

Risk Management Plan (Sample)

Optum Rx defines risk as events or conditions that threaten the timely completion of the project, cost of the project, or the quality of a project's products. In the dynamic environment of a project, risk management is an integral element in an effective project management approach. Effective risk management includes early risk identification through the collaboration and involvement of relevant stakeholders.

Although issues are a primary concern both early on and throughout all project phases, risk management must consider both internal and external sources for budget, schedule, scope, and technical risk. Early and aggressive detection of risk is important because it is typically easier, less costly, and less disruptive to make changes and correct work efforts during the earlier phases of the project. We maintain a Risks and Issue Management plan that includes a process that ensures timely management, quick resolution, and prevents re-occurrence to avoid delays/new risks.

Optum Rx has developed a set of repeatable, standard-based processes that enable Optum Rx to effectively implement a risk management strategy within the framework of the PMBOK® Guide-based project management methodology. Risks will be tracked using a Risk log.

Pharmacy Benefits Management (PBM) Risk Management Plan

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State of Georgia

Prepared by OptumRx

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1 Introduction

Optum Rx has developed a set of repeatable standards based on processes that enable us to effectively implement our risk management strategy within the framework of the Project Management Body of Knowledge (PMBOK®) Guide. Optum Rx's approach to identifying, documenting, and managing risk is set out in this plan.

The Risk Management Plan is a critical project-centric document that details the purpose, goals, and objectives necessary to perform risk determination, assessment, and management. This plan includes risk identification and mitigation strategies designed to reduce the probability that a risk or its associated trigger will occur. To minimize the impact of identified risks, and to establish prioritization, a contingency plan is established and implemented by assigning a probability and impact weighting for each risk.

Optum Rx defines project issues as conditions or events that require action at the working level. The most common are those that arise when a question is raised during a Joint Application Design (JAD) session, in deliverable review for a requirement that cannot be immediately answered, or when a risk is promoted to an issue. There may also be disagreement among participants as to the correct answer. If such situations are not resolved quickly, they unnecessarily consume staff time and prevent related or downstream questions from being resolved. Consequently, they can delay the entire project or leave key questions unanswered in the requirements.

During the Design, Development, and Implementation phase issues may arise regarding implementation strategy, timing, training requirements, operations steps required, and any number of decisions that must be made regarding implementation. Each of these elements must be tracked and resolved if implementation is to proceed successfully.

The purpose of the Risk Management Plan is to:

- Describe the process for identification and quantification of potential issues and risks
- Describe the process for tracking and resolution of issues and risks
- Describe the process for mitigating risks
- Describe the process for reporting risks and periodically reviewing them for change in impact or likelihood
- Identify contingency plans for critical risks

The PBMS project includes two deployment phases which include the Drug Rebate Program (eREBS and Rebate Administration), and the remainder of the PBMS, which includes deployment of all systems that support the following activities:

- Point-of-Sale (POS) claims adjudication
- State Maximum Allowable Costs (SMAC) services
- ePrescribing and clinical management
- Formulary and rate management
- Prior Authorization
- Web based user interfaces/portals (Rx Portal and Rebate Services Portal)
- Business layer workflow solution
- Drug rebate scanning solution
- Batch claims adjudication (i.e. managed care encounter data)

The Risk Management Plan supports the Design, Development, Implementation (DDI) and operation of the systems outlined in the State of Georgia's NASPO Request for Proposal (RFP) and contract <enter contract date>.

2 Risk/issue management team

The table below provides a listing of the key roles and responsibilities for the Georgia project. Optum Rx is responsible for supporting risk/ issue management for the project and will involve internal and external stakeholders as needed.

