State of Florida Agency for Health Care Administration

Integrated Eligibility System Modernization Feasibility Study

Final Report

September 6, 2012

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Executive Summary
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Executive Summary

Feasibility Study Background, Approach and Methodology

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Feasibility Study Background

- The State of Florida Agency for Health Care Administration (AHCA), consistent with language in HB 5301 and State and Federal requirements, requested Gartner complete a feasibility study for identifying a best value approach for the State to modernize its current Integrated Eligibility (IE) system - Florida Online Recipient Integrated Data Access known as FLORIDA
- The current IE legacy system which is run by the State of Florida's Department of Children and Families (DCF) was implemented in 1992 and is a mainframe system transferred from the State of Ohio
- In 2004, the FLORIDA system was upgraded with a web-based front end that supports the Automated Community Connection to Economic Self Sufficiency Florida Program (ACCESS)

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Feasibility Study Background (continued)

- The ACCESS modernization initiative changed the State's approach to administering cash assistance, food stamps, and Medicaid programs. This new business model changed the way DCF staff process applications, manage caseloads and how clients interact with DCF. The face to face interview requirement was eliminated and verification requirements were simplified with a greater reliance on electronic verifications. Call centers were established to provide customers greater access to the Department to report changes in their household situation

- The current ACCESS Florida system is responsible for public assistance eligibility determination and ongoing case management of Food Assistance, Temporary Cash Assistance and current Medicaid programs

- The service life of Florida's mainframe, as with many other State legacy IE systems, has reached its end-of-life and a decision needs to be made on the best value direction for modernizing of the legacy system

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Feasibility Study Focus Areas

- The primary focus of the study, working in partnership with AHCA, DCF and other key stakeholders, was on identifying the best value approach for the modernizing the State's Integrated Eligibility (IE) System
- This IE System Modernization study focused on an effective technical solution to support eligibility determination and related business processes for:
  - Medicaid, the Children's Health Insurance Program (CHIP) Florida KidCare and all other Medicaid services
  - Include IE solution linkage for the potential integration of a future State or Federal Health Insurance Exchange
  - Assessing the impact of including through a phased approach, other public assistance eligibility determination and case management support for programs and services currently supported by the State's legacy system including -
    - Food Assistance (Supplemental Nutrition Assistance Program – SNAP)
    - Temporary Cash Assistance (Temporary Assistance to Needy Families – TANF)
    - Other programs or services identified through the feasibility study

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Feasibility Study Focus Areas (continued)

- The recommendations from the feasibility study were designed to identified a best value alternative for the State of Florida for the modernization of its current IE mainframe application and its related systems to support the following key health and human services business objectives and drivers:
  - Achievement of and compliance with Centers for Medicare and Medicaid Services (CMS) Standards and Conditions
  - Maximizing CMS enhanced 90/10 funding for the modernization effort through December 2015
  - Reducing the system's total cost of ownership (TCO) and operational risks (outage, data loss, etc.)
  - Single Eligibility Website
  - Client Self-Service
    - Pre-Screening
    - Web Application
    - Client Access to their account
    - Ability to report changes
    - Supports annual and semi-annual eligibility reviews
  - Registration and Clearance
  - Case Management
  - Benefit Issuance for Non-Medicaid Programs and Services
  - Automated Data Exchanges
  - Business Intelligence Capabilities to Support Program Accountability
  - Partner/Provider/Federal Interfaces
  - Benefit Recovery Processes
    - Case Management
    - Referrals
    - Claims
    - Collections
    - Prosecutions
    - Accounting and Payments
    - Workload Management
  - Appeals Processes
  - County Billing Issues
  - Fraud Detection Tools and Case Management

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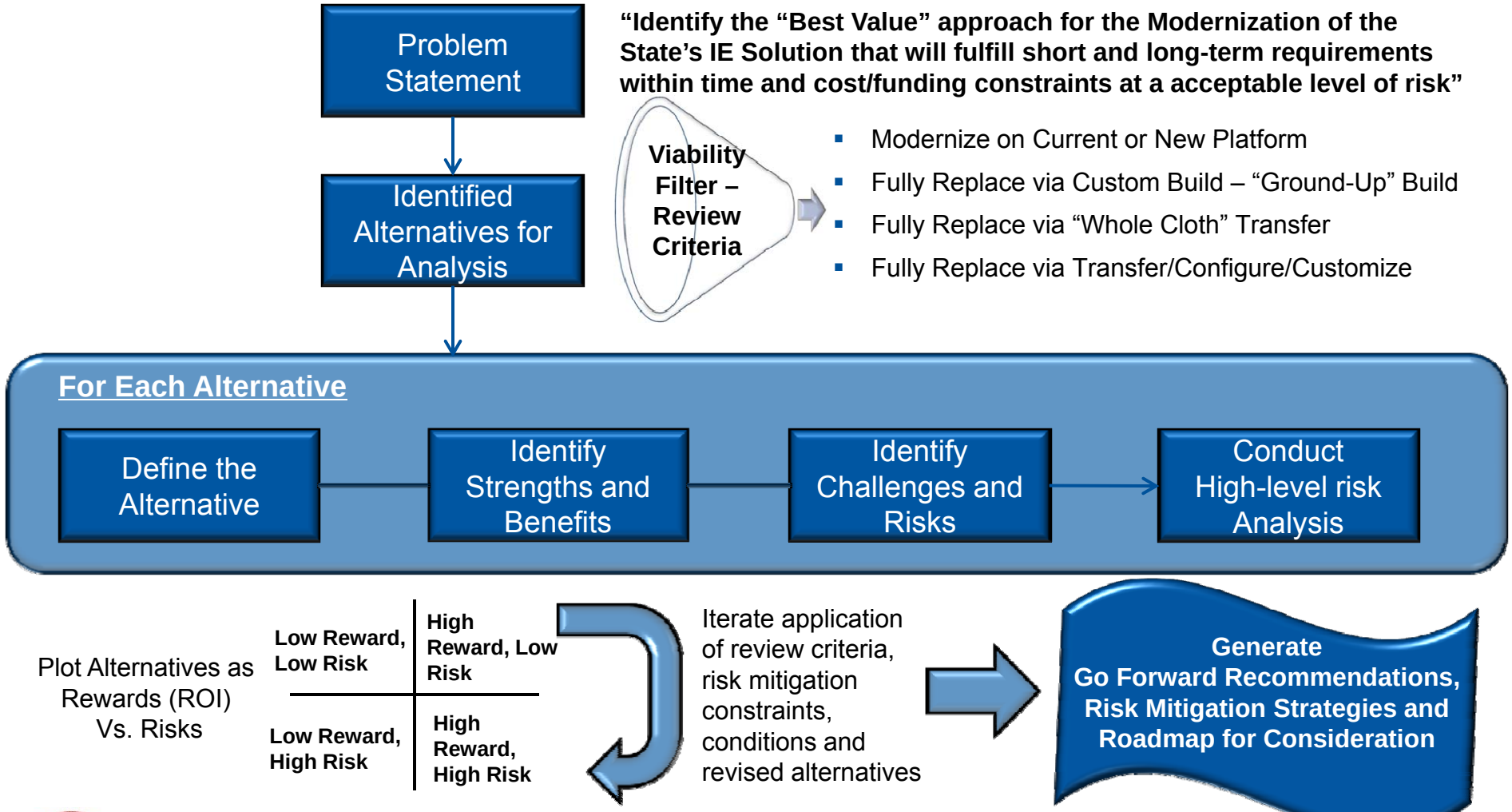
Feasibility Study Approach

High Level Overview of the Alternatives Analysis Framework Used in the Feasibility Study



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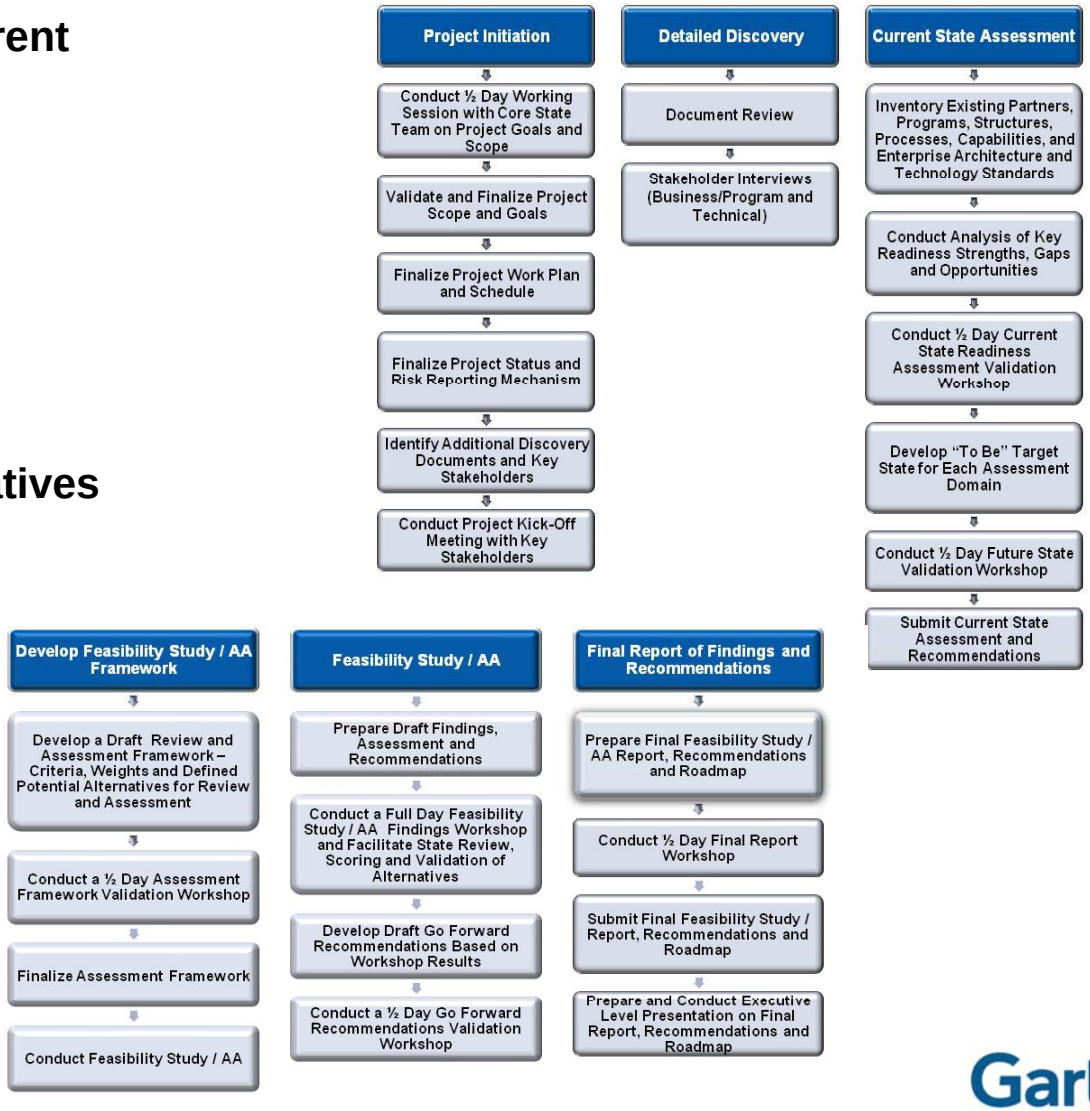
Feasibility Study Methodology
Gartner's Activities Were Organized Around Two Work Streams

1. **Project Initiation and Current State Assessment**
   - Project Initiation
   - Discovery
   - Current State Assessment

2. **Feasibility Study / Alternatives Analysis (AA)**
   - Feasibility Study / Alternatives Analysis Assessment Framework
   - Conduct Feasibility Study / Alternatives Analysis
   - Final Report of Findings and Recommendations



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Executive Summary

Current and Future State Assessment - Key Findings and Recommendations

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Purpose of the Current State Assessment

- Identify the strengths, gaps and risks regarding the State's readiness to move forward with the Integrated Eligibility Modernization Program
- Provide action oriented recommendations to ensure that the State has in place the essential resources, standards and best practices to support the feasibility study, alternatives analysis and to implement the recommended best value alternative for the Integrated Eligibility Solution
- Establish a foundation for identifying the criteria essential to assess the viability of alternative approaches to the modernization of the State's integrated eligibility solution

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Current State Assessment - Background

- The FLORIDA public assistance Integrated Eligibility system was implemented in 1992, a transfer application from the State of Ohio that was originally designed in early 1980s.
- The core technical architecture of FLORIDA is made up of an IBM mainframe platform running an IMS Database and a series of applications developed in Cobol and EZtrieve.
- Florida has done an admirable job of modernizing the core Integrated Eligibility application and exposing some of its functionality to external constituents over the Web since 2004. The surrounding technologies and applications used to accomplish this are collectively referred to as ACCESS (Automated Community Connection to Economic Self-Sufficiency).
- The initial ACCESS Florida efforts focused on streamlining workflows and simplifying policy with plans for enhanced technology at the foundation to meet the increasing demands in the business environment. For example Florida has experienced a food assistance caseload increase of 169 percent since 2007, and the ability to handle this increase in volume has been largely attributed to the modernization efforts.
- The technological changes have affected almost all aspects of customer intake and case management, beginning with a web-based application which could be submitted online using an electronic signature, and work management tools which helped move information from the customer application to the FLORIDA System. Other technologies have been developed to support call center operations and the document management.
- The surrounding technologies are a mix of Java J2EE and .Net applications that connect to the core FLORIDA application via IBM's IMS Connect facility.

