

FWA - Program Integrity

State of Arizona – AHCCCS

Change Request

February 19, 2025

Project #HC25004

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

AHCCCS determined a need to acquire and implement a pre- & post-pay analytics tool to reduce the overall fraud, improve the accuracy of the payment cycle and quickly identify potential cases of fraud prior to the final payment of the claims. On **8/22/2024**, ADOA-ASET gave approval to procure the *Program Integrity* solution.

Benefits of Program Integrity Solution:

- *Moves the operational focus from cost recovery to cost avoidance, specifically in cases of fraud, waste, and abuse (FWA).*
- *Leverages artificial intelligence (AI) within the build of industry specific models, in order to avoid the additional costs of manual intensive research, recovery, and litigation.*

The original PIJ estimated a span of **14 months** for completion with development costs of **\$16,854,000**.

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.
Milestones		<ul style="list-style-type: none">• The current milestones are following the expected schedule.
Risks		<ul style="list-style-type: none">• Mainframe Prepay Adjudication Process: Changes are required to be made to PMMIS to receive input from the solution and there is an identified staffing shortage with PMMIS developers. The Mainframe Refactor Change Request will aid in mitigating this risk.• Conversion of AHCCCS Online and Paper Claims: AHCCCS Online and paper claims must be converted to X12 format and go through EDI to be included in the prepayment solution. Planning is underway to determine timeline for that conversion process.
Issues		<ul style="list-style-type: none">• Currently no project specific risks identified

Project Change Request Overview

What in the PIJ is changing?

- ❑ **Timeline**
- ❑ **Scope**
- **Budget**
 - Increase of **+\$3,341,250**, from **\$16,854,000** to **\$20,195,250**

What initiated this change?

- Due to headcount restrictions, AHCCCS has had to procure an outside vendor, CSG, to support and provide expertise in the project, which is an additional cost.
- Centers for Medicare & Medicaid Services (CMS) has additionally confirmed that Certification is required for the solution. Ensuring systems are successfully certified ensures AHCCCS can obtain enhanced funding for the development work as well as ongoing operations.
 - CSG Government Solutions, Inc. will provide both program and project management support on behalf of AHCCCS to ensure that the project remains on track. CSG was acquired through a competitive bid process and selected due to their understanding of the new technology, experience with supporting large scale projects, ability to support the Certification requirement, and knowledge in Medicaid.

Financial Impact

Change in Project Financials

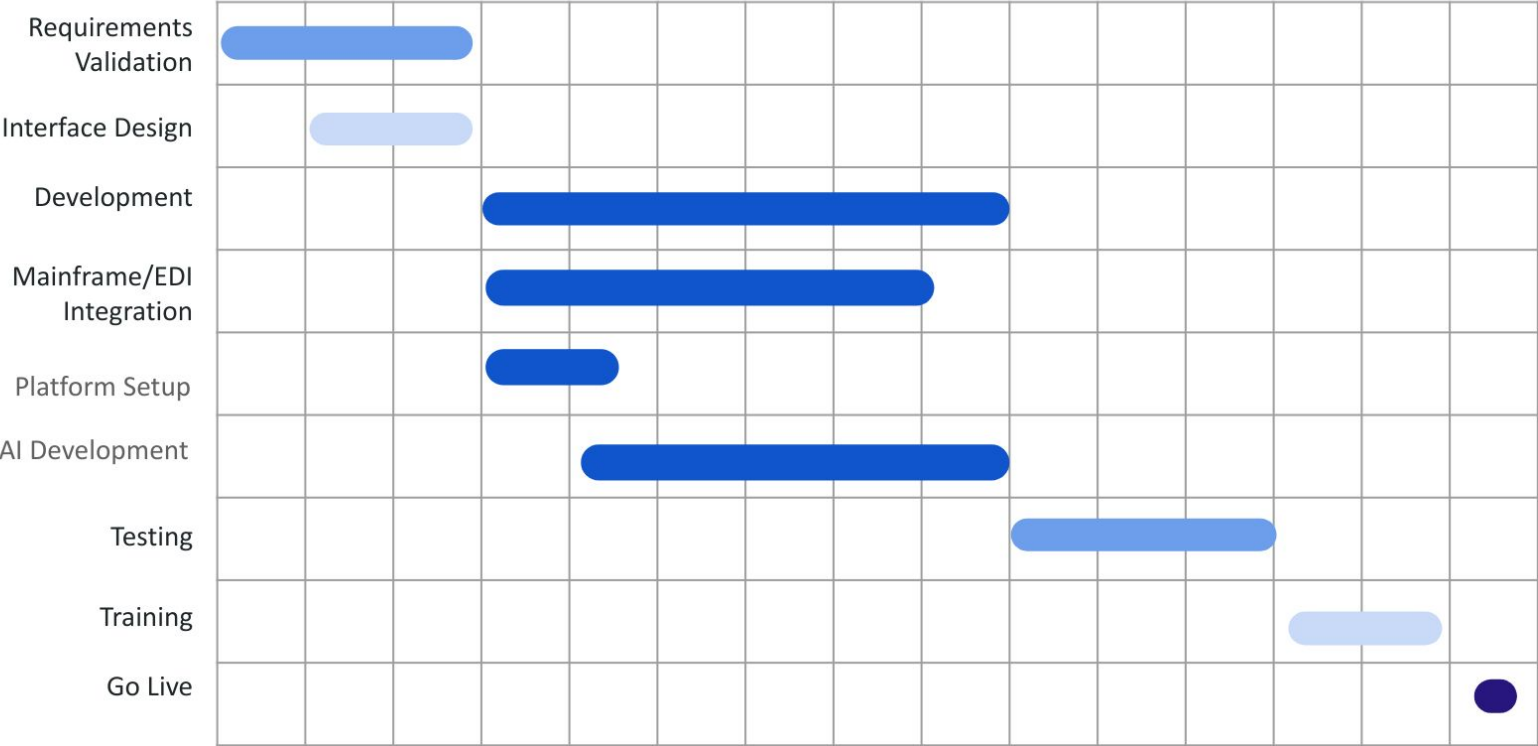
Actual Spend from 10/2024 through 1/2025	\$0
Projected Spend for 1/2025 through 12/2025	\$20,195,250
Increase of:	+\$3,341,250

