

AmeriHealth Mercy Driving Results and Increasing Competitive Advantage Through Organization Project Management

In 2007, the AmeriHealth Mercy Family of Companies sought to improve its ability to systematically deliver its strategy. Facing new competition in the managed health care industry and facing substantial changes due to federal health care reform, the organization determined that its existing results could not sustain the growth needed to face an increasingly competitive landscape.

AmeriHealth Mercy is a partnership of Mercy Health System, (a non-profit health care organization delivering services to communities across the U.S., and Independence Blue Cross, a U.S.-based health care insurance organization. The two companies joined together in 1996 to provide Medicaid managed care services, governmental programs that provide medical and health-related services to specific groups of people in the United States, to underserved and low-income populations.¹

AmeriHealth Mercy, a mission-driven organization, employs almost 2,500 associates and serves more than 4 million members in 14 U.S. states. Its 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.

In 2004, AmeriHealth Mercy formed a program management office (PMO), which was the result of organizational recognition of the importance of creating a resource pool of skilled project managers. The PMO began creating a set of standard templates and reports that the organization now uses to execute and monitor the performance of its projects.

The PMO leader was promoted, and in 2007 AmeriHealth Mercy brought in a seasoned PMO professional to continue advancing the PMO and the organization's project management. The new PMO director, Ruth Anne Guerrero, was familiar with the concept of organization project management (OPM) and determined that the OPM approach would serve as a roadmap for advancing the organization.

For AmeriHealth Mercy, organization project management is a critical driver for business success. This approach aligns the organization's resources to its strategy through disciplined portfolio management, integrating the business needs of the strategy into programs and projects so it can deliver the intended benefits to the organization. It then executes strategy-driven initiatives through superior project management. This systematic approach aligns work to the strategies of the organization and delivers results that advance the organization's strategy.

2008 OPM3 Assessment and Findings

In September 2008, under Guerrero's direction, AmeriHealth Mercy conducted an *Organization Project Management Maturity Model (OPM3)*[®] assessment in conjunction with Project Management Institute (PMI). The assessment helped the organization map its existing organization project management capabilities and identify improvements that needed to be made in order for the organization to further improve business performance.

"Every PMO wants to improve," Ms. Guerrero says. "I wanted to be able to objectively determine the maturity of our PMO. I wanted to leverage best practices and, if needed, make effective improvements to our processes. That is why I chose to have an OPM3 assessment performed."

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. Created by PMI, OPM3 assessments compare the existing capabilities of the organization to the best practices of organization project management.

¹ An ownership change was announced on August 9, 2011 and is currently undergoing regulatory review

"It is a diagnostic tool that allows organizations to understand what they are doing to achieve specific business results," says Claudia Baca, PMP, OPM3 Certified Assessor/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 uniquely define excellence for itself. *OPM3* uncovers gaps and lets each organization determine what improvements are needed to meet their goals."

AmeriHealth Mercy's 2008 *OPM3* assessment revealed that its organizational maturity was lower than desired. Although the company had excellent project resources and personnel, it also had gaps in its portfolio processes. There were opportunities to improve how AmeriHealth Mercy prioritized its projects, so that the organization would be assured that it was delivering projects that adequately supported its strategic goals. AmeriHealth Mercy had not yet embraced the discipline of program management.

2008 Improvement Plan

Once the team understood the results of the AmeriHealth Mercy 2008 *OPM3* assessment, the PMO immediately built an improvement plan to implement the changes that were most important to the organization. Using a building block approach², the PMO developed a high-level plan that detailed, quarter by quarter, the expected accomplishments.

² See chapter 9 – *PMO Building Blocks- A Practical Approach for Implementing PMO Services*, The PMOSIG Program Management Office Handbook, J. Ross Publishing, 2010

"Some of the recommendations given after the 2008 *OPM3* assessment were adopted immediately," Ms. Guerrero says. "Others took a significant amount of time and effort to complete."

Their first step in the 2008 *OPM3* improvement plan was the completion of an organizational matrix that outlined the roles and responsibilities of project leaders and minimized redundant efforts. This also freed additional resources to work on other projects.

The PMO then created a goal for the end of 2010 to have benefit realization in place for 10 percent of the organization's projects. In order to reach this goal, the organization determined that it would have to complete four different improvement activities in 2009 to reach the business alignment goal for 2010.

The first activity was determining the criteria used to prioritize and select projects that would provide the most value. The second activity was aligning each project to the business strategy and identifying expected business benefits. Each project would have benefit realization metrics to prove that the project delivered the expected business value to AmeriHealth Mercy.

And, finally, the organization would document and implement standard practices to guarantee each activity's successful completion.

Demonstrating Improvement

The key to proving that AmeriHealth Mercy's PMO improvements were, in fact, successful was the ability to gather data to support the progress that was made. The PMO had to build a set of measures to gauge improvement and then gather the data.

