AmeriHealth Mercy Family of Companies

Background

The AmeriHealth Mercy Family of Companies is a partnership of Mercy Health System and Independence Blue Cross. The two companies joined together in 1996 to provide Medicaid managed care services to underserved and low-income populations. A mission-driven organization, AmeriHealth Mercy employs almost 2,500 associates and serves more than 6.5 million members in 14 states. AmeriHealth Mercy's diverse product lines include full risk health plans, management and administrative services for health plans, intensive care management, pharmacy benefit management, and behavioral health care services.

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> RuthAnne Guerrero
> Vice President of PMO and Process Improvement

In September 2008, AmeriHealth Mercy decided to conduct an Organizational Project Management Maturity Model *(OPM3)* ProductSuite® Assessment to establish and improve its abilities to define, manage and deliver projects in support of company goals. From 27 September through 10 October, a Project Management Institute (PMI) Certified *OPM3* Consultant® was onsite at AmeriHealth Mercy to work with project professionals and key executives to examine and gauge the company's existing capabilities in organizational project management.

Challenges

AmeriHealth Mercy engages in a wide variety of projects, including introducing new products or expanding into new geographic areas; regulatory work with state and federal authorities; and companywide strategic projects, such as large-scale hardware and software upgrades. Most projects involve the collaboration of two distinct company groups: the Program Management Office (PMO) and the Information Systems (IS) Group, which handles technical services.

As a national organization, AmeriHealth Mercy deals with challenges resulting from its size and geographic reach, and also serves as a business model that operates under different company names in different parts of the United States. Also, because its funding to manage Medicaid programs is provided by state governments and therefore varies from year to year, it needs to be able to leverage every single dollar in the most effective and efficient way to carry out its mission and stay competitive.

The assessment, however, was not performed in response to any specific problems. RuthAnne Guerrero, Vice President of PMO and Process Improvement, says it came about from a general desire to gain more information about AmeriHealth Mercy's project management practices—and identify opportunities to improve performance.

"Every PMO wants to improve," Ms. Guerrero says. "I wanted to objectively determine where our PMO was in the maturity/ lifestyle cycle, leverage best practices, and if needed, make effective improvements to our processes."

The *OPM3* assessment was the best way to focus their efforts.

"If AmeriHealth Mercy did have project management weaknesses, I wanted to know what specific challenges we needed to work on," she says. "I didn't want to just guess."

Solutions

OPM3 is a global best-practice standard used to measure and improve an organization's ability to deliver its strategy with the use of program, portfolio and project management. It also includes the organizational enablers, or essential best practices, that help make it possible. Those include strategic alignment, policy and vision, executive sponsorship, and resource allocation.

OPM3 offers a path to better project management by focusing on three key, interconnected elements:

1. **Knowledge,** which outlines current project management best practices melded with an understanding of the organization
2. **Assessment,** which evaluates an organization's project management capabilities and identifies areas that need improvement
3. **Improvement,** which uses the assessment to craft a plan to address those areas

An *OPM3* assessment can be done either as a web-based self-assessment, or as an *OPM3* ProductSuite assessment that involves a certified assessor, rigorous methodology and detailed data collection. The self-assessment can serve as a good starting point for providing organizations a high-level assessment of current practices, but it often does not provide enough direction to establish an improvement plan.

AmeriHealth Mercy had previously taken the online version, but it decided to undergo the more robust, comprehensive ProductSuite assessment to gain the additional analysis and improvement planning that it offered.

"It is a diagnostic tool that allows companies to understand what they're doing to achieve specific business results," says Claudia Baca, PMP, PMI Certified *OPM3* Consultant who worked with AmeriHealth Mercy to complete the evaluation.

What separates *OPM3* from other models, she says, is that it is "flexible enough to allow the organization to define excellence for them. It is not just what we believe; *OPM3* uncovers what is specifically right for each organization and their goals."

Additional value is derived from the inclusion of an improvement plan, which gives companies a suggested path to achieve those goals.

AmeriHealth Mercy's *OPM3* ProductSuite assessment revealed that its organizational maturity was lower than AmeriHealth Mercy desired. While the company had excellent resources and personnel, it also had gaps in its portfolio processes. There were shortcomings in how AmeriHealth Mercy set objectives and prioritized projects, so the company had no consistent way of knowing whether it was delivering projects that adequately supported its strategic organizational goals.

In addition, the *OPM3* assessment uncovered other concerns, including standardization—lack of process documentation in some areas, multiple versions of documents in other areas—and a duplicative organizational structure that brought two project managers to almost every project.

Project Management Community of the AmeriHealth Mercy Family of Companies

Results

After the *OPM3* ProductSuite assessment reports were officially presented, AmeriHealth Mercy immediately planned to address the findings. PMO staff members worked with the assessor to prioritize needed processes for each domain of organizational project management—and instituted a core team to implement improvements that covered each of the areas.