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Future State Vision and Strategy

Integrated Eligibility (IE) Modernization Program Benefits

Reduce TCO

- Minimize duplication of assessments during the eligibility determination process by leveraging data gathered and assessments completed by other agencies
- Reduce unnecessary workflow for front-line workers, and enable robust citizen self-service
- Reduce the cost of future technology advancements by implementing modular components and standards-based integration between them
- Reduce TCO through less reliance on vendor support. e.g., regularity and rule system updates made by the business - not IT

Enhance Quality

- Improve data quality by reducing the amount of manual data entry as a means of transferring data from one system to another
- Reduce the effort required by citizens and staff to enter known information into multiple systems for multiple programs
- Proactively identify programs and services needs that would benefit the applicant

Improve Outcomes

- Reduce or eliminate gaps in benefits and services during critical transitions in care/service by enabling staged or presumptive determination
- Shorten the time period between application and start of benefits by providing accurate and timely determination of eligibility
- Reduce the need for gaps in services and benefits while waiting for information from providers by having electronic information readily available through agency partners
- Reduce waste, fraud and abuse

Expand Access

- Improve accessibility of benefits by determining eligibility for multiple programs through the use of a single application (saving time for clients and providing them with a portfolio of available public assistance and other potential benefits)
- Continue shortening application processes by pre-populating data on the application based on information previously provided to other agencies/programs
- Provide the availability for citizens to apply for services and benefits at any time and place convenient for them through an accessible web portal, utilizing agency and county staff where appropriate and needed by program rules

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Current and Future State Assessment
Key Findings and Recommendations

- Vision
  - Continue to enhance the focus on developing the standards, best practices and internal skill sets and expertise needed to mature program management and software development life cycle management expertise. As such, the Integrated Eligibility System Modernization Program provides the State with an excellent “knowledge transfer” opportunity to glean best practices and then institutionalize them for use on future initiatives
- Governance
  - Develop and document quantifiable business and technology metrics that the system must meet
  - Establish an effective management structure that integrates the key leadership, performance and oversight roles of the PMO, DDI and IV&V contractors with those of the State, and establish mechanisms to ensure that all parties (the PMO, DDI PM, IV&V, etc.) understand their role, responsibilities and authority to ensure Program success
  - Drive the integration and focus of all stakeholder activities toward a common goal, effectively integrating the efforts of the DDI and IV&V vendors, DCF and AHCA and other State stakeholders
  - Work aggressively with the PMO to establish quality gates and criteria that have to be met before the DDI contractor can move to the next phase of the Program

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Current and Future State Assessment
Key Findings and Recommendations (continued)

- **Requirements**
  - To facilitate successful vendor negotiations, functional and technical requirements should be clearly assigned to an owner and maximum and minimum thresholds should be validated with both business and IT staff
  - Solution performance requirements should be formally assigned to owner/roles in the overall Program governance structure
- **Enterprise Architecture and Technical Standards**
  - Define, document, and promote the preferred technical standards for the Program that promote its interoperability and operational effectiveness goals
  - Evaluate the impact of the core FLORIDA mainframe system's monolithic architecture on the DCF's ability to respond to business needs policy changes as well as emerging tactical requirements in a timely fashion
  - Evaluate options for further modernizing the FLORIDA ACCESS integrated eligibility determination system that would allow modularization and separation of the business rules and process workflows from the core functional code
  - The state has wide-ranging responsibilities for data collection (integrity, availability and security) and the planning for a data architecture based on master data consolidation which makes long-term economic sense and the FLORIDA system replacement (with it's ID verification aspects) makes it the perfect starting point.
  - Weigh pros and cons of invasive modernization of the core FLORIDA system vs. replacement with a modern and well integrated SOA based COTS framework and application
  - Assess Total Cost of Ownership as a key factor in the evaluation of alternatives that would allow Florida to meet its short and long term objectives related to public benefits eligibility

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Executive Summary

System Modernization Alternatives Analysis - Key Findings and Recommendations

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The Assumptions Below Focused Our Selection Of The System Modernization Alternatives Analyzed

- In defining the key alternatives for evaluation, the Gartner/Florida planning team made the following assumptions that eliminated two alternative approaches:
  1. **Status Quo** – It is not viable for Florida not to take any action with the current system, as the new ACA related federal regulations require Florida to implement the new Medicaid and CHIP eligibility rules irrespective of Medicaid coverage expansion, based on the analysis and opinion of Florida legal council
  2. **Modernize Medicaid Only** – To separate the business processes, resources, and systems functionality of the current Integrated Eligibility system (FLORIDA / ACCESS) to only address the Medicaid related functionality would eliminate all the efficiencies gained to date from having an integrated eligibility approach, and would significantly increase the costs to the business and IT operations thus adding an unaccepted level of implementation and adoption risk to the program as well as development, implementation and support costs
- All alternatives assessed were designed to meet the key Federally mandated program dates of January 2014 and December 2015
- The level of investment being considered by Florida would be sufficient to (at a minimum) deliver the current level of functionality and gains in efficiencies, and be built on a modern and flexible IT platform and architecture so that the cost to change the application and the Total Cost of Ownership would be lower over the life of the system

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The Alternatives Selected Were Designed To Ensure The State Would Continue To Utilize Its Integrated Business Processes

- The system modernization alternatives documented below were all designed to ensure the State could continue to fully utilize its integrated business processes for eligibility determination and help mitigate the system modernization program impacts on the organization's staffing, implementation and adoption timeframes, program costs, and data quality and integrity issues
- There were two (2) primary modernization alternatives identified, each with three (3) potential implementation approaches for public benefits Eligibility Determination for the State of Florida:
  - **I. Remediation**: Enhancements to the ACCESS/FLORIDA system that could meet the requirements of new Medicaid/CHIP rules by reusing the technology artifacts and components of what already exists in the State's legacy system. Three remediation approaches were identified:
    1) **Re-Platform Only**
    2) **Re-Platform with Rules Engine**
    3) **Current Platform with Rules Engine**
  - **II. Replacement**: Replace ACCESS/FLORIDA with a new system using contemporary technologies to create a modular and integrated eligibility system based on SOA principles. Three replacement approaches were identified:
    4) **Fully Replace Via Custom Build**
    5) **COTS Transfer "As-Is"**
    6) **Fully Replace By Program Area(s) via Modular Transfer/Customize/Configure**

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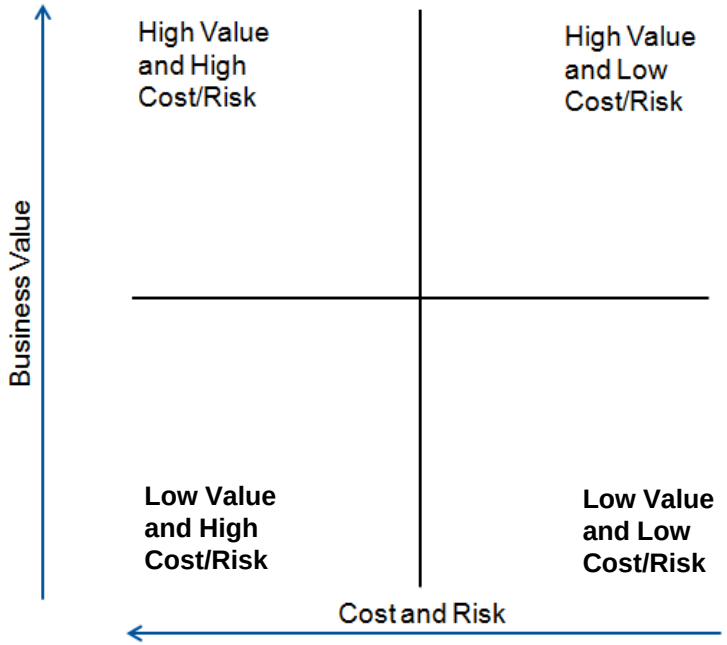
Gartner Utilized a Hierarchical Decision Analysis Approach to Evaluation of Each of the System Modernization Alternative Candidates

- Alternatives Evaluation Framework – A Hierarchical Decision Analysis approach was used to score each alternative against a hierarchy of weighted criteria across two dimensions
- The two dimensions used:
  - Business Value
  - Cost and Risk
- Using two dimensions allows the creation of a simple comparison matrix on which the alternatives can be plotted:



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The Evaluation of Each of the System Modernization Alternative Candidates Included an Assessment of its Business Value

- Three components make up the Business Value dimension:
  1. **Business and Functional Alignment** – characteristics sought in the modernized Integrated Eligibility solution that are aligned with the State's business imperatives for consumer self service and the efficiency, accuracy, timeliness and effectiveness in determining and assigning eligibility for potential beneficiaries – ensuring the right services to the right people at the right time without duplication, waste, abuse and fraud
  2. **Strategic Alignment** – characteristics sought in the modernized Integrated Eligibility solution that align with Florida's strategy for Health and Human Services and Information Technology in general and Eligibility in particular
  3. **Technical Requirements** – specific characteristics sought in the modernized Integrated Eligibility solution that have been identified as of particular importance in providing a system that exploits the latest in technology and techniques to provide business value and cope with inevitable changes at the most reasonable cost to the State

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Gartner's Alternative Analysis Included an Assessment of each of the Alternatives Based on Their Business and Functional Alignment

- **Business and Functional Alignment** – characteristics sought in the modernized Integrated Eligibility solution that are aligned with the State's business imperatives for consumer self service and the efficiency, accuracy, timeliness and effectiveness in determining and assigning eligibility for potential beneficiaries – ensuring the right services to the right people at the right time without duplication, waste, abuse and fraud:
  - Overall time to implement (quicker benefit realization and reduced impact to the business)
  - Faster response time to change and enhancement needs
  - Enable optimization of business process work-flows
  - Maintain / enhance current operational effectiveness and efficiencies
  - Lower Operational Cost
  - Enhanced Consumer Self Service (Streamlined Multi-Channel Access)
  - Ease of Use for Consumer and State Staff (Usability)
  - Strengthening Program Integrity activities to drive down waste, abuse and fraud
  - Quicker employee training / ramp up time
  - Easier to do business with the State

AHCA
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The Evaluation of Each of the System Modernization Alternatives Also Included an Assessment of Their Strategic Alignment with the State

- **Strategic Alignment** – characteristics sought in the modernized Integrated Eligibility solution that align well with Florida's strategy for Health and Human Services and Information Technology in general and Eligibility in particular
  - Alignment with Universal Eligibility Strategy
  - Alignment and compliance with CMS Seven Standards and Conditions and other Federal HHS Standards and Requirements
  - Alignment with other State of Florida policies and programs
  - Alignment with FL Architecture Standards
    - Can relate to any aspects of FL's strategic direction on Information Technology and supporting Architectural practices
    - Preference for shared services

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The Technical Requirements Associated with a Modernized Integrated Eligibility System Were Also Assessed for Each Alternative

