



**CALIFORNIA CORRECTIONAL
HEALTH CARE SERVICES**



**INFORMATION TECHNOLOGY PROJECT OVERSIGHT
FRAMEWORK**

Statewide Information Management Manual
Section 30B
Special Project Report

**California Advancing and Innovating
Medi-Cal
Medi-Cal Reimbursement System
Project**

CDT Project #5225-184
December 23, 2024

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1. Overall Evaluation

1.1. Section A: Executive Summary

1. Submittal Date

12/23/2024

2. Type of Document

☒ **SPR** ☐ **PSP ONLY** ☐ **Other:** Enter a description if you selected Other

Project Number: 5225-184

3. Project Title

California Advancing and Innovating Medi-Cal (CalAIM) Medi-Cal Reimbursement System (MCRS)

Project Acronym

CalAIM MCRS

Estimated Project Dates

Start: 7/1/2023

End: 10/31/2025

4. Submitting Agency/State Entity

California Department of Corrections and Rehabilitation (CDCR) / California Correctional Health Care Services (CCHCS)

5. Reporting Agency/State Entity

CDCR/CCHCS

6. Project Objectives

Objective 1

By October 2025, we will develop a new billing system, MCRS, that enables CDCR/CCHCS to submit claims for Medi-Cal-eligible services to the Department of Health Care Services (DHCS) for federal reimbursements.

Objective 2

By October 2025, we will develop a new notification system, MCRS, that notifies County Social Services Departments (SSDs) of eligible residents' "Release Date" and informs the DHCS and County SSDs of the resident's Medi-Cal eligibility.

7. Proposed Solutions

Through custom interfaces and development, CDCR/CCHCS will notify DHCS of those who are CalAIM Access eligible 90 days prior to release. CCHCS will also complete the custom development of a system for the data collection, processing, and submission of both Medical and Pharmacy claims. The CCHCS custom development will also provide for processing rejected claims for re-submission. CCHCS will also notify the county SSDs of planned and actual dates when a resident is released from California state prisons.

Within this overall solution, CCHCS will establish a CalAIM Billing Unit for the evaluation and re-submission of claims to address any claim issues and audits of claims.



8. Major Milestones

The table below contains the key Project milestones per the current baselined schedule.

Table 1 – Project Milestones

Milestone	% Complete	Target Start Date	Target Finish Date
1.0 Initiation	100%	1/2/2023	2/1/2023
2.0 Planning	100%	2/15/2023	3/14/2024
3.0 Project Charter	100%	8/28/2023	3/14/2024
4.0 Switch Vendor Procurement	100%	11/13/2023	3/29/2024
5.0 Processes and Policies	25%	10/23/2023	8/15/2025
6.0 Execution	52%	10/23/2023	8/15/2025
6.1 Infrastructure Build and Setup	100%	3/15/2024	7/31/2024
6.2 Review Requirements/User Stories	100%	3/15/2024	7/31/2024
6.3 Development/Unit and System Testing	71%	2/29/2024	12/4/2024
6.4 User Acceptance and Regression Testing	0%	12/5/2024	7/24/2025
6.5 DHCS Readiness Assessment	25%	5/8/2025	8/15/2025
6.6 Implementation and Go-Live	0%	2/11/2026	10/7/2026
7.0 Closeout	0%	10/8/2026	10/30/2026

1.2. Section B: Project Contacts

Project #	5225-184
Doc Type	SPR

Executive Contacts

The table below contains details for the CalAIM MCRS Project executive contacts.

Table 2 – Project Executive Contacts

Info	First Name	Last Name	E-mail
Agency Undersecretary	Diana	Toche	Diana.Toche@cdcr.ca.gov
Budget Officer	Duane	Reeder	Duane.Reeder@cdcr.ca.gov
Chief Information Officer	Robert	O'Brien	Robert.Obrien2@cdcr.ca.gov
Procurement and Contracting Officer	Angela	Ponciano	Angela.Ponciano@cdcr.ca.gov
Executive Program Sponsor	Lisa	Heintz	Lisa.Heintz@cdcr.ca.gov
Program Project Sponsor	Janene	DelMundo	Janene.DelMundo@cdcr.ca.gov
IT Project Sponsor	Kevin	Sutton	Kevin.Sutton@cdcr.ca.gov
IT Project Director	Meena	Kumar	Meena.Kumar@cdcr.ca.gov
Project Delivery Manager	Runora	Francesconi	Runora.Francesconi@cdcr.ca.gov



Direct Contacts

The table below contains details for the CalAIM MCRS Project direct contacts.

