

PIJ Review - Arizona Health Care Cost Containment System

PIJ HC24003 - ServiceNow

The current solution issues

The Arizona Health Care Cost Containment System does not currently have a business workflow management solution. (AHCCCS) and Med Quest Division (MQD) maintain their operations through isolated activities that rely on individual employees having personal responsibility to track agency business in email and spreadsheets, which puts the agencies at risk. There is an absence of consistent communication methods and processes.

- For example, our Division of Business and Finance primarily uses spreadsheets to track spending across the agency
- Human Resources Division uses group emails to manage HR operations and communicate with other division staff
- The current service catalog does not have the workflow capabilities that are required for appropriate assignment of tickets
- IT risk manage

The agency currently has person-centric processes, limited self-service capabilities, a lack of enterprise governance, and an inability to view a full financial picture.

New solution justification

The new solution for ServiceNow which are specific to the Arizona organization are:

Allow for replacement of manual processes.

Increase functionality over time without causing disruptions or significant changes to the rest of the enterprise.

Ensure that AHCCCS employees are delivering timely and optimal services to support providers and members.

All new systems in the MES Modernization Roadmap will be procured and implemented through cloud hosting to help drive sustainable infrastructure for AHCCCS.

Implementing common systems platforms based on web technologies and ServiceNow will help consolidate the training needs that can be met with high quality solutions for AHCCCS.

With multiple modules being implemented, it is hard to quantify the improvement metrics to go from isolated, manual processes to a full workflow management system. Implementation of a modular Enterprise Business Workflow Management Software will provide an integrated suite of software tools and workflows that will support key functions such as governance, change management, knowledge management, contact and communications management, contract management, and IT service ticketing. The functions currently residing within the PMMIS State System Request (SSR) subsystem, and the numerous manual processes handled through email, SharePoint, and Excel will be consolidated into this comprehensive system.

Vendor Selection

Notification of Award AHCCCS ServiceNow Implementer:

AHCCCS Contract # YH23-0120

State of AZ NASPO Cloud Contract # CTR046098

Contractor Name: CARAHSOFT Technology Corp.

Sub-contractor Name: Ernst & Young (EY)

1 Year & 5 Months Project

- Start Date: **10/02/23**
- End Date: **02/21/25**

Project Budget

- Development Cost \$ 18,010,878.00
- Operational Cost \$ 18,721,640.01
- **Total Cost \$ 36,732,518.31**

The PIJ addresses the following items:

- No** ▾ Cost Savings
- Yes** ▾ Whether the proposed solution addresses the stated problem or situation
- Yes** ▾ Whether the budget unit is competent to carry out the project successfully
- Yes** ▾ Whether sufficient sponsorship and support by budget unit leadership exists
- Yes** ▾ Whether cost estimates provided are accurate
- Yes** ▾ Whether the proposed project aligns with the budget unit's Strategic IT Plan
- Yes** ▾ Whether the proposed solution complies with statewide IT standards

Peer Review

Approve with Additional Conditions ▾

OA/EM Recommendation

Approve with Additional Conditions ▾

Strategic Oversight Director's Approval

Approve with Additional Conditions ▾

DPTY STATE CIO STWD Approval

Approve after PIJ Modification ▾

Project Background

The Arizona Health Care Cost Containment System (AHCCCS) operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS is the state's federally matched Medicaid program and provides acute and long term care services. Arizona Health Care Cost Containment System (AHCCCS) is Arizona's Medicaid agency that offers health care programs to serve Arizona residents.

ISD provides and secures all information technology services necessary to support the administrative and programmatic functions of the agency, and safeguards agency data, technical infrastructure, communications networks, and application systems.

The strategic goal of AHCCCS is to implement the ServiceNow (SNOW) platform to allow for the automation of manual processes that exist across the agency currently utilizing email, spreadsheets, and other desktop tools to track and manage agency business. There are an estimated 300 workflows covering communications, approvals, and administration in scope for the initial implementation to support the following areas:

- o 10 Medicaid Business Areas with 90 Business Process Areas
- o HR, Grants, Contracts, Project Management Office, Change Management, Asset Management, Financial Management, Governance, Helpdesk, Compliance

The agency currently has person-centric processes, limited self-service capabilities, a lack of enterprise governance, and an inability to view a full financial picture.

Business Justification

The metrics that will be improved by adoption of the new solutions is used to within 3 months of going live the agency Arizona Health Care Cost Containment System (AHCCCS) will migrate from email and spreadsheets to configure workflows within Service now for 50% of their interactions. Within two months of deployment, 100% of all new tickets will be utilizing the ServiceNow.