Table 1: Roles and responsibilities

Role	Responsibility
Risk Identifier	Identifies Risk
Risk Owner	Ensures tasks and follow-up actions are completed by due dates Assigns Risk Analyst(s) to provide additional information or research to mitigate the risk or define contingency plan(s)
Risk Analyst	Researches the risk, identifies mitigation strategy, and provides contingency plan(s)
Issue Identifier	Identifies the Issue
Issue Owner	Ensures tasks and follow-up actions are completed by due dates. Assigns Issue Analyst(s) to provide additional information or research to resolve the solution
Issue Analyst	Researches the issue, identifies options, and provides recommendations for proposed solution
Optum Rx Project Coordinator	Participates in the identification and evaluation of project risks and issues Enters risks into the Risk Log Enters the issue into the Issue Log Responsible for creation and maintenance of the Risk Management Plan
Georgia's Project Manager	Participates in the identification and evaluation of project risks and issues
Project Management Team	Identifies and evaluates project risks and issues Meets weekly to review and assess anticipated risks, proposed mitigation strategies and resolved risks Determines if the risk is valid and approves or rejects mitigation or contingency plan(s) Determines if the risk requires escalation for higher level of approval Reviews and assess issues Determines if the issue is valid and approves or rejects the proposed solution Determines if the issue requires escalation for higher level of approval
Steering Committee	Resolves issues and mitigates risks at the project level
Executive Sponsors	Communicates program issues and concerns to Steering Committee for action

3 Risk identification and management

A significant contributor to the success of any Risk Management Plan is the identification of key performance indicators that provide early warning signs where management action is required. Once established, well-documented risk descriptions and identified contingencies are built into the project plans for each phase of the project, providing tremendous benefits towards the success of the PBM implementation project.

Risk items will be assessed and examined as part of the weekly status review process. In conjunction with such proactive brainstorming efforts, deviations from planned events will be investigated to assess the need of additional risk documentation, or to identify preventative or contingent actions to be taken, including the ongoing monitoring of identified risks.

Optum Rx's approach to risk management includes the following:

1. Identify risks in implementing Optum Rx's proposed solution. The Project Management Team and the Optum Rx Project Coordinator are responsible for identifying the risks relevant to the business transition effort and incorporating these into the overall project risks.
2. Identified risks will then be rated by probability of occurrence. Probability will be noted in the form of a percentage of likelihood. The Project Management Team and the Optum Rx Project Coordinator will collaborate on the probability of occurrence.
3. Risks will also be assigned a severity rating of 1 to 5, where the higher the severity rating, the more likely the risk will impact the project. The Project Management Team and the Optum Rx Project Coordinator will collaborate in determining the severity rating.
4. These ratings are combined to result in a score which will form the basis for the prioritized list of potential project risks.
5. For each risk, Optum Rx will identify triggers or evidence that indicate that the risk is occurring, or is about to occur.
6. Risks will be added to the Risk Log by the Optum Rx Project Coordinator.
7. Risks will be added to the weekly published Status Reports and tracked with each Action Item indicating the owner(s) and due dates.
8. Mitigation strategies are indicated for each risk.

3.1 Risk documentation

All identified risks will be documented by the Optum Rx Project Coordinator using the Risk Log, which is contained in the Project Tracking Log. The description of the risk will indicate the following:

1. Concern
2. Probability that the risk will occur
3. Possible positive or negative consequences of the risk
4. Impact to stakeholders
5. Assumptions
6. Constraints
7. Relationship to other project risks, issues, or activities

8. Possible alternatives
9. Impacts to the project budget, schedule, scope, and/or quality
10. Mitigation strategies
11. Contingency Plans

3.2 Risk assignment

The Project Management Team will determine if the identified risks are valid and if escalation is required. The risk priority, risk owner, date the risk was logged, and a due date for the next review will be noted for each risk. Optum Rx will then take the necessary steps to determine possible mitigation for any risks that are within our domain, including the delegation of the task to a Risk Analyst (e.g., Business, or Technical).

