

Project Investment Justification

Electronic Data Interchange

HC24015

Arizona Health Care Cost Containment System

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1. GENERAL INFORMATION

PIJ ID: HC24015

PIJ Name: Electronic Data Interchange

Account: Arizona Health Care Cost Containment System

Business Unit Requesting: AHCCCS - ISD

Sponsor: Anthony Flot

Sponsor Title: CIO

Sponsor Email: anthony.flot@azahcccs.gov

Sponsor Phone: (602) 427-4831

2. MEETING PRE-WORK

2.1 What is the operational issue or business need that the Agency is trying to solve? (i.e....current process is manual, which increases resource time/costs to the State/Agency, and leads to errors...):

The Arizona Strategic Enterprise Technology (ASET) Office urges state agencies to standardize electronic storage and access, analytical reporting, and interoperable sharing of data to help the business efficiently and effectively make decisions. Over time the ASET principle of data sharing has become more difficult for Arizona Health Care Cost Containment System (AHCCCS) to meet due to the point-to-point system integrations, lack of full data sets available in the data warehouse and divided operational reporting between the Medicaid Management Information System (MMIS), data warehouse, and modular systems. AHCCCS procured a System Integrator vendor which is currently in the process of the development and implementation of modernized integration tools and products to support the modularity initiatives.

Electronic Data Interchange (EDI) functions is a key business operation within AHCCCS. Currently, AHCCCS uses a combination of tools and service providers for the EDI functions. Due to the cost of operations and procurement constraints, AHCCCS is requesting for a modernized EDI solution to be developed and implemented which will ultimately lead to cost savings to the State, improved operations and reduction of manual intervention by AHCCCS team(s).

2.2 How will solving this issue or addressing this need benefit the State or the Agency?

The EDI modernization effort enables the agency's vision for data quality and master data management, establishes centralized operational capabilities and performance analysis. The solution will support the overall AHCCCS Medicaid plan by providing enhanced capabilities for data interchange between AHCCCS and trading partners and reducing manual intervention required.

By implementing this platform, AHCCCS will be able to future-proof critical reporting requirement for our partners in CMS. Additionally, this critical upgrade to our shared services with the State of Hawaii's Medicaid Program, Med-QUEST (MQD), will enable that over 20-year partnership to expand well into the future.

2.3 Describe the proposed solution to this business need.

Systems integrator is a discreet role that was first introduced to state Medicaid programs by the CMS in State Medicaid Director Letter # 16-010. The specific focus of the role is to ensure the integrity and interoperability of the Medicaid IT architecture and cohesiveness of the various modules incorporated into the Medicaid enterprise. The overall goal is to implement a common backbone that results in a seamless framework with standardized methods and protocols for communication. This allows Medicaid programs to replace discreet system modules and functionality over time without causing disruptions or significant changes in the rest of the enterprise. The resulting architecture implemented in most of the states that have embarked upon modernization has included a systems integration platform and services procured from a vendor.

A detailed set of business, technical, and security requirements was contained within the request for quote (RFQ). Each susceptible vendor was scored on the ability to address the requirements in the proposal and their on-site product demonstration. The selected system is both flexible and highly configurable to address present and future appellate court needs. An optional element of the SI RFQ was Electronic Data Interchange (EDI) services and implementation support. This request exercises the optional element of the SI RFQ and serves as a replacement and modernization of existing tools.

The EDI vendor role is required to meet federal HIPAA rules for processing standard healthcare transactions to exchange data with the state's trading partners. The EDI vendor accepts X12 and NCPDP transactions from trading partners, validates the transactions using standard SNIP level edits and code sets validation, and translates valid transactions into the MMIS proprietary format for processing. Response transactions are generated from the EDI vendor and are also created from proprietary MMIS formats into the X12 standard responses. The EDI vendor maintains the application to stay current with updated code sets and transaction standards. The EDI solution allows trading partners to submit test transactions and receive near real time responses on the validity of the test transactions. The solution also allows for trading partners to resubmit corrected transactions and view submission reports.

AHCCCS will establish this EDI solution as a separate MES module that interacts with trading partners and the MMIS. Efficiencies for leveraging staff across the SI and EDI teams has been considered to reduce the ongoing operational cost the State after implementation.

2.4 Has the existing technology environment, into which the proposed solution will be implemented, been documented?

Yes

2.4a Please describe the existing technology environment into which the proposed solution will be implemented.

2.5 Have the business requirements been gathered, along with any technology requirements that have been identified?

Yes

2.5a Please explain below why the requirements are not available.

