

**IMPLEMENTATION ADVANCE PLANNING DOCUMENT UPDATE  
FOR THE  
TAKEOVER AND REPLACEMENT OF THE CALIFORNIA MEDICAID  
MANAGEMENT INFORMATION SYSTEM  
(CA-MMIS)**

**SUPPORTING THE  
CALIFORNIA MEDICAID PROGRAM (MEDI-CAL)**

**JUNE 2011**



**STATE OF CALIFORNIA  
DEPARTMENT OF HEALTH CARE SERVICES**

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## **ATTACHMENTS**

ATTACHMENT A – Turnover/Takeover Activities (Touch Points)

ATTACHMENT B – Letter from DHCS to CMS dated May 12, 2011

ATTACHMENT C - Expansion Items Descriptions

ATTACHMENT D – CA-MMIS Project Governance Summary Model as of 4/5/2011

# **INTRODUCTION/BACKGROUND**

The Department of Health Care Services (DHCS) Fiscal Intermediary (FI) Medicaid Management Information System (MMIS) Project Office is submitting this Implementation Advance Planning Document Update (IAPDU) in accordance with Federal Regulations 45 CFR 92.36, 45 CFR 95 and the State Medicaid Manual Part 11 to request Federal Financial Participation (FFP) from the Centers for Medicare and Medicaid Services (CMS). The purpose of this IAPDU is to update CMS about activities that have occurred since the submission of the October 2009 Implementation Advance Planning Document related to the Takeover and Replacement of the California Medicaid Management Information System (CA-MMIS) by a new FI contractor.

## **1 - IAPD HISTORY**

DHCS submitted the CA-MMIS Takeover and Replacement IAPD on October 28, 2009. CMS provided approvals in two subsequent letters dated December 29, 2009, and March 4, 2010. These combined letters provided federal funding for:

- Transition/Takeover - Phase I (including Expansion Items – referred to as “Vendor Admin Enhancements” in the letter)
- Three Enhancements - Health Insurance Portability and Accountability Act (HIPAA) 5010, HIPAA International Classification of Disease (ICD)-10, and Business Rules Extraction (BRE)
- MMIS Replacement Design, Development & Implementation (DDI) - Phase II
- MMIS Operations – Phase III (5 base + 5 optional years)

Two of the approved Enhancements, HIPAA 5010 and HIPAA ICD-10, are being moved out of the CA-MMIS Project and will be managed by DHCS’s HIPAA 2nd Generation Project. In addition, CMS approved the scope of work for five additional Optional Enhancements to the legacy system during the MMIS DDI Phase. However, a formal determination of available FFP was withheld, instructing DHCS to include any FFP request for these enhancements in an IAPDU when a decision was made to pursue them. To date no decision has been made to pursue development of these five enhancements.

This IAPDU includes actual project expenditures through March 2011. The Project budget has been updated to reflect more recent cost projections and an updated Project Schedule. DHCS requests CMS approval of the revised Project budget and that current funding approval timeframes be extended to align with the updated Project Schedule. Waiver of the prior federal approval requirement is also requested for proposed contracts identified in this IAPDU.

## FUNDING APPROVALS SUMMARY AND UPDATED BUDGET

COST CATEGORY	OCTOBER REQUEST	CMS APPROVED COSTS	FFP APPROVED TO DATE	June 2011 IAPDU BUDGET	ADDITIONAL NEED	
					CHANGE FROM APPROVED AMOUNT	FFP
State Staff	2,316,581	2,316,582	1,700,082	4,321,827	2,005,245	1,471,599
Office Expenses & Equipment				1,118,047	1,118,047	820,507
Department Overhead				604,710	604,710	296,308
<i>FI Takeover Bid</i>	40,000,000	40,000,000	29,355,000	40,000,000	-	0
<i>Expansion Items*</i>	5,000,000	4,300,000	2,107,000	9,328,475	5,028,475	5,648,220
<i>State Support contracts</i>	2,389,382	2,389,382	1,753,508	5,050,207	2,660,825	1,952,713
<i>Interface Testing</i>	500,000	500,000	366,935	500,000	-	3
Carryover Workload	600,000					-
<i>Dec approvals for PHASE I</i>		\$ 49,505,964	\$ 35,282,525			
<i>State (ITSD) Takeover Support</i>	6,000,000	6,000,000	4,403,250	4,614,987	(1,385,013)	(1,016,426)
<i>State (DTS) Takeover Support</i>	2,586,000	2,586,000	1,897,801	2,586,000	-	(0)
<i>March approvals for PHASE I</i>		\$ 8,586,000	\$ 6,301,051			
<b>TOTAL PHASE I - Takeover</b>	<b>\$ 59,391,963</b>	<b>\$ 58,091,964</b>	<b>\$ 41,583,576</b>	<b>\$ 68,124,253</b>	<b>\$ 10,032,289</b>	<b>\$ 9,172,922</b>
ENHANCEMENTS	50,088,000					
<i>HIPAA 5010</i>		7,200,000	6,337,043		(7,200,000)	(6,337,043)
<i>HIPAA ICD-10</i>		10,020,000	8,819,051		(10,020,000)	(8,819,051)
<i>BRE Enhancement</i>		10,020,000	8,819,051	8,218,453	(1,801,547)	(1,585,169)
State Staff	26,918,225	26,918,225	24,226,403	29,592,825	2,674,600	1,821,202
Office Expenses & Equipment				2,934,413	2,934,413	2,582,870
Department Overhead				4,438,922	4,438,922	2,175,072
<i>ACS Base Contract</i>	300,000,000	300,000,000	264,043,458	171,631,278	(128,368,722)	(112,973,607)
<i>Optional Contractual Svcs (OCS)</i>	32,000					-
<i>Support Contracts</i>	54,972,000	54,972,000	48,383,323	28,749,640	(26,222,360)	(27,284,681)
<i>ITSD</i>	13,500,000	13,500,000	11,881,956	13,920,741	420,741	371,080
<i>DTS</i>	5,818,000	5,818,000	5,120,683	5,818,500	500	761
<i>Interfaces</i>				2,050,000	2,050,000	1,804,410
<b>TOTAL PHASE II - DDI</b>	<b>\$ 395,422,225</b>	<b>\$ 401,208,225</b>	<b>\$ 353,655,823</b>	<b>\$ 259,136,319</b>	<b>\$ (142,071,906)</b>	<b>\$ (131,502,893)</b>
<b>TOTAL (Takeover, Enhancements, DDI)</b>	<b>\$ 504,902,188</b>	<b>\$ 486,540,189</b>	<b>\$ 419,214,544</b>	<b>\$ 335,479,025</b>	<b>\$ (151,061,164)</b>	<b>\$ (139,071,234)</b>
Estimated Delay Cost Recoupment from ACS				(3,400,000)		

The March 4, 2010 CMS letter provided only 50 percent FFP for the Takeover Phase and transitioned system until CMS conducts a post implementation evaluation. Similarly, only 50 percent FFP would be provided for the DDI Phase until CMS certifies the new system. Subsequent communications between Toby Douglas and Gloria Nagle in April 2010 revisited this decision and FFP was approved at the 75 percent and 90 percent levels, respectively. This IAPDU documents this agreement.

## **CALIFORNIA COMMITMENT TO MITA**

The Project is committed to meeting the seven conditions and standards required under sections 1903(1)(3)(A)(i) and 1903(a)(3)(B) of the Social Security Act that must be met in order to be eligible for enhanced federal funding. The seven conditions and standards build on the work that has been done under the Medicaid Information Technology Architecture (MITA). CMS defines MITA at § 433.111(c) and builds on the work of MITA by codifying that enhanced FFP (either at the 90 percent rate for design, development, installation or enhancement; or at the 75 percent rate for maintenance and operations) is only available when certain standards and conditions are met. The following is the seven standards and conditions that the Project is committed to in order to receive enhanced FFP:

- Use of a modular, flexible approach to systems development, including the use of open interfaces and exposed application programming interfaces; the separation of business rules from core programming; and the availability of business rules in both human and machine readable formats.
- Align to and advance increasingly in MITA maturity for business, architecture, and data.
- Ensure alignment with, and incorporation of, industry standards: the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security, privacy and transaction standards; accessibility standards established under section 508 of the Rehabilitation Act, or standards that provide greater accessibility for individuals with disabilities, and compliance with Federal civil rights laws; standards adopted by the Secretary under section 1104 of the Affordable Care Act; and standards and protocols adopted by the Secretary under section 1561 of the Affordable Care Act.
- Promote sharing, leverage, and reuse of Medicaid technologies and systems within and among States.
- Support accurate and timely processing of claims (including claims of eligibility), adjudications, and effective communications with providers, beneficiaries, and the public.
- Produce transaction data, reports, and performance information that would contribute to program evaluation, continuous improvement in business operations, and transparency and accountability.
- Ensure seamless coordination and integration with the Exchange (whether run by the State or Federal government), and allow interoperability with health information exchanges, public health agencies, human services programs, and community organizations providing outreach and enrollment assistance services.

## **2 - PROJECT STATUS REPORT**

### **PROCUREMENT HISTORY**

In December 2008, The DHCS Office of Medi-Cal Procurement (OMCP) issued Request for Proposal (RFP) 08-85022, California Medicaid Management Information Systems Fiscal Intermediary (CA-MMIS FI). The RFP solicited competitive proposals for takeover of legacy CA-MMIS operations and the DDI, and operation of a replacement CA-MMIS. In June 2009, three proposals were received and proposal evaluations began that same month. In December 2009, DHCS completed the procurement process for the new FI contractor and replacement MMIS by announcing its Notice of Intent to Award (NIA) to Affiliated Computer Services (ACS). Hewlett Packard (HP), the incumbent FI, filed a protest to the NIA. The protest process concluded on March 3, 2010 when the Department of General Services (DGS) ruled in favor of DHCS on all claims made by HP. The DGS approved the FI Contract on March 31, 2010, and CMS granted its approval on April 9, 2010.

The FI Contract 09-86210 had a CED of May 1, 2010. Takeover, the first phase of the FI Contract, began on May 3, 2010. Assumption of Operations (AOO) is scheduled for September 30, 2011. The Takeover Phase is scheduled to be complete upon successful operations of the FI contract for four consecutive months following AOO.

ACS, the new FI contractor, submitted proposals for eight Legacy Enhancements. ACS also submitted three Optional Contractual Services (OCSs); two Legacy OCSs and one Replacement OCS.

The System Replacement (DDI – Phase II) activities described herein will commence after AOO.

