

**CALIFORNIA TECHNOLOGY AGENCY**

1325 J Street, Suite 1600  
 Sacramento, CA 95814  
 (916) 319-9223

**Carlos Ramos**  
 Secretary of California Technology

July 26, 2012

Mr. Toby Douglas  
 Director  
 Department of Health Care Services  
 1501 Capitol Avenue, Suite 5195, MS: 1400  
 Sacramento, CA 95814

Dear Mr. Douglas:

**Special Project Report for the California Medicaid Management Information System (CA-MMIS),  
 Project Number 4260-200**

The California Technology Agency (Technology Agency) approves the continuation of the California Medicaid Management Information System Project as presented in the January 2012 Special Project Report (SPR).

<b>Approved Project Schedule, Cost &amp; Criticality Rating: Project Number 4260 - 200</b>			
<b>Description</b>	<b>Last Approved (July 2009)</b>	<b>Approved Revision</b>	<b>Change</b>
<b>Project Schedule</b>			
Start Date	July 2009	December 2008	(7 Months)
Implementation Date	March 2015	September 2017	30 Months
PIER Date	December 2016	March 2018	15 Months
<b>Project Cost</b>			
	<b>\$275.4 million</b>	<b>\$458.6 million</b>	<b>\$183.2 million</b>
One-Time	\$275.4 million	<b>\$335.4 million</b>	\$60 million
Continuing	None	\$123.2 million	\$123.2 million
Annual M&O	None	\$16.2 million	\$16.2 million
Funding Source	General Fund Federal Fund Redirected Funds	General Fund Federal Fund Redirected Funds	---
<b>Criticality Rating</b>	<b>High</b>	<b>High</b>	---

The Technology Agency approves of this SPR subject to the conditions that should the total project cost change by five (5) million dollars or more, the System Replacement implementation date change by six (6) months or more, or the scope change by ten (10) percent or more, the Department of Health Care Services (DHCS), will be required to submit another SPR to the Technology Agency.

The Technology Agency recommends that the project continue to focus on developing the process for the management of corrective action plans (CAP), and will be monitoring the progress through the oversight process. The Technology Agency recommends that the CAP process mutually agreed upon between DHCS and Xerox is incorporated into the next contract amendment as necessary for the project, but not specifically an amendment for the sole purpose of adding the CAP process.

Mr. Toby Douglas  
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If you have any questions, please contact Patrick Dennis at (916) 403-9607, or by e-mail at [Patrick.Dennis@state.ca.gov](mailto:Patrick.Dennis@state.ca.gov). Please refer to Project Number 4260-200 in any future correspondence regarding the project.

Sincerely,



Mary Winkley  
Assistant Secretary  
Program and Portfolio Management

AMA: hs  
Project No. 4260-200  
Log No. 963

cc: Ms. Shell Culp, Acting Agency Information Officer, Health and Human Services Agency  
Mr. Chris Cruz, Chief Information Officer, Department of Health Care Services  
Ms. Vicky Sady, Project Director, CA-MMIS Project, Department of Health Care Services  
Mr. Paul Benedetto, Undersecretary, Operations, California Technology Agency  
Mr. Kevin Piombo, Deputy Director, Engineering Division, California Technology Agency  
Ms. Erika Li, Principal Fiscal and Policy Analyst, Legislative Analyst's Office  
Mr. James Butler, Deputy Director, Procurement Division, Department of General Services  
Mr. Richard Gillihan, Chief, Office of Information Technology Operations and Consulting,  
Department of Finance  
Ms. Susan Davis-James, Chief, Information Technology Consulting Unit, Department of  
Finance  
Ms. Audrey Bazos, Principal Program Budget Analyst, Department of Finance  
Mr. Robert Nelson, Program Budget Analyst, Department of Finance  
Mr. Keith Tresh, Chief Information Security Officer, Office of Information Security,  
California Technology Agency

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

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

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

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

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

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

<b>7. Proposed Solution</b>
<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).</b>

**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**

<b>Vendor Cost for FSR Development (if applicable)</b>	\$
<b>Vendor Name</b>	

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

**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>