3. PRE-PIJ/ASSESSMENT

3.1 Are you submitting this as a Pre-PIJ in order to issue a Request for Proposal (RFP) to evaluate options and select a solution that meets the project requirements?

No

3.1a Is the final Statement of Work (SOW) for the RFP available for review?

3.2 Will you be completing an assessment/Pilot/RFP phase, i.e. an evaluation by a vendor, 3rd party or your agency, of the current state, needs, & desired future state, in order to determine the cost, effort, approach and/or feasibility of a project?

No

3.2a Describe the reason for completing the assessment/pilot/RFP and the expected deliverables.

3.2b Provide the estimated cost, if any, to conduct the assessment phase and/or Pilot and/or RFP/solicitation process.

3.2e Based on research to date, provide a high-level cost estimate to implement the final solution.

4. PROJECT

4.1 Does your agency have a formal project methodology in place?

Yes

4.2 Describe the high level makeup and roles/responsibilities of the Agency, Vendor(s) and other third parties (i.e. agency will do...vendor will do...third party will do).

The Vendor will: Configure and Implement the software solution within the AHCCCS Azure tenancy, complete application testing, deliver training to AHCCCS ISD, and the vendor will provide support for the application.

The Agency will: Supply the technology environment and network connectivity needed by the software solution. Provide contract oversight to ensure project milestones are met by the vendor, participate in project meetings to fully communicate project requirements, provide SME as needed, complete data exports and imports, complete user acceptance testing, review and acceptance of the milestone deliverables. The Agency will also be responsible for acquisition of required licenses.

4.3 Will a PM be assigned to manage the project, regardless of whether internal or vendor provided?

Yes

4.3a If the PM is credentialed, e.g., PMP, CPM, State certification etc., please provide certification information.

4.4 Is the proposed procurement the result of an RFP solicitation process?

No

4.5 Is this project referenced in your agency's Strategic IT Plan?

Yes

5. SCHEDULE

5.1 Is a project plan available that reflects the estimated Start Date and End Date of the project, and the supporting Milestones of the project?

Yes

5.2 Provide an estimated start and finish date for implementing the proposed solution.

Est. Implementation Start Date

Est. Implementation End Date

3/1/2024 12:00:00 AM

4/30/2025 12:00:00 AM

5.3 How were the start and end dates determined?

Other

5.3a List the expected high level project tasks/milestones of the project, e.g., acquire new web server, develop software interfaces, deploy new application, production go live, and estimate start/finish dates for each, if known.

Milestone / Task	Estimated Start Date	Estimated Finish Date
Development of Components Necessary to Process EDI Transactions	03/01/24	10/31/24
Provide Signed Project plan to ADOA-ASET Oversight.	03/01/24	03/29/24
Development of Enhanced Functionality	03/01/24	03/01/25
Deployment of EDI functions to replace Tibco released to Production	07/08/24	11/14/24
UAT – Components to Process EDI Transactions	08/01/24	10/15/24
Data Submitter Training	09/15/24	11/30/24
Development of Enhanced Functionality - II	11/01/24	04/30/25
Go Live for Components Necessary to Process EDI Transactions	11/15/24	11/15/24
Go Live for Enhanced Functionality	03/15/25	03/15/25
Project Close Out / DDI Lessons Learned	04/28/25	04/30/25
Final Payment Released to Vendor	06/30/25	06/30/25
Project End Date	06/30/25	06/30/25

5.4 Have steps needed to roll-out to all impacted parties been incorporated, e.g. communications, planned outages, deployment plan?

Yes

5.5 Will any physical infrastructure improvements be required prior to the implementation of the proposed solution. e.g., building reconstruction, cabling, etc.?

No

5.5a Does the PIJ include the facilities costs associated with construction?

5.5b Does the project plan reflect the timeline associated with completing the construction?

6. IMPACT

6.1 Are there any known resource availability conflicts that could impact the project?

No

6.1a Have the identified conflicts been taken into account in the project plan?

6.2 Does your schedule have dependencies on any other projects or procurements?

No

6.2a Please identify the projects or procurements.

6.3 Will the implementation involve major end user view or functionality changes?

No

6.4 Will the proposed solution result in a change to a public-facing application or system?

Yes

7. BUDGET

7.1 Is a detailed project budget reflecting all of the up-front/startup costs to implement the project available, e.g, hardware, initial software licenses, training, taxes, P&OS, etc.?

Yes

7.2 Have the ongoing support costs for sustaining the proposed solution over a 5-year lifecycle, once the project is complete, been determined, e.g., ongoing vendor hosting costs, annual maintenance and support not acquired upfront, etc.?

