

# Project Investment Justification

## ISD Systems Integrator

### HC23028

## Arizona Health Care Cost Containment System

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## 1. GENERAL INFORMATION

**PIJ ID:** HC23028

**PIJ Name:** ISD Systems Integrator

**Account:** Arizona Health Care Cost Containment System

**Business Unit Requesting:** ISD

**Sponsor:** Anthony Flot

**Sponsor Title:** Chief Technology Officer, ISD

**Sponsor Email:** anthony.flot@azahaccs.gov

**Sponsor Phone:** (602) 417-4831

## 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...):

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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 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.

Additionally, numerous overlapping file extracts come from multiple disparate extraction systems with soiled data stores. Duplicitous technology solutions and manual workarounds have been implemented by the individual business units due to a lack of enterprise governance. AHCCCS will centralize the aggregation of the enterprise data sets for each agency and will connect to the enterprises through the systems integration platform and become the central collection point for all data. In addition, the operational reporting, CMS reporting, common data extracts, dashboards, and T-MSIS will all be standardized.

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

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The System Integration Platform 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 to view trends and allow for more detailed performance analysis of systems.

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.

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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 RFQ. Each susceptible vendor has been 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.

AHCCCS will establish a systems integration platform that provides a centralized set of technologies and services that will integrate the systems and modules of the AHCCCS enterprise. There will be an initial implementation of the core platform and common data handling and integration technologies such as an enterprise service bus (ESB), Application Programming Interface (API) management, and managed file transfer. AHCCCS will centralize the aggregation of the enterprise data sets for the agency through the development of an Operational Data Store (ODS) as part of the Medicaid Enterprise Modernization. The ODS will connect to the enterprises through the systems integration.

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

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Yes

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

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

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Yes

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

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### 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?

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No

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

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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?

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No

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

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

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

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## 4. PROJECT

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

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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).

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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.

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

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Yes

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

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

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Yes

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

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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

7/7/2023 12:00:00 AM

9/30/2024 12:00:00 AM

5.3 How were the start and end dates determined?

Based on funding

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
PIJ (and ITAC and JLBC) approval	04/24/23	06/30/23
CMS Approval of IAPD and Contract	07/07/23	07/07/23
Business Design/System Design Document & Approval	07/10/23	09/29/23
Confirm full Project Plan is completed and submitted. Attach to the Project	07/10/23	08/11/23
Data Integration / Interface Design & Control Document & Approval	07/10/23	09/29/23
Kick-Off Meeting	07/10/23	07/10/23
Managed File Transfer (MFT)	10/02/23	11/03/23
Base Electronic Document Management System (EDMS)	10/02/23	12/22/23
Base Operational Data Store (ODS)	10/02/23	12/22/23
Enterprise Service Bus (ESB)	11/06/23	12/08/23
API Gateway & Proxy	12/11/23	01/12/24
Dashboard & Reports (for ESB only)	01/15/24	02/16/24
DevOps CI/CD	02/19/24	03/22/24
Operational Data Store (ODS)	03/25/24	05/03/24
Enterprise Documentation Management System (EDMS)	05/06/24	06/14/24
Systems Integrator Platform Base Complete	06/17/24	06/17/24
Training	06/17/24	07/05/24
Go-Live	07/08/24	07/08/24

Final payment to vendor for development	09/01/24	09/30/24
Project End	09/30/24	09/30/24

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?

Yes

6.2a Please identify the projects or procurements.

Data Warehouse Migration to AHCCCS Azure Cloud Tenant

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.?

No

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?

No

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

Yes

## 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?

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Yes

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?

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Yes

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?

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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.

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

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Yes

8.11 Is this replacing an existing solution?

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No

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

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

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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?

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Based on vendor proposals response to the RFQ requirements.

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?

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Yes

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

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Yes

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

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

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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?

No

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

8.16b Describe who will be customizing the solution below:

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

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

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:

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

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](http://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:

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

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

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

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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?

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

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Yes

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

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Other

9.2b Were vendor-hosted options available and reviewed?