## PROJECT SCHEDULE UPDATE SUMMARY

TASK	START	FINISH
Contract Effective Date (CED)	May 2010	NA
Takeover Phase	May 2010	Sept 2011
Assumption of Operations (AOO)	NA	Sept 2011
Takeover Run-out (System Stabilization)	Oct 2011	Jan 2012
Business Rules Extraction (BRE)	Oct 2011	Sept 2012
Planning & Requirements	July 2011	June 2012
Replacement Phase		
<ul style="list-style-type: none"> <li>Treatment Authorization Requests (TAR)/Service Authorization Requests (SAR) DDI</li> </ul>	Oct 2011	Sept 2013
<ul style="list-style-type: none"> <li>Pharmacy Online/Drug Utilization Review (DUR) DDI</li> </ul>	Oct 2011	Sept 2013
<ul style="list-style-type: none"> <li>Third Party Liability (TPL)/Automated Collection Management System (ACMS) DDI</li> </ul>	Oct 2011	Sept 2014
Core CA-MMIS Replacement		
<ul style="list-style-type: none"> <li>Core CA-MMIS DDI</li> </ul>	Oct 2011	March 2016
<ul style="list-style-type: none"> <li>Parallel Testing</li> </ul>	Apr 2016	Sept 2017
<ul style="list-style-type: none"> <li>Replacement CA-MMIS Operational</li> </ul>	Oct 2017	Oct 2017
<ul style="list-style-type: none"> <li>Contract Extension Years</li> </ul>	Sept 2016	Sept 2021
Post Implementation and CMS Certification	Oct 2017	March 2018
Outreach/Training	Oct 2016	Sept 2021

## LEGACY SYSTEM TAKEOVER PHASE

The first phase of the FI Contract, the Takeover Phase, began May 3, 2010. On that date, ACS assumed responsibility for transferring CA-MMIS from HP, implementing the Legacy Expansion Items, and assuming operations as required in the FI Contract. ACS is to implement the Medi-Cal business processes in its own facilities with its own personnel. ACS has coordinated closely with the California Technology Agency, Office of Technology Services (OTech), which provides technology infrastructure for DHCS applications with which CA-MMIS must interact. ACS is currently coordinating with Interface Partners who exchange data with CA-MMIS.

DHCS is actively monitoring ACS as it assumes operational responsibility from HP, which continues its turnover activities. HP's Turnover Phase coincides with ACS's Takeover Phase. There is ongoing coordination between DHCS, HP, and ACS related to data transfers and transfer of software licenses. All contract-required Service Level Agreements (SLAs) are being met by HP. The Turnover Project Plan with integration of

Takeover Touch Points is in place and is monitored by DHCS in regular meetings between HP and ACS. The updated Takeover Schedule is included below. The Takeover Touch Points Activities are included as Attachment A.

### TAKEOVER PHASE SCHEDULE

Activity	Contract Milestone/Deliverable	Start Date	Finish Date
Takeover Project Management Plans & Other Administrative Plans	Deliver Takeover Project Schedule	5/10/2010	3/11/2011
	Update Enhancements Project Plan	9/02/2010	5/11/2011
	Submit plan for CA-MMIS AOO for approval	1/10/2011	3/18/2011
Facilities Acquisition & Installation	Sacramento Facility Operable	NA	1/12/2011
	Occupy Medi-Cal Field Offices	NA	9/30/2011
Hardware and Equipment Acquisition & Installation	Install system test equipment	11/23/2010	4/15/2011
	Install acceptance test equipment	4/08/2011	5/24/2011
	Install all other FI equipment	5/17/2011	9/16/2011
	Install DHCS equipment	5/02/2011	9/30/2011
Software Installation	Install system software	9/29/2010	5/24/2011
	CA-MMIS system software	12/20/2010	2/11/2011
	Non-mainframe system software	5/11/2011	5/25/2011
	Additional applications software	10/03/2011	1/27/2012
Testing	Complete system testing & certify system integration testing (SIT)	1/18/2011	9/13/2011
	Begin six to eight week acceptance testing	6/27/2011	N/A
	Operational Readiness Testing (ORT)	6/30/2011	9/07/2011
ACS Operational Readiness Review	Operational Readiness Review (ORR) Metrics and Checklist/Status Process	5/31/2011	9/13/2011
AOO	All claims transitioned	10/03/2011	10/07/2011
Takeover Completion	Successful operation of full CA-MMIS for four consecutive months	10/03/2011	1/31/2012

## ***SCHEDULE REVISIONS***

The current Takeover Schedule reflects some revisions from the schedule submitted in the October 2009 IAPD. The original schedule reflected Takeover Activities beginning with an anticipated contract award in November 2009 and culminating nine months later with AOO by the new FI in July 2010. The following are schedule slippages that have occurred since that time. The resulting schedule impact has moved AOO back 15 months, to September 30, 2011. DHCS will be entering into a new contract with HP using California's non-competitive bid (NCB) process. This will provide adequate time for a successful turnover. DHCS will continue to proactively manage both ACS and HP to ensure their commitment to meeting Project and Program requirements.

### **Bid evaluations took longer than anticipated**

Evaluations began with the receipt of vendor proposals in June 2009, and were estimated to complete in three months. Evaluations were actually completed after six months, in December 2009.

### **Bidder protest delayed contract award**

Contract award was delayed until May 1, 2010, while the State addressed the activities necessary to settle a bidder protest filed by HP in December 2009. During this time, DHCS staff addressed administrative preparations for the Takeover Phase. These include becoming familiar with contract language revisions, recruiting and training staff in new and/or enhanced Takeover contract requirements, developing policies and procedures to be used during the Takeover Phase, and drafting support contract proposals.

## ***ACS REPORTED SCHEDULE SLIPPAGES***

DHCS allocated nine months for the transition of FI functions from HP to ACS, beginning May 10, 2010 with an AOO date of February 1, 2011. The Project encountered a delay, (Phase I delay) requiring a change of AOO from February 1, 2011 to June 13, 2011. The Phase I delay occurred because ACS was unable to stand up the new data center within 60 days of the CED. ACS encountered a delay in the implementation of the proposed infrastructure due to unanticipated complexity in the hardware and system software configuration, and in the implementation of the required security and confidentiality processes across the multiple data centers involved. In January 2011, another delay occurred which directly impacted other critical path activities, such as the start of System Integration Testing. As a result, the Master Project Schedule was re-baselined with a new AOO date of September 30, 2011. DHCS is currently working with both FI contractors to assess the cause and liability for the Phase II delay.

## **Fiscal Impact**

DHCS has mitigated the financial impact of the Phase I delay by negotiating and entering into a Memorandum of Understanding and a contract amendment with ACS. For the period February 2011 through June 13, 2011 ACS will compensate DHCS to make the State whole for the State Takeover Support costs and actual CA-MMIS Project Office/State staff costs associated with the AOO delay for the mentioned period. The total payment from ACS was estimated to be \$10.851 million. However, based on actual costs incurred by the State to-date, preliminary analysis of cost data indicates the final payment will be approximately \$3.4 million TF (\$2.5 FFP), which is significantly less than the estimated \$10.851 million. The ACS estimated payment of \$3.4 million is not final as DHCS is pending the receipt of June 2011 invoices. The significant lower cost is due to the reduction of operational work being performed by HP in preparation for the transition to ACS. DHCS is evaluating the reasons for the AOO delay for the period June 14 through September 30, 2011, and will then enter into negotiations with both HP and ACS as appropriate to address any financial responsibility.

In a letter dated June 28, 2011 CMS approved the contract amendment (Contract 09-86210 Amendment 01) with ACS, which, as discussed above, requires ACS to make DHCS whole for actual costs of the February to June 13, 2011 AOO delay. California understands the State of New Hampshire agreed and CMS affirmed without objection that actual make whole costs associated with a New Hampshire delay would be paid by ACS and any contractual payment would not be considered an applicable credit for FFP purposes, provided that this contractually-based payment is deposited into the State's General Fund and not used to fund other expenditures that are federally matched. Thus, it appears equitable and appropriate and DHCS requests that a similar mechanism be applied in California because the facts in California are similar to those in New Hampshire. Attachment B, letter from DHCS to CMS dated May 12, 2011, provides more detail about the similarities with New Hampshire. This mechanism is also consistent with FFP goals. The "make whole" payment is not a discount on the services provided by ACS and is not an overpayment from ACS. DHCS has not experienced a windfall but is simply be "made whole" by ACS pursuant to its separate contractual obligation.

## **Programmatic Impact and Mitigation Efforts**

By extending AOO, the smooth and successful transition of responsibilities from HP to ACS is best ensured. DHCS has identified the following mitigation efforts to ensure that the implementation delay will not result in an impact to providers or beneficiaries.

- Proactively meet with ACS and their subcontractor, International Business Machines (IBM) Corporation, executive management and secure their commitment to meet project and program requirements.

- Monitor cooperation between the two FIs to facilitate immediate access to technical resources for resolution of configuration conflicts or failures.
- DHCS has hired a former HP technical expert needed to assist IBM in assuring success in setting up the system.
- Work closely with Oversight related to workgroups and steering committees.
- Closely monitor and hold ACS to predetermined staffing milestones to ensure future deliverables.

## **ACCOMPLISHMENTS**

### **Process and Planning**

- The Takeover Master Schedule is in place, containing 19,344 tasks.
- Fully implemented Project Management Plans in accordance with Institute of Electronic and Electrical Engineers (IEEE) Standards #1058-1998 and Project Management Body of Knowledge (PMBOK).
- Facilities Acquisition and Installation Plan approved.
- Organizational and Personnel Acquisition Plan approved.
- Quality Management Plan approved based upon Capability Maturity Model Integration (CMMI) level III.
- Fully implemented System and User Acceptance Test Plans based on IEEE.
- System Development Life Cycle (SDLC) provided in conformance with IEEE 1540-2001 and 1011-1998 Software Design.
- Approval of administrative and organizational plans to include; but not limited to, identification and hiring of Senior Management Team, staff training, staff hiring, Provider Relations Organization (PRO) and system enhancement plans.
- Facilities, hardware, and software installation plans all completed and delivered to the Department.
- Security and Confidentiality Plans (SCP) approved for facilities. Identification and planning has been completed to identify remaining SCP specific to application SCP.
- Provider Relations Operation and Telephone Service Center Procedures delivered and approved.
- Joint Governance Plan completed including:
  - Organization Charts.
  - Roles and Responsibilities.
  - Change Management.
  - Issue and Risk Management.
  - Communications Plan.
  - Meeting Schedules.

## **System**

- Installation of development hardware, software, reference data and source code is complete for approximately 95 percent of all CA-MMIS applications.
- Unit Integration Test (UIT) is complete for approximately 99 percent of all CA-MMIS applications.
- System Functional Testing is well underway for the following areas: core batch claims processing, TAR, Medi-Cal Web, online eligibility, online claims, and Share of Cost testing.
- Core claims processing full-volume parallel test completed resulting in 99.8 percent production match (variances are explainable up to 100 percent).
- Full financial comparison testing conducted with the California State Controller's Office, resulting in 100 percent match.
- CA-MMIS mainframe is continuously running in an "Operations-like" mode whereby receipt of production files from the incumbent is occurring to ensure production level volume is being processed.
- Data loads of incumbent claims history are occurring as a first step towards cutover, as the data in both systems become synchronized.
- System Expansion projects with receipt of functional requirements occurred during the month of April 2011.
- Network connectivity via OC3 has been established, resulting in real-time communication with the Information Technology Services Division (ITSD), and OTech, resulting in the start of Systems Test of online real-time applications.

## **Issues and Risks**

One hundred fifty-seven risks have been opened, of which 85 percent have been closed. Three hundred seventy-nine issues have been identified, of which 89 percent have been closed.

## **HP Open Houses**

Twelve Open Houses have been hosted for ACS and State Project Office staff. Five were conducted in Rancho Cordova in April 2010 with approximately 786 employees attending. HP also presented Open Houses at each of the five Medi-Cal Field Offices: Stockton, San Bernardino, San Diego, Los Angeles, and San Francisco. Two additional Open Houses were conducted in the West Sacramento Medical Operations Center (MOC) in December 2010 with attendance near 105 employees.

## ACS Staffing

1.	Employee applications submitted	14,041
2.	Interviews conducted	2,000 +
3.	Total employees on board today	336
4.	HP employees recruited by ACS	253
5.	Additional non-contractual positions added post-CED	43

## Employees Identified

A total of 838 HP employees have been identified to transition from HP to ACS at various dates throughout Takeover.

