

Implementing Project Management in Managed Care: Opportunities and Challenges

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Overview

- Introduction
- What is Managed Care?
- Projects in Managed Care
- Case Study
 - Assessment and recommendations
 - Development of methodology
 - Implementation of methodology
- Successes
- Challenges
- Recommendations



Introduction

- Authors
 - David Kumpf, President, Optimetra Inc.
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- Objective
 - Show implementation of formal project management techniques in a health management company (AMERIGROUP Corporation)

What is Managed Care?

- A Health Maintenance Organization (HMO) charges a per-member, per-month fee to cover the health care needs for a member of the health plan
- HMOs either have their own doctors, clinics, and hospitals (staff model) or contract for them (network model)
- A Medicaid HMO provides such services for those qualifying under certain U.S. poverty standards – see www.cms.gov for more information



Typical Managed Care Business Functions

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|--|---|
| <ul style="list-style-type: none">• Enrollment and billing• Claims Processing• Medical Management, including:<ul style="list-style-type: none">– Utilization Management (UM)– Disease Management (DM)– Case Management (CM)– Quality Management (QM)• Marketing and Sales• Executive Management• Legal• Regulatory and Compliance• Facilities Management | <ul style="list-style-type: none">• Information Technology Services (ITS)• Systems Configuration (may be part of ITS)• Finance/Accounting• Actuarial/Underwriting• Member Services• Provider Services• Provider Contracting• Human Resources• Purchasing• Training |
|--|---|

Example Projects in Managed Care

- Integration of an acquired HMO
- Starting a new contract in a new location or for a new population (for example, Medicaid)
- Converting to a new information system for core business operations
- Implementing systems enhancements
- Implementing regulatory mandates (for example, Health Insurance Portability and Accountability Act – HIPAA)



Key Issues for Project Management Implementation

While information technology is heavily used in this industry...

...many of those *outside* the information technology part of the organization do *not* have systems engineering or project management backgrounds.

Many *do* have extensive scientific/clinical education and training.



Initial Evaluation

- Company formed in 1994; first operations in 1996
- Assessment of projects in early 2000, primarily by ITS
- Challenges:
 - Scope of projects not well defined and changing
 - Unpredictable results (completion date and cost)
 - Unable to plan resource needs accurately
- Company resolved to take action – contracted consultant to help initiate solution



Findings and Recommendations

Findings (circa late 2000)	Recommendations
<ul style="list-style-type: none">• Positive attitude, high motivation• No standard project planning process• Wide range of project complexity (\$10k - \$4M+)• Various project management tools in use• Conflicting project priorities (cost, scope, schedule)• No clear project management organization• Lack of clear project roles and responsibilities• No formal development of project manager skills and experience	<ul style="list-style-type: none">• Develop a project management process framework• Select and implement project management software tools• Develop project management job descriptions• Design and implement the project management function• Develop and implement plans for general skill-building in project management• Develop and implement plans for coaching and mentoring project managers



Create and Implement Methodology

- Developed formal AMERIGROUP Project Management Process, based on:
 - Needs of HMO project environment
 - Consulting experience in HMOs
 - Project literature (Kerzner, Lewis, et al)
 - PMBOK
- Included process manual, templates, forms, checklists, job descriptions, training materials



Focus on Planning Components

- Improve predictability by thinking through project prior to implementation
- Includes 12 planning components, with associated processes for developing, using, and maintaining each one

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| <ul style="list-style-type: none">• Charter• WBS• Schedule• Resource Management Plan• Risk Management Plan• Issue Log• Financial Analysis and Budget• Communications Plan | <ul style="list-style-type: none">• Deliverables Specification• Quality Management Plan• Procurement Management Plan• Change Management Plan |
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Train Staff on Methodology

- Two-day training session, covering all aspects of project management
- Conducted training for 229 staff members in 23 sessions over a two-year period (more than 10% of company staff)
- Syllabus included project definition, tradeoffs, organizations, planning and management, project control, conflict management, etc.
- Materials submitted to PMI – AMERIGROUP became a Registered Education Provider



Secure Enterprise-Level Software Tools

- Primary focus was on capacity planning while implementing WBS/scheduling needs
- Evaluated Microsoft Project, Niku Project Workbench, Primavera TeamPlay
- Selected TeamPlay because of capacity planning, time recording, and portfolio management capabilities
- ITS team formed to install, configure, train



Create Project Support Office (PSO) in ITS

- VP of Project Support Office plus Project Managers and Project Coordinators
- Responsible for:
 - Support and maintenance of methodology, including associated documentation and dissemination of best practices
 - Support and maintenance of enterprise project management software
 - Planning and control of ITS implementation budgets
 - Refinement of portfolio management process
 - Provide project managers for major ITS initiatives
- Not responsible for corporate-wide project management



Implement Follow-on Efforts

- Create project planning review process and audit tools; assign this process to PSO
- Extend methodology for special purposes
 - New Business Implementations: AMERIGROUP Implementation Guide
 - Proposal Development: AMERIGROUP Proposal Process Guide
- Both based on AMERIGROUP Project Management Process



Successes

- Formal approach to project management has been *generally* embraced by the organization
- Have developed project executive resources, particularly sponsor/owner and program manager roles
- Project planning tools used to stimulate thinking by project managers and team, and several components are internalized
- Improved predictability of implementation budgets and schedules



Successes (cont'd)

- Developed clear understanding of objectives and plans among project team
- Company is recognized leader in implementation of acquisitions and new state Medicaid contracts
- ITS department has successfully used comprehensive methodology on managing projects on every scale, from systems enhancements to major systems conversions



Challenges

- Implementation of enterprise software too rapid – overwhelmed organization capacity to adapt
 - Most of organization backed off to simpler tool
 - ITS continued with enterprise tool for capacity planning
- PSO reorganized 2004:
 - Project managers from PSO now represented in dedicated Implementation Department and ITS projects group
 - Need for centralized support of methodology has declined due to internalization of approach



Challenges (cont'd)

- Project planning tools application
 - Charter, WBS/schedules/milestone list, Issue Log, decision log, risk management plan, financial analysis and budget communications plans products used consistently
 - Other plan components not used consistently by all projects based on needs of project
- Still struggle with the tradeoffs of project management investment – occasional tendency to revert to prior behaviors



Recommendations for Other Organizations

- Fully assess current state of PM practices
- Understand company culture – both opportunities and limitations
- Adapt project management model accordingly
- Develop senior staff understanding of and commitment to concepts and ideas



Recommendations (cont'd)

- Train, train, train
 - Make the investment in the people
 - Choose the right people to train
- Select right people to use and evangelize tools – find the right team member strengths
- Evaluate need for more complex tools only *after* processes and simple tools fully internalized



Questions?



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