Yes

7.3 Have all required funding sources for the project and ongoing support costs been identified?

Yes

7.4 Will the funding for this project expire on a specific date, regardless of project timelines?

Yes

7.5 Will the funding allocated for this project include any contingency, in the event of cost over-runs or potential changes in scope?

No

8. TECHNOLOGY

8.1 Please indicate whether a statewide enterprise solution will be used or select the primary reason for not choosing an enterprise solution.

There is not a statewide enterprise solution available

8.2 Will the technology and all required services be acquired off existing State contract(s)?

Yes

8.3 Will any software be acquired through the current State value-added reseller contract?

Yes

8.3a Describe how the software was selected below:

Based on vendor proposal

8.4 Does the project involve technology that is new and/or unfamiliar to your agency, e.g., software tool never used before, virtualized server environment?

Yes

8.5 Does your agency have experience with the vendor (if known)?

Yes

8.6 Does the vendor (if known) have professional experience with similar projects?

Yes

8.7 Does the project involve any coordination across multiple vendors?

No

8.8 Does this project require multiple system interfaces, e.g., APIs, data exchange with other external application systems/agencies or other internal systems/divisions?

No

8.9 Have any compatibility issues been identified between the proposed solution and the existing environment, e.g., upgrade to server needed before new COTS solution can be installed?

No

8.9a Describe below the issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you.

8.10 Will a migration/conversion step be required, i.e., data extract, transformation and load?

No

8.11 Is this replacing an existing solution?

Yes

8.11a Indicate below when the solution being replaced was originally acquired.

August 18, 2016

8.11b Describe the planned disposition of the existing technology below, e.g., surplus, retired, used as backup, used for another purpose:

Not renew the software license

8.12 Describe how the agency determined the quantities reflected in the PIJ, e.g., number of hours of P&OS, disk capacity required, number of licenses, etc. for the proposed solution?

Not renew the software license

8.13 Does the proposed solution and associated costs reflect any assumptions regarding projected growth, e.g., more users over time, increases in the amount of data to be stored over 5 years?

Yes

8.14 Does the proposed solution and associated costs include failover and disaster recovery contingencies?

Yes

8.14a Please select why failover and disaster recovery is not included in the proposed solution.

8.15 Will the vendor need to configure the proposed solution for use by your agency?

Yes

8.15a Are the costs associated with that configuration included in the PIJ financials?

Yes

8.16 Will any app dev or customization of the proposed solution be required for the agency to use the project in the current/planned tech environment, e.g. a COTS app that will req custom programming, an agency app that will be entirely custom developed?

Yes

8.16a Will the customizations inhibit the ability to implement regular product updates, or to move to future versions?

No

8.16b Describe who will be customizing the solution below:

System Integrator vendor

8.16c Do the resources that will be customizing the application have experience with the technology platform being used, e.g., .NET, Java, Drupal?

Yes

8.16d Please select the application development methodology that will be used:

Agile/Scrum

8.16e Provide an estimate of the amount of customized development required, e.g., 25% for a COTS application, 100% for pure custom development, and describe how that estimate was determined below:

Estimated 50% - a selects of COTS applications and web portal functionality will be utilized for the system

8.16f Are any/all Professional & Outside Services costs associated with the customized development included in the PIJ financials?

Yes

8.17 Have you determined that this project is in compliance with all applicable statutes, regulations, policies, standards & procedures, incl. those for network, security, platform, software/application &/or data/info found at aset.az.gov/resources/psp?

Yes

8.17a Describe below the compliance issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you:

8.18 Are there other high risk project issues that have not been identified as part of this PIJ?

No

8.18a Please explain all unidentified high risk project issues below:

9. SECURITY

9.1 Will the proposed solution be vendor-hosted?

No

9.1a Please select from the following vendor-hosted options:

9.1b Describe the rationale for selecting the vendor-hosted option below:

9.1c Has the agency been able to confirm the long-term viability of the vendor hosted environment?

9.1d Has the agency addressed contract termination contingencies, e.g., solution ownership, data ownership, application portability, migration plans upon contract/support termination?

9.1e Has a Conceptual Design/Network Diagram been provided and reviewed by ASET-SPR?

9.1f Has the spreadsheet located at <https://aset.az.gov/arizona-baseline-security-controls-excel> already been completed by the vendor and approved by ASET-SPR?