Northern Field Office Automation Group (FOAG)	88%
Southern FOAG	17% (efforts are underway)
Training	50%
PRO	91% (for Sacramento only)
Systems	10%
Claims	90%
Other	75%

## Job Sharing

The pilot started in January 2011 with one Provider Operations Supervisor. Two more started in February and April 2011. This is working well.

## Training

1.	Hours of knowledge Transfer conducted with HP	10,000 +
2.	ACS staff who have completed Medicaid Overview Training	119
3.	ACS staff who have completed Telephone Service Center (TSC) Training	83
4.	Number of staff trained on privacy and security	620

## Training Plans

The Takeover Staff Training Plan has been approved and the DHCS Training Plan is in development.

## Medi-Cal Operations Center

The permanent MOC was completed in December 2010 as scheduled. The build-out of the facilities was constructed in a phased approach and the FI-MMIS staff (State and ACS) moved into the MOC in October 2010.

1.	Total square feet in West Sacramento (MOC)	181,000
2.	Number of offices	85
3.	Number of cubes	1,021
4.	Number of conference rooms	45
5.	Number of training rooms	7
6.	Number of quiet rooms	3

## Infrastructure

IBM Z10 Mainframe installed & configured	1
PCs and laptops installed & configured	150
Servers installed	175
Servers decommissioned	4
Server installs in progress	27

## Two Major Implementation Strategies

ACS and IBM adopted the Mainframe Sandbox and Migration Factory approaches, a specialized method for capturing and transporting mid-range server images.

1. **Mainframe Sandbox** – Implemented mainframe environment based on best practices. This yielded good information for use in the Stand Up of the Dallas data center mainframe.

A duplicate of the mainframe environment was created at the Gaithersburg testing facility. To do this, IBM created all load modules, compiled all source code, and loaded and configured all third party software products.

As a result, critical path processing was run for the CA-MMIS daily and weekly financial applications. In parallel, all incumbent modules were run as well, to conduct a complete system comparison of the batch environment.

As a result of running all batch cycles, conducting validation of the tape decryption process, and running the applications, IBM was able to garner knowledge used to create and prepare the production mainframe in Dallas.

**2. Migration Factory** – an innovative and specialized method for capturing and transporting mid-range server images. ACS and IBM worked together to adopt the Migration Factory Solution for capturing assets and information from the incumbent environment:

- OS
- Application
- Middleware
- Data

The Migration Factory plan also includes tasks using the Server Compatibility Mode Driver (SCMD) Tool. ACS and IBM adopted IBM’s SCMD Tool and deployed it in the incumbent mid-range environment. This rendered network wide server configuration information that helped the effective and accurate setup of the target environments:

- Server and Application Affinity
- Performance Requirements
- Capacity Requirements

<b>SCMD Outcomes</b>	
Servers Identified	182
Windows Servers	82
Unix Servers	90
Servers Successfully Collected	164
Servers Not Needed	18

**Mainframe Stand Up** – Achieved successful test executions of daily, weekly, and financial Cycles. Also completed the following:

- Unit batch testing TPL/Claims/Point of Service (POS)/Management and Administrative Reporting Subsystem (MARS)/Provider/Reference Surveillance and Utilization Review System (SURS) Point of Service (POS)/DUR
- Online testing for applications Child Health and Disability Program (CHDP)/Utilities/Provider/Recipient/Reference/POS/Claims

**Data Center Hardware Installation Servers**

Over 81 percent of the servers have been procured, installed, and cabled. Over 50 terabytes of internal storage have been configured and staged. Over 40 terabytes of storage area network (SAN) storage have been installed and staged.

### ***Production Mainframe***

IBM Z10 Mainframe has been installed. All software required has been installed, configured, and tested. All the applications, CICS, and batch have been loaded and configured, with testing in progress. The mainframe environment has all peripherals attached and tested, including:

- Automatic tape library
- Storage
- Network components

### ***OTech Network Connectivity***

The ACS/IBM team has partnered with OTech to complete connectivity testing with the OTech Mainframe including Virtual Telecommunications Access Method (VTAM) and Customer Information Control System (CICS).

### ***Network Backbone***

IBM has built and tested the complete replacement Multiprotocol Label Switching Wide Area Network (MPLS WAN) spanning 25+ circuits for all locations including:

- Dallas, TX
- Southbury, CN
- Sacramento, Irvine, El Segundo, Stockton, Vacaville, San Francisco, Los Angeles, San Diego, San Bernardino and Rancho Cordova, CA
- Boulder, CO
- Ashburn, VA

### ***System Software Applications***

<b>Total Applications</b>		<b>37</b>
1.	Ready for Application Management System Support (AMSS)	31
2.	In Unit Testing	30
<b>Migration Factory Outcomes</b>		
1.	Images Captured from HP	163
2.	File Sets Captured from HP	9

### ***Turnover Activities on Mid-range Systems***

The Migration Factory Solution has been adopted for capturing assets and information from the incumbent environment:

- Operating System
- Application
- Middleware
- Data

**Access Control Facility 2 (ACF2) and Computer Associates 7 (CA7)/Operations/Multiple Virtual Storage (MVS) Rule Development**

ACS and IBM architects and managers worked with DHCS and HP resources to gain rule information from the incumbent environment, then mounted a massive trial and error rule development effort in support of ACS application and user administration takeover. Ten thousand plus rules have been developed to date.

**Medi-Cal Application Testing**

1.	UIT testing for mainframe and mid-range	100% complete
2.	SIT Test Planning (test case and script development)	95% complete
3.	Applications in Unit Testing (Total of 37)	30 apps

**Test Planning**

System Test Plan Deliverable has been approved and Parallel Testing approach defined and approved by the Testing Work Group (WG).

**Parallel Testing**

Medi-Cal and CHDP claims daily, weekly, and financials have been completed with no unexplained discrepancies.

**Current Test Activity Highlights and Results**

Resolved ACF2 issues with the Mainframe for tester's user (super user) IDs

- Confirmed access/navigation for both mainframe and Medi-Cal Website (MCWeb).
- Validated and made improvements to test cases/scripts.
- Began recording defects in ClearQuest, and working with Systems Group (SG) to resolve.
- Developed protocol for dealing with ACF2 issues in a streamlined fashion, going forward.
- Validated/balanced financial check writes using CA-MMIS reports, in preparation for State Controller's Office (SCO) testing.
- Confirmed processes/procedures/tools.

**Systems Integration Testing (SIT)**

SIT started ahead of the current schedule by one week.

## Communications

	<b>Provider and Stakeholder Communication Presentations</b>	<b>13</b>
1.	Provider Association visits	4
2.	CA-MMIS Customer Stakeholder Committee (CCSC) presentations	3
3.	DHCS Quarterly Managers and Supervisors Meeting presentation	1
4.	DHCS Branch visits	2
5.	CHHS stakeholder meetings	1
6.	CA Hospital Association Payer Relations Committee meetings	2

### ***Provider Communications***

Submitted and received approval for ten out of ten Provider Operations deliverables, including an additional Takeover Provider Communication Plan.

### ***Stakeholder Communications***

Stakeholder communication has continued to evolve. ACS is working closely with DHCS on providing information for the stakeholder communication plan that currently is being developed between DHCS and ACS. ACS is heading up the monthly CCSC meetings.

## Enhancements

### ***Business Rules Extraction Project (BRE)***

ACS created a baseline Project Plan and Approach Plan. Evolveware pilot is underway and software inventory (source code) has been identified. Focus on this project will commence upon successful AOO.

### ***Optional Contractual Services***

#### **Medi-Cal Electronic Health Records (EHR) Provider Incentive Program**

Provider outreach website went live on 11/22/10 with support from the ACS Helpdesk which also went live with the website deployment. The website has had 500+ page views since its implementation and continues to be updated with new content and functionality.

## **OPERATIONAL READINESS**

DHCS and ACS have developed and implemented the following initiatives to ensure that the Takeover of the CA-MMIS is timely, thorough, and effective. The initiatives are organized in the following manner:

- Takeover Validation
- Operational Preparedness
- Leadership and Governance

The current schedule approved by DHCS, which was baselined as of February 25, 2011, reflects either the completion or planned execution of these initiatives.

### ***TAKEOVER VALIDATION***

Project staff is validating the Takeover through the following initiatives:

- Migration Factory
- System Standup Process
- System and Acceptance Testing

### **Migration Factory**

The Takeover of the existing CA-MMIS is different from a DDI project in that ACS is not developing a new system but taking over the current system by moving it from the HP environment to the ACS-managed environment. The objective is to ensure that the system processes the same in the new environment as it processes in the current environment.

A key success factor in this takeover is to ensure that the components of the CA-MMIS are *all* identified. These components include hardware, infrastructure, and software. Early in the project, it became clear that there was limited and, in some cases, no documentation that identified all of the equipment that encompassed the CA-MMIS, the connectivity between all of the equipment, the configuration of the equipment, or usage models for the equipment and networks. The Project Office launched the Migration Factory effort to address this issue.

The process of the Migration Factory consists of the Inventory Process and the Server Image Process.

The *Inventory Process* uses scripts to collect inventory, utilization, and affinity information about CA-MMIS. This process confirms that we have collected a complete inventory of servers, the interactions among servers, and the utilization of servers for sizing and networking purposes.

The *Server Image Process* is an automated process for capturing the image of the server so that it can be loaded onto its equivalent server in the new environment.

## **System Standup Process**

The CA-MMIS system is comprised of a large mainframe-based system and 37 mid-range systems. To ensure that the software components are properly transferred from the HP environment to the ACS environment, and to ensure that the source code and the supporting software components remain consistent, a thorough ACS validation process has been used.

ACS is collecting both the source and the executable objects from HP. Once a month, as scheduled in the Project Schedule, HP sends the source code for CA-MMIS to ACS. ACS then builds the executable code from the source components. Then there are two checks. The first check is the binary check. This check verifies that the size of the current system executable code and the built executable code are the same size. This is critical because this gives a strong indication that the executable code is built using the same version of source and other objects as the current system version. The second check is a regression sized parallel. This validates that the executable code from current and new are processing the same way.

This process is being repeated for each of the CA-MMIS systems.

In addition, ACS and DHCS has launched the Transition Change Control Board (TCCB) to consider management of changes to the current system and their impact on the Takeover environment. The TCCB will work under the governance of the Restricted Code Change Period (RCCP) document which was agreed to between ACS and DHCS as the definition of code changes that will be considered for implementation in the current environment and then transitioned to the Takeover environment.

## **System Test**

System Test encompasses three main activities within Takeover, including functional testing, parallel testing, and performance testing.

## ***Functional Testing***

For functional testing, the ACS team is executing scripts to verify the functional capabilities of each CA-MMIS application, as well as end-to-end testing to confirm that the applications are properly communicating (verifying the capability of internal data exchanges within the CA-MMIS applications). Functional testing is sub-divided into multiple test plans, each representing a division of the CA-MMIS application. Test plans include:

- Claims processing
- CHDP claims processing
- Provider
- Reference
- Recipient
- Surveillance and utilization (i.e. fraud detection)
- Reporting
- Third-Party Liability and recovery
- Data Exchange Testing

In addition, testing of new and replaced functionality is also undergoing rigorous testing efforts to confirm that the new functionality conforms to the needs of the Medi-Cal program. For each of the above areas, metrics are generated and shared with the Application Testing Workgroup<sup>1</sup>, which monitors progress of these activities.

