MES Mainframe Refactor

State of Arizona – AHCCCS

Project Investment Justification

February 21st, 2024

AHCCCS
Arizona Health Care Cost Containment System

Agency Vision

Shaping tomorrow's managed care…from today's experience, quality and innovation.

Agency Mission

Reaching across Arizona to provide comprehensive, quality health care to those in need.

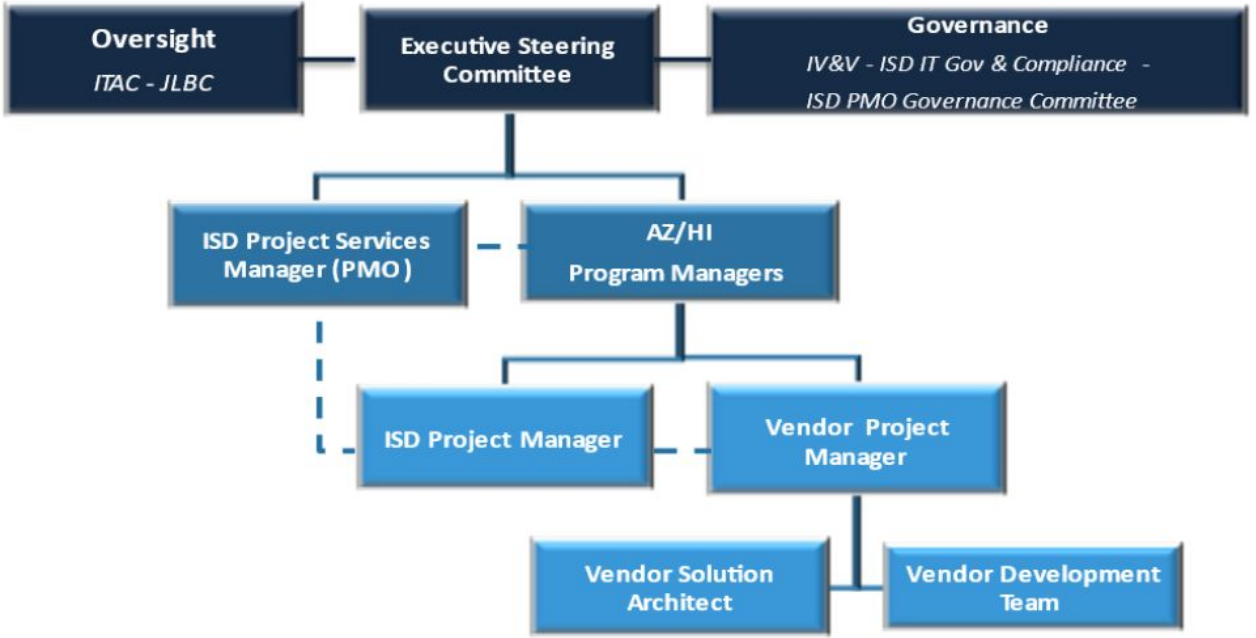
Project Team Introduction

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

Roles Present at ITAC

- Daniel Lippert, Assistant Director & Chief Information Officer – Information Services Division
- Anthony Flot, Chief Technology Officer – Information Services Division – Project Sponsor
- Joshua Worley, Deputy Assistant Director – Business and Finance Division

Program Structure



Project Introduction

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

Stated Operational/Business Issue

- AHCCCS is currently utilizing a mainframe-based application to support their core business operations. CA Datacom and CA IDEAL are both legacy software platforms that are extremely difficult to hire for.
- AHCCCS intends to discontinue their reliance on the mainframe and associated technology over time to increase resiliency and reduce operational costs.

Benefit to the State Agency and Constituents

- This project will refactor the PMMIS (Prepaid Medical Management Information System) and HPMMIS (Hawaii Prepaid Medical Management Information System) to current technologies that are sustainable into the future and reduce potential future the financial impacts of maintenance and operations on AHCCCS and MQD by up to 45%.
- Newer technology will allow AHCCCS to hire and retain staff and, if necessary, supplement with experienced vendors.
- Eliminate AHCCCS reliance on mainframe technology.

Proposed Solution

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Overview of Proposed Solution

The primary objective of this project is to migrate these mainframe systems to the Azure cloud platform. This migration process involves translating the mainframe systems into C#/.NET code and transferring the DATACOM database to SQL Server on Azure. The desired outcome is to replicate the existing user interface (UI) experience while transitioning to Microsoft technologies hosted on Azure.