3.3 Risk analysis

Optum Rx will analyze each risk that is assigned to us to determine and quantify its possible impact on the project, and assess its likelihood of occurrence (probability) at the current moment in time. **Table 2: Risk impact** provides the impact definitions, and **Table 3: Probability impact** provides probability levels and values assigned to risks. Any risk with very high impact will be subject to the same review as medium and high impact risks. The Risk Exposure Matrix, as illustrated in **Figure 1: Risk exposure matrix**, enables Optum Rx to categorize and rank risks based on the probability and impact levels. **Table 4: Risk exposure** provides definitions for risk exposure.

Table 2: Risk impact

Impact	Description
Very Low	Minor Impact to the project. The consequences would threaten the efficiency for effectiveness of some aspects of the project. Management intervention is possible
Low	Minor impact to the project. The consequences would threaten the efficiency or effectiveness of some aspects of the project. Management intervention is likely
Medium	Average impact to the project. The consequences would not threaten operations but would mean that the scope would be subject to significant review and possible amendment. Senior management intervention may be required
High	Major impact to the project. The consequences would threaten operations and would require management intervention at the highest level
Very High	Tremendous impact to the project. The consequences may halt operations and would require management intervention at the highest level

Table 3: Probability impact

Probability	Description
High Improbable	10% to 20% chance of occurrence
Possible	30% to 40% chance of occurrence
Probable	50% to 70% chance of occurrence

Probability	Description
Highly Probable	80% to 90% chance of occurrence

		Probability									
Impact			Highly Improbable		Possible		Probable			Highly Probable	
	Class	Value	10% Probability	20% Probability	30% Probability	40% Probability	50% Probability	60% Probability	70% Probability	80% Probability	90% Probability
	Very Low	1	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
	Low	2	0.2	0.4	0.6	0.8	1	1.2	1.4	1.6	1.8
	Medium	3	0.3	0.6	0.9	1.2	1.5	1.8	2.1	2.4	2.7
	High	4	0.4	0.8	1.2	1.6	2	2.4	2.8	3.2	3.6
	Very High	5	0.5	1	1.5	2	2.5	3	3.5	4	4.5

Figure 1: Risk exposure matrix

Table 4: Risk exposure

Risk exposure (RE) number	Risk exposure level	Approach
0.1 to 0.7	Low Exposure (green)	Project Management Team monitors the risk but will not invest resources into the development of a contingency plan
0.8 to 1.8	Medium Exposure (yellow)	A contingency plan will be prepared for implementation in case the risk is realized
2.0 to 4.5	High Exposure (red)	Immediate action will be taken to develop a contingency plan in case the risk is realized

Optum Rx will use the Risk Exposure Matrix to decide what plans should be documented and implemented. Each valid risk will have a documented mitigation strategy, including:

1. Actions to be taken
2. Cost
3. Timeline
4. Resources needed
5. Expected impact of the actions

A Contingency Plan will be invoked when important risks are realized because the triggering event has taken place. For any given risk, there may be one or more Contingency Plans developed and within these, Optum Rx will document the required plan details, which includes the following:

1. Triggers
2. Actions to be taken
3. Cost
4. Timeline
5. Resources needed
6. Expected impact of the actions

If the risk becomes an issue, the issues management process begins, and the risk is closed with the resolution indicating the issue record was created.

3.4 Risk response planning

The compilation of prioritized risks that require attention are reviewed and monitored regularly. Responses to risks, depending on their priority, generally fall within the categories of avoidance, mitigation, or acceptance. Discrete risk events can be avoided by eliminating the cause of the risk (e.g., eliminate a course of action). Mitigation of a risk involves reducing the likelihood of the risk or its associated trigger from occurring, and/or reducing the impact of the risk. Most risk management activity (once identification has occurred) centers around risk mitigation. All risks require a Mitigation Plan. For some risks, the Mitigation Plan may be to accept the risk without further action.