## ***Parallel Testing***

A daily and weekly parallel test is being performed during the System Test phase, and again during the Acceptance Test phase of the Takeover project. This test involves paralleling the production environment for a daily and weekly claims batch cycle. The full day's/week's claims are processed through a parallel test environment, and the outcome compared to confirm that the results are consistent to what occurred within production. The System Test daily parallel cycle was completed in February 2011, and resulted in a 99.8 percent match for Medi-Cal claims (743,304 of the 744,897 claim lines matched, with differences explained), and a 100 percent match of the CHDP claims (5,337 of 5,337 claim lines matched).

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<sup>1</sup> The Application Testing Workgroup is comprised of stakeholders from FI-MMIS, FI-COD, ITSD, and ACS staff outside of the testing team (e.g. Systems Group, Business Operations, etc.).

## ***Performance Testing***

As with the parallel test, a performance test was performed during the System Test phase, and again during the Acceptance Test phase of the Takeover project. The performance testing involves volume testing in the to-be production environment to verify that the mainframe claims processing system, as well as key mid-range environments meet the SLAs defined for the CA-MMIS systems.

## **Acceptance Test**

Acceptance Test encompass three main activities within Takeover, including user acceptance testing by DHCS, parallel testing, and performance testing.

User acceptance test involves a second functional test of the re-hosted CA-MMIS applications. In this phase the testing is planned and performed by DHCS staff and its contractor, eClipse Solutions. As part of the planning effort, DHCS has worked closely with members from each of the DHCS organizational units to determine functional areas to be tested, and also to confirm the level of involvement of these groups in executing tests. This planning activity has been closely coordinated with the ACS team that is supporting this effort.

As stated above, the daily and weekly parallel test, as well as the performance test activities, may be performed a second time during the Acceptance Test phase as a second confirmation point for these efforts.

## **Independent Verification and Validation (IV&V) of Replacement Systems**

DHCS has procured IV&V services to conduct independent verification and validation of the testing approach for new systems proposed by ACS as a part of Takeover. This approach will validate ACS test cases and methodologies, as well as verify through separately derived and executed test cases, that system performance meets DHCS stakeholder expectations.

## ***OPERATIONAL PREPAREDNESS***

To ensure that the new FI, ACS, is prepared to assume operations of the CA-MMIS responsibilities, DHCS and ACS have worked together to implement the following initiatives to ensure operational preparedness and to provide continuity through the transition. These initiatives include:

- Operational Readiness Testing (ORT)
- Operational Readiness Review (ORR)
- Staff Transition
- Job Shadowing

### **Operation Readiness Testing**

ORT is a comprehensive, measurable validation that the business processes and procedures necessary for AOO are functional and ready to go. The objective of the ORT is to verify that ACS staff understands the activities and responsibilities related to their positions and understand CA-MMIS at a level necessary to successfully conduct those activities and meet the responsibilities. The ORT approach verifies staff training and competency, system availability, and business process integration are satisfactory for successful business operations. This testing will be used to demonstrate staff have been sufficiently trained in their area of expertise/responsibility and has knowledge of user manuals, communication processes, Department policies and procedures, and issue resolution processes. In preparation for ORT, ACS has developed examination forms based upon operational scenarios from each of the business units. The process steps for each operational scenario are listed within the examination form. During ORT, examination forms will be used by the ORT Monitoring team to document the results of the processes to be evaluated. Results are reported with a pass/fail for each process evaluated. For processes that do not pass ORT, a corrective action plan and retesting of the process will be required. To date, ACS has identified 81 ORT examination forms with a total of over 600 pass/fail processes. These examination forms, as well as the actual tests, are cross functional efforts that include an ORT Monitoring team with ACS and DHCS leadership, as well as subject matter experts from ACS and subject matter experts from DHCS. ORT commenced in May 2011 and will continue concurrently with User Acceptance Testing (UAT) activities that commenced in July 2011. The results of ORT will be included as one of readiness reporting metrics of Operational Readiness Review.

## **Operational Readiness Review (ORR)**

ORR is a comprehensive assessment of production readiness. This includes incremental assessments beginning at five months prior to AOO to confirm the readiness of critical elements required for each of the business units. ACS will be conducting an ORR assessment to monitor the implementation progress against projections at each assessment milestone. The 26 Medi-Cal business units will be performing ORR assessments at 5 months, 3 months, and 1 month prior to AOO to monitor the continued progress and readiness of each business unit. DHCS is also being considered as the 28<sup>th</sup> business area to ensure DHCS has full access to information and tools required for AOO. Key elements important to successful business operations such as training, staffing, facilities, testing, connectivity, security, and external interfaces will be measured as part of the ORR assessment. The ORR results and schedule progress for each of the Medi-Cal business units will be consolidated and reported to DHCS. Supporting narrative that explains the progress of each area and any non-conformance will also be reported with plans for remediation.

## **Staff Transition**

Transitioning staff from the current FI to ACS is a key success of the transition to date. ACS continues to bring staff on board who are knowledgeable on existing CA-MMIS operations and policies and procedures currently in place. As part of this effort, ACS has already recruited 253 HP employees. From a business operations perspective, the HP conversion rate of staff coming on board is over 70 percent with key areas such as claims operations showing a higher HP conversion rate of over 80 percent. This continuity of recruiting staff with CA-MMIS expertise will assist ACS in providing assurances that existing processes are followed and accounted for as part of AOO.

## **Job Shadowing**

DHCS, ACS, and HP have implemented a Job Shadowing process that has, and continues, to provide critical information regarding desk level procedures, desk level tools, and operational confirmation of the inventory of systems, some of this information was previously undocumented. ACS is working with HP to secure knowledge transfer. This is an additional component to the training already provided by HP directly to ACS staff. During job shadowing, a member of the ACS Medi-Cal fiscal agent team travels to the physical HP operations site, and spends up to a day with their staffing counterpart to observe the processes in the current environment. The specific areas to be trained are identified by ACS and coordinated with HP by the ACS Training Department Knowledge Transfer Coordinator. From the job shadow process the ACS Training Department captures any unique processes discovered. Any information regarding additional

processes and tools not discussed are then gathered after the job shadowing session is complete. The job shadowing sessions also serve as an additional “On the Job” training component and are available to ACS staff members. Approximately 17 job shadowing and 15 hands-on sessions have taken place with more upcoming sessions scheduled.

## **Leadership and Governance**

DHCS and ACS have collaborated to establish a governance process for the CA-MMIS Takeover project that will be carried through to the subsequent operational and DDI phases of the contract. The governance model has proven a key ingredient to progress on the CA-MMIS Takeover project so far. Core elements of the Governance Structure are the structure, focus on schedule, issues and risks, and the escalation path.

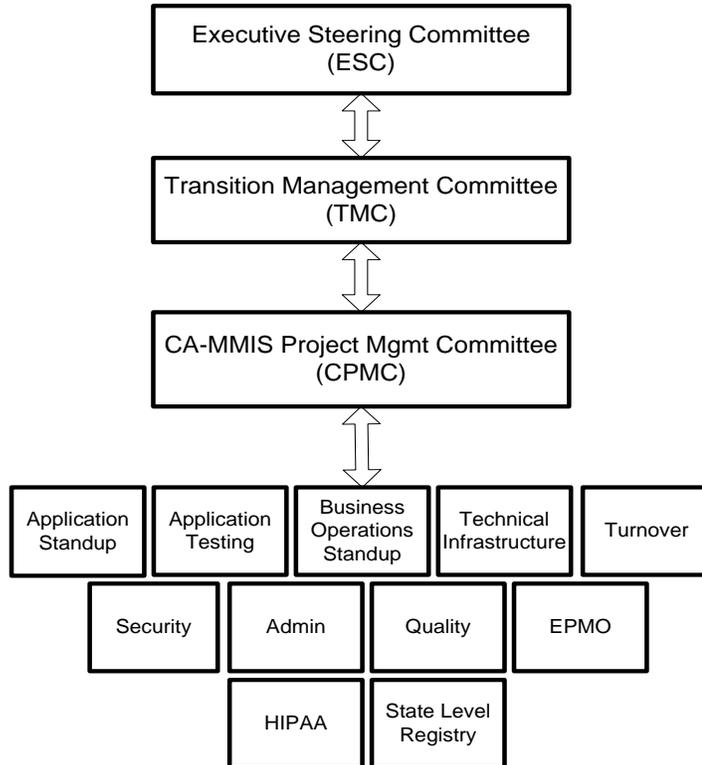
The Governance structure begins with workgroups which are the discreet units that meet to execute components of the Project. For example, the System Testing Work group meets to define testing criteria, resolve issues with testing, and evaluate and recommend for approval the various test results.

Related workgroups fall within domains. Domains are important because they enable collaboration across Workgroups, as required. Again, using test as an example, the Application Testing domain consists of the System Test Workgroup and the User Acceptance Test Workgroup. These two workgroups may work together to coordinate testing activities, eliminate unnecessary duplication of effort, or synchronization of processes such as reporting of test results and reporting of defects.

The committee structure then enables cross-domain coordination, escalation of issues, and evaluation of risks. The committee structure consists of the

- CA-MMIS Project Management Committee (CPMC) – Attended by the domain leaders and a primary program manager from DHCS, ACS, and HP. CPMC is responsible for action items and issue/risk resolution or escalation.
- Transition Management Committee (TMC) – Attended by the primary program managers and senior management from DHCS, ACS, and HP, the TMC is responsible to act on escalated and high-severity issues, high-impact risks, contract interpretation, and resource issues outside of the defined Project team.
- Executive Steering Committee (ESC) – This is the highest level in the governance structure and includes top executive sponsors and designees from California Technology Agency, DHCS, ACS, and HP. The ESC is responsible for resolving any major issues and risks escalated from the TMC, providing strategic, program level direction, and coordinating external stakeholder outreach.

## GOVERNANCE STRUCTURE



### LEGACY SYSTEM EXPANSION ITEMS

The October 2009 IAPD requested approval for \$5 million for Takeover Expansion Items. This was an estimate as the actual bid amount was not known at the time the IAPD was submitted. Of this amount, \$4.3 million was requested at the Regular FFP rate (75/25) and \$700,000 was requested at the Enhanced FFP rate (90/10). As details of each Takeover Expansion Item were not provided in the IAPD, federal participation beyond the Base FFP rate (50/50) could not be provided for the \$4.3 million request and no FFP approval was provided for the \$700,000 request.

With the award of the FI contract, exact Expansion Items costs became available. DHCS now requests approval for actual bid amount of \$9,328,475. This includes \$890,158 at Base FFP (50/50), \$2,132,700 at Regular FFP (75/25) and \$6,305,617 at Enhanced FFP (90/10).

The next chart (Expansion Items Funding Request Detail) lists the 15 Expansion Items. The items requesting Base FFP (50/50) are administrative activities. The items requesting Regular FFP (75/25) involve activities for payment of claims. The items requesting Enhanced FFP (90/10) are DDI activities, necessary to meet MITA requirements or HIPAA related data requirements. MITA provides a standardized frame that facilitates Medi-Cal's upcoming system improvements and implementations with enhanced CMS funding. Attachment C provides detail that ties the 15 expansion items to MITA. The second chart below sums Expansion Items cost by the funding level requested.