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No

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

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The AHCCCS Azure Cloud Tenant is a secure, cloud-based solution that the agency manages.

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

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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?

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Yes

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

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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

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Database Systems

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Data Warehouse/Mart; Database Consolidation/Migration/Extract Transform and Load Data

Software

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COTS Application Customization;COTS Application Acquisition

Hardware

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Hosted Solution (Cloud Implementation)

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Microsoft Azure

Security

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Telecommunications

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Enterprise Solutions

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Document Management/Imaging

Contract Services/Procurements

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## 11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost
Systems Integration Infrastructure & Services	Professional & Outside Services	Development	1	1	\$8,513,793	\$8,513,793	0.00 %	\$0	\$8,513,793
Azure Hosting Services (PaaS) Consumption Based	License & Maintenance Fees	Development	1	1	\$500,000	\$500,000	860.00 %	\$43,000	\$543,000
Staff Augment (PM, SME, Test, Dev)	Professional & Outside Services	Development	1	4	\$312,000	\$1,248,000	0.00 %	\$0	\$1,248,000
Independent Verification & Validation	Professional & Outside Services	Development	1	1	\$1,025,000	\$1,025,000	0.00 %	\$0	\$1,025,000
Software for support of the system	Software	Development	1	1	\$53,500	\$53,500	860.00 %	\$4,601	\$58,101
Systems Integrator Maintenance & Operations	Professional & Outside Services	Operational	2	1	\$4,637,012	\$4,637,012	0.00 %	\$0	\$4,637,012
Azure Hosting Services (PaaS) Consumption Based	License & Maintenance Fees	Operational	2	1	\$2,000,000	\$2,000,000	860.00 %	\$172,000	\$2,172,000
Software for support of the system	Software	Operational	2	1	\$53,500	\$53,500	860.00 %	\$4,601	\$58,101
Systems Integrator Maintenance & Operations	Professional & Outside Services	Operational	3	1	\$5,332,563	\$5,332,563	0.00 %	\$0	\$5,332,563
Azure Hosting Services (PaaS) Consumption Based	License & Maintenance Fees	Operational	3	1	\$2,000,000	\$2,000,000	860.00 %	\$172,000	\$2,172,000
Software for support of the system	Software	Operational	3	1	\$53,500	\$53,500	860.00 %	\$4,601	\$58,101
Systems Integrator Maintenance & Operations	Professional & Outside Services	Operational	4	1	\$6,132,448	\$6,132,448	0.00 %	\$0	\$6,132,448
Azure Hosting Services (PaaS) Consumption Based	License & Maintenance Fees	Operational	4	1	\$2,000,000	\$2,000,000	860.00 %	\$172,000	\$2,172,000

Software for support of the system	Software	Operational	4	1	\$53,500	\$53,500	860.00 %	\$4,601	\$58,101
Systems Integrator Maintenance & Operations	Professional & Outside Services	Operational	5	1	\$7,052,315	\$7,052,315	0.00 %	\$0	\$7,052,315
Azure Hosting Services (PaaS) Consumption Based	License & Maintenance Fees	Operational	5	1	\$2,000,000	\$2,000,000	860.00 %	\$172,000	\$2,172,000
Software for support of the system	Software	Operational	5	1	\$53,500	\$53,500	860.00 %	\$4,601	\$58,101

Base Budget (Available)	Base Budget (To Be Req)	Base Budget % of Project
\$1,442,008	\$5,293,602	15%
APF (Available)	APF (To Be Req)	APF % of Project
\$569,400	\$0	1%
Other Appropriated (Available)	Other Appropriated (To Be Req)	Other Appropriated % of Project
\$0	\$0	0%
Federal (Available)	Federal (To Be Req)	Federal % of Project
\$15,399,439	\$18,905,722	79%
Other Non-Appropriated (Available)	Other Non-Appropriated (To Be Req)	Other Non-Appropriated % of Project
\$844,079	\$1,008,305	4%

Total Budget Available	Total Development Cost
\$18,254,927	\$11,387,894
Total Budget To Be Req	Total Operational Cost
\$25,207,629	\$32,074,741
Total Budget	Total Cost
\$43,462,556	\$43,462,636

## 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

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End of 1st year, AHCCCS will continue to be compliant with the Transformed Medicaid Statistical Information System (TMSIS)

End of 1st year, ODS is established with 3 yrs of data and EDMS is available to consume from different modules. - 7/8/24

## 13. CONDITIONS

#### Conditions for Approval

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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 August 15, 2023.