- **Mainframe Modernization**: Modernization of mainframe applications to a managed Azure environment.
- **Azure Cloud Design**: Design the components of the Azure platform to support the Mainframe Refactor.
- **Testing:** Support test development activities and testing on the applications migrated to Azure.
- **Post-Production Support:** Resolve defects associated with the Mainframe Refactor and provide informal knowledge transfer assistance to the AHCCCS-ISD team.

System Diagram

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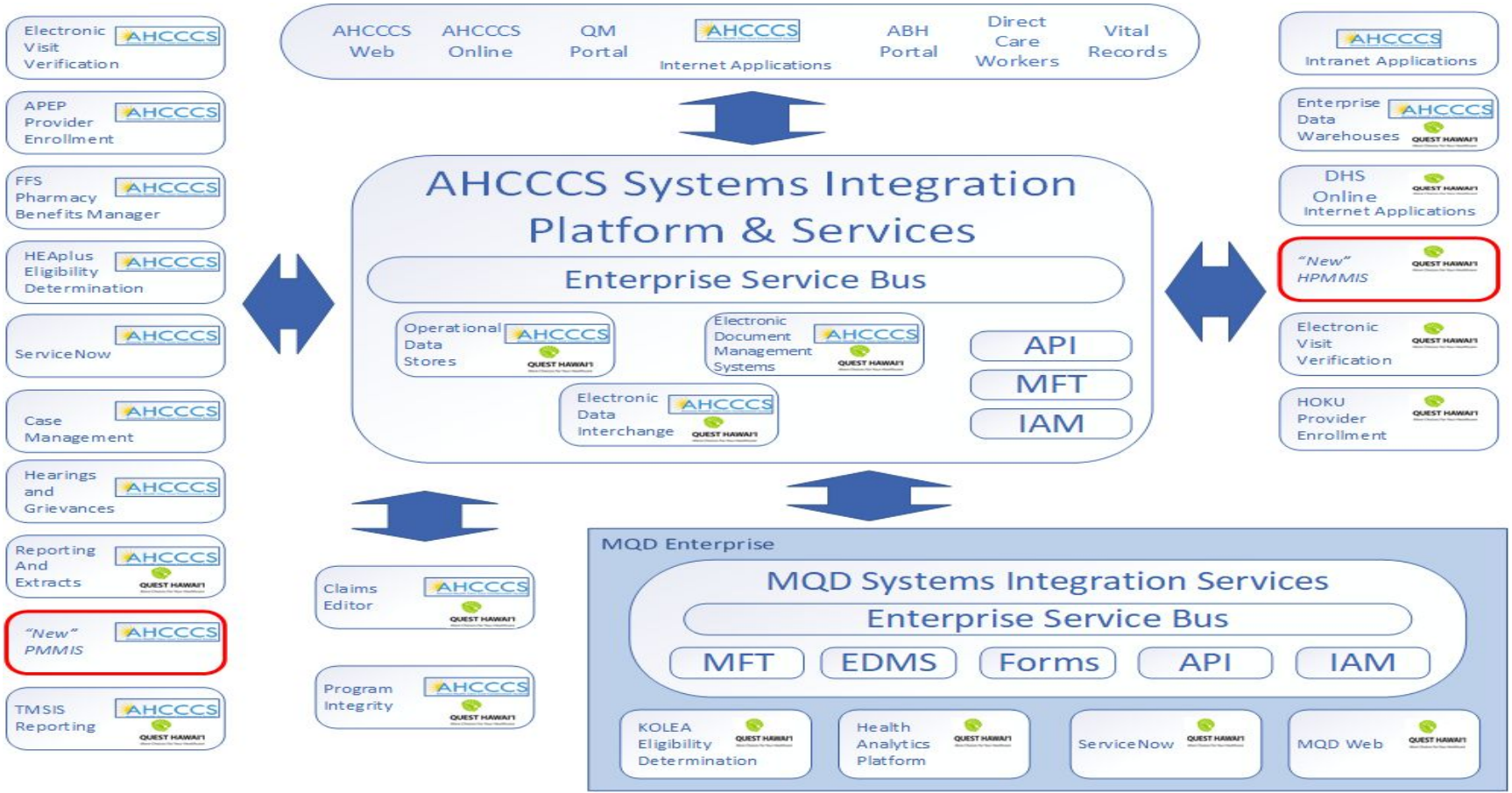