### **EXPANSION ITEMS FUNDING REQUEST DETAIL**

Expansion Items (labeled Vendor Admin Enhancements in Federal letter)	Total Cost	FFP	FF	Title XIX	Title XXI	State-Only	
a Security for Data at Rest	41,746	90%	36,745	40,723	188	835	
b DDI Contract Management	366,729	90%	322,795	357,744	1,650	7,335	
c Develop CA MMIS EPMO for DDI	5,897,142	90%	5,190,664	5,752,662	26,537	117,943	
d Project & Portfolio Management	217,576	75%	159,674	212,245	979	4,352	
e Post Service Prepayment Audit	248,359	75%	182,264	242,274	1,118	4,967	
f Contingency Payments	412,608	75%	302,803	402,499	1,857	8,252	
g Encounter Data Processing	675,813	75%	495,962	659,256	3,041	13,516	
h Geographic Mapping	281,984	75%	206,941	275,075	1,269	5,640	
i Additional Software Licenses	16,563	75%	12,155	16,157	75	331	
j Additional 32 Bit Processors	247,834	75%	181,879	241,762	1,115	4,957	
k Sensitive Information Redaction	31,963	75%	23,457	31,180	144	639	
l Develop Computer Based Training	\$ 222,421	50%	\$ 108,986	\$ 216,972	\$ 1,001	\$ 4,448	
m Develop Caller Satisfaction Evaluation Tool	6,726	50%	3,296	6,561	30	135	
n Additional Office Space	136,631	50%	66,949	133,284	615	2,733	
o Payment Methodology Modification	524,380	50%	256,946	511,533	2,360	10,488	
TOTAL	\$ 9,328,475		\$ 7,551,517	\$ 9,099,927	\$ 41,978	\$ 186,570	
	APPROVED	\$ 4,300,000	50%	\$ 2,107,000	\$ 4,194,650	\$ 19,350	\$ 86,000
	ADDITIONAL NEED	\$ 5,028,475		\$ 5,444,517	\$ 4,905,277	\$ 22,628	\$ 100,570

### **SUMMARIZED EXPANSION ITEMS BY FUNDING LEVEL (FROM ABOVE TABLE)**

LEGACY EXPANSION ITEMS COSTS BY FUNDING LEVEL	ADDITIONAL NEED	Title XIX	Title XXI	State-Only	FF	GF
BASE (50% FFP)	(3,409,842)	(3,326,301)	(15,344)	(68,197)	(1,670,823)	(1,739,019)
REGULAR (75% FFP)	2,132,700	2,080,449	9,597	42,654	1,565,135	567,565
ENHANCED (90% FFP)	6,305,617	6,151,129	28,375	126,112	5,550,204	755,413

### **LEGACY OPERATIONS PHASE**

The Legacy Operations Phase begins at AOO. Legacy Operations activities utilize the existing claims processing system prior to and during the DDI of the Replacement MMIS Phase. These activities include, but are not limited to, the processing of claims for payment, maintenance and/or upgrading of all components of the claims processing

system, and support of all elements of the PRO. Any system changes in process by HP or scheduled to be implemented after AOO will be provided to ACS for completion of system installation after AOO. Any code modifications installed prior to AOO will be implemented by HP and the source code transferred to ACS as part of a structured change management process. Upon successful AOO, ACS will be reimbursed for operations work in accordance with contract provisions. However, final payment of Takeover phase work will not occur until ACS demonstrates four consecutive months of successful operations.

### **LEGACY SYSTEM ENHANCEMENTS & OPTIONAL CONTRACTUAL SERVICES**

The March 4, 2010, CMS letter provided approval for the scope of work covered by the enhancements and OCSs made by ACS to the Legacy MMIS. FFP amounts were not approved for these activities until the State elects to implement these optional enhancements and submits an IAPDU requesting authorization for FFP.

#### ***LEGACY SYSTEM ENHANCEMENTS***

ACS proposed eight Legacy System Enhancements, of which three received CMS approval. The remaining five are not currently scheduled with a planned start date.

#### **Transferred to HIPAA 2<sup>nd</sup> Generation Project**

1. Modifications to HIPAA Standards for Electronic Transactions 5010 and D.O.
2. Replacement of HIPAA Code Set ICD-9 with HIPAA Code Set ICD-10.

CMS approval for these two enhancements was provided in March 2010. The DHCS Office of HIPAA Compliance (OHC) will manage these two enhancements within the HIPAA 2nd Generation Project. This change is reflected in this IAPDU as the associated costs have been removed from the CA-MMIS Project budget.

#### **Planned to start upon AOO**

3. The BRE Enhancement will begin at AOO and CMS approval was provided in March 2010.

#### **No Currently Scheduled Start Date**

4. Managed Care Encounter Data
5. Serious Emotional Disturbances (SED) Prescription Drugs for Healthy Families Children
6. HIPAA Standards for Claim Attachments
7. Enhanced Primary Care Case Management (EPCCM) Provider Network
8. Health Information Exchange (HIE)/Health Information Technology (HIT)

### **OPTIONAL CONTRACTUAL SERVICES**

ACS bid three OCSs, one of which will be managed by DHCS as a separate project and FFP will be requested in a separate IAPD. FFP for the other two OCSs is not being requested at this time.

#### **Transferred to Office of Health Information Technology**

1. Provider Incentive Payment

Due to emerging requirements of the HITECH Act during the writing of this FI Contract, DHCS required a "Mandatory OCS" proposal for the Provider Incentive Payment component of HITECH. The California State Office of Health Information Technology (OHIT) will seek FFP for this Mandatory OCS through a separate IAPD.

#### **No Currently Scheduled Start Date**

1. Application Performance Management System-Computer Aided Software Testing (CAST)
2. Provider Enrollment Automation Project (PEAP)

### **REPLACEMENT DDI PHASE**

During this phase, ACS will transition from the Legacy System mainframe environment to a more modern non-mainframe-based MMIS which includes adaptation to new system technology, more automated processes, and greater ability to access and evaluate information. DHCS will provide its oversight of the Project through the Executive Steering Committee. The Committee will consist of the Director, the Chief Deputy Director of Policy and Program Support, the Deputy Director of Health Care Operations, and senior executives from ITSD and the Office of Legal Services (OLS). The CA-MMIS Project Director will meet with the Executive Steering Committee regularly to provide project status, obtain business direction, and raise issues that require committee-level resolution.

Development of the Replacement System is planned in the following releases: TAR/SAR and Pharmacy On-Line/DUR; TPL/ACMS; and Core CA-MMIS Replacement.

### **REPLACEMENT OPERATIONS PHASE**

ACS will begin executing maintenance and operation (M&O) activities for the Replacement System as components are phased in. ACS will provide updates and enhancements to the Replacement System based on new or changed business needs identified and approved by the State. ACS is responsible for implementing each change with a formal release process that includes planning, design, coding, testing, implementation, and documentation.

## **POST IMPLEMENTATION AND CMS CERTIFICATION**

ACS is required to transfer, expand, modify, and implement a health care claims adjudication and business management system for California that will comply with Federal Medicaid certification standards as an MMIS. ACS is required to obtain certification from CMS for the reconfigured Replacement System retroactive to the first day of Replacement Operations and to develop, maintain, and execute an Implementation Plan that includes key milestones for the post-implementation review (PIR) and all PIR activities.

Additionally, ACS is required to prepare, maintain, and update a Certification Readiness Plan to prove compliance with all federal and State requirements for Certification. ACS is required to retain sufficient implementation staffing to provide post-implementation support during the initial months of Replacement Operations. This post-implementation support will continue until successful CMS certification of the Replacement System.

Upon CED, ACS was provided with updated information regarding the State Self-Assessment (SS-A) and the MITA Traceability Matrix. These documents have been developed to reflect California-specific business processes mapped to specific CA-MMIS RFP requirements and to include the MITA Traceability Matrix for measurement and reporting purposes.

These documents are meant to provide information for the tools necessary for ACS to achieve CMS certification for the replacement system. This certification will follow the Medicaid Enterprise Toolkit Checklists (also provided to ACS at CED).

## **3 - PROJECT MANAGEMENT**

### **PROJECT MANAGEMENT PLAN (PMP)**

The Project Management Methodology (PMM) deployed on CA-MMIS represents a grouping of plans, processes, procedures, and tools used to manage the project. The PMM is built on industry standards—including CMMI best practices, IEEE standards, the knowledge areas and process groups of the Project Management Institute's (PMI) PMBOK, Fourth Edition, and the California Project Management Methodology (CA-PMM) as specified by the California Technology Agency.

The CA-MMIS PMM consists of the following 19 documents and is updated every 6 months based on the agreed upon related processes:

1. Project Management Plan Overview
2. Change (Control) Management
3. Issue Management
4. Decommissioning

5. Scope Management
6. Time (Schedule) Management
7. Cost Management
8. Communications Management
9. Risk Management
10. Project Management Review
11. Procurement Management
12. Human Resources Management
13. Action Item Management
14. Deliverables Management
15. Requirements Management
16. Defect Management
17. Governance
18. Tool Framework Management
19. Configuration Management

### **PROJECT GOVERNANCE MODEL**

The CA-MMIS Project Governance Model is a decision-making structure to identify, escalate, and resolve obstacles in delivering on-time and consistent with requirements. The CA-MMIS Project Governance Diagram (see Attachment D) is a summary view of this model which highlights the related hierarchy. Each level of the hierarchy invites participation by ACS, HP, DHCS, IV&V, Independent Project Oversight (IPO), the California Technology Agency, and other external stakeholders as needed. Across the Governance Model, the target is always to verify progress against the schedule, compliance with requirements, and resolve issues and risks that present obstacles at the lowest level of governance structures.

### **PORTFOLIO MANAGEMENT**

DHCS manages its large automation projects as a portfolio, with coordination, review, and oversight provided by an executive-level Portfolio Management Committee (PMC) comprised of the Department's Chief Deputy Director, the CA-MMIS Project Director, the FICOD Chief, the CIO, the HIPAA 2<sup>nd</sup> Generation Project Director, the Office of Health Information Technology Chief, and various subject matter experts. The committee meets on a regular basis (monthly at minimum) to:

- Assess projects' progress.
- Review upcoming milestones.
- Address escalated issues.
- Identify emerging initiatives that will impact the portfolio.
- Ensure communication among portfolio projects.

Since the CA-MMIS October 2009 IAPD submittal, the two HIPAA Enhancements have been transferred from the CA-MMIS Project to the HIPAA 2nd Generation Project and the associated project budgets have been adjusted accordingly. Projects' status and FI activities are reviewed regularly in the forum of the PMC to ensure timely inter-project communication and the sharing of lessons learned.

### **TAKEOVER/TURNOVER (TOUCH POINTS) PLAN**

The incumbent contractor (HP) and the successor contractor (ACS) work collaboratively across multiple areas where dependencies of Turnover activities and Takeover activities occur. These dependencies, also referred to as "touch points", require planning, coordination, and monitoring to ensure continued progress and success for all involved and impacted by the Transition project. Attachment A provides the HP work breakdown structure turnover activities, dates, and the associated ACS Takeover Plan.