Table 3 – Project Direct Contacts

Info	First Name	Last Name	E-mail
Document Prepared By	Meena	Kumar	Meena.Kumar@cdcr.ca.gov
Primary Contact	Meena	Kumar	Meena.Kumar@cdcr.ca.gov
IT Project Director	Meena	Kumar	Meena.Kumar@cdcr.ca.gov



1.3. Section C: Project Relevance to State and/or Departmental Plans

Project #	5225-184
Doc Type	SPR

1. What is the date of your current Technology Recovery Plan (TRP)?

April 2024
2. What is the date of your current Agency Information Management Strategy (AIMS)?

5-Year Strategic Plan (2022-2027)
3. For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.

5-Year Strategic Plan Page #8
4. Is the project reportable to control agencies?

☒ Yes ☐ No

If YES, CHECK all that apply:

<input checked="" type="checkbox"/>	a) The project involves a budget action.
<input checked="" type="checkbox"/>	b) A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.
<input type="checkbox"/>	c) The estimated total development and acquisition costs exceed the Department of Technology’s established Agency/state entity delegated cost threshold, and the project does not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM 4989 – 4989.3).
<input type="checkbox"/>	d) The project meets a condition previously imposed by the Department of Technology.



1.4. Section D: Budget Information

Project #	5225-184
Doc Type	SPR

Budget Augmentation Required? ☒ No ☐ Yes

If yes, indicate fiscal year(s) and associated amount:

FY	2023/24	FY	2024/25	FY	2025/26	FY		FY	
\$0		\$0		\$0		\$		\$	

Project Costs

1.	Fiscal Year	2023/24	2024/25	2025/26	2026/27	TOTAL
2.	One-Time Cost	\$639,739	\$4,625,009	\$3,593,385		\$7,297,533
3.	Continuing Costs			\$1,197,795	\$2,493,990	\$4,827,747
4.	TOTAL PROJECT BUDGET	\$639,739	\$4,625,009	\$4,791,180	\$2,493,990	\$14,511,280

Note 1: The continuing costs have been calculated as follows: 8 months of total future operations costs in Fiscal Year 25/26 and 12 months of total future operations costs in FY 26/27.

Note 2: The baselined FAWs contained a formula error in the Executive Summary. The costs reflected were linked to an outdated version of the Alt-1 Future Operations tab. This error led to an underreporting of the Future Operations costs, which was \$363,219.54. The FAWs attached to the SPR have been corrected to fix this error.

Project Financial Benefits

5.	Cost Savings/Avoidances	See section 3.2, Potential impact for cost savings/avoidances
6.	Revenue Increase	The Project anticipates the system will allow for processing Medi-Cal claim reimbursements 257 business days earlier than planned.

Project Variance from PAL Stage 4 to SPR

		Original	New Estimate	Variance
1.	Cost	\$18,166,325	\$14,511,280	\$3,655,044
2.	Schedule – Implementation Dates	2/11/2026 to 10/7/2026	2/3/2025 to 7/21/2025	1,034 Days

Note: The baselined FAWs contained a formula error in the Executive Summary. The costs reflected were linked to an outdated version of the Alt-1 Future Operations tab, which led to an underreporting of Future Operations costs by \$363,219.54. The FAWs attached to the SPR have been corrected to fix this error.



1.5. Section E: Vendor Project Budget

Project #	5225-184
Doc Type	SPR

Vendor Cost for SPR Development (if applicable)	There is no vendor cost for SPR development.
Vendor Name	The CalAIM MCRS Project does not have a system implementation vendor. Costs for other vendors are listed below.

