion
Repeal

No Reduction in
Medicaid
Reimbursement

Medicaid Expansion
Repeal

25% reduction in
Medicaid
Reimbursement

Medicaid Expansion
Repeal

No Change in
Medicaid
Reimbursement

Bad-Bad

Good-Bad
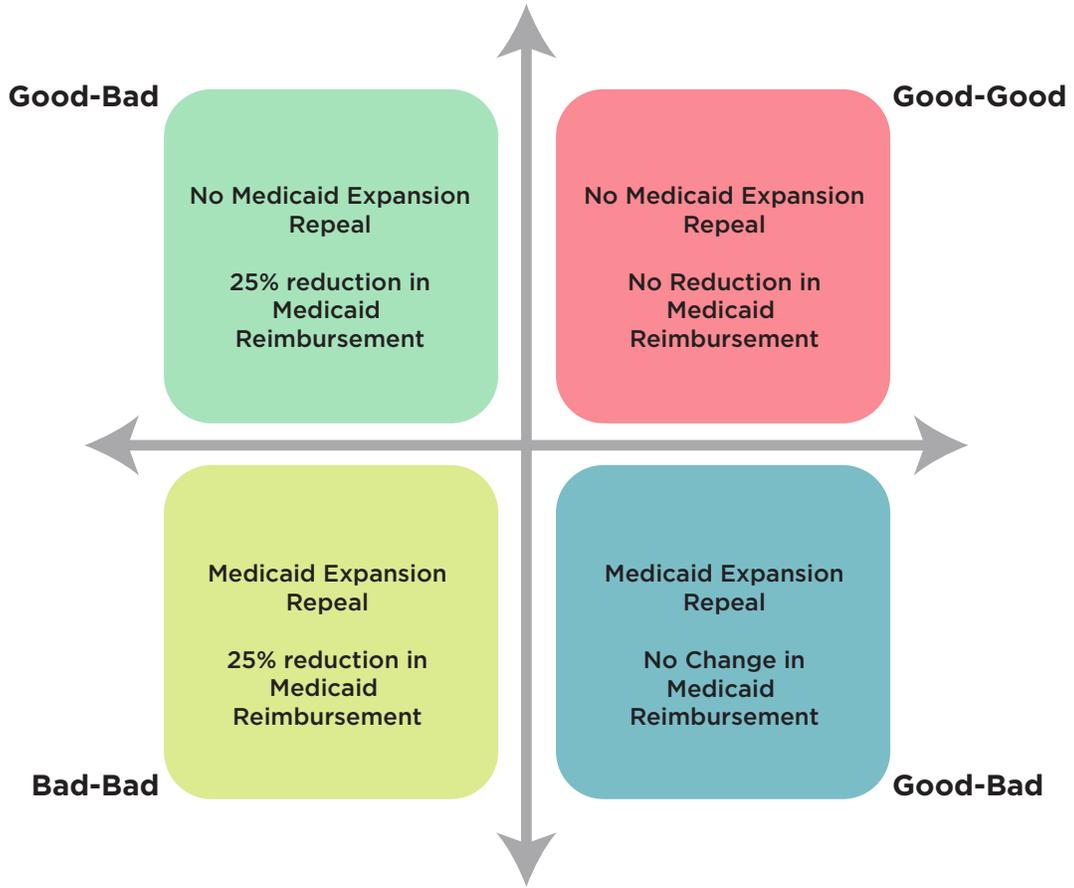
With these four scenario options, CCHCs can begin to outline associated scenario narratives and paint a picture about the environmental context and other factors that will affect the organization. An example is included on the next page.

Scenario Example: Repeal Medicaid Expansion and No Reduction in Medicaid Reimbursement

Under this scenario, Congress fails to substantially change the funding formula for the Medicaid program. However, it does pass legislation repealing the Medicaid expansion by 2025. CCHCs anticipate that California will pass statewide legislation to offset the coverage losses somewhat, but 75% of Medi-Cal Expansion enrollees are expected to become uninsured by 2025.