Demonstrated examples of coordinated and collaborative efforts between contractors include:

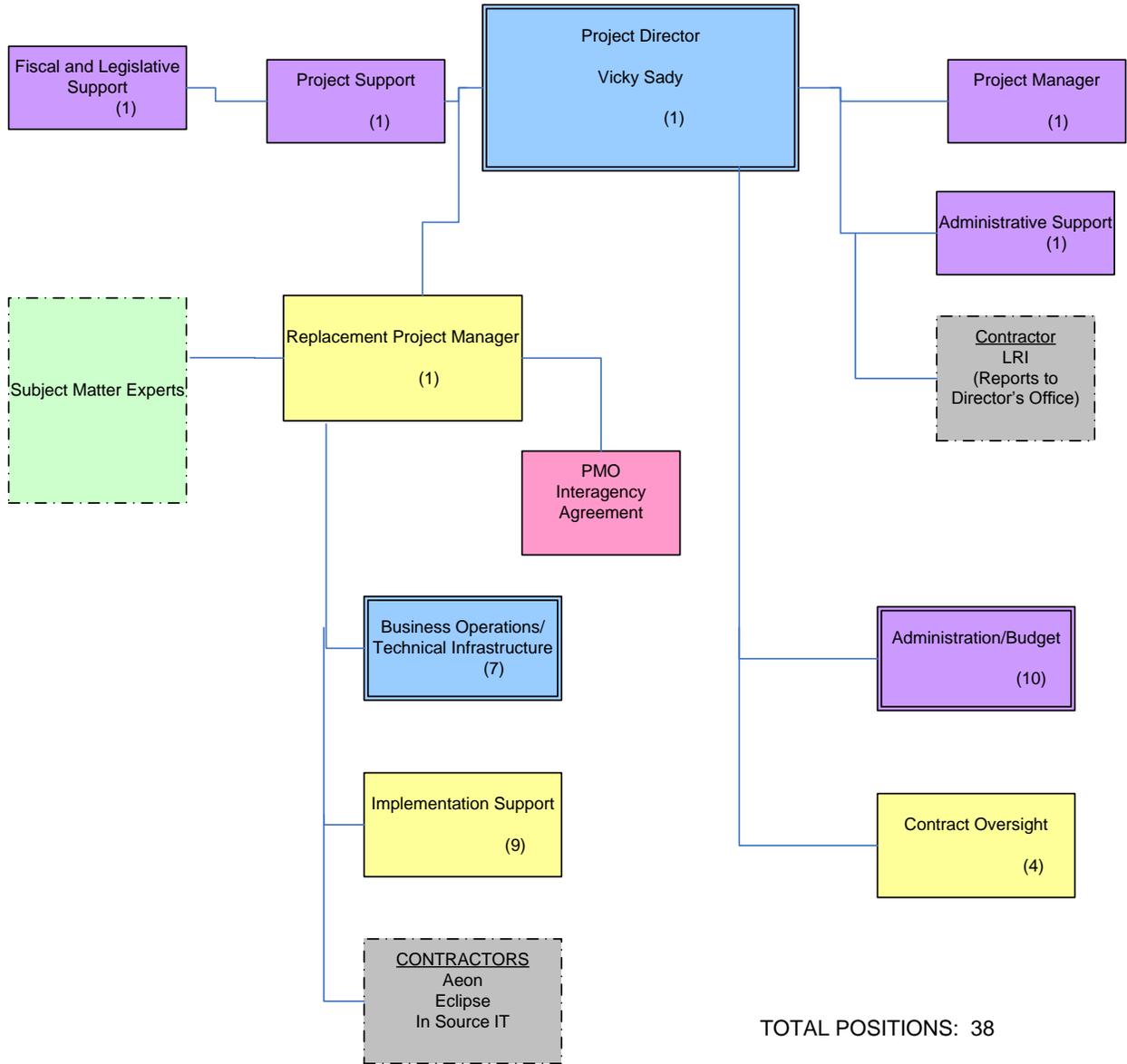
- Participation by HP in over 20 ACS-led workgroups and committees, providing subject-matter expertise and guidance in key activities.
- Both formal and informal review and feedback of ACS Takeover schedules by HP for task and date appropriateness.
- Exchange of touch point information from Turnover and Takeover schedules for integration and coordination.
- Delivery of over 4,000 hours of training to ACS and its subcontractors by HP.

### **TAKEOVER ORGANIZATION**

The October 2009 IAPD requested approval for 21 DHCS Project personnel for the Takeover Phase effort and 43 DHCS Project personnel for the Replacement Phase effort. This IAPDU requests approval for a total of 38 DHCS Project personnel for the Takeover Phase effort. This change is due to award being made to a non-incumbent contractor, the analysis of the winning Narrative Technical Proposal, and subsequent determination that more staff is needed to monitor Takeover efforts to ensure a seamless transition to a new FI contractor. The changes include 14 additional information technology staff and 3 additional administrative staff.

The 43 staff requested for the Replacement efforts remains the same.

**TAKEOVER PHASE**  
**CA-MMIS Project Office Organization Chart**  
 Effective January 1, 2011



TOTAL POSITIONS: 38

# 4 – REVISED PROJECT BUDGET

## JUNE 2011 PROJECT BUDGET

COST CATEGORY	June 2011 IAPDU BUDGET	Title XIX	Title XXI	State-Only	FFP	GF
State Staff	4,321,827	4,215,942	19,448	86,437	3,171,681	1,150,146
Office Expenses & Equipment	1,118,047	1,090,655	5,031	22,361	820,507	297,540
Department Overhead	604,710	589,895	2,721	12,094	296,308	308,402
<i>FI Takeover Bid</i>	40,000,000	39,020,000	180,000	800,000	29,355,000	10,645,000
<i>Expansion Items*</i>	9,328,475	9,099,927	41,978	186,570	7,755,220	1,573,255
<i>State Support contracts</i>	5,050,207	4,926,477	22,726	101,004	3,706,221	1,343,986
<i>Interface Testing</i>	500,000	487,750	2,250	10,000	366,938	133,063
<i>State (ITSD) Takeover Support</i>	4,614,987	4,501,920	20,767	92,300	3,386,824	1,228,163
<i>State (DTS) Takeover Support</i>	2,586,000	2,522,643	11,637	51,720	1,897,801	688,199
<b>TOTAL PHASE I - Takeover</b>	<b>\$ 68,124,253</b>	<b>66,455,209</b>	<b>306,559</b>	<b>1,362,485</b>	<b>50,756,498</b>	<b>17,367,755</b>
<b>BRE Enhancement</b>	<b>8,218,453</b>	<b>8,017,101</b>	<b>36,983</b>	<b>164,369</b>	<b>7,233,882</b>	<b>984,571</b>
State Staff	29,592,825	28,867,801	133,168	591,857	26,047,605	3,545,220
Office Expenses & Equipment	2,934,413	2,862,520	13,205	58,688	2,582,870	351,543
Department Overhead	4,438,922	4,330,168	19,975	88,778	2,175,072	2,263,850
<i>ACS Base Contract</i>	171,631,278	167,426,312	772,341	3,432,626	151,069,851	20,561,427
<i>Support Contracts</i>	28,749,640	28,045,274	129,373	574,993	21,098,642	7,650,998
<i>ITSD</i>	13,920,741	13,579,683	62,643	278,415	12,253,036	1,667,705
<i>DTS</i>	5,818,500	5,675,947	26,183	116,370	5,121,444	697,056
Interfaces	2,050,000	1,999,775	9,225	41,000	1,804,410	245,590
<b>TOTAL PHASE II - DDI</b>	<b>\$ 259,136,319</b>	<b>252,787,479</b>	<b>1,166,113</b>	<b>5,182,726</b>	<b>222,152,930</b>	<b>36,983,389</b>
<b>TOTAL (Takeover, Enhancements, DDI)</b>	<b>\$ 335,479,025</b>	<b>\$ 327,259,789</b>	<b>\$ 1,509,656</b>	<b>\$ 6,709,580</b>	<b>\$ 280,143,310</b>	<b>\$ 55,335,715</b>
Estimated Delay Cost Recoupment f	(3,400,000)					

### BUDGET CHANGES

The updated Project Budget reflects changes due to the following impacts (numbers correlate to first column in Project Budget table above).

1. Actual invoiced costs through March 2011 and schedule slippage.
2. Increased staffing requirements and employees hired at top classification step versus middle step in the original budget.
3. Per capita office expenses and equipment (OE&E) not included in the original budget has been added to cost projections.
4. Department overhead not included in the original budget has been added in accordance with the DHCS approved Cost Allocation Plan.
5. ACS actual bid prices.
6. Transfer of HIPAA activities to a separate DHCS Project and IAPD.

## **5 - COST DISTRIBUTION CHANGES**

In the March 4, 2010, letter CMS reminded DHCS that steps must be taken to ensure that, in accordance with Office of Management and Budgets (OMB) Circular A-87, an appropriate cost allocation plan is established for fiscal agent activities under the new fiscal agent contract. This is necessary, for instance, in order to distinguish between those costs eligible for 75 percent FFP as part of the MMIS operations, and those costs eligible for 50 percent FFP as part of general Medicaid administrative functions. With oversight from CMS, DHCS has created a Cost Allocation method to comply with the OMB circular A-87. The Medi-Cal cost is allocated to 100 percent State General fund, 50 percent FFP, and 75 percent FFP. In the PRO, the FI performs a time study to separate direct MMIS operations from management and other non-enhanced operations. The cost reimbursement invoices are also split between the various FFP levels. In addition, the Office of the Inspector General performed a review of the FI in 2005 to insure non Medi-Cal programs received their appropriate share of FI Cost. Any items from that review have been addressed and closed.

## 6 - ACTUAL COSTS

### COSTS THROUGH MARCH 2011

FFY	2010				2011	
	Quarter	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Cost Category	ACTUAL COSTS					
<b>State Staff</b>	204,824	504,108	634,883	614,754	862,612	824,066
<b>FI Contract Services</b>	-	-	-	-	-	-
State Support Contracts						
Project Oversight, IV&V, and Testing Coordination (Eclipse) <sup>5 +</sup>	-	-	-	-	588,830	301,707
Project Management (Aeon) <sup>5</sup>	-	118,500	104,000	-	271,875	76,750
Principal Architecture (In Source IT) <sup>5</sup>	-	-	-	-	14,899	60,356
Transition Strategy (LRI) <sup>5 (Extended contract)</sup>	-	-	-	-	60,198	21,788
<b>Total Project Office Support Contracts</b>	-	118,500	104,000	-	935,802	460,601
ITSD Support						
Supplemental Staff (10 contracts)	-	-	-	-	290,711	336,759
State Staff Operating Expenses and Equipment	-	-	-	-	-	-
Infrastructure Hardware	-	-	-	-	100,559	-
Infrastructure Interface Network	-	-	-	-	-	-
Data Storage	44,126	-	-	-	21,967	95,880
<b>Total ITSD Support</b>	44,126	-	-	-	413,237	432,639
<b>OTech Takeover Support</b>	9,250	10,791	10,791	2,228	2,039	546,622
<b>Total Expenditures</b>	<b>258,200</b>	<b>633,399</b>	<b>749,674</b>	<b>616,982</b>	<b>2,213,690</b>	<b>2,263,927</b>

## 7 - ACQUISITION SUMMARY

### PROJECT SUPPORT CONTRACTS

Support contracts encompass all non-FI contracts for consultant services supporting the CA-MMIS Project Office. Support contracts estimated at less than \$500,000 are competitively procured by soliciting bids from vendors pre-qualified on California's Multiple Awards Schedule (CMAS) master contract. Support contracts estimated to exceed \$500,000 are competitively procured by soliciting bids from vendors pre-qualified on California's Master Services Agreement (MSA) master contract or through open Request for Proposals (RFP). All current and proposed contracts comply with all State and federal contracting laws, standards and policies; including the retention of software ownership rights as specified in Code of Federal Regulations (CFR) Section 95.617.

The following describes the scope of each current and planned project support contract for which federal approval has either not been requested or budget approval has been received and prior contract approval is being requested via approval of this IAPDU. Unanticipated Project delays, discussed in Section 2, have required that some Takeover Phase support contracts be re-procured using the competitive processes described above. Tables 1 and 2 (below) provide each contract type, the estimated cost, and the timeframe. Contracts are procured in accordance with Title 45: Part 95.611.