- **Technical Requirements** – specific characteristics sought in the modernized Integrated Eligibility solution that have been identified as having particular importance in providing a system that exploits the latest in technology and techniques to provide business value and cope with inevitable change at the most reasonable program and opportunity cost to the State:
  - Availability of technical talent (to recruit or as contractors) in the market
  - Ability to take advantage of opportunities (Opportunity Costs)
  - Extensibility, Flexibility and ability to adapt to future needs
  - Scalability and Robustness to cope with future needs
  - Level of online application performance, availability, and auditability
  - Technical maintainability, supportability, manageability and simplicity
  - Support for SOA and non-proprietary architectures
  - Operational sustainability and affordable technology to build and to maintain
  - Ease of Integration and Interface Standardization
  - Mobile and multi-channel capabilities (staff and platform)
  - Ability to leverage existing infrastructure

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Finally, Gartner's Analysis and Assessment of Each of the Alternatives Included an Assessment of their Cost and Risk Impact to the State

- Two components make up this dimension, Cost and Risk, and each was broken into several sub-criterion for the detailed assessment:
  - **Cost** – various categories of cost that will be incurred by Florida during the life of the modernized Integrated Eligibility solution, from build to maintenance, operations and technology refresh, to ensure reasonable costs in the short and long term
  - **Risk** – various categories of risk to the implementation and running of the modernized Integrated Eligibility solution

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Alternatives Analysis and Key Finding

- The pages that following document Gartner's Analysis and Key Finding for each of six potential implementation approaches for public benefits Eligibility Determination for the State of Florida:
  - **I. Remediation**: Enhancements to the ACCESS/FLORIDA system that could meet the requirements of new Medicaid/CHIP rules by reusing the technology artifacts and components of what already exists in the State's legacy system. Three remediation approaches were identified:
    1) **Re-Platform Only**
    2) **Re-Platform with Rules Engine**
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  - **II. Replacement**: Replace ACCESS/FLORIDA with a new system using contemporary technologies to create a modular and integrated eligibility system based on SOA principles. Three replacement approaches were identified:
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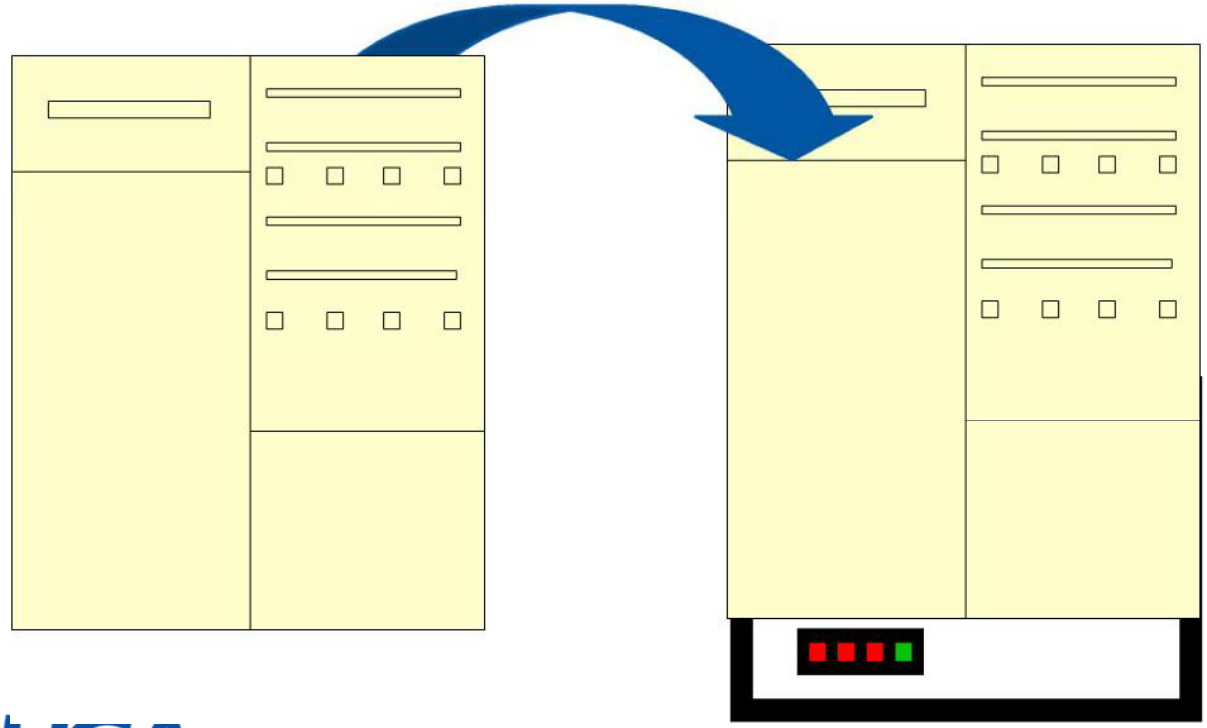
Remediation: Alternative 1 – Re-Platform Only

- Convert the core FLORIDA mainframe applications and Databases to modern platforms (Relational Database Management System (i.e. DB2) and JAVA Development Language) allowing the State to not be dependent on the increasingly costly and limited COBOL and IMS programming resources required to support the current system. New and changed business processes and eligibility determination rules mandated by the New Medicaid/CHIP Rules to remain hard-coded in the enhanced system infrastructure and development environment



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Remediation: Alternative 1 – Re-Platform Only
Prominent Characteristics

- Business and Functional Alignment
  - This alternative eliminates the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support
  - It offers the potential for very “limited” reductions in the time it takes to implement regulatory and business process changes but overall operational efficiency and operational costs will only be impacted at the margin as the current rules engine remains unmodified
  - Business functionality is unchanged and there is no additional benefits in terms of optimizing business processes, reducing workflows, or eliminating the duplication of activities
  - There is no enhancement to end-user or customer self service functionality. Nor does this alternative improve or enhance the ability of organizations to do business with the State
  - The complexity of implementing this alternative is viewed as moderate

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Remediation: Alternative 1 – Re-Platform Only
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative does not provide the foundation to support the key strategic objectives of the State, including:
    - ✓ Alignment with Florida's Universal Eligibility Strategy
    - ✓ Compliance with CMS Seven Standards and Conditions
    - ✓ Alignment with other Florida business Strategies and Activities
    - ✓ Alignment with Florida's System Architecture and Standards

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Remediation: Alternative 1 – Re-Platform Only
Prominent Characteristics (Cont'd)

- Technical Requirements
  - Operationally sustainable with a robust market for development and support staff with Java and RDBMS skills, however being in demand these resources may be expensive
  - This approach results in high levels of scalability, robustness, performance and availability whereas a converted application will be no more flexible and only partially more extensible
  - Automated code conversion does not increase modularity and limits the benefits of the re-platform approach
  - Without increased modularity this alternative will only support new opportunities marginally better than the current system
  - Limited improvement for multi-channel and mobile by use of standard technologies more widely available on a variety of platforms
  - Will not be deployed on existing processing infrastructure, unlikely to reuse existing data storage but will reuse network capabilities

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Remediation: Alternative 1 – Re-Platform Only
Prominent Characteristics (Cont'd)

- Costs
  - This alternative suffers from two major setbacks:
    1. The re-platform of the existing system (which already requires close to $9M of maintenance/operations and enhancements annually) will likely not meet the lifetime needs of an Integrated Eligibility system around flexibility and extensibility. This alternative will result in a significant *Cost to Operate* and a large *Total Cost of Change* due to the continued "building" onto the system that will be required throughout it's lifespan

    2. This approach has the second lowest *Total Cost to Create* value of the six alternatives, however, non-conformity to CMS standards and conditions (around separation of the rules tier) fails to capture maximal assistance through matching federal funds

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Remediation: Alternative 1 – Re-Platform Only
Prominent Characteristics (Cont'd)

- Costs (Cont'd)
  - In addition to a high *Total Cost of Ownership (TCO)*, the re-platform of the system code does not provide much benefit beyond a reduction of staff costs because of the larger supply of staff knowledgeable in the new platform, and a more extensible data model
  - The system does not meaningfully payback the system's *Total Cost to Create*, or Florida's overall *Total Cost of Ownership*
  - The system would payback Florida's *Cost to Create* when assisted by Federal Funds (50/50 FFP decreases Florida's share of the cost)

50/50 FFP for Build & Maintain

Summary Findings	Remediation Alt. 1
Total Cost to Create (NPV)	$ 42,226,550
Florida's Cost to Create (NPV)	$ 21,113,275
Total Cost to Operate (NPV)	$ 154,235,339
Florida's Cost to Operate (NPV)	$ 77,117,670
Total Cost to Change (NPV)	$ 1,256,138,672
Florida's Cost to Change (NPV)	$ 628,069,336
Total Cost of Ownership (NPV)	$ 1,452,600,561
Florida's Total Cost of Ownership (NPV)	$ 726,300,280
Florida's Cost to Create Payback Period (yrs.)	$ 13
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A
5 Year ROI (NPV)	$ (67,555,851)
15 Year ROI (NPV)	$ (701,388,599)

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Remediation: Alternative 1 – Re-Platform Only

Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• Re-platform activities increase the "fragileness" of the current system resulting in a major outage	M/H	• Comprehensive and formal end-to end regression and performance testing is necessary. Despite the re-platformed system looking and behaving like ACCESS Florida there is little that will not be touched by the re-platform
• The time to implement this alternative may take longer than planned due to poor system documentation and a lack of technical and business area subject matter expertise to support the effort	M/M	• Early in this effort conduct a detailed analysis of the documentation and knowledge of the ACCESS Florida system as part of planning the re-platform. This will provide input for planning the overall effort and the up-front detailed test plan development needed to support the testing mentioned above
• The use of automated tools to perform the re-platform of the system results in system performance issues that adversely impact end-users and requires a prolonged timeframe to address	L/M	• Establish agreed performance targets • Implement comprehensive performance testing • Develop a proof-of –concept based on a representative subset of system functions and data to surface performance problems early

Note: Likelihood and importance are rated as Low, Medium, or High

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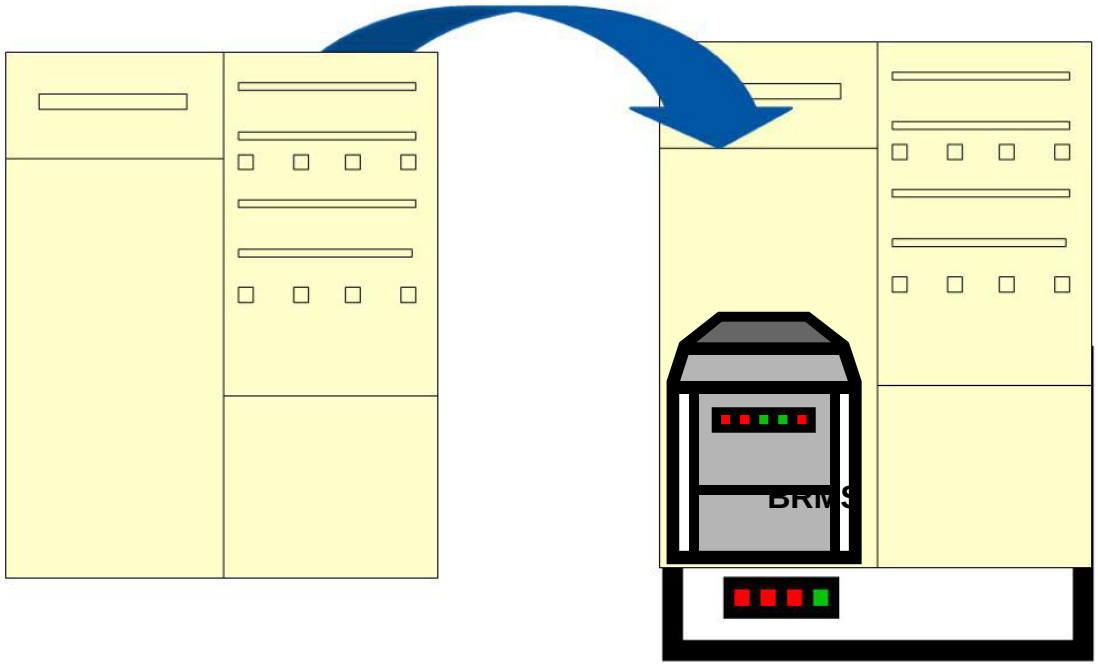
Remediation: Alternative 2 – Re-Platform with Rules Engine

- Convert the core FLORIDA mainframe applications and Databases to modern platforms (Relational Database Management System (i.e. DB2) and JAVA Development Language), and as a part of the conversion, replace the Eligibility Determination part of FLORIDA with a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) integrated into the enhanced system environment to handle the New Medicaid/CHIP Rules mandate



FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Business and Functional Alignment
  - This alternative eliminates the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support thus reducing system support costs
  - It offers improvement in the time it currently takes to implement regulatory and business process changes through the use of a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) that allows business analysts, and not the State's IT vendor, to implement rule changes such as the New Medicaid/CHIP Rules mandate
  - With the exception of being able to modify and update system rules more effectively, overall business functionality is unchanged and there is limited additional benefits in terms of optimizing business processes, reducing workflows, or eliminating the duplication of activities
  - There is no enhancement to end-user or customer self service functionality. Nor does this alternative improve or enhance the ability of organizations to do business with the State
  - The complexity of implementing this alternative is viewed as very high

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative does not provide the foundation to support the key strategic objectives of the State, including:
    - ✓ Alignment with Florida's Universal Eligibility Strategy
    - ✓ Compliance with majority of CMS Seven Standards and Conditions
    - ✓ Alignment with other Florida business Strategies and Activities
    - ✓ Alignment with Florida's System Architecture and Standards

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Technical Requirements
  - Operationally sustainable with a robust market for development and support staff with Java and RDBMS skills, however being in demand these resources may be expensive
  - This approach results in high levels of scalability, robustness, performance and availability
  - The converted components will be no more flexible but the rules engine and the extent of redevelopment to support the rules engine will provide greater flexibility and extensibility
  - The introduction of a rules engine has the potential to radically improve the ability to tackle opportunities
  - Good potential for modern architecture and therefore will be re-architected during conversion
  - Limited improvement for multi-channel and mobile due to using standards more widely available on a variety of platforms
  - Will not be deployed on existing processing infrastructure, unlikely to reuse existing data storage but will reuse network capabilities

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Costs
  - The addition of a rules engine to the re-platform strategy (discussed as alternative 1) provides some ongoing cost relief as business requirements change over time. However, this approach still results in a significant *Cost to Operate* and a large *Total Cost of Change* due to the continued "building" onto the core system that will be required throughout the system's lifespan
  - This alternative results in the third lowest *Total Cost to Create* values of the six options, however, since the system will still embody the legacy system's existing constraints around business process flow and process discontinuities, it is not designed to successfully meet the lifetime needs of an Integrated Eligibility system. This approach only marginally counteracts the cost drivers of the legacy system, and doesn't take into account the costs and business needs of the future

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Costs (Cont'd)
  - This alternative reflects a relatively high *Total Cost of Ownership (TCO)*, but the addition of the Rules Engine does decrease the cost of some common changes and potentially allows specific types of changes to be made more easily and more quickly. This approach also provides:
    - A reduction of staff costs because of the larger supply of staff knowledgeable in the new platform
    - A more extensible data model
  - The system does not meaningfully payback the system's *Total Cost to Create*, or Florida's overall *Total Cost of Ownership*
  - The system would likely payback Florida's *Cost to Create* when assisted by Federal Funds (50-50 FFP decreases Florida's share of the cost)

50/50 FFP for Build & Maintain

Summary Findings	Remediation Alt. 2
Total Cost to Create (NPV)	$ 44,362,218
Florida's Cost to Create (NPV)	$ 22,181,109
Total Cost to Operate (NPV)	$ 148,374,684
Florida's Cost to Operate (NPV)	$ 74,187,342
Total Cost to Change (NPV)	$ 1,329,212,637
Florida's Cost to Change (NPV)	$ 664,606,318
Total Cost of Ownership (NPV)	$ 1,521,949,538
Florida's Total Cost of Ownership (NPV)	$ 760,974,769
Florida's Cost to Create Payback Period (yrs.)	15
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A
5 Year ROI (NPV)	*$ (68,990,869)*
15 Year ROI (NPV)	*$ (737,528,252)*

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Remediation: Alternative 2 – Re-Platform with Rules Engine

Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• Re-platform activities increase the “fragileness” of the current system resulting in a major outage	M/M	• Comprehensive and formal end-to end regression and performance testing is necessary. Despite the re-platformed system looking and behaving like ACCESS Florida there is little that will not be touched by the re-platform
• The time to implement this alternative may take longer than planned due to poor system documentation and a lack of technical and business area subject matter expertise to support the effort	M/M	• Early in this effort conduct a detailed analysis of the documentation and knowledge of the ACCESS Florida system as part of planning the re-platform. This will provide input for planning the overall effort and the up-front detailed test plan development needed to support the testing mentioned above

Note: Likelihood and importance are rated as Low, Medium, or High

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Remediation: Alternative 2 – Re-Platform with Rules Engine
Risk Analysis (Cont'd)

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• Integration and use of the new Rules Engine is more complex than envisioned due to a lack of industry experience and skills in successfully performing similar work in other States	M/M	• Develop a proof-of –concept based on a representative subset of system functions and data focused on eligibility determination and the rules engine to surface performance and complexity challenges early and allow for corrective actions within the schedule
• A lack of clear and detailed documentation of the rules that are in the current system impacts the ability to "implement" those rules in the new rules engine		
• The use of automated tools to perform the re-platform activities results in system performance issues that adversely impact the end-users and require a prolonged timeframe to address		

Note: Likelihood and importance are rated as Low, Medium, or High

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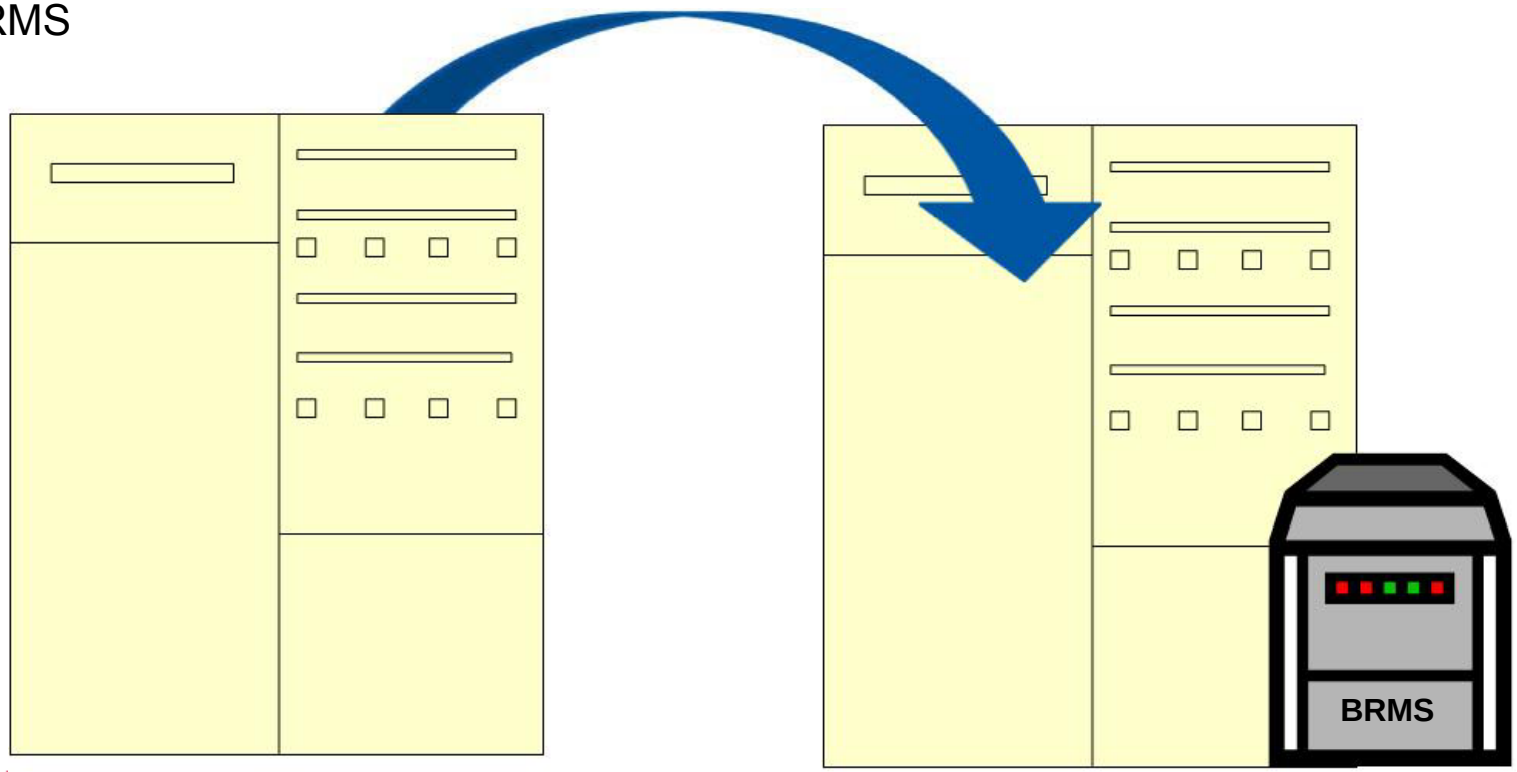
Remediation: Alternative 3 – Current Platform with Rules Engine

- Modernize and restructure existing application on the same COBOL/IMS/TM/zOS platform making minimal changes to the application while using service oriented architecture (SOA) principles and approach and replace the Eligibility Determination part of FLORIDA (extract business rules into its own tier) with a new module using a COTS Business Rules Management System (BRMS) and integrate with a COTS BRMS



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Remediation: Alternative 3 – Current Platform with Rules Engine
Prominent Characteristics

- Business and Functional Alignment
  - This alternative does not eliminate the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support, putting the State at risk in terms of having to address (and budget for) the increasing cost of these limited resources over time
  - It offers improvement in the time it currently takes to implement regulatory and business process changes through the use of a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) that allows business analysts, and not the State's IT vendor, to implement rule changes such as the New Medicaid/CHIP Rules mandate
  - With the exception of being able to modify and update system rules more effectively, overall business functionality is unchanged and there is limited additional benefits in terms of optimizing business processes, reducing workflows, or eliminating the duplication of activities
  - There is no enhancement to end-user or customer self service functionality. Nor does this alternative improve or enhance the ability of organizations to do business with the State
  - The complexity of implementing this alternative is viewed as very high

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Remediation: Alternative 3 – Current Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative only "begins" to address Compliance with some of the CMS Seven Standards and Conditions in the terms of the use of modular system development techniques
  - This alternative does not provide the foundation to support the other key strategic objectives of the State, including:
    - ✓ Alignment with Florida's Universal Eligibility Strategy
    - ✓ Alignment with other Florida business Strategies and Activities
    - ✓ Alignment with Florida's System Architecture and Standards

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Remediation: Alternative 3 – Current Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Technical Requirements
  - Significant challenges in operational sustainability remain with the retention of the current platform, its inherent complexities and staffing constraints. In addition It will be difficult to acquire technical resources skilled and experienced in working with true SOA approaches on this platform
  - This approach retains the current platform's inherent high levels of scalability, performance and availability. However robustness is limited by complexity
  - Integration with a COTS Rules Engine provides the resultant application with somewhat greater flexibility and an associated improvement in ability to tackle opportunities
  - The resultant application will present Service-Oriented interfaces that will allow it to be easily integrated with modern and non-proprietary architectures whether fixed or mobile and across multiple channels
  - Will use existing processing infrastructure, data storage and network

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Remediation: Alternative 3 – Current Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Costs
  - This alternative results in the lowest overall *Cost to Create,* though it only qualifies for 50/50 Federal funds
  - This approach will not fully meet the CMS standards and conditions around interoperability and standards compliance, therefore it does not qualify the State for enhanced 90/10 FFP
  - This alternative presents the highest *Total Cost to Operate*, due to the system remaining on a COBOL Mainframe that is not "Designed-for-Life" to meet the lifetime needs of an Integrated Eligibility system. Ongoing significant work will be necessary to "wrap" the legacy system and provide the beginnings of CMS compliance
  - The addition of the Rules Engine does decrease the cost of some common changes and potentially allows specific types of changes to be made more easily and more quickly, however, there is a significant up-front cost and technical risk associated with connecting modern technology with legacy systems

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Remediation: Alternative 3 – Current Platform with Rules Engine
Prominent Characteristics (Cont'd)

- Costs (Cont'd)
  - This approach must also face the rising cost and scarcity of staff with skills to work on the legacy system
  - This alternative reflects the lowest *Total Cost of Ownership (TCO)* amongst the Remediation options, but the system still does not meaningfully payback the system's *Total Cost to Create*, or Florida's overall *Total Cost of Ownership*
  - This system would not payback Florida's *Cost to Create*, even when assisted by Federal Funds (50/50 FFP decreases Florida's share of the cost)