Before the assessment, AmeriHealth Mercy had already begun to examine some of its portfolio processes—including what they termed demand management—by looking at the number and kind of projects coming in, how they aligned with the organization, and how each was prioritized.

The *OPM3* ProductSuite assessment supplemented that process, adding core processes that moved it solidly into

portfolio management, and gave AmeriHealth Mercy a framework to guarantee that the right projects that move the organization's strategy forward are being completed.

"In the assessment, we looked at industry best practices to find ways to get AmeriHealth Mercy's PMO to operational excellence," says Ms. Baca. "The diagnostic helped the team focus on delivering the right projects and spending company resources on the most beneficial projects."

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Less than two months later, AmeriHealth Mercy had already made tremendous strides in a variety of areas:

Improvement Objectives

AmeriHealth Mercy determined that it wanted to focus its improvement efforts on specific areas that would have an immediate impact on the organization's business results. The company decided each project would have one or more measures of performance (MOPs): success criteria that would be defined up front and used to judge project effectiveness.

The process is still in formation, and AmeriHealth Mercy is currently monitoring and making adjustments. In the long term, though, AmeriHealth Mercy believes that this measure will help it focus on:

1. Doing the right projects
2. Establishing the right objectives so each project delivers real business value
3. Determining the expected business value for each project
4. Proving that the project has in fact delivered the business value
5. Providing empirical data so AmeriHealth Mercy can better identify and respond when a project is not on track to deliver its targeted business value
5. Improving project planning and execution

Project Prioritization

AmeriHealth Mercy has identified four key project performance indicators: strategic alignment, net present value, risk and complexity. Every project is now considered according to those factors, and then taken to the business areas for prioritization. This process allows AmeriHealth Mercy to compare projects not just against one another, but also within the context of the corporate portfolio to assess how each project contributes to the company's business success and strategic goals.

The company has also instituted a Strategic Value Assessment (SVA), a tool with 10 to 15 questions. The answers become part of a weighted score that AmeriHealth Mercy's Plan Administration Committee (PAC), a cross functional group of senior staff, uses to gain a preliminary idea of the benefits a project will deliver. If the PAC agrees that a project is worth pursuing, it will order additional cost estimates to help make a final decision on the project's approval or denial, as well as its priority.

The SVA not only helps AmeriHealth Mercy choose and prioritize the best strategic projects, but it also makes the process more efficient, saving AmeriHealth Mercy the time and resources involved in trying to do detailed cost estimates for every potential project.

Process

To improve processes, AmeriHealth Mercy now develops a RASCI Diagram for every project—Responsible, Accountable, Supportive, Consulted, Informed—which identifies a project's deliverables and who is responsible for each deliverable at any given time.

"It's become an anchor for us," says Ms. Guerrero, pointing to the increased consistency and decreased confusion the RASCI diagram has created.

Documentation

Documentation was one of AmeriHealth Mercy's most pressing issues.

In other cases, documentation existed but was too complicated. In response, AmeriHealth Mercy has started to standardize the project artifacts. Its project charters, for example, used to have nine different versions, along with three different—often conflicting—descriptions of the document's purpose. There is now a single template and a single description for all charters.

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Ms. Guerrero emphasizes that having standardized documents in place is a big step.

"Proper documentation allows us to better focus on the big strategic picture," she says.

Looking Forward

Inspired by its immediate improvements, AmeriHealth Mercy plans to implement all of the changes recommended by the *OPM3* assessment. It has enacted a high-level plan that details, quarter by quarter, the expected accomplishments and the staff members responsible for implementing them. The plan extends into the middle of 2010, when AmeriHealth Mercy expects to finalize all of its improvement objectives.

Ms. Guerrero believes that *OPM3* has been critical to this process, since the assessor's objectivity and access to all levels of the organization lend credibility to the findings.

"It's evidence-based, so there's not a lot of wiggle-room," she says. "The *OPM3* ProductSuite assessment keeps you objective; not where you think you are, but where you actually are, and where you ought to be. It really draws attention to things you should be doing."

Ms. Guerrero doesn't believe the same level of credibility is achievable in a purely internal evaluation, or in one that uses another methodology. She cites *OPM3's* scientific approach and use of industry-proven best practices and capabilities as primary reasons for the organizational support of the assessment process.

"*OPM3* has provided us with a jump-start on our improvement efforts, and has greatly improved the likelihood of achieving successful outcomes," says Chief Administrative Officer Michael Wright.

"I am looking forward to seeing the results of our next assessment to determine if the actions we are taking will deliver the expected results, but I have every confidence that we will have a good story to tell," he says.

Ms. Guerrero emphasizes that the improvement process will not stop, even after AmeriHealth Mercy has addressed all of the assessment findings.

"Improving your organizational project management maturity should never end," she says. "It is a continuous process. *OPM3* gives us the tools and the insight to help us stay on track."