ARIZONA
DEPARTMENT OF ADMINISTRATION
TECHNOLOGY

Project Investment Justification

FWA - Program Integrity

HC25004

Arizona Health Care Cost Containment System

Contents

1. GENERAL INFORMATION

PIJ ID: HC25004
PIJ Name: FWA - Program Integrity
Account: Arizona Health Care Cost Containment System
Business Unit Requesting: AHCCCS - ISD
Sponsor: Anthony Flot
Sponsor Title: Agency CTO
Sponsor Email: anthony.flot@azahcccs.gov
Sponsor Phone: (602) 427-4831

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…):

Current 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.

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

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 focusing on cost avoidance verse cost recovery, the state will avoid the additional costs of manual intensive research, recovery, and litigation.

2.3 Describe the proposed solution to this business need.

The solution is composed of three major components – Claim Manager, FWA Finder and Case Manager - that will integrate with the AHCCCS' adjudication system directly and utilize Artificial Intelligence and machine learning. The prepay system within the Claim Manager will integrate with AHCCCS' EDI Integration Engine before claims are sent to adjudication. Within the FWA Finder, data sources can be shared in a streamlined manner of sharing the appropriate information while protecting confidentiality. The Case Manager component integrates with the FWA Finder to provide comprehensive analytics for case management from a user centric perspective.

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

Yes

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

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

No

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

The high-level requirements are defined, and a detailed requirements session is the first phase of the project to ensure the solution is configured appropriately.

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?

No

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

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?

No

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

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

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

4. PROJECT

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

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).

Vendor - HTS

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

Shared

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

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

4.3 PM Name

Julie Barabash

4.3 PM Email

julie.barabash@azahcccs.gov

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

No

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

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
10/4/2024 12:00:00 AM	12/15/2025 12:00:00 AM

5.3 How were the start and end dates determined?

Based on project plan

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
Vendor Contract Approved by CMS	10/04/24	10/04/24
Requirements Documentation/Approval • Claims Manager (CLM) • FWA Finder (FWAF) • Case Manager (CM)	10/07/24	12/27/24
Cloud Hosting/Environment Validation (Dev/Test/Prod)	10/07/24	12/06/24
Provide signed SOW to ADOA-ASET	10/14/24	10/31/24
Provide detailed plan related to QA hours	11/04/24	11/29/24
Interface Design Document	11/04/24	12/27/24
Provide a detailed project plan to ADOA-ASET	12/16/24	12/31/24
Development - Claims Manager	01/06/25	06/30/25
Development - Case Manager	01/06/25	06/30/25
Development - FWA Finder	01/06/25	06/30/25
Payment 1 - Payment for months 1-4	02/03/25	02/24/25
Integration with EDI	06/02/25	06/30/25
Payment 2 - Payment for months 5-8	06/09/25	06/23/25
System Integration Testing (CLM, FWAF, CM)	07/01/25	07/31/25
Independent Third-Party Security Assessment (CLM, FWAF, CM)	08/01/25	08/31/25
UAT Testing (CLM, FWAF, CM)	08/16/25	09/30/25
Pre-Production Performance Testing (CLM, FWAF, CM)	08/16/25	09/15/25
Training	10/01/25	12/15/25
Payment 3 - payment for months 9-12	10/06/25	10/20/25
Final Payment	12/01/25	12/12/25

| Lessons Learned | 12/04/25 | 12/04/25 |
| Close-Out Report | 12/15/25 | 12/15/25 |

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?

No

6.2a Please identify the projects or procurements.

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?

No

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.?

Yes

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?

Yes

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?

No

8.3a Describe how the software was selected below:

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?

No

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?

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?

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?

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.

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

Yes

8.11 Is this replacing an existing solution?

No

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

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

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?

Vendor provided based on the claim volume of AHCCCS

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?

Yes

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

Yes

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

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

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?

Yes

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

No

8.16b Describe who will be customizing the solution below:

The vendor HTS and AHCCCS ISD

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

Yes

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

Agile/Scrum

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:

5% PMMIS will need a small amount of customization to receive the status of claims after they pass through Claim Manager. ISD manages the PMMIS and was able to determine the level of effort required.

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

Yes

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?

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:

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

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

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

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?

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

Yes

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

Agency's data center

9.2b Were vendor-hosted options available and reviewed?

No

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

AHCCCS has an Azure tenancy established with the main systems implemented that will supply data to these additional systems. This will reduce network latency and utilization as well as reduce data export costs.

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

No

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?