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.

## 14. OVERSIGHT SUMMARY

#### Project Background

Arizona Health Care Cost Containment System (AHCCCS) is Arizona's Medicaid agency that offers health care programs to serve Arizona residents. Medicaid program eligibility is mainly determined by the income level of beneficiaries and their access to financial resources. The State of Arizona and providers utilize the Medicaid Management Information System (MMIS) to check eligibility of a beneficiary for receiving Medicaid, and properly process any claims to comply with federal law. The antiquated MMIS is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level that is costly to maintain. The aged technology limits the available resources with skills to maintain the solution.

AHCCCS needs to standardize electronic storage and access, analytical reporting, and interoperable sharing of data. AHCCCS currently utilizes the Medicaid Management Information System (MMIS), data warehouse, and modular systems which consists of point-to-point system integrations, which does not include full data sets in the data warehouse and divided operational reporting between the separate systems. The system's limitations directly impact the agency's ability to view trends and allow for more detailed performance analysis of systems.

#### Business Justification

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The completion of the project will replace the legacy MMIS infrastructure with a modern infrastructure which will sustain long-term support for the improved central platform which is in compliance with the "CMS Advancing Interoperability and Improving Prior Authorization Processes Proposed Rule (CMS-0057-P)". The proposed rule emphasizes the need to improve health information exchange to achieve appropriate and necessary access to complete health records for patients, health care providers, and payers. This proposed rule also focuses on efforts to improve overall prior authorization processes through policies and technology to help ensure that patients remain at the center of their own care.

#### Implementation Plan

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Data will be stored in the agency's Azure environment. No AZRAMP or SSP required.

Roles and Responsibilities:

Vendor:

Configure and Implement the software solution within the AHCCCS Azure tenancy  
complete application testing  
deliver training to AHCCCS ISD  
provide support for the application.

Agency:

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  
Project Manager - Katie Morris  
Product Owner - Anthony Flot

#### Vendor Selection

The agency utilized an outside contractor in November 2022 to develop a Current State Assessment of the Medicaid Enterprise System (MES) applications and a Modernization Strategy and Roadmap. The agency also completed a Requirements Traceability Matrix (RTM) for the initial Systems Integration Platform (SIP) and Integrator Services in February 2023. A Request for Quote (RFQ) for Systems Integration was published by AHCCCS. Five bidders were identified through the National Association of State Procurement Officers (NASPO) group contract. A contractor was selected and a contingent Contract Award Letter issued on May 16, 2023, after AHCCCS had conducted independent and individual evaluations. A scoring method was utilized in the group consensus which was measured based on Mandatory Security Certifications, Pricing, meeting the Requirements Matrix, overall Solution Approach and Contractor Experience.

#### Budget or Funding Considerations

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The budget will be available through the following sources: APF funding \$569,400.00 (1%), Base budget \$1,442,008.36 (15%), Federal funds \$15,399,439.44 (79%) and Other Non-Appropriated funds \$844,079.23 (4%). Funds to be requested for fully 5 year cycle: Other Non-Appropriated \$1,008,305.16, Federal \$18,905,721.71, Base Budget \$5,293,602.08.

## 15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

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Anthony Flot

Agency CIO (or Designee)

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Dan Lippert

Agency ISO (or designee)

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Michael Heiser

OSPB Representative

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ASET Engagement Manager

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ASET SPR Representative

Emily Gross

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Agency SPO Representative

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Agency CFO

Jeff Tegen

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