

ServiceNow

State of Arizona – AHCCCS

Change Request

February 19, 2025

Project #HC24003

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

- Anthony Flot – *Chief Technology Officer*
- Joshua Worley- *Deputy Assistant Director, Business and Finance Division*

Project Introduction

Overview of Original Project Investment Justification (PIJ):

Background

This project will establish the design of workflows, the configuring of the ServiceNow environment, the implementing of ServiceNow workflows in the AHCCCS environment, and integrating ServiceNow to other AHCCCS required software and services. On **09/20/2023**, ADOA-ASET approved the original PIJ to procure the ServiceNow solution.

Benefits of ServiceNow Solution:

- *Implementing common workflows across the ServiceNow platform and services helps to ensure that access to care is prioritized by making data available and systems interoperable with one another in a standardized manner for the AHCCCS enterprises.*
- *An implementation of the core platform will drive efficiency and accessibility for the business users who support AHCCCS providers, health plans, and members. These systems will also stabilize the supportability of the MES that could affect access to care.*
- *Flexibility to adapt to the rapid pace of change associated with technology advancement, government mandates, and the needs of members and providers. Also, implementing through cloud hosting and Software as a Service will help drive sustainable infrastructure for AHCCCS.*

The original PIJ spanned **16 months** and had development costs of **\$18,010,878.31**.

Current Overall Project Health: Green

Budget		<ul style="list-style-type: none"> The current budget is meeting the expectations of the original PIJ
Schedule		<ul style="list-style-type: none"> The current schedule is meeting the expectations of the original PIJ
Scope		<ul style="list-style-type: none"> The current scope is meeting the expectations of the original PIJ If the CR is not executed, AHCCCS will be unable to implement Call Center improvements that utilize AI to create efficiencies with agents and begin to set the foundation for automating the ability to identify suspicious behavior. Additional cost savings will not be utilized by bringing functionality in house, utilizing investments all ready made
Milestones		<ul style="list-style-type: none"> There are no milestones impacts to the project
Risks		<ul style="list-style-type: none"> Project is moving into an Operations phase and future planning and there are no risks of concern
Issues		<ul style="list-style-type: none"> Project is moving into an Operations phase and future planning and there are no issues of concern

Project Change Request Overview

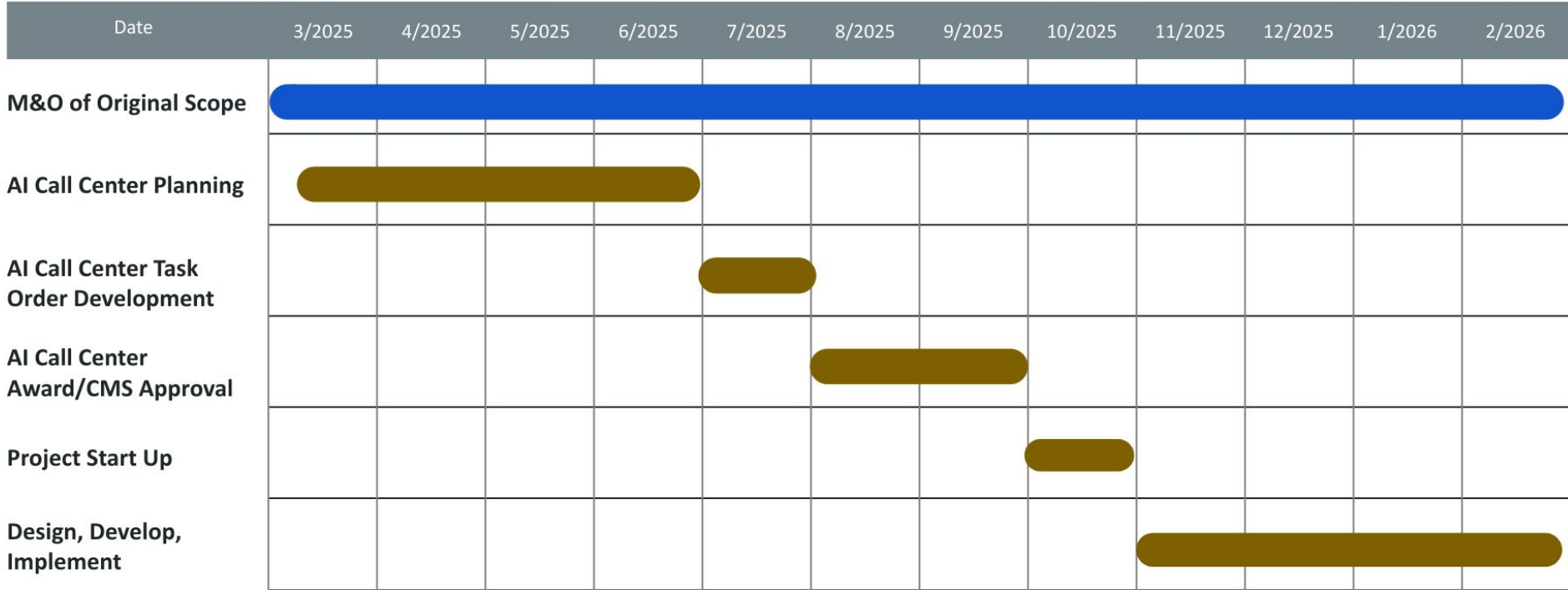
What in the PIJ is changing?