50/50 FFP for Build & Maintain

Summary Findings	Remediation Alt. 3
Total Cost to Create (NPV)	$ 38,689,459
Florida's Cost to Create (NPV)	$ 19,344,730
Total Cost to Operate (NPV)	$ 167,381,973
Florida's Cost to Operate (NPV)	$ 83,690,987
Total Cost to Change (NPV)	$ 1,141,928,355
Florida's Cost to Change (NPV)	$ 570,964,178
Total Cost of Ownership (NPV)	$ 1,347,999,787
Florida's Total Cost of Ownership (NPV)	$ 673,999,894
Florida's Cost to Create Payback Period (yrs.)	N/A
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A
5 Year ROI (NPV)	*$ (70,009,781)*
15 Year ROI (NPV)	*$ (663,484,676)*

FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

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Remediation: Alternative 3 – Current Platform with Rules Engine

Preliminary Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• The time to implement this alternative may take longer than planned due to poor system documentation and a lack of technical and business area subject matter expertise to support the effort	M/M	• Employ an effective methodology with a fully participative business process analysis to determine requirements from a strategically aligned high-level business architecture through a thorough analysis of key processes to the articulation of use cases and resulting requirements
• State subject matter expertise (business and technical) are unable to support the demands of the program while "running the business"	M/M	• Only proceed with this effort once it has attained the priority and attention it deserves by establishing a compelling business case and authorization through the project governance process and an appropriately strong project manager and team have been assigned
• A lack of clear and detailed documentation of the rules that are in the current system impacts the ability to "implement" those rules in the new rules engine	H/M	• Develop a proof-of –concept based on a representative subset of system functions and data focused on eligibility determination and the rules engine to surface complexity challenges early and allow for corrective actions within the schedule

Note: Likelihood and importance are rated as Low, Medium, or High

FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

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Remediation: Alternative 3 – Current Platform with Rules Engine
Strawman Criteria Scores

Alternative 3 Business Value Criteria	Local Weight	Global Weight	Score	Weighted Score
Business and Functional Alignment				
Overall time to implement	15%	6.75%	3	0.20
Faster response time to change and enhancement needs	15%	6.75%	3	0.20
Enable optimization of business process work-flows	5%	2.25%	1	0.02
Maintain Current Gains	15%	6.75%	5	0.34
Improved Operational Efficiency and Lower Operations Cost	5%	2.25%	3	0.07
Enhanced Consumer Self Service	10%	4.50%	1	0.05
Ease of Use for Consumer and State Staff	10%	4.50%	2	0.09
Strengthening Program Integrity activities to drive down waste, abuse and fraud	15%	6.75%	1	0.07
Quicker employee training / ramp up time	5%	2.25%	2	0.05
FL Easier to do business with	5%	2.25%	1	0.02
Total	100%	45.00%		**1.10**
Strategic Alignment				
Alignment with FL Universal Eligibility Strategy	30%	4.50%	2	0.09
Alignment and compliance with CMS Seven Standards and Conditions	40%	6.00%	2	0.12
Alignment with other FL business strategies and activities	15%	2.25%	2	0.05
Alignment with FL Architecture Standards	15%	2.25%	1	0.02
Total	100%	15.00%		**0.28**
Technical Requirements				
Availability of technical talent (to recruit or as contractors) in the market	10%	4.00%	1	0.04
Extensibility, Flexibility and ability to adapt to future needs	10%	4.00%	3	0.12
Scalability and Robustness to cope with future needs	10%	4.00%	3	0.12
Ability to take advantage of opportunities (Opportunity Costs)	4%	1.60%	3	0.05
Level of online application performance and availability and auditability	10%	4.00%	2	0.08
Technical maintainability, supportability, manageability and simplicity	6%	2.40%	1	0.02
Support for SOA and non-proprietary architectures	10%	4.00%	1	0.04
Operational Sustainablility: Affordable technology to build and to maintain and staff	10%	4.00%	1	0.04
Ease of Integration and Interface Standardization	10%	4.00%	2	0.08
Mobile and Multi-Channel Capabilities (staff and platform)	4%	1.60%	2	0.03
System and data security	10%	4.00%	4	0.16
Ability to leverage existing infrastructure	6%	2.40%	5	0.12
Total	100%	40.00%		**0.90**
Total Business Value Score				**2.28**

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Remediation: Alternative 3 – Current Platform with Rules Engine
Strawman Criteria Scores (Cont'd)

Alternative 3 Cost and Risk Criteria		Local Weight	Global Weight	Score	Weighted Score
Costs					
Total Cost to Create		4%	2.40%	4	0.10
Total Cost to Operate		23%	13.80%	1	0.14
Total Cost to Change		23%	13.80%	2	0.28
Florida's Cost to Create – adjusted for FFP		4%	2.40%	3	0.07
Florida's Cost to Operate – adjusted for FFP		23%	13.80%	1	0.14
Florida's Cost to Change – adjusted for FFP		23%	13.80%	2	0.28
	Total	100%	60.00%		**1.00**
Risks					
Financial Risk – Ability to accurately estimate costs		24%	9.60%	3	0.29
Technical Risk – Technology/approach does not live up to expectations or is not well-suited for its intended use		24%	9.60%	2	0.19
Complexity Risk – Complexity is too great or unknown or too rapid		14%	5.60%	2	0.11
Operational and Support Risk – Disruption to business operation		24%	9.60%	1	0.10
Change Management Risk – Business ability to handle change		14%	5.60%	2	0.11
	Total	100%	40.00%		**0.80**
Total Cost and Risk Score					**1.80**
Total Alternative Score					**4.08**

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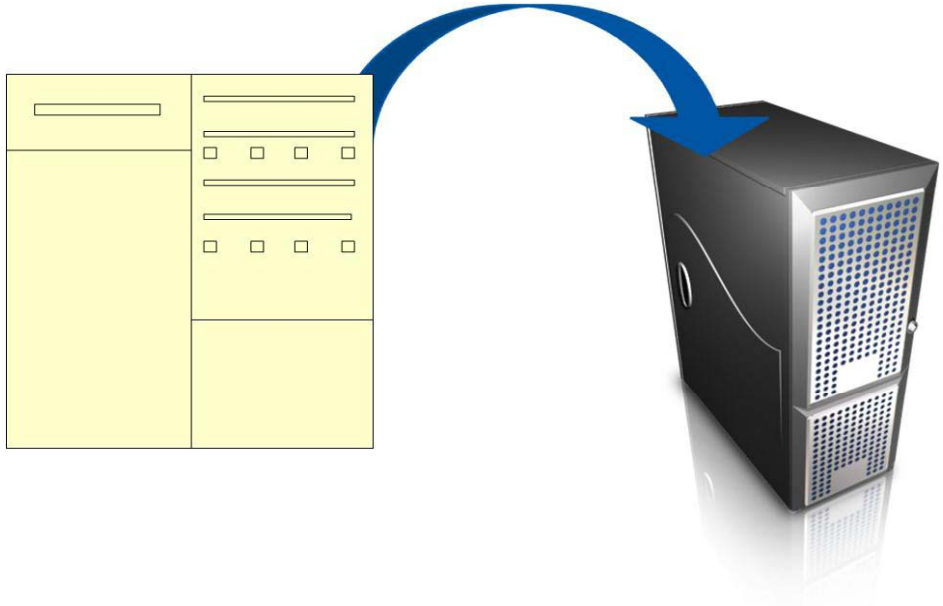
Replacement: Alternative 4 – Fully Replace via Custom Build

- Build a new system from the “ground up” leveraging SOA COTS technical infrastructure components, via a phased implementation of all of FLORIDA ACCESS components allowing for the eventual retirement of the FLORIDA ACCESS legacy system
- This alternative assumes that a significant amount of the system design and development activities require “new coding” and does not leverage existing COTS Best of Breed applications as part of the overall solution application architecture



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Replacement: Alternative 4 – Fully Replace via Custom Build
Prominent Characteristics

- Business and Functional Alignment
  - This alternative eliminates the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support and instead moves the State to contemporary technologies in system hardware and software that simplifies the system design subsequently reducing system support risks and sustaining support and operational costs
  - It offers improvements in the time it currently takes to implement regulatory and business process changes through the use of a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) that allows business analysts, and not the State's IT vendor, to implement rule changes such as the New Medicaid/CHIP Rules mandate
  - Overall business functionality is enhanced and streamlined through optimized business processes, automated workflows, alerts and notes, elimination of duplicate activities and their associated costs through a database structure that is designed for data sharing and supports robust analytics, reporting and audit functions
  - End-user functionality is enhanced through improved self service functionality including the ability to use mobile devices to access the system to complete a variety of activities and tasks. In addition, this alterative provides the ability for organizations to do business with the State in a more cost effective, flexible manner via multiple channels inducing the web, mobile devices, and traditional system interfaces
  - The complexity of implementing this alternative is viewed as high

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Replacement: Alternative 4 – Fully Replace via Custom Build
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative provides the foundation to support all strategic objectives of the State, including:
    - ✓ Alignment with Florida's Universal Eligibility Strategy through a common service delivery gateway supported by integrated analytics and robust reporting
    - ✓ Compliance with the CMS Seven Standards and Conditions:
      - Modular system design utilizing service oriented architecture principals and application programming interfaces (API) to lower system development and support costs
      - Enhanced MITA maturity and compliance with the MITA roadmaps
      - Compliance and alignment with industry standards (e.g., HIPAA, accessibility standards, etc.)
    - ✓ Alignment with other Florida business Strategies and Activities:
      - This alternative not only meets the State's near term requirements but also provides a technological capability and environment that is extensible, supportable and interoperable to meet the future Health and Human Services business needs (improving access, outcome, quality and lower costs) in a nimble, cost effective manner and at a lower (operational) risk than is currently faced by the State
    - ✓ Alignment with Florida's System Architecture and Standards

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Replacement: Alternative 4 – Fully Replace via Custom Build
Prominent Characteristics (Cont'd)

- Technical Requirements
  - This approach is capable of fully satisfying all technical requirements
  - Operationally sustainable with a robust market for development and support staff, however being in demand the required staff resources may be expensive
  - The approach results in high levels of scalability, robustness, performance, availability, flexibility and extensibility with a high potential to radically improve the ability to tackle opportunities
  - Will fully exploit modern architecture and be fully service-oriented
  - Incorporation of COTS tools enables the adaption to deploy mobile technologies and integrate across multiple channels
  - Will not be deployed on existing processing infrastructure, unlikely to reuse current data storage capabilities and will reuse network capabilities (network bandwidth may have to b e scaled up)

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Replacement: Alternative 4 – Fully Replace via Custom Build
Prominent Characteristics (Cont'd)

- Costs
  - This alternative results in the Highest *Total Cost to Create* due to the extensive work required to build the system from the ground up. Though intentional planning is needed to meet the condition of "Leverage" (see Appendix A), this system is expected to meet the CMS Standards and Conditions for 90/10 funding
  - The overall *Total Cost to Change* is also large based on the on the high *Total Cost to Create*, however, federal funds partially mitigate this cost. This alternative is also able to avoid costs due to it being able to be customized to Florida needs:
    - Modern systems have already corrected many of the ongoing maintenance items and enhancements that have haunted the legacy systems at a cost close to $10M per year
    - The Modern system is written in a language that is much more accessible for a majority of staff today, allowing for lower staffing costs when any maintenance or work is needed
    - The Modern "Design-for-Life" emphasis of a custom build offsets the potential for high change costs due to forward looking solution architecture and planning
    - The Modern systems ability to streamline user interactions and shape/monitor user entries through drop-downs accessible reporting also allow for cost savings based on more efficient system interactions and decreased errors
    - The addition of the Rules Engine decreases the cost of some common changes and increases cost efficiency by allowing changes to be made more easily and more quickly

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Replacement: Alternative 4 – Fully Replace via Custom Build
Prominent Characteristics (Cont'd)

- Costs
  - This alternative is projected to payback the system's Overall *Total Cost to Create* within 12 years (90/10 Federal funding decreases Florida's share of the cost)
  - The system is projected to payback Florida's *Cost to Create* within 5 years (assisted by 90/10 FFP)
  - The system is <u>not</u> expected to payback Florida's Total Cost of Ownership within a 15 year system lifespan