Looking forward, several external factors that impact CCHCs over the next 5 years are identified, including:

- A continued significant shortage of primary care physicians (and other health care professionals) and high levels of competition for the existing workforce with both other health centers and commercial systems;

- The new patients that CCHCs gained during the Medi-Cal Expansion are expected to continue seeking CCHC services. Demand for primary care services may dip slightly if uninsured patients begin to avoid care (and sliding fee scale fees), but support service needs will grow as patients again face challenges obtaining needed specialty, ancillary, pharmacy and hospital services;

- The total number of low-income residents that are aged 65 and older, many of whom lack primary care relationships, will steadily (though not drastically) climb over the next five years;

- Due to recent linkage of adults patients to CCHCs through the Medi-Cal Expansion and continued aging of the population, the proportion of CCHC patients that are adults with complex medical and behavioral health issues will steadily increase;

- Payers will not only continue, but increase their push toward performance-based reimbursement and value-based care. Both Medi-Cal managed care plans and HRSA grants will increasingly expand the proportion of payments that is linked to the demonstration of reduced cost and improved health outcomes and pursue non-traditional reimbursement arrangements/contracts;

- Both the technological capabilities and consumer interest in the use of mobile or handheld technology to meet health care service needs will continue to expand, and;

- Similar to trends over the last 20 years, an increasing proportion of CCHC patients will be Latino or Asian/Pacific Islander.
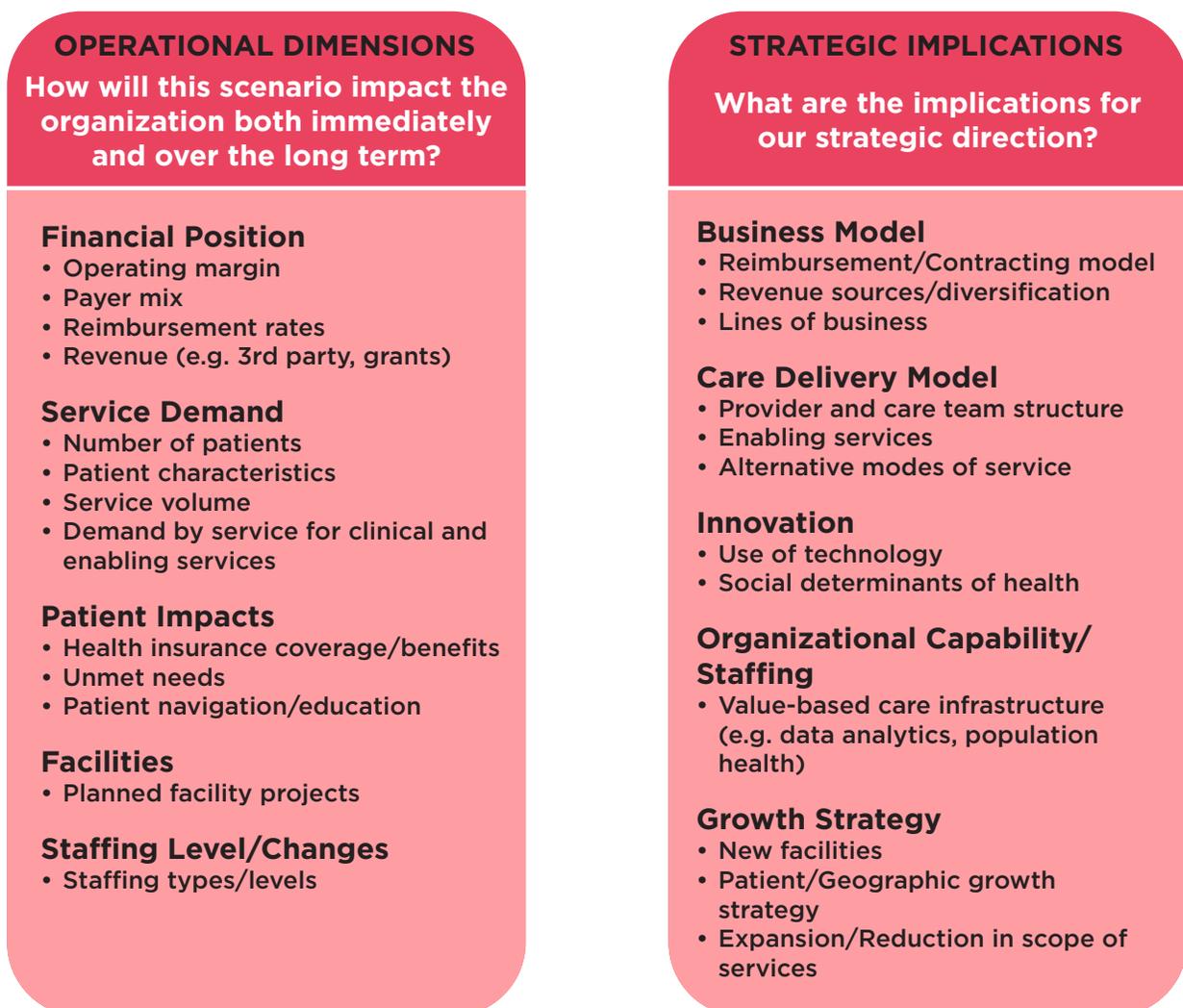
4. ASSESS SCENARIO IMPACT AND IMPLICATIONS

