Program Integrity
Fraud, Waste, and Abuse

State of Arizona – AHCCCS

Project Investment Justification

HC25004

August 21, 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.
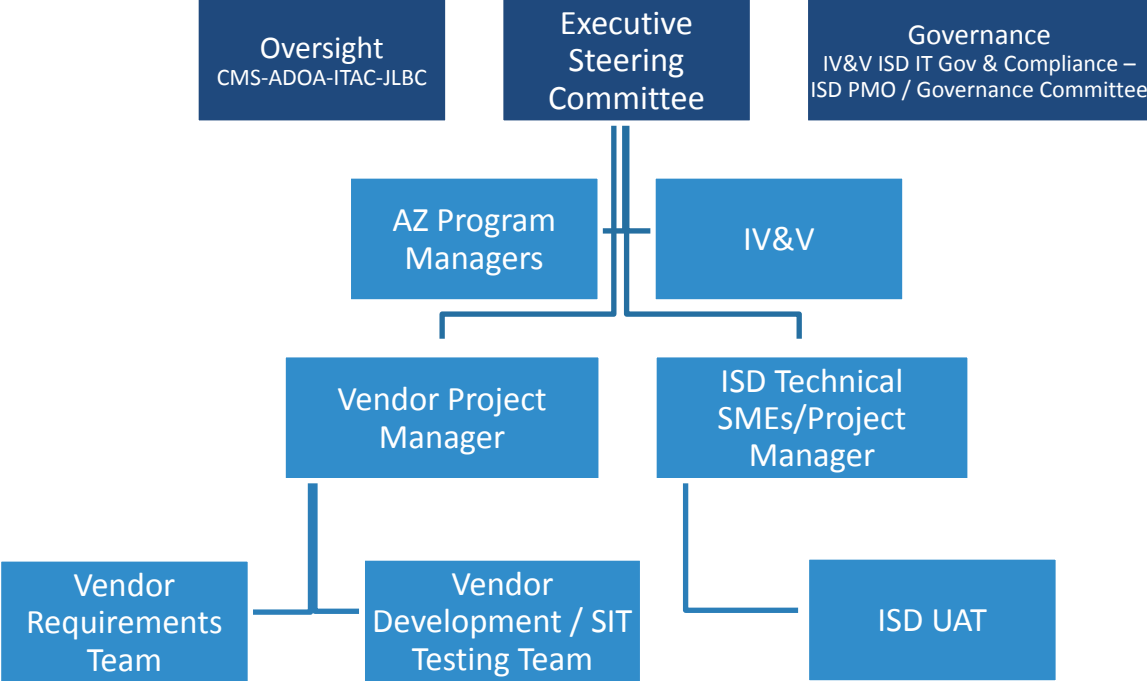
Project Team Introduction

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

Stated Operational/Business Issue

Currently, cost avoidance is a manual process that requires intense manual investigation post payment and then a lengthy development cycle to code and test claims payment logic changes. The lack of integration between post payment analytics and prepayment auditing leads to elongated identification and resolution cycles which allow for both continued fraudulent billing and new vulnerabilities to be targeted.

