

Electronic Data Interchange

State of Arizona – AHCCCS

Informational Update

April 16, 2025

HC24015

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, Information Services Division
- Joshua Worley – Deputy Assistant Director, Business and Finance Division

Project Introduction

Description of Project

The Electronic Data Interchange (EDI) function is required to meet federal HIPAA rules for processing healthcare transactions that exchange data with state trading partners. This solution replaces legacy technology and workflows and leads to improvement in service delivery and process efficiencies.

Why We Are Returning

- With the addition of the Program Integrity (HC25004) project, there are additional claims that must go through EDI, causing an overlap of these two projects. As a result, there has been a strategic pause in the EDI implementation so that replanning can occur to reduce efforts of having to modify the EDI solution multiple times.
- Due to wanting to ensure we can maximize our current resources and plan the successful and efficient completion of both these projects, we are planning to return to ITAC in the future for a Change Request regarding time and budget.

Current Overall Project Health: Yellow

Budget		<ul style="list-style-type: none">• The first phase was implemented successfully and in time to not renew the legacy software license, preventing a significant cost overrun. Budget is currently on track with original plan.
Schedule		<ul style="list-style-type: none">• The Validation component of the project was successfully completed.• A strategic decision was made to pause the Translation component, in order to align with the Program Integrity project as it shares functionality with the current EDI project.<ul style="list-style-type: none">○ AHCCCS is currently in the process of completing the resource allocation planning, which will allow the two projects to run simultaneously to eliminate rework within both projects, by aligning their timelines and milestones to complement the needs of one another.
Scope		<ul style="list-style-type: none">• The Program Integrity project introduced additional claims that must go through EDI, which added additional testing requirements. While this will likely lead to an extended timeline, there are no scope changes to the design and implementation of the EDI solution.
Milestones		<ul style="list-style-type: none">• The first phase of the project was successfully implemented on time .
Risks		<ul style="list-style-type: none">• Due to the addition of the additional claims from the Program Integrity project, the EDI project is at risk for surpassing the expected end date, and the expected budget due to the continued use of professional services for the additional project length.
Issues		<ul style="list-style-type: none">• There are no identified issues at this time. We are monitoring the Risks closely as they move closer to becoming Issues.

High Level Project Accomplishments and Issues

- Phase 1 and 2a of the EDI project was successfully implemented, which allowed the state to retire a legacy software. The successful completion allowed the State to avoid a costly contract renewal of the the legacy system.
- Phase 2b and 2c were to provide enhancements that would further improve the EDI system, reduce complexity of the overall solution, and retire additional legacy software.
- During discovery for the Program Integrity project, it was identified that there were additional claims that were required to change from current method of processing and be added to the EDI system. It was determined that to minimize testing cycles and impact to state staff, the Phase 2b and 2c schedule would be shifted to support the Program Integrity timeline.
- AHCCCS Information Services Division (ISD) are key resources to successfully adjust the schedule. Due to headcount restrictions, AHCCCS is still evaluating the ability to support their component. Additional contracts are with CMS for approval.

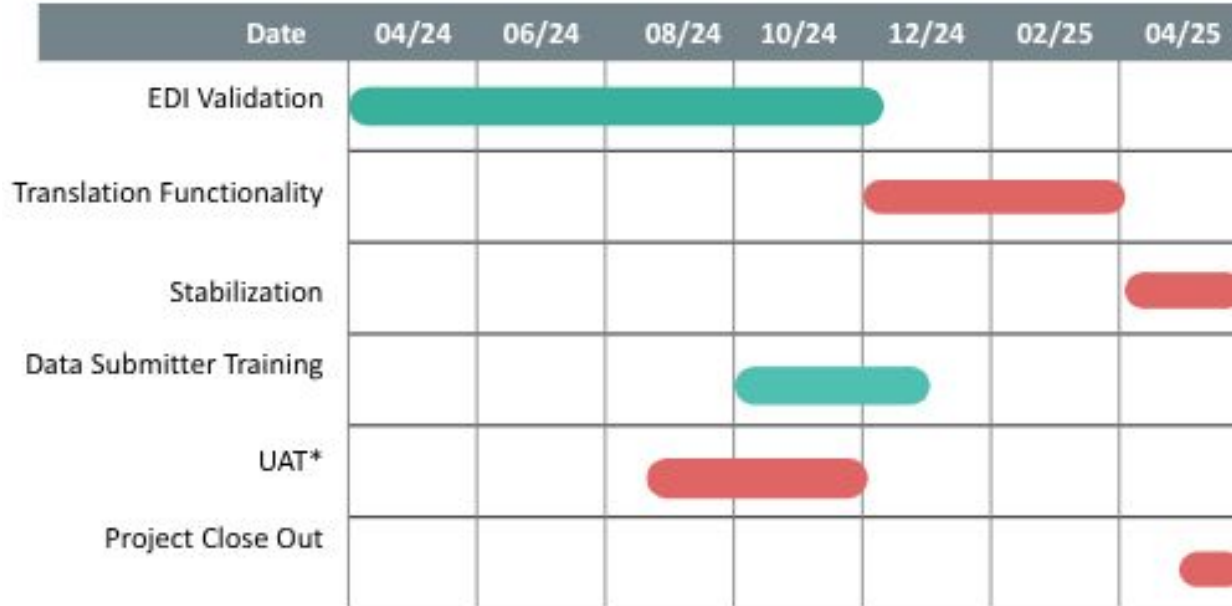
On PCG's most recent report, there was only one (1) new finding, as shown below:

1). Finding: IV&V Missing Insight into Parent Project

IV&V lacks insight into the parent project (SI) resulting in missing information and deliverables regarding EDI.

AHCCCS Response: AHCCCS has procured a project management vendor who will develop an integrated schedule that will be utilized for program oversight for all the MES Modernization projects.

Project Timeline



KEY:

Green indicates on schedule or completed.

Red indicates delayed or incompleted.

Red items will be re-baselined in an upcoming Change Request.

Note*: With the upcoming Change Request, we will be looking to add an additional UAT to support the Validation Functionality phase.

Financial Burndown Chart

Current burndown for Solution

Project Budget:	\$ 7,968,092.48	Project Start Date:	9/03/2024
Expenditure to date:	\$ 6,667,165.24	Est. End Date:	4/30/2025
Budget Remaining:	\$ 1,257,177.24		

	Project Start - Dec 2024	Jan 25	Feb 25	Mar 25	Apr 25	Total
Baseline Projection	\$6,045,311.36	\$621,853.88	\$578,103.88	\$339,536.65	\$339,536.65	\$7,924,342.48
Actual	\$6,045,311.36	\$621,853.88	\$0*	\$0*	\$0*	\$6,667,165.24*
Variance (Monthly\$)*	\$0	\$0	-\$578,103.88	-\$339,536.65	-\$339,536.65	-\$1,257,177.18

**Feb 2025 and onward variance due to invoices not yet received.*

Q & A Session