A next step is to project how different scenarios will impact the organization, first by specific operational dimensions (e.g. financial health, patient demand for services, business model, staffing/ organizational infrastructure), and then in terms of implications for broader strategic direction and priorities. It is important to consider the impact in the context of the whole scenario, including both major uncertainties and other external factors/assumptions about the future.

CCHCs can start by **projecting impact along traditional operational dimensions** and asking key questions, such as, "how will this scenario impact our financial position and patient demand for services?".

The second, and more important step is to then consider the **strategic implications** for the organization. For example, "what are the implications for how we build financial sustainability or pursue growth in services and facilities?". An organization may want to take out the current strategic plan and evaluate how scenarios impact the major priorities or goals articulated in the plan. Frequently, strategic plans address key priorities related to growth, financial strength, staffing and organizational capabilities, innovation and the care delivery model, among other areas. **Chart D** and **Chart E** highlight potential operational dimensions and strategic implications that different scenarios could impact at CCHCs.

Chart D. Assessing Impact and Strategic Implications of Different Scenarios

OPERATIONAL DIMENSIONS
How will this scenario impact the organization both immediately and over the long term?

Financial Position
- Operating margin
- Payer mix
- Reimbursement rates
- Revenue (e.g. 3rd party, grants)

Service Demand
- Number of patients
- Patient characteristics
- Service volume
- Demand by service for clinical and enabling services

Patient Impacts
- Health insurance coverage/benefits
- Unmet needs
- Patient navigation/education

Facilities
- Planned facility projects

Staffing Level/Changes
- Staffing types/levels

STRATEGIC IMPLICATIONS
What are the implications for our strategic direction?

Business Model
- Reimbursement/Contracting model
- Revenue sources/diversification
- Lines of business

Care Delivery Model
- Provider and care team structure
- Enabling services
- Alternative modes of service

Innovation
- Use of technology
- Social determinants of health

Organizational Capability/ Staffing
- Value-based care infrastructure (e.g. data analytics, population health)

Growth Strategy
- New facilities
- Patient/Geographic growth strategy
- Expansion/Reduction in scope of services

Chart E. Evaluating Impact of Scenarios on Strategic Direction

What is our current strategic direction?

Aggressive growth in new geographic areas thru acquisitions and new facilities

Expanding dental services at existing sites

Strategically pursuing more risk-based contracts

Exploring expanded role in services for low-income seniors

Major new staffing investments/costs to retain providers, enhance clinical support/enabling services staff, and build data analytics infrastructure

Development of care team model and wrap around services for complex patients

How does the scenario impact our strategic direction?

Doesn't change patient demand but does threaten financial viability of new acquisitions and elevate risk of taking on debt for new facilities

Raises questions about whether dental/other optional benefits covered in future

May accelerate importance of diversified lines of business and revenue streams (e.g. Medicare, 340b, risk-based incentives)

Reduced resources to build new infrastructure (IT, data analytics)

Potentially enhances need for alternative delivery models due to continued provider shortage, increased patient complexity, greater patient navigation needs, and reduced funding to compete for providers

Once the strategic implications are considered for each scenario, the organization should step back and evaluate where there are key similarities or differences across different scenarios. Key questions to consider include:

- What are the common strategic implications across all of the scenarios? What does this suggest about how we should respond?

- Where are the biggest divergences in terms of scenario implications? What does this suggest about the most important strategic choices facing the organization?