Vendor Project Budget

1.	Fiscal Year	2023/24	2024/25	2025/26	TOTAL
2.	Primary Vendor Budget				
3.	Independent Oversight Budget	\$24,000	\$216,000	\$72,000	\$312,000
4.	State Technology Procurement Division (STPD)	\$0	\$0	\$0	\$0
5.	IV&V Budget	\$0	\$312,000	\$104,000	\$416,000
6.	Vendor Project Manager	\$34,667	\$312,000	\$104,000	\$450,667
7.	TOTAL VENDOR BUDGET	\$58,667	\$840,000	\$280,000	\$1,578,667

Primary Vendor History Specific to this Project

7.	Primary Vendor	There is no system implementation vendor for the CalAIM MCRS Project.
8.	Contract Start Date	N/A
9.	Contract End Date (projected)	N/A
10.	Amount	N/A

Primary Vendor Contacts

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	E-mail
11.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12.								
13.								



1.6. Section F: Risk Assessment Information

Project #	5225-184
Doc Type	SPR

RISK ASSESSMENT

Has a Risk Management Plan been developed for this project?

☒ Yes ☐ No

General Comment(s)
Preliminary risks for the Project have been identified, captured, and discussed. The highest priority risks will be escalated as needed for resolution. The Risk Management Plan is located on the Project’s SharePoint site and will be updated on an ongoing basis. The Project is using a risk process as documented in the approved Risk Management Plan. Those risks are identified, reviewed weekly, mitigated, and escalated as needed, as described in the Project’s Risk Management Plan. An updated Risk Register is attached.

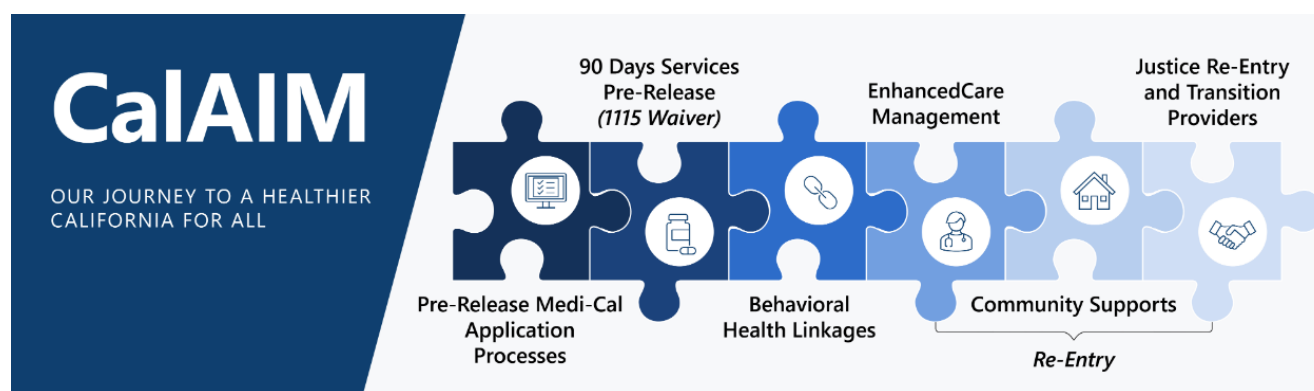
2. Project Background

CDCR/CCHCS will break ground by becoming the first prison system in the United States to become a state-sponsored health coverage billing entity. Becoming a Medi-Cal billing entity will allow CDCR/CCHCS to receive reimbursements for a limited set of 90-day pre-release services, including medications, durable medical equipment, expanded pre-release planning and enhanced care management coordination.

On July 27, 2021, the California Legislature passed Assembly Bill (AB) 133 to enable the state to access federal funding necessary to implement California Advancing and Innovating Medi-Cal (CalAIM). This framework will be a multiyear reform led by the Department of Health Care Services (DHCS) to improve the health outcomes and overall well-being of Medi-Cal enrollees.

Once fully implemented, CalAIM will enable California to provide benefits to certain high-need and hard-to-reach populations, with the objective of improving health outcomes for Medi-Cal beneficiaries and other low-income persons in the state. Based on Quality Management projections and CalAIM eligibility criteria, about 73% of the CDCR population, or about 69,000 people, will be CalAIM eligible. This means the participants will first be Medi-Cal eligible (with Medi-Cal benefits activated 90 days prior to release). Thereafter, those with a mental health, medical or substance use disorder treatment, or chronic care will be CalAIM Access eligible.