90/10 FFP for Build & 75/25 for Maintain

Summary Findings	Replacement Alt. 4
Total Cost to Create (NPV)	$ 194,858,143
Florida's Cost to Create (NPV)	$ 19,485,814
Total Cost to Operate (NPV)	$ 127,882,497
Florida's Cost to Operate (NPV)	$ 31,970,624
Total Cost to Change (NPV)	$ 1,450,433,976
Florida's Cost to Change (NPV)	$ 362,608,494
Total Cost of Ownership (NPV)	$ 1,773,174,615
Florida's Total Cost of Ownership (NPV)	$ 414,064,932
Florida's Cost to Create Payback Period (yrs.)	5
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A
5 Year ROI (NPV)	$ (2,954,445)
15 Year ROI (NPV)	$ (138,443,399)

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Replacement: Alternative 4 – Fully Replace via Custom Build

Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• System Requirements are unclear and result in a prolonged system validation process that impacts budgeted program resources	M/M	• Employ an effective methodology with a fully participative business process analysis to determine requirements from a strategically aligned high-level business architecture through a thorough analysis of key processes to the articulation of use cases and resulting requirements
• State subject matter expertise (business and technical) are unable to support the demands of the program while "running the business"	M/M	• Only proceed with this effort once it has attained the priority and attention it deserves by establishing a compelling business case and authorization through the project governance process and an appropriately strong project manager and team have been assigned
• A lack of clear and detailed documentation of the rules that are in the current system impacts the ability to "implement" those rules in the new rules engine	H/M	• Develop a proof-of –concept based on a representative subset of system functions and data focused on eligibility determination and the rules engine to surface complexity challenges early and allow for corrective actions within the schedule

Note: Likelihood and importance are rated as Low, Medium, or High

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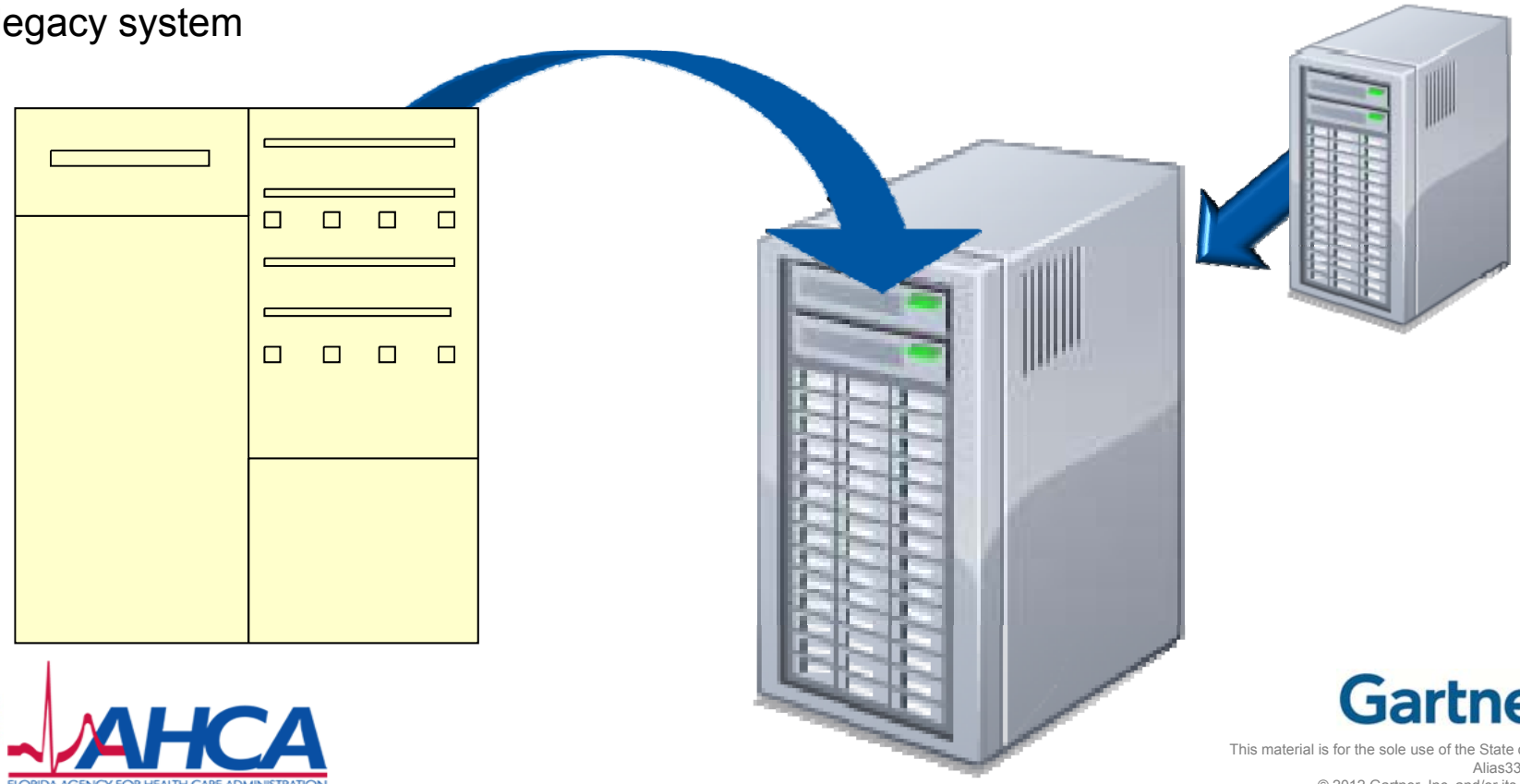
Replacement: Alternative 5 – COTS Transfer “As-Is”

- “Whole Cloth” Transfer of a commercial off the shelf (COTS) type system based on service oriented architecture (SOA) “out of the box” or from another state to Florida with little to no modifications. To achieve this FL will need to acquire a COTS implemented for another state based on a model of practice acceptable to FL and or modify their current business processes to be in alignment with the “Transferred System” workflows allowing for the eventual retirement of the FLORIDA ACCESS legacy system



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Replacement: Alternative 5 – COTS Transfer "As-Is"
Prominent Characteristics

- Business and Functional Alignment
  - At the time this report was written, Gartner was unaware of any "whole cloth transfer system" options that would be available for the State of Florida to utilize
  - This alternative eliminates the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support and instead moves the State to contemporary technologies in system hardware and software that simplifies the system design subsequently reducing system support risks and sustaining support and operational costs
  - It offers improvement in the time it currently takes to implement regulatory and business process changes through the use of a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) that allows business analysts, and not the State's IT vendor, to implement rules changes such as the New Medicaid/CHIP Rules mandate
  - However, overall business functionality is enhanced only to the degree that the Transfer System's Model of Practice parallels Florida's requirements. Therefore, the degree of streamlining and optimizing of business processes via automated workflows, alerts and notes, etc. will depend on how well the Transfer System aligns with Florida, Future work (and additional funding expenditures) could be required to address such issues as the elimination of duplicate activities and their associated costs and supports for functionality such as robust analytics, reporting and audit
  - End-user functionality is enhanced only to the degree it is in the Transfer System. Therefore, improvements such as enhanced self service functionality including the ability to use mobile devices to access the system to complete a variety of activities and tasks could be problematic. In addition, this alterative may provide the ability for organizations to do business with the State in a more cost effective, flexible manner via multiple channels inducing the web, mobile devices, and traditional system interfaces
  - The complexity of implementing this alternative is viewed as very high

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Replacement: Alternative 5 – COTS Transfer "As-Is"
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative provides the foundation to support all strategic objectives of the State depending on the "alignment" of the Transfer System's Model of Practice with the strategic goals of the State of Florida. However, the "potential" exists for:
    - ✓ Possible alignment with Florida's Universal Eligibility Strategy through a common service delivery gateway supported by integrated analytics and robust reporting
    - ✓ Compliance with the CMS Seven Standards and Conditions:
      - Modular system design utilizing service oriented architecture principals and application programming interfaces (API) to lower system development and support costs
      - Enhanced MITA maturity and compliance with the MITA roadmaps
      - Compliance and alignment with industry standards (e.g., HIPAA, accessibility standards, etc.)
    - ✓ Alignment with other Florida Business Strategies and Activities:
      - This alternative not only meet the State's near term requirements but will also provide a technological capability and environment that is extensible, supportable and interoperable to meet the future Health and Human Services business needs (improving access, outcome, quality and lower costs) in a nimble, cost effective manner and at a lower (operational) risk than is currently faced by the State
    - ✓ Alignment with Florida's System Architecture and Standards

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Replacement: Alternative 5 – COTS Transfer "As-Is"
Prominent Characteristics (Cont'd)

- Technical Requirements
  - Operationally sustainable with a robust market for development and support staff, however being in demand the required staff resources may be expensive
  - The approach results in high levels of scalability, robustness, performance, availability, flexibility and extensibility with a high potential to radically improve the ability to tackle opportunities
  - Will fully exploit modern architecture and be fully service-oriented
  - COTS/transfer application will deploy architecture and tools that enable the adaption to deploy mobile technologies and integrate across multiple channels
  - Will not be deployed on existing processing infrastructure, unlikely reuse of data storage and will reuse network capabilities (network bandwidth may have to be scaled up)

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Replacement: Alternative 5 – COTS Transfer "As-Is"
Prominent Characteristics (Cont'd)

- Costs
  - This alternative results in the lowest *Total Cost to Create* among Replacement options because of the absence of configuration and customization. It also has the second lowest *Cost to Create* of any alternatives because due to any viable transfer system having being originally built to CMS standards to capture maximum FFP assistance
  - *Total Cost to Change* is one of the top two lowest of the alternatives, but this mostly due to the time value of money, as this alternative would likely require some significant customization and configuration after being deployed to be able to truly meet functional requirements. These future year costs are reflected at a discount
  - This alternative is projected to payback the system's *Total Cost to Create* and Florida's overall *Total Cost of Ownership*
  - The system is projected to payback Florida's *Cost to Create* within 2 years and come close to paying back Florida's Total Cost of Ownership in 15 years.

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Replacement: Alternative 5 – COTS Transfer "As-Is"
Prominent Characteristics (Cont'd)

- Costs (Cont'd)
  - Regardless of the higher probability of significant configuration/customization in the future, this alternative is able to avoid a number of costs due to it's being built as a modern, modular system
    - Modern systems have already corrected many of the ongoing maintenance items and enhancements that have annually plagued the legacy systems at a cost close to $10M per year
    - The Modern system is written in a language that is much more accessible for a majority of staff in the world today, allowing for lower staffing costs when any maintenance or work is needed
    - The Modern "Design-for-Life" emphasis of a custom build offsets the potential for high change costs due to forward looking solution architecture and planning, however, this is not as beneficial if customization/configuration is eventually necessary
    - The Modern systems ability to streamline user interactions and shape/monitor user entries through drop-downs accessible reporting also allow for cost savings based on more efficient system interactions and decreased errors
    - The addition of the Rules Engine decreases the cost of some common changes and increases cost efficiency by allowing changes to be made more easily and more quickly

90/10 FFP for Build & 75/25 for Maintain

Summary Findings	Replacement Alt. 5
Total Cost to Create (NPV)	$ 80,032,130
Florida's Cost to Create (NPV)	$ 8,003,213
Total Cost to Operate (NPV)	$ 127,882,497
Florida's Cost to Operate (NPV)	$ 31,970,624
Total Cost to Change (NPV)	$ 773,209,930
Florida's Cost to Change (NPV)	$ 193,302,483
Total Cost of Ownership (NPV)	$ 981,124,556
Florida's Total Cost of Ownership (NPV)	$ 233,276,320
Florida's Cost to Create Payback Period (yrs.)	2
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A
5 Year ROI (NPV)	$ (8,352,125)
15 Year ROI (NPV)	$ (19,409,440)

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Replacement: Alternative 5 – COTS Transfer "As-Is"
Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• The Transfer System does not meet the expected alignment with Florida's Model of Practice requiring more time and budget to update and enhance the system to meet Florida needs	H/H	• Prior to the acquisition of the transfer system complete a comprehensive gap analysis between Florida's Model of Practice and the Model supported by the transfer system to fully appreciate the cost and complexity of this acquisition
• Transfer System documentation is poor impacting the ability of the State or its 3rd party vendor to implement, support, maintain or enhance (change) the system to meet Florida requirements	M/M	• Develop a proof-of –concept based on a representative subset of system functions and data focused on eligibility determination and the rules engine to surface complexity challenges early and allow for corrective actions within the schedule
• Implementation of the Transfer System is impacted by the inability to leverage system subject matter experts from the "transfer state" or its supporting system vendor	H/M	• Make the ability to have access to in-depth transfer system expertise from the "transfer state" and the vendor a highly weighted criteria used in the selection