Project Responsibilities

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Identify Proposed Solutions Responsibilities

Agency

1. Project Contract Oversight
2. Supply the technology environment and network connectivity
3. Subject Matter Expert support
4. Review and accept deliverables
5. User Acceptance Testing (UAT)

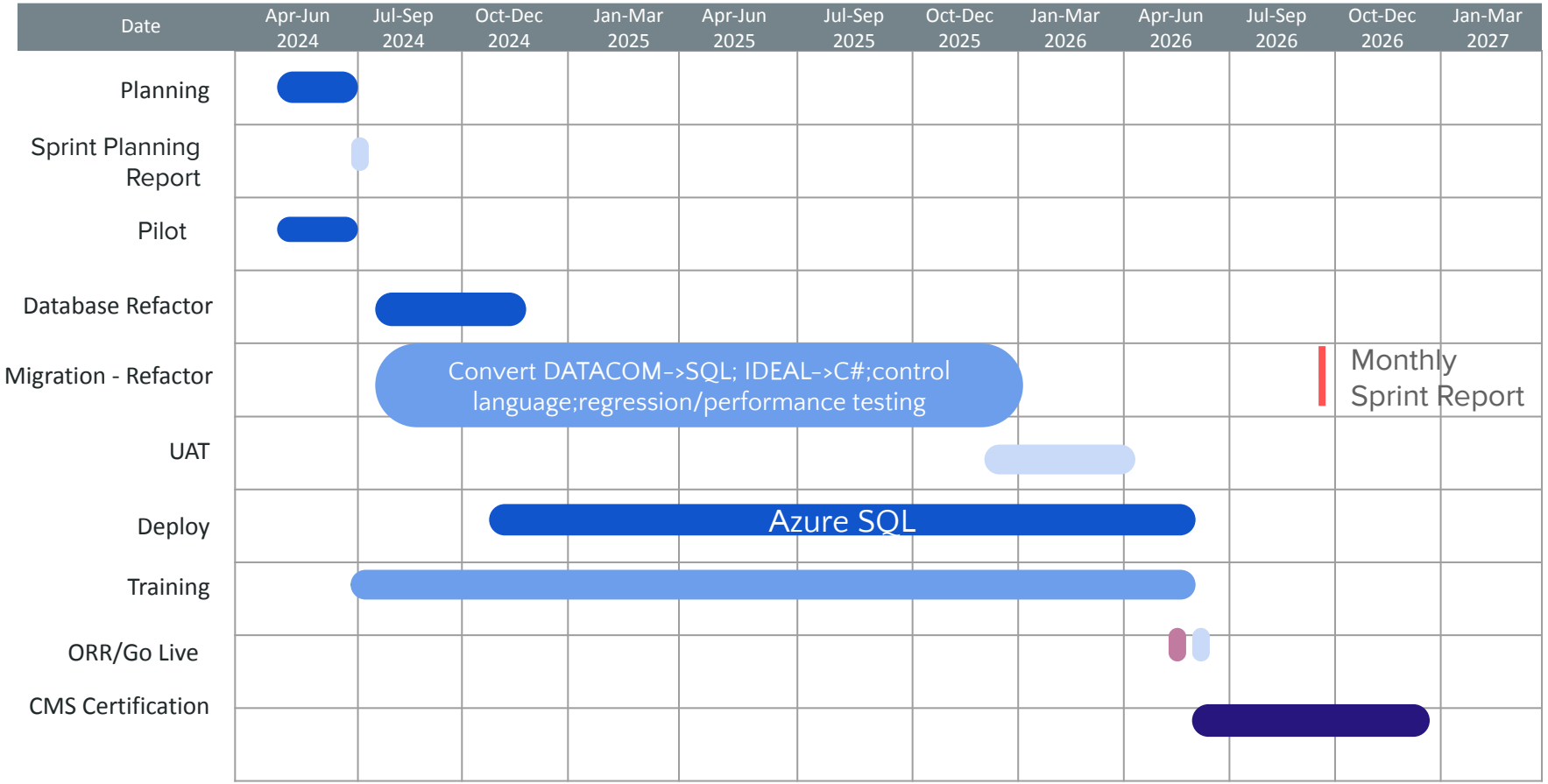
Shared

1. Participate in project meetings
2. Project Management
3. Test Planning & Execution
4. Training Planning & Delivery

Vendor/Contractor

1. Mainframe Modernization
2. Azure Cloud Design
3. System Testing and Data Verification
4. Post Production Support

Project Timeline



Project Costs

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Project Costs by Category	FY24	FY25	FY26	FY27	FY28	Total
Professional & Outside Services (Contractors)	$8,659,138.91	$28,059,916.74	$32,400,777.83	$15,000,000.00	$15,000,000.00	$99,119,833.48
License & Maintenance Fees		$2,172,000.00	$4,344,000.00	$4,344,000.00	$4,344,000.00	$15,204,000.00
Total Development	$8,659,138.91	$30,231,916.74	$17,400,777.83			$56,291,833.48
Total Operational			$19,344,000.00	$19,344,000.00	$19,344,000.00	$58,032,000.00

Project Costs (funding source)

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Funding Source	Available	To Be Requested	Total
Federal (AZ+HI Fed)	$ 50,662,650.13	$ 43,524,000.00	$ 94,186,650.13
Base Budget (AZ State Cost)	$ 0.00	$ 10,590,840.00	$ 10,590,840.00
APF	$ 2,814,591.67	$ -	$ 2,814,591.67
Other Non-Approp (HI State Cost)	$ 2,814,591.67	$ 3,917,160.00	$ 6,731,751.67
Total	**$ 56,291,833.48**	**$ 58,032,000.00**	**$ 114,323,833.48**

Total Development Costs

Funding Source	Available	To Be Requested	Total
Federal (AZ+HI Fed)	$ 50,662,650.13	$ -	$ 50,662,650.13
Base Budget (AZ State Cost)	$ 0.00	$ -	$ 0.00
APF	$ 2,814,591.67	$ -	$ 2,814,591.67
Other Non-Approp (HI State Cost)	$ 2,814,591.67	$ -	$ 2,814,591.67
Total	**$ 56,291,833.48**	**$ -**	**$ 56,291,833.48**

What Success Looks Like

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Measures of Success

a. **Move from CA Datacom**. The database software has not had updates in over 6 years and the talent pool is shrinking every year to the point where it is near impossible to find additional staffing. Moving to a SQL database structure solves both issues.

b. **Move from CA IDEAL**. The programming language is in the same scenario as Datacom. The software is no longer updated and the talent pool is making it impossible to find staff. Moving to C# solves both of these issues.