By doing so, it demonstrated the benefits of the changes it recommended while fine-tuning the processes.

The improvement implementation was not seamless but in the spirit of organization project management best practices, Ms. Guerrero and her team learned from their setbacks. "It's an evolution," she says. "That's why I like organization project management; you can take the top ten pain points, fix those and then find more challenges to solve."

AmeriHealth Mercy's adoption of organization project management yielded the following notable results: AmeriHealth Mercy repositioned the PMO to be more strategic in nature. The PMO previously reported to the Chief Administrative Officer, but in 2010 moved to the office of the Chief of Staff for the Executive Vice President and Chief Operating Officer. This reflected the expanded role the PMO is expected to play in the delivery of AmeriHealth Mercy's strategic plans.

AmeriHealth Mercy has completely eliminated overlapping project management responsibilities and has streamlined its roles and responsibilities. Every project now reports to the project manager as the single point of accountability. Having a single project manager accountable for the end-to-end project has created additional capacity for work with the same number of project managers. Project stakeholders and team members have benefited from this clarity and from improved communication.

“The AmeriHealth Mercy Family of Companies strives to continue to grow, support operations and invest in its people. That’s what drives us,” says Ms. Guerrero. She adds, “Since we’ve made the right investments to improve organization project management, we’ve seen the company meet its strategic and operating plans. The benefits that we’re reaping from the enhanced PMO are being used to fund additional project work, including future improvements. The PMO has truly become a strategic operations center for the organization.”

In just two years, AmeriHealth Mercy’s PMO had become the “go-to” organization for change. The business was getting the results it needed from efficiently implementing the right strategic projects, and the PMO concept was being embraced throughout the corporation as the way to getting things done.

2010 OPM3 Assessment and Finding

During the fall of 2010, after two years of improvement activities, AmeriHealth Mercy conducted a follow-up OPM3 assessment to determine how well the gaps had been addressed, how opportunities were seized and to set goals for the future that ensured continuous improvement.

“AmeriHealth Mercy’s improvements are a wonderful example of how to grow and mature a PMO to deliver tangible value to its organization,” says Baca.

The results of the 2010 assessment showed that AmeriHealth Mercy was able to:

- Move from immature portfolio selection and management processes to a sophisticated demand management process that engages the business owners to create a strategic valuation of all work and align that work with the organization’s strategies.
- Design, implement and manage a benefits realization process that is managed at the individual project level as well as at the program and portfolio level. Changes to benefits are managed as parts of the change control process that already controlled changes to scope, budget and/or timeline. Mature project management processes into a continuous improvement phase and now yields more predictability in execution.

The organization achieved best-in-class status in several areas, including their ability to build a project management community within AmeriHealth Mercy.

Some challenges still remain, however, including:

- The organization still faces challenges with prioritization of multiple tracks of work.
- The program and project management methodologies and supporting tools are still being refined to support the new PMO responsibilities.
- It has become clear that there is an immediate need to better understand resource demand and capacity across a large part of AmeriHealth Mercy.

2010 Improvement Plan and Looking Ahead

AmeriHealth Mercy is in the process of finalizing strategic plans for 2012–2015. All projects will need to demonstrate a connection to one or more of the key strategic goals in these plans. The company’s strategic goals generate annual operating goals, which generate initiatives in their pursuit.

Proposed projects are evaluated for strategic fit, risk, and other characteristics. As projects are completed and new project requests are received, AmeriHealth Mercy’s organization project management oversees the “demand” and “delivery” aspects tied to the plan. AmeriHealth Mercy anticipates that the focus on benefit realization will result in a renewed focus on meeting project time frames and quality goals.

According to Joanne McFall, Chief of Staff for AmeriHealth Mercy’s Chief Operation Officer, “Our success in achieving our strategic goals is directly linked to the effectiveness of our overall portfolio management function. By continuing to enhance our use of organization project management practices, we expect to see even greater benefits in future years.”

The real measure of success however, is more tangible to the staff of the AmeriHealth Mercy PMO. The PMO has more requests from business partners for projects to become parts of the corporate portfolio because of the levels of professionalism, dedication and leadership exhibited by the PMO staff. Through its consistent approach, the AmeriHealth Mercy PMO has led the entire organization to a new level of organization project management maturity.

The results of the 2010 *OPM3* assessment have supported these conclusions and given AmeriHealth Mercy the ability to set additional goals in pursuit of continuous improvement. However, the story of the AmeriHealth Mercy PMO's

journey to maturity will not end here. As the organization makes additional improvements to methodologies, tools and skill sets, new expectations and goals will be set. How will AmeriHealth Mercy ensure that it continues to mature its organization

project management practice? According to Ms. Guerrero, "The answer is: through the implementation of future *OPM3* assessments and improvement plans."