The CCHCS Information Technology Services Division currently maintains the information technology infrastructure and medical-grade network that enable clinical staff to provide continuity of care to justice-involved residents. The CalAIM MCRS solution is being developed in-house to create a comprehensive and integrated claims management system that will allow CDCR/CCHCS to submit claims for Medi-Cal reimbursements while enhancing communication with external entities such as the California DHCS and County SSDs.



3. Project Schedule Change

3.1 Reasoning For Change

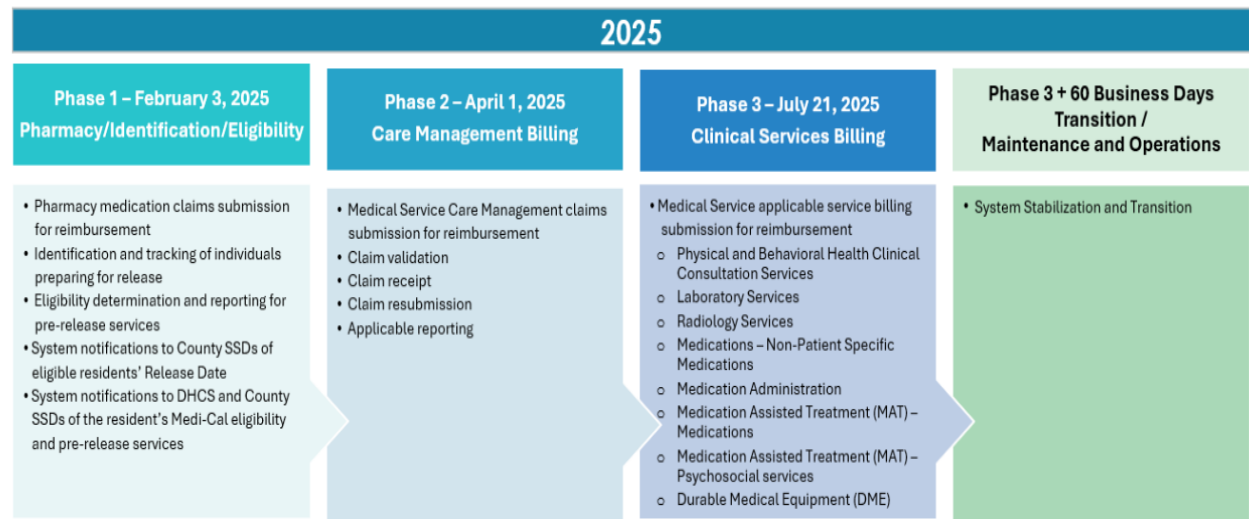
The CalAIM MCRS was initially scheduled to launch between February 2026 and October 2026. However, CDCR/CCHCS has identified an opportunity for early implementation that could result in substantial reimbursement funds for the State of California. This initiative will help address poor health outcomes by establishing pre-release Medi-Cal enrollment strategies to ensure individuals have continuity of coverage upon their release and access to key services to help them successfully return to their communities. In addition, CDCR/CCHCS will realize Project cost savings while also ensuring compliance with AB 133. CDCR/CCHCS will implement the CalAIM MCRS in phases starting on February 3, 2025.

The process and supporting information technology (IT) solutions to be implemented are as follows:

- CDCR/CCHCS Processes for Pharmacy Prior Authorization processes, required for applicable service billing (Phase 1)
- CDCR/CCHCS Processes for Pharmacy claim rejection/follow-up and resubmission (Phase 1)
- System notification to County SSDs of eligible residents’ “Release Date” (Phase 1)
- System notification to DHCS and County SSDs of the resident’s Medi-Cal eligibility and eligibility of CalAIM pre-release services (Phase 1)
- CDCR/CCHCS Processes for claim reconciliation (Phases 1 and 2)
- CDCR/CCHCS Processes for Medical claim rejection/follow-up and resubmission (Phases 2-3)
- CDCR/CCHCS Processes for Medical Treatment Authorization Requests required for applicable service billing (Phase 3)
- Solutions to support the State and/or Federal reporting requirements (Phases 1-3)

The figures below illustrate the proposed phased release plan for the CalAIM MCRS Project.