   - The average time to fill developer and Datacom DBA positions is 8 months. Generally unable to fill them with experience, we find someone close enough and try to train them. Time to fill SQL and C# developers is up to 4-6 weeks.

c. **Real-time connections**. Our current platform has no ability for real-time connections. By refactoring our platform to modern cloud based platform, we will be able to make use of these connections in a way that is almost a requirement in this day and age. There will be 6 real time connections planned over 12 months
   - Currently claims are held until night time to process. Real time connections will provide results back to providers immediately. This allows a provider to know the claim disposition immediately and make corrections same day instead of next day.

Q & A Session

Recommended Conditions

ADOA-ASET Conditions

1. Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.
2. Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The first status report for this project is due on April 15, 2023.
3. The agency shall provide the quarterly Independent Verification & Validation (IV&V) report, via email communication, to ADOA-ASET 90 days following the start of the project. IV&V vendor to submit separate IV&V reports for each individual project every quarter.
4. The agency shall provide the detailed project plan and Work Breakdown Structure after the initial assessment is performed and attend the June 2024 ITAC meeting to update the committee.
5. The agency shall work with ADOA-ASET EIC to establish a plan on how to exit the Enterprise platform (Mainframe) and to provide the plan to ITAC committee in December 2024 ITAC meeting. In addition, the agency to validate with ADOA ASET EIC for resource allocation to support the development activities and legacy system decommissioning efforts.

ITAC Voting Options

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What ITAC May Consider In Review Whether:

a. The proposed solution addresses the stated problem or situation;

b. The budget unit is competent to carry out the project successfully;

c. Sufficient sponsorship and support by budget unit leadership exists;

d. Cost estimates provided are accurate;

e. The proposed project aligns with the budget unit's Strategic IT Plan; and

f. The proposed solution complies with statewide IT standards.

ITAC Motions:

a. Move to Approve

b. Move to Approve with Conditions As Presented

c. Move to Approve with Conditions

   i. Committee May Modify or

   ii. Add Conditions

d. Move To Deny

Relevant Statutes and Rules

Per A.R.S. § 18-101 - Per Administrative Code R2-18-101