## ***CURRENT SUPPORT CONTRACTS IN PLACE***

### **Project Management Services Contract Scope**

The Aeon Group was procured to provide Project Management Office services during the Takeover Phase. This Project Management team of consultants helps to ensure the success of the Takeover Project, including ensuring the Project proceeds on schedule, remains within budget, and fully meets established program requirements. They oversee all aspects of the Project’s daily execution.

### **Technical Architect Services Contract Scope**

Insource-IT was procured to provide Technical Architect services during the Takeover Phase. The Technical Architects are responsible for overseeing the Technical and Application Architectures of the transferred legacy system and the legacy system expansion items.

### **Procurement Consultant Services**

William Obernesser and Carol Goodman were procured to provide procurement services for consultant services needed during DDI. The size and complexity of the CA-MMIS Replacement System Project (DDI – Phase II) will require very experienced and highly skilled services in the areas of Project Management Office and Technical Consulting. This contract will provide the necessary technical expertise for constructing documents to procure these services.

**Table 1 – Current Support Contracts**

Vendor Name	Contract Term	Type	Amount
Project Management Office – Takeover Activities	06/15/11–06/30/12	Deliverables	\$799,500
Technical Consultant Services	06/15/11–06/30/12	Deliverables	\$497,600
Procurement Consultant Services	06/07/11–06/30/12	Deliverables	\$235,520

## **PLANNED SUPPORT CONTRACTS**

This section describes new needs for contract services and services identified in the October 2009 APDU that have not yet been procured. They include DDI Project Management Office Consultant Services, DDI Technical Consultant Services, Medical Consultant Services, and Transition Management Consultant Services. These contracts will be procured during calendar year 2011.

### **DDI Project Management Office**

The contract services will be procured to provide Project Management Office services during the DDI Phase of the CA-MMIS Replacement System Project. Budget approval was provided in the March 2010 CMS letter. The Project is in the process of identifying the business requirements for the DDI Project Management Services. Multiple procurements will be conducted by discipline based on technical expertise as prescribed through CMAS and MSA categories.

### **DDI Technical Consulting Services**

This contract will be procured to acquire the necessary expertise for oversight of the Technical and Application Architectures during the DDI Phase of the CA-MMIS replacement system project. Budget approval was provided in the March 2010 CMS letter. The Project is in the process of identifying the business requirements for the DDI Technical Consulting Services. Multiple procurements will be conducted by discipline based on technical expertise as prescribed through CMAS and MSA categories.

### **Medical Consultant**

The Medical Consultant is a physician who will be utilized during BRE to interpret medical policy embedded in Legacy System source code. After completion of BRE, this position will be utilized during the DDI phase of the CA-MMIS replacement project to oversee medical policy as implemented by the new FI. Budget approval was provided in the March 2010 CMS letter.

### **Transition Management**

A consultant will perform as Transition Manager to ensure State Staff and stakeholders are ready to assume business operations under the new CA-MMIS. The Transition Manager will ensure business processes are uninterrupted and will manage the change associated with the business transformation. Budget approval was provided in the March 2010 CMS letter. The Project is in the process of identifying the business requirements for the DDI Transition Management Services. Multiple procurements will be conducted by discipline based on technical expertise as prescribed through CMAS and MSA categories.

**Table 2 - Planned Support Contracts**

Contract Purpose	Contract Term	Type	Amount
Project Management Office – DDI	10/2011 – 06/2017	Deliverables	\$8,100,000
Technical Consulting Services - DDI	10/2011 – 06/2017	Deliverables	\$3,780,000
Medical Policy Consultant	10/2011 – 06/2017	Deliverables	\$4,536,000
Transition Management	10/2011 – 06/2017	Deliverables	\$4,536,000

**WAIVER REQUEST**

Upon approval of this IAPDU, the State requests a waiver from federal prior approval for the future support contracts identified above based on prior approval conditions set forth in 45 CFR § 95.611. Copies of executed contracts will be promptly forwarded for CMS files. If bid costs exceed requested thresholds, CMS approval will be sought prior to contract execution.

# **ATTACHMENT A**

## **Turnover/Takeover Activities (Touch Points)**

## **ATTACHMENT B**

**Letter from DHCS to CMS dated May 12, 2011**

# **ATTACHMENT C**

## **Expansion Items Descriptions**

# **ATTACHMENT D**

**CA-MMIS Project Governance Summary Model as of 4/5/2011**

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION A: EXECUTIVE SUMMARY**

<b>1.</b>	<b>Submittal Date</b>	August 3, 2011
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		FSR	SPR	PSP Only	Other:
<b>2.</b>	<b>Type of Document</b>		X		
	<b>Project Number</b>	4260-200			

			<b>Estimated Project Dates</b>	
<b>3.</b>	<b>Project Title</b>	CA-MMIS Fiscal Intermediary Transition Project	<b>Start</b>	<b>End</b>
	<b>Project Acronym</b>	CA-MMIS Project	12/2009	09/2016

<b>4.</b>	<b>Submitting Department</b>	Department of Health Care Services
<b>5.</b>	<b>Reporting Agency</b>	Health and Human Services Agency

<b>6.</b>	<b>Project Objectives</b>
	<ul style="list-style-type: none"> <li>• Transition business operations of Legacy CA-MMIS.             <ul style="list-style-type: none"> <li>○ From Hewlett Packard (HP), fiscal agent since 1987.</li> <li>○ To Affiliated Computer Services (ACS), a Xerox Company.</li> </ul> </li> <li>• Conduct Legacy System Operations.</li> <li>• Develop a Replacement CA-MMIS.             <ul style="list-style-type: none"> <li>○ Modern hardware and software architectures.                 <ul style="list-style-type: none"> <li>• Modern hardware and software architectures.</li> </ul> </li> </ul> </li> <li>• Transition all users to the Replacement system.</li> <li>• Meet Medicaid Information Technology Architecture (MITA) requirements to be eligible for enhanced federal funding</li> <li>• Conduct Replacement operations through December 2020</li> </ul>

<b>8.</b>	<b>Major Milestones*</b>	<b>Est Complete Date*</b>
	Assumption of Operations	Sept 30, 2011
	Takeover Completion	Jan 2012
	Legacy System Operations	Sept 2016
	Business Rules Extraction	July 2013
	TARS/SARS DDI	Sept 2013
	Pharmacy on-line DDI	Sept 2013
	Third Party Liability DDI	Sept 2014
	Replacement System DDI	Mar 2016
	Replacement Operations	Dec 2020
	PIER	Sept 2017
	<b>Key Deliverables</b>	
	Operational Readiness Review (ORR) Report – Phase 1 DDI: Treatment Authorization Report (TARS) & Service Authorization Report (TAR)	Sept 2013
	ORR Report–Phase 2 DDI: Pharmacy On-line	Sept 2013
	ORR Report–Phase 3 DDI: Third Party Liability	Jan 2015
	ORR Report–Phase 4 DDI: Rest of CA-MMIS Replacement System	Sept 2016
	Department Approval to Start Operations	Oct 2016

<b>7.</b>	<b>Proposed Solution</b>
	Provide an integrated operational database using relational technology supporting a single view for all operational data. The system will represent current technology and support a Service Oriented Architecture (SOA) consistent with Medicaid Information Technology Architecture (MITA).

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION B: PROJECT CONTACTS**

<b>Project #</b>	<b>4260-200</b>
<b>Doc. Type</b>	<b>SPR</b>

<b>Executive Contacts</b>								
	<b>First Name</b>	<b>Last Name</b>	<b>Area Code</b>	<b>Phone #</b>	<b>Ext.</b>	<b>Area Code</b>	<b>Fax #</b>	<b>E-mail</b>
<b>Agency Secretary</b>	Diana S.	Dooley	916	654-3454				DDooley@chhs.ca.gov
<b>Dept. Director</b>	Toby	Douglas	916	440-7400				Toby.Douglas@dhcs.ca.gov
<b>Budget Officer</b>	John	Mendoza	916	552-8369				John.Mendoza@dhcs.ca.gov
<b>CIO</b>	Chris	Cruz	916	440-7190				Chris.Cruz@dhcs.ca.gov
<b>Proj. Sponsor</b>	Karen	Johnson	916	440-7868				Karen.Johnson@dhcs.ca.gov

<b>Direct Contacts</b>								
	<b>First Name</b>	<b>Last Name</b>	<b>Area Code</b>	<b>Phone #</b>	<b>Ext.</b>	<b>Area Code</b>	<b>Fax #</b>	<b>E-mail</b>
<b>Doc. prepared by</b>	Julie	Murata	916	373-2672				Julie.Murata@dhcs.ca.gov
<b>Primary contact</b>	Julie	Murata	916	373-2672				Julie.Murata@dhcs.ca.gov
<b>Project Manager</b>	Vicky	Sady	916	373-7719				Vicky.Sady@dhcs.ca.gov

**INFORMATION TECHNOLOGY PROJECT SUMMARY**  
**SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENTAL PLANS**

1.	What is the date of your current Operational Recovery Plan (ORP)?	Date 07/2011	Disaster Recovery Plan
2.	What is the date of your current Agency Information Management Strategy (AIMS)?	Date 09/2010	IT Capital Plan
3.	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc. 10/2008	Strategic Plan
		Page #	8

Project #	4260-200
Doc. Type	SPR

4.	Is the project reportable to control agencies?	Yes	No
		X	
	If YES, CHECK all that apply:		
X	a) The project involves a budget action.		
X	b) A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.		
X	c) The estimated total development and acquisition cost exceeds the departmental cost threshold and the project does not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM 4989 – 4989.3).		
	d) The project meets a condition previously imposed by the Technology Agency.		

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION D: BUDGET INFORMATION**

							<b>Project #</b>	<b>4260-200</b>
							<b>Doc. Type</b>	<b>SPR</b>

<b>Budget Augmentation Required?</b>																						
	<b>No</b>																					
	<b>Yes</b>	X	If YES, indicate fiscal year(s) and associated amount:																			
			<b>FY</b>	<b>09/10</b>	<b>FY</b>	<b>10/11</b>	<b>FY</b>	<b>11/12</b>	<b>FY</b>	<b>12/13</b>	<b>FY</b>	<b>13/14</b>	<b>FY</b>	<b>14/15</b>	<b>FY</b>	<b>15/16</b>	<b>FY</b>	<b>16/17</b>	<b>FY</b>	<b>17/18</b>	<b>FY</b>	<b>18/19</b>
			\$1,450,562	\$8,898,471	\$85,590,262	(\$49,626,959)	(\$13,863,794)	\$34,911,667	\$48,734,108	(\$53,104,913)	(\$40,932,962)	(\$22,056,442)										

**PROJECT COSTS\***

1.	Fiscal Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
2.	One-Time Cost	\$1,641,273	\$10,833,868	\$81,035,438	\$26,625,915	\$13,842,829	\$49,304,537	\$98,865,921	\$47,237,891	\$6,091,353	\$335,479,025
3.	Continuing Costs*			\$15,171,042	\$20,166,977	\$19,086,269	\$18,536,228	\$17,708,952	\$16,232,069	\$16,210,494	\$123,112,031
4.	<b>TOTAL PROJECT BUDGET</b>	\$1,641,273	\$10,833,868	\$96,206,480	\$46,792,892	\$32,929,098	\$67,840,765	\$116,574,873	\$63,469,960	\$22,301,847	\$458,591,056

**PROJECT FINANCIAL BENEFITS**

5.	Cost Savings/Avoidances	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
6.	Revenue Increase	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

\*The assumption for this service contract is DHCS uses Service Level Agreements (SLAs) to meet overall service contract requirements. There is no separate monthly invoice or contract bid amount that corresponds directly to on-going costs for Information Technology (IT) assets required to meet CA-MMIS contract SLAs. CA-MMIS utilizes the Operations: Base Volume Method of Payment (BVMP) fixed-price-bid-amount for overall required services. These Operations Payment categories include: California Eligibility Verification and Claims Management Systems (CA-EV/CMS), Plastic Card Production, Adjudicated Claim Lines (ACL), Encounter Line Processing (ELP), Drug Use Review (DUR), CA-EVS/CMS processing and Health Access Programs (HAP), Medicare Drug Discount Program, Telephone Service Center (TSC), e-Prescribing Transactions, Retrospective Drug Use Review (DUR) and Treatment Authorization Request (TAR). Combined, these Operations functions are referenced as BVMP payment categories. The BVMP Adjudicated Claim Lines (ACL) – General and On-line Pharmacy is all inclusive of services and any infrastructure costs to meet overall contract obligations. The fixed-price-bid-amount for the base volume range will provide for full payment for all services and expenses incurred in providing the defined product or service within the base range volume for each Contract year. If the Contractor processes volume levels within the base volume range, then the Contractor will be paid the base volume payment amount. The base volume payment amount is a fixed amount, not a per unit price.