Figure 1 – Phased Approach 2025



The table below contains the new proposed dates for the key milestones.

Table 4 – Key Project Milestones

Milestone	% Comp.	Target Start Date	Target Finish Date	New Start Date	New Finish Date
Processes and Policies	50%	10/23/2023	8/15/2025	10/23/2023	12/31/2024
Execution	52%	10/23/2023	8/15/2025	2/22/2024	7/9/2025
Development / Unit and System Testing	40%	2/29/2024	12/4/2024	2/22/2024	7/9/2025
User Acceptance & Regression Testing	25%	12/5/2024	7/24/2025	1/2/2025	7/9/2025
DHCS Readiness Assessment	75%	5/8/2025	8/15/2025	9/1/2024	12/2/2024
Training	75%	N/A	N/A	Phase 1 – 1/2/2025 to 2/3/2025 Phase 2 – 2/3/2025 to 4/18/2025 Phase 3 – 6/2/2025 to 8/15/2025	
Implementation and Go-Live	0%	2/11/2026	10/7/2026	Phase 1 – 2/3/2025 Phase 2 – 4/1/2025 Phase 3 – 7/21/2025	
Transition/Support	0%	N/A	N/A	2/4/2025	10/14/2025
Closeout	0%	10/8/2026	10/30/2026	8/1/2025	10/31/2025

3.2 Potential Impact

The phased implementation approach will result in an accelerated implementation, as compared to the Stage 4 baselined Project schedule. This approach will help address poor health outcomes by establishing pre-release Medi-Cal enrollment strategies to ensure individuals have continuity of coverage upon their release and access to key services to help them successfully return to their communities.

The revised timeline will allow CDCR/CCHCS to process reimbursements 257 business days before the initially planned CalAIM MCRS rollout date. The Project Team also anticipates over \$3.65 million in projected cost savings.

Additional resource time may be required to assist with the accelerated implementation. This may include tasks such as supporting testing, release planning, generating documentation and conducting training activities. The Project Team will continue to monitor and control the effort closely to ensure key milestones stay on track.

Table 5 – Cost Changes - Proposed

Description	Approved Stage 4	Proposed SPR	Cost Change
1. Planning Clost (One-Time)	\$ 2,386,000.00	\$ 2,386,000.00	\$0.00
2. Project Cost (One-Time)	\$ 10,871,163.00	\$ 7,561,938.00	-\$3,309,225.00
a. Staff (Salaries & Benefits)	\$ 9,334,163.86	\$ 6,715,175.00	-\$2,618,988.86
b. Staff OE&E Rollup	\$ 916,666.67	\$ 641,667.00	-\$274,999.67
c. Consulting (Interdepartmental)	\$ 720,000.00	\$ 456,000.00	-\$264,000.00
d. Consulting (External)	\$ 1,768,000.00	\$ 1,074,667.00	-\$693,333.00
e. Data Centers	\$ -	\$ -	\$0.00
f. Information Technology	\$ -	\$ 597,430.00	\$597,430.00
g. Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other; Unclassified/Special Adjustment; Local Assistance)	\$ 518,333.00	\$ 466,000.00	-\$52,333.00
3. Future Operations IT Staff & OE&E	\$ 4,909,161.12	\$ 4,822,462.00	-\$86,699.12
a. Staff (Salaries & Benefits)	\$ 4,250,361.12	\$ 3,553,101.00	-\$697,260.12
b. Staff OE&E Rollup	\$ 495,000.00	\$ 458,333.00	-\$36,667.00
c. Consulting (Interdepartmental)	\$ -	\$ -	\$0.00
d. Consulting (External)	\$ -	\$ -	\$0.00
e. Data Centers	\$ -	\$ -	\$0.00
f. Information Technology	\$ -	\$ 647,228.00	\$647,228.00
g. Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other; Unclassified/Special Adjustment; Local Assistance)	\$ 163,800.00	\$ 163,800.00	\$0.00
4. Total Project Costs	\$18,166,324	\$14,770,400	\$3,395,924

