

Case Study:

# Risk Management



CDI helps revitalize client's enterprise risk management program.

**Client Description:**

A leading healthcare insurance provider that plans contracts with hospitals, physicians and other health care providers to provide prepaid healthcare coverage. Coverage includes hospital expenses, outpatient care, home care and other institutional services.

**Background:**

The boards of directors of two healthcare insurance providers announced that each had approved an agreement to combine the two organizations. The new company would maintain dual headquarters and would operate to provide access to affordable, high-quality health care coverage.

One healthcare insurer's Enterprise Risk Management (ERM) Program was established in 2006 and functioned actively until March 2007. A team of five completed a number of framework deliverables, developed a risk assessment tracking tool, created a repository using SharePoint and conducted an executive risk assessment.

After the dismantling of this team, it was observed that the risk assessment results were somewhat skewed and the risk response action plans did not necessarily address the correct issues. In addition, the knowledge repository was disorganized and became a parking lot for an array of duplicate and half-baked documents.

With consolidation imminent between the two healthcare insurers, it was discovered that the two ERM programs were not aligned and one was much further advanced than the other. It was deemed necessary for one to bring its ERM program up to the same level as the other before the consolidation. To that end, CDI, a known entity at the healthcare insurer through previous PMO-related work, was engaged to help revitalize the ERM program part-time beginning in June 2008 and full-time beginning in August 2008.

**Business Issue:**

With the upcoming consolidation of two healthcare insurance providers, one insurer needed to restart its ERM program to get on equal footing with the other insurer's ERM program. The goal for this project was to bring the lacking ERM program up-to-par with the more advanced and thorough ERM program by the targeted consolidation date and ensure 100% compatibility.

**CDI Solution:**

CDI provided a certified PMP, who previously provided project management services for the insurer, to now deliver the solution of a revitalized ERM program that touched on a wide variety of disciplines including business process engineering, procedures, cost-benefit analysis, education and product knowledge (SharePoint Services for the repository and Logic Manager as the risk management tool). Knowledge of the risks involved and expertise were critical components of the program and involved all aspects of the risk process including risk identification, assessment, quantification, qualification and response planning.

CDI helped revitalize the lacking ERM program by reconstructing the work previously completed, reorganizing and repopulating the knowledge repository and mapping the prior year risks into the new risk universe.

**Results:**

The revitalization of the lacking ERM program was completed in three months by delivering upon our plan to reconstruct the work ceased the year-prior by the previous ERM program team. We also reorganized the knowledge repository and mapped the prior-year risk universe to the present.

The biggest challenge in the project was establishing the current risk inventory baseline, which involved mapping

the previous data into the new risk universe categories (51 in total). In this task, data compiled from the previous years risk assessment survey responses and the Top 10 action plans had to be harvested and thoroughly reviewed before being used.

The project approach was deemed successful as previous work was leveraged, saving the insurer significant time and money. CDI delivered a fully workable solution with one qualified resource, compared to the previous team of five.

#### **Technologies Used:**

- Project Management – methodologies and processes related to all nine knowledge areas: integration, scope, time, cost, quality, communications, human resources, risk and procurement
- Microsoft Office
- Visio
- Project
- SharePoint Services
- Logic Manager Risk Management Tool
- Group Facilitation Techniques
- Information Services