- **Timeline**
 - Project End Date Change from **2/21/2025** to **7/1/2025**
- **Scope**
 - **Adding a Milestone**– Planning for AI Call Center Integration
- **Budget**
 - From **\$18,832,700** to **\$21,060,200**

What initiated this change?

- *Due to headcount restrictions, AHCCCS has had to procure an outside vendor (CSG) to support the oversight of the project*
- *New AI capabilities integrated into the ServiceNow platform*

Proposed Project Timeline



Revised Project Scope

Identify any change in scope and possible benefits:

During the course of the project, the opportunity was identified to implement functionality within the platform so that AHCCCS owns the solution.

Benefits of this Scope Change:

- *No longer dependant upon a vendor that requires reprocurement and replacement,*
- *Increased utilization of ServiceNow investment , and*
- *Improved Artificial Intelligence integrations*

This was realized due to increased capabilities integrated into the ServiceNow Platform and contract negotiations with current vendors.

Initial scope is planning (which includes identifying total scope) timelines, and budgetary information.

Financial Impact

Change in Project Financials

Actual Spend from 10/23 through 1/25	\$16,000,438.51
Projected Spend for 2/25 through 10/28	\$36,575,903.52
Increase of:	+\$2,227,500

Noteworthy Fiscal Events:

- The additional funds will help AHCCCS plan and design AI enhancements for the call center. This will improve efficiency and help detect suspicious activities. The planning also includes moving vendor-managed functions into AHCCCS to avoid frequent replacements.

Current Project Costs

Project Costs by Category	FY24	FY25	FY26	FY27	FY28	Total
Professional & Outside Services (Contractors)	\$8,072,000	\$2,919,800	\$776,600	\$698,900	\$629,000	\$13,096,300
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	\$3,736,900	\$4,104,000	\$4,688,500	\$4,829,100	\$6,277,800	\$23,636,300
Other Operational Expenditures						
Total Development	\$11,808,900	\$7,023,800				\$18,832,700
Total Operational			\$5,465,000	\$5,528,000	\$6,906,900	\$17,899,900

Amended Project Costs

Project Costs by Category	FY24	FY25	FY26	FY27	FY28	Total
Professional & Outside Services (Contractors)	\$8,072,000	↑\$4,033,550	↑\$1,890,350	\$698,900	\$629,000	↑\$15,323,800
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	\$3,736,900	\$4,104,000	\$4,688,500	\$4,829,100	\$6,277,800	\$23,636,300
Other Operational Expenditures						
Total Development	\$11,808,900	↑\$8,137,550	↑\$1,113,750			↑\$21,060,200
Total Operational			\$5,465,100	\$5,528,000	\$6,906,800	\$17,899,900