- How likely are different scenarios to occur? Are any of the scenarios significantly more likely? What does this suggest about how different risk factors should be weighed?

5. OUTLINE POTENTIAL SCENARIO RESPONSES AND SELECT A COURSE OF ACTION

Whereas much of the emphasis to this point is devoted to defining and analyzing individual scenarios, from this point forward the organization should be assessing responses and selecting a strategic course of action based on a global analysis of all potential scenarios. In other words, given our understanding of all scenarios, including assessment of impacts, risks and potential options, what is the most attractive and strategic course of action?

CCHCs can start by outlining potential strategic responses. Importantly, CCHCs have multiple options for how they can respond. Generally, responses can fall into a few broad categories, such as:

- **Stay Flexible** – Keep options open with an emphasis on responding when there is more certainty about the future

- **Make a Strategic Bet** – Pursue a strategic course that positions the organization for specific scenarios but may increase risk if these scenarios do not pan out

- **Diversify** – Engage in a diverse set of strategies, or place multiple small bets, that can be expanded once the future becomes more clear

- **High Value** – Identification of a response that is likely to produce strong outcomes across all scenarios (if possible)

It is important to note that the above approaches are not mutually exclusive. CCHCs may elect to make a strategic bet in one area while pursuing high value responses in other areas. For example, an organization may determine that because of changing demographic trends toward an aging population and potential reductions in Medicaid funding that it is a high value investment to expand its role in serving low-income seniors on Medicare." It may separately make a strategic bet that the Medicaid expansion repeal will not occur and commit to grow aggressively in a new geographic area. The larger point is to highlight that CCHCs have multiple pathways for how they strategically respond to an uncertain future.

Once a range of strategic responses are outlined, CCHCs should identify a few core criteria or values that will guide discussion about different courses of action. These criteria/values, which may address organizational values/mission, competitive advantages, risk orientation, or other areas, can be essential guideposts for the discussion about how to proceed. Some potential criteria/values could include:

- Consistent with organizational values and mission

- Aligns with strategic direction and priorities

- Leverages organization's competitive advantage/position

- Addresses the common strategic implications that cut across all scenarios

- Aligns with organizational culture/approach to risk-reward

With this analysis, the organization can set a clear course of action to globally respond to the potential future scenarios that it can come back to and re-assess as the external environment continues to evolve.

The scenario planning process provides an important opportunity for CCHC staff leadership and boards to take stock of the external environment and make assumptions about what it sees for the future, articulate the criteria, values and strategic priorities that will guide its future direction, and, articulate a clear strategic path to move forward and shared rationale for its future course. Above all, scenario planning can be a tool to make sure CCHCs continue to move forward in uncertain times in serving the most vulnerable in our communities and positioning our organizations to be successful and viable for years to come.

SECTION II: SCENARIO PLANNING TOOLKIT

How to Use the Toolkit

The Scenario Planning Toolkit is designed as a companion to Section I, the Scenario Planning Overview, which describes the scenario planning process and the purpose of each major step:

1. IDENTIFY MAJOR UNCERTAINTIES

- Define a time horizon and identify the most critical uncertainties that could have significant impact on the organization (e.g. Medicaid expansion repeal, Medicaid block grant)

2. OUTLINE OTHER EXTERNAL FACTORS

- Outline other important external factors or trends that will impact the organization and make an estimation about how certain they are to occur

3. DEVELOP PLAUSIBLE SCENARIOS

- Articulate several future realities outlining narratives that incorporate major uncertainties, external factors and other key assumptions about the future

4. ASSESS SCENARIO IMPACT AND STRATEGIC IMPLICATIONS

- Assess operational/functional impact along different dimensions (e.g. revenue, demand)
- Assess implications for the organization's strategic priorities and direction

5. OUTLINE POTENTIAL RESPONSES AND SELECT A COURSE OF ACTION

- Outline and evaluate a range of potential responses (e.g. flexible, diversified, strategic bet)
- Identify criteria/values to guide evaluation of potential responses, such as organizational values/mission, strategic priorities, competitive advantage, and risk orientation
- Given future uncertainty and evaluation of options to respond, select a course of action

The enclosed Toolkit provides step-by-step instructions and templates for California clinics and health centers (CCHCs) to move through the scenario planning process. The first page suggests a full scenario planning process (that of course can be modified as appropriate). The following pages include templates and charts that can be used to support the planning process.