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION E: VENDOR PROJECT BUDGET**

Vendor Cost for FSR Development (if applicable)	\$
Vendor Name	

			Project #	4260-200
			Doc. Type	SPR

**VENDOR PROJECT BUDGET\***

1.	Fiscal Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
2.	Primary Vendor Budget	\$0	\$1,865,695	\$66,540,291	\$16,260,218	\$2,781,018	\$37,449,177	\$77,183,656	\$27,098,152		\$229,178,208.
3.	Project Management	\$222,500	\$569,650	\$2,425,975	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000	\$1,350,000	\$168,750	\$10,136,875
4.	Independent Oversight Budget		\$382,426	\$465,112	\$449,500	\$449,500	\$449,500	\$449,500	\$74,917		\$2,720,455
5.	IV&V Budget		\$956,063	\$1,162,777	\$1,123,748	\$1,123,748	\$1,123,748	\$1,123,748	\$187,292		\$6,801,124
6.	Other Budget		\$1,936,828	\$1,914,039	\$1,867,765	\$2,268,001	\$2,268,001	\$6,108,001	\$6,108,001	\$2,872,236	\$25,342,872
7.	<b>TOTAL VENDOR BUDGET</b>	\$222,500	\$5,710,662	\$73,979,792	\$21,391,206	\$7,912,006	\$42,580,165	\$86,154,644	\$34,758,101	\$1,470,456	\$274,179,533

------(Applies to SPR only)-----

**PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT**

7.	Primary Vendor	ACS State Healthcare, LLC
8.	Contract Start Date	May 1, 2010
9.	Contract End Date (projected)	June 20, 2016 plus five one year options
10.	Amount	\$1,684,172,034

**PRIMARY VENDOR CONTACTS**

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
11.	ACS	Norma J.	Ory	(916)	373-2106				Norma.Ory@acs-inc.com
12.									
13.									

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION F: RISK ASSESSMENT INFORMATION**

<b>Project #</b>	<b>4260-200</b>
<b>Doc. Type</b>	<b>SPR</b>

**RISK ASSESSMENT**

	<b>Yes</b>	<b>No</b>
<b>Has a Risk Management Plan been developed for this project?</b>	X	

<b>General Comment(s)</b>
<p>Risk Management is the disciplined process of anticipating, identifying, tracking, and defending against barriers to project success where power of an uncertain event or condition is beyond the Workgroup/Domain's direct control. Risks are an outcome of active schedule management. During the execution of tasks identified in the project schedule, Risks will be identified. Risks are uncertain events that can impact a project's ability to achieve its stated goals and objectives. Risk Management is a disciplined process to perform effective mitigation planning to reduce the likelihood or impact should a risk occur, and to develop contingency plans for high impact risks that can be executed should the mitigation plan(s) fail. Active Risk management positions the project to address threats proactively vs. reactively, and allows a defined escalation path for those factors outside of the direct control of the project team.</p> <p>Risk Management is iterative and conducted throughout the Takeover Phase. The approach to Risk Management during Takeover explicitly focuses on building Risk discovery and mitigation into day-to-day management activities. This verifies that Risks are identified early, steps toward mitigation are built into the project plans, and progress toward Risk mitigation is monitored as a routine component of the management process.</p> <p>An effective Risk Management process can be evidenced by the identification of Risks as early as possible, clearly stating the threat and the steps that can be taken to reduce the impact or avoid the occurrence of the Risk. The CA-MMIS Risk Management approach consists of three high-level steps, which are supported by several underlying activities:</p> <ul style="list-style-type: none"> <li>Step 1: Identify and Assess Risks</li> <li>Step 2: Develop and Manage Mitigation and Contingency Plans</li> <li>Step 3: Monitor and Control Risks</li> </ul>

**PROJECT FUNDING PLAN**

Department: Health Care Services

All Costs to be in whole (unrounded) dollars

Date Prepared: 07/19/12

Project: California Medicaid Management Information System Office (CA-MMIS)

	SUBTOTALS		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		FY 2020/21		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>TOTAL PROJECT COSTS</b>	<b>198.3</b>	<b>256,244,376</b>	<b>40.4</b>	<b>116,574,873</b>	<b>40.4</b>	<b>63,469,960</b>	<b>11.3</b>	<b>22,301,847</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>290.3</b>	<b>458,591,056</b>
RESOURCES TO BE REDIRECTED														
Staff	22.3	2,384,398	4.4	480,556	4.4	480,556	2.0	245,405	0.0	0	0.0	0	33.1	3,590,915
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0
<b>TOTAL REDIRECTED RESOURCES</b>	<b>22.3</b>	<b>2,384,398</b>	<b>4.4</b>	<b>480,556</b>	<b>4.4</b>	<b>480,556</b>	<b>2.0</b>	<b>245,405</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>33.1</b>	<b>3,590,915</b>
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	182.3	180,899,462	36.0	98,385,365	36.0	46,757,335	9.3	5,845,948	0.0	0	0.0	0	263.5	331,888,110
Continuing Project Costs**	0.0	72,960,516	0.0	17,708,952	0.0	16,232,069	0.0	16,210,494	0.0	0	0.0	0	0.0	123,112,031
<b>TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR</b>	<b>182.3</b>	<b>253,859,978</b>	<b>36.0</b>	<b>116,094,317</b>	<b>36.0</b>	<b>62,989,404</b>	<b>9.3</b>	<b>22,056,442</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>263.5</b>	<b>455,000,141</b>
<b>TOTAL PROJECT FUNDING</b>	<b>204.6</b>	<b>256,244,376</b>	<b>40.4</b>	<b>116,574,873</b>	<b>40.4</b>	<b>63,469,960</b>	<b>11.3</b>	<b>22,301,847</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>296.6</b>	<b>458,591,056</b>
Difference: Funding - Costs	6.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	6.3	0
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>FUNDING SOURCE*</b>														
General Fund	24%	61,223,139	17%	19,544,503	22%	13,691,383	33%	7,303,564	0%	0	0%	0	22%	101,762,589
Federal Fund	76%	195,021,237	83%	97,030,370	78%	49,778,577	67%	14,998,283	0%	0	0%	0	78%	356,828,467
Special Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Reimbursement	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
<b>TOTAL FUNDING</b>	<b>100%</b>	<b>256,244,376</b>	<b>100%</b>	<b>116,574,873</b>	<b>100%</b>	<b>63,469,960</b>	<b>100%</b>	<b>22,301,847</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>100%</b>	<b>458,591,056</b>

\*Type: If applicable, for each funding source, beginning on row 29, describe what type of funding is included, such as local assistance or grant funding, the date the funding is to become available, and the duration of the funding.

\*\*The assumption for this service contract is DHCS uses Service Level Agreements (SLAs) to meet overall service contract requirements. There is no separate monthly invoice or contract bid amount that corresponds directly to on-going costs for Information Technology (IT) assets required to meet CA-MMIS contract SLAs. CA-MMIS utilizes the Operations: Base Volume Method of Payment (BVMP) fixed-price-bid-amount for overall required services. These Operations Payment categories include: California Eligibility Verification and Claims Management Systems (CA-EV/CMS), Plastic Card Production, Adjudicated Claim Lines (ACL), Encounter Line Processing (ELP), Drug Use Review (DUR), CA-EVS/CMS processing and Health Access Programs (HAP), Medicare Drug Discount Program, Telephone Service Center (TSC), e-Prescribing Transactions, Retrospective Drug Use Review (DUR) and Treatment Authorization Request (TAR). Combined, these Operations functions are referenced as BVMP payment categories. The BVMP Adjudicated Claim Lines (ACL) – General and On-line Pharmacy is all inclusive of services and any infrastructure costs to meet overall contract obligations. The fixed-price-bid-amount for the base volume range will provide for full payment for all services and expenses incurred in providing the defined product or service within the base range volume for each Contract year. If the Contractor processes volume levels within the base volume range, then the Contractor will be paid the base volume payment amount. The base volume payment amount is a fixed amount, not a per unit price.

### ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET

Annual Project Adjustments	FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		FY 2020/21		Net Adjustments	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>One-time Costs</b>												
Previous Year's Baseline	39.0	48,823,981	36.0	98,385,365	36.0	46,757,335	9.3	5,845,948	0.0	0		
<b>(A) Annual Augmentation /(Reduction)</b>	<b>(3.0)</b>	<b>49,561,384</b>	<b>0.0</b>	<b>(51,628,030)</b>	<b>(26.7)</b>	<b>(40,911,387)</b>	<b>(9.3)</b>	<b>(5,845,948)</b>	<b>0.0</b>	<b>0</b>		
<b>(B) Total One-Time Budget Actions</b>	36.0	98,385,365	36.0	46,757,335	9.3	5,845,948	0.0	0	0.0	0	<b>263.5</b>	<b>331,888,110</b>
<b>Continuing Costs</b>												
Previous Year's Baseline	0.0	18,536,228	0.0	17,708,952	0.0	16,232,069	0.0	16,210,494	0.0	0		
<b>(C) Annual Augmentation /(Reduction)</b>	<b>0.0</b>	<b>(827,276)</b>	<b>0.0</b>	<b>(1,476,883)</b>	<b>0.0</b>	<b>(21,575)</b>	<b>0.0</b>	<b>(16,210,494)</b>	<b>0.0</b>	<b>0</b>		
<b>(D) Total Continuing Budget Actions</b>	0.0	17,708,952	0.0	16,232,069	0.0	16,210,494	0.0	0	0.0	0	<b>0.0</b>	<b>123,112,031</b>
<b>Total Annual Project Budget Augmentation /(Reduction) [A + C]</b>	<b>(3.0)</b>	<b>48,734,108</b>	<b>0.0</b>	<b>(53,104,913)</b>	<b>(26.7)</b>	<b>(40,932,962)</b>	<b>(9.3)</b>	<b>(22,056,442)</b>	<b>0.0</b>	<b>0</b>		

[A, C] Excludes Redirected Resources

**Total Additional Project Funds Needed [B + D]**

<b>263.5 #####</b>
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**Annual Savings/Revenue Adjustments**

Cost Savings		0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
Increased Program Revenues			0		0		0		0		0	