Optum Rx will review and evaluate mitigation strategies and Contingency Plans. If the mitigation strategy has not been fully implemented, barriers to implementation will be identified. The Risk Owner will be directed to re-think and revise the strategy to incorporate new actions to remove the barriers.

3.5 Risk reporting

Risk processes are monitored to ensure planned risk responses have been implemented and to determine that proper policies and procedures are being followed. Monitoring helps determine if actions were as effective as expected or if new responses should be developed.

Optum Rx will review and discuss current and new risks during the weekly PBMS Project Status Meetings and Monthly Executive Steering Committee Meetings, with members of the team providing their perspective on the current state of each risk. The Weekly Status Report will also include all risks, presenting the progressive actions being undertaken to remedy or alleviate them.

3.6 Other actions

Optum Rx may take other actions to manage project risks, for example, referring an item to change control, recommending a revision to the Project Work Plan, revision of a methodology, or more extensive actions requiring project governance decisions.

4 Issue identification and management

Once an identified risk is realized, it becomes an issue. This section details how Optum Rx will manage and track issues across the project. The issue management process consists of the following steps:

1. Identifying the outstanding issue for resolution
2. Documenting the issue
3. Logging the issue for tracking
4. Resolving the issue

4.1 Issue identification

Any member of the State of Georgia project may identify a potential issue. The Optum Rx Project Coordinator is responsible for identifying and resolving the issues relevant to the implementation effort, which are incorporated into the overall project issues. Once an issue is identified, the Optum Rx Project Coordinator is ultimately responsible for ensuring that issues are all addressed, and then deciding the resolution path to take. Some issues can be addressed and resolved without formal documentation, however many require a more structured approach for resolution.

4.2 Issue reporting

Optum Rx will review and discuss new and current issues during the weekly PBMS Project Status Meetings and monthly Executive Steering Committee Meetings. The issues will be reviewed, and each member of the team may discuss their perspective on the current state of the issue. Issues will also be added to the regular Status Reports.

4.3 Issue documentation

All identified issues will be documented by the Optum Rx Project Coordinator using the Issue Log, which is contained in the Project Tracking Log. The description of the issue will indicate the following:

1. Concern
2. Probability that the issue will occur
3. Possible consequences
4. Impact to stakeholders
5. Assumptions
6. Constraints
7. Relationship to other project issues or activities
8. Possible alternatives
9. Impacts to the project budget, schedule, scope, and/or quality

4.4 Issue research

The Project Management Team will determine if identified issues are valid, and if so, assign them to an Issue Owner. If the issue is assigned to Optum Rx, we will take the necessary steps to determine possible resolutions to the issue

Optum Rx may delegate the resolution task to an Issue Analyst, e.g., an outside project stakeholder, who then researches the issue, identifies options, and provides recommendations for a proposed solution. Optum Rx is responsible for:

1. Reviewing the nature of issues and issues reporting
2. Communicating decisions
3. Implementing solutions
4. Modifying the Project Work Plan as necessary

4.5 Issue resolution

Optum Rx will identify all stakeholders that are affected by an issue, schedule meetings to brainstorm, develop possible resolutions, document discussions, and evaluate each scenario based on cost, urgency, capability and likelihood of success.

Once a resolution has been chosen, the actions that are required to resolve the issue will be determined. Each action item will be documented in the Issue Log and will include:

1. Summary of the action to take
2. Timeline for completing the action
3. Assigned action item owner
4. Resources needed, activities involved, and impact of the actions

Issues that are beyond the scope of work of the original contract, as determined by the Optum Rx Project Coordinator during the DDI phase of the project, will be escalated as a project issue. Depending upon the issue resolution agreed to with Georgia, it may be appropriate to handle the resolution action through the change management process or through a contract amendment. In some cases, a change request would be the appropriate resolution. After the change request has been approved by Georgia, the resolution details will be entered into the Issue Log by the Optum Rx Project Coordinator and the issue will be closed. *(refer to the Project Management Plan for additional information regarding the change management process).*