1. IDENTIFY MAJOR UNCERTAINTIES	2. OUTLINE OTHER EXTERNAL FACTORS	3. DEVELOP PLAUSIBLE SCENARIOS	4. ASSESS IMPACT AND IMPLICATIONS	5. OUTLINE POTENTIAL SCENARIO RESPONSES AND SELECT A COURSE OF ACTION

Outline Planning Process and Roles

- Identify a staff planning team to participate in scenario planning process
- Outline the planning process and timeline
- Consider how/if to involve the Board of Directors in the planning process

Planning Session #1

- 2 hour session with staff planning team
- Agree on planning timeframe
- Agree on 1-2 major uncertainties and input into 4 basic scenarios (Chart A)
- Brainstorm and discuss external factors
- Map top 6-8 external factors along Impact-Certainty continuum (Chart B)
- Group exercise to develop draft scenarios

Refine Scenario Narratives

- Assign staff member to refine 4 scenario narratives (Chart C)
- Distribute to planning team for feedback and refine

Ideas to Engage Stakeholders

- Conduct a similar but abbreviated session for the Board, or invite Board representatives to the planning session
- Distribute a Board Survey
- Conduct stakeholder interviews to solicit perspectives about major uncertainties, and other external factors and anticipated impact on CCHCs

Analyze Impact on Operations

- Distribute final scenario narratives to staff planning team
- Assign staff to analyze scenario impacts on different dimensions (Chart D)
- Assemble and distribute full results to staff planning ream in advance of Planning Session #2

Planning Session #2

Distribute the following to planning team prior to session:

- Consolidate results of operational impact analysis (Chart D)
- Copy of current strategic plan
- Discussion questions to consider:
  - How do the scenarios impact or change our strategic direction?
  - What are the scenario-specific and cross-cutting strategic implications?

Planning Session #2

- 3 hour session with staff planning team
- 30 minutes - Review operational implications
- 45 minutes - Discussion to identify key impacts on strategic direction/priorities (Chart E)
- 45 minutes - small groups to discuss strategic implications questions, then report back and large group identification of themes (Chart F)
- 30 minutes - Brainstorming exercise to identify potential strategic responses (Chart G)
- 30 minutes - Brainstorming exercise to generate preliminary criteria to evaluate organizational course of action (Chart H)

Synthesize Responses and Analyze

- Assign staff to summarize key findings (Charts E, F and G)
- CEO/Leadership finalizes criteria based on planning team feedback
- CEO/Leadership synthesizes feedback into 2-4 strategic responses
- Leadership assigns to conduct preliminary analysis of strategic responses against criteria
- Distribute preliminary analysis to planning team prior to next session

Planning Session #3

- 2 hour session with planning team
- Review preliminary analysis and provide feedback
- Intensive discussion of pros/cons of different options
- Ask planning team to vote on strategic responses they recommend
- Discuss reasons why

Make Recommendation to Board

- CEO/Leadership develop final recommendation for presentation and discussion with Board of Directors
- Following approval, begin implementation

1. IDENTIFY MAJOR UNCERTAINTIES	**2.** OUTLINE OTHER EXTERNAL FACTORS

- Select a timeframe for the scenario planning exercise. Since this is intended to develop some strategic focus and direction for the agency, the timeframe should be no less than 3 years out. Longer timeframes, such as 10 years, may be appropriate if the organization is planning for long-term evolutions in the market environment. However, shorter timeframes may be appropriate if the immediate environment is more unstable.

- Make a list of 2-3 major uncertainties that are expected to have a major impact on the organization and it is very unclear or uncertain that they will occur. These should define the development of the scenarios.

- Identify 6-8 major external factors that you expect to impact the organization over the proposed timeframe. It is helpful to consider a range of potential factors, including market trends, public policy, demographics, and workforce, among others. Try listing them as assumptions. For example, "the number of low-income seniors in the community will increase by 25% over the next 5 years."

