

# Implementing Project Management in Managed Care: Opportunities and Challenges

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Session # PSI11



# 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
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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](http://www.cms.gov) for more information



# Typical Managed Care Business Functions

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

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



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