Benefit to the State Agency and Constituents

The benefit of implementing the solution is to move the system operational focus from cost recovery to cost avoidance, specifically in cases of fraud, waste, and abuse. By leveraging artificial intelligence (AI) within the build of industry specific models, AHCCCS will be able to focus on avoidance verse cost recovery, the state will avoid the additional costs of manual intensive research, recovery, and litigation.
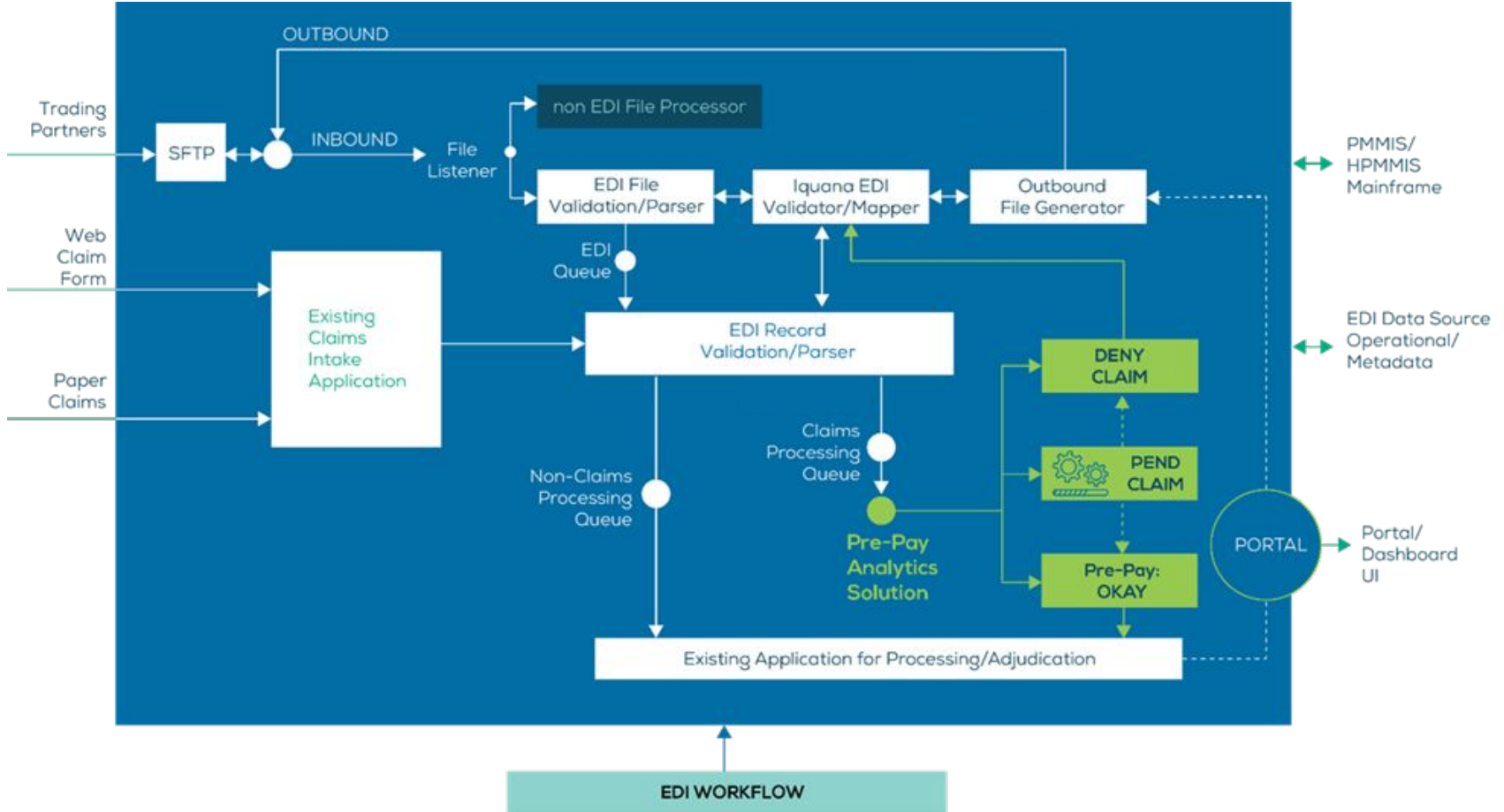
Proposed Solution

Overview of Proposed Solution

The solution is composed of three major components – Claim Manager, FWA Finder and Case Manager - that will integrate with the AHCCCS' adjudication system directly.

- The prepay system within the Claim Manager will integrate with AHCCCS' EDI Integration Engine before claims are sent to adjudication and utilize generative AI to prevent billing reaching payment when the claim is erroneous.

- Within the FWA Finder, data sources can be shared in a streamlined manner of sharing the appropriate information while protecting confidentiality. Users will be able to utilize AI and Machine Learning (ML) technologies to isolate FWA cases earlier in the process.