TIMEFRAME:_____

MAJOR UNCERTAINTIES

1. _____
2. _____
3. _____

EXTERNAL DRIVERS

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Examples of Major Uncertainties

- Federal and state health care policy (e.g. Medicaid expansion repeal, Medicaid block grants or per capita caps, changes in state coverage programs or benefits)

- Federal and state health center program funding and policy (e.g. base grant changes, PPS methodology change)

Examples of External Factors

- Continuing trends or changes in community demographics (e.g. age, ethnicity, population growth, impact of industry changes)

- Health care workforce trends / competition

- Patient demand for care (e.g. number of patients seeking care, volume and type of care sought)

- Health care industry trends (e.g. payment and reimbursement models, care delivery models, use of technology, focus on population health and social determinants of health, value-based care, data analytics and exchange)

- Local health care market competition or trends

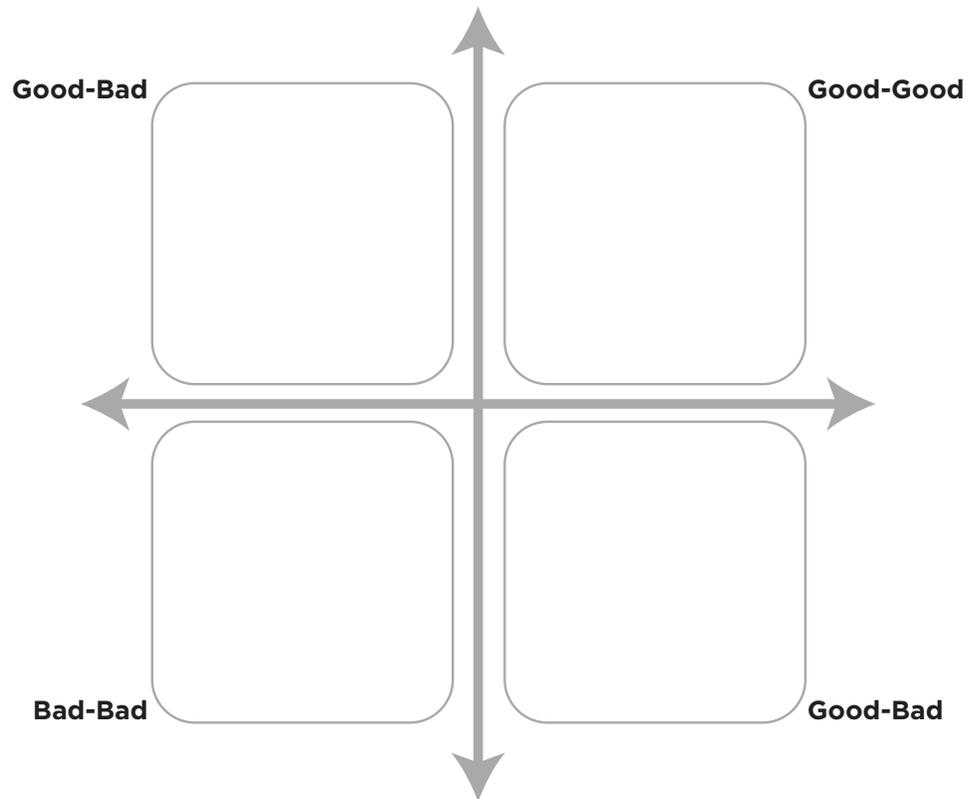- County funding and programs (e.g. CCHC funding, indigent care programs)

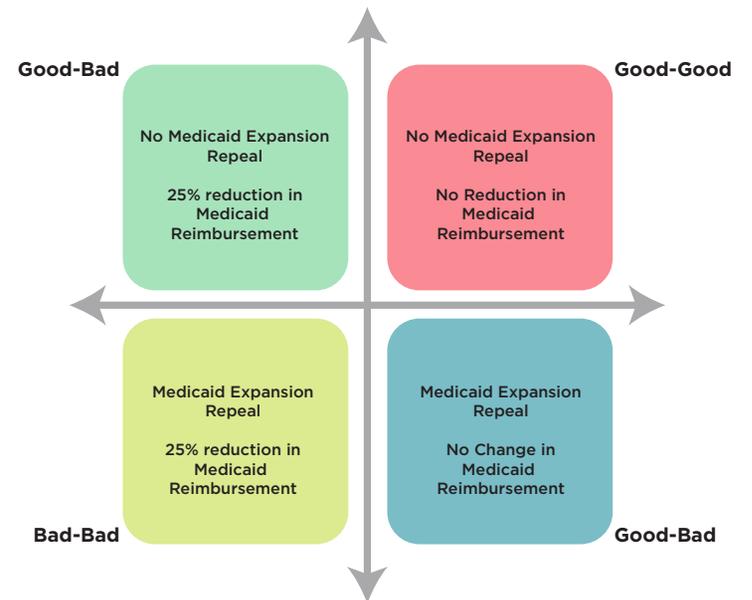- Identify the 1-3 major uncertainties that will serve as the basis for future scenarios. Input them into 4 basic scenarios ranging from good to bad. See the example below.