Note: Likelihood and importance are rated as Low, Medium, or High

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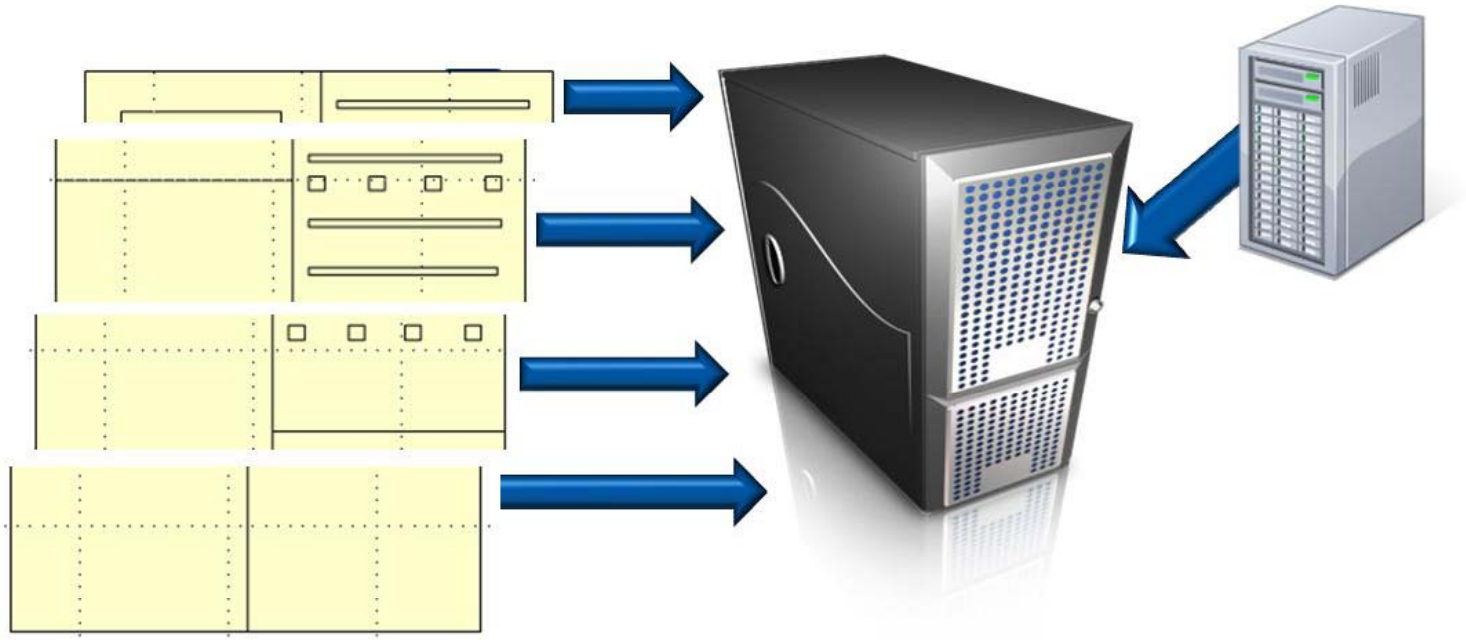
Replacement: Alternative 6 – Fully Replace via Modular COTS
Transfer/Configure/Customize

- Transfer a COTS system based on a service oriented architecture (SOA) from another state and configure it to meet Florida's requirements and desired model of practice. The COTS system to have a feature-rich Portal front-end that can support phased, program by program implementation over an extended period of transition, effectively migrating from the current legacy system to the new COTS system allowing for the eventual retirement of the FLORIDA ACCESS legacy system



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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Prominent Characteristics

- Business and Functional Alignment
  - This alternative (in a phased implementation approach) eliminates the need for the State to rely on increasingly costly COBOL programmers and IMS database resources to provide system sustaining support. Instead, this alternative moves the State to contemporary technologies in system hardware and software that simplify system design and subsequently reduce system support risks and sustained support and operational costs
  - It offers improvement in the time it currently takes to implement regulatory and business process changes through the use of a COTS (Commercial-Off-The-Shelf) BRMS (Business Rules Management System) that allows business analysts, and not the State's IT vendor, to implement rules changes such as the New Medicaid/CHIP Rules mandate
  - Through a phases approach, overall business functionality is enhanced and streamlined through optimized business processes, automated workflows, alerts and notes, elimination of duplicate activities and their associated costs through a database structure that is designed for data sharing and supports robust analytics, reporting and audit functions
  - End-user functionality is enhanced through a phased implementation designed to provide improved self service functionality including the ability to use mobile devices to access the system to complete a variety of activities and tasks. In addition, this alterative provides the ability for organizations to do business with the State in a more cost effective, flexible manner via multiple channels inducing the web, mobile devices, and traditional system interfaces
  - The complexity of implementing this alternative is viewed as moderate

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Prominent Characteristics (Cont'd)

- Strategic Alignment
  - This alternative provides the foundation to support all strategic objectives of the State, but in a phased implementation approach, including:
    - ✓ Alignment with Florida's Universal Eligibility Strategy through a common service delivery gateway with integrated analytics and robust reporting
    - ✓ Full Compliance with the CMS Seven Standards and Conditions:
      - Modular system design utilizing service oriented architecture principals and application programming interfaces (API) to lower system development and support costs
      - Enhanced MITA maturity and compliance with the MITA roadmaps
      - Compliance and alignment with industry standards (e.g., HIPAA, accessibility standards, etc.)
    - ✓ Alignment with other Florida business Strategies and Activities:
      - This alternative not only meet the State's near term requirements but will also provide a technological capability and environment that is extensible, supportable and interoperable to meet the future Health and Human Services business needs (improving access, outcome, quality and lower costs) in a nimble, cost effective manner and at a lower (operational) risk than is currently faced by the State
    - ✓ Alignment with Florida's System Architecture and Standards

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Prominent Characteristics (Cont'd)

- Technical Requirements
  - Operationally sustainable with a reasonable market for integration and support staff, however being in demand they may be expensive
  - Will exploit modern architecture and be a fully service-oriented and loosely coupled architecture driven by the up-front need to integrate tightly with existing applications and platforms
  - The approach results in high levels of scalability, robustness, performance, availability, flexibility and extensibility with a high potential to radically improve the ability to tackle new opportunities
  - This alternative utilizes a "triage" design and implementation approach that to the maximum extent possible leverages the COTS package(s) as is, then employs system configuration to address additional requirements that can not be met by the COTS package as is. Finally, and only if there is no other option (e.g., business process reengineering) employing customization of the COTS package(s)
  - COTS/transfer application will deploy architecture and tools that enable the adaption to deploy mobile technologies and integrate across multiple channels
  - Will not be deployed on existing processing infrastructure, unlikely reuse of data storage and will reuse network capabilities (network bandwidth may have to be scaled up)

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Prominent Characteristics (Cont'd)

- Costs
  - This alternative results in the second highest *Total Cost to Create* among Replacement options because of the necessary configuration and customization of the COTS components. The *Cost to Create* remains in the lower half of the alternatives though because it is built to CMS standards and captures maximum Federal Financial Participation (FFP) funding assistance
  - *Total Cost to Change* is the second lowest of any alternative, and is subjugated only because of the planned "up-front" customization and configuration that highlights the alternative's "Design-for-Life" aspects, which function to suppress rising change costs
  - This alternative is projected to payback the system's *Total Cost to Create* and Florida's overall *Total Cost of Ownership*
  - The system is projected to payback Florida's *Cost to Create* within 3 years and Florida's Total Cost of Ownership in approximately 13 years—resulting in a 15 Year ROI of $64.7M

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Prominent Characteristics (Cont'd)

- Costs (Cont'd)
  - This alternative is able to avoid a number of costs due to it's being able to be customized/configured and having the properties of a modern, modular system:
    - Modern systems have already corrected many of the ongoing maintenance items and enhancements that have annually plagued the legacy systems at a cost close to $10M per year
    - The Modern system is written in a language that is much more accessible for a majority of staff in the world today, allowing for lower staffing costs when any maintenance or work is needed
    - The Modern "Design-for-Life" emphasis of a custom build offsets the potential for high change costs due to forward looking solution architecture and planning,
    - The Modern systems ability to streamline user interactions and shape/monitor user entries through drop-downs accessible reporting also allow for cost savings based on more efficient system interactions and decreased errors
    - The addition of the Rules Engine decreases the cost of some common changes and increases cost efficiency by allowing changes to be made more easily and more quickly

90/10 FFP for Build & 75/25 for Maintain

Summary Findings	Replacement Alt. 6
Total Cost to Create (NPV)	$ 97,494,296
Florida's Cost to Create (NPV)	$ 9,749,430
Total Cost to Operate (NPV)	$ 127,882,497
Florida's Cost to Operate (NPV)	$ 31,970,624
Total Cost to Change (NPV)	$ 676,622,474
Florida's Cost to Change (NPV)	$ 169,155,619
Total Cost of Ownership (NPV)	$ 901,999,267
Florida's Total Cost of Ownership (NPV)	$ 210,875,672
Florida's Cost to Create Payback Period (yrs.)	3
Florida's Total Cost of Ownership Payback Period (yrs.)	13
5 Year ROI (NPV)	$ 9,602,179
15 Year ROI (NPV)	$ 64,745,861

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize

Risk Analysis

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• System requirements are unclear and result in a prolonged system validation process that impacts budgeted program resources	M/H	• Employ an effective methodology with a fully participative business process analysis to determine requirements from a strategically aligned high-level business architecture through a thorough analysis of key processes to the articulation of use cases and resulting requirements
• A lack of clear and detailed documentation of the rules that are in the current system impacts the ability to "implement" those rules in the new rules engine	L/M	• Develop a proof-of –concept based on a representative subset of system functions and data focused on eligibility determination and the rules engine to surface complexity challenges early and allow for corrective actions within the schedule

Note: Likelihood and importance are rated as Low, Medium, or High

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Replacement: Alternative 6 – Fully Replace via COTS Configure/Customize
Risk Analysis (cont'd)

Risk	Likelihood/ Importance	Recommended Mitigation Strategies
• A lack of well documented and robust phased system post implementation assessment process results in system functionality and performance issues being "migrated" to future phases adding additional complexity and contractual issues to the program • Program funding and organizational support wane, resulting in termination of the program before all the planned phases are implemented	H/M	• Only proceed with this effort once it has attained the priority and attention it deserves by establishing a compelling business case and authorization through the project governance process and an appropriately strong project manager and team have been assigned and sustainable project communications mechanisms are in place

Note: Likelihood and importance are rated as Low, Medium, or High

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Summary of Alternatives' TCO and ROI Analysis (Full Models in Appendix B)

Summary Table: Florida Integrated Eligibility Modernization Analysis of Alternatives (15 Year)

15 Years TCO

Summary Findings	FFP 50/50 for Build and Maintain Remediation Alt. 1	FFP 50/50 for Build and Maintain Remediation Alt. 2	FFP 50/50 for Build and Maintain Remediation Alt. 3	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 4	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 5	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 6
Total Cost to Create (NPV)	$ 42,226,550	$ 44,362,218	$ 38,689,459	$ 194,858,143	$ 80,032,130	$ 97,494,296
Florida's Cost to Create (NPV)	$ 21,113,275	$ 22,181,109	$ 19,344,730	$ 19,485,814	$ 8,003,213	$ 9,749,430
Total Cost to Operate (NPV)	$ 154,235,339	$ 148,374,684	$ 167,381,973	$ 127,882,497	$ 127,882,497	$ 127,882,497
Florida's Cost to Operate (NPV)	$ 77,117,670	$ 74,187,342	$ 83,690,987	$ 31,970,624	$ 31,970,624	$ 31,970,624
Total Cost to Change (NPV)	$ 1,256,138,672	$ 1,329,212,637	$ 1,141,928,355	$ 1,450,433,976	$ 773,209,930	$ 676,622,474
Florida's Cost to Change (NPV)	$ 628,069,336	$ 664,606,318	$ 570,964,178	$ 362,608,494	$ 193,302,483	$ 169,155,619
Total Cost of Ownership (NPV)	$ 1,452,600,561	$ 1,521,949,538	$ 1,347,999,787	$ 1,773,174,615	$ 981,124,556	$ 901,999,267
Florida's Total Cost of Ownership (NPV)	$ 726,300,280	$ 760,974,769	$ 673,999,894	$ 414,064,932	$ 233,276,320	$ 210,875,672
Florida's Cost to Create Payback Period (yrs.)	13	15	N/A	5	2	3
Florida's Total Cost of Ownership Payback Period (yrs.)	N/A	N/A	N/A	N/A	N/A	13
15 Year ROI (NPV)	$ (701,388,599)	$ (737,528,252)	$ (663,484,676)	$ (138,443,399)	$ (19,409,440)	$ 64,745,861

Note: These are order of magnitude estimates based on Gartner models, and developed for comparing relative costs across alternatives.