Noteworthy Fiscal Events:

- *FY24 – Three invoices are submitted but not yet paid due to issues in AZ360, resulting in no spend to date. Those issues have been resolved and payment will be made soon.*

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
------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------



Current Project Costs

Project Costs by Category	FY25	FY26	FY27	FY28	FY29	Total
Professional & Outside Services (Contractors)	\$15,768,000	\$6,120,510	\$5,204,118	\$5,464,323.90	\$5,464,323.90	\$38,021,275.80
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	\$1,086,000	\$1,086,000	\$1,086,000	\$1,086,000	\$1,086,000	\$5,430,000
Other Operational Expenditures						
Total Development	\$16,854,000					\$16,854,000
Total Operational		\$7,206,510	\$6,290,118	\$6,550,323.90	\$6,550,323.90	\$26,597,275.80

Amended Project Costs

Project Costs by Category	FY25	FY26	FY27	FY28	FY29	Total
Professional & Outside Services (Contractors)	↑ \$16,881,750	↑ \$8,348,010	\$5,204,118	\$5,464,323.90	\$5,464,323.90	\$38,021,275.80
Hardware						
Software						
Communications						
Facilities						
License & Maintenance Fees	\$1,086,000	\$1,086,000	\$1,086,000	\$1,086,000	\$1,086,000	\$5,430,000
Other Operational Expenditures						
Total Development	↑ \$17,967,750	↑ \$2,227,500				↑ \$20,195,250
Total Operational		\$7,206,510	\$6,290,118	\$6,550,323.90	\$6,550,323.90	\$26,597,275.80

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

- **Key Finding #1: Lack of Detailed Task Definitions and Insufficient Clarity in Task Requirements**
 - **Statement:** Lack of detailed task definitions and insufficient clarity in task requirements during the development phase, which could potentially impact the project timeline and lead to delays in the schedule
 - **Recommendation:** To mitigate the risk of delays due to unclear task definitions, it is essential to establish a comprehensive development plan.
 - **AHCCCS Response:** The addition of an experienced project manager vendor will help to establish clarity in the task requirements and track them to completion

- **Key Finding #2: Resources Not Assigned In Schedule**
 - **Statement:** The project schedule missing resource names may lead to resource allocation issues, causing delays in assigning tasks to the appropriate personnel.
 - **Recommendation:** To mitigate the risk of resource allocation issues due to listing roles or nonspecific staff names, it is recommended to maintain the roles on the resource sheet while adding the corresponding staff names in the notes section of the resource information.
 - **AHCCCS Response:** The addition of the project manager vendor will provide the resources necessary to ensure there is resource management planning

**There are six 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 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.
- d. 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