CHART A. MAJOR UNCERTAINTIES

Good-Bad

Good-Good

Bad-Bad

Good-Bad

EXAMPLE

Good-Bad

No Medicaid Expansion Repeal

25% reduction in Medicaid Reimbursement

Good-Good

No Medicaid Expansion Repeal

No Reduction in Medicaid Reimbursement

Bad-Bad

Medicaid Expansion Repeal

25% reduction in Medicaid Reimbursement

Good-Bad

Medicaid Expansion Repeal

No Change in Medicaid Reimbursement

| 1.	2.	3.
IDENTIFY MAJOR UNCERTAINTIES	**OUTLINE OTHER EXTERNAL FACTORS**	**DEVELOP PLAUSIBLE SCENARIOS**

- Consider the impact and level of certainty of different external factors and plot them on the chart below. Those factors that will have a high impact and are very certain to occur should be plotted in the top right quadrant (blue). These represent key assumptions about the future.

CHART B. IMPACT-CERTAINTY CHART – MAPPING EXTERNAL FACTORS

1.	2.	3.
IDENTIFY MAJOR UNCERTAINTIES	**OUTLINE OTHER EXTERNAL FACTORS**	**DEVELOP PLAUSIBLE SCENARIOS**
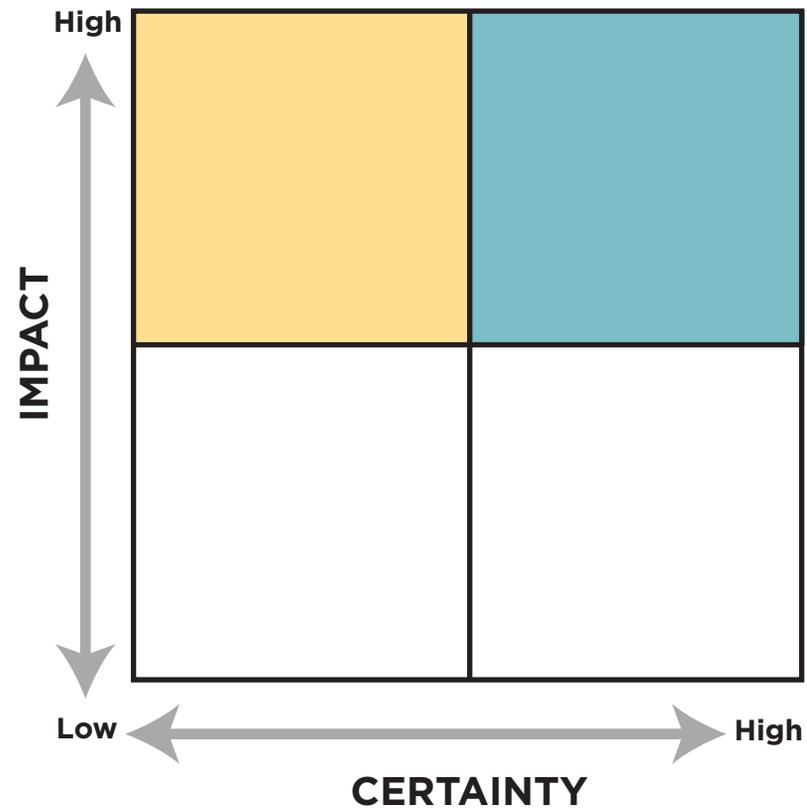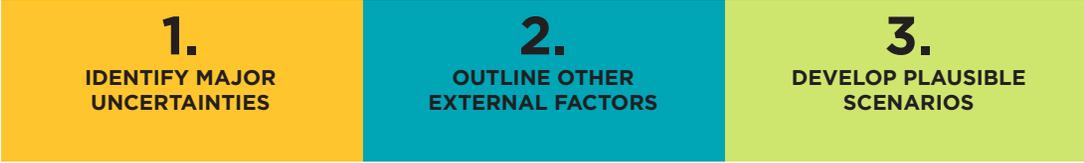
- With the 4 basic scenarios as the basis, develop a written narrative for each scenario that provides additional description of the environmental context and other factors that will affect the organization. Make sure to incorporate key assumptions from the top right quadrant (blue) from Chart B.