Yes

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

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, SSA, 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

Database Systems

Software

Hardware

Hosted Solution (Cloud Implementation)

Microsoft Azure

Security

Telecommunications

Enterprise Solutions

Contract Services/Procurements

11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost
IV&V	Professional & Outside Services	Development	1	1	$236,250	$236,250	0.00%	$0	$236,250
Design, Development, and Implementation	Professional & Outside Services	Development	1	1	$6,755,737	$6,755,737	0.00%	$0	$6,755,737

QA hours and Project staff	Professional & Outside Services	Development	1	1	$799,913	$799,913	0.00%	$0	$799,913
Design, Development, and Implementation	Professional & Outside Services	Development	1	1	$750,637	$750,637	0.00%	$0	$750,637
AHCCCS Azure hosting	License & Maintenance Fees	Development	1	1	$900,000	$900,000	860.00%	$77,400	$977,400
QA hours and Project staff	Professional & Outside Services	Development	1	1	$7,199,213	$7,199,213	0.00%	$0	$7,199,213
AHCCCS Azure hosting	License & Maintenance Fees	Development	1	1	$100,000	$100,000	860.00%	$8,600	$108,600
IV&V	Professional & Outside Services	Development	1	1	$26,250	$26,250	0.00%	$0	$26,250
AHCCCS Azure hosting	Professional & Outside Services	Operational	2	1	$1,000,000	$1,000,000	860.00%	$86,000	$1,086,000
Modification Pool	Professional & Outside Services	Operational	2	1	$531,000	$531,000	0.00%	$0	$531,000
Operations and Maintenance	Professional & Outside Services	Operational	2	1	$5,589,510	$5,589,510	0.00%	$0	$5,589,510
AHCCCS Azure hosting	License & Maintenance Fees	Operational	3	1	$1,000,000	$1,000,000	860.00%	$86,000	$1,086,000
Operations and Maintenance	Professional & Outside Services	Operational	3	1	$5,204,118	$5,204,118	0.00%	$0	$5,204,118
AHCCCS Azure hosting	License & Maintenance Fees	Operational	4	1	$1,000,000	$1,000,000	860.00%	$86,000	$1,086,000
Operations and Maintenance	Professional & Outside Services	Operational	4	1	$5,464,324	$5,464,324	0.00%	$0	$5,464,324
Operations and Maintenance	Professional & Outside Services	Operational	5	1	$5,464,324	$5,464,324	0.00%	$0	$5,464,324
AHCCCS Azure hosting	License & Maintenance Fees	Operational	5	1	$1,000,000	$1,000,000	860.00%	$86,000	$1,086,000

Base Budget (Available)	Base Budget (To Be Req)	Base Budget % of Project
$0	$6,649,319	19%
APF (Available)	**APF (To Be Req)**	**APF % of Project**
$878,924	$0	2%
Other Appropriated (Available)	**Other Appropriated (To Be Req)**	**Other Appropriated % of Project**
$0	$0	0%
Federal (Available)	**Federal (To Be Req)**	**Federal % of Project**
$7,910,324	$19,947,957	79%
Other Non-Appropriated (Available)	**Other Non-Appropriated (To Be Req)**	**Other Non-Appropriated % of Project**
$0	$0	0%

Total Budget Available	Total Development Cost
$8,789,248	$16,854,000
Total Budget To Be Req	**Total Operational Cost**
$26,597,276	$26,597,276
Total Budget	**Total Cost**
$35,386,524	$43,451,276

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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

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 per year.

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 a 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.

Review 100% of all post-pay claims/encounters reviews using the FWA Finder module, beginning at go live. This is currently a manual process using ad hoc reporting.

13. CONDITIONS

Conditions for Approval

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 November 15,2024.

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.

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

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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. Individuals must meet certain income and other requirements to obtain services.

The Information Services Division (ISD) is responsible for a full range of Information Technology services, including application development, production support, systems architecture, networking, and enterprise security.

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.

Business Justification

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 focusing on cost avoidance versus cost recovery, the state will avoid the additional costs of manual intensive research, recovery, and litigation.

Implementation Plan

The solution will be housed in the AHCCCS Azure cloud tenant and adhere to Federal and State privacy and security requirements. Data will be hosted in the agency's Azure environment. No AZRAMP or SSP Required.

Project Manager: Julie Barabash

Agency Responsibilities:
Project Contract Oversight
Supply the technology environment and network connectivity
Subject Matter Expert support
Review and accept deliverables
User Acceptance Testing (UAT)
Certification

Vendor Responsibilities:
Install and configure solutions
System Integration Testing
Training
Operations support

Shared:
Participate in project meetings
Project Management
Test Planning & Execution
Training Planning & Delivery
Transition to Support
Certification

Vendor Selection

Considered Vendors: SHI
Selected Vendor: SHI (Sub-Contracted to Health Tech Solutions)
3 Quotes Obtained: No
Exception Reason: We only received one quote (through RFP) that can perform the work. It is a direct quote from an already contracted vendor (SHI) so 3 quotes are not necessary.

Budget or Funding Considerations

The budget will be available through the following sources:
Funding expiration(s)?
19 % Base Budget
Start Date: 10/1/2024
End Date: 06/30/2026

79% Federal
2% Other Appropriated

15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

Anthony Flot

Agency CIO (or Designee)

Dan Lippert

Agency ISO (or designee)

Katie Morris

OSPB Representative

ASET Engagement Manager

ASET SPR Representative

Chris Reynolds

Agency SPO Representative

Agency CFO

Joshua Worley