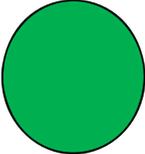


Little Hoover Commission
 Information Technology Progress Update
 August 25, 2011
Project Overview Report

Project Name: CA-MMIS Replacement – Phase 1: Takeover	 Progress Indicator: Green
Department/Agency Sponsor: Department of Health Care Services (DHCS)	
Total Project Cost: \$40,000,000 for Phase I	
Amount Spent vs. Anticipated To Date: \$0 spent vs. \$24.7M anticipated to date	
Timeline (# of Fiscal Years to Complete): May 2010 to September 2011 (17 months)	
Total Percent Complete: Approximately 90%	
Months Ahead/Behind Schedule: 7.0 months behind the schedule in the IAPD dated July 2009, but on schedule per IAPDU dated May 2011 and submitted to Center for Medicare and Medicaid Services (CMS) for approval	

<p>Business Need:</p> <ul style="list-style-type: none"> • In 2006, DHCS determined that replacing the existing Medicaid Management Information System (MMIS) was necessary to meet federal certification requirements and to reduce system maintenance costs. The existing system: <ul style="list-style-type: none"> ○ Cannot meet the 24 hour cycle time for treatment authorizations, nor MMIS health information security requirements ○ Cannot be modified to meet Medical Information Technology Architecture (MITA) requirements, nor to support Electronic Health Records (EHR) • Federal funding will be reduced from 75% to 50% if the MMIS system does not meet certification requirements • In 2010, a contract was awarded to Affiliated Computer Systems; the project is currently in Phase 1 of that contract. 									
<p>Key Vendors:</p> <ul style="list-style-type: none"> • Affiliated Computer Systems (ACS), a Xerox Company 									
<p>Current Status and Project Phase:</p> <ul style="list-style-type: none"> • Phase 1: Takeover 									
<p>Milestones and Accomplishments: Phase 1: Takeover</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Milestones</u></th> <th style="text-align: left;"><u>Start</u></th> <th style="text-align: left;"><u>End</u></th> </tr> </thead> <tbody> <tr> <td>Takeover Phase</td> <td>May 2010</td> <td>Sept 2011</td> </tr> <tr> <td>Assumption of Operations</td> <td></td> <td>Sept 30, 2011</td> </tr> </tbody> </table>	<u>Milestones</u>	<u>Start</u>	<u>End</u>	Takeover Phase	May 2010	Sept 2011	Assumption of Operations		Sept 30, 2011
<u>Milestones</u>	<u>Start</u>	<u>End</u>							
Takeover Phase	May 2010	Sept 2011							
Assumption of Operations		Sept 30, 2011							

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Milestones and Accomplishments: Remaining Phases

• <u>Legacy System Operations Phase</u>	<u>Start</u>	<u>End</u>
Legacy System Operations	Oct 2011	Sept 2016
Legacy System Enhancements	Oct 2011	Sept 2016
• <u>Replacement System Design, Development, and Implementation (DDI) Phases</u>		
Business Rules Extraction	Oct 2011	July 2013
TARS/SARS DDI	Sept 2012	Sept 2013
Pharmacy on-line DDI	Sept 2012	Sept 2013
Third Party Liability DDI	Jun 2013	Jan 2015
Replacement System DDI	Apr 2014	Sept 2016
• <u>Replacement System Operations Phase</u>		
Replacement System Operations	Oct 2016	Dec 2020
Replacement System Enhancements	Oct 2016	Dec 2020

Major Changes:

- Scope Changes: None
- Schedule Change: The Takeover Phase Assumption of Operations (AOO), the key milestone for Takeover, date has slipped by 7 months. The first delay was from 2/3/11 to 6/13/11 (3.5 months). The second delay was from 6/13/11 to 9/29/11 (3.5 months).
- Cost change: None to date.
 - The vendor, ACS, has agreed to reimburse the State for the first delay, but has recently submitted a Notice of Claim for the second delay.
 - The reason no payments have been made to ACS is because: 1) each of the nine approximately equal payments are tied to an agreed set of deliverables and 2) ACS has only recently completed the deliverables tied to two payments. The State expects to approve these two payments soon.
 - Note that 20 percent of each payment is withheld until the end of the Takeover phase and confirmation all requirements have been met.

Staffing Issues:

- Vendor Staffing: ACS is on schedule for the acquisition of qualified staff, both from the incumbent (Hewlett-Packard) and new

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employees.

- State Staffing: Staff resources are adequate for the completion of the Takeover Phase, although the initiation of planning for the next phase, which begins in October, will stress all levels of State resources.
- State Staffing: the need for experienced users to participate in the development of requirements for the new system will add significant stress to the non-participating users who need to conduct department business of claims processing, etc.

Other Challenges to Complete:

The following have been identified by our Independent Project Oversight and Independent Verification and Validation Vendor.

- Aggressive schedule to complete all Takeover preparations and establish operational processes before the AOO. Mitigation activities include creating a “readiness” framework of activities needed to accomplish AOO on time, identifying products, timelines, and responsibilities.
- Meeting all security requirements for transmission of personal health information across multiple data centers and applications. Mitigation includes developing 43 Security and Confidentiality Plans to ensure compliance with requirements and implementing the procedures.
- Coordination needed to ensure that all data file transfer protocols between data centers are secure. Mitigation includes additional security assessments and developing a plan to add encryption devices where appropriate.
- Coordination of development and test resources during months before AOO. Mitigation activities include linking the Work Breakdown Structure (WBS) activities with the hardware, network and tool resources needed to accomplish the tasks.
- Change management coordination across both versions of the application. Mitigation includes the establishment of a “Transition” change control board with representatives from the state and both vendors.

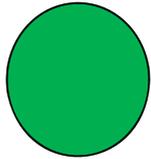
Lessons Learned:

- Document and implement an effective set of governance and project management processes, including risk and issue management, deliverable management, scope, and schedule, that meet the California Project Management Methodology and Project Management Book of Knowledge standards.
- Develop, validate and consistently update the project WBS and project schedule. Ensure all Project Schedulers are fully qualified and have large system experience. Use of a “rolling wave” approach is beneficial (i.e., the further in the future, the less detail in the WBS).
- Project resource allocation must include consideration of experience and skills in project management, appropriate technology

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or business operations.

- When some staff are in a matrix position (i.e., individuals who are assigned project support as an additional responsibility to their current position), their responsibilities and the percent of time allocated to the project must be clearly documented and agreed upon by both program and project managers.



Progress Indicator: Green

Justification:

- Schedule: Objective progress metrics, reported weekly, indicate most phase activities are on schedule and recovery or contingency plans are in process for those behind schedule.
- Cost: This is a fixed price delivery-based contract.
- Functionality: Testing to date indicates the product functionality meets the contract requirements.
- Issues and Risks: The resolution actions for high severity issue and risk are on schedule.