High Risk Key Recommendations - (January 2025, Public Consulting Group)

- **Key Finding #1: Project Goals & Timeline Could Overburden AHCCCS**
 - **Statement:** Competing priorities and overlapping milestones could overburden AHCCCS and EY project staff, leading to potential project delays.
 - **Recommendation:** Add additional PMO Resources to assist with administrative tasks and deliverable reviews.
 - **AHCCCS Response:** CR 1216 adds additional PMO Resources to help manage the workload

- **Key Finding #2: Post Production Defect Fixes Beyond Hypercare Period Not Being Tracked In Schedule**
 - **Statement:** Without tracking post-production defects, the project doesn't know the total time and effort needed to complete ServiceNow.
 - **Recommendation:** Do a thorough analysis of the G&H post-productions issues list to estimate the number of sprints it will take to complete post-production DDI, then update the schedule.
 - **AHCCCS Response:** This finding was mitigated with requesting the vendor go back and document the hypercare fixes and ensure all future fixes are planned and documented appropriately.

**There are seven total findings, which are available in their entirety for review alongside the ITAC agenda. The above are the two recommendations most relevant for the current Change Request*

Q & A Session

ADOA-ASET Conditions

- a. 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.
- b. 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.
- c. **Completed** - 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.
- d. Prior to system production environment launch or go live, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the System Security Plan document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

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.

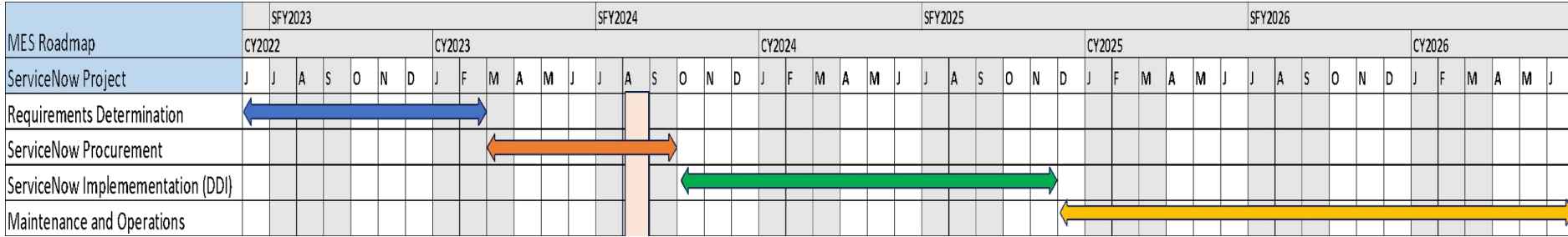
ITAC Motions:

- 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

Appendix

Current Project Timeline



Design, Develop and Implement (DDI) – ServiceNow SaaS – 15 Months

- Release 1 - Security and access controls configured, AHCCCS confirmed security controls configured, Platform governance standards and guidelines - (Sept 23 - Nov 23)
- Release 2 – Configured CMDB with CI data and process design, Service Catalog, Configured ITSM process, Configured Knowledge base and IT portal - (Oct 23 - Mar 24)
- Release 3 - Configured HR Capabilities in portal, Activated Demand Management, Configured PPM, SPM, Time and Resource Management, HR Onboarding, offboarding and Transitioning Services - (Feb 24 - Aug 24)
- Release 4 -Configured agent chat and customer services hosted on portal, Configured Legal Services Delivery and Grants Management, Entity relationship, scopes, risks & controls and reporting capabilities - (Jun 24 - Dec 24)

Maintenance & Operations by ServiceNow Integrator – Year 2 on-going