- The Case Manager component integrates with the FWA Finder to provide comprehensive analytics for case management from a user centric perspective.

Proposed Solution

Proposed Solution

Project Responsibilities

Identify Proposed Solutions Responsibilities

AHCCCS

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)
6. Certification

Shared

1. Participate in project meetings
2. Project Management
3. Test Planning & Execution
4. Training Planning & Delivery
5. Transition to Support
6. Certification

Vendor/Contractor

1. Install and configure solutions
2. System Integration Testing
3. Training
4. Operations support

Project Timeline

Date	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
Environment Setup															
Requirements Validation	███	███	██												
Interface Design		██	██												
Development				███	███	███	███	███	██						
Mainframe/EDI Integration				███	███	███	███	██							
Platform Setup				██											
AI Development					███	███	███	███	██						
Testing										██	███	██			
Training													██	██	
Go Live															●

Financial Impact

Breakdown of Financial Impact

Total Five Year Costs			
Funding Source	**Available**	**To Be Requested**	**Total**
Federal (AZ+HI Fed)	$ 15,168,600.00	$ 19,947,956.85	$ 35,116,556.85
Base Budget (AZ State Cost)	$ -	$ 6,649,318.95	$ 6,649,318.95
APF	$ 1,685,400.00	$ -	$ 1,685,400.00
Other Non-Approp (HI State Cost)	$ -	$ -	$ -
Total	**$ 16,854,000.00**	**$ 26,597,275.80**	**$ 43,451,275.80**

Total Development Costs			
Funding Source	**Available**	**To Be Requested**	**Total**
Federal (AZ+HI Fed)	$ 15,168,600.00	$ -	$ 15,168,600.00
Base Budget (AZ State Cost)	$ -	$ -	$ -
APF	$ 1,685,400.00	$ -	$ 1,685,400.00
Other Non-Approp (HI State Cost)	$ -	$ -	$ -
Total	**$ 16,854,000.00**	**$ -**	**$ 16,854,000.00**

Project Costs

Project Costs by Category	FY25	FY26	FY27	FY28	FY29	Total
Professional & Outside Services (Contractors)	$11,826,000.00	$8,532,382.50	$5,433,216.00	$5,399,272.43	$6,830,404.88	$38,021,275.80
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	$814,500.00	$1,086,000.00	$1,086,000.00	$1,086,000.00	$1,357,500.00	$5,430,000.00
Other Operational Expenditures						
Total Development	$12,640,500.00	$4,213,500.00				$16,854,000.00
Total Operational		$5,404,882.5	$6,519,216.00	$6,485,272.43	$8,187,904.88	$26,597,275.80

Independent Verification and Validation (IV&V)

Vendor: Public Consulting Group (PCG)

- Quarterly reports will be submitted by the 15th of the month following the end of the federal fiscal quarter

- Program Integrity project will be added to the weekly meeting agenda with AHCCCS, PCG, and ADOA-ASET

- IV&V acquired through amendment of current contract with PCG. Amendment has been signed and executed and will be sent to CMS

What Success Looks Like

Measures of Success

- Perform 90%+ of all claims (11 million+)/encounters (132 million+) reviews using the Claims Manager module within six months of go live. This will be up from our current review rate of under 5% of all claims.

- Perform 3+ years of (495 million+) historical post-pay claims/encounters assessments using the FWA Finder module within one month of go live. This will allow us to build comprehensive profile of submissions in order to prevent fraud before it occurs. There is no automation in place today to do this type of work.

Q & A
Session

Recommended Conditions

ARIZONA
DEPARTMENT OF ADMINISTRATION
TECHNOLOGY

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.

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 select an Independent Verification & Validation (IV&V) vendor, provide the contract to ADOA-ASET and provide an informational update to ITAC that all the necessary requirements have been met for the Federal approval within 90 days of ITAC approval.

ITAC Voting Options

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