CHART C. SCENARIO NARRATIVES

SCENARIO NARRATIVES	
SCENARIO 1	
SCENARIO 2	
SCENARIO 3	
SCENARIO 4	

1. IDENTIFY MAJOR UNCERTAINTIES	2. OUTLINE OTHER EXTERNAL FACTORS	3. DEVELOP PLAUSIBLE SCENARIOS	4. ASSESS IMPACT AND IMPLICATIONS

- Once the scenarios are developed, analyze the potential impact of each scenario on different aspects of organizational operations, including financial position, demand for services and facilities, among other dimensions. Once the analysis is complete, record key impacts in the grid below and present for discussion.

CHART D. ANALYSIS OF SCENARIO IMPACTS ON CCHC OPERATIONS

Operational Dimension	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
Financial Position				
Service Demand				
Patient Impacts/Needs				
Facilities				
Staffing				
_____				
_____				

1. IDENTIFY MAJOR UNCERTAINTIES	2. OUTLINE OTHER EXTERNAL FACTORS	3. DEVELOP PLAUSIBLE SCENARIOS	4. ASSESS IMPACT AND IMPLICATIONS

- Using the current strategic plan and operational impact analysis as a basis, consider the impact of different scenarios on the strategic direction of the organization. See the Section I overview for examples.

CHART E. SCENARIO IMPACT ON STRATEGIC DIRECTION

Current strategic priorities	How do the scenarios impact or change our strategic direction?			
	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4

1. IDENTIFY MAJOR UNCERTAINTIES	2. OUTLINE OTHER EXTERNAL FACTORS	3. DEVELOP PLAUSIBLE SCENARIOS	4. ASSESS IMPACT AND IMPLICATIONS

Now consider some additional strategic questions

- What are the common strategic implications that are shared across all of the scenarios?

- What strategic implications are unique to individual scenarios?

- What are the most critical risks with each scenario?

- How likely is each scenario to occur?

CHART F. ADDITIONAL STRATEGIC CONSIDERATIONS

Strategic Questions	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4
Strategic Implications – Shared Across All Scenarios				
Strategic Implications – Unique to this Scenario				
What are the most critical RISKS with this scenario?				
Rate the likelihood of this scenario occurring (1 = not likely, 5 = very likely)				

1.	2.	3.	4.	5.
IDENTIFY MAJOR UNCERTAINTIES	OUTLINE OTHER EXTERNAL FACTORS	DEVELOP PLAUSIBLE SCENARIOS	ASSESS IMPACT AND IMPLICATIONS	OUTLINE POTENTIAL SCENARIO RESPONSES AND SELECT A COURSE OF ACTION

• Develop a range of potential strategic responses based on global analysis of potential scenarios.

CHART G: POTENTIAL STRATEGIC RESPONSES - GLOBAL RESPONSE

Stay Flexible	Make a Strategic Bet	Diversify	High Value
1.	1.	1.	1.
2.	2.	2.	2.
3.	3.	3.	3.

1.	2.	3.	4.	5.
IDENTIFY MAJOR UNCERTAINTIES	OUTLINE OTHER EXTERNAL FACTORS	DEVELOP PLAUSIBLE SCENARIOS	ASSESS IMPACT AND IMPLICATIONS	OUTLINE POTENTIAL SCENARIO RESPONSES AND SELECT A COURSE OF ACTION

• Evaluate strategic plan responses against selected criteria/values and select a course of action based on evaluation

CHART H. EVALUATION OF STRATEGIC RESPONSE AGAINST SELECTED CRITERIA

Strategic Response Description:		
Criteria	**Does the scenario meet the criteria? Why or why not?**	**Rating (1 = does not meet criteria, 5 = strongly meets criteria)**