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Summary of Alternatives' TCO and ROI Analysis (5 Years TCO for Reference)

Summary Table: Florida Integrated Eligibility Modernization Analysis of Alternatives (5 year)

5 Years TCO

Summary Findings	FFP 50/50 for Build and Maintain Remediation Alt. 1	FFP 50/50 for Build and Maintain Remediation Alt. 2	FFP 50/50 for Build and Maintain Remediation Alt. 3	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 4	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 5	FFP 90/10 for Build and 75/25 for Maintain Replacement Alt. 6
Total Cost to Create (NPV)	$ 42,226,550	$ 44,362,218	$ 38,689,459	$ 194,858,143	$ 80,032,130	$ 97,494,296
Florida's Cost to Create (NPV)	$ 21,113,275	$ 22,181,109	$ 19,344,730	$ 19,485,814	$ 8,003,213	$ 9,749,430
5 yr. Cost to Operate (NPV)	$ 66,971,688	$ 66,309,817	$ 68,853,312	$ 56,411,975	$ 56,411,975	$ 56,411,975
Florida's 5 yr. Cost to Operate (NPV)	$ 33,485,844	$ 33,154,908	$ 34,426,656	$ 14,102,994	$ 14,102,994	$ 14,102,994
5 yr. Cost to Change (NPV)	$ 37,394,211	$ 38,459,515	$ 38,485,198	$ 21,145,046	$ 22,761,978	$ 9,864,092
Florida's 5 yr. Cost to Change (NPV)	$ 18,697,106	$ 19,229,757	$ 19,242,599	$ 5,286,262	$ 5,690,494	$ 2,466,023
5 yr. Cost of Ownership (NPV)	$ 146,592,449	$ 149,131,550	$ 146,027,970	$ 272,415,164	$ 159,206,082	$ 163,770,362
Florida's 5 yr. Cost of Ownership (NPV)	$ 73,296,224	$ 74,565,775	$ 73,013,985	$ 38,875,070	$ 27,796,701	$ 26,318,446
Florida's Cost to Create Payback Period (yrs.)	N/A	N/A	N/A	5	2	3
Florida's 5 yr. Cost of Ownership Payback Period (yrs.)	N/A	N/A	N/A	N/A	N/A	5
5 Year ROI (NPV)	$ (67,555,851)	$ (68,990,869)	$ (70,009,781)	$ (2,954,445)	$ (8,352,125)	$ 9,602,179

Note: These are order of magnitude estimates based on Gartner models, and developed for comparing relative costs across alternatives.

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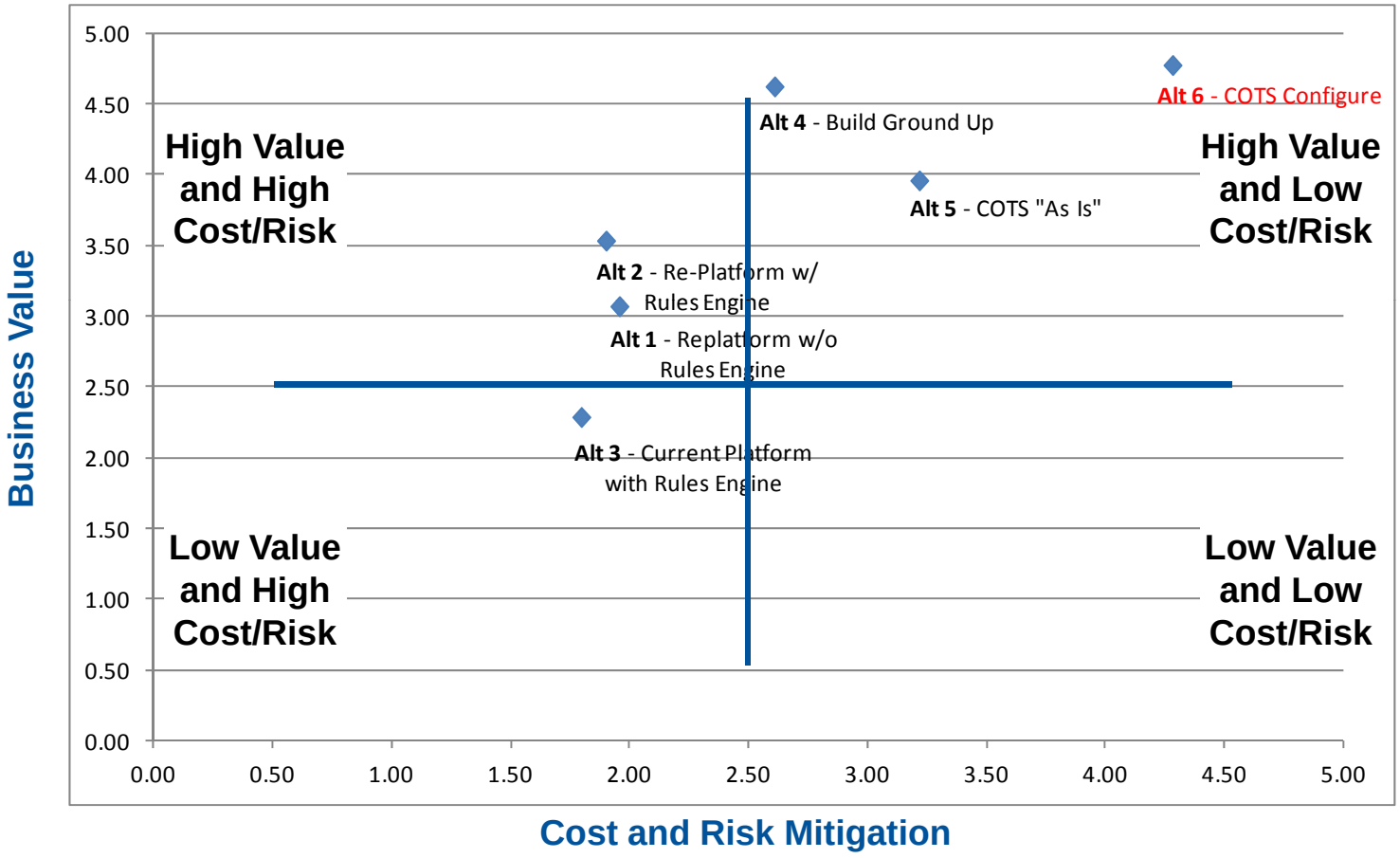
Weighted Scores for each Alternative is Plotted

Alternative	Cost/Risk	Bus Value
Alt 1	1.96	3.07
Alt 2	1.90	3.53
Alt 3	1.80	2.28
Alt 4	2.61	4.62
Alt 5	3.22	3.96
Alt 6	4.28	4.77



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Executive Summary

Go-Forward Plan

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Go-Forward Plan Overview and Introduction

- This section documents the recommended near term (within the next 90 days) actions that ACHA and DCF should undertake to move forward with the modernization of the State's current integrated eligibility system.
- The actions, activities and tasks documented in the Go-Forward Plan are based on:
  - The Current and Future State Assessment Findings and Recommendations
  - The viable system modernization alternatives identified during the System Alternatives Analysis
  - Gartner Best Practices

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Summarized Below Are the Viable Alternatives the State Should Focus on In Terms of Their Go-Forward Planning

Viable

- **Alternative 6: COTS Transfer/Configure/Customize** – Transfer a COTS system based on a service oriented architecture (SOA) from another state and configure it to meet Florida's requirements and desired model of practice.
  - **Rationale:** The alternative allows the State to take advantage of the latest modular and interoperable IE systems in the industry built on SOA architectural principles and modular designs. The system can be tailored to Florida needs through changes in parameters, configurations, and customization. The implementation will include a modular rules management system that will provide a facility for rapid changes in business policy and responding to regulatory mandates. This alternative will qualify for enhanced 90/10 FFP due its compliance with the CMS standards and conditions. This alternative has the highest business value and Cost/Risk score relative to other options.

- **Alternative 4: Build from Ground Up -** Build a new system from the "ground up" leveraging SOA COTS technical infrastructure components, via a phased implementation of all of FLORIDA ACCESS components allowing for the eventual retirement of the FLORIDA ACCESS legacy system
  - **Rationale:** The build from the ground up alternative is attractive due to the level of control it brings to the State with respect to the technology architecture, business functionality, and choices around model of practice and process workflow. However, ground up implementations are amongst the riskiest options due to the level of effort required and the need to develop majority of the functionality from scratch. This alternative can be made to meet the CMS standards and conditions and therefore it should qualify for 90/10 FFP. Consideration of this alternative should be tempered by the knowledge that this type of system has the highest schedule and budget slippage track record compared with other approaches used within the industry.

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Summarized Below Are the Viable Alternatives the State Should Focus on In Terms of Their Go-Forward Planning (continued)

Viable (Cont'd)

- **Alternative 5: COTS "As Is" –** Whole Cloth" Transfer of a commercial off the shelf (COTS) type system based on service oriented architecture (SOA) "out of the box" or from another state to Florida with little to no modifications.
  - **Rationale:** This alternative provides a relatively more rapid deployment schedule and faster time to benefit realization for a modern IE system initiative, however, it carries significant risk related to user adoption and model of practice alignment. The solution will be based on proven COTS solutions that follow industry best practices around modularity and SOA design, and leverage a rules engine to help increase business agility and its ability to respond to regulatory mandates and other beneficial changes for the state. This alternative will meet the CMS standards and conditions and will qualify the state for enhanced 90/10 FFP.

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Recommended Go-Forward Plan

Recommended actions to be completed within the next 45 days:

1. Based upon the findings and recommendations of the Feasibility Study, conduct a review of the ITN and clarify issues as necessary to ensure that prospective vendors understand the State's Preferred IE Solution Preference and key technical and functional requirements. Specific focus should be directed at addressing the Findings and Recommendations from the Current and Future State Assessment, specifically
   - Include in the ITN the required quality gates and criteria that have to be met by the DDI contractor at each stage of project (i.e. program phase entrance and exit criteria)
   - Develop and document quantifiable business and technology metrics that the system must meet and document those requirements in the ITN to help drive delivery success and include in the DDI vendor's contract as required Service Level Agreements
   - Ensure the establishment of clear expectations in terms of addressing contractor staffing issues (performance, turnover, time off, etc.) and vendor oversight and accountability. This includes documenting performance criteria (the timeline for addressing and resolving issues, escalation processes, etc.)
   - Consider the use of Earned Value in assessing schedule compliance and team productivity and provide weekly updates on issues, risks and mitigation actions planned or in work

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Recommended Go-Forward Plan (continued)

Recommended actions to be completed within the next 90 days:

2. Identify the additional resources and subject matter experts (e.g., state Security and Organizational Change leads) required, and the processes that need to be put in for a robust Vendor Management capability as documented in the Current State Assessment
3. As recommended in the Current State Assessment Findings and Recommendations establish an effective management and governance structure that integrates the key leadership, performance and oversight roles of the PMO, DDI and IV&V contractors with those of the State, and establish mechanisms to ensure that all parties (the PMO, DDI PM, IV&V, etc.) understand their role, responsibilities and authority to ensure Program success
4. Select the location where the DDI, IV&V, PMO, AHCA and DCF teams will be collocated for the program and begin to ready it for program use
5. The State should utilize the Integrated Eligibility Modernization Program as an opportunity to build its internal program management office skills, processes and tools in order to ensure the State has a sustainable PMO function in place to support future initiatives. To that end, identify the required resources and processes needed to put in place a robust knowledge transfer plan.

AHCA
FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

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Appendix

- Current and Future State Assessment
- Alternatives Analysis Framework – Definitions and Criteria
- Integrated Eligibility System Modernization Alternatives Analysis

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