

DE24011 DBME Returned Mail Solution

State of Arizona – DES

Change Request

December 13, 2023



DEPARTMENT OF ECONOMIC SECURITY
Your Partner For A Stronger Arizona

Agency Vision
A Thriving Arizona

Agency Mission
To strengthen individuals, families and communities for a
better quality of life



Project Team Introduction

Roles Present at ITAC

- Mark Darmer - CIO
- Justin Harris - DBME Project Manager
- Michael Farquhar - FAA Systems

Original Project Overview

Stated Operational/Business Issue

- Federal partners are requesting a process of mail returned due to undeliverable status, and DBME does not currently have an automated process for handling incoming mail or internal processes to alert workers that changes need to be made based on the updated address information received from USPS.
- In the first five months of 2023, there was an average of 2,092 pieces of return mail a day.
- During the Public Health Emergency (PHE) unwinding period, Arizona must complete renewals for all Medical Assistance (MA) customers with active AHCCCS benefits.
- The Consolidated Appropriations Act of 2023 requires States to attempt to contact customers before stopping MA benefits when there is returned mail associated with the case.

Original Project Overview

Benefit to the State Agency and Constituents

- Meet our regulatory requirement, provide better customer service by preventing eligible MA customers from losing AHCCCS/Medicaid.
- Will allow the Division to locate clients, reduce the increased workload of re-applications and appeals. and prepare for audits.
- The agency expects to decrease the number of current staff (15) performing the current process to a future staffing of 8 and will re-assign those staff to other duties.
- AHCCCS is funding the original project with monies that need to be spent by September 30, 2024.

Project Change Request Overview

What in the PIJ is changing?:

- Timeline
 - From May 1, 2024 to October 31, 2024
- Scope
 - Adding RPA professional services and additional software licences
- Budget
 - From \$262,253.68 to \$1,269,439.36 (Increase of \$1,007,185.68)
 - Funding received from AHCCCS

Revised Project Scope

Identify any change in scope and possible benefits:

- We request an approval to expand the existing PIJ# DE24011; Amend the current UiPath software licenses PO0000572160 and purchase new professional services for the development of an AHCCCS returned mail RPA solution.
- The original solution was to purchase OPEX machines which automate many traditional document preparation activities. This change request is to add the development of a Robotic Process Automation (RPA) solution that will automate the returned mail process from returned mail received to include system updates, client outreach and case management that allows staff to make case decisions based on policy.

Project Change Request Overview

What initiated this change?:

- The original solution was to purchase two (2) OPEX returned mail scanning machines which automates many traditional document preparation activities. These machines are stand alone products.
- The initial PIJ was created for the OPEX machines only because of the time length to build and deliver each machine (approximately 12 weeks). It was urgent that the equipment was acquired prior to ordering the OPEX software and the Robotic Process Automation (RPA) solution/development in order to meet regulatory deadlines.
- The benefit of this change request is to automate the returned mail process from returned mail received to include system updates, client outreach and case management that allows staff to make case decisions based on policy.
- The solution will allow the Division to meet our regulatory requirement, provide better customer service by preventing eligible MA customers from losing MA benefits, and a cost savings by preventing the increased workload from re-applications and appeals.
- Original PIJ amount: \$262,253.68 ; New PIJ amount: \$1,269,439.36.

Project Change Request

Date/high-level overview:

This solution:

- Konica Minolta's solution will deploy a robotic process automation solution to process the "Good" scans which contain data that can be extracted and thus automatically processed. It will address three main buckets of returned mail for Medicaid recipients: Renewal Response Required (RRR), No Renewal Response Required (NRR) & Other. Each bucket comprises In State and Out of State. The solution will process and document the steps taken by AZDES for each piece of returned mail, and facilitate notifying AHCCCS customers in a timely and reportable manner.
- At present DBME is at capacity with 22 humans and cannot process 83% of MA mail. The cost to process one piece of mail for humans is \$3.62, the cost per item with robots will be \$1.09 - the latter includes annualized software costs, maintenance/support, code updates, total cost of ownership.
- With automation the capacity will increase by 735%. The new RPA solution will give DBME the power to process all 697k pieces of mail.

The original PIJ spanned Oct 13, 2023 to May 1, 2024 and had a cost of \$262,253.68 , with a 10% variance.

Revised Project Milestones

Identify any change in timeline and possible benefits:

Milestone Name	Milestone Health	% Complete	Original Start Date	Original End Date	Revised Start Date	Revised End Date
Order/Build		95	10/1/2023	12/31/2023		
Set-up/Training		Not Started	12/1/2023	12/31/2023	12/13/2024	12/31/2023
Payment of Invoice		Not Started	12/18/2023	3/31/2024		
Phase 2 - Initiation/Staffing*		Not Started			1/1/2024	1/31/2024
Phase 2 Kickoff*		Not Started			1/1/2024	1/31/2024
Sprint 1 - 5*		Not Started			2/1/2024	7/31/2024
Lessons Learned*		Not Started	12/18/2023	1/19/2024	7/1/2024	8/31/2024
Payment of Invoices*		Not Started			8/1/2024	10/31/2024
Close Out Report*		Not Started	3/25/2024	5/3/2024	8/1/2024	10/31/2024

Financial Impact

Change in Project Financials

Summary of PIJ Development Costs

PIJ Development Costs		
Original PIJ	\$262,253.68	
Change Request Development Costs	\$1,007,185.68	
Update PIJ Development Total	\$1,269,439.36	

Updated PIJ Costs with Change Request

Project Costs by Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Professional & Outside Services (Contractors)	\$668,399.00	\$0.00	\$0.00	\$0.00	\$0.00	\$668,399.00
Hardware	\$232,222.10	\$0.00	\$0.00	\$0.00	\$0.00	\$232,222.10
Software	\$367,933.17	\$0.00	\$0.00	\$0.00	\$0.00	\$367,933.17
Communications	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Facilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
License & Maintenance Fees	\$885.09	\$636,727.27	\$681,261.72	\$728,912.48	\$779,897.66	\$2,827,684.22
Other Operational Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Development	\$1,269,439.36	\$0.00	\$0.00	\$0.00	\$0.00	\$1,269,439.36
Total Operational	\$0.00	\$636,727.27	\$681,261.72	\$728,912.48	\$779,897.66	\$2,826,799.13
Total						\$4,096,238.49

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 November 15, 2023.