9.2 Will the proposed solution be hosted on-premise in a state agency?

Yes

9.2a Where will the on-premise solution be located:

Agency's data center

9.2b Were vendor-hosted options available and reviewed?

No

9.2c Describe the rationale for selecting an on-premise option below:

AHCCCS Azure tenancy managed by AHCCCS

9.2d Will any data be transmitted into or out of the agency's on-premise environment or the State Data Center?

Yes

9.3 Will any PII, PHI, CGIS, or other Protected Information as defined in the 8110 Statewide Data Classification Policy be transmitted, stored, or processed with this project?

Yes

9.3a Describe below what security infrastructure/controls are/will be put in place to safeguard this data:

The solution will be housed in the AHCCCS Azure cloud tenant and adhere to Federal and State privacy and security requirements, including MARS-E, HIPAA, and ADoHS Statewide Security Policies. In addition, the solution itself will be compliant with these privacy and security regulatory requirements.

10. AREAS OF IMPACT

Application Systems

Application Enhancements

Database Systems

Software

COTS Application Acquisition

Hardware

Hosted Solution (Cloud Implementation)

Microsoft Azure

Security

Telecommunications

Enterprise Solutions

Contract Services/Procurements

11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost
Phase 2A- EDI Transaction Processing	Professional & Outside Services	Development	1	1	\$4,801,604	\$4,801,604	0.00%	\$0	\$4,801,604
Phase 2B - Enhanced Functionality	Professional & Outside Services	Development	1	1	\$2,052,192	\$2,052,192	0.00%	\$0	\$2,052,192
Phase 2C - Stabilization Period	Professional & Outside Services	Development	1	1	\$548,961	\$548,961	0.00%	\$0	\$548,961
Phase 3 - Operations	Professional & Outside Services	Operational	2	1	\$981,284	\$981,284	0.00%	\$0	\$981,284
Operations	Professional & Outside Services	Operational	3	1	\$981,284	\$981,284	0.00%	\$0	\$981,284
Operations	Professional & Outside Services	Operational	4	1	\$981,284	\$981,284	0.00%	\$0	\$981,284
Operations	Professional & Outside Services	Operational	5	1	\$163,547	\$163,547	0.00%	\$0	\$163,547

Base Budget (Available)	Base Budget (To Be Req)	Base Budget % of Project
\$758,563	\$0	7%
APF (Available)	APF (To Be Req)	APF % of Project
\$0	\$0	0%
Other Appropriated (Available)	Other Appropriated (To Be Req)	Other Appropriated % of Project
\$0	\$0	0%
Federal (Available)	Federal (To Be Req)	Federal % of Project
\$8,993,031	\$0	86%
Other Non-Appropriated (Available)	Other Non-Appropriated (To Be Req)	Other Non-Appropriated % of Project
\$758,563	\$0	7%

Total Budget Available	Total Development Cost
\$10,510,156	\$7,402,756
Total Budget To Be Req	Total Operational Cost
\$0	\$3,107,400
Total Budget	Total Cost
\$10,510,156	\$10,510,156

12. PROJECT SUCCESS

Please specify what performance indicator(s) will be referenced in determining the success of the proposed project (e.g. increased productivity, improved customer service, etc.)? (A minimum of one performance indicator must be specified)

Please provide the performance objective as a quantifiable metric for each performance indicator specified.

Note: The performance objective should provide the current performance level, the performance goal, and the time period within which that performance goal is intended to be achieved. You should have an auditable means to measure and take corrective action to address any deviations.

Example: Within 6 months of project completion, the agency would hope to increase "Neighborhood Beautification" program registration by 20% (3,986 registrants) from the current registration count of 19,930 active participants.

Performance Indicators

Currently, EDI translation and validation are currently being performed by two separate systems, interfacing with the Mainframe. This creates many workflows and multiple touchpoints between each component in the workflow, thus adding complexity. The EDI project will deliver a single solution to remove this complexity by integrating directly with the mainframe. Future modifications and configuration changes will be reduced by 20-30 % as dependencies will be addressed in one place. Testing efforts also get simplified due to reduced workflows.

13. CONDITIONS

Conditions for Approval

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.

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.

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.

14. OVERSIGHT SUMMARY

Project Background

Business Justification

Implementation Plan

Vendor Selection

Budget or Funding Considerations

15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

Anthony Flot

Agency CIO (or Designee)

Dan Lippert

Agency ISO (or designee)

Michael Heiser

OSP Representative

ASET Engagement Manager

ASET SPR Representative

Emily Gross

Agency SPO Representative

Katie Morris

Agency CFO

Joshua Worley