**Notes:**

1. The phased implementation approach has a Phase 1 rollout date of 2/3/2025. This is 257 business days earlier than planned (from 2/11/2026). This results in a 24.85% schedule variance (overall Project duration is 1,034 business days). The targeted Project completion by October 2025 (1/3 of FY 2025/2026) reduces the overall Project length by almost 1 year.
2. The total Project costs (line item 4) will decrease by \$3,395,924.
3. The Planning Costs (One-Time) will not change, as the Project is in the execution stage, and the Project Approval Lifecycle (PAL) Stage 4 approval was provided on March 18, 2024.
4. The One-Time Project Costs (line item 2) will decrease by \$3,309,225. There are significant cost savings in 2d. Consulting External (\$693,333), 2c. Consulting Interdepartmental (\$264,000.00), and 2a. and 2b. Staffing Costs (\$2,893,989). The line item 2g. Miscellaneous Operating Expenses and Expenditures Rollup also decreased by \$52,333.
5. The Future Operations Costs (line item 3) will decrease by \$86,699.
6. The total cost savings (line item 4) resulting from the change will be \$3,395,924.
7. IT Microsoft Azure costs that were not initially included in the baselined Financial Analysis Worksheet (FAWs) have been added. A total of \$108,333 has been added to the Project phase, while \$541,667 has been added to the Future Operations phase.
8. The baselined FAWs contained an incorrect formula on the Executive Summary tab for the Future Operations. The SPR version of the FAWs (Version 5) has been corrected to add in the \$363,220 that did not display. The total baselined Project costs should be \$18,166,324.
9. Contract amendments may be required for the Independent Verification and Validation (IV&V) and the Functional PM contracts to allow project closeout by October 31, 2025.

3.3 Project Schedule

Table 4, Key Project Milestones, includes the high-level project milestones. Upon formal submission of the SPR, a version of the updated project schedule will be provided.



4. Financial Analysis Worksheet (FAW)

Please refer to Table 5, Cost Changes - Proposed above, for a summary of the FAW information.

5. Current Project Status


Table 6 – Current Project Status

Overall Current Project Expenditures		
Expenditure	Planned	Actuals
Staff	\$9,334,164	\$1,859,060
Contractors	\$1,8720,00	\$539,276
Licenses	\$0	\$0
Other	None	None

The last Statewide Information Management Manual 45E Project Report Status was submitted on December 6, 2024. The document is included below for reference.

6. Special Project Report Transmittal

The transmittal will be included with the formal submission of the SPR.

Information Technology Project Request				
Special Project Report Executive Approval Transmittal				
Agency/state entity Name				
California Department of Corrections and Rehabilitation/California Correctional Health Care Services				
Project Title (maximum of 75 characters)			Project Acronym	
California Advancing and Innovating Medi-Cal (CalAIM) Medi-Cal Reimbursement System (MCRS)			CalAIM MCRS	
Project ID	Approval Date	State entity Priority	Agency Priority	
5225-184	3/18/2024	High	High	
<p>I am submitting the attached Special Project Report (SPR) in support of our request for the California Department of Technology's approval to continue development and/or implementation of this project.</p> <p>I certify:</p> <ul style="list-style-type: none">• The SPR was prepared in accordance with the State Administrative Manual Sections 4945-4945.2, my agency/state entity has considered the cost benefits analysis associated with the proposed project changes and the changes are consistent with our information management strategy as expressed in our current Agency Information Management Strategy (AIMS).• The acquisition of the applicable information technology (IT) product(s) or service(s) required by my department that are subject to Government Code 7405 applying Section 508 of the Rehabilitation Act of 1973 as amended meets the requirements or qualifies for one or more exceptions (see following page).• The document(s) being submitted are accessible to persons with disabilities based on the requirements specified in Section 508 of the federal Rehabilitation Act of 1973, as amended, the Government Code section 11135, and the Web Content Accessibility Guidelines (WCAG 2.0). <p>I have reviewed and agree with the information in the attached Special Project Report.</p>				

California Department of Technology
SPR Transmittal
SIMM Section 30A

1
July 2021