This project will establish the design of workflows, configuring ServiceNow environment, implementing ServiceNow workflows in the AHCCCS environment, integrating ServiceNow to other AHCCCS required software and services and manage/maintain the AHCCCS ServiceNow cloud environment. Implementation of a modular enterprise business workflow management platform will provide an integrated suite of software tools and workflows that will support key functions such as governance, change management, knowledge management, contact and communications management, contract management, and Information Technology (IT) service ticketing. This implementation is specific to the Arizona organization; however, the leveraged systems and IT staff within Arizona that support the Hawaii programs will be directly affected by the changes.

This implementation is specific to the AHCCCS organization; however, the leveraged systems and IT staff within AHCCCS that support the Med Quest Division (MQD) programs will be directly affected by the changes. In addition, a separate existing instance of an Enterprise Business Workflow Management Software within the MQD organization will be integrated with the AHCCCS instance to facilitate the coordination of the activities between the two enterprises.

Implementation of a modular Enterprise Business Workflow Management Software will provide an integrated suite of software tools and workflows that will support key functions such as governance, change management, knowledge management, contact and communications management, contract management, and IT service ticketing. The functions currently residing within the PMMIS State System Request (SSR) subsystem, and the numerous manual processes handled through email, SharePoint, and Excel will be consolidated into this comprehensive system. This implementation is specific to the AHCCCS organization; however, the leveraged systems and IT staff within AHCCCS that support the MQD programs will be directly affected by the changes. In addition, a separate existing instance of an Enterprise Business Workflow Management Software within the MQD organization will be integrated with the AHCCCS instance to facilitate the coordination of the activities between the two enterprises.

Implementation Plan

The solution will be Vendor-hosted @ Amazon (AWS) GovCloud.

The roles are listed below:

Vendor will do:

- Deliver Project Management & System Design Documents
- Configure and Implement the software solution
- Complete application testing
- Prepare & Deliver training
- Provide on-going application Maintenance & Operations (M&O)

Shared between Vendor and AHCCCS

- Participate in project meetings
- Project Management
- Test Planning & Execution
- Training Planning & Delivery
- Organizational Change Management (OCM)

AHCCCS will do:

- Project Contract Oversight
- Supply the technology environment and network connectivity

- Subject Matter Expert support
- Review & Accept Deliverables
- User Acceptance Testing (UAT)

Vendor Selection

The RFQ was open to limited contractors under the NASPO Value Point Cloud Contracts:

A total of six (6) proposals were submitted to AHCCCS by the following Offerors in alphabetical order:

- Accenture
- Deloitte
- Ernst & Young (EY)
- Glidefast
- KPMG
- Kyndryl

The scoring methodology was as follows:

- Security Required Elements – Pass/Fail
- Experience and Capacity – maximum points allowable - 250
- Method and Approach – maximum points allowable – 230
- Solution Overview – maximum points allowable – 220
- Completed Requirements Matrix 1.9 – maximum points allowable of - 160
- Pricing – maximum points allowable of - 140

The following subject matter experts served as evaluation committee members:

- Anthony Flot (AHCCCS)
- Marna Richmond (AHCCCS)
- Michael Heiser (AHCCCS)

Additional non-scoring subject matter experts participated on an as-needed basis for technical aspects to review the proposals.

Award Recommendation After giving the proposals thoughtful consideration and after examining the facts related to the evaluation criteria as published in the RFQ and conducting presentations, the Evaluation Committee recommended a contract be awarded to Ernst & Young (EY). It is determined that this Offeror submitted a proposal that was in line with the agency's objectives and this award will be the most advantageous to AHCCCS and the State of Arizona.

The Procurement Specialist concurred with the committee's recommendation. Award will be made based-on approval of the following conditions:

1. CMS Approval of the project award
2. State of AZ ITAC or other internal State Approvals for ADOA.
3. State of AZ Budget approval.
4. Finalization of contract between Carahsoft and EY.

Budget or Funding Considerations

The budget will be available through the following source:

- 83% Federal budget
- 10% Base budget
- 4% Other Non-Appropriated
- 3% APF

Performance Indicators

CMDB has been populated with all configuration items (CI) to support the incident management process for all critical systems.

- AHCCCS currently manages configuration items manually. After ServiceNow implementation, 100% of the CIs for critical systems will be in the CMDB.

- Templates and workflows have been built to accelerate the operationalization of Incident Management, Problem Management, Deliverables Management and Change Management.
- AHCCCS will be moving workflows from existing ticketing systems and standardizing disparate processes. Currently about 10% of the workflows exist. After implementation, 100% of standard processes will be automated within workflows.

- The 6 shared email processes for Human Resources will be transitioned to ServiceNow.
- The ServiceNow Portal will be completed and available to all AHCCCS staff for Ticketing, Service Requests, and Time and Resource Management.
- Time and Resource Management is currently tracked in SSR, a mainframe system, and will be transitioned and modernized within ServiceNow. The existing ticketing and service request system will be able to